



## Independent Auditor's Report

Board of County Commissioners  
Wake County, North Carolina  
Raleigh, North Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Wake County, North Carolina (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County'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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Wake

County Board of Alcoholic Control (the Board), which represent one hundred percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Major Facilities Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Implementation of New Accounting Standard and Change in Accounting Principle**

As discussed in Note 24 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective July 1, 2014. Also as discussed in Note 24 to the financial statements, the County adopted a change in accounting principle related to revolving loan programs. Our opinions are not modified with respect to these matters.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents 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.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, general fund and other funds' combining and individual fund financial statements, Capital Assets Schedule of Governmental Capital Assets by Function and Category, General Obligation Indebtedness Schedule of Changes in Governmental Long-term Debt and Schedule of Long-term Debt Maturities and Annual Debt Service Requirements for Governmental Activities, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, excluding the introductory and statistical sections, 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose 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 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 County's internal control over financial reporting and compliance.

*Elliott Davis Decosimo, PLLC*

Raleigh, North Carolina  
November 23, 2015



As the management of Wake County, North Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with the letter of transmittal and the County's financial statements, which follow this overview.

**Financial Highlights for Wake County, North Carolina for the Year Ended June 30, 2015:**

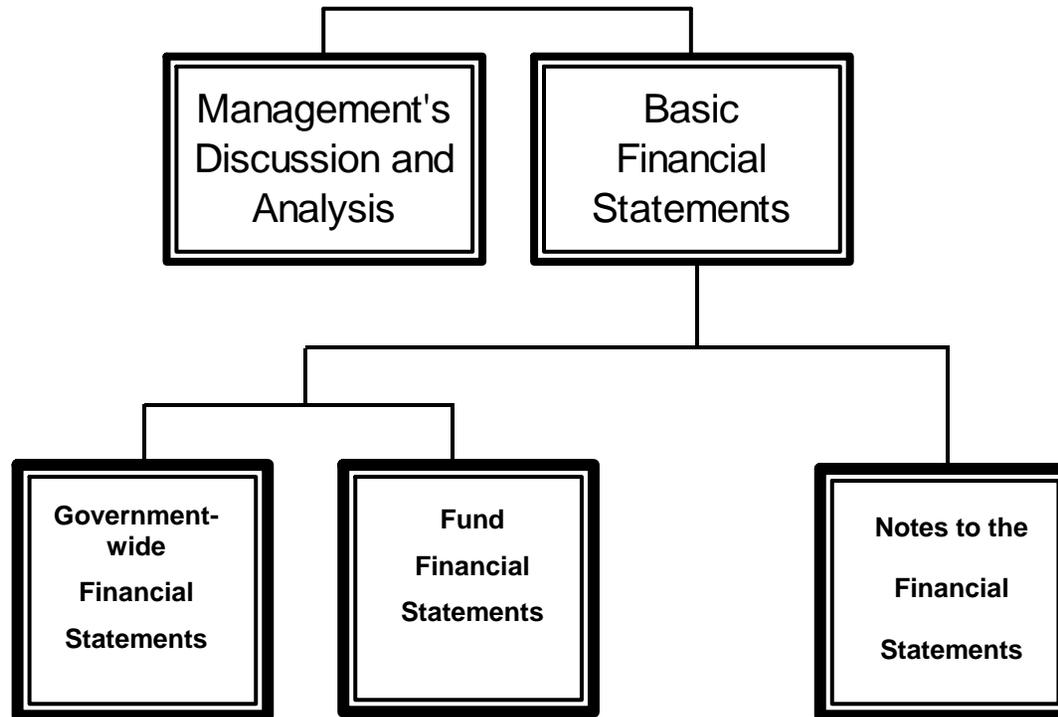
- As of June 30, 2015, the County's governmental funds reported combined ending fund balances of \$1.07 billion, compared with a restated \$737.4 million at the end of the prior fiscal year. All governmental fund balances were at least committed or assigned for specific purposes. There were no unassigned fund balances in the County's governmental funds as of June 30, 2015 or June 30, 2014.
- The County measures its financial health and flexibility to meet capital needs as a ratio of fund balance as a percentage of revenues, transferring significant resources from the General Fund into the Debt Service Fund to meet future commitments. The combined General Fund and Debt Service Fund balances are measured together to assess the County's overall fiscal health. At the end of the 2015 fiscal year, the fund balances for the County's General Fund and the Debt Service Fund were \$244.6 million and \$153.9 million, respectively; compared with both funds reporting fund balances of \$232.4 million and \$135.3 million respectively in the prior fiscal year. The total fund balances of both funds compared as a percentage of combined general fund and debt service fund combined revenues was 36.4% as of the end of fiscal year 2015, compared with a combined total of 35.8% as of the end of the 2014 fiscal year. The percentage increase resulted from an increase in fund balances as well as an increase in combined revenues.
- The County uses a long-term financial planning model for capital budgeting purposes. The capital and debt component of the model helps to evaluate the impact of capital funding decisions on the County's financial condition and to ensure policy targets are maintained. In accordance with its financial model, the County allocates a portion of property taxes specifically for debt service and cash funding for its capital program. The tax rate for fiscal year 2015 was 57.8 cents, of which, 19.9 cents were dedicated to capital and debt service, up from 15.5 cents in the prior fiscal year. In addition, a portion of sales tax is transferred to the debt service fund for school capital debt service. For the fiscal year 2015, the County transferred \$191.8 million from the General Fund to fund debt service, \$63.18 million for WCPSS capital projects, \$27.4 million to fund county capital projects and \$3.305 million for WTCC capital projects.

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- Wake County has maintained an “Aaa” bond rating from Moody’s Investors Service since 1973, an “AAA” rating from Standard & Poor’s Rating Services since 1983, and an “AAA” rating from Fitch since 2000. These bond ratings are clear indications of the sound financial condition of the County. The County is one of the few counties in the country that maintains the highest financial rating from all three major rating agencies. This achievement is a key factor in allowing the County to receive lower interest rates on debt issued for capital expenditures, reducing the County’s cost of debt to the taxpayers. These ratings were reaffirmed most recently in March 2015 in conjunction with bond sales to support the County’s building programs for schools, community colleges and libraries.
- In October 2013, voters approved \$810 million of new general obligation debt, to be combined with \$129.9 million of cash funding, and \$43.8 million of existing funds to finance the new Wake County Public School System (WCPSS) CIP 2013 building program. The Board of Commissioners adopted a 4.40 cent property tax increase to finance the debt and capital for the school building program as part of the FY 2015 operating budget. In fiscal year 2015, the County issued \$370.2 million of general obligation bonds in support of CIP 2013, along with \$11 million of library bonds and \$58 million for Wake Technical Community College’s 2012 building program.

**Overview of the Financial Statements:**

This discussion and analysis are intended to serve as an introduction to the basic financial statements. The basic financial statements consist of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the financial condition of the County. The required components of the annual financial report are below.



## **Basic Financial Statements**

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. The statements provide both short and long-term information about the County's financial status, using the full-accrual basis of accounting, in a manner similar to a private-sector business.

The two government-wide statements report the County's net position and how it has changed. Net position, which is reported on the *statement of net position*, is calculated as total assets plus deferred outflows of resources, less total liabilities and deferred inflows of resources. *The statement of activities* presents information showing how the County's net position has changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The two government-wide statements are each divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as education, human services, public safety, environmental services, community development and cultural services, and general government services. Property and other taxes as well as state and federal grant funds finance most of these activities. The business-type activities are services the County charges customers to provide. For Wake County, only the Solid Waste function is reported as a business-type activity. The final category is the component units. The ABC Board is legally separate from the County; however, the County exercises control over the Board by appointing its members. The ABC Board is also required to distribute its profits to the County.

The government-wide financial statements are on Pages **22 - 24** of this report.

The next statements within the basic financial statements are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government at a more detailed level than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The **fund financial statements** provide a more detailed look at the County's significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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**Governmental Funds** – Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. Governmental funds financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The **Budgetary Comparison Statements** are the next part of the fund financial statements that is presented. The County adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County has provided the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the variance between the final budget and the actual results. The County's Major Facilities Fund is also included with the basic financial statements as an annually-budgeted major special revenue fund.

**Proprietary Funds** – For the fiscal year ended June 30, 2015, the County had three proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for solid waste operations that are County funded as well as the South Wake Landfill Partnership Fund that accounts for the activities associated with the South Wake landfill that is a partnership between the County and eleven municipalities within the County. The enterprise funds are consolidated into the business-type activities that are presented in the Statement of Net Assets and the Statement of Activities. *Internal service funds* are used to account for goods or services provided to one department by another on a cost reimbursement basis. The County reports the activities associated with the Corporate Fleet Fund within an Internal Service Fund. Because Corporate Fleet Fund activities are primarily related to governmental activities, it is consolidated primarily into the governmental activities that are presented in the Statement of Net Position and the Statement of Activities.

**Agency Funds** – Agency funds are used to account for assets the County holds on behalf of others. Wake County has four agency funds that are used to account for taxes collected for and remitted to other municipalities within the County, funds held by Wake County Human Services on behalf of clients, the Department of Motor Vehicles interest penalties collected on behalf of the State, and fines and forfeitures that are collected from citizens and disbursed to the School System under North Carolina law.

The final section of the basic financial statements is the **notes to the financial statements**. The notes are essential to a full understanding of the data provided in the government-wide and fund financial statements because they explain in detail some of the data contained in those statements.

After the notes, this report presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to law enforcement personnel and other post-employment benefits to employees. Finally, combining statements are provided to show details about the County's non-major governmental funds, as well as enterprise funds. Budgetary information for each fund as required by the North Carolina General Statutes and detailed comparison statements, including encumbrances reported for internal reporting purposes for the County's General Fund and annually budgeted funds, can also be found in this section.

### **Government-wide Financial Analysis:**

The County's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$641.3 million as of June 30, 2015. Net position (deficit) is reported in three general categories: net investment in capital assets of \$529.4 million, restricted amounts totaling \$390.5 million, and unrestricted net deficit of \$(1,561.2) million.

One portion of Wake County's net position reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment); less any related debt still outstanding that was issued to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources. The capital assets cannot be used to liquidate these liabilities. The amount reported as invested in total capital assets increased from \$527.2 million in the prior year to \$529.4 million at June 30, 2015. The largest portion of the increase relates to the County's governmental activities. The County's school and community college related debt is not included in this calculation as it is not considered capital related debt for Wake County.

The largest category of the County's net position (deficit) is unrestricted net position (deficit). This balance is to be used to meet the government's ongoing obligations to citizens and creditors. However, under North Carolina law, the County is responsible for providing capital funding for the Wake County Board of Education (WCPSS) and Wake Technical Community College (WTCC). The County has chosen to meet its legal obligation to provide WCPSS and WTCC capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County are owned, utilized and maintained by WCPSS and WTCC. Since the County as the issuing government, acquires no capital assets, the County has incurred a debt liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of the school-related debt less unspent bond proceeds was \$1,387,400,233 and the outstanding balance of the community college - related debt less unspent bond proceeds was \$165,252,217. However, the entire amount of school and college debt

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outstanding is general obligation debt, which is collateralized by the full faith, credit, and taxing power of the County. The County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

Even though the debt issued has been issued to finance capital outlay and construction for the WCPSS and WTCC, the Governmental Accounting Standards Board has determined that it is not capital debt for the County since the debt is not financing capital assets that are owned by the County. As a result, the school and community college debt is reportable within the unrestricted category of net position rather than as part of the category invested in capital assets.

During 2015, the County implemented Governmental Accounting Standard's Board (GASB) Statement Number 68, Accounting and Financial Reporting for Pensions. This required the County to change the reporting requirements of the Local Government Employees Retirement System (LGERS) and the Register Deeds' Supplemental Pension Plan (ROD). Both plans had a net pension asset at the end of fiscal year 2015; however, these were offset by deferred inflows of resources related to various plan differences. As a result, the net pension amounts are reportable within the unrestricted category of net position.

The breakdown of the unrestricted portion of the total net position is defined as follows:

School System Debt	\$ (1,387,400,233)
Community College Debt	(165,252,217)
Net pension items	(10,879,261)
All other unrestricted	<u>2,316,421</u>
Total unrestricted (Deficit)	<u>\$ (1,561,215,290)</u>

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**Wake County's Net Position:**

	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
	<b>Governmental</b>	<b>Governmental</b>	<b>Business-type</b>	<b>Business-type</b>	<b>Total</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>Total</b>
		<b>(as restated)</b>		<b>(as restated)</b>		<b>(as restated)</b>
Current and other assets	\$ 1,196,396,848	\$ 777,903,988	\$ 63,754,917	\$ 61,937,519	\$ 1,260,151,765	\$ 839,841,507
Capital assets	878,536,398	881,030,814	13,034,939	12,753,655	891,571,337	893,784,469
Total assets	<u>2,074,933,246</u>	<u>1,658,934,802</u>	<u>76,789,856</u>	<u>74,691,174</u>	<u>2,151,723,102</u>	<u>1,733,625,976</u>
Deferred outflows of resources	<u>12,991,385</u>	<u>12,210,938</u>	<u>79,995</u>	<u>75,815</u>	<u>13,071,380</u>	<u>12,286,753</u>
Long-term liabilities/schools	1,761,727,388	1,510,748,616	-	-	1,761,727,388	1,510,748,616
Long-term liabilities/community colleges	279,095,309	206,068,223	-	-	279,095,309	206,068,223
Long-term liabilities/other	517,966,767	503,338,445	24,519,497	24,497,509	542,486,264	527,835,954
Other liabilities	<u>118,552,841</u>	<u>82,438,835</u>	<u>5,112,386</u>	<u>5,455,884</u>	<u>123,665,227</u>	<u>87,894,719</u>
Total liabilities	<u>2,677,342,305</u>	<u>2,302,594,119</u>	<u>29,631,883</u>	<u>29,953,393</u>	<u>2,706,974,188</u>	<u>2,332,547,512</u>
Deferred inflows of resources	<u>98,827,089</u>	<u>61,016,088</u>	<u>272,985</u>	<u>100</u>	<u>99,100,074</u>	<u>61,016,188</u>
Net position:						
Invested in capital assets	516,347,191	514,397,874	13,031,162	12,753,655	529,378,353	527,151,529
Restricted/various	384,569,749	174,547,627	5,987,408	7,104,803	390,557,157	181,652,430
Unrestricted	<u>(1,589,161,703)</u>	<u>(1,381,361,055)</u>	<u>27,946,413</u>	<u>24,955,038</u>	<u>(1,561,215,290)</u>	<u>(1,356,406,017)</u>
Total net position	<u>\$ (688,244,763)</u>	<u>\$ (692,415,554)</u>	<u>\$ 46,964,983</u>	<u>\$ 44,813,496</u>	<u>\$ (641,279,780)</u>	<u>\$ (647,602,058)</u>

The County funds the capital needs for both WCPSS and for Wake Tech Community College, but does not carry the resulting assets on our financial statements; therefore, our statement of net position reports a net deficit. Despite this deficit reported in governmental activities, the County's finances continue to be strong. Our property tax collection rate is high with an overall collection percentage of 99.71%. We plan and manage revenues and expenditures through the use of financial models for the capital, debt service, and various operating budgets. Finally, the low cost of our bonded debt is a direct result of the County's triple-A bond rating by each of the three major rating agencies. The County's triple-A bond rating allows the County to receive lower interest rates on debt issued for capital expenditures, reducing the cost of debt for the taxpayer.

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**Wake County's Changes in Net Position (deficit):**

	For the Year Ended		For the Year Ended		For the Year Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
		(as restated)		(as restated)		(as restated)
Revenues:						
Program revenues:						
Charges for services	\$ 72,251,229	\$ 67,458,014	\$ 23,981,146	\$ 22,641,326	\$ 96,232,375	\$ 90,099,340
Operating grants and contributions	121,633,351	123,659,561	1,760,881	1,638,999	123,394,232	125,298,560
General revenues:						
Property taxes	763,304,541	704,500,482	-	-	763,304,541	704,500,482
Sales taxes	154,509,781	141,340,059	-	-	154,509,781	141,340,059
Grants and contributions not restricted to specific programs	7,510,466	9,977,509	-	-	7,510,466	9,977,509
Other general revenues	63,084,499	57,137,462	1,812,220	4,560,230	64,896,719	61,697,692
<b>Total revenues</b>	<b>1,182,293,867</b>	<b>1,104,073,087</b>	<b>27,554,247</b>	<b>28,840,555</b>	<b>1,209,848,114</b>	<b>1,132,913,642</b>
Expenses:						
General government	67,697,095	60,865,049	-	-	67,697,095	60,865,049
Human services	211,150,777	205,788,808	-	-	211,150,777	205,788,808
Education	555,325,661	455,501,432	-	-	555,325,661	455,501,432
Community development and cultural	82,956,045	77,962,399	-	-	82,956,045	77,962,399
Environmental services	8,376,306	9,853,941	-	-	8,376,306	9,853,941
Public safety	156,223,861	161,670,728	-	-	156,223,861	161,670,728
General services administration	26,171,169	27,622,029	-	-	26,171,169	27,622,029
Interest on long-term debt	70,672,162	65,867,422	-	-	70,672,162	65,867,422
Solid waste	-	-	24,952,760	27,429,783	24,952,760	27,429,783
<b>Total expenses</b>	<b>1,178,573,076</b>	<b>1,065,131,808</b>	<b>24,952,760</b>	<b>27,429,783</b>	<b>1,203,525,836</b>	<b>1,092,561,591</b>
Increase (decrease) in net position before transfers	3,720,791	38,941,279	2,601,487	1,410,772	6,322,278	40,352,051
Transfers	450,000	406,320	(450,000)	(406,320)	-	-
<b>Change in net position</b>	<b>4,170,791</b>	<b>39,347,599</b>	<b>2,151,487</b>	<b>1,004,452</b>	<b>6,322,278</b>	<b>40,352,051</b>
Net position (deficit), beginning of year	(692,415,554)	(749,051,558)	44,813,496	43,809,044	(647,602,058)	(705,242,514)
Prior period adjustment	-	17,288,405	-	-	-	17,288,405
<b>Net position (deficit), beginning of year, as restated</b>	<b>(692,415,554)</b>	<b>(731,763,153)</b>	<b>44,813,496</b>	<b>43,809,044</b>	<b>(647,602,058)</b>	<b>(687,954,109)</b>
<b>Net position, end of the year</b>	<b>\$ (688,244,763)</b>	<b>\$ (692,415,554)</b>	<b>\$ 46,964,983</b>	<b>\$ 44,813,496</b>	<b>\$ (641,279,780)</b>	<b>\$ (647,602,058)</b>

### **Change in Accounting Principles, Restatements, and Prior Period Adjustments**

The County implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by (\$22,825,683) and (\$157,840), respectively.

The County implemented a change in accounting principle for its long-term revolving loan program accounted for in the Affordable Housing Fund, in the fiscal year ending June 30, 2015. The change in accounting principle was prompted by memorandum #2016-02 by the North Carolina Local Government Commission on August 3, 2015. The change impacted how the loans are presented in the financial statements.

Prior to the change, North Carolina law required the loans to be budgeted as expenditures in the year the loan is made and budgeted as revenue in the years the repayments are received. With the issuance of the memorandum, the County now uses revenue and expenditure contra-accounts to eliminate the effect of revenues and expenditures reported for budgetary purposes in conjunction with the issuance and collection of long-term loans receivable in the governmental funds. As a result, fund balance for the Affordable Housing Fund and net position for the governmental activities increased by \$20,010,010. \$17,288,405 of this adjustment related to years prior to 2014.

The decrease in net position for the governmental activities as a result of implementing GASB 68 of (\$22,825,683) and the increase in the net position for the prior period adjustment of \$20,010,010 offset each other to result in an increase in net position (deficit) of \$2,815,673 from the amount reported in governmental activities for the fiscal year ended June 30, 2014.

**Financial Analysis of the County's Funds:**

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County's nine major funds, as defined by GAAP for the fiscal year ended June 30, 2015, were the General Fund, the Affordable Housing Fund, the Major Facilities Fund, the Debt Service Fund, the County Capital Projects Fund, the School Capital Fund, the Wake Community College Capital Projects Fund, the Solid Waste Operating Fund, and the South Wake Landfill Partnership Fund, the last two of which are enterprise funds.

As of the close of the 2015 fiscal year, the County's total governmental funds reported combined ending fund balances of \$1.069 billion, up \$331.5 million from a restated \$737.4 million for the prior fiscal year. The County's governmental fund balance increased primarily because, during the fiscal year ended June 30, 2015, the County issued \$439.2 million in general obligation bonds in accordance with the County's debt and capital model. Premiums of \$51.3 million were associated with the 2015 bond sales. A total of \$511.7 million of bond proceeds were still on hand at June 30, 2015, compared with \$49.4 million at the end of the prior fiscal year.

The General Fund is the chief operating fund of the County; however, the combined General Fund and Debt Service Fund balances are measured together to assess the County's overall fiscal health. In 2011, the Board of County Commissioners adopted a fund balance policy that required the County to maintain a total General Fund balance of at least fifteen percent (15%) and an amount committed for working capital of at least ten percent (10%) of the following fiscal year's General Fund adopted budget in order to provide the County with adequate working capital and investment income. In May 2014, the Board of Commissioners amended the fund balance policy to also require that the County maintain combined General Fund and Debt Services Fund total fund balances of at least thirty percent (30%) of the combined revenues of both funds. The most recent policy change allows the County to demonstrate our commitment to maintaining our triple-A credit rating and our serious consideration of the revised rating criteria published by two of the three major credit rating agencies during fiscal year 2014.

At the end of the 2015 fiscal year, the fund balances for the County's General Fund and the Debt Service Fund were \$244.6 million and \$153.9 million, respectively; compared with both funds reporting fund balances of \$232.4 million and \$135.3 million respectively in the prior fiscal year. The total fund balances of both funds compared as a percentage of combined general fund and debt service fund combined revenues was 36.4% as of the end of fiscal year 2015, compared with a combined total of 35.8% as of the end of the 2014 fiscal year. The percentage increase resulted from an increase in and an increase in fund balances. The County's debt and capital model strategically uses fund balance in the debt service fund for debt service expenditures, but in an amount that will not exceed the County's debt service guideline of maintaining a minimum 19 percent fund balance in the debt service fund of subsequent year debt service expenditures and the maintenance of a combined general fund and debt service fund balance of at least 30 percent of general fund and debt service fund combined revenues.

Wake County, North Carolina  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2015

The calculations below demonstrate the County's compliance with the updated fund balance policy.

**Fund Balance Policy Compliance Analysis: General Fund**

	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<b>Increase (Decrease)</b>
Non-spendable:			
Inventories/noncurrent receivables	\$ 1,141,838	\$ 1,147,817	\$ (5,979)
Restricted:			
Stabilization by State statute	71,764,144	81,561,725	(9,797,581)
Register of deeds automation	483,897	402,853	81,044
Committed:			
Revaluation reserve	3,684,154	3,120,450	563,704
Future appropriations from excess ABC revenues	2,650,000	2,650,000	-
Working capital	162,195,239	137,792,533	24,402,706
Assigned:			
Planned expenditures	2,279,506	5,372,283	(3,092,777)
Future insurance claims	400,000	400,000	-
General fund balance	<u>244,598,778</u>	<u>232,447,661</u>	<u>12,151,117</u>
Subsequent Year's Adopted Budget	<u>1,142,963,000</u>	<u>1,066,422,000</u>	<u>76,541,000</u>
Fund Balance as a percentage of next year's budget (15% minimum)	<u>21.40%</u>	<u>21.80%</u>	<u>-0.40%</u>
Working Capital	<u>162,195,239</u>	<u>137,792,533</u>	<u>24,402,706</u>
Working Capital as a percentage of next year's budget (10% minimum)	<u>14.19%</u>	<u>12.92%</u>	<u>1.27%</u>

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**General Fund and Debt Service:**

	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<b>Increase (Decrease)</b>
General Fund Revenue and transfers in	\$ 1,079,563,019	\$ 1,011,404,476	\$ 68,158,543
Debt Service Fund Revenue, transfers in, and premiums on bond issues	<u>262,062,018</u>	<u>208,772,460</u>	<u>53,289,558</u>
Combined revenue and transfers in	1,341,625,037	1,220,176,936	121,448,101
Less: General Fund transfers to Debt Service Fund	<u>(191,774,000)</u>	<u>(193,844,000)</u>	<u>2,070,000</u>
Combined General Fund and Debt Service Fund Revenue	\$ 1,149,851,037	\$ 1,026,332,936	\$ 123,518,101
 Fund Balance			
General Fund	\$ 244,598,778	\$ 232,447,661	\$ 12,151,117
Debt Service	<u>153,873,846</u>	<u>135,252,125</u>	<u>18,621,721</u>
Combined Fund Balance	<u>\$ 398,472,624</u>	<u>\$ 367,699,786</u>	<u>\$ 30,772,838</u>
 Fund Balance as a percentage of Current Year Revenues (30% minimum)	<u>34.7%</u>	<u>35.8%</u>	<u>-1.2%</u>

**General Fund Budgetary Highlights:**

During the fiscal year ended June 30, 2015, the County revised its General Fund 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 in appropriations that become necessary to maintain services.

The fund balance of the County's General Fund increased by \$12.2 million during the fiscal year ended June 30, 2015, a substantial amount more than the amount of usage planned of \$(10.6) million. A significant portion of the total \$22.8 million difference between planned usage of fund balance and the actual increase in the fund balance of the General Fund resulted from final actual revenues in the General Fund that were significantly more than the amounts projected in the final budget by \$10.1 million. Total taxes were greater than the final budgeted amount by \$13.2 million. Property tax collections exceeded the budgeted amount by \$5.1 million. Improved consumer spending and changes in North Carolina's sales tax laws that expanded the base resulted in sales tax revenues that exceeded budgeted amounts by more than \$6.6 million. The housing market continued to improve with additional receipts of real property transfer taxes of \$1.5 million increase over the amount budgeted for the year. Charges for services revenues were less than the amount budgeted by \$3.6 million due to a dispute with the state of North Carolina over the calculations for Medicaid settlements costs that are owed to Wake County. The County is working with the State and other local governments to resolve these differences and receive the settlement amounts.

Actual expenditures and transfers out in the General Fund were \$12.6 million less than budgeted amounts resulting from lower than projected spending by all of the County's departments, particularly Human Services, General Administration, and Public Safety. In the Human Services department, \$1.6 million of the \$6.5 million positive budget difference resulted from additional budgeted amounts that were provided for NC FAST (NC Families Accessing Services through Technology) related services as the County continued to implement the new state system for the SNAP and Medicaid programs during the fiscal year. The NC FAST system was intended to improve the business process for approving SNAP and Medicaid benefits applications which County staff are responsible for in North Carolina. However, Wake County Human Services required additional resources to manage the implementation of the system. Behavioral Health - Managed Care and Transportation were also underspent by \$1.6 million and \$1.9 million, respectively, during the year.

The County's general administration departments' budgets were also underspent by a total of \$2.5 million, with the largest amount being attributed to \$1.3 million of budgeted revaluation expenditures. North Carolina General Statutes require that the County build a reserve over time that will provide funding for the revaluation of property taxes that is completed every eight (8) years under NC law. These revaluation reserve amounts are currently being used to complete revaluation work for values that will be effective in calendar year 2016. The revaluation activities occur over more than one fiscal year and budgeted amounts tend to vary more widely during this revaluation period. In

Wake County, North Carolina  
Management's Discussion and Analysis  
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Public Safety, the largest portion of the \$1.7 million positive budget variance resulted primarily from savings in salaries and benefits and lowered operating costs within Emergency Medical Services.

**Proprietary Funds:**

The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position in the proprietary fund statement of net position for the Solid Waste Operating Fund at the end of the fiscal year amounted to \$27.9 million, an increase of \$2.8 million from the \$25.1 million reported at the end of fiscal year 2014. In addition, the South Wake Landfill Fund reported no unrestricted net position for the fiscal year 2015, an increase of \$.74 million from the amount reported at the end of the prior fiscal year. The differences between the two fiscal years are minimal.

