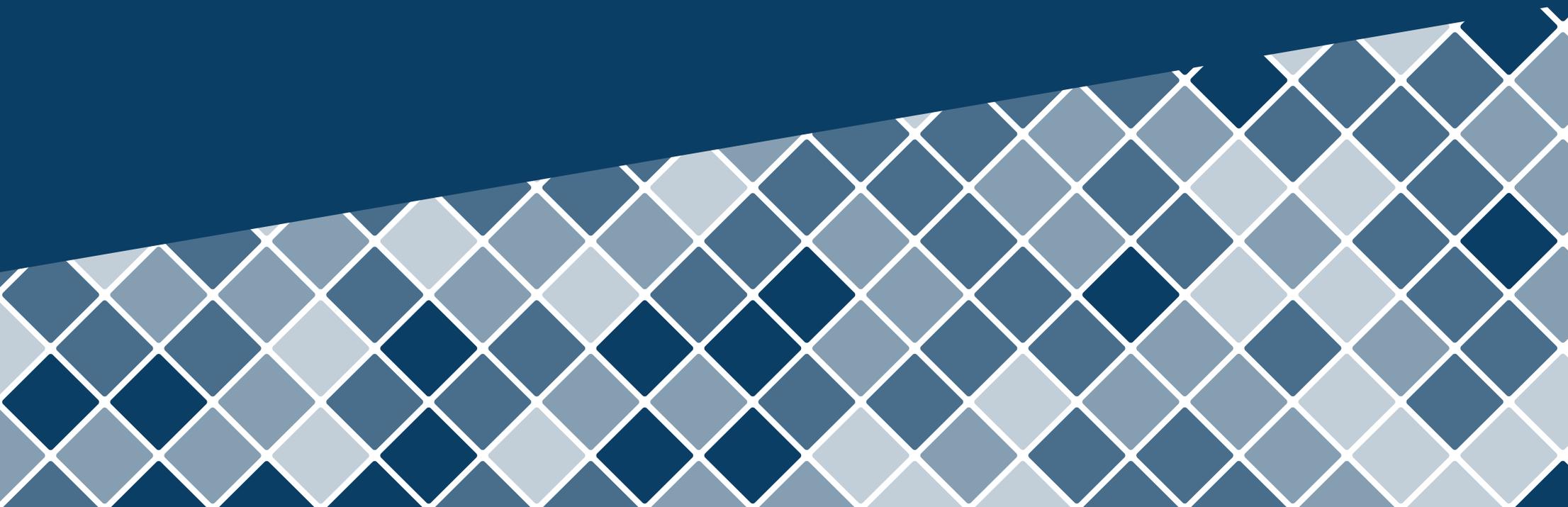




COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016



***Wake County
North Carolina***

***Comprehensive Annual
Financial Report***

for the fiscal year ended June 30, 2016

Prepared by the Wake County Finance Department

**Wake County
Board of Commissioners**



James West
Chair
District 5



Matt Calabria
District 2



Sig Hutchinson
Vice Chair
District 1



Jessica Holmes
District 3



Caroline Sullivan
District 4



Betty Lou Ward
District 6



John D Burns
District 7

Jim Hartmann County Manager
Scott W. Warren County Attorney
Denise Hogan Clerk to the Board
Yvonne Gilyard Deputy Clerk to the Board
Johnna Rogers Deputy County Manager
David Ellis Deputy County Manager
Susan McCullen Finance Director
Emily Lucas Deputy Finance Director

Wake County North Carolina

Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016

Prepared by the Wake County Finance Department:

Susan McCullen, CPA, *Finance Director*

Emily Lucas, CPA, *Deputy Finance Director*

Angela Mason, *Senior Accounting Technician*
Ann Mattern, *Risk Management Specialist*
Brooke Everette, *Senior Accounting Technician*
Charles Williford, CPA, *Internal Auditor*
Cindy Dean, *Senior Accounting Technician*
Donna M. Jenkins, *Buyer*
Heather Stiles, *Information/Technology Analyst*
Jennifer Waldschmidt, *Senior Accountant*
John T. Stephenson, CPA, *Internal Audit Director*
Karen Thiessen, *Investment Analyst*
Kim Lorbacher, CPA, *Accounting & Reporting Manager*
Kimberly O'Neal, *Senior Accounting Technician*
Lee Linker, CPA, *Internal Auditor*
Loretta Alston, *Executive Assistant*
Mary Hutchings, *Internal Auditor*

Melissa England Carroll, *Management Policy and Analyst*
Michele Crenshaw, *Buyer*
Nicole Kreiser, *Debt Manager*
Pam Harrington, *Information/Technology Analyst*
Sandy Carrington, *Accountant*
Sarah Gould, CPA, *Internal Auditor*
Scott Hanner, *Buyer*
Sheila Hopkins, *ERP Systems Manager*
Sonya Hicks, *Senior Accountant*
Spencer Phillips, *Senior Accountant*
Tamara Williams, *Senior Accounting Technician*
Tom Wester, CLGPO, *Purchasing Director*
Tracey Aviles, *Accountant*
Wendi Brusseau, *Senior Accountant*

TABLE OF CONTENTS

INTRODUCTORY SECTION:

| | |
|---|------|
| Title Page | I |
| Board of County Commissioners and County Officials | II |
| Wake County Finance Department | III |
| Table of Contents | IV |
| Organization Chart | VII |
| Letter of Transmittal | VIII |
| GFOA Certificate of Achievement for Excellence in Financial Reporting | XIII |

FINANCIAL SECTION:

| | |
|--|----|
| Independent Auditor’s Report | 1 |
| Management’s Discussion and Analysis | 4 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 21 |
| Statement of Activities | 23 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 24 |
| Reconciliation of Balance Sheet to Statement of Net Position | 26 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 27 |
| Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 29 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General Fund | 30 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Major Facilities Fund | 31 |
| Statement of Net Position – Proprietary Funds | 32 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds | 34 |
| Statement of Cash Flows – Proprietary Funds | 35 |
| Statement of Fiduciary Net Position | 37 |
| Notes to the Financial Statements | 38 |
| Required Supplementary Information: | |
| Required Supplementary Information - Law Enforcement Officers’ Special Separation Allowance | 82 |
| Required Supplementary Information - Other Post-employment Benefits | 83 |
| Required Supplementary Information - Local Governmental Employees’ Retirement System | 84 |
| Required Supplementary Information - Register of Deeds’ Supplemental Pension Fund | 85 |

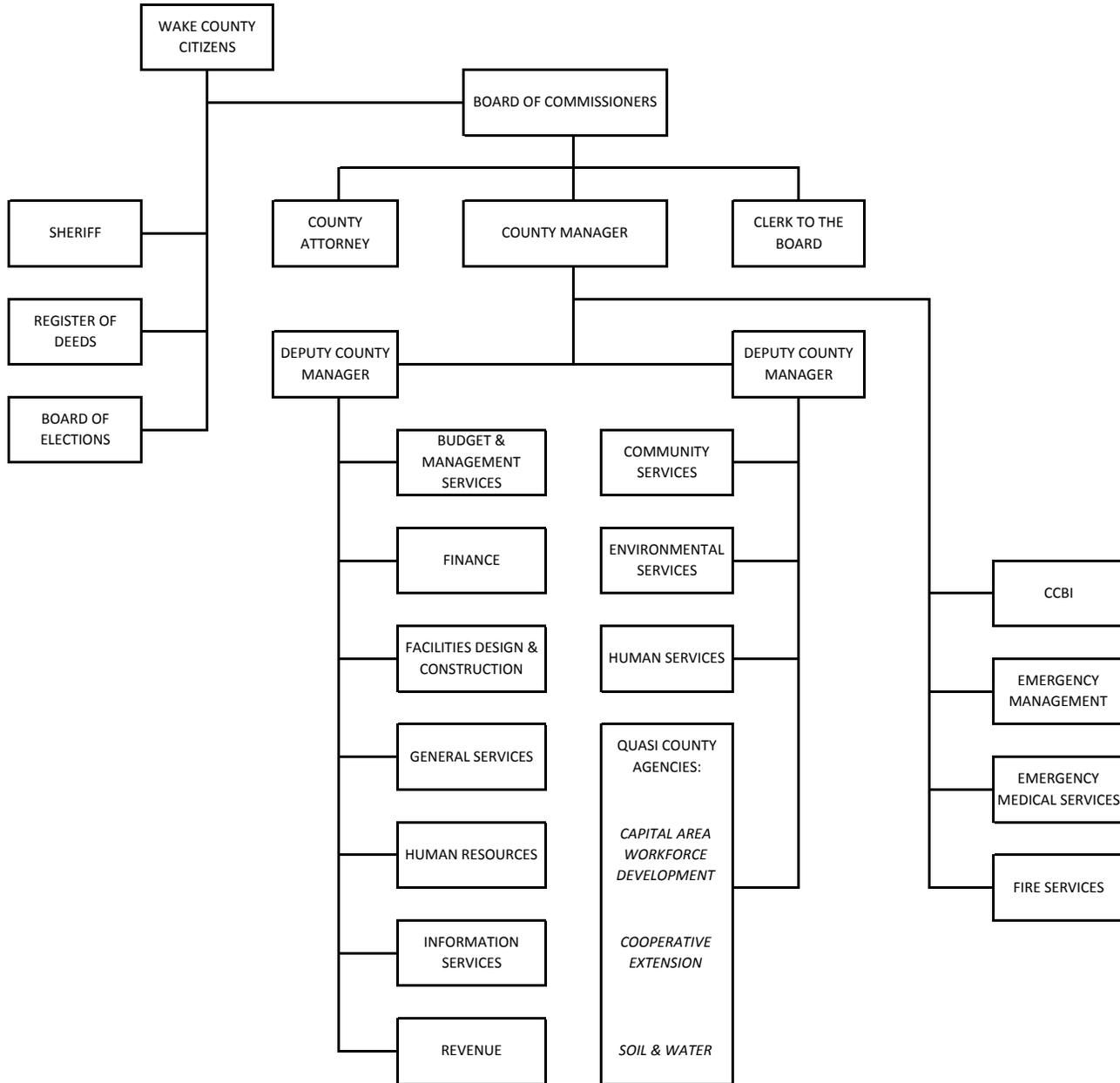
Supplementary Information:

| | |
|---|-----|
| General Fund: | |
| Comparative Balance Sheets | 86 |
| Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 87 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Detailed Budget and Actual | 88 |
| Schedules of Revenues, Expenditures and Changes in Fund Balances – Major Governmental Funds: | |
| Affordable Housing Fund, from Inception | 95 |
| Major Facilities Fund, Budget and Actual | 96 |
| Debt Service Fund, Budget and Actual | 97 |
| County Capital Projects Fund, from Inception | 98 |
| School Capital Fund, from Inception | 99 |
| Wake Community College Capital Projects Fund, from Inception | 100 |
| Combining and Individual Fund Statements and Schedules: | |
| Combining Balance Sheet - Nonmajor Governmental Funds | 101 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 102 |
| Combining Balance Sheet – Nonmajor Special Revenue Funds | 103 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds | 104 |
| Combining Balance Sheet – Nonmajor Capital Project Funds | 105 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds | 106 |
| Schedules of Revenues, Expenditures and Changes in Fund Balances: | |
| Grants Fund, from Inception | 107 |
| Capital Area Workforce Development Fund, from Inception | 108 |
| Fire Tax District Fund, Budget and Actual | 109 |
| Transportation Fund, Budget and Actual | 110 |
| Fire Capital Project Fund, from Inception | 111 |
| Major Facilities Capital Trust Fund, from Inception | 112 |
| Budgetary Combining Balance Sheet, Solid Waste Operating and Capital Project Funds (Non-GAAP) | 113 |
| Solid Waste Operating Fund, Budget and Actual | 114 |
| Solid Waste Construction Fund, from Inception | 116 |
| Budgetary Combining Balance Sheet, South Wake Landfill Partnership Fund (Non-GAAP) | 117 |
| South Wake Landfill Partnership Fund, Budget and Actual | 118 |
| Budgetary Balance Sheet, Corporate Fleet Fund (Non-GAAP) | 119 |
| Corporate Fleet Fund, Budget and Actual | 120 |
| Agency Funds: | |
| Combining Statement of Changes in Assets and Liabilities | 121 |
| Capital Assets: | |
| Schedule of Governmental Capital Assets by Function and Category | 123 |
| General Obligation Indebtedness: | |
| Schedule of Changes in Governmental Long-term Debt | 124 |
| Schedule of Long-Term Debt Maturities and Annual Debt | |
| Service Requirements for Governmental Activities | 125 |