**Capital Asset and Debt Administration**

**Wake County Capital Assets**  
(net of Amortization and Depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 126,784,717	\$ 123,411,409	\$ 382,327	\$ 382,327	\$ 127,167,044	\$ 123,793,736
Landfills	-	-	6,895,261	7,337,209	6,895,261	7,337,209
Buildings	592,022,332	589,497,768	680,115	709,320	592,702,447	590,207,088
Machinery and equipment	3,201,198	2,768,888	350,693	395,246	3,551,891	3,164,134
Vehicles and motorized equipment	13,142,062	12,097,313	-	-	13,142,062	12,097,313
Improvements other than Buildings	16,809,835	17,414,895	316,365	329,966	17,126,200	17,744,861
Computer Software	19,238,446	21,772,374	-	-	19,238,446	21,772,374
Infrastructure	9,881,824	9,940,660	-	-	9,881,824	9,940,660
Construction in progress	97,455,984	104,127,507	4,410,178	3,599,587	101,866,162	107,727,094
<b>Total</b>	<b>\$ 878,536,398</b>	<b>\$ 881,030,814</b>	<b>\$ 13,034,939</b>	<b>\$ 12,753,655</b>	<b>\$ 891,571,337</b>	<b>\$ 893,784,469</b>



Wake County's total general obligation debt increased by \$302.7 million during the fiscal year ended June 30, 2015. This increase occurred because the County issued \$439.2 million in general obligation bonds and general obligation bonds of \$136.5 million were retired during the fiscal year. These changes were made in accordance with the County's long-term capital planning model.

Additional information regarding the County's long-term debt can be found in Note 10 of the Basic Financial Statements.

### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate in the Raleigh-Cary Metropolitan area in which the county is located was 5.0% (percent) at June 30, 2015, compared with 5.1% at the end of the previous fiscal year. At June 30, 2013, the county's unemployment rate was 7.3%. Over the past two fiscal years, Wake County has experienced improvement in the unemployment rate.
- The County has an eight year revaluation cycle for residential real property. In the most recent revaluation at January 1, 2008 that was effective for fiscal year 2009, the total assessed value of property in the County continued to increase, although at a slower pace than experienced in the recent past. From fiscal year 2014 through fiscal year 2015, the total assessed value increased from \$127.4 billion to \$127.9 billion, an increase of less than 1%. The County is currently revaluing real property for valuations that will be effective for the fiscal year beginning July 1, 2016.
- Total sales tax collections continued to increase during the fiscal year ended June 30, 2015 to \$154.5 million from \$141.3 million in the prior fiscal year, a 9.3% increase. Likewise, property tax collections increased from \$684.7 million in the prior fiscal year to \$742.6 in the year ended June 30, 2015, an increase of 8.3% over last year's collections. Occupancy and prepared food and beverage taxes collections increased from the 2014 fiscal year by \$4.3 million or 10.3%.
- Wake County continues to grow, with a population to 1,005,385 people at June 30, 2015, reaching a population of 1 million people this year for the first time in history. The school system added an additional 2,500 students to the public school system rolls, with a total of 155,184 overall enrolled for the 2014-2015 school year.
- The average yield on investments was 0.30% for the fiscal year 2015, compared to .27% for the fiscal year 2014. As in the prior fiscal years, the County has continued to utilize detailed cash flow planning which has allowed us to keep funds invested until needed for expenditure, maximizing the maturity on our investments and our earnings on our portfolio. The County realized investment earnings on all funds of \$2.01 million for the fiscal year ended June 30, 2015, on an average portfolio balance of more than \$670 million. This compares to 2014 earnings of \$1.63 million on an average portfolio balance of more than \$595 million.

- While the yield on investments remained low during fiscal year 2015, this low rate remained partially offset by historically low interest costs for the County's variable rate portfolio. The variable rate is reset weekly by the remarketing agent based on the minimum rate of interest necessary to enable the remarketing agent to remarket all of the weekly rate bonds in the secondary market. Lower costs in this portion of the County's debt portfolio helped offset lower investment earnings because the County's unrestricted interest earnings are budgeted and posted in the Debt Service Fund.

Some of these factors and others were considered when management prepared Wake County's budget ordinance for the 2016 fiscal year.

### **Budget Highlights for the Fiscal Year Ending June 30, 2016**

**Governmental Activities:** The County approved an original budget of \$1.143 billion for the General Fund for fiscal year 2016, which represented a \$76.5 million increase compared to the original budget for the fiscal year 2015. For the fiscal year 2016, the General Fund budget included a property tax increase of 3.65 cents (3.65 cents per \$100 assessed valuation) which provided additional funds to support our highest priorities of education, public safety, and human services. Additionally, sales tax revenues were projected to increase by 10.6% for an additional \$15.7 million. On the expenditure side, the County increased General Fund operating support for WCPSS by \$44.6 million to \$386 million. The fiscal year 2016 budget also includes increases of \$3.4 million for Wake Technical Community College and \$25.8 additional funds for various departmental expansion requests and employee merit increases.

### **Requests for Information**

This report is designed to provide a general overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Wake County, North Carolina, 301 S. McDowell Street, Raleigh, NC 27601. Additional information concerning Wake County can also be obtained by referring to the County's website at <http://www.wakegov.com>. Copies of financials statements and additional information concerning the Wake County Board of Alcoholic Control, a discretely presented component unit of the County, may be obtained at 1212 Wicker Drive, Raleigh, NC 27604.

***Wake County***

***Basic***

***Financial Statements***

# WAKE COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION As of June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Board of Alcoholic Control
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ 540,450,867	\$ 36,228,884	\$ 576,679,751	\$ -
Cash and investments - reserved	4,531,992	22,859,618	27,391,610	-
Cash and investments - cash equivalents	1,054,466	750	1,055,216	17,927,635
Taxes receivable (net)	1,431,030	-	1,431,030	-
Accounts receivable (net)	90,727,854	2,755,924	93,483,778	1,016
Loans receivable (net)	21,846,624	1,805,271	23,651,895	-
Accrued interest receivable	81,238	7,431	88,669	-
Prepaid items	3,998,362	1,400	3,999,762	21,327
Internal balances	13,703	(13,703)	-	-
Inventories	545,541	-	545,541	7,978,791
Restricted assets:				
Cash and investments - cash equivalents with fiscal agent	511,651,653	-	511,651,653	-
Net pension asset:				
LEO Separation Allowance	154,464	-	154,464	-
LGERS Pension	17,526,069	109,342	17,635,411	388,466
ROD Supplemental Pension	2,382,985	-	2,382,985	-
Capital assets not being depreciated:				
Land	126,784,717	382,327	127,167,044	10,234,852
Construction in progress	97,455,984	4,410,178	101,866,162	-
Capital assets (net of accumulated depreciation):				
Landfills	-	6,895,261	6,895,261	-
Buildings	592,022,332	680,115	592,702,447	8,135,315
Improvements	16,809,835	316,365	17,126,200	156,705
Machinery and equipment	3,201,198	350,693	3,551,891	669,029
Vehicles and motorized equipment	13,142,062	-	13,142,062	107,825
Computer software	19,238,446	-	19,238,446	-
Infrastructure	9,881,824	-	9,881,824	-
<b>Total assets</b>	<b>2,074,933,246</b>	<b>76,789,856</b>	<b>2,151,723,102</b>	<b>45,620,961</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
LGERS pension	12,780,976	79,995	12,860,971	317,278
ROD Supplemental pension	209,418	-	209,418	-
Derivative asset	991	-	991	-
<b>Total deferred outflows of resources</b>	<b>12,991,385</b>	<b>79,995</b>	<b>13,071,380</b>	<b>317,278</b>

# WAKE COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION As of June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Board of Alcoholic Control
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 71,547,526	\$ 5,112,386	\$ 76,659,912	\$ 9,553,700
Due to other governmental units	16,210,832	-	16,210,832	-
Unearned revenues	4,000,000	-	4,000,000	-
Accrued interest payable	26,794,483	-	26,794,483	-
Long term liabilities:				
Amounts due within one year:				
Capital leases	378,658	2,223	380,881	-
General obligation bonds - schools	132,284,375	-	132,284,375	-
General obligation bonds - community college	14,999,053	-	14,999,053	-
General obligation bonds - other	7,771,572	-	7,771,572	-
Limited obligation bonds	12,140,000	-	12,140,000	-
Quality zoning academic bonds	163,461	-	163,461	-
Installment purchases	914,651	-	914,651	-
Compensated absences payable	10,600,000	54,437	10,654,437	-
Closure/post closure costs	-	6,160,000	6,160,000	-
Risk management liabilities	6,421,158	4,161	6,425,319	-
Amounts due beyond one year:				
Capital leases	384,844	1,554	386,398	-
General obligation bonds - schools	1,629,116,085	-	1,629,116,085	-
General obligation bonds - community college	264,096,256	-	264,096,256	-
General obligation bonds - other	94,087,427	-	94,087,427	-
Limited obligation bonds	265,985,603	-	265,985,603	-
Quality zoning academic bonds	163,467	-	163,467	-
Installment purchases	4,007,859	-	4,007,859	-
Compensated absences payable	928,514	31,456	959,970	-
Other post employment benefits	111,185,191	588,221	111,773,412	1,893,139
Closure/post closure costs	-	16,680,296	16,680,296	-
Construction reserves	-	997,149	997,149	-
Risk management liabilities	3,161,290	-	3,161,290	-
<b>Total liabilities</b>	<b>2,677,342,305</b>	<b>29,631,883</b>	<b>2,706,974,188</b>	<b>11,446,839</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid property taxes	1,940,365	460	1,940,825	-
LGERS pension	43,682,695	272,525	43,955,220	946,786
ROD Supplemental pension	12,826	-	12,826	-
Derivative liability	991	-	991	-
Unamortized gains on debt refundings	53,190,212	-	53,190,212	-
<b>Total deferred inflows of resources</b>	<b>98,827,089</b>	<b>272,985</b>	<b>99,100,074</b>	<b>946,786</b>
<b>NET POSITION</b>				
Net investment in capital assets	516,347,191	13,031,162	529,378,353	19,303,726
Restricted for:				
Stabilization by state statute	382,454,868	2,960,405	385,415,273	-
Register of deeds automation	483,897	-	483,897	-
Housing programs	1,630,984	-	1,630,984	-
White goods	-	3,027,003	3,027,003	-
Working capital	-	-	-	3,253,749
Unrestricted (See Note 1.P)	(1,589,161,703)	27,946,413	(1,561,215,290)	10,987,139
<b>Total net position (deficit)</b>	<b>\$ (688,244,763)</b>	<b>\$ 46,964,983</b>	<b>\$ (641,279,780)</b>	<b>\$ 33,544,614</b>

# WAKE COUNTY, NORTH CAROLINA

## STATEMENT OF ACTIVITIES For the Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Board of Alcoholic Control
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>FUNCTIONS/PROGRAMS</b>							
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 67,697,095	\$ 9,352,103	\$ 1,798,846	\$ (56,546,146)	\$ -	\$ (56,546,146)	
Human services	211,150,777	17,306,740	101,650,078	(92,193,959)	-	(92,193,959)	
Education	555,325,661	11,800	15,538,264	(539,775,597)	-	(539,775,597)	
Community development and cultural	82,956,045	7,666,631	607,289	(74,682,125)	-	(74,682,125)	
Environmental services	8,376,306	2,326,173	152,347	(5,897,786)	-	(5,897,786)	
Public safety	156,223,861	32,842,889	1,871,402	(121,509,570)	-	(121,509,570)	
General services administration	26,171,169	2,744,893	15,125	(23,411,151)	-	(23,411,151)	
Interest on long-term debt	70,672,162	-	-	(70,672,162)	-	(70,672,162)	
Total governmental activities	<u>1,178,573,076</u>	<u>72,251,229</u>	<u>121,633,351</u>	<u>(984,688,496)</u>	<u>-</u>	<u>(984,688,496)</u>	
Business-type activities:							
Solid Waste	24,952,760	23,981,146	1,760,881	-	789,267	789,267	
Total primary government	<u>\$ 1,203,525,836</u>	<u>\$ 96,232,375</u>	<u>\$ 123,394,232</u>	<u>(984,688,496)</u>	<u>789,267</u>	<u>(983,899,229)</u>	
<b>Component unit:</b>							
Board of Alcoholic Control	<u>\$ 79,846,374</u>	<u>\$ 84,597,464</u>	<u>\$ -</u>				<u>\$ 4,751,090</u>
General revenues:							
Property taxes				763,304,541	-	763,304,541	-
Sales taxes				154,509,781	-	154,509,781	-
Occupancy and prepared food taxes				45,551,385	-	45,551,385	-
Other taxes				13,778,283	-	13,778,283	-
Grants and contributions not restricted to specific programs				7,510,466	-	7,510,466	-
Unrestricted investment earnings				1,717,475	227,482	1,944,957	6,442
Loss on sale of capital assets				(380,845)	-	(380,845)	-
Other				2,418,201	1,584,738	4,002,939	262,711
Total general revenues				<u>988,409,287</u>	<u>1,812,220</u>	<u>990,221,507</u>	<u>269,153</u>
Transfers				450,000	(450,000)	-	-
Total general revenues and transfers				<u>988,859,287</u>	<u>1,362,220</u>	<u>990,221,507</u>	<u>269,153</u>
Change in net position				<u>4,170,791</u>	<u>2,151,487</u>	<u>6,322,278</u>	<u>5,020,243</u>
Net position (deficit), beginning of year				(689,599,881)	44,971,336	(644,628,545)	29,039,029
Prior period adjustment				(2,815,673)	(157,840)	(2,973,513)	(514,658)
Net position (deficit), beginning of year, as restated				<u>(692,415,554)</u>	<u>44,813,496</u>	<u>(647,602,058)</u>	<u>28,524,371</u>
Net position (deficit), end of year				<u>\$ (688,244,763)</u>	<u>\$ 46,964,983</u>	<u>\$ (641,279,780)</u>	<u>\$ 33,544,614</u>

# WAKE COUNTY, NORTH CAROLINA

## BALANCE SHEET GOVERNMENTAL FUNDS As of June 30, 2015

	Major Funds							Nonmajor Funds	Total Governmental Funds
	General Fund	Affordable Housing Fund	Major Facilities Fund	Debt Service Fund	County Capital Projects Fund	School Capital Fund	Wake Community College Capital Fund	Other Governmental Funds	
<b>ASSETS</b>									
Cash and investments - pooled equity	\$ 225,749,568	\$ 3,725,498	\$ 5,899,116	\$ 75,798,090	\$ 75,080,034	\$ 113,611,550	\$ 11,697,152	\$ 25,561,698	\$ 537,122,706
Cash and investments - cash equivalents	1,053,866	-	600	-	-	-	-	-	1,054,466
Cash and investments - restricted	4,531,992	-	-	67,214,716	20,531,910	325,563,453	98,341,574	-	516,183,645
Taxes receivable (net)	1,344,373	-	-	-	-	-	-	86,657	1,431,030
Accounts receivable (net)	72,034,870	974,904	4,114,218	8,176,901	504,664	2,362,442	-	2,555,448	90,723,447
Loans receivable (net)	-	21,152,490	-	-	165,122	-	-	529,012	21,846,624
Accrued interest receivable	1,246	15	756	74,298	-	1,493	-	3,004	80,812
Internal balances (due from other funds)	1,380,889	-	-	-	-	-	-	-	1,380,889
Prepaid expenditures	557,863	163,423	-	3,272,951	-	-	-	4,125	3,998,362
Inventories	382,405	-	-	-	-	-	-	-	382,405
<b>Total assets</b>	<b>\$ 307,037,072</b>	<b>\$ 26,016,330</b>	<b>\$ 10,014,690</b>	<b>\$ 154,536,956</b>	<b>\$ 96,281,730</b>	<b>\$ 441,538,938</b>	<b>\$ 110,038,726</b>	<b>\$ 28,739,944</b>	<b>\$ 1,174,204,386</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable and accrued liabilities	\$ 54,628,415	\$ 229,255	\$ 8,370,624	\$ 663,110	\$ 4,750,223	\$ 841,632	\$ 4,886,678	\$ 1,548,371	\$ 75,918,308
Due to other governmental units	421,089	-	-	-	-	15,789,743	-	-	16,210,832
Unearned revenue	-	-	-	-	4,000,000	-	-	-	4,000,000
Internal balances (due to other funds)	-	-	-	-	-	-	-	1,380,889	1,380,889
<b>Total liabilities</b>	<b>55,049,504</b>	<b>229,255</b>	<b>8,370,624</b>	<b>663,110</b>	<b>8,750,223</b>	<b>16,631,375</b>	<b>4,886,678</b>	<b>2,929,260</b>	<b>97,510,029</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>7,388,790</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>359,795</b>	<b>-</b>	<b>-</b>	<b>96,617</b>	<b>7,845,202</b>

# WAKE COUNTY, NORTH CAROLINA

## BALANCE SHEET GOVERNMENTAL FUNDS As of June 30, 2015

	Major Funds							Nonmajor	Total
	General Fund	Affordable Housing Fund	Major Facilities Fund	Debt Service Fund	County Capital Projects Fund	School Capital Fund	Wake Community College Capital Fund	Other Governmental Funds	
Fund Balances:									
Non-spendable:									
Inventories	\$ 382,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 382,405
Prepaid expenditures	557,863	163,423	-	3,272,951	-	-	-	4,125	3,998,362
Noncurrent receivable	201,570	-	-	-	-	-	-	-	201,570
Restricted:									
Stabilization by state statute	71,764,144	23,992,668	1,644,066	8,251,199	17,755,460	251,319,336	-	7,209,980	381,936,853
Register of deeds automation	483,897	-	-	-	-	-	-	-	483,897
Housing programs	-	1,630,984	-	-	-	-	-	-	1,630,984
Committed:									
Revaluation reserve	3,684,154	-	-	-	-	-	-	-	3,684,154
Future appropriations from excess local ABC revenues	2,650,000	-	-	-	-	-	-	-	2,650,000
Working capital	162,195,239	-	-	-	-	-	-	3,063,680	165,258,919
Assigned:									
Planned expenditures	2,279,506	-	-	-	46,854,535	130,583,692	3,512,130	11,470,561	194,700,424
Future insurance claims	400,000	-	-	-	-	-	-	-	400,000
Future capital projects	-	-	-	-	22,561,717	43,004,535	101,639,918	3,965,721	171,171,891
Debt service	-	-	-	142,349,696	-	-	-	-	142,349,696
<b>Total Fund Balances</b>	<b>244,598,778</b>	<b>25,787,075</b>	<b>1,644,066</b>	<b>153,873,846</b>	<b>87,171,712</b>	<b>424,907,563</b>	<b>105,152,048</b>	<b>25,714,067</b>	<b>1,068,849,155</b>
Total liabilities, deferred inflows of resources, and fund balances	\$ 307,037,072	\$ 26,016,330	\$ 10,014,690	\$ 154,536,956	\$ 96,281,730	\$ 441,538,938	\$ 110,038,726	\$ 28,739,944	\$ 1,174,204,386

# WAKE COUNTY, NORTH CAROLINA

## Reconciliation of the Balance Sheet to the Statement of Net Position As of June 30, 2015

Fund balances - Governmental Funds	\$ 1,068,849,155
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds less assets related to the Corporate Fleet Internal Service Fund	869,403,473
Taxes and other receivables will be collected after year-end, but are not available to pay for current-period expenditures and therefore are deferred in the funds	5,904,837
Net pension assets from the LEO Special Separation allowance, LGERS Pension and ROD Supplement Retirement fund resulting from contributions greater than the amount of annual required contributions are not financial resources and therefore not reported in the funds	19,992,976
Contributions to the LGERS Pension plan and ROD Supplemental Retirement fund in the current fiscal year are deferred outflows of resources on the Statement of Net Position	12,819,054
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,633,488,693)
Pension related deferrals for the LGERS Pension plan and ROD Supplemental Retirement fund	(43,399,471)
An internal service fund is used by management to charge the costs of fleet to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	<u>11,673,906</u>
Net deficit of governmental activities	<u><u>\$ (688,244,763)</u></u>

# WAKE COUNTY, NORTH CAROLINA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended June 30, 2015

	Major Funds							Total Nonmajor Funds	Total Governmental Funds
	General Fund	Affordable Housing Fund	Major Facilities Fund	Debt Service Fund	County Capital Projects Fund	School Capital Fund	Wake Community College Capital Fund		
<b>REVENUES:</b>									
Taxes	\$ 912,269,633	\$ -	\$ 45,497,740	\$ -	\$ 268	\$ -	\$ -	\$ 21,251,764	\$ 979,019,405
Intergovernmental	97,974,206	4,301,879	-	15,432,216	-	106,047	-	11,329,472	129,143,820
Charges for services	59,703,013	589,620	1,820,645	11,800	3,146,114	-	-	631,764	65,902,956
Fines and forfeitures	-	-	-	-	-	-	-	1,852	1,852
Licenses and permits	5,000,558	-	-	-	-	-	-	-	5,000,558
Investment earnings	58,446	591	22,343	1,471,480	229	55,579	23	95,825	1,704,516
Miscellaneous	1,874,765	-	-	-	-	-	-	(11,509)	1,863,256
<b>Total Revenues</b>	<b>1,076,880,621</b>	<b>4,892,090</b>	<b>47,340,728</b>	<b>16,915,496</b>	<b>3,146,611</b>	<b>161,626</b>	<b>23</b>	<b>33,299,168</b>	<b>1,182,636,363</b>
<b>EXPENDITURES:</b>									
Current:									
General government	48,231,411	-	-	372,256	15,004,701	-	-	92,238	63,700,606
Human services	194,603,433	3,951,130	-	-	-	-	-	9,749,910	208,304,473
Education	357,904,400	-	-	-	-	142,532,963	57,184,240	-	557,621,603
Community development and cultural	27,398,440	-	43,338,582	-	15,400,478	-	-	2,373,463	88,510,963
Environmental services	9,330,167	-	-	-	-	-	-	24,775	9,354,942
Public safety	117,898,032	-	-	-	6,663,766	-	-	23,046,607	147,608,405
General services administration	26,208,028	-	-	-	-	-	-	7,150	26,215,178
Debt service:									
Principal	-	-	-	152,115,583	-	-	-	-	152,115,583
Interest	-	-	-	90,952,459	-	-	-	-	90,952,459
<b>Total Expenditures</b>	<b>781,573,911</b>	<b>3,951,130</b>	<b>43,338,582</b>	<b>243,440,298</b>	<b>37,068,945</b>	<b>142,532,963</b>	<b>57,184,240</b>	<b>35,294,143</b>	<b>1,344,384,212</b>
REVENUES OVER (UNDER) EXPENDITURES	295,306,710	940,960	4,002,146	(226,524,802)	(33,922,334)	(142,371,337)	(57,184,217)	(1,994,975)	(161,747,849)

# WAKE COUNTY, NORTH CAROLINA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended June 30, 2015

	Major Funds							Total Nonmajor Funds	Total Governmental Funds
	General Fund	Affordable Housing Fund	Major Facilities Fund	Debt Service Fund	County Capital Projects Fund	School Capital Fund	Wake Tech Community College Capital Fund		
OTHER FINANCING SOURCES (USES):									
Transfers in	\$ 2,682,398	\$ 830,000	\$ -	\$ 194,172,000	\$ 27,418,000	\$ 63,184,000	\$ 4,805,000	\$ 3,685,702	\$ 296,777,100
Transfers out	(285,873,534)	-	(3,355,932)	-	(3,625,000)	(867,466)	-	(2,730,168)	(296,452,100)
Bonds issued	-	-	-	-	11,000,000	370,240,000	58,000,000	-	439,240,000
Installment purchases issued	-	-	-	-	-	-	-	1,260,000	1,260,000
Premiums on issuance	-	-	-	50,974,523	-	116,844	188,248	-	51,279,615
Capital leases issued	35,543	-	-	-	1,077,786	-	-	-	1,113,329
Total Other Financing Sources (Uses)	(283,155,593)	830,000	(3,355,932)	245,146,523	35,870,786	432,673,378	62,993,248	2,215,534	493,217,944
NET CHANGE IN FUND BALANCES	12,151,117	1,770,960	646,214	18,621,721	1,948,452	290,302,041	5,809,031	220,559	331,470,095
Fund Balances at beginning of year	232,447,661	4,006,105	997,852	135,252,125	85,223,260	134,605,522	99,343,017	25,493,508	717,369,050
Prior Period Adjustment	-	20,010,010	-	-	-	-	-	-	20,010,010
Fund Balances at beginning of year, as restated	232,447,661	24,016,115	997,852	135,252,125	85,223,260	134,605,522	99,343,017	25,493,508	737,379,060
FUND BALANCES AT END OF YEAR	\$ 244,598,778	\$ 25,787,075	\$ 1,644,066	\$ 153,873,846	\$ 87,171,712	\$ 424,907,563	\$ 105,152,048	\$ 25,714,067	\$ 1,068,849,155

# WAKE COUNTY, NORTH CAROLINA

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2015

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

<b>Net change in fund balances - total governmental funds</b>	\$ 331,470,095
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays increases exceeded the capital asset decreases in the current fiscal year.	18,801,329
Depreciation expense for the fiscal year being reported, less depreciation in Corporate Fleet fund	(21,672,942)
The issuance of long-term debt (e.g. bonds, leases) 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, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(335,621,279)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(832,809)
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 the governmental funds.	(1,181,180)
Contributions to the LGERS Pension plan and ROD Supplemental Retirement fund in the current fiscal year are not included on the Statement of Activities	12,819,054
An internal service fund is used by management to charge the costs of the County's fleet of vehicles to individual funds. The net revenue of the internal service fund is reported within the governmental activities.	<u>388,523</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ 4,170,791</u></u>

# WAKE COUNTY, NORTH CAROLINA

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 899,038,255	\$ 899,038,255	\$ 912,269,633	\$ 13,231,378
Licenses and permits	4,716,459	4,771,459	5,000,558	229,099
Intergovernmental	90,089,164	97,900,935	97,974,206	73,271
Charges for services	62,009,128	63,258,804	59,703,013	(3,555,791)
Investment earnings	45,264	45,264	58,446	13,182
Miscellaneous	1,723,981	1,723,716	1,874,765	151,049
Total Revenues	<u>1,057,622,251</u>	<u>1,066,738,433</u>	<u>1,076,880,621</u>	<u>10,142,188</u>
EXPENDITURES:				
Current:				
General administration	53,502,587	50,719,005	48,195,868	2,523,137
Human services	188,801,506	201,086,338	194,603,433	6,482,905
Education	354,154,400	357,904,400	357,904,400	-
Community development and cultural	28,121,388	28,217,413	27,398,440	818,973
Environmental services	9,028,659	9,634,511	9,330,167	304,344
General services administration	26,558,798	26,990,940	26,208,028	782,912
Public safety	119,531,128	119,578,265	117,898,032	1,680,233
Total Expenditures	<u>779,698,466</u>	<u>794,130,872</u>	<u>781,538,368</u>	<u>12,592,504</u>
REVENUES OVER EXPENDITURES	<u>277,923,785</u>	<u>272,607,561</u>	<u>295,342,253</u>	<u>22,734,692</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,577,466	2,694,466	2,682,398	(12,068)
Transfers out	(285,873,534)	(285,873,534)	(285,873,534)	-
Total Other Financing Sources (Uses)	<u>(283,296,068)</u>	<u>(283,179,068)</u>	<u>(283,191,136)</u>	<u>(12,068)</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(5,372,283)</u>	<u>(10,571,507)</u>	<u>12,151,117</u>	<u>22,722,624</u>
APPROPRIATED FUND BALANCE	<u>5,372,283</u>	<u>10,571,507</u>	<u>-</u>	<u>(10,571,507)</u>
REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE UNDER EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ -</u>	<u>12,151,117</u>	<u>\$ 12,151,117</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>232,447,661</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 244,598,778</u>	

# WAKE COUNTY, NORTH CAROLINA

**MAJOR FACILITIES FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN APPROPRIATED FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES:</b>				
Taxes:				
Occupancy tax	\$ 18,880,000	\$ 21,581,000	\$ 21,356,118	\$ (224,882)
Prepared food tax	23,116,000	24,346,000	24,141,622	(204,378)
Total taxes	41,996,000	45,927,000	45,497,740	(429,260)
Charges for services	-	1,820,645	1,820,645	-
Investment earnings	-	-	22,343	22,343
Total Revenues	41,996,000	47,747,645	47,340,728	(406,917)
<b>EXPENDITURES:</b>				
Raleigh hold harmless - occupancy	680,000	680,000	680,000	-
Cary hold harmless - occupancy	915,658	1,046,000	1,035,772	10,228
Greater Raleigh Convention and Visitors Bureau	4,825,540	5,477,000	5,426,108	50,892
Centennial Authority operations 7%	2,449,639	2,659,000	2,636,965	22,035
Centennial - Debt service	5,207,315	5,207,315	5,203,831	3,484
Raleigh annual distribution - \$1M	1,000,000	1,000,000	1,000,000	-
Convention Center	20,116,860	22,480,000	22,235,261	244,739
North Carolina Museum of Art	1,000,000	1,000,000	1,000,000	-
Centennial Authority Facility Improvements	1,000,000	2,820,645	2,820,645	-
Green Square	200,000	200,000	200,000	-
St. Augustine's	100,000	100,000	100,000	-
Cary Sports Venue	1,000,000	1,000,000	1,000,000	-
Unallocated	249,988	709,685	-	709,685
Total Expenditures	38,745,000	44,379,645	43,338,582	1,041,063
REVENUES OVER EXPENDITURES	3,251,000	3,368,000	4,002,146	634,146
<b>OTHER FINANCING SOURCES AND (USES):</b>				
Transfers out to General Fund	(1,260,000)	(1,377,000)	(1,364,932)	12,068
Transfers out to Debt Service Fund	(991,000)	(991,000)	(991,000)	-
Transfers out to Capital Improvement Fund	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	(3,251,000)	(3,368,000)	(3,355,932)	12,068
REVENUES UNDER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	646,214	\$ 646,214
Fund Balance at beginning of year			997,852	
FUND BALANCE AT END OF YEAR			\$ 1,644,066	

# WAKE COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of June 30, 2015

	Business-type Activities		Governmental Activities	
	Enterprise		Internal Service	
	Major Funds			
	Solid Waste Operating Fund	South Wake Landfill Partnership Fund	Total Business-type Activities	Corporate Fleet Fund
<b>ASSETS</b>				
Current assets:				
Cash and investments - pooled equity	\$ 32,371,847	\$ 3,857,037	\$ 36,228,884	\$ 3,328,161
Cash and investments - reserved	13,502,015	9,357,603	22,859,618	-
Cash and investments - cash equivalents	-	750	750	-
Accounts receivable (net)	825,120	1,930,804	2,755,924	4,407
Loan receivable	1,805,271	-	1,805,271	-
Internal balances (due from other funds)	456,497	143,802	600,299	-
Prepaid expenditures	1,400	-	1,400	-
Accrued interest receivable	5,621	1,810	7,431	426
Inventories	-	-	-	163,136
Net pension asset - LGERS	91,706	17,636	109,342	70,542
Total current assets	<u>49,059,477</u>	<u>15,309,442</u>	<u>64,368,919</u>	<u>3,566,672</u>
Noncurrent assets:				
Capital assets not being depreciated:				
Land	382,327	-	382,327	-
Construction in progress	4,410,178	-	4,410,178	-
Capital assets (net of accumulated depreciation):				
Landfills	6,895,261	-	6,895,261	-
Buildings	680,115	-	680,115	-
Machinery and equipment	350,693	-	350,693	110,792
Vehicles	-	-	-	9,022,133
Improvements	316,365	-	316,365	-
Total non-current assets	<u>13,034,939</u>	<u>-</u>	<u>13,034,939</u>	<u>9,132,925</u>
Total assets	<u>62,094,416</u>	<u>15,309,442</u>	<u>77,403,858</u>	<u>12,699,597</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>67,511</u>	<u>12,484</u>	<u>79,995</u>	<u>51,110</u>

# WAKE COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of June 30, 2015

	Business-type Activities		Governmental Activities	
	Enterprise		Internal Service	
	Major Funds			
	Solid Waste Operating Fund	South Wake Landfill Partnership Fund	Total Business-type Activities	Corporate Fleet Fund
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,625,818	3,486,568	5,112,386	382,040
Internal balances (due to other funds)	143,802	456,497	600,299	-
Total current liabilities	<u>1,769,620</u>	<u>3,943,065</u>	<u>5,712,685</u>	<u>382,040</u>
Noncurrent liabilities:				
Amounts due within one year:				
Capital leases	2,223	-	2,223	-
Compensated absences	50,000	4,437	54,437	40,000
Closure/postclosure care costs	760,000	5,400,000	6,160,000	-
Risk management liabilities	3,485	676	4,161	28,268
Amounts due beyond one year:				
Capital leases	1,554	-	1,554	-
Compensated absences	31,456	-	31,456	23,208
Other post employment benefits	441,166	147,055	588,221	441,168
Construction reserves	-	997,149	997,149	-
Closure/postclosure care costs	12,742,015	3,938,281	16,680,296	-
Total noncurrent liabilities	<u>14,031,899</u>	<u>10,487,598</u>	<u>24,519,497</u>	<u>532,644</u>
Total liabilities	<u>15,801,519</u>	<u>14,430,663</u>	<u>30,232,182</u>	<u>914,684</u>
DEFERRED INFLOWS OF RESOURCES	<u>229,030</u>	<u>43,955</u>	<u>272,985</u>	<u>175,820</u>
<b>NET POSITION</b>				
Net investment in capital assets	13,031,162	-	13,031,162	9,132,925
Restricted:				
Stabilization by state statute	2,113,097	847,308	2,960,405	518,015
White goods	3,027,003	-	3,027,003	-
Unrestricted	<u>27,960,116</u>	<u>-</u>	<u>27,960,116</u>	<u>2,009,263</u>
Total net position	<u>\$ 46,131,378</u>	<u>\$ 847,308</u>	<u>\$ 46,978,686</u>	<u>\$ 11,660,203</u>
Total net position	\$ 46,131,378	\$ 847,308	\$ 46,978,686	
Adjustment to reflect the consolidation of the Corporate Fleet Fund balances related to Solid Waste	<u>(13,703)</u>	<u>-</u>	<u>(13,703)</u>	
Net position of business-type activities	<u>\$ 46,117,675</u>	<u>\$ 847,308</u>	<u>\$ 46,964,983</u>	

The notes to the financial statements are an integral part of this statement.

# WAKE COUNTY, NORTH CAROLINA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended June 30, 2015

	Business-type Activities			Governmental Activities
	Enterprise			Internal Service
	Major Funds		Total Business-type Activities	Corporate Fleet Fund
Solid Waste Operating Fund	South Wake Landfill Partnership Fund			
OPERATING REVENUES:				
Licenses and permits	\$ 6,900	\$ -	\$ 6,900	\$ -
Charges for services	8,362,220	15,612,026	23,974,246	8,059,809
Miscellaneous	1,584,738	-	1,584,738	269,466
Total Operating Revenues	9,953,858	15,612,026	25,565,884	8,329,275
OPERATING EXPENSES:				
Cost of service	7,812,077	10,584,076	18,396,153	3,860,275
Administration	1,765,640	799,138	2,564,778	1,041,885
Partner rebates	-	3,313,811	3,313,811	-
Depreciation and amortization	675,877	-	675,877	3,178,685
Total Operating Expenses	10,253,594	14,697,025	24,950,619	8,080,845
OPERATING INCOME (LOSS)	(299,736)	915,001	615,265	248,430
NON-OPERATING REVENUES:				
Intergovernmental	1,760,881	-	1,760,881	-
Investment earnings	181,474	46,008	227,482	12,952
Total Non-Operating Revenues	1,942,355	46,008	1,988,363	12,952
Income (loss) before transfers	1,642,619	961,009	2,603,628	261,382
TRANSFERS:				
Transfers in	1,009,459	-	1,009,459	125,000
Transfers out	(450,000)	(1,009,459)	(1,459,459)	-
Total Transfers	559,459	(1,009,459)	(450,000)	125,000
CHANGE IN NET POSITION	2,202,078	(48,450)	2,153,628	386,382
TOTAL NET POSITION, BEGINNING OF YEAR,	44,061,682	921,216	44,982,898	11,375,653
Prior period adjustment	(132,382)	(25,458)	(157,840)	(101,832)
TOTAL NET POSITION, BEGINNING OF YEAR, AS RESTATEE	43,929,300	895,758	44,825,058	11,273,821
TOTAL NET POSITION, END OF YEAR	\$ 46,131,378	\$ 847,308	\$ 46,978,686	\$ 11,660,203
Change in net position	\$ 2,202,078	\$ (48,450)	\$ 2,153,628	
Adjustment to reflect the consolidation of the Corporate Fleet Fund activities related to Solid Waste	(2,141)	-	(2,141)	
Change in net position of business-type activities	\$ 2,199,937	\$ (48,450)	\$ 2,151,487	

The notes to the financial statements are an integral part of this statement.

# WAKE COUNTY, NORTH CAROLINA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended June 30, 2015

	Business-type Activities Enterprise		Governmental Activities Internal Service	
	Major Funds			
	Solid Waste Operating Fund	South Wake Landfill Partnership Fund	Total Business-type Activities	Corporate Fleet Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 8,142,319	\$ 15,763,653	\$ 23,905,972	\$ 8,087,475
Cash payments to suppliers for goods and services	(9,911,506)	(12,995,402)	(22,906,908)	(4,536,165)
Cash payments to employees for services	(1,237,020)	(248,203)	(1,485,223)	(771,143)
Other operating revenues	1,591,638	-	1,591,638	269,466
Net cash (used) provided by operating activities	(1,414,569)	2,520,048	1,105,479	3,049,633
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Intergovernmental revenue	1,716,555	-	1,716,555	-
Transfers in	1,009,459	-	1,009,459	125,000
Transfers out	(450,000)	(1,009,459)	(1,459,459)	-
Net cash provided (used) by noncapital financing activities	2,276,014	(1,009,459)	1,266,555	125,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Disposal of capital assets	-	-	-	285,484
Acquisition of capital assets	(957,161)	-	(957,161)	(3,841,368)
Principal payments of capital lease	(2,100)	-	(2,100)	-
Net cash used by capital and related financing activities	(959,261)	-	(959,261)	(3,555,884)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received on investments	201,362	50,883	252,245	14,584

The notes to the financial statements are an integral part of this statement.

# WAKE COUNTY, NORTH CAROLINA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended June 30, 2015

	Business-type Activities Enterprise		Governmental Activities Internal Service	
	Major Funds			
	Solid Waste Operating Fund	South Wake Landfill Partnership Fund	Total Business-type Activities	Corporate Fleet Fund
Net increase (decrease) in cash and cash equivalents	\$ 103,546	\$ 1,561,472	\$ 1,665,018	\$ (366,667)
Cash and cash equivalents at beginning of year	45,770,316	11,653,918	57,424,234	3,694,828
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 45,873,862</b>	<b>\$ 13,215,390</b>	<b>\$ 59,089,252</b>	<b>\$ 3,328,161</b>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (299,736)	\$ 915,001	\$ 615,265	\$ 248,430
Adjustments to reconcile operating income/loss to net cash provided (used) by operating activities:				
Depreciation and amortization	675,877	-	675,877	3,178,685
(Increase)/decrease in accounts receivable	(219,901)	151,627	(68,274)	27,666
Decrease in prepaid items	-	-	-	115
Increase in inventories	-	-	-	(75,110)
Increase in net pension asset	(287,675)	(55,322)	(342,997)	(221,287)
Increase in deferred outflow of resources	(3,924)	(256)	(4,180)	(2,197)
(Increase)/decrease in accounts payable and accrued liabilities	(1,508,240)	1,465,043	(43,197)	(282,489)
Increase in deferred outflow of resources	229,030	43,955	272,985	175,820
Total adjustments	(1,114,833)	1,605,047	490,214	2,801,203
Net cash provided (used) by operating activities	\$ (1,414,569)	\$ 2,520,048	\$ 1,105,479	\$ 3,049,633

The notes to the financial statements are an integral part of this statement.

# WAKE COUNTY, NORTH CAROLINA

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

As of June 30, 2015

	Separation Allowance	Agency Funds
	<u>                    </u>	<u>                    </u>
ASSETS		
Cash and investments - pooled equity	\$ 1,128,772	\$ 672,305
Accounts receivable (net)	-	3,918,625
Accrued interest receivable	141	82
	<u>                    </u>	<u>                    </u>
Total assets	<u>1,128,913</u>	<u>4,591,012</u>
LIABILITIES		
Other liabilities	88,625	994,594
Due to other governmental units	-	3,596,418
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>88,625</u>	<u>\$ 4,591,012</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 1,040,288</u>	

# WAKE COUNTY, NORTH CAROLINA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the Year Ended June 30, 2015

Additions:	Separation Allowance
Employer Contributions	\$ 960,030
Net investment income	<u>4,206</u>
Total additions	964,236
Deductions:	
Benefits	<u>1,179,097</u>
Net decrease	(214,861)
Net position held in trust for pension benefits:	
Beginning of year	<u>1,255,149</u>
End of year	<u>\$ 1,040,288</u>

**Wake County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2015**

**NOTE 1.  
Summary of Significant  
Accounting Policies**

The County of Wake (County) was established in 1771 by the North Carolina General Assembly under North Carolina State Law [General Statute (G.S.) 153A-10]. The County is governed by a seven-member board of commissioners and provides the following services: public safety, culture-recreation, human services programs, community development, environmental services, planning and zoning, employment and training, education and general administration.

The accounting policies of the County conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The County is one of the 100 counties established in North Carolina under State Law [G.S. 153A-10]. As required by GAAP, these financial statements present the County and its component unit, a legally separate entity for which the County is financially accountable. The discretely presented component unit below is reported in a separate column in the County's government-wide financial statements to emphasize that it is legally separate from the County.

Discretely Presented Component Unit

Wake County Board of Alcoholic Control (ABC Board)

The members of the ABC Board's governing board are appointed by the County Board of Commissioners. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board has a June 30 year-end. The financial statements may be obtained at 1212 Wicker Drive, Raleigh, NC 27604.

**B. Government-wide and  
Fund Financial  
Statements**

The Statement of Net Position and the Statement of Activities, which are the government-wide statements, report information on all of the nonfiduciary activities of the County and its component unit. Eliminations have been made to minimize the double counting of internal activities. Interfund activities between the governmental activities and the business-type activities have not been eliminated. The County's governmental activities, which are supported primarily by taxes and intergovernmental revenues, are reported separately from its business-type activities, which rely on charges for services for support. Likewise, the County is reported separately from the ABC Board, a legally separate component unit for which the County is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of specific functions are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges for services and grants or contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not properly included among program revenues, including all taxes, are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide statements. Major individual governmental funds are included as separate columns in the fund financial statements. The proprietary funds distinguish operating revenues and expenses from nonoperating items. The operating items generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting the operating criteria are reported as nonoperating items.

**C. Measurement Focus,  
Basis of Accounting, and  
Financial Statement  
Presentation**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all the eligibility requirements imposed by the provider are met.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont.)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay the liabilities of the current period. Expenditures are recognized when a fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt which are recognized when due.

In the governmental funds statements, property taxes, investment earnings and charges for services of the current fiscal period are susceptible to accrual and thus counted as revenue for the current fiscal period if received within 30 days of year-end. With the exception of sales tax distributions, revenues collected beyond 30 days after year end are not susceptible to accrual because generally they are either not available or not measurable until received in cash. Sales tax distributions are accrued and treated as revenue for the current fiscal period if received within 90 days of year-end. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

#### **The County reports the following major funds:**

General Fund - The general fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and federal and State grants. The primary expenditures are for education, human services, public safety, environmental, cultural and recreational services, community development, and general governmental services.

Affordable Housing Fund - The Affordable Housing fund provides housing rehabilitation, infrastructure improvements, and relocation assistance to households meeting eligibility requirements. These programs are funded with both County funds and federal grant moneys.

Major Facilities Fund - The Major Facilities Fund is for the collection and distribution of Prepared Food and Beverage and Occupancy Tax proceeds for the purpose of promoting tourism in Wake County. Created by the North Carolina General Assembly in 1991 (Chapter 594 House Bill 703), the tax rate for Prepared Food and Beverage is currently one percent and the Occupancy rate is six percent. Revenues are distributed based on criteria established in the enabling legislation and an Interlocal Agreement approved by the City of Raleigh and Wake County.

Debt Service Fund - The County budgets and pays debt service and related expenditures from this fund.

County Capital Projects Fund - The County Capital Projects Fund accounts for the acquisition of land and buildings by the County for general public purpose.

School Capital Fund - The School Capital Fund accounts for the construction and renovation of school building projects financed by County-issued bonds, various State grants, and other County funds.

Wake Community College Capital Fund - The Wake Community College Capital Fund accounts for the construction and renovation of community college projects financed by County-issued bonds and other County funds.

Solid Waste Operating Fund - The Solid Waste Operating Fund accounts for the County's landfills, container sites, and recycling operations excluding the new South Wake Landfill and the East Wake Transfer Station. The South Wake Landfill and the East Wake Transfer Station are accounted for in a separate enterprise fund.

South Wake Landfill Partnership Fund - The South Wake Landfill Partnership Fund accounts for one Subtitle D Landfill and the East Wake Transfer Station. These facilities are operated in partnership with eleven other local governments within Wake County through an Interlocal Agreement.

**C. Measurement Focus,  
Basis of Accounting, and  
Financial Statement  
Presentation  
(Cont.)**

**Additionally, the County reports the following fund and fund types:**

Internal Service Fund –The County has one internal service fund: the Corporate Fleet Fund, which accounts for the fleet service needs of all County departments.

Pension Trust Fund - Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Separation Allowance Fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system. The resources in the Separation Allowance Fund have been set aside to pay future obligations of the LEO Special Separation Allowance but are not held in a trust that meets the criteria outlined in GASB Statement 68, paragraph 4.

Agency Funds - Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County maintains three agency funds: the Municipal Tax Fund, which collects and disburses the taxes for municipalities in the County; the Human Services Fund, which accounts for moneys deposited with County departments for the benefit of certain individuals; and the Fines and Forfeitures Fund, which accounts for moneys received from the Court System for disbursement to the Wake County Public School System.

All funds of the County are accounted for during the year on the modified accrual basis of accounting in accordance with North Carolina General Statutes. The governmental funds are also reported using the modified accrual basis of accounting. The proprietary funds are reported using the full accrual basis of accounting.

The County recognizes assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Nonexchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Various intergovernmental revenues, sales taxes, property taxes and most donations are examples of nonexchange transactions.

Under the terms of grant agreements, the County funds certain programs by specific grants, resources and/or general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply grant resources to such programs and then general revenues.

**D. Budgetary Data Control**

In compliance with the North Carolina Local Government Budget and Fiscal Control Act, the Board of County Commissioners adopts an annual budget ordinance using the modified basis of accounting for all governmental and proprietary funds except funds authorized by project ordinances. The annual budget for governmental funds and proprietary funds must be adopted no later than July 1. Agency and pension trust funds are not required by state law to be budgeted. All capital projects funds and special revenue funds other than the Special Tax District and the Major Facilities Funds are budgeted under project ordinances spanning more than one fiscal year and are controlled by project. Project appropriations continue until the projects are complete. The Debt Service Fund is also budgeted annually.

For those funds for which annual budgets are adopted, appropriations are budgeted and controlled on a functional basis and amended as necessary during the fiscal year. The County Manager is authorized to transfer budgeted amounts between appropriations within the same fund. However, any transfer exceeding \$75,000 shall be reported to the Board of County Commissioners at the next regularly scheduled meeting. Revisions that alter the total appropriations of any fund must be approved by the Board of County Commissioners. Annual appropriations lapse at the end of the budget year.

## **E. Deposits and Investments**

All deposits of the County are made in board-designated official depositories and are secured as required by State Law [G.S. 159-31]. The County may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County 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; and the North Carolina Capital Management Trust (NCCMT), a Securities and Exchange Commission registered (2a-7) mutual fund.

As required, the County's investments are stated at fair value as determined by quoted market prices. The NCCMT Cash Portfolio securities are valued at fair value, which is the NCCMT's share price. Except for unspent bond proceeds, the County pools moneys from several funds to facilitate disbursement and investment and maximize investment income. Income from pooled moneys is allocated to participating funds based on the funds' respective share of total pooled cash and investments. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

The unexpended bond proceeds of the County's general obligation bonds are classified as restricted assets within the governmental funds because their use is completely restricted to the purpose for which the bonds were originally issued. Money within the General Fund set aside for tax revaluation and register of deeds automation are also classified as restricted assets because their use is restricted per North Carolina General Statutes.

## **F. Receivables and Payables**

Outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide statements as "internal balances."

## **G. Deferred Outflows/ Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion – pension related deferrals and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position will sometimes report 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 so will not be recognized as revenue until then. The County has several items that meet the criterion for this category – prepaid taxes, unamortized gains on debt refundings and other pension related deferrals.

## **H. Taxes Receivable - Deferred Inflows of Resources**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], ad valorem taxes for property other than vehicles are levied on July 1, the beginning of the fiscal year and are due on September 1 (lien date); however, no penalties or interest are assessed until the following January 6. Property taxes on certain registered motor vehicles are assessed and collected throughout the year. The taxes are based on the assessed values as of January 1, 2014.

Ad valorem taxes collected within 30 days after the fiscal year end for the year ended June 30, 2015 and prior years are accrued within the funds because the amounts are considered measurable and available. The remaining ad valorem taxes receivable are not accrued, as the amount is not considered available. These taxes receivable are significantly past due and are not considered to be an available resource to finance the operations of the subsequent year. GAAP states that property taxes, which are measurable but not available, should be initially recorded as deferred inflows of resources under the modified accrual basis of accounting. The receivable amount is reduced by an allowance for uncollectible taxes and an amount equal to the net receivable is shown as deferred inflows of resources on the combined balance sheet. In addition, property taxes collected in advance of the fiscal year to which they apply are recorded as deferred inflows of resources.

## **I. Allowances for Uncollectible Accounts**

Allowances for uncollectible accounts are maintained on all types of receivables that historically experience uncollectible amounts. Allowances are based on collection experience and management's evaluation of the current status of existing receivables.

**J. Inventories and Prepaid Expenditures**

Inventories are valued at cost, using the weighted average method. The inventories of the General Fund and the Corporate Fleet Fund consist of expendable supplies and are recorded as expenditures when consumed. The inventories reported on the fund balance sheet are offset by non-spendable fund balance, which indicates that it does not constitute a resource available for appropriation.

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.

**K. Capital Assets**

Capital assets that are purchased or constructed are recorded at historical cost. Donated assets are recorded at estimated market value at the time of donation. The County defines capital assets as assets with an individual cost of more than \$5,000, and an estimated useful life of more than two years. 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.

The County holds title to certain Wake County Board of Education properties that have not been included in capital assets. 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 of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Wake County Board of Education.

Depreciation is computed using the straight-line method. Capital assets are depreciated on the following basis:

Buildings	40 years
Vehicles and motorized equipment	5 years
Machinery and equipment	3 years
Improvements	40 years
Computer software	3-10 years
Infrastructure	20-50 years

Landfills are amortized annually based on the estimated remaining useful life.

**L. Long-Term Debt**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types report the face amount of debt issued as an other financing source. Bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of the debt issued and any related premiums are reported as other financing sources. Discounts on issuance are reported as other financing uses.

**M. Compensated Absences**

The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. An expense and a liability for vacation pay and salary-related payments are accrued as the leave is earned in the government-wide and proprietary fund financial statements. The compensated absences liabilities are liquidated in the funds in which the accumulated leave is used.

The County'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 County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

## **N. Net Position/Fund Balances**

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

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraint placed on how fund balance can be spent.

The governmental fund types classify fund balances 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** – 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 expenditures** – portion of fund balance that is not an available resource because it represents payments to vendors that are applicable to future accounting periods.

**Noncurrent receivable** – portion of fund balance that is not an available resource because it represents a receivable that will not be collected in the next fiscal year and therefore is not a spendable resource.

**Restricted Fund Balance** – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors, grantors or imposed by law.

**Restricted for Stabilization by State Statute** – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)]. This primarily represents outstanding receivables and encumbrances.

**Restricted for Register of Deeds** – portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

**Restricted for Housing Programs** – portion of fund balance that is restricted by revenue source for CDBG and HOME housing grants.

**Committed Fund Balance** – portion of fund balance that can only be used for specific purpose imposed by majority vote of the County's Board of Commissioners. Any changes or removal of specific purposes requires majority action by the Board of Commissioners.

**Committed for Revaluation Reserve** – portion of fund balance that can only be used for Tax Revaluation.

**Committed for Future Appropriations from excess local ABC Board Revenues** – portion of fund balance that was committed by the Board of Commissioners on June 17, 2013 for additional revenues received from the local ABC Board. In the fiscal year 2015 adopted budget, the Board created a reserve for \$3,750,000 to increase the appropriation to Wake County Public Schools to increase locally funded teacher supplement scale. This portion is included in Assigned fund balance – planned expenditures. Once management determines an appropriate use of the remaining funds, the Board will approve the appropriation.

**Committed for Working Capital – General Fund** - portion of fund balance that was committed by the Board of Commissioners on May 16, 2011 to comply with the County's fund balance policy to maintain adequate fund balance position to maintain its AAA rating. The policy states that the County should maintain a total General Fund balance of at least fifteen percent (15%) and an amount committed for working capital of at least ten percent (10%) of the following fiscal year's General Fund adopted budget in order to provide the County with adequate working capital and investment income. This commitment is reaffirmed annually in the County's adopted budget.

**Committed for Working Capital – Fire Tax Fund** – portion of fund balance that the Board and Fire Commission has committed to maintain sufficient cash flow of the fund. This policy was adopted February 25, 2005, and is reaffirmed annually by the Board and Fire Commission.

**N. Net Position/Fund Balances (cont.)**

Assigned Fund Balance – portion of fund balance that has been constrained to reflect the County’s intended use of resources. These constraints are assigned by the Board of Commissioners or their designee.

Planned expenditures – portion of fund balance that is appropriated in the subsequent year’s budget that is not already classified in restricted or committed. The Board of Commissioners approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$75,000.

Future insurance claims – portion of fund balance that is available for future health, dental or risk management claims. Due to the timing and the nature of these claims, the County may have a surplus of funds at the end of a given fiscal year. These funds are set aside for future unanticipated claims.

Future capital projects – portion of fund balance in a capital project fund that have not yet been assigned to a specific project.

Debt service – portion of fund balance that has been budgeted for future debt service payments.

Unassigned Fund Balance – portion of fund balance that has not been restricted, committed or assigned for a specific purpose.

The County’s standard practice when an expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the restricted funds should be spent first, followed in order by committed funds, then assigned funds, and finally unassigned funds, if available, unless the Board has provided otherwise in its commitment or assigned actions.

Wake County has adopted policies to maintain a AAA bond rating on general obligation debt. One important policy related to the County’s fiscal health is that the County will maintain a fund balance position that rating agencies deem is adequate to meet the County’s needs and challenges. Therefore, the County has adopted the following fund balance policies.

*General Fund* - management will maintain a total General Fund balance of at least fifteen percent (15%) and an amount committed for working capital of at least ten percent (10%) of the following fiscal year’s General Fund adopted budget in order to provide the County with adequate working capital and investment income. Management is expected to manage the budget so that revenue shortfalls and expenditure increases do not impact the County’s amount committed for working capital. If a catastrophic economic event occurs that results in a deviation of five percent (5%) or more from total budgeted revenue or expenditures, the amount committed for working capital can be reduced by board action. At that time, the Board also will adopt a plan on how to return committed for working capital back to the required level for fiscal health.

*Operating Funds* – The County will maintain a combined general fund and debt service fund total fund balance of at least 30% of general fund and debt service fund combined revenues.

This commitment is reaffirmed annually in the County’s adopted budget.