STATISTICAL SECTION:

| | |
|--|-----|
| Table 1 – Net Position by Component – Last Ten Fiscal Years | 126 |
| Table 2 – Changes in Net Position – Last Ten Fiscal Years | 127 |
| Table 3 – Fund Balance of Governmental Funds Last Ten Fiscal Years | 128 |
| Table 4 – Changes in Fund Balance of Governmental Funds Last Ten Fiscal Years | 130 |
| Table 5 – Assessed Value and Actual Value of Taxable Property Last Ten Fiscal Years | 131 |
| Table 6 – Direct and Overlapping Property Tax Rates Last Ten Fiscal Years | 132 |
| Table 7 – Principal Property Tax Payers Current Year and Nine Years Ago | 133 |
| Table 8 – Property Tax Levies and Collections Last Ten Fiscal Years | 134 |
| Table 9 – Schedule of Ad Valorem Taxes Receivable | 135 |
| Table 10 – Analysis of Current Tax Levy – Countywide Levy | 136 |
| Table 11 – Ratios of Outstanding Debt by Type Last Ten Fiscal Years | 137 |
| Table 12 – Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years | 138 |
| Table 13 – Direct and Overlapping Governmental Activities Debt | 139 |
| Table 14 – Legal Debt Margin Information Last Ten Fiscal Years | 140 |
| Table 15 – Demographic and Economic Statistics Last Ten Fiscal Years | 141 |
| Table 16 – Principal Employers – Current Year and Nine Years Ago | 142 |
| Table 17 – Full-time Equivalent County Government Employees by Function Last Ten Fiscal Years | 143 |
| Table 18 – Operating Indicators by Function Last Ten Fiscal Years | 144 |
| Table 19 – Capital Asset Statistics by Function Last Ten Fiscal Years | 145 |

WAKE COUNTY ORGANIZATION CHART





December 7, 2016

Residents of Wake County
The Honorable Members of the Board of County
Commissioners
Wake County, North Carolina

Promoting a vision of a county government that partners with all levels of government to empower, protect, and serve its citizens through a culture of respect, collaboration, and innovation is a key goal of the Wake County Board of Commissioners. A key objective of that goal is continuing the County's strong foundation of fiscal strength to maintain the County's Aaa bond rating with all three rating agencies. This Comprehensive Annual Financial Report (financial statements) of Wake County, North Carolina, for the fiscal year ended June 30, 2016, demonstrates the County's continued progress towards meeting that objective. The County, like all other local governments in North Carolina, is required by state law to publish a complete set of financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Each year this document is prepared to fulfill that requirement, as well as to provide details about how the County receives, spends, and accounts for its resources and key indicators of the County's financial condition.

The County's Finance Department prepares the financial statements and assumes all responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and help ensure that information is reliable for the preparation of this report. Because the cost of internal controls should not outweigh their benefits, the County's controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. Wake County officials believe the data and presentation are fair and accurate, and that everything necessary is included in this document to gain an understanding of the County's financial activities over the last fiscal year.

Wake County Government's financial statements have been audited by Elliott Davis Decosimo, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with generally accepted accounting principles. The report of the independent auditor is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. This is to be done with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

Wake County is required to present a Management's Discussion and Analysis (MD&A) as an introduction to the financial information. This analysis immediately follows the auditor's opinion and provides an overview and analysis of the County's significant transactions in fiscal year 2016. The purpose of the MD&A is to aid readers in understanding the financial impacts and their relationships as detailed in the financial statements and schedules provided. This letter of transmittal is written to compliment and not supplant the MD&A.

FINANCIAL REPORTING ENTITY

The financial statements include all funds of Wake County, including all activities considered to be part of (controlled by or dependent on) the County. Control by, or dependence on, the County was determined in accordance with the criteria established by the Governmental Accounting Standards Board (GASB) and included in the GASB's guidance in defining the governmental reporting entity.

The financial reporting entity includes all funds of Wake County, as well as its component units. Component units are legally separate entities for which the County is financially accountable.