**O. Defined Benefit Pension Plans**

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees’ Retirement System (LGERS) and the Registers of Deeds’ Supplemental Pension Fund (RODSPF) (collectively, the “state-administered defined benefit pension plans”). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans’ fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County’s employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

**P. Reconciliation of  
Government-wide and  
Fund Financial  
Statements**

Explanation of certain differences between the governmental fund balance sheets and the government-wide statement of net position:

The governmental fund balance sheet includes reconciliation between the fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains, “long term liabilities, including bonds payable, are not due in the current period and therefore are not reported in the funds.” The details of this (\$2,633,488,693) difference are as follows:

Outstanding long-term debt payable (per Note 10)	\$ (2,549,207,016)
Less:	
Accrued interest payable	(25,520,720)
Payable to granting agency	(2,079,089)
Risk management liabilities	(3,996,032)
Add:	
Portion of internal service fund's compensated absences included in Note 10	63,208
Portion of internal service fund's other post employment benefits included in Note 10	441,168
Unamortized portion of deferred inflow of resources related to advanced debt refundings (to be amortized over life of debt)	<u>(53,190,212)</u>
Net adjustments to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (2,633,488,693)</u></u>

**P. Reconciliation of  
Government-wide and  
Fund Financial  
Statements (Cont.)**

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances 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. One element of that reconciliation states “the issuance of long term debt such as bonds and leases 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, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued while these amounts are deferred and amortized in the statement of activities.” The details of this (\$335,621,279) difference are as follows:

Debt issued or incurred:

General obligation debt - schools	\$ (370,240,000)
General obligation debt - community college	(58,000,000)
General obligation debt - other	(11,000,000)
Installment purchases	(1,260,000)
Capital leases	(1,113,329)
Premiums on bond issuance - GO Bonds	(51,279,615)
Increases in other post employment benefit liability	(19,507,475)
Increases in other post employment benefit liability - Corporate Fleet Fund	88,411
Increases in compensated absences liability	(10,525,699)
Increases in compensated absences liability - Corporate Fleet Fund	44,339
Change in risk management liabilities	(1,484,822)
Change in deferred portion of advanced debt refundings	6,354,473
Interest expense accrual and other adjustments	(3,546,060)
Total Increases	<u>(521,469,777)</u>

Principal repayments:

General obligation debt - schools	113,754,160
General obligation debt - community college	14,510,233
General obligation debt - other	8,260,607
Limited obligation bonds	12,140,000
Installment purchase payments	1,666,611
Qualified zone academy bonds	163,461
Current year amortization of bond premiums - GO Bonds	17,969,074
Current year amortization of bond premiums - LOB Bonds	788,219
Capital lease payments	401,120
Decreases in other post employment benefit liability	6,129,849
Decreases in other post employment benefit liability - Corporate Fleet Fund	(24,322)
Decreases in compensated absences liability	10,127,068
Decreases in compensated absences liability - Corporate Fleet Fund	(37,582)
Total Decreases	<u>185,848,498</u>

Net adjustment to increase net changes in fund balances - total

governmental funds to arrive at changes in net position of governmental activities	<u>\$ (335,621,279)</u>
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**P. Reconciliation of  
Government-wide and  
Fund Financial  
Statements (Cont.)**

Another element of that reconciliation states “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays increases exceeded the book value of capital asset decreases in fiscal year being reported.” The details of this \$18,801,329 difference are as follows:

Capital Asset Increases:	
Capital Asset Increases	\$ 9,133,923
Less acquisitions for the Corporate Fleet Fund	(3,841,368)
Net increase in construction in progress	<u>13,604,135</u>
Total Increases	<u>18,896,690</u>
Capital Asset Decreases:	
Capital asset disposals	(15,024,252)
Add disposals for the Corporate Fleet Fund	3,872,876
Accumulated depreciation related to capital asset disposals	14,643,407
Less accumulated depreciation related to capital asset disposals in the Corporate Fleet Fund	<u>(3,587,392)</u>
Total Decreases	<u>(95,361)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 18,801,329</u>

**Q. Unrestricted (deficit)**

On the Statement of Net position, the unrestricted (deficit) for all activities is composed of the following:

For school debt	\$ (1,387,400,233)
For community college debt	(165,252,217)
Net pension items	(10,879,261)
All other	<u>2,316,421</u>
Total unrestricted net position	<u>\$ (1,561,215,290)</u>

Under North Carolina law, the County is responsible for providing capital funding for the Wake County Board of Education (the “School System”) and Wake Tech Community College (the “College”). The County has chosen to meet its legal obligation to provide school capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County are owned, utilized and maintained by the school system or the college. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of the school-related debt less unspent bond proceeds was \$1,387,400,233 and the outstanding balance of the community college - related debt less unspent bond proceeds was \$165,252,217. However, the entire amount of school and community college debt outstanding is general obligation debt, which is collateralized by the full faith, credit, and taxing power of the County. The County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

During 2015, the County implemented Governmental Accounting Standard’s Board (GASB) Statement Number 68, Accounting and Financial Reporting for Pensions. This required the County to change the reporting requirements of the Local Government Employees Retirement System (LGERS) and the Register Deeds’ Supplemental Pension Plan (ROD). Both plans had a net pension asset at the end of fiscal year 2015; however, these were offset by deferred inflows of resources related to various plan differences. As a result, the net pension amounts are reportable within the unrestricted category of net position.

**NOTE 2.  
Related Organizations**

**Industrial Facilities and Pollution Control Financing Authority**

The County Board of Commissioners is responsible for appointing the board members of the Wake County Industrial Facilities and Pollution Control Financing Authority, but the County's accountability for this organization does not extend beyond making these appointments. The Authority exists to issue and service revenue bond debt for private business for economic development purposes. Its primary revenues are the payments to service the issued debt that are received from the businesses involved. The County is not responsible for the debt issued by the Authority and the Authority's debt is not included in determining the County's legal debt limit.

**Wake County Housing Authority**

The County Board of Commissioners is responsible for appointing members of the Wake County Housing Authority, but the County's accountability for this organization does not extend beyond making these appointments. The Authority's purpose is to provide safe, decent, and affordable housing to County residents. Their operations are subsidized by the federal government and other grantors. The Authority determines its own budget and sets rental rates. The County is not responsible for deficits or liabilities of the Authority.

**NOTE 2. (Cont.)  
Related Organizations**

Wake County Hospital System, Inc.

The County Board of Commissioners is responsible for appointing eight of the fourteen members of the Wake County Hospital System, Inc. (Wake Med's) Board of Directors. The County's accountability for this organization does not extend beyond making the appointments. The Hospital, a private, not-for-profit entity, operates as a community general hospital, providing care to indigent patients per an agreement with the County which states that it agrees to provide, on an annual basis, out of pocket indigent cost that equal or exceed 4.8% of its total adjusted revenue.

Effective April 1, 1997, the Hospital and the County agreed that the County, as owner of certain hospital facilities and related property would transfer such property to the Hospital. Prior to the transfer, the Hospital issued revenue bonds to defease hospital revenue bonds previously issued by the County in the Hospital's behalf. The proceeds of the new debt plus a sufficient amount of available funds were placed in an irrevocable trust to provide for all future debt service payments on the old hospital revenue bonds  
Wake Technical Community College

**NOTE 3.  
Joint Ventures Without  
Equity Interest**

Wake Technical Community College

Technical and vocational training beyond the secondary level is provided by Wake Technical Community College, with some financial assistance from the County. The College is a part of the state-wide system of community colleges and technical institutes. The College has a twelve-member Board of Trustees, four of which are appointed by the County Board of Commissioners. The College is reported as a component unit of the State. The County has no responsibility for the designation of management and exercises no control over the operations of the College beyond its annual appropriation. The County has an ongoing financial responsibility for the College because of the statutory responsibilities to provide funding for the College's facilities. The County remitted \$16,148,000 to the College for operating purposes during the current year. In addition, the County made debt service payments of \$14,510,233 on general obligation bonds issued to construct College facilities. The County does not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the College may be obtained at their administrative offices at 9101 Fayetteville Road, Raleigh, NC 27603.

Raleigh-Durham Airport Authority

The Raleigh-Durham Airport Authority is governed by a board appointed to plan and conduct the operations of the Raleigh-Durham International Airport. This eight-member governing body is jointly appointed by the City of Durham, City of Raleigh, County of Durham, and County of Wake, with each member government appointing two members to the Airport Authority board. The Airport Authority board selects the management and determines the budget and financing requirements for airport operations. The County and other participating governments each appropriate \$12,500 annually to cover administration expenses incurred by the Authority. The participating governments have no equity interest in the joint venture; therefore, no equity interest is reflected in the County's financial statements. Complete financial statements for the Airport Authority may be obtained from the airport's administrative offices at 1051 Cargo Drive, Raleigh, NC 27623.

Centennial Authority

The Centennial Authority is a local political subdivision of the State of North Carolina created pursuant to Section 4 of Chapter 458 of the 1995 Session Laws of North Carolina. The purpose of the Authority is to study, design, plan, construct, own, promote, finance and operate a regional facility in Wake County, North Carolina. The Authority is reported as a component unit of the State. The regional facility will consist of an arena, coliseum or other buildings or both, where sports, fitness, health recreational, entertainment or cultural activities can be conducted. In addition, the County remitted \$2,636,965 for operations, \$5,203,831 for debt service and \$2,820,645 for facility improvements from the Occupancy and Prepared Food/Beverage taxes for the Authority. The County does not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the Authority may be obtained at their administrative offices at 1520 Blue Ridge Road, Suite 201, Raleigh, NC 27607.

**NOTE 3. (Cont.)  
Joint Ventures Without  
Equity Interest**

Greater Raleigh Convention and Visitors Bureau

The Greater Raleigh Convention and Visitors Bureau (Bureau) was established in fiscal year 1992 in conjunction with a County occupancy tax levy to promote and solicit business, conventions, meetings and tourism in the County. The governing body of the Bureau is a twelve-member Board of Directors with six members appointed by the Raleigh City Council and six members appointed by the County Board of Commissioners.

Funding is derived from the six (6) percent occupancy tax levied upon the rental of rooms, lodging or similar accommodations, and from a one (1) percent prepared food & beverage tax levied on all prepared foods and beverages sold by Wake County businesses. Monthly, the County is required to distribute to the Bureau a percentage of the tax collected with a minimum aggregate annual distribution of \$1,000,000. If tax revenues are not sufficient to fully fund the Bureau's minimum annual distributions, the County and City must fund the deficiency equally to ensure that the Bureau receives its minimum distribution of \$1,000,000 in any fiscal year. All unexpended funds of the Bureau revert to the County and City at the end of each fiscal year. The Bureau is a joint venture of equal equity interest between the County and the City of Raleigh. The Wake County Board of Commissioners and the Raleigh City Council must approve the budget and all amendments. The Bureau does not have any outstanding indebtedness except for a minor investment in capital assets; the only equity in the Bureau at year-end is for encumbrances, which will be expended, in the subsequent year. Based on this, no equity interest in the Bureau is recorded at June 30, 2015. Complete financial statements for the Bureau may be obtained at the Greater Raleigh Convention and Visitors Bureau, PO Box 1879, Raleigh, NC 27602.

**NOTE 4.  
Deposits and Investments**

1. Deposits

All of the County's deposits are either insured or collateralized using the Pooling Method. Under the Pooling Method, 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 County, these deposits are considered to be held by the County's agent in the County'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 County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under 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 pooling depository. The County has no policy regarding custodial credit risk for deposits.

At year-end, the County's deposits had a carrying amount of \$408,441,946 and a bank balance of \$410,502,908. Of the bank balance, \$1,600,000 was covered by federal depository insurance and \$408,902,908 in interest-bearing deposits was covered by collateral held under the pooling method.

2. Investments

As of June 30, 2015, the County had the following investments and maturities.

Investment Type	Fair Value	Less Than		
		2 Years	2 - 3 Years	3 - 5 Years
U.S. Government Treasuries	\$ 50,622,678	\$ 50,055,120	\$ 567,558	\$ -
U.S. Government Agencies	598,229,530	233,925,522	299,455,608	64,848,400
Commercial paper	58,299,567	58,299,567	-	-
N.C. Capital Management Trust - Cash portfolio	2,985,586	2,985,586	-	-
Total fair value	<u>\$ 710,137,361</u>	<u>\$ 345,265,795</u>	<u>\$ 300,023,166</u>	<u>\$ 64,848,400</u>

**NOTE 4. (Cont.)**  
**Deposits and Investments**

*Interest Rate Risk.* The County does not have a formal investment policy in place, but as a means of managing its exposure to fair value losses from increasing interest rates, the County has an informal investment policy that limits investment maturities to a maximum of five years. A maximum of 15% of the portfolio can be in the 2-3 year range and a maximum 10% of the portfolio can be in the 3-5 year range. At times, it may be necessary for investment maturities to exceed these ranges.

*Credit Risk.* The County has no formal policy regarding credit risk, but has an informal investment policy that limits the County's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2015, the County's investments were rated P1 by Standard & Poor's and A1 by Moody's Investors Service in short-term commercial paper and A+ by Standard & Poor's and Aa3 through A1 by Moody's Investors Service in long-term commercial paper. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2015. The County's investments in US Treasuries and US Agencies (Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac) are rated AA+ by Standard & Poor's, AAA by Fitch Ratings and Aaa by Moody's Investors Service.

*Concentration risk:* The County has no formal policy regarding concentration risk, but has an informal investment policy that limits the amount of commercial paper and certificates of deposits to \$30 million that is allowed in any one issuer's name.

*Custodial Credit Risk:* For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy on custodial credit risk. At June 30, 2015, all of the County's investments were in the County's name.

**NOTE 5.  
Receivables**

Receivables, including accrued interest, as of year-end for the County's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>Affordable Housing Fund</b>	<b>Major Facilities Fund</b>	<b>Debt Service Fund</b>	<b>County Capital Project Fund</b>	<b>School Capital Fund</b>	<b>Non Major Funds</b>	<b>Totals</b>
Property taxes	\$ 9,718,524	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 633,500	\$ 10,352,024
Accounts	56,277,702	-	-	-	66,366	-	-	56,344,068
Intergovernmental	62,311,383	974,905	-	8,176,901	144,849	2,362,442	2,472,819	76,443,299
Other	2,436,544	50,117	4,114,218	-	4,614,498	-	82,629	11,298,006
Loans receivable	-	28,607,445	-	-	165,122	-	529,012	29,301,579
Interest	1,246	15	756	74,298	-	1,493	3,004	80,812
Gross receivables	130,745,399	29,632,482	4,114,974	8,251,199	4,990,835	2,363,935	3,720,964	183,819,788
Less allowance for bad debts	(57,364,910)	(7,505,073)	-	-	(4,321,049)	-	(546,843)	(69,737,875)
Net total receivables	<u>\$ 73,380,489</u>	<u>\$ 22,127,409</u>	<u>\$ 4,114,974</u>	<u>\$ 8,251,199</u>	<u>\$ 669,786</u>	<u>\$ 2,363,935</u>	<u>\$ 3,174,121</u>	<u>\$ 114,081,913</u>

Accounts receivables of the Solid Waste Operating Fund and the South Wake Landfill Partnership Fund are reported net of uncollectible amounts. Total uncollectible amounts related to receivables of the current period are \$111,172 and \$1,629, respectively.

At the end of the current period, the various components of deferred inflows of resources related to accounts receivables were as follows:

	<b>General Fund</b>	<b>County Capital Project Fund</b>	<b>Non Major Funds</b>	<b>Total</b>
<b>Unavailable:</b>				
Taxes receivable	\$ 481,830	\$ -	\$ 86,657	\$ 568,487
Other receivables	4,976,555	359,795	-	5,336,350
<b>Total Unavailable</b>	<u>5,458,385</u>	<u>359,795</u>	<u>86,657</u>	<u>5,904,837</u>
<b>Unearned:</b>				
Prepaid property taxes not yet earned	1,930,405	-	9,960	1,940,365
<b>Total Unearned</b>	<u>1,930,405</u>	<u>-</u>	<u>9,960</u>	<u>1,940,365</u>
<b>Total deferred inflows of resources</b>	<u>\$ 7,388,790</u>	<u>\$ 359,795</u>	<u>\$ 96,617</u>	<u>\$ 7,845,202</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

**NOTE 6.**  
**Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 123,411,409	\$ 3,373,308	\$ -	\$ 126,784,717
Construction in progress	104,127,507	18,502,091	(25,173,614)	97,455,984
Total capital assets, not being depreciated	<u>227,538,916</u>	<u>21,875,399</u>	<u>(25,173,614)</u>	<u>224,240,701</u>
Capital assets, being depreciated:				
Buildings	716,331,567	16,589,264	-	732,920,831
Improvements Other than Buildings	23,870,964	-	(9,072)	23,861,892
Machinery and equipment	36,878,475	3,418,088	(10,662,330)	29,634,233
Vehicles and motorized equipment	38,178,120	5,715,831	(4,352,850)	39,541,101
Computer Software	25,315,880	-	-	25,315,880
Infrastructure	15,890,215	313,088	-	16,203,303
Total capital assets being depreciated	<u>856,465,221</u>	<u>26,036,271</u>	<u>(15,024,252)</u>	<u>867,477,240</u>
Less accumulated depreciation for:				
Buildings	126,833,799	14,064,700	-	140,898,499
Improvements Other than Buildings	6,456,069	597,821	(1,833)	7,052,057
Machinery and equipment	34,109,587	2,963,593	(10,640,145)	26,433,035
Vehicles and motorized equipment	26,080,807	4,319,661	(4,001,429)	26,399,039
Computer software	3,543,506	2,533,928	-	6,077,434
Infrastructure	5,949,555	371,924	-	6,321,479
Total accumulated depreciation	<u>202,973,323</u>	<u>\$ 24,851,627</u>	<u>\$ (14,643,407)</u>	<u>213,181,543</u>
Total capital assets, being depreciated, net	<u>653,491,898</u>			<u>654,295,697</u>
Governmental activities capital assets, net	<u>\$ 881,030,814</u>			<u>\$ 878,536,398</u>

**NOTE 6. (Cont.)**  
**Capital Assets**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 382,327	\$ -	\$ -	\$ 382,327
Construction in progress	3,599,587	810,591	-	4,410,178
Total capital assets, not being depreciated/amortized	<u>3,981,914</u>	<u>810,591</u>	<u>-</u>	<u>4,792,505</u>
Capital assets, being depreciated/amortized:				
Landfills	39,155,880	-	-	39,155,880
Buildings	1,166,846	-	-	1,166,846
Improvements	544,003	-	-	544,003
Machinery and equipment	916,263	146,570	(62,834)	999,999
Total capital assets being depreciated/amortized	<u>41,782,992</u>	<u>146,570</u>	<u>(62,834)</u>	<u>41,866,728</u>
Less accumulated depreciation/amortization for:				
Landfills	31,818,671	441,948	-	32,260,619
Buildings	457,526	29,205	-	486,731
Improvements	214,037	13,601	-	227,638
Machinery and equipment	521,017	191,123	(62,834)	649,306
Total accumulated depreciation/amortization	<u>33,011,251</u>	<u>\$ 675,877</u>	<u>\$ (62,834)</u>	<u>33,624,294</u>
Total capital assets, being depreciated/amortized, net	<u>8,771,741</u>			<u>8,242,434</u>
Business-type activities capital assets, net	<u>\$ 12,753,655</u>			<u>\$ 13,034,939</u>

**NOTE 6. (Cont.)**  
**Capital Assets**

Depreciation and amortization expenses were charged to functions as follows:

Governmental activities:	
General administration	\$ 3,988,244
Human services	1,404,834
Education	355,980
Community development and cultural	2,494,930
Environmental services	396,323
Public safety	12,901,364
General services administration	<u>3,309,952</u>
Total depreciation expense - Governmental activities	<u>24,851,627</u>
Business-type activities:	
Environmental services - solid waste	<u>675,877</u>
Total depreciation and amortization	<u><u>\$ 25,527,504</u></u>

**NOTE 6. (Cont.)**  
**Capital Assets**

For the 2015 fiscal year, the construction in progress expenditures for governmental activities were as follows:

<b>Construction in Progress:</b>	Expended At 06/30/2015
800 MHZ Radio Communications System	\$ 822,704
Automation	4,778,109
Crabtree Creek Watershed	409,362
EMS Station	679,485
Emergency Operations Center	48,456
Fire Stations	3,787,252
Inpatient Psychiatric Unit	24,210,887
Jordan Lake Water Reclamation	5,487,895
Judicial Facilites	7,134,810
Libraries	3,951,451
Little River Reservoir	14,860,902
Medlin Farms	394,854
Open Space Preservation	6,480,259
RTP Offsite Infrastructure Improvements	1,272,188
Schools	21,259,889
Sheriff Communications Center	1,877,481
	<hr/>
	\$ 97,455,984
	<hr/> <hr/>

**NOTE 7.  
Interfund  
Receivables/Payables and  
Transfers**

As of June 30, 2015, internal balances total \$1,380,889 in the governmental funds. This represents amounts due to the General Fund by a non-major governmental fund for their share of cash and investments pooled equity. Internal balances in the business-type activities funds, as of June 30, 2015 are \$600,299. This represents amounts owed to the Solid Waste Operating Fund from the South Wake Landfill Partnership Fund for the County's share of the South Wake Landfill partnership rebates and amounts owed to the South Wake Landfill Partnership Fund from the Solid Waste Operating Fund for the County's portion of tipping fees owed at June 30, 2015.

The County's General Fund transferred funds during fiscal year 2015 to fund debt service payments, capital improvements, economic developments and the County match for State and Federal Grant Programs. The \$450,000 transferred from the Solid Waste Operating Fund is to cover administrative expenses incurred by the County's General Fund on behalf of the solid waste program. The \$1,009,459 transferred from the South Wake Landfill Partnership Fund to the Solid Waste Operating Fund is for administrative expenses incurred in the Solid Waste Operating Fund on behalf of the South Wake Landfill Fund.

	General Fund	Affordable Housing Fund	Debt Service Fund	County Capital Projects Fund	School Capital Fund	Wake Community College Capital Fund	Other Governmental Funds	Solid Waste Operating Fund	Corporate Fleet Fund	Total Transfers out
General Fund	\$ -	\$ -	\$ 191,774,000	\$ 27,418,000	\$ 63,184,000	\$ 3,305,000	\$ 67,534	\$ -	\$ 125,000	\$ 285,873,534
Major Facilities Fund	1,364,932	-	991,000	-	-	-	1,000,000	-	-	3,355,932
Capital Improvements Fund	-	830,000	-	-	-	1,500,000	1,295,000	-	-	3,625,000
School Capital Fund	867,466	-	-	-	-	-	-	-	-	867,466
Other Governmental Funds	-	-	1,407,000	-	-	-	1,323,168	-	-	2,730,168
Solid Waste Operating Fund	450,000	-	-	-	-	-	-	-	-	450,000
South Wake Partnership Fund	-	-	-	-	-	-	-	1,009,459	-	1,009,459
<b>Total transfers in</b>	<b>\$ 2,682,398</b>	<b>\$ 830,000</b>	<b>\$ 194,172,000</b>	<b>\$ 27,418,000</b>	<b>\$ 63,184,000</b>	<b>\$ 4,805,000</b>	<b>\$ 3,685,702</b>	<b>\$ 1,009,459</b>	<b>\$ 125,000</b>	<b>\$ 297,911,559</b>

**NOTE 8.  
Risk Management**

**Property, Liability,  
Workers' Compensation  
and Self-Insured Employee  
Medical Coverages**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of, assets; errors and omissions; on-the-job injuries to employees; and natural disasters, as discussed below.

The County's group medical coverage is self-insured and administered by an outside provider. The County also provides self-insured dental to its employees and dependents. There is no limit for in-network services and no lifetime limit for out-of-network services for each covered employee/dependent's medical costs. The cost of providing medical coverage to participating employees and dependents is charged to benefiting funds as premiums. These premiums are an estimate of expected average claims per individual. The County is self-insured to a retention of \$1,000,000 for each workers' compensation claim and for liability claims. The County purchases commercial excess insurance for claims in excess of its self-funded retentions and other insurance and bonds to cover specific risks and individuals, respectively. The County has a high-deductible policy for property coverage, with a deductible of \$100,000 per occurrence; and \$500,000 per occurrence for locations in flood zones. Claims have not exceeded commercial coverage in any year since the fund was established in 1990. The County distributes claims expenditures to County departments, but does not distribute insurance or bonding costs. Administrative costs, actuarially determined assets to pay ultimate losses and scheduled premiums are covered by the General Fund.

The County's coverage limits, subject to the retentions and deductibles described above, at June 30, 2015 are as follows:

<u>Coverage</u>	<u>Coverage Limits</u>
Property Insurance - Building and Contents	\$ 300,000,000
Flood Insurance	50,000,000
Flood Insurance (flood zone locations)	10,000,000
Earthquake	150,000,000
Workers' Compensation	Statutory
Employers' Liability	1,000,000
General Liability, Public Officials Liability, Law Enforcement Liability and Auto Liability	10,000,000

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are covered by a commercial crime policy with limits of \$1,000,000. The Finance Director and the Tax Collector are covered by individual fidelity bonds of \$500,000 each.

**Property, Liability,  
Workers' Compensation  
and Self-Insured Employee  
Medical Coverages (cont.)**

The claims liability of \$9,586,609 at June 30, 2015 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The claims liability is actuarially determined and includes an estimate for claims incurred but not reported. This entire amount is accrued and reported in the government-wide statements in the applicable governmental or business-type activities. A portion of the liability is considered current and is reported in the General fund in the fund financial statements. Changes in the fund's claims liability amount during fiscal years 2014 and 2015 are as follows:

**Changes in Claims Liability**

	Workers' compensation	Property and Liability	Self-insured group medical	Dental Benefits	Total
Balance, as of June 30, 2013	\$ 4,778,222	\$ 1,218,782	\$ 1,630,000	\$ 139,000	\$ 7,766,004
Claims incurred, fiscal year 2014	1,323,988	552,771	21,395,000	1,780,000	25,051,759
Payments and changes in estimates, fiscal year 2014	<u>559,669</u>	<u>829,523</u>	<u>21,619,000</u>	<u>1,836,000</u>	<u>24,844,192</u>
Balance, as of June 30, 2014	5,542,541	942,030	1,406,000	83,000	7,973,571
Claims incurred, fiscal year 2015	1,795,712	697,482	30,380,304	1,944,455	34,817,953
Payments and changes in estimates, fiscal year 2015	<u>1,752,702</u>	<u>165,454</u>	<u>29,364,304</u>	<u>1,922,455</u>	<u>33,204,915</u>
Balance, as of June 30, 2015	<u>\$ 5,585,551</u>	<u>\$ 1,474,058</u>	<u>\$ 2,422,000</u>	<u>\$ 105,000</u>	<u>\$ 9,586,609</u>
Current portion of liability	<u>\$ 2,637,486</u>	<u>\$ 913,916</u>	<u>\$ 1,956,389</u>	<u>\$ 50,358</u>	<u>\$ 5,558,149</u>

**NOTE 9.**  
**Capital Lease Obligations**  
**and Operating Leases**

The County leases certain equipment under lease agreements that are classified as capital leases for accounting purposes in accordance with GAAP. Obligations of these lease agreements are accounted for in the governmental and business-type activities of the government-wide statements. At June 30, 2015, the net book value of the assets acquired through capital leases is \$719,509. The net present value of the future minimum lease payments at June 30, 2015 is \$763,502 for Governmental activities and \$3,777 for Business-type activities, as detailed below.

The County also leases buildings and office facilities as well as various equipment under non-cancelable operating leases. The total costs for all operating lease expenditures for the year ended June 30, 2015 were \$2,588,349. The future minimum lease payments for non-cancelable operating leases are \$9,910,415 as detailed below.

At June 30, 2015, future minimum lease payments due under capital leases and operating leases with initial or remaining non-cancelable lease terms in excess of one year are as follows:

Year Ending June 30	Capital Leases - Governmental	Capital Leases - Business-type	Operating Leases
2016	\$ 397,935	\$ 2,382	\$ 1,434,719
2017	383,375	1,588	1,449,111
2018	8,986	-	1,320,719
2019	2,514	-	1,104,083
2020	-	-	987,130
2021-2025	-	-	3,614,653
Total minimum lease payments	<u>792,810</u>	<u>3,970</u>	<u>\$ 9,910,415</u>
Less: amount representing interest	<u>(29,308)</u>	<u>(193)</u>	
Net present value of the future minimum lease payments	<u>\$ 763,502</u>	<u>\$ 3,777</u>	

The County leases office space under operating lease agreements with terms generally less than one year. Minimum future rentals on non-cancelable lease with terms in excess of one year are not material to the County's financial statements. Rental revenue for the year ended June 30, 2015 was \$323,573.

**NOTE 10.  
Long-term Debt**

General Obligation Bonds:

The general obligation bonds reported in Governmental Activities are collateralized by the full faith, credit and taxing power of the County. The County has issued both fixed and variable rate bonds. The fixed rate bonds bear interest at rates varying from 2.50% to 5.40%. The variable rate is reset weekly by the remarketing agent based on the minimum rate of interest necessary to enable the remarketing agent to remarket all of the weekly rate bonds in the secondary market. The rate ranged from 0.01% to 0.13% during the period July 1, 2014 through June 30, 2015. Principal and interest requirements will be provided by an appropriation in the Debt Service Fund in the year in which they become due.