Proprietary funds are used to account for a government's continuing business-type organizations and activities. The Wake County Board of Alcoholic Beverage Control is a component unit of Wake County and is presented as a proprietary fund. Most of the generally accepted accounting principles of proprietary funds are those applicable to similar private businesses.

PROFILE OF WAKE COUNTY

The County, chartered in 1771, covers an area of 864 square miles. It is the second most populous county in the State with a little over 1 million residents. The County seat, the City of Raleigh, also is the State capital. The Town of Cary also is in the County. The collective population of Raleigh and Cary is approximately 60% of the County's population. There also are ten smaller municipalities located in the County.

The County's topography is characterized by low, rolling hills in the northwest, changing gradually to level land in the southeast. The location, geography, and climate make Wake County an enjoyable place to live, work, learn, and play, while also contributing significantly to the economic viability of the region. The proximity of Research Triangle Park, major educational centers, warm climate, and easy access to recreation and cultural events have helped make the County a part of the fastest growing MSA in the State and among the fastest growing regions in the nation.

Wake County is continually highlighted in the pages of national publications as one of the best places to call home. Some of those accolades include:

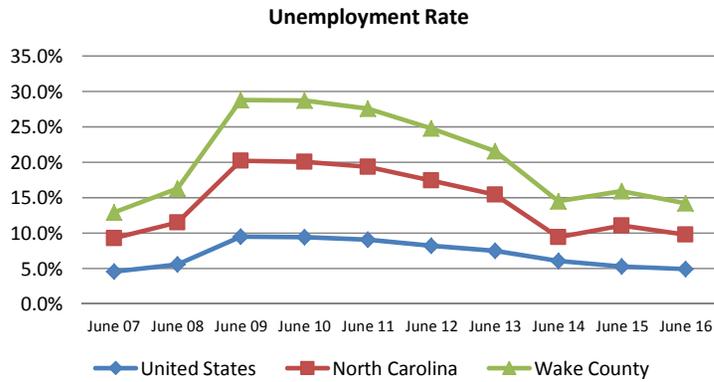
- **#1 Best Big City to Live In in the Southeast** (Raleigh NC) Money Magazine, September 2016
- **#3 Best Large City to Live In** (Raleigh, NC) WalletHub, July 2016
- **#1 Digital County** (Population of 500,000 or more Wake County, NC) GovTech, July 2016
- **#9 Best City for Jobs** (Raleigh, NC) Forbes, May 2016
- **#4 Best Place to Live** (Raleigh-Durham, NC) US News, March 2016
- **#2 City for Business and Careers** (Raleigh, NC) Forbes, July 2015

FACTORS AFFECTING FINANCIAL CONDITION

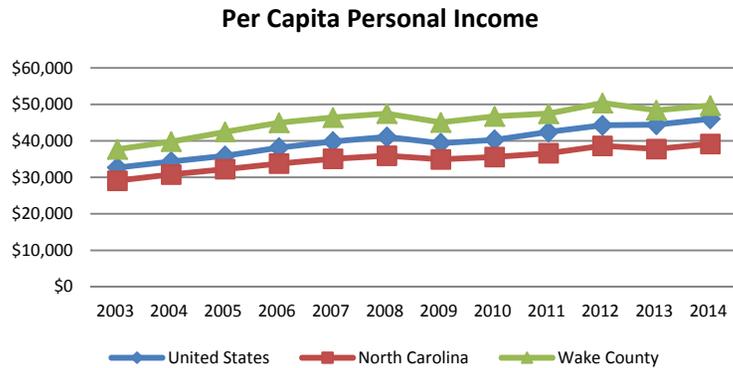
A multitude of factors influence the County's strong financial condition, including low unemployment as compared to the state and the nation; the County's broad and diverse economy; the stabilizing influence of the principal executive, judicial and regulatory offices of State government and other State institutions located in the County; an average per capita income that is higher than the State average and the United States; and a growing economic base evidenced by increases in building permits and assessed tax value.

Unemployment Rates

On June 30, 2016, the unemployment rate was 4.3%, compared with 4.9% for the State and 4.9% for the nation. Wake County's recovery from the significant recession of the latter 2000's occurred at a faster pace than the nation and State. Now, in a return of economic stabilization and growth, the County's unemployment rate remains lower than North Carolina as a whole and the United States.