General obligation bonds serviced by the General Fund and payable at June 30, 2015 are comprised of the following:

2003B Public Improvement Bonds of \$55,000,000 due in periodic installments of \$10,000,000 to \$30,000,000 beginning in April 2016 through April 2018, interest is variable with a rate of 0.04% at June 30, 2014. The maximum amount of interest cannot exceed 12%.	\$ 55,000,000
2003C Public Improvement Bonds of \$45,000,000 due in annual installments of \$13,000,000 to \$32,000,000 beginning in April 2019 through April 2020, interest is variable with a rate of 0.04% at June 30, 2014. The maximum amount of interest cannot exceed 12%.	45,000,000
2005 Refunding Bonds of \$33,020,000 due in annual installments of \$50,000 to \$22,290,000 beginning February 1, 2006 through February 1, 2017 interest of 3.00 to 5.00%.	32,100,000
2007 Public Improvement Bonds of \$455,000,000 due in periodic installments of \$23,000,000 to \$35,000,000 beginning March 1, 2009 through March 1, 2025, interest of 4.25 to 5.00%.	46,000,000
2007A Variable Rate School Bonds of \$50,000,000 due in periodic installments of \$13,000,000 to \$21,000,000 beginning March 1, 2024 through March 1, 2026, interest is variable with a rate of 0.08% at June 30, 2014. The maximum interest rate cannot exceed 12%.	50,000,000
2007B Variable Rate School Bonds of \$50,000,000 due in periodic installments of \$8,000,000 to \$21,000,000 beginning March 1, 2022 through March 1, 2024, interest is variable with a rate of 0.08% at June 30, 2014. The maximum interest rate cannot exceed 12%.	50,000,000
2009A Public Improvement Bonds of \$135,000,000 due in periodic installments of \$6,000,000 to \$24,000,000 beginning March 1, 2012 through March 1, 2026, interest of 4.00 to 5.00%.	24,000,000
2009B Public Improvement Bonds of \$300,000,000 due in periodic installments of \$7,000,000 to \$26,000,000 beginning March 1, 2010 through March 1, 2025, interest of 4.00 to 5.00%.	228,000,000
2009D Refunding Bonds of \$168,980,000 due in annual installments of \$6,545,000 to \$36,945,000 beginning February 1, 2012 through February 1, 2018 interest of 3.00 to 4.00%.	73,825,000
2010A Public Improvement Bonds of \$86,295,000 due in periodic installments of \$6,635,000 to \$6,675,000 beginning April 1, 2011 through April 1, 2023, interest of 2.00 to 5.00%.	53,080,000

**NOTE 10. (Cont.)  
Long-term Debt**

2010B Public Improvement Recovery Zone Economic Development Bonds of \$39,505,000 due in periodic installments of \$6,330,000 to \$6,635,000 beginning April 1, 2024 through April 1, 2029, interest of 4.80 to 5.40%.	\$ 39,505,000
2010C Refunding Bonds of \$383,420,000 due in periodic installments of \$100,000 to \$56,780,000 beginning March 1, 2013 through March 1, 2026, interest of 2.00 to 5.00%.	361,265,000
2010D Public Improvement Qualified School Construction Bonds of \$34,910,000 due June 1, 2027, interest at 5.10%. Annual payments are required to be made into a sinking fund held by US Bank. The deposits and the interest earned on those deposits will be used to make the principal payment in June 2027.	34,910,000
2010E Public Improvement Bonds of \$18,945,000 due in periodic installments of \$1,890,000 to \$1,895,000 beginning August 1, 2011 through August 1, 2020, interest of 2.50 to 4.00%.	11,370,000
2010F Public Improvement Bonds of \$17,055,000 due in periodic installments of \$1,895,000 beginning August 1, 2021 through August 1, 2029, interest of 4.15 to 5.40%.	17,055,000
2011 Public Improvement Bonds of \$116,800,000 due in periodic installments of \$6,100,000 to \$6,150,000 beginning April 1, 2012 through April 1, 2030, interest of 3.00 to 5.00%.	92,250,000
2012A School Bonds of \$96,790,000 due in periodic installments of \$4,990,000 to \$5,100,000 beginning February 1, 2013 through February 1, 2031, interest of 3.00 to 5.00%.	81,600,000
2012B Refunding Bonds of \$75,290,000 due in annual installments of \$5,260,000 to \$27,845,000 beginning February 1, 2018 through February 1, 2021 interest of 5.00%.	75,290,000
2013A School Bonds of \$51,165,000 due in periodic installments of \$2,565,000 to \$2,700,000 beginning May 1, 2014 through May 1, 2032, interest of 2.50 to 5.00%.	45,900,000
2013B Public Improvement Bonds of \$125,250,000 due in periodic installments of \$6,000,000 to \$6,600,000 beginning May 1, 2014 through May 1, 2032, interest of 3.00 to 5.00%.	112,200,000
2014 Public Improvement Bonds of \$345,240,000 due in periodic installments of \$18,170,000 to \$18,180,000 beginning September 1, 2016 through September 1, 2034, interest of 3.25 to 5.00%.	345,240,000
2015 Public Improvement Bonds of \$94,000,000 due in periodic installments of \$4,900,000 to \$4,950,000 beginning April 1, 2017 through April 1, 2035, interest of 3.00 to 5.00%.	94,000,000
Total general obligation bonds outstanding	<u>\$ 1,967,590,000</u>

**NOTE 10. (Cont.)  
Long-term Debt**

Limited Obligation Bonds:

The limited obligation bonds reported in Governmental Activities are supported by an annual budgetary appropriation of debt service, unlike general obligation bonds which are collateralized by the full faith, credit and taxing power of the County. Principal and interest requirements will be provided by an appropriation in the Debt Service Fund in the year in which they become due.

2009 Limited obligation bonds of \$154,620,000, due in annual installments of \$6,180,000 through \$6,185,000 June 2036; interest of 4.75% to 5.00%, collateralized by the Hammond Road Detention Center	\$ 129,880,000
2010 Limited obligation bonds of \$148,860,000, due in annual installments of \$5,950,000 through \$5,955,000 January 2037; interest of 2.50% to 5.00%, collateralized by the Criminal Justice Center	130,995,000
Total limited obligation bonds outstanding	<u>\$ 260,875,000</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2015 are as follows:

Year Ending	Principal	Interest	Total
June 30			
2016	\$ 155,055,000	\$ 81,904,573	\$ 236,959,573
2017	176,065,000	74,782,530	250,847,530
2018	163,775,000	67,420,634	231,195,634
2019	164,435,000	61,196,397	225,631,397
2020	152,255,000	54,679,970	206,934,970
2021-2025	693,775,000	174,804,246	868,579,246
2026-2030	322,930,000	55,788,604	378,718,604
2031-2035	139,300,000	11,711,375	151,011,375
	<u>\$ 1,967,590,000</u>	<u>\$ 582,288,329</u>	<u>\$ 2,549,878,329</u>

The annual requirements to amortize capital leases, installment purchases, limited obligation bonds, notes payable and Qualified Zone Academy debt outstanding as of June 30, 2015 are as follows:

June 30	Principal	Interest	Total
2016	\$ 13,596,770	\$ 12,626,079	\$ 26,222,849
2017	13,526,970	12,154,973	25,681,943
2018	12,905,718	11,646,485	24,552,203
2019	12,615,482	11,090,335	23,705,817
2020	12,512,000	10,541,757	23,053,757
2021-2025	62,246,000	43,613,074	105,859,074
2026-2030	60,700,000	28,596,375	89,296,375
2031-2035	60,700,000	13,595,950	74,295,950
2036-2037	18,085,000	1,193,350	19,278,350
	<u>\$ 266,887,940</u>	<u>\$ 145,058,378</u>	<u>\$ 411,946,318</u>

**NOTE 10. (Cont.)  
Long-term Debt**

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 less property valued for abatement. At June 30, 2015, such statutory limit of the County was \$10,235,801,841 providing a legal debt margin of \$7,490,113,901. Authorized but unissued general obligation bonds as of June 30, 2015 totaled \$511,210,000. This entire amount was for authorized but unissued new general obligation bonds.

**Qualified Zone Academy Bonds:**

In 2003, the County issued \$3,002,077 of Qualified Zone Academy Bonds as authorized by State Law [G.S. 16A-20]. These are installment financing agreements that are secured by the fixtures and improvements at Needham Broughton High School. The County is obligated to make annual debt service fund payments of \$163,461 through December 2016. The cost basis of the amount held by the custodian at June 30, 2015 was \$2,514,077. The scheduled payments by the County assume projected earnings at a fixed rate of 4.02%. If the trustee fails to earn projected amounts, the County shall pay, in addition to its scheduled payments, the amount such that total payments in the Debt Service Fund shall equal \$3,002,077.

**Recovery Zone Economic Development Bonds – Wake County Public Schools**

In 2010, the County issued Series 2010B Public Improvement Recovery Zone Economic Development Bonds (RZEDBs) totaling \$39.505 million. The issuance was comprised of the County's original allocation of RZEDBs of \$6.3 million and an additional allocation from the State. These bonds are eligible for federal interest subsidy payments equal to 45% of the true interest cost of the bonds as provided in the American Recovery and Reinvestment Act (ARRA).

**Qualified School Construction Bonds – Wake County Public Schools**

In 2010, the County issued Series 2010D Public Improvement Qualified School Construction Bonds totaling \$34.91 million. The issuance was comprised of the County's direct allocation from the U.S. Treasury totaling \$17.304 million in 2009 and \$17.606 million in 2010. These bonds are eligible for federal interest subsidy payments equal to 100% of the true interest cost of the bonds as provided in the American Recovery and Reinvestment Act (ARRA) and the Hiring Incentives to Restore Employment (HIRE) Act.

**Recovery Zone Academy Bonds/Build America Bonds – Wake Tech Community College**

In 2010, the County issued Series 2010F Public Improvement Bonds (Taxable Interest) totaling \$17.055 million. The issuance was comprised of an additional allocation of Recovery Zone Economic Development Bonds (RZEDBs) from the State of \$9,475,000 with the remaining \$7,580,000 designated as Build America Bonds (BABs). As provided in the American Recovery and Reinvestment Act (ARRA), the RZEDBs are eligible for federal interest subsidy payments equal to 45% of the true interest cost of the bonds and the BABs are eligible for federal interest subsidy payments equal to 35% of the true interest cost of the bonds.

**Defeased Debt**

In prior years, the County has defeased various general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the County's government-wide financial statements. As of June 30, 2015, the amount of defeased debt outstanding was \$335,000,000.

**NOTE 10. (Cont.)  
Long-term Debt**

Conduit Debt Obligations:

Wake County Industrial Facilities and Pollution Control Financing Authority (the “Authority”) has used industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from the payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State of North Carolina, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2015, there were 17 series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$642.5 million.

Interest Rate Swap:

As part of the acquisition by the County of an 85% interest in Five County Stadium pursuant to an Interlocal Agreement dated December 19, 2002, the County assumed the obligations of the Town of Zebulon under an Installment Financing Agreement (“Original Agreement”) dated as of February 1, 1999. Effective April 20, 2004, the County entered into an Amended and Restated Installment Financing Agreement (“Amended Agreement”) and pay-fixed, receive-variable interest rate swap (“Swap”) for the purpose of refinancing the Original Agreement. The initial principal amount of the Amended Agreement was \$9,000,000 and the initial notional amount of the Swap was \$9,000,000. The notional value of the swap and the principal amount of the associated debt decline annually. The final maturity of the Amended Agreement and Swap is August 1, 2015. The interest rate on the Amended Agreement is 60.45% of one-month LIBOR plus 1.12%. Under the Swap, the County receives 60.45% of one-month LIBOR plus 1.12% (the same as the interest rate on the Amended Agreement) and pays 3.78%, effectively converting the Amended Agreement from variable-rate to fixed-rate. At June 30, 2015, the swap had a fair value to the County of (\$991). Fair value was estimated by the counterparty using mark to market valuations. As of June 30, 2015, the County was not exposed to credit risk because the swap had a negative fair value. The swap counterparty, Bank of America, at June 30, 2015 was rated “A1” by Moody’s Investors Service, “A” by Standard and Poor’s, and “A+” by Fitch Ratings. Since the variable interest rate the County pays on the Amended Agreement and the variable interest rate the counterparty pays to the County on the swap are based on the same calculation, the net interest rate is the 3.78% fixed swap rate and there is no interest rate or basis risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The swap may also be terminated if either party’s credit rating on its long-term unsubordinated debt falls to “Baa1” or lower by Moody’s Investors Service, “BBB+” or lower by Standard and Poor’s, and “BBB+” or lower by Fitch Ratings, or such rating is withdrawn or suspended. Termination could result in the County being required to make or being entitled to receive an unanticipated termination payment.

Swap payments and associated debt – Using the variable interest rate as of June 30, 2015 (0.065%) and assuming the rate remains the same for the term of the agreement, debt service requirements of the Amended Agreement debt and net swap payments would be as follows:

	Amended Variable Rate Installment Purchase Agreement			Total
	Principal	Variable Rate Interest	Interest Rate Swaps, Net	
2016	\$ 77,694	\$ 25	\$ 1,451	\$ 79,170
Total	\$ 77,694	\$ 25	\$ 1,451	\$ 79,170

**NOTE 10. (Cont.)  
Long-term Debt**

Changes In Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
<b>Governmental activities:</b>					
General obligation bonds	\$ 1,664,875,000	\$ 439,240,000	\$ 136,525,000	\$ 1,967,590,000	\$ 155,055,000
Plus: Premiums on issuance	141,454,227	51,279,615	17,969,074	174,764,768	N/A
Total general obligation bonds payable	1,806,329,227	490,519,615	154,494,074	2,142,354,768	155,055,000
Limited obligation bonds	273,015,000	-	12,140,000	260,875,000	12,140,000
Plus: Premiums on issuance	18,038,822	-	788,219	17,250,603	N/A
Total limited obligation bonds payable	291,053,822	-	12,928,219	278,125,603	12,140,000
Qualified Zone Academy Bonds	490,389	-	163,461	326,928	163,461
Installment Purchases	5,329,121	1,260,000	1,666,611	4,922,510	914,651
Capital leases	51,293	1,113,329	401,120	763,502	378,658
Other post-employment benefits	97,807,565	19,507,475	6,129,849	111,185,191	-
Compensated absences	11,129,883	10,525,699	10,127,068	11,528,514	10,600,000
Total Governmental Activities	<u>\$ 2,212,191,300</u>	<u>\$ 522,926,118</u>	<u>\$ 185,910,402</u>	<u>\$ 2,549,207,016</u>	<u>\$ 179,251,770</u>
<b>Business-type activities:</b>					
Landfill	\$ 23,044,633	\$ 1,320,000	\$ 1,524,337	\$ 22,840,296	\$ 6,160,000
Capital leases	5,877	-	2,100	3,777	2,223
Other post-employment benefits	511,749	108,903	32,431	588,221	-
Compensated absences	80,658	59,324	54,089	85,893	54,437
Total Business-type Activities	<u>\$ 23,642,917</u>	<u>\$ 1,488,227</u>	<u>\$ 1,612,957</u>	<u>\$ 23,518,187</u>	<u>\$ 6,216,660</u>

**NOTE 11.  
Additional Social Welfare  
Expenditures**

The following amount was paid on behalf of the County by the State from Federal and State funds. The human services payments were disbursed directly to vendors and individual recipients. For the year ended June 30, 2015 this amount, which is not included in the financial statements because the County has no primary responsibility beyond making eligibility determinations, is approximately \$685 million.

**NOTE 12.  
Compliance Audits of Federal  
and State Assisted Programs**

The County participates in a number of federal and State grant programs which are subject to audit in accordance with Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations", the Single Audit Act Amendments of 1996, and the State Single Audit Implementation Act. The County expects such expenditures, if any, which may be disallowed by the granting agencies to be immaterial.

**NOTE 13.  
Multiple-Employer Pension  
Plan Obligations**

**Local Governmental Employees' Retirement System**

Plan Description. Wake County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS 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 LGERS 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 LGERS. 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](http://www.osc.nc.gov).

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% 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. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. 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 (age 55 for firefighters). 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 (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. 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.

LGERS 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 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, 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 County were \$12,860,971 for the year ended June 30, 2015.

Refunds of Contributions. County employees who have terminated service as a contributing member of LGERS, 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% 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 LGERS.

**NOTE 13. (Cont.)  
Multiple-Employer Pension  
Plan Obligations**

*Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2015, the County reported an asset of \$17,635,411 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County'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 LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was 3.13%, which was an increase of .14% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$861,691. At June 30, 2015, the County 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	\$ -	\$ 1,926,975
Net difference between projected and actual earnings on pension plan investments	-	41,054,856
Changes in proportion and differences between County contributions and proportionate share of contributions	-	973,389
County contributions subsequent to the measurement date	12,860,971	-
Total	<u>\$ 12,860,971</u>	<u>\$ 43,955,220</u>

\$12,860,971 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 10,990,623
2017	10,990,623
2018	10,990,623
2019	10,983,351
	<u>\$ 43,955,220</u>

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, (a) an investment rate of return of 7.25%, net of pension plan investment expense, including inflation, (b) projected salary increases ranging from 4.25% per year to 8.55% per year and (c) an inflation component of 3.00%.

**NOTE 13. (Cont.)  
Multiple-Employer Pension  
Plan Obligations**

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). The current mortality rates are based on published tables and based 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.00%	2.50%
Global Equity	40.50%	6.10%
Real Estate	8.00%	5.70%
Alternatives	6.50%	10.50%
Credit	4.50%	6.80%
Inflation Protection	4.50%	3.70%
Total	100.00%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. 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 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. 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.

**NOTE 13. (Cont.)  
Multiple-Employer Pension  
Plan Obligations**

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease <u>(6.25%)</u>	Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ 59,862,235	\$ (17,635,411)	\$ (82,885,937)

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.

**Supplemental Retirement Income Plan**

Plan Description. Wake County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The plan provides retirement benefits to all employees of the County who are employed at least half time. Article 5 of the G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The County's total payroll in fiscal year 2015 was \$180,905,035. The County's contributions were calculated using the base salary amount of \$180,851,503. The County made contributions amounting to \$9,042,501. Employees made voluntary contributions of \$4,363,201.

Funding Policy. This Supplemental Retirement Income Plan is provided through the Local Government Employees' Retirement System. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. State legislation requires that the County contribute an amount equal to 5 percent of the employee's base salary each month for all law enforcement officers. Wake County also makes a 5 percent contribution for all other employees employed at least half time. All covered employees may make voluntary contributions to the plan. The County's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately.

**NOTE 14.  
Law Enforcement Officers'  
Special Separation Allowance**

Plan Description. Wake County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. For reporting purposes, the Separation Allowance is presented in the County's financial statements as a pension trust fund; however, it does not meet the criteria for trust funds outline in GASB Statement 68.

**NOTE 14. (Cont.)  
Law Enforcement Officers'  
Special Separation Allowance**

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	59
Active plan members	403
Total	<u>462</u>

Basis of Accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Methods Used to Value Investments. Investments are reported at fair value. Short-term debt, deposits, repurchase agreements, and the North Carolina Capital Management Trust investments are reported at fair value. Certain longer-term United States Government and Agency securities are valued at the last reported sales price.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the fiscal year ended June 30, 2015, the County contributed \$960,030, or 5.0% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed by the General Fund.

The annual required contribution for the fiscal year ended June 30, 2015 was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% per year to 7.85% per year and (c) an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level dollar of pay on an open basis. The remaining amortization period at December 31, 2013 was 17 years.

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was 6.64 percent funded. The actuarial accrued liability for benefits was \$11,525,664, and the actuarial value of assets was \$765,596 resulting in an unfunded actuarial accrued liability (UAAL) of \$10,760,068. The covered payroll (annual payroll of active employees covered by the plan) was \$20,685,192, and the ratio of the UAAL to the covered payroll was 52.02 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**NOTE 14. (Cont.)  
Law Enforcement Officers'  
Special Separation Allowance**

Trend Information:

Fiscal Year Ended	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation (asset)
June 30, 2013	\$ 950,503	101.00%	\$ (718,487)
June 30, 2014	1,179,981	81.36%	(498,536)
June 30, 2015	1,304,102	73.62%	(154,464)

The County's annual pension cost and net pension obligation (asset) to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 1,286,915
Interest on net pension obligation	(24,927)
Adjustment to annual required contribution	<u>42,114</u>
Annual pension cost	1,304,102
Contributions made	<u>960,030</u>
Decrease in net pension obligation	344,072
Net pension obligation (asset), beginning of year	<u>(498,536)</u>
Net pension asset, end of year	<u>\$ (154,464)</u>

**NOTE 15.  
Register of Deeds'  
Supplemental  
Pension Fund**

Plan Description. Wake County also contributes to the Registers of Deeds' Supplemental Pension Fund (FUND), a non-contributory, defined benefit plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS 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 Registers of Deeds' Supplemental Pension Fund 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 the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

**NOTE 15. (Cont.)  
Register of Deeds'  
Supplemental  
Pension Fund**

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$89,188 for the year ended June 30, 2015.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resource and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the County reported an asset of \$2,382,985 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating FUND employers. At June 30, 2014, the County's proportion was 10.51%, which was a decrease of .67% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(15,848). At June 30, 2015, the County 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	\$ 21,868	\$ -
Net difference between projected and actual earnings on pension plan investments	-	12,826
Changes in proportion and differences between County contributions and proportionate share of contributions	98,362	-
County contributions subsequent to the measurement date	89,188	-
Total	<u>\$ 209,418</u>	<u>\$ 12,826</u>

\$89,188 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 51,441
2017	51,441
2018	7,723
2019	(3,201)
	<u>\$ 107,404</u>

**NOTE 15. (Cont.)  
Register of Deeds'  
Supplemental  
Pension Fund**

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, (a) an investment rate of return of 5.75%, net of pension plan investment expense, including inflation, (b) projected salary increases ranging from 4.25% per year to 7.25% per year and (c) an inflation component of 3.00%.

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). The current mortality rates are based on published tables and based 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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. 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 adopted asset allocation policy for the FUND is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. 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 3.19%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. 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 County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (2,139,809)	\$ (2,382,985)	\$ (2,591,994)

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.

**NOTE 16.  
Post-Employment Benefits**

The County has elected to provide death benefits to employees through the Death Trust Plan for members of the Local Government Employees' Retirement System (Death Trust Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. The beneficiaries of these employees' who die in active service after one year of contributing membership in the System, or who die within 180 days after termination of service or retirement and have at least one year of contributing membership in the system at the time of death are eligible to receive death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death; however, the benefit may not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State of North Carolina.

Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. Due to a surplus, a decision was made by the State to temporarily stop employer contributions to the plan as of July 1, 2012. The temporary relief is based on the number of years the County has contributed to the plan as of December 31, 2010. Therefore, for the fiscal year ended June 30, 2015 the County made no contributions to the State.

**NOTE 17.  
Other Post-Employment Benefits**

Plan Description. In addition to providing pension benefits, Wake County has elected to provide healthcare benefits, as a single-employer defined benefit plan to retirees of the County. As of April 15, 2007, this plan provides postemployment healthcare benefits to retirees of the County, provided that they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the County. Prior to April 15, 2007, employees qualified for similar level of benefits after at least five years of creditable service with the County depending on date of hire. Employees hired on or after June 30, 2011 are not eligible to participate in the plan. Retirees are eligible to receive the same benefits as active County employees. The County pays the costs of coverage for these benefits as incurred on a pay-as-you-go basis. Also, retirees can purchase coverage for their dependents at the County's group rates.

Membership in the plan included the following at December 31, 2013, the date of the latest actuarial valuation:

Retirees receiving benefits	781
Active plan members	<u>2,961</u>
Total	<u><u>3,742</u></u>

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the Board of Commissioners. Retirees can purchase coverage for their dependents at the County's group rates. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 14.69% of annual covered payroll. For the current year, the County contributed \$6,162,279 or 4.27% of annual covered payroll. The County's medical coverage is self-insured, which is administered by an outside provider. There were no contributions made by employees, except for dependent coverage for retirees in the amount of \$887,275.

Summary of Significant Accounting Policies. Post-employment expenditures are made from the County's General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

**NOTE 17. (Cont.)  
Other Post-Employment  
Benefits**

Annual OPEB cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 21,168,394
Interest on net OPEB obligation	4,424,369
Adjustment to annual required contribution	<u>(5,976,386)</u>
Annual OPEB cost	19,616,377
Contributions made	<u>6,162,279</u>
Increase in net OPEB obligation	13,454,098
Net OPEB liability, beginning of year	<u>98,319,314</u>
Net OPEB liability, end of year	<u>\$ 111,773,412</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
2013	\$ 21,670,462	22.7%	\$ 82,376,111
2014	21,575,892	26.1%	98,319,314
2015	19,616,377	31.4%	111,773,412

As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits, and thus, the unfunded actuarial accrued liability (UAAL) was \$208,880,026. The covered payroll (annual payroll of active employees covered by the plan) was \$144,193,316, and the ratio of the UAAL to the covered payroll was 144.9%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**NOTE 17. (Cont.)  
Other Post-Employment  
Benefits**

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

The annual required contribution for the fiscal year ended June 30, 2015 was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included a 4.50 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, an inflation rate of 3.00% and an annual medical cost trend increase of 7.75 to 5.00 percent for pre-Medicare and 5.75 to 5.00 percent for post-Medicare, each over 7 years. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2013 was 28 years.

**NOTE 18.  
Commitments and  
Contingencies**

The County is a party to some pending civil actions which are being vigorously defended. The County Attorney estimates that the potential liability resulting from such litigation not covered by insurance or barred by sovereign immunity is not material and would not have a substantial adverse effect on the financial position of the County as of June 30, 2015.

**NOTE 19.  
Closure and Postclosure  
Landfill Costs**

The County owns six solid waste landfills which are accounted for in the Solid Waste Operating Fund and the South Wake Landfill Partnership Fund. State and Federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The current estimate of closure and postclosure maintenance and monitoring costs is approximately \$24.5 million. The landfill closure and postclosure liability of \$22,840,296 is included as a line item under the noncurrent liabilities in the Solid Waste Operating Fund and the South Wake Landfill Partnership Fund at June 30, 2015. The liability represents a cumulative amount reported to date based on the following facilities.

The North Wake Unlined Landfill and the Feltonville Unlined Landfill have been closed for approximately seventeen years and no additional closure costs are expected at these facilities. The County is currently responsible for monitoring these sites for an additional 13 years for post-closure care. In fiscal year 2009 the County detected a small amount of groundwater contamination during its assessment process. The County has developed a Corrective Action Plan which addresses this issue. The estimates of the costs associated with the corrective action plan are included in the post-closure estimates for these facilities.

Both the North Wake and Feltonville Construction and Demolition facilities stopped accepting waste in fiscal year 2004. Therefore no further closure funds need to be reserved for fiscal year 2005 or beyond. Post-closure costs associated with the North Wake facility will be covered by the post-closure funds set aside for the adjacent Subtitle D and unlined landfill. Post-closure costs associated with the Feltonville facility will be covered by the post-closure funds set aside for the adjacent unlined landfill.

The North Wake Subtitle Design Facility has been closed since May 2008. The closure construction was successfully completed in 2009; therefore, no further closure funds need to be reserved for fiscal year 2010 or beyond. The County will continue to monitor this facility for post-closure care for an additional 23 years.

The South Wake Subtitle Design Facility began operations in February 2008 and is in its first phase of five total phases. At June 30, 2015, Phase 1 is estimated to be 98% full and will close in or around Fall 2015. The entire landfill is estimated to close June 2037. The County will recognize the remaining estimated cost of closure and post-closure care costs of \$.2 million as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**NOTE 20.  
Pollution Remediation  
Liability**

During fiscal year 2010, the County received notification from the North Carolina Department of Environment and Natural Resources Division of Waste Management (NCDENR) regarding post closure activities associated with the closed East Wake Landfill. Groundwater contamination and other volatile compounds have been detected at levels above the State groundwater standards. NCDENR has issued a Facility Compliance Inspection Report requiring the County to implement corrective action to address five deficiencies. The County has completed the necessary corrective action in addressing the deficiencies related to leachate seep repairs, soil cap performance and recordation of landfill permits. Additional repairs were performed during fiscal year 2015 which shall improve the soil cap performance and comply with the regulatory requirements. At this time, it is unknown what additional monitoring requirements the County will be responsible for in the future. The County may be able to recover a portion of the costs associated with this project related to a certain parcel of land, at this time the amount of recoveries is not known so it was not included in the pollution remediation liability. At June 30, 2015, \$301,344 of pollution remediation liabilities were included in accounts payable and accrued liabilities in the Solid Waste Construction Fund.

**NOTE 21.  
Fund Balance**

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:	<u>\$ 244,598,778</u>
Less:	
Inventories	382,405
Prepaid expenditures	557,863
Noncurrent receivables	201,570
Stabilization by State Statute	71,764,144
Register of deeds automation	483,897
Revaluation reserve	3,684,154
Local ABC revenues	2,650,000
Working capital	162,195,239
Planned expenditures	2,279,506
Future insurance claims	<u>400,000</u>
Remaining fund balance	<u><u>\$ -</u></u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. These amounts are included in the Stabilization by State Statute amount in restricted fund balance. Amounts outstanding at June 30, 2015 are as follows:

General Fund	Affordable Housing Fund	Major Facilities Fund	Major Funds				Nonmajor Funds
			Debt Service Fund	County Capital Projects Fund	School Capital Fund	Wake Community College Capital Fund	Other Governmental Funds
<u>\$ 2,662,721</u>	<u>\$ 1,865,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,445,469</u>	<u>\$ 248,955,401</u>	<u>\$ -</u>	<u>\$ 7,625,819</u>

**NOTE 21. (Cont.)  
Fund Balance**

The following schedule provides information regarding the funding for the 15% Uncommitted Funds, as defined in the Interlocal Agreement and Amendments, within the Major Facilities Fund. To the extent that current year revenues are not sufficient for funding these projects, the County anticipates appropriating fund balance. As of June 30, 2015, fund balance in the Major Facilities Fund totaled \$1,644,066 all of which is Restricted by Stabilization by State Statute.

Fiscal Year	Cary Sports Facilities*	NC Art Museum	NC Museum of Natural Sciences	PNC Arena	St. Augustine's College Track	Whitewater Park**	Total
2008	\$ -	\$ 6,000,000	\$ -	\$ 1,000,000	\$ -		
2009	-	1,000,000	1,900,000	1,500,000	300,000		
2010	-	1,000,000	700,000	1,000,000	100,000	-	2,800,000
2011	-	1,000,000	900,000	1,000,000	100,000	-	3,000,000
2012	-	1,000,000	900,000	1,000,000	100,000	-	3,000,000
2013	400,000	1,000,000	800,000	1,679,355	100,000	-	3,979,355
2014	1,000,000	1,000,000	200,000	1,500,000	100,000	-	3,800,000
2015	1,000,000	1,000,000	200,000	2,820,645	100,000	-	5,120,645
<b>Payments to Date</b>	<b>2,400,000</b>	<b>13,000,000</b>	<b>5,600,000</b>	<b>11,500,000</b>	<b>900,000</b>	<b>-</b>	<b>21,700,000</b>
2016	1,300,000	1,000,000	400,000	1,000,000	100,000	150,000	3,950,000
2017	1,700,000	1,000,000	-	1,000,000	-	-	3,700,000
2018	2,600,000	-	-	2,000,000	-	-	4,600,000
2019	2,000,000	-	-	2,000,000	-	-	4,000,000
2020	-	-	-	5,000,000	-	-	5,000,000
2021	-	-	-	3,500,000	-	-	3,500,000
<b>Total</b>	<b>\$ 10,000,000</b>	<b>\$ 15,000,000</b>	<b>\$ 6,000,000</b>	<b>\$ 26,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 150,000</b>	<b>\$ 46,450,000</b>

\* Cary Sports Facilities include WakeMed Soccer Park, USA Baseball Complex, and the Cary Tennis Park.

\*\* Appropriations have not yet been made and are pending executed funding agreements.

**NOTE 22.  
Stewardship, Compliance,  
and Accountability**

Medical examiner was over budget by \$20,700 within the General Fund. This is due to an increase of autopsies performed by the State Medical Examiner.

The Major Facilities Fund transfers were overbudget by \$12,608. Transfers to the general fund are calculated by the amount of revenue received for certain occupancy and prepared food and beverage taxes. Final revenues are received after June 30 and the County can no longer legally amend the 2015 budget.

The South Wake Landfill Partnership Fund expenditures were overbudget by \$362,260. Each year, the fund pays out rebates to its municipal partners based on the current year operations. Revenues were overbudget by \$379,325 which in turn increased the amount of rebates paid out to the partners. The final rebate calculations are not done until after June 30 and the County can no longer legally amend the 2015 budget.

**NOTE 23.  
Comparative Data**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide an enhanced understanding of the County's financial position or would cause the statements to be unduly complex or difficult to understand.

**NOTE 24.  
Change in Accounting  
Principles/Restatement**

The County implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$22,825,683 and \$157,840, respectively.

Effective July 1, 2014, the County implemented a change in accounting principle for its long-term revolving loans programs in its Affordable Housing Fund. Prior to this change, State law required North Carolina governments to budget these loans as expenditures in the year of issuance, and as revenues in the years that repayments were received. As a result, this accounting treatment was considered to be prevalent practice for North Carolina local governments that administered these loans. The change in accounting principle was prompted by memorandum #2016-02 (the memorandum) which was issued by the North Carolina Local Government Commission on August 3, 2015. The memorandum advised, that for the year ended June 30, 2015, North Carolina local governments should use revenue and expenditure contra accounts to eliminate the effect of revenues and expenditures reported for budgetary purposes when issuing and collecting long-term loans receivable. The County considered this accounting treatment to be preferable to the principle being replaced. The change resulted in a \$20,010,010 increase in the beginning fund balance and net position of the Affordable Housing Fund and governmental activities, respectively.

As a result of both of these adjustments, net position for the governmental and business-type activities decreased by \$2,815,673 and \$157,840, respectively.

**NOTE 25.  
Discretely Presented  
Component Unit Disclosure**

(1) Deposits and Investment

The deposits and investments of the ABC Board are governed by the same North Carolina General Statutes and generally accepted accounting principles that are applicable to the County. These statutes and other reporting requirements are found in Note 4.

Deposits: At June 30, 2015, the Board's deposits had a carrying amount of \$17,462,258 and a bank balance of \$20,125,782. All of the bank balance was either insured by federal depository insurance, or collateralized under the pooling method.

Investments: State law [G.S. 159-30(c)] authorized 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 banker's acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC registered (2a-7) money market mutual fund.

The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. This investment is included in cash and cash equivalents.

**NOTE 25. (Cont.)**  
**Discretely Presented**  
**Component Unit Disclosure**

(2) Risk Management

The ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workers' compensation and employee health coverage. The ABC Board also has liquor legal liability coverage.

There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 18B-700(i), each board member is bonded in the amount of \$100,000, secured by a corporate surety.

In accordance with G.S. 18B-803(b) and (c), the store manager and employees are bonded for \$100,000.

***Wake County***

***Required  
Supplementary  
Information***

# WAKE COUNTY, NORTH CAROLINA

## LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE - REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a) / c)
12/31/2005	\$ 2,599,117	\$ 7,091,401	\$ 4,492,284	36.65%	\$ 14,936,129	30.08%
12/31/2006	2,504,432	7,726,749	5,222,317	32.41%	15,690,512	33.28%
12/31/2007	2,406,714	8,506,194	6,099,480	28.29%	17,086,023	35.70%
12/31/2008	2,178,004	9,001,090	6,823,086	24.20%	18,008,068	37.89%
12/31/2009	1,938,530	11,387,164	9,448,634	17.02%	18,562,071	50.90%
12/31/2010	1,657,751	10,699,329	9,041,578	15.49%	18,662,735	48.45%
12/31/2011	1,350,904	10,585,001	9,234,097	12.76%	18,748,384	49.25%
12/31/2012	1,060,674	10,859,126	9,798,452	9.77%	19,784,097	49.53%
12/31/2013	955,207	11,216,046	10,260,839	8.52%	19,752,864	51.95%
12/31/2014	765,596	11,525,664	10,760,068	6.64%	20,685,192	52.02%

### Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2006	\$ 599,284	89.77%
2007	551,806	115.44%
2008	618,438	100.00%
2009	693,913	100.44%
2010	768,996	96.88%
2011	965,832	77.14%
2012	924,005	80.83%
2013	943,658	101.73%
2014	1,160,997	82.69%
2015	1,286,915	74.60%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2014	Actuarial Assumptions:	
Actuarial cost method	Projected unit credit	Investment rate of return	5.00%
Amortization method	Level dollar open	Projected salary increases	4.25% to 7.85%
Remaining amortization period	16 years	Includes inflation at	3.00%
Asset Valuation method	Market Value	Cost of Living adjustments	None

# WAKE COUNTY, NORTH CAROLINA

## OTHER POST-EMPLOYMENT BENEFITS (OPEB) - REQUIRED SUPPLEMENTARY INFORMATION

### PAY AS YOU GO - ACTUARY METHOD

#### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a) / c)
7/1/2007	\$ -	\$ 157,412,725	\$ 157,412,725	0.00%	\$ 168,991,714	93.1%
12/31/2008	-	179,179,404	179,179,404	0.00%	171,841,892	104.3%
12/31/2009	-	192,103,016	192,103,016	0.00%	175,306,115	109.6%
12/31/2011	-	220,874,828	220,874,828	0.00%	164,876,210	134.0%
12/31/2013	-	208,880,026	208,880,026	0.00%	144,193,316	144.9%

#### Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 14,918,567	23.0%
2009	14,918,567	26.0%
2010	14,666,675	23.7%
2011	16,289,306	15.0%
2012	22,572,789	17.9%
2013	22,572,789	21.8%
2014	22,789,029	24.7%
2015	21,168,394	29.1%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount, closed
Remaining amortization period	28 years
Asset Valuation method	Market Value of Assets

Actuarial Assumptions:	
Investment rate of return	4.50%
Medical cost trend rate - pre-Medicare	7.75% - 5.00%
Medical cost trend rate - post-Medicare	5.75% - 5.00%
Year of ultimate trend rate	2019
Includes inflation at	3.00%

# WAKE COUNTY, NORTH CAROLINA

## LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

*Last Two Fiscal Years*

### Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

Year Ended June 30		County's proportion of the net pension liability (asset)	County's proportionate share of the net pension liability (asset)	County's covered- employee payroll	County's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	*	3.13%	\$ 37,686,331	\$ 175,266,798	21.50%	94.35%
2015	*	2.99%	(17,635,411)	172,322,095	-10.23%	102.64%

### Schedule of Employer Contributions

Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	County's covered-employee payroll	Contributions as a percentage of covered- employee payroll
2014	\$ 12,228,225	\$ 12,228,225	-	\$ 172,322,095	7.10%
2015	12,860,971	12,860,971	-	180,851,503	7.11%

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

# WAKE COUNTY, NORTH CAROLINA

## REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

*Last Two Fiscal Years*

### Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

Year Ended June 30		County's proportion of the net pension liability (asset)	County's proportionate share of the net pension liability (asset)	County's covered- employee payroll	County's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	*	11.18%	\$ (2,388,744)	\$ 123,821	-1929.19%	190.50%
2015	*	10.51%	(2,382,985)	127,567	-1868.03%	193.88%

### Schedule of Employer Contributions

Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	County's covered-employee payroll	Contributions as a percentage of covered- employee payroll
2014	\$ 85,839	\$ 85,839	-	\$ 127,567	67.29%
2015	89,188	89,188	-	131,075	68.04%

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

**WAKE COUNTY, NORTH CAROLINA**

**GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
As of June 30, 2015 and 2014**

	June 30, 2015	June 30, 2014
<b>ASSETS</b>		
Cash and investments - pooled equity	\$ 225,749,568	\$ 185,453,468
Cash and investments - cash equivalents	1,053,866	1,064,883
Cash and investments - restricted	4,531,992	5,128,872
Taxes receivable (net)	1,344,373	3,411,262
Accounts receivable (net)	72,034,870	77,082,441
Loans receivable	-	2,404,000
Due from other funds	1,380,889	440,709
Prepaid expenditures	557,863	546,325
Accrued interest receivable	1,246	5,724
Inventories	382,405	360,691
<b>TOTAL ASSETS</b>	<b>\$ 307,037,072</b>	<b>\$ 275,898,375</b>
<b>LIABILITIES</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 54,628,415	\$ 35,538,848
Due to other governmental units	421,089	236,406
Unearned revenue	-	-
<b>Total Liabilities</b>	<b>55,049,504</b>	<b>35,775,254</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>7,388,790</b>	<b>7,675,460</b>
<b>FUND BALANCES</b>		
Fund Balance:		
Non-spendable:		
Inventories	382,405	360,691
Prepaid expenditures	557,863	546,325
Noncurrent receivable	201,570	240,801
Restricted:		
Stabilization by State statute	71,764,144	81,561,725
Register of deeds automation	483,897	402,853
Committed:		
Revaluation reserve	3,684,154	3,120,450
Future appropriations from excess		
local ABC revenues	2,650,000	2,650,000
Working capital	162,195,239	137,792,533
Assigned:		
Planned expenditures	2,279,506	5,372,283
Future insurance claims	400,000	400,000
<b>Total Fund Balance</b>	<b>244,598,778</b>	<b>232,447,661</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 307,037,072</b>	<b>\$ 275,898,375</b>

# WAKE COUNTY, NORTH CAROLINA

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014**

	2015			2014
	Budget	Actual	Variance Positive/(Negative)	Actual
REVENUES:				
Taxes	\$ 899,038,255	\$ 912,269,633	\$ 13,231,378	\$ 838,704,603
Licenses and permits	4,771,459	5,000,558	229,099	4,701,663
Intergovernmental	97,900,935	97,974,206	73,271	100,120,404
Charges for services	63,258,804	59,703,013	(3,555,791)	63,892,407
Investment earnings	45,264	58,446	13,182	46,776
Miscellaneous	1,723,716	1,874,765	151,049	1,438,478
Total Revenues	<u>1,066,738,433</u>	<u>1,076,880,621</u>	<u>10,142,188</u>	<u>1,008,904,331</u>
EXPENDITURES:				
Current:				
General administration	50,719,005	48,195,868	2,523,137	43,976,995
Human services	201,086,338	194,603,433	6,482,905	180,846,040
Education	357,904,400	357,904,400	-	343,686,958
Community development and cultural	28,217,413	27,398,440	818,973	26,959,932
Environmental services	9,634,511	9,330,167	304,344	8,301,441
General services administration	26,990,940	26,208,028	782,912	25,317,452
Public safety	119,578,265	117,898,032	1,680,233	114,486,371
Total Expenditures	<u>794,130,872</u>	<u>781,538,368</u>	<u>12,592,504</u>	<u>743,575,189</u>
REVENUES OVER EXPENDITURES	<u>272,607,561</u>	<u>295,342,253</u>	<u>22,734,692</u>	<u>265,329,142</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,694,466	2,682,398	(12,068)	2,500,145
Transfers out	(285,873,534)	(285,873,534)	-	(231,693,000)
Total Other Financing Sources (Uses)	<u>(283,179,068)</u>	<u>(283,191,136)</u>	<u>(12,068)</u>	<u>(229,192,855)</u>
REVENUES AND OTHER SOURCES UNDER EXPENDITURES AND OTHER USES	(10,571,507)	12,151,117	22,722,624	36,136,287
APPROPRIATED FUND BALANCE	<u>10,571,507</u>	<u>-</u>	<u>(10,571,507)</u>	<u>-</u>
REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE UNDER EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>12,151,117</u>	<u>\$ 12,151,117</u>	<u>36,136,287</u>
FUND BALANCE, BEGINNING OF YEAR		<u>232,447,661</u>		<u>196,311,374</u>
BUDGETARY FUND BALANCE		<u>244,598,778</u>		<u>232,447,661</u>
LESS: EXPENDITURES ASSOCIATED WITH CAPITAL LEASE INCEPTION & CAPITAL DONATIONS		(35,543)		(13,796)
ADD: PROCEEDS OF CAPITAL LEASES & CAPITAL DONATIONS		<u>35,543</u>		<u>13,796</u>
TOTAL LEASE INCEPTION AND PROCEEDS		<u>-</u>		<u>-</u>
FUND BALANCE AT END OF YEAR		<u>\$ 244,598,778</u>		<u>\$ 232,447,661</u>

**WAKE COUNTY, NORTH CAROLINA**

(Continued)

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
DETAILED BUDGET AND ACTUAL  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014**

	2015			2014
	Budget	Actual	Variance Positive/(Negative)	Actual
REVENUES:				
TAXES				
Ad valorem property - current	\$ 730,400,000	\$ 735,516,870	\$ 5,116,870	\$ 674,492,324
Ad valorem property - prior	5,280,000	4,770,153	(509,847)	7,369,621
Tax penalties, interest and other	2,250,000	2,347,210	97,210	2,814,761
Sales	147,883,570	154,509,781	6,626,211	141,340,059
Leased rental vehicle tax	2,550,000	2,813,952	263,952	2,767,882
Real property transfer	9,443,000	10,964,063	1,521,063	8,666,734
Payments in lieu of taxes	1,231,685	1,347,604	115,919	1,253,222
Total Taxes	<u>899,038,255</u>	<u>912,269,633</u>	<u>13,231,378</u>	<u>838,704,603</u>
LICENSES AND PERMITS				
Beer and wine licenses	72,000	74,714	2,714	70,401
Marriage licenses	157,778	168,204	10,426	156,905
Building and construction permits	3,102,200	3,362,969	260,769	3,074,939
Weapon permits	367,500	417,923	50,423	426,086
Other permits	1,071,981	976,748	(95,233)	973,332
Total Licenses and Permits	<u>4,771,459</u>	<u>5,000,558</u>	<u>229,099</u>	<u>4,701,663</u>

**WAKE COUNTY, NORTH CAROLINA**

(Continued)

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
DETAILED BUDGET AND ACTUAL  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014**

	2015			2014
	Budget	Actual	Variance Positive/(Negative)	Actual
<b>INTERGOVERNMENTAL REVENUE</b>				
Federal and State:				
Human services	\$ 89,784,678	\$ 87,997,645	\$ (1,787,033)	\$ 87,303,061
Payments in lieu of taxes	255,000	296,018	41,018	282,461
Public library	525,000	400,000	(125,000)	533,622
Public safety	313,176	196,191	(116,985)	463,382
Others	2,562,480	2,715,793	153,313	2,604,524
Total Federal and State	<u>93,440,334</u>	<u>91,605,647</u>	<u>(1,834,687)</u>	<u>91,187,050</u>
Local:				
ABC Board	4,000,000	6,250,000	2,250,000	8,832,818
Others	460,601	118,559	(342,042)	100,536
Total Local	<u>4,460,601</u>	<u>6,368,559</u>	<u>1,907,958</u>	<u>8,933,354</u>
Total Intergovernmental	<u>97,900,935</u>	<u>97,974,206</u>	<u>73,271</u>	<u>100,120,404</u>

**WAKE COUNTY, NORTH CAROLINA**

(Continued)

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
DETAILED BUDGET AND ACTUAL  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014**

	2015			2014
	Budget	Actual	Variance Positive/(Negative)	Actual
<b>CHARGES FOR SERVICES</b>				
Environmental	\$ 421,598	\$ 397,862	\$ (23,736)	\$ 369,714
Client Fees	1,150,914	1,051,634	(99,280)	1,019,043
Insurance	848,825	948,249	99,424	780,909
Medicaid Fees	16,199,342	12,182,933	(4,016,409)	17,455,420
Medicare Fees	28,055	34,320	6,265	44,716
HS Reimbursements	1,015,355	531,358	(483,997)	695,135
Inspection Fees	845,190	836,639	(8,551)	823,354
Library Fees	459,000	411,797	(47,203)	425,873
Parks & Recreation Fees	130,130	139,745	9,615	132,570
EMS Fees	23,518,002	24,117,439	599,437	23,230,274
Facility Use Fees	288,200	280,672	(7,528)	260,586
Fire/Rescue Fees	242,709	260,014	17,305	265,995
Sheriff Fees	4,528,300	3,966,985	(561,315)	4,195,572
Transportation Fees	944,156	1,157,773	213,617	947,593
Planning Fees	425,750	726,893	301,143	650,156
Court Facility Fees	1,450,000	1,413,401	(36,599)	1,339,434
Parking Fees	718,000	860,760	142,760	750,595
Rental/lease income	352,320	285,640	(66,680)	496,184
Record Fees	4,809,731	4,682,806	(126,925)	4,582,413
Reimbursements	2,422,957	2,183,361	(239,596)	2,223,640
Tax Collection Fees	758,000	798,752	40,752	796,400
Vending Income	449,000	773,647	324,647	895,943
Other Fees and Charges	1,253,270	1,660,333	407,063	1,510,888
<b>Total Charges for Services</b>	<b>63,258,804</b>	<b>59,703,013</b>	<b>(3,555,791)</b>	<b>63,892,407</b>
<b>INVESTMENT EARNINGS</b>	<b>45,264</b>	<b>58,446</b>	<b>13,182</b>	<b>46,776</b>
<b>MISCELLANEOUS</b>				
Sale of materials and capital assets	296,874	259,906	(36,968)	151,509
Other	1,426,842	1,614,859	188,017	1,286,969
<b>Total Miscellaneous</b>	<b>1,723,716</b>	<b>1,874,765</b>	<b>151,049</b>	<b>1,438,478</b>
<b>TOTAL REVENUES</b>	<b>1,066,738,433</b>	<b>1,076,880,621</b>	<b>10,142,188</b>	<b>1,008,904,331</b>

**WAKE COUNTY, NORTH CAROLINA**

(Continued)

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
DETAILED BUDGET AND ACTUAL  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014**

	2015						2014
	Budget	Actual	Variance Budget vs. Actual Positive/(Negative)	Encumbrances	Total (Actuals plus Encumbrances)	Variance Budget vs. Actuals plus Encumbrances Positive/(Negative)	Actual
<b>EXPENDITURES:</b>							
<b>GENERAL GOVERNMENT</b>							
County commissioners	\$ 533,552	\$ 522,491	\$ 11,061	\$ -	\$ 522,491	\$ 11,061	\$ 482,934
County manager	1,514,323	1,467,148	47,175	-	1,467,148	47,175	1,394,541
County attorney	1,825,779	1,797,317	28,462	8,985	1,806,302	19,477	1,637,393
Board of elections	3,687,017	3,626,105	60,912	17,979	3,644,084	42,933	3,120,750
Budget & management services	657,474	582,698	74,776	21,442	604,140	53,334	641,588
Facilities design & construction	1,232,475	1,154,104	78,371	-	1,154,104	78,371	1,093,800
Finance	2,296,996	2,247,590	49,406	35,754	2,283,344	13,652	2,139,632
Human resources	1,982,399	1,949,179	33,220	21,037	1,970,216	12,183	1,790,669
Information services	12,664,171	12,301,873	362,298	82,319	12,384,192	279,979	11,710,242
Register of deeds	2,764,718	2,626,212	138,506	11,600	2,637,812	126,906	2,493,534
Revenue	8,855,026	7,600,794	1,254,232	3,500	7,604,294	1,250,732	5,905,377
Non-departmental	11,009,822	10,604,404	405,418	405,418	11,009,822	-	10,085,284
Public agencies	1,491,053	1,491,053	-	-	1,491,053	-	1,481,251
Medical examiner	204,200	224,900	(20,700)	-	224,900	(20,700)	239,550
<b>Total General Government</b>	<b>50,719,005</b>	<b>48,195,868</b>	<b>2,523,137</b>	<b>608,034</b>	<b>48,803,902</b>	<b>1,915,103</b>	<b>44,216,545</b>
<b>HUMAN SERVICES</b>							
Social services economic self sufficiency	79,452,257	77,855,841	1,596,416	994,135	78,849,976	602,281	70,240,892
Child welfare	25,517,652	25,037,354	480,298	16,855	25,054,209	463,443	22,278,130
Children youth and family	17,410,769	17,122,261	288,508	-	17,122,261	288,508	16,245,503
Public health	6,417,620	6,175,329	242,291	924	6,176,253	241,367	5,540,225
Health clinics	17,568,173	17,218,444	349,729	2,772	17,221,216	346,957	16,313,976
Behavioral health	-	-	-	-	-	-	603,049
Behavioral health - Managed care	26,714,039	25,067,940	1,646,099	-	25,067,940	1,646,099	23,704,726
Administration and operations	28,005,828	26,126,264	1,879,564	252,878	26,379,142	1,626,686	25,679,989
<b>Total Human Services</b>	<b>201,086,338</b>	<b>194,603,433</b>	<b>6,482,905</b>	<b>1,267,564</b>	<b>195,870,997</b>	<b>5,215,341</b>	<b>180,606,490</b>

Encumbrances are included for internal reporting purposes only.

**WAKE COUNTY, NORTH CAROLINA**

(Continued)

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
DETAILED BUDGET AND ACTUAL  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014**

	2015						2014
	Budget	Actual	Variance	Encumbrances	Total	Variance	Actual
			Budget vs. Actual Positive/(Negative)		(Actuals plus Encumbrances)	Budget vs. Actuals plus Encumbrances Positive/(Negative)	
<b>EDUCATION</b>							
Wake County Public Schools:							
Current expense	\$ 339,271,187	\$ 339,271,187	\$ -	\$ -	\$ 339,271,187	\$ -	\$ 323,966,127
Capital outlay	1,287,747	1,287,747	-	-	1,287,747	-	3,529,893
Other restricted	867,466	867,466	-	-	867,466	-	-
Total Wake County Public Schools	341,426,400	341,426,400	-	-	341,426,400	-	327,496,020
Wake Technical College:							
Current expense	16,478,000	16,478,000	-	-	16,478,000	-	16,190,938
Total Wake Technical College	16,478,000	16,478,000	-	-	16,478,000	-	16,190,938
Total Education	357,904,400	357,904,400	-	-	357,904,400	-	343,686,958
<b>COMMUNITY DEVELOPMENT AND CULTURAL</b>							
Community Development:							
Administration	518,377	500,264	18,113	-	500,264	18,113	539,512
Parks and recreation	2,706,727	2,660,053	46,674	72,600	2,732,653	(25,926)	2,747,882
Building inspections	4,358,400	4,336,861	21,539	3,230	4,340,091	18,309	3,887,098
Veterans services	240,731	231,843	8,888	-	231,843	8,888	226,953
Geographic information services	1,743,000	1,623,330	119,670	30,068	1,653,398	89,602	1,732,537
Public libraries	18,650,178	18,046,089	604,089	47,712	18,093,801	556,377	17,825,950
Total Community Development and Cultural	28,217,413	27,398,440	818,973	153,610	27,552,050	665,363	26,959,932

**WAKE COUNTY, NORTH CAROLINA**

(Continued)

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
DETAILED BUDGET AND ACTUAL  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014**

	2015					Variance Budget vs. Actuals plus Encumbrances Positive/(Negative)	2014
	Budget	Actual	Variance Budget vs. Actual Positive/(Negative)	Encumbrances	Total (Actuals plus Encumbrances)		Actual
<b>EXPENDITURES:</b>							
<b>ENVIRONMENTAL SERVICES</b>							
Environmental services	\$ 9,634,511	\$ 9,330,167	\$ 304,344	\$ 95,449	\$ 9,425,616	\$ 208,895	\$ 8,301,441
Total Environmental Services	<u>9,634,511</u>	<u>9,330,167</u>	<u>304,344</u>	<u>95,449</u>	<u>9,425,616</u>	<u>208,895</u>	<u>8,301,441</u>
<b>GENERAL SERVICES ADMINISTRATION</b>							
General services administration	<u>26,990,940</u>	<u>26,208,028</u>	<u>782,912</u>	<u>295,456</u>	<u>26,503,484</u>	<u>487,456</u>	<u>25,317,452</u>
Total General Services Administration	<u>26,990,940</u>	<u>26,208,028</u>	<u>782,912</u>	<u>295,456</u>	<u>26,503,484</u>	<u>487,456</u>	<u>25,317,452</u>
<b>PUBLIC SAFETY</b>							
Sheriff Department:							
Sheriff	37,761,833	36,806,159	955,674	-	36,806,159	955,674	36,107,715
Detention	<u>37,541,665</u>	<u>38,448,069</u>	<u>(906,404)</u>	<u>-</u>	<u>38,448,069</u>	<u>(906,404)</u>	<u>36,977,470</u>
Total Sheriff Department	<u>75,303,498</u>	<u>75,254,228</u>	<u>49,270</u>	<u>-</u>	<u>75,254,228</u>	<u>49,270</u>	<u>73,085,185</u>
CCBI	5,713,618	5,277,368	436,250	49,337	5,326,705	386,913	5,268,363
Emergency medical services	35,146,452	34,127,842	1,018,610	191,665	34,319,507	826,945	33,197,873
Fire services	1,561,989	1,475,961	86,028	951	1,476,912	85,077	1,230,722
Emergency management	689,669	681,496	8,173	655	682,151	7,518	590,507
Public safety communications	<u>1,163,039</u>	<u>1,081,137</u>	<u>81,902</u>	<u>-</u>	<u>1,081,137</u>	<u>81,902</u>	<u>1,113,721</u>
Total Public Safety	<u>119,578,265</u>	<u>117,898,032</u>	<u>1,680,233</u>	<u>242,608</u>	<u>118,140,640</u>	<u>1,437,625</u>	<u>114,486,371</u>
<b>TOTAL EXPENDITURES</b>	<u>794,130,872</u>	<u>781,538,368</u>	<u>12,592,504</u>	<u>2,662,721</u>	<u>784,201,089</u>	<u>9,929,783</u>	<u>743,575,189</u>

# WAKE COUNTY, NORTH CAROLINA

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
DETAILED BUDGET AND ACTUAL  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014**