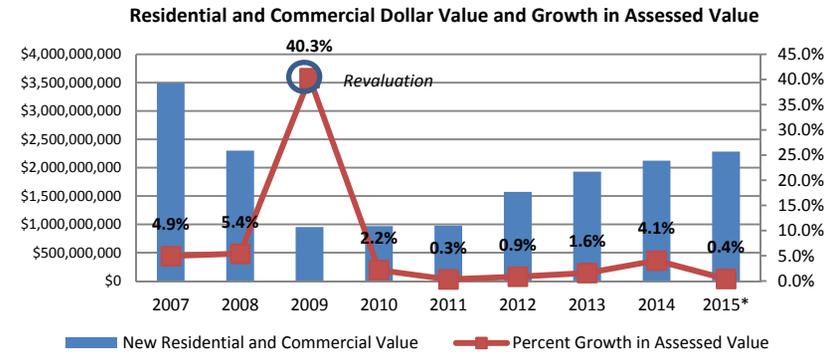
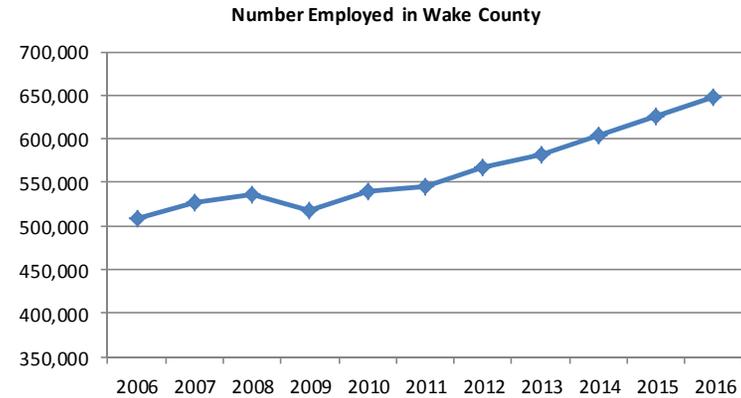
Our residents' per capita income, as reported by the U.S. Bureau of Economic Analysis, also shows increases and relative strength relative to the state and the nation.



Job Growth and Investment

Job growth remains strong. Wake County continues to attract diverse companies creating new jobs. Wake County Economic Development reports that 45 different companies (16 new and 29 expanding) announced a total of 2,800 new jobs worth a total of \$224 million of new investment. In

addition, prior announcements have met or exceeded hiring targets established. Such job announcements allow the County to continue to experience growth in the number of employed in Wake County and increases in both residential and commercial assessed value.



Economic Diversity

Approximately 25% of the renowned Research Triangle Park, home of many high technology and research companies, is located in the County. The County's economic profile is a mixture of manufacturing, service industries, health care, educational institutions, and State and local government. The principal executive, judicial, and regulatory offices of State government and other State institutions are located in the County. Further, light manufacturing of telecommunications equipment, pharmaceuticals, electrical and machine parts, and electronic components contribute to a diversified economic base. The County also is a regional wholesale and retail trade center.

Major highlights of the County's commercial, industrial and institutional profile include:

- The Research Triangle Park (RTP), a nationally recognized center for research and light manufacturing, is partially located in the County. The RTP's primary objective is to attract research-related institutions to the area, and is currently home to approximately 190 organizations including International Business Machines Corporation, GlaxoSmithKline, Cisco Systems, Credit Suisse, RTI International, Fidelity Investments, National Institute of Environmental Health Sciences, United States Environmental Protection Agency, Biogen IDEC and NetApp. The organizations in RTP employ an estimated 39,000 employees. Source: Research Triangle Foundation of North Carolina.
- Six public and private institutions of higher education are located within the County, including North Carolina State University (the University) in Raleigh. The University has an enrollment of approximately 34,400 students and is engaged in graduate and undergraduate education, research, and extension programs. It employs approximately 8,000 employees. The University's unique research park, Centennial Campus, hosts more than 60 companies, government agencies, and research and academic units.
- The County also is home to Wake Technical Community College (Wake Tech), which is part of the North Carolina Community College System. The mission of Wake Tech is to provide education and training for the workforce. Wake Tech has an

enrollment of 40,951 students in curriculum education and approximately 29,528 students in continuing education.