	2015			2014
	Budget	Actual	Variance Positive/(Negative)	Actual
REVENUES OVER EXPENDITURES	\$ 272,607,561	\$ 295,342,253	\$ 22,734,692	\$ 265,329,142
OTHER FINANCING SOURCES (USES)				
Transfers in	2,694,466	2,682,398	(12,068)	2,500,145
Transfers out	(285,873,534)	(285,873,534)	-	(231,693,000)
Total Other Financing Sources (Uses)	(283,179,068)	(283,191,136)	(12,068)	(229,192,855)
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(10,571,507)	12,151,117	22,722,624	36,136,287
APPROPRIATED FUND BALANCE	10,571,507	-	(10,571,507)	-
REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	\$ -	12,151,117	\$ 12,151,117	36,136,287
FUND BALANCE, BEGINNING OF YEAR		232,447,661		196,311,374
BUDGETARY FUND BALANCE		244,598,778		232,447,661
LESS: EXPENDITURES ASSOCIATED WITH INCEPTION OF CAPITAL LEASES AND NOTE PAYABLES		(35,543)		(13,796)
ADD: PROCEEDS OF CAPITAL LEASES AND NOTE PAYABLES TOTAL LEASE INCEPTIONS		35,543		13,796
		-		-
FUND BALANCE AT END OF YEAR		\$ 244,598,778		\$ 232,447,661

# WAKE COUNTY, NORTH CAROLINA

## AFFORDABLE HOUSING FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (NON-GAAP BASIS)

#### BUDGET AND ACTUAL

From Project Inception Through June 30, 2015

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
<b>REVENUES:</b>				
Intergovernmental	\$ 19,115,328	\$ 10,382,244	\$ 5,192,234	\$ 15,574,478
Charges for services	2,161,683	1,604,159	589,620	2,193,779
Investment earnings	195,926	246,832	591	247,423
<b>Total Revenues</b>	<b>21,472,937</b>	<b>12,233,235</b>	<b>5,782,445</b>	<b>18,015,680</b>
<b>EXPENDITURES:</b>				
Human Services				
County funded	6,523,138	2,803,042	1,268,326	4,071,368
Housing and community revitalization	14,984,112	7,702,378	3,516,659	11,219,037
Home grants	3,423,820	1,232,344	614,663	1,847,007
HOPWA grants	1,721,322	838,821	584,317	1,423,138
<b>Total Expenditures</b>	<b>26,652,392</b>	<b>12,576,585</b>	<b>5,983,965</b>	<b>18,560,550</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,179,455)</b>	<b>(343,350)</b>	<b>(201,520)</b>	<b>(544,870)</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	5,179,455	4,349,455	830,000	5,179,455
<b>REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 4,006,105</b>	<b>628,480</b>	<b>\$ 4,634,585</b>
Fund Balance at beginning of year			4,006,105	
<b>FUND BALANCE AT END OF YEAR (Non-GAAP)</b>			<b>\$ 4,634,585</b>	
<b>Reconciling items for GAAP presentation:</b>				
Beginning fund balance adjustment (prior period adjustment)			20,010,010	
Loans issued			1,669,817	
Payments received on loan balances			(890,355)	
Change in estimate of loan portfolio allowance			363,018	
<b>Total reconciling items:</b>			<b>21,152,490</b>	
<b>FUND BALANCE AT END OF YEAR (GAAP basis)</b>			<b>\$ 25,787,075</b>	

# WAKE COUNTY, NORTH CAROLINA

## MAJOR FACILITIES FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN APPROPRIATED FUND BALANCE

#### BUDGET AND ACTUAL

For the Year Ended June 30, 2015

	2015	
	Budget	Actual
<b>REVENUES:</b>		
Taxes:		
Occupancy tax	\$ 21,581,000	\$ 21,356,118
Prepared food tax	24,346,000	24,141,622
Total taxes	45,927,000	45,497,740
Charges for services	1,820,645	1,820,645
Investment earnings	-	22,343
Total Revenues	47,747,645	47,340,728
<b>EXPENDITURES:</b>		
Raleigh hold harmless - occupancy	680,000	680,000
Cary hold harmless - occupancy	1,046,000	1,035,772
Greater Raleigh Convention and Visitors Bureau	5,477,000	5,426,108
Centennial Authority operations 7%	2,659,000	2,636,965
Centennial Authority - debt service	5,207,315	5,203,831
Raleigh annual distribution - \$1M	1,000,000	1,000,000
Convention Center	22,480,000	22,235,261
NC Museum of Art	1,000,000	1,000,000
Centennial Authority Facility Improvements	2,820,645	2,820,645
Green Square	200,000	200,000
St. Augustine's	100,000	100,000
Cary Sports Venue	1,000,000	1,000,000
Unallocated	709,685	-
Total Expenditures	44,379,645	43,338,582
REVENUES OVER EXPENDITURES	3,368,000	4,002,146
<b>OTHER FINANCING USES:</b>		
Transfers out to General Fund	(1,377,000)	(1,364,932)
Transfers out to Debt Service Fund	(991,000)	(991,000)
Transfers out to Capital Improvement Fund	(1,000,000)	(1,000,000)
Total other financing uses	(3,368,000)	(3,355,932)
REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	646,214
Fund Balance at beginning of year		997,852
FUND BALANCES AT END OF YEAR		\$ 1,644,066

# WAKE COUNTY, NORTH CAROLINA

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

	2015	
	Budget	Actual
<b>REVENUES:</b>		
Intergovernmental	\$ 12,786,017	\$ 15,432,216
Charges for services	-	11,800
Investment earnings	1,712,000	1,471,480
Total revenues	<u>14,498,017</u>	<u>16,915,496</u>
<b>EXPENDITURES:</b>		
Debt service - principal	152,387,603	152,115,583
Debt service - interest	91,892,139	90,952,459
Miscellaneous	328,258	372,256
Future appropriated reserves	1,923,000	-
Total expenditures	<u>246,531,000</u>	<u>243,440,298</u>
REVENUES UNDER EXPENDITURES	(232,032,983)	(226,524,802)
<b>OTHER FINANCING SOURCES:</b>		
Transfers in	194,172,000	194,172,000
Premiums on issuance	30,860,983	50,974,523
Total Other Financing Sources (Uses)	<u>225,032,983</u>	<u>245,146,523</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(7,000,000)	18,621,721
APPROPRIATED FUND BALANCE	<u>7,000,000</u>	<u>-</u>
REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER EXPENDITURES AND OTHER USES	<u>\$ -</u>	18,621,721
Fund Balance at beginning of year		<u>135,252,125</u>
FUND BALANCES AT END OF YEAR		<u>\$ 153,873,846</u>

# WAKE COUNTY, NORTH CAROLINA

## COUNTY CAPITAL PROJECTS FUND SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

From Project Inception Through June 30, 2015

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
<b>REVENUES:</b>				
Taxes	\$ -	\$ 4,251	\$ 268	\$ 4,519
Intergovernmental	11,500,596	13,729,999	-	13,729,999
Charges for services	14,927,966	6,072,561	3,146,114	9,218,675
Investment earnings	19,909,621	18,125,091	229	18,125,320
Miscellaneous	732,855	866,957	-	866,957
Total Revenues	47,071,038	38,798,859	3,146,611	41,945,470
<b>EXPENDITURES - CAPITAL PROJECTS:</b>				
Capital projects:				
Automation CIP	30,915,062	13,988,815	7,372,225	21,361,040
Community capital projects	3,105,000	2,165,000	450,000	2,615,000
County building improvements	46,666,503	29,081,663	6,554,688	35,636,351
Criminal justice CIP	382,427,117	371,256,360	4,308,504	375,564,864
Public libraries CIP	17,631,133	3,818,260	4,467,742	8,286,002
Open space	13,218,943	3,076,091	6,432,390	9,508,481
Parks and recreation CIP	5,841,170	4,355,033	386,908	4,741,941
Public safety CIP	16,505,524	5,591,722	2,355,262	7,946,984
Water and sewer	5,487,895	5,487,895	-	5,487,895
Economic development	16,116,157	9,630,441	3,663,438	13,293,879
Program wide projects	21,152,111	-	1,077,788	1,077,788
Total Expenditures	559,066,615	448,451,280	37,068,945	485,520,225
REVENUES UNDER EXPENDITURES	(511,995,577)	(409,652,421)	(33,922,334)	(443,574,755)
<b>OTHER FINANCING SOURCES AND (USES):</b>				
Transfers in	214,421,084	188,471,941	27,418,000	215,889,941
Transfers out	(29,916,127)	(26,291,127)	(3,625,000)	(29,916,127)
Bonds issued	15,039,697	20,243,944	11,000,000	31,243,944
Limited obligation bonds issued	301,310,923	301,310,923	-	301,310,923
Premiums on issuance	11,140,000	11,140,000	-	11,140,000
Issuance of capital lease	-	-	1,077,786	1,077,786
Total Other Financing Sources and (Uses)	511,995,577	494,875,681	35,870,786	530,746,467
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ -	\$ 85,223,260	1,948,452	\$ 87,171,712
Fund Balance at beginning of year			85,223,260	
FUND BALANCE AT END OF YEAR			\$ 87,171,712	

# WAKE COUNTY, NORTH CAROLINA

**SCHOOL CAPITAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
From Project Inception Through June 30, 2015**

	Project Authorization	Actual		
		Prior Years	Current Year	Total To Date
<b>REVENUES:</b>				
Intergovernmental	\$ 4,357,908	\$ 13,329,509	\$ 106,047	\$ 13,435,556
Lottery proceeds	16,613,874	16,613,874	-	16,613,874
Investment earnings	68,538,737	68,913,942	55,579	68,969,521
Miscellaneous	4,328	4,328	-	4,328
Total Revenues	<u>89,514,847</u>	<u>98,861,653</u>	<u>161,626</u>	<u>99,023,279</u>
<b>EXPENDITURES - CAPITAL PROJECTS:</b>				
Wake County Public Schools	<u>1,542,855,234</u>	<u>1,019,039,406</u>	<u>142,532,963</u>	<u>1,161,572,369</u>
TOTAL EXPENDITURES	<u>1,542,855,234</u>	<u>1,019,039,406</u>	<u>142,532,963</u>	<u>1,161,572,369</u>
REVENUES UNDER EXPENDITURES	<u>(1,453,340,387)</u>	<u>(920,177,753)</u>	<u>(142,371,337)</u>	<u>(1,062,549,090)</u>
<b>OTHER FINANCING SOURCES AND (USES):</b>				
Bonds issued	1,289,172,971	901,571,522	370,240,000	1,271,811,522
Premiums on issuance	-	-	116,844	116,844
Transfers in	202,555,662	190,732,533	63,184,000	253,916,533
Transfers out	<u>(38,388,246)</u>	<u>(37,520,780)</u>	<u>(867,466)</u>	<u>(38,388,246)</u>
Total Other Financing Sources and (Uses)	<u>1,453,340,387</u>	<u>1,054,783,275</u>	<u>432,673,378</u>	<u>1,487,456,653</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ 134,605,522</u>	290,302,041	<u>\$ 424,907,563</u>
Fund Balance at beginning of year			<u>134,605,522</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 424,907,563</u>	

# WAKE COUNTY, NORTH CAROLINA

**WAKE COMMUNITY COLLEGE CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
From Project Inception Through June 30, 2015**

	Project Authorization	Prior Years	Actual Current Year	Total To Date
<b>REVENUES:</b>				
Investment earnings	\$ 926,991	\$ 1,538,725	\$ 23	\$ 1,538,748
Total Revenues	926,991	1,538,725	23	1,538,748
<b>EXPENDITURES - CAPITAL PROJECTS:</b>				
Wake Technical College	303,849,523	136,939,976	57,184,240	194,124,216
TOTAL EXPENDITURES	303,849,523	136,939,976	57,184,240	194,124,216
REVENUES UNDER EXPENDITURES	(302,922,532)	(135,401,251)	(57,184,217)	(192,585,468)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	39,406,999	30,413,144	4,805,000	35,218,144
Bonds issued	263,486,052	203,198,177	58,000,000	261,198,177
Premiums on issuance	29,481	1,132,947	188,248	1,321,195
Total Other Financing Sources	302,922,532	234,744,268	62,993,248	297,737,516
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES	\$ -	\$ 99,343,017	5,809,031	\$ 105,152,048
Fund Balance at beginning of year			99,343,017	
FUND BALANCE AT END OF YEAR			\$ 105,152,048	

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds account for proceeds of revenue sources that are restricted to expenditures for specific purposes. These funds are established under the provisions of the North Carolina General Statutes:

The ***Grants Fund*** accounts for the non-recurring revenues and expenditures, received from grant, donations and forfeiture funds, in a multi-year fund. It was established in fiscal year 2008.

The ***Capital Area Workforce Development Fund*** accounts for the federal Department of Labor grant activities conducted within the Workforce Investment Act of 1998.

The ***Fire Tax District Fund*** accounts for the revenues received as part of ad valorem tax collections and their subsequent distribution to various special tax districts throughout the County.

### **Capital Project Funds**

Capital project funds account for the proceeds of debt issues and all other resources segregated for the acquisition, construction, and reconstruction of capital assets.

The ***Fire Capital Project Fund*** accounts for the acquisition of fire apparatus and equipment and renovations of fire facilities. It was established in fiscal year 2008, prior to that these projects had been accounting for in the County Capital Project Fund.

The ***Major Facilities Capital Trust Fund*** accounts for identified projects through the Wake County's allocation from the Major Facilities Trust Fund and to repay a loan on behalf of the Carolina Mudcats for construction of a restaurant at Five County Stadium. It was established in fiscal year 2008, prior to that these projects had been accounting for in the County Capital Project Fund.

# WAKE COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of June 30, 2015**

	Total Nonmajor Special Revenue	Total Nonmajor Capital Project	Total
<b>ASSETS</b>			
Cash and investments - pooled equity	\$ 8,858,382	\$ 16,703,316	\$ 25,561,698
Taxes receivable, net	86,657	-	86,657
Accounts receivable, net	2,533,980	21,468	2,555,448
Loans receivable	-	529,012	529,012
Prepaid expenditures	4,125	-	4,125
Accrued interest receivable	1,065	1,939	3,004
<b>TOTAL ASSETS</b>	<b>\$ 11,484,209</b>	<b>\$ 17,255,735</b>	<b>\$ 28,739,944</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,262,279	\$ 286,092	\$ 1,548,371
Due to other funds	1,380,889	-	1,380,889
<b>Total Liabilities</b>	<b>2,643,168</b>	<b>286,092</b>	<b>2,929,260</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>96,617</b>	<b>-</b>	<b>96,617</b>
Fund Balances:			
Non-Spendable:			
Prepaid expenditures	4,125	-	4,125
Restricted:			
Stabilization by State statute	596,649	6,613,331	7,209,980
Committed:			
Working capital	3,063,680	-	3,063,680
Assigned:			
Planned expenditures	5,079,970	6,390,591	11,470,561
Future capital projects	-	3,965,721	3,965,721
<b>Total Fund Balances</b>	<b>8,744,424</b>	<b>16,969,643</b>	<b>25,714,067</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,484,209</b>	<b>\$ 17,255,735</b>	<b>\$ 28,739,944</b>

# WAKE COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2015**

	Total Nonmajor Special Revenue	Total Nonmajor Capital Project	Total
<b>REVENUES:</b>			
Taxes	\$ 21,251,764	\$ -	\$ 21,251,764
Intergovernmental	11,329,472	-	11,329,472
Charges for services	153,841	477,923	631,764
Fines and forfeitures	1,852	-	1,852
Investment earnings	35,940	59,885	95,825
Miscellaneous	4,944	(16,453)	(11,509)
Total Revenues	<u>32,777,813</u>	<u>521,355</u>	<u>33,299,168</u>
<b>EXPENDITURES</b>			
General administration	92,238	-	92,238
Human services	9,749,910	-	9,749,910
Community development	115,167	2,258,296	2,373,463
Environmental services	24,775	-	24,775
Public safety	20,477,571	2,569,036	23,046,607
General services administration	7,150	-	7,150
Total Expenditures	<u>30,466,811</u>	<u>4,827,332</u>	<u>35,294,143</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,311,002</u>	<u>(4,305,977)</u>	<u>(1,994,975)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	67,534	3,618,168	3,685,702
Transfers out	(2,691,000)	(39,168)	(2,730,168)
Installment purchases issued	-	1,260,000	1,260,000
Total Other Financing Sources (Uses)	<u>(2,623,466)</u>	<u>4,839,000</u>	<u>2,215,534</u>
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(312,464)</u>	<u>533,023</u>	<u>220,559</u>
Fund Balances at beginning of year	<u>9,056,888</u>	<u>16,436,620</u>	<u>25,493,508</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 8,744,424</u></u>	<u><u>\$ 16,969,643</u></u>	<u><u>\$ 25,714,067</u></u>

# WAKE COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**As of June 30, 2015**

	Grants Fund	Capital Area Workforce Development	Fire Tax District	Total
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ 2,205,790	\$ -	\$ 6,652,592	\$ 8,858,382
Taxes receivable, net	-	-	86,657	86,657
Accounts receivable, net	163,474	2,231,225	139,281	2,533,980
Prepaid expenditures	4,125	-	-	4,125
Accrued interest receivable	189	-	876	1,065
<b>TOTAL ASSETS</b>	<b>\$ 2,373,578</b>	<b>\$ 2,231,225</b>	<b>\$ 6,879,406</b>	<b>\$ 11,484,209</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 437,069	\$ 813,127	\$ 12,083	\$ 1,262,279
Due to other funds	-	1,380,889	-	1,380,889
<b>Total Liabilities</b>	<b>437,069</b>	<b>2,194,016</b>	<b>12,083</b>	<b>2,643,168</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>96,617</b>	<b>96,617</b>
Fund Balances:				
Non-spendable:				
Prepaid expenditures	4,125	-	-	4,125
Restricted:				
Stabilization by State statute	416,673	37,209	142,767	596,649
Committed:				
Working capital	-	-	3,063,680	3,063,680
Assigned:				
Planned expenditures	1,515,711	-	3,564,259	5,079,970
<b>Total Fund Balances</b>	<b>1,936,509</b>	<b>37,209</b>	<b>6,770,706</b>	<b>8,744,424</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,373,578</b>	<b>\$ 2,231,225</b>	<b>\$ 6,879,406</b>	<b>\$ 11,484,209</b>

# WAKE COUNTY, NORTH CAROLINA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended June 30, 2015

	Grants Fund	Capital Area Workforce Development	Fire Tax District	Total
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 21,251,764	\$ 21,251,764
Intergovernmental	4,057,642	7,271,830	-	11,329,472
Charges for services	119,075	34,766	-	153,841
Fines and forfeitures	1,852	-	-	1,852
Investment earnings	4,293	-	31,647	35,940
Miscellaneous	4,944	-	-	4,944
Total Revenues	<u>4,187,806</u>	<u>7,306,596</u>	<u>21,283,411</u>	<u>32,777,813</u>
<b>EXPENDITURES:</b>				
General administration	92,238	-	-	92,238
Human services	2,531,067	7,218,843	-	9,749,910
Community development	115,167	-	-	115,167
Environmental services	24,775	-	-	24,775
Public safety	1,907,254	-	18,570,317	20,477,571
General services administration	7,150	-	-	7,150
Total Expenditures	<u>4,677,651</u>	<u>7,218,843</u>	<u>18,570,317</u>	<u>30,466,811</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(489,845)</u>	<u>87,753</u>	<u>2,713,094</u>	<u>2,311,002</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	67,534	-	-	67,534
Transfers out	-	-	(2,691,000)	(2,691,000)
Total other financing sources and uses	<u>67,534</u>	<u>-</u>	<u>(2,691,000)</u>	<u>(2,623,466)</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(422,311)</u>	<u>87,753</u>	<u>22,094</u>	<u>(312,464)</u>
Fund Balances (Deficits) at beginning of year	<u>2,358,820</u>	<u>(50,544)</u>	<u>6,748,612</u>	<u>9,056,888</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,936,509</u>	<u>\$ 37,209</u>	<u>\$ 6,770,706</u>	<u>\$ 8,744,424</u>

# WAKE COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
As of June 30, 2015**

	Fire Capital Projects Fund	Major Facilities Capital Trust Fund	Total
<b>ASSETS</b>			
Cash and investments - pooled equity	\$ 6,883,850	\$ 9,819,466	\$ 16,703,316
Accounts receivable, net	-	21,468	21,468
Loans receivable	-	529,012	529,012
Accrued interest receivable	706	1,233	1,939
<b>TOTAL ASSETS</b>	<b><u>\$ 6,884,556</u></b>	<b><u>\$ 10,371,179</u></b>	<b><u>\$ 17,255,735</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 102,154	\$ 183,938	\$ 286,092
<b>Total Liabilities</b>	<b><u>102,154</u></b>	<b><u>183,938</u></b>	<b><u>286,092</u></b>
Fund Balances:			
Restricted:			
Stabilization by State statute	1,671,883	4,941,448	6,613,331
Assigned:			
Planned expenditures	2,523,384	3,867,207	6,390,591
Future capital projects	2,587,135	1,378,586	3,965,721
<b>Total Fund Balances</b>	<b><u>6,782,402</u></b>	<b><u>10,187,241</u></b>	<b><u>16,969,643</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 6,884,556</u></b>	<b><u>\$ 10,371,179</u></b>	<b><u>\$ 17,255,735</u></b>

# WAKE COUNTY, NORTH CAROLINA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECT FUNDS For the Year Ended June 30, 2015

	Fire Capital Projects Fund	Major Facilities Capital Trust Fund	Total
<b>REVENUES:</b>			
Charges for services	\$ 125,949	\$ 351,974	\$ 477,923
Investment earnings	21,668	38,217	59,885
Miscellaneous	10,099	(26,552)	(16,453)
Total Revenues	<u>157,716</u>	<u>363,639</u>	<u>521,355</u>
<b>EXPENDITURES:</b>			
Capital Projects:			
Community development and cultural	-	2,258,296	2,258,296
Public safety	<u>2,569,036</u>	-	<u>2,569,036</u>
Total Expenditures	<u>2,569,036</u>	<u>2,258,296</u>	<u>4,827,332</u>
REVENUES (UNDER) EXPENDITURES	<u>(2,411,320)</u>	<u>(1,894,657)</u>	<u>(4,305,977)</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	1,323,168	2,295,000	3,618,168
Transfers out	(39,168)	-	(39,168)
Installment purchases issued	<u>1,260,000</u>	-	<u>1,260,000</u>
Total other financing sources	<u>2,544,000</u>	<u>2,295,000</u>	<u>4,839,000</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	132,680	400,343	533,023
Fund Balances at beginning of year	<u>6,649,722</u>	<u>9,786,898</u>	<u>16,436,620</u>
FUND BALANCES AT END OF YEAR	<u>\$ 6,782,402</u>	<u>\$ 10,187,241</u>	<u>\$ 16,969,643</u>

# WAKE COUNTY, NORTH CAROLINA

## GRANTS FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

#### BUDGET AND ACTUAL

From Project Inception Through June 30, 2015

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
<b>REVENUES:</b>				
Intergovernmental	\$ 28,932,093	\$ 24,160,355	\$ 4,057,642	\$ 28,217,997
Charges for services	1,640,416	772,568	119,075	891,643
Fines and forfeitures	14,325	17,388	1,852	19,240
Investment earnings	5,212	28,776	4,293	33,069
Miscellaneous	681,505	175,697	4,944	180,641
Total Revenues	31,273,551	25,154,784	4,187,806	29,342,590
<b>EXPENDITURES:</b>				
General administration	532,669	306,932	92,238	399,170
Human services	21,296,556	16,753,831	2,531,067	19,284,898
Community development	793,244	261,929	115,167	377,096
Environmental services	618,896	460,360	24,775	485,135
Public safety	7,926,184	4,790,552	1,907,254	6,697,806
General services administration	81,690	60,505	7,150	67,655
Total Expenditures	31,249,239	22,634,109	4,677,651	27,311,760
REVENUES UNDER EXPENDITURES	24,312	2,520,675	(489,845)	2,030,830
<b>OTHER FINANCING SOURCES AND (USES):</b>				
Transfers in	342,722	275,188	67,534	342,722
Transfers out	(437,043)	(437,043)	-	(437,043)
Total Other Financing Sources and Uses	(94,321)	(161,855)	67,534	(94,321)
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(70,009)	\$ 2,358,820	(422,311)	\$ 1,936,509
Fund balance appropriated	70,009		-	
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED				
FUND BALANCE OVER EXPENDITURES	\$ -		(422,311)	
Fund Balance at beginning of year			2,358,820	
FUND BALANCE AT END OF YEAR			\$ 1,936,509	

# WAKE COUNTY, NORTH CAROLINA

**CAPITAL AREA WORKFORCE DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
From Project Inception Through June 30, 2015**

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
<b>REVENUES:</b>				
Intergovernmental	\$ 23,907,636	\$ 12,903,276	\$ 7,271,830	\$ 20,175,106
Charges for services	63,160	48,414	34,766	83,180
Miscellaneous	11,596	15,693	-	15,693
Total Revenues	<u>23,982,392</u>	<u>12,967,383</u>	<u>7,306,596</u>	<u>20,273,979</u>
<b>EXPENDITURES:</b>				
Title I - Adult	4,763,855	2,269,385	2,171,642	4,441,027
Title I - Dislocated Workers	5,743,141	3,861,542	1,371,403	5,232,945
Title I - Youth	5,180,558	3,025,069	2,133,149	5,158,218
Statewide Activities	1,537,531	952,625	261,603	1,214,228
Dislocated Worker - Supplemental	375,461	152,340	200,000	352,340
WIA Administration	3,769,444	2,152,517	690,482	2,842,999
AmeriCorps	1,176,639	604,449	128,519	732,968
National Emergency Grants	1,435,763	-	262,045	262,045
Total Expenditures	<u>23,982,392</u>	<u>13,017,927</u>	<u>7,218,843</u>	<u>20,236,770</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ (50,544)</u>	87,753	<u>\$ 37,209</u>
Fund balance (deficit) at beginning of year			<u>(50,544)</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 37,209</u>	

# WAKE COUNTY, NORTH CAROLINA

**FIRE TAX DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

	2015	
	Budget	Actual
<b>REVENUES:</b>		
Taxes - ad valorem property	\$ 20,935,000	\$ 21,251,764
Investment earnings	15,000	31,647
Total Revenues	<u>20,950,000</u>	<u>21,283,411</u>
<b>EXPENDITURES:</b>		
Public Safety:		
Rural/Municipal fire districts	<u>18,646,995</u>	<u>18,570,317</u>
Total Expenditures	<u>18,646,995</u>	<u>18,570,317</u>
REVENUES OVER EXPENDITURES	2,303,005	2,713,094
<b>OTHER FINANCING USES:</b>		
Transfers out	<u>(2,691,000)</u>	<u>(2,691,000)</u>
REVENUES OVER/(UNDER) EXPENDITURES AND OTHER USES	(387,995)	22,094
Appropriated fund balance	<u>387,995</u>	<u>-</u>
REVENUES AND APPROPRIATED FUND BALANCE OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	22,094
Fund Balance at beginning of year		<u>6,748,612</u>
FUND BALANCE AT END OF YEAR		<u>\$ 6,770,706</u>

# WAKE COUNTY, NORTH CAROLINA

## FIRE CAPITAL PROJECTS FUND

### SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE

#### BUDGET AND ACTUAL

From Project Inception Through June 30, 2015

	Project Authorization	Prior Years	Actual	
			Current Year	Total To Date
<b>REVENUES:</b>				
Charges for services	\$ 1,472,221	\$ 109,836	\$ 125,949	\$ 235,785
Investment earnings	72,000	206,970	21,668	228,638
Miscellaneous	5,872	5,872	10,099	15,971
Total Revenues	1,550,093	322,678	157,716	480,394
<b>EXPENDITURES:</b>				
Capital projects:				
Fire and rescue CIP	15,407,673	8,315,573	2,569,036	10,884,609
Total Expenditures	15,407,673	8,315,573	2,569,036	10,884,609
REVENUES UNDER EXPENDITURES	(13,857,580)	(7,992,895)	(2,411,320)	(10,404,215)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	11,489,978	12,235,846	1,323,168	13,559,014
Transfers out	(60,072)	(20,904)	(39,168)	(60,072)
Installment purchases issued	2,427,674	2,427,675	1,260,000	3,687,675
Total Other Financing Sources	13,857,580	14,642,617	2,544,000	17,186,617
REVENUES AND OTHER SOURCES OVER EXPENDITURES	\$ -	\$ 6,649,722	132,680	\$ 6,782,402
Fund Balance at beginning of year			6,649,722	
FUND BALANCE AT END OF YEAR			\$ 6,782,402	

# WAKE COUNTY, NORTH CAROLINA

## MAJOR FACILITIES CAPITAL TRUST FUND

### SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE

#### BUDGET AND ACTUAL

From Project Inception Through June 30, 2015

	Project Authorization	Prior Years	Actual	
			Current Year	Total To Date
<b>REVENUES:</b>				
Charges for services	\$ 4,542,997	\$ 8,242,867	\$ 351,974	\$ 8,594,841
Investment earnings	-	142,429	38,217	180,646
Miscellaneous	235,000	700,000	(26,552)	673,448
Total Revenues	4,777,997	9,085,296	363,639	9,448,935
<b>EXPENDITURES:</b>				
Capital projects:				
Community development and cultural	17,299,001	9,666,890	2,258,296	11,925,186
REVENUES UNDER EXPENDITURES	(12,521,004)	(581,594)	(1,894,657)	(2,476,251)
<b>OTHER FINANCING SOURCES:</b>				
Installment purchases issued	600,000	599,842	-	599,842
Transfers in	11,921,004	9,768,650	2,295,000	12,063,650
Total Other Financing Sources	12,521,004	10,368,492	2,295,000	12,663,492
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	\$ -	\$ 9,786,898	400,343	\$ 10,187,241
Fund Balance at beginning of year			9,786,898	
FUND BALANCE AT END OF YEAR			\$ 10,187,241	

**WAKE COUNTY, NORTH CAROLINA**

**BUDGETARY COMBINING BALANCE SHEET  
SOLID WASTE OPERATING AND CAPITAL PROJECT FUNDS (NON-GAAP)  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
As of June 30, 2015**

	Solid Waste Operating Fund	Solid Waste Capital Project	June 30, 2015	June 30, 2014
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ 12,204,965	\$ 20,166,882	\$ 32,371,847	\$ 30,605,470
Cash and investments - reserved	13,502,015	-	13,502,015	12,255,331
Accounts receivable, net	808,401	16,719	825,120	628,309
Internal balances (due from other funds)	456,497	-	456,497	183,814
Prepaid expenditures	1,400	-	1,400	1,785
Accrued interest receivable	3,210	2,411	5,621	51,342
<b>TOTAL ASSETS</b>	<b>\$ 26,976,488</b>	<b>\$ 20,186,012</b>	<b>\$ 47,162,500</b>	<b>\$ 43,726,051</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,063,169	\$ 562,644	\$ 1,625,813	\$ 1,149,943
Internal balances (due to other funds)	143,802	-	143,802	125,371
Closure/post-closure care reserves	13,502,015	-	13,502,015	12,255,331
<b>Total Liabilities</b>	<b>14,708,986</b>	<b>562,644</b>	<b>15,271,630</b>	<b>13,530,645</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>133,312</b>	<b>-</b>	<b>133,312</b>	<b>49,624</b>
Fund Balances:				
Non-spendable:				
Prepaid expenditures	1,400	-	1,400	1,785
Restricted:				
Stabilization by state statute	1,134,796	978,301	2,113,097	1,116,574
White goods	3,027,003	-	3,027,003	2,428,306
Assigned:				
Planned expenditures	-	4,387,696	4,387,696	5,496,674
Future capital projects	-	14,257,371	14,257,371	342,731
Unassigned	7,970,991	-	7,970,991	20,759,712
<b>Total Fund Balances</b>	<b>12,134,190</b>	<b>19,623,368</b>	<b>31,757,558</b>	<b>30,145,782</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 26,976,488</b>	<b>\$ 20,186,012</b>	<b>\$ 47,162,500</b>	<b>\$ 43,726,051</b>

*This statement is included for internal reporting purposes to show fund balance compliance with State law.*

**WAKE COUNTY, NORTH CAROLINA**

(Continued)

**SOLID WASTE OPERATING FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
 For the Year Ended June 30, 2015  
 With Comparative Actual Amounts for the Year Ended June 30, 2014**

	2015		2014
	Budget	Actual	Actual
<b>REVENUES:</b>			
Intergovernmental	\$ 1,616,991	\$ 1,760,881	\$ 1,638,999
Licenses and permits	6,500	6,900	6,400
Charges for services	8,231,779	8,342,131	7,978,308
Investment earnings	251,681	93,881	174,647
Miscellaneous	2,343,590	1,518,245	4,069,254
Total Revenues	<u>12,450,541</u>	<u>11,722,038</u>	<u>13,867,608</u>
<b>EXPENDITURES:</b>			
Cost of service	9,972,072	7,379,547	9,796,631
Administration	2,063,134	1,768,339	1,493,094
Reserves	1,005,394	-	-
Total Expenditures	<u>13,040,600</u>	<u>9,147,886</u>	<u>11,289,725</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(590,059)</u>	<u>2,574,152</u>	<u>2,577,883</u>

# WAKE COUNTY, NORTH CAROLINA

**SOLID WASTE OPERATING FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**For the Year Ended June 30, 2015**  
**With Comparative Actual Amounts for the Year Ended June 30, 2014**

	2015		2014
	Budget	Actual	Actual
<b>OTHER FINANCING SOURCES AND (USES):</b>			
Transfers In	\$ 1,009,459	\$ 1,009,459	\$ 991,789
Transfers out	(450,000)	(450,000)	(20,839,320)
Capital leases issued	-	-	6,550
Expenditures associated with capital leases issued	-	-	(6,550)
Total Other Financing Sources and Uses	559,459	559,459	(19,847,531)
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER SOURCES/(USES):	(30,600)	3,133,611	(17,269,648)
APPROPRIATED FUND BALANCE	30,600	-	-
REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	\$ -	\$ 3,133,611	\$ (17,269,648)
Reconciliation from budgetary basis of modified accrual to full accrual basis:			
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES:		\$ 3,133,611	\$ (17,269,648)
Reconciling items:			
Compensated absences expenses		(4,357)	(11,830)
OPEB expenses		(64,089)	(70,464)
Risk management expenses		6,016	(6,938)
Pension expenses		63,029	-
Net increase/(decrease) in deferred revenue - charges for services		20,089	(2,974)
Net increase in deferred revenue - miscellaneous revenue		66,493	-
Investment earnings - Construction Fund		87,593	(14,954)
Expenditures - Construction Fund		(1,389,691)	(3,368,135)
Transfers in - Construction Fund		-	20,433,000
Issuance of capital lease		-	(6,550)
Capital lease payments		2,100	673
Acquisition of capital assets		957,161	1,879,720
Disposal of capital assets		-	(1,510,494)
Loan from sale of capital assets		-	1,805,271
Depreciation and depletion		(675,877)	(642,293)
Change in net position		\$ 2,202,078	\$ 1,214,384

# WAKE COUNTY, NORTH CAROLINA

**SOLID WASTE CONSTRUCTION FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
From Project Inception Through June 30, 2015**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
<b>REVENUES:</b>				
Intergovernmental	\$ 140,000	\$ 75,000	\$ -	\$ 75,000
Investment earnings	1,431,000	1,538,659	87,593	1,626,252
Miscellaneous	7,739,882	15,275	-	15,275
Total revenues	<u>9,310,882</u>	<u>1,628,934</u>	<u>87,593</u>	<u>1,716,527</u>
<b>EXPENDITURES:</b>				
Enterprise infrastructure	27,947,145	11,672,008	1,029,436	12,701,444
Future projects	16,383,000	-	-	-
Other	-	329,841	360,255	690,096
Total expenditures	<u>44,330,145</u>	<u>12,001,849</u>	<u>1,389,691</u>	<u>13,391,540</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(35,019,263)</u>	<u>(10,372,915)</u>	<u>(1,302,098)</u>	<u>(11,675,013)</u>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Transfers in	<u>35,019,263</u>	<u>31,298,381</u>	<u>-</u>	<u>31,298,381</u>
Total other financing sources and uses	<u>35,019,263</u>	<u>31,298,381</u>	<u>-</u>	<u>31,298,381</u>
REVENUES, OTHER SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ 20,925,466</u>	<u>(1,302,098)</u>	<u>\$ 19,623,368</u>
Fund Balance at the beginning of the year			<u>20,925,466</u>	
FUND BALANCE AT THE END OF THE YEAR			<u>\$ 19,623,368</u>	

# WAKE COUNTY, NORTH CAROLINA

**BUDGETARY COMBINING BALANCE SHEET  
SOUTH WAKE LANDFILL PARTNERSHIP FUND (NON-GAAP)  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
As of June 30, 2015**

	South Wake Landfill	East Wake Transfer Station	June 30, 2015	June 30, 2014
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ 3,857,037	\$ -	\$ 3,857,037	\$ 2,674,188
Cash and investments - reserved	9,338,281	19,322	9,357,603	8,978,980
Cash and investments - cash equivalents	450	300	750	750
Accounts receivable, net	653,554	1,277,250	1,930,804	2,101,119
Accrued interest receivable	971	839	1,810	6,685
Internal balances (due from other funds)	61,454	82,348	143,802	125,114
<b>TOTAL ASSETS</b>	<b>\$ 13,911,747</b>	<b>\$ 1,380,059</b>	<b>\$ 15,291,806</b>	<b>\$ 13,886,836</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,104,836	\$ 381,732	\$ 3,486,568	\$ 2,995,669
Internal balances (due to other funds)	456,497	-	456,497	198,871
Construction reserves	-	997,149	997,149	845,005
Closure/post-closure care reserves	9,338,281	-	9,338,281	8,787,758
<b>Total Liabilities</b>	<b>12,899,614</b>	<b>1,378,881</b>	<b>14,278,495</b>	<b>12,827,303</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>603</b>	<b>1,178</b>	<b>1,781</b>	<b>64,074</b>
Fund Balances:				
Restricted:				
Stabilization by state statute	715,826	184,430	900,256	995,459
Assigned:				
Planned expenditures	295,704	(184,430)	111,274	-
<b>Total Fund Balances</b>	<b>1,011,530</b>	<b>-</b>	<b>1,011,530</b>	<b>995,459</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 13,911,747</b>	<b>\$ 1,380,059</b>	<b>\$ 15,291,806</b>	<b>\$ 13,886,836</b>

*This statement is included for internal reporting purposes to show fund balance compliance with State law.*

# WAKE COUNTY, NORTH CAROLINA

**SOUTH WAKE LANDFILL PARTNERSHIP FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND APPROPRIATED FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
For the Year Ended June 30, 2015**

	June 30, 2015						June 30, 2014
	South Wake Landfill		East Wake Transfer Station		Total		Total
	Budget	Actual	Budget	Actual	Budget	Actual	Actual
<b>REVENUES:</b>							
Charges of services	\$ 12,246,994	\$ 5,163,590	\$ 3,094,006	\$ 10,510,727	\$ 15,341,000	\$ 15,674,317	\$ 14,685,238
Investment earnings	-	26,727	-	19,281	-	46,008	36,506
Total Revenues	<u>12,246,994</u>	<u>5,190,317</u>	<u>3,094,006</u>	<u>10,530,008</u>	<u>15,341,000</u>	<u>15,720,325</u>	<u>14,721,744</u>
<b>EXPENDITURES:</b>							
Cost of service	7,425,947	7,437,673	3,356,870	3,146,403	10,782,817	10,584,076	10,802,257
Administration	160,315	164,571	634,029	632,337	794,344	796,908	798,147
Partner rebates	2,755,374	3,313,811	-	-	2,755,374	3,313,811	2,129,551
Total Expenditures	<u>10,341,636</u>	<u>10,916,055</u>	<u>3,990,899</u>	<u>3,778,740</u>	<u>14,332,535</u>	<u>14,694,795</u>	<u>13,729,955</u>
REVENUES UNDER EXPENDITURES	1,905,358	(5,725,738)	(896,893)	6,751,268	1,008,465	1,025,530	991,789
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers out	(844,256)	(844,256)	(165,203)	(165,203)	(1,009,459)	(1,009,459)	(991,789)
Intrafund transfers in	-	6,586,065	-	-	-	6,586,065	5,444,682
Intrafund transfers out	-	-	-	(6,586,065)	-	(6,586,065)	(5,444,682)
Total other financing sources/(uses)	<u>(844,256)</u>	<u>5,741,809</u>	<u>(165,203)</u>	<u>(6,751,268)</u>	<u>(1,009,459)</u>	<u>(1,009,459)</u>	<u>(991,789)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,061,102	16,071	(1,062,096)	-	(994)	16,071	-
APPROPRIATED FUND BALANCE	-	-	994	-	994	-	-
REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 1,061,102</u>	<u>\$ 16,071</u>	<u>\$ (1,061,102)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,071</u>	<u>\$ -</u>
Reconciliation from budgetary basis of modified accrual to full accrual basis:							
REVENUES AND OTHER FINANCING USES UNDER EXPENDITURES AND OTHER FINANCING USES						\$ 16,071	\$ -
Reconciling items							
Net change in deferred revenue						(62,291)	(25,646)
Compensated absences expenses						(878)	(558)
OPEB expenses						(12,385)	(25,166)
Risk management expenses						(590)	671
Pension expenses						11,623	-
Change in net position						<u>\$ (48,450)</u>	<u>\$ (50,699)</u>

# WAKE COUNTY, NORTH CAROLINA

**BUDGETARY BALANCE SHEET  
CORPORATE FLEET FUND (NON-GAAP)  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
As of June 30, 2015**

	June 30, 2015	June 30, 2014
<b>ASSETS</b>		
Cash and investments - pooled equity	\$ 3,328,161	\$ 3,694,828
Accounts receivable, net	4,407	32,073
Prepaid expenditures	-	115
Accrued interest receivable	426	2,059
Inventories	163,136	88,026
<b>TOTAL ASSETS</b>	<b>\$ 3,496,130</b>	<b>\$ 3,817,101</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 382,040	\$ 707,653
<b>DEFERRED INFLOWS OF RESOURCES</b>		
	309	-
Fund Balances:		
Non-spendable:		
Inventories	163,136	88,026
Prepaid expenditures	-	115
Restricted:		
Stabilization by state statute	518,015	439,613
Assigned:		
Planned expenditures	739,764	673,228
Unassigned	1,692,866	1,908,466
<b>Total Fund Balances</b>	<b>3,113,781</b>	<b>3,109,448</b>
<b>TOTAL LIABILITIES, DEFERRED INLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,496,130</b>	<b>\$ 3,817,101</b>

*This statement is included for internal reporting purposes to show fund balance compliance with State law.*

# WAKE COUNTY, NORTH CAROLINA

**CORPORATE FLEET FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND APPROPRIATED FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
For the Year Ended June 30, 2015**

	2015		2014
	Budget	Actual	Actual
<b>REVENUES:</b>			
Charges of services	\$ 8,842,972	\$ 8,059,500	\$ 8,424,930
Investment earnings	20,000	12,952	15,783
Miscellaneous	412,400	554,950	449,142
Total Revenues	<u>9,275,372</u>	<u>8,627,402</u>	<u>8,889,855</u>
<b>EXPENDITURES:</b>			
Cost of service	9,456,446	7,701,643	8,298,291
Administration	1,016,035	1,046,426	950,282
Reserve for replacements	-	-	-
Total Expenditures	<u>10,472,481</u>	<u>8,748,069</u>	<u>9,248,573</u>
REVENUES UNDER EXPENDITURES	(1,197,109)	(120,667)	(358,718)
<b>OTHER FINANCING SOURCES:</b>			
Transfers In	125,000	125,000	-
Total Other Financing Sources	<u>125,000</u>	<u>125,000</u>	<u>-</u>
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(1,072,109)	4,333	(358,718)
APPROPRIATED FUND BALANCE	<u>1,072,109</u>	<u>-</u>	<u>-</u>
REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ 4,333</u>	<u>\$ (358,718)</u>
Reconciliation from budgetary basis of modified accrual to full accrual basis:			
REVENUES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES		\$ 4,333	\$ (358,718)
Reconciling items			
Net change in deferred revenue		309	-
Compensated absences expenses		(6,757)	(3,220)
OPEB expenses		(64,089)	(70,465)
Risk management expenses		27,723	(50,203)
Pension expenses		47,664	-
Acquisition of capital assets		3,841,368	4,464,107
Disposal of capital assets		(285,484)	(756,247)
Depreciation of capital assets		(3,178,685)	(3,334,937)
Change in net position		<u>\$ 386,382</u>	<u>\$ (109,683)</u>

**WAKE COUNTY, NORTH CAROLINA**

(Continued)

**AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Year Ended June 30, 2015**

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<b>MUNICIPAL TAX FUND</b>				
ASSETS				
Cash and investments - pooled equity	\$ 121,388	\$ 430,416,081	\$ (430,493,113)	\$ 44,356
Accounts receivable	3,350,896	3,842,000	(3,573,368)	3,619,528
<b>TOTAL ASSETS</b>	<b>\$ 3,472,284</b>	<b>\$ 434,258,081</b>	<b>\$ (434,066,481)</b>	<b>\$ 3,663,884</b>
LIABILITIES				
Other liabilities	\$ 120,400	\$ 424,102,778	\$ (424,155,712)	\$ 67,466
Due to other governmental units	3,351,884	3,596,418	(3,351,884)	3,596,418
<b>TOTAL LIABILITIES</b>	<b>\$ 3,472,284</b>	<b>\$ 427,699,196</b>	<b>\$ (427,507,596)</b>	<b>\$ 3,663,884</b>
<b>HUMAN SERVICES FUND</b>				
ASSETS				
Cash and investments - pooled equity	\$ 359,614	\$ 4,208,238	\$ (4,197,757)	\$ 370,095
Accounts receivable	240	1,780	(2,020)	-
Accrued interest receivable	281	50	(281)	50
<b>TOTAL ASSETS</b>	<b>\$ 360,135</b>	<b>\$ 4,210,068</b>	<b>\$ (4,200,058)</b>	<b>\$ 370,145</b>
LIABILITIES				
Other liabilities	\$ 360,135	\$ 8,552,326	\$ (8,542,316)	\$ 370,145

# WAKE COUNTY, NORTH CAROLINA

## AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<b>FINES AND FORFEITURES</b>				
ASSETS				
Cash and investments - pooled equity	\$ 152,175	\$ 3,629,479	\$ (3,523,800)	\$ 257,854
Accounts receivable	37,171	299,097	(37,171)	299,097
Accrued interest	85	36	(89)	32
<b>TOTAL ASSETS</b>	<b>\$ 189,431</b>	<b>\$ 3,928,612</b>	<b>\$ (3,561,060)</b>	<b>\$ 556,983</b>
LIABILITIES				
Other liabilities	\$ 189,431	\$ 3,178,136	\$ (2,810,584)	\$ 556,983
 <b>TOTAL - ALL AGENCY FUNDS</b>				
ASSETS				
Cash and investments - pooled equity	\$ 633,177	\$ 438,253,798	\$ (438,214,670)	\$ 672,305
Accounts receivable	3,388,307	4,142,877	(3,612,559)	3,918,625
Accrued interest receivable	366	86	(370)	82
<b>TOTAL ASSETS</b>	<b>\$ 4,021,850</b>	<b>\$ 442,396,761</b>	<b>\$ (441,827,599)</b>	<b>\$ 4,591,012</b>
LIABILITIES				
Other liabilities	\$ 669,966	\$ 435,833,240	\$ (435,508,612)	\$ 994,594
Due to other governmental units	3,351,884	3,596,418	(3,351,884)	3,596,418
<b>TOTAL LIABILITIES</b>	<b>\$ 4,021,850</b>	<b>\$ 439,429,658</b>	<b>\$ (438,860,496)</b>	<b>\$ 4,591,012</b>

**WAKE COUNTY, NORTH CAROLINA**

**SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS  
BY FUNCTION AND CATEGORY  
As of June 30, 2015**

Function	Land	Buildings	Improvements	Machinery and Equipment	Vehicles and Motorized Equipment	Computer Software	Infrastructure	Construction in progress	Total
General government	\$ 10,172,473	\$ 65,842,970	\$ 7,591,665	\$ 6,945,318	\$ 640,674	\$ 23,434,627	\$ 340,990	\$ -	\$ 114,968,717
Human services	2,749,083	58,428,906	290,075	933,414	2,367,553	1,881,253	-	-	66,650,284
Education	270,700	10,160,682	3,947,902	-	-	-	-	-	14,379,284
Community development	88,910,985	95,276,688	716,715	1,113,989	132,595	-	369,318	-	186,520,290
Environmental services	17,145,437	2,632,863	-	121,056	97,940	-	14,876,981	-	34,874,277
Public safety	7,471,299	500,494,802	11,125,751	15,478,599	10,375,429	-	-	-	544,945,880
General services administration	64,740	83,920	189,784	5,041,857	25,926,910	-	616,014	-	31,923,225
Construction in progress	-	-	-	-	-	-	-	97,455,984	97,455,984
Total Governmental Capital Assets	<u>\$ 126,784,717</u>	<u>\$ 732,920,831</u>	<u>\$ 23,861,892</u>	<u>\$ 29,634,233</u>	<u>\$ 39,541,101</u>	<u>\$ 25,315,880</u>	<u>\$ 16,203,303</u>	<u>\$ 97,455,984</u>	<u>\$ 1,091,717,941</u>

# WAKE COUNTY, NORTH CAROLINA

## SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT

As of June 30, 2015

	Date of Issue	Interest Rate	Amount Issued	Debt Outstanding June 30, 2014	Net Additions (Retirements)	Debt Outstanding June 30, 2015
<b>GENERAL OBLIGATION BONDS:</b>						
2003B Public improvement bonds	04/08/03	variable	55,000,000	\$ 55,000,000	\$ -	\$ 55,000,000
2003C Public improvement bonds	04/08/03	variable	45,000,000	45,000,000	-	45,000,000
Refunding series 2004	11/01/04	4.00-5.00%	114,380,000	2,865,000	(2,865,000)	-
Refunding series 2005	04/01/05	3.00-5.00%	33,020,000	32,235,000	(135,000)	32,100,000
2005 School bonds	11/01/05	3.25-5.00%	41,000,000	1,500,000	(1,500,000)	-
2007 Public improvement bonds	03/08/07	4.25-5.00%	455,000,000	69,000,000	(23,000,000)	46,000,000
School 2007A	03/08/07	variable	50,000,000	50,000,000	-	50,000,000
School 2007B	03/08/07	variable	50,000,000	50,000,000	-	50,000,000
2009A Public improvement bonds	04/01/09	4.00-5.00%	135,000,000	30,000,000	(6,000,000)	24,000,000
2009B Public improvement bonds	04/01/09	4.00-5.00%	300,000,000	238,000,000	(10,000,000)	228,000,000
2009C Refunding	04/01/09	4.00-5.00%	66,320,000	10,990,000	(10,990,000)	-
2009D Refunding	06/16/09	3.00-4.00%	168,980,000	110,770,000	(36,945,000)	73,825,000
2010A Public improvement bonds	03/30/10	3.00-5.00%	86,295,000	59,715,000	(6,635,000)	53,080,000
2010B Public improvement recovery zone economic development bonds	03/30/10	4.80-5.30%	39,505,000	39,505,000	-	39,505,000
2010C Refunding	05/13/10	2.00-5.00%	383,420,000	377,275,000	(16,010,000)	361,265,000
2010D Public improvement qualified school construction bonds	06/09/10	5.10%	34,910,000	34,910,000	-	34,910,000
2010E Public Improvement	08/05/10	2.50-4.00%	18,945,000	13,265,000	(1,895,000)	11,370,000
2010F Public Improvement	08/05/10	4.15-5.40%	17,055,000	17,055,000	-	17,055,000
2011 Public Improvement	03/30/11	3.00-5.00%	116,800,000	98,400,000	(6,150,000)	92,250,000
2012A School Bonds	02/08/12	3.00-5.00%	96,790,000	86,700,000	(5,100,000)	81,600,000
2012B Refunding	02/08/12	5.00%	75,290,000	75,290,000	-	75,290,000
2013A School	05/06/13	2.50-5.00%	51,165,000	48,600,000	(2,700,000)	45,900,000
2013B Public Improvement	05/07/13	3.00-5.00%	125,250,000	118,800,000	(6,600,000)	112,200,000
2014 Public Improvement	09/02/14	3.25-5.00%	345,240,000	-	345,240,000	345,240,000
2015 Public Improvement	04/15/15	3.00-5.00%	94,000,000	-	94,000,000	94,000,000
Total General Obligation Bonds				<u>1,664,875,000</u>	<u>302,715,000</u>	<u>1,967,590,000</u>
<b>OTHER LONG-TERM DEBT:</b>						
Limited obligation bonds				273,015,000	(12,140,000)	260,875,000
Qualified zone academy bonds				490,389	(163,461)	326,928
Installment purchase				5,329,121	(406,611)	4,922,510
Capitalized equipment leases				51,293	712,209	763,502
Other post-employment benefits				97,807,565	13,377,626	111,185,191
Compensated absences				11,129,883	398,631	11,528,514
Total other long-term debt				<u>387,823,251</u>	<u>1,778,394</u>	<u>389,601,645</u>
<b>TOTAL GOVERNMENTAL LONG-TERM DEBT</b>				<u>\$ 2,052,698,251</u>	<u>\$ 304,493,394</u>	<u>\$ 2,357,191,645</u>

# WAKE COUNTY, NORTH CAROLINA

## SCHEDULE OF LONG-TERM DEBT MATURITIES AND ANNUAL DEBT SERVICE REQUIREMENTS FOR GOVERNMENTAL ACTIVITIES As of June 30, 2015

BONDED DEBT Fiscal Year Ended June 30	PUBLIC SCHOOLS		COMMUNITY COLLEGE		OTHER		TOTAL	
	Principal	Principal and Interest	Principal	Principal and Interest	Principal	Principal and Interest	Principal	Principal and Interest
2016	\$ 132,284,375	\$ 198,826,022	\$ 14,999,053	\$ 26,008,133	\$ 7,771,572	\$ 12,125,418	\$ 155,055,000	\$ 236,959,573
2017	149,295,920	209,723,083	18,166,525	28,557,679	8,602,555	12,566,768	176,065,000	250,847,530
2018	139,374,465	193,734,328	17,906,699	27,417,480	6,493,836	10,043,826	163,775,000	231,195,634
2019	140,790,397	190,119,696	17,631,725	26,268,798	6,012,878	9,242,903	164,435,000	225,631,397
2020	128,447,569	172,423,720	16,881,901	24,656,338	6,925,530	9,854,912	152,255,000	206,934,970
2021	106,311,666	144,365,090	18,106,125	25,055,417	8,312,209	10,895,314	132,730,000	180,315,821
2022	118,852,690	151,612,099	17,814,933	23,916,121	7,982,377	10,149,871	144,650,000	185,678,091
2023	116,214,791	143,891,092	17,574,815	22,841,038	7,710,394	9,478,769	141,500,000	176,210,899
2024	114,967,874	137,793,516	15,346,807	19,845,005	7,600,319	9,003,455	137,915,000	166,641,976
2025	114,079,447	131,990,556	15,288,903	19,090,802	7,611,650	8,651,101	136,980,000	159,732,459
2026-2030	256,736,576	299,252,438	53,582,400	64,590,637	12,611,024	14,875,529	322,930,000	378,718,604
2031-2035	107,934,070	117,011,951	26,258,103	28,505,525	5,107,827	5,493,899	139,300,000	151,011,375
Total Bonded Debt	1,625,289,840	2,090,743,591	249,557,989	336,752,973	92,742,171	122,381,765	1,967,590,000	2,549,878,329
<b>OTHER LONG-TERM DEBT:</b>								
Total limited obligation bonds, qualified zone academy bonds, installment purchases, notes payable and capitalized lease:								
2016	163,461	163,461	-	-	13,433,309	26,059,388	13,596,770	26,222,849
2017	163,461	163,461	-	-	13,363,509	25,518,482	13,526,970	25,681,943
2018	-	-	-	-	12,905,718	24,552,203	12,905,718	24,552,203
2019	-	-	-	-	12,615,482	23,705,817	12,615,482	23,705,817
2020	-	-	-	-	12,512,000	23,053,757	12,512,000	23,053,757
2021-2025	-	-	-	-	62,246,000	105,859,074	62,246,000	105,859,074
2026-2030	-	-	-	-	60,700,000	89,296,375	60,700,000	89,296,375
2031-2035	-	-	-	-	60,700,000	74,295,950	60,700,000	74,295,950
2036-2037	-	-	-	-	18,085,000	19,278,350	18,085,000	19,278,350
Total Other Long-Term Debt	326,922	326,922	-	-	266,561,018	411,619,396	266,887,940	411,946,318
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 1,625,616,762</b>	<b>\$ 2,091,070,513</b>	<b>\$ 249,557,989</b>	<b>\$ 336,752,973</b>	<b>\$ 359,303,189</b>	<b>\$ 534,001,161</b>	<b>\$ 2,234,477,940</b>	<b>\$ 2,961,824,647</b>

On the Statement of Net Assets as of June 30, 2015, the amounts reported as liabilities for general obligation bonds - schools, general obligation bonds - community college, general obligation bonds - other and limited obligation bonds also includes premiums on issuance of bonds of \$136,110,620, \$29,537,320, 9,116,828 and \$17,250,603 respectively, which will be amortized over the life of its related debt.