- Three acute care hospital systems are located in the County and employ over 15,000 employees. Source: Wake County Economic Development Website, March 2016.
- The County's population is highly educated. According to the U.S. Census Bureau, in 2014 the percentage of the County's adult population with a high school degree or higher was 92%, and the percentage of the County's adult population with a B.A. degree or higher was 48%. Source: U.S. Census Bureau American Community Survey, U.S. Census website, September 2016.

Long-Term Planning and Community Improvement Plan

Wake County's prudent financial planning and sound management policies are hallmarks of its financial strength. The County relies on its goals and objectives to guide long-term decision making and works with its partners to achieve them. To maintain sound financial footing, the County practices long-term capital planning to allow the County to meet the needs of its citizens while maintaining financial policy targets to ensure the County's continued success as a triple-A rated government, as determined by the three major rating agencies.

Wake County's capital funding program leverages debt financing to expand the County's ability to support capital projects. The County's triple-A bond rating from all three rating agencies allows the County to receive lower interest rates on debt issued for capital expenditures. Three fundamental strategies are key to the success of the program: 1) dedicating a funding stream specifically to capital comprised of 19.90 cents of the County's property tax rate and a portion of sales tax revenue; 2) maintaining a financing ratio of 80% debt and 20% cash; and 3) adhering to the County's operating revenues fund balance policy of maintaining a fund balance of at least 30% of general fund and debt service fund combined revenues. Dedicating annual revenue streams for a capital program requires a great deal of fiscal discipline. It also is essential for the success of the long-term capital program and to deliver quality services to the current and future residents of Wake County.

In North Carolina, counties are statutorily responsible for providing facilities for both public K-12 schools and community colleges. Wake County, home to the 16th largest school district in the nation with more than 155,000 students, and the State's largest community college, requires significant investment to maintain existing facilities and invest in additional facilities for enrollment growth. Accordingly, over 80% of the County's outstanding \$2.05 billion of debt is for education related capital costs.

During fiscal year 2016, significant additions to the County's debt and capital program continued. Backed by general obligation bonds approved by voters in 2007, 2012, and 2013, the County authorized \$400 million of bond anticipation notes for the Wake County Public School System CIP 2013 Building Program, the Wake Tech 2012 Building Program, and the County libraries building program. More information about the County's debt financed programs, or other projects included in its Community Improvement Plan are available online at <http://www.wakegov.com/budget>.

OTHER COUNTY GOALS AND ACCOMPLISHMENTS

The County focuses on maintaining a high quality of life for its current and future residents and many of its goals and objectives encompass some component of growth. The County increased the Wake County Public School System's general fund operating budget \$44.5 million, not only addressing enrollment growth, and increases in per pupil funding, but also adding significant increases to the local teacher salary supplement. The County is making progress in facilitating the NC FAST program and adding positions to address child welfare caseloads. In support of the Board's goal of enhancing arts and culture, the County opened the new Northeast Regional Library in April 2016 and opened the Robertson Millpond Reserve in November 2015. To address the County's goals of creating a sustainable, regional transportation system that offers choices to meet local needs, the County and its transit partners worked collaboratively to prepare a transit plan to significantly increase our community's investment in mobility options. The adopted Wake County Transit Plan and interlocal agreement guides the ongoing funding, expansion and construction of the plan. The half-cent sales tax advisory referendum authorized by the Board of Commissioners, and subsequently approved by the voters on November 8, 2016, provides a primary source of funding for the plan.

AWARDS AND ACKNOWLEDGMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Wake County for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This marks the 32nd consecutive year in which the County has received this recognition. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The GFOA award is valid for a period of one year.

Acknowledgments

We appreciate the assistance and dedication of the Finance Department staff throughout the year, especially during the preparation of this document. We would like to thank all members of the department who contributed to its preparation and the County's independent certified public accountants, Elliott Davis Decosimo, LLC, for their assistance. The cooperation of each County department is appreciated as we work together to conduct the County's financial operations. We also express our appreciation to the members of the Wake County Board of Commissioners for their continued support as the County continues to conduct its financial activities in a responsible, transparent, and progressive manner.

Respectfully submitted,

Jim Hartmann

Jim Hartmann
County Manager

Susan McCullen

Susan McCullen, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Wake County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



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, 2016, 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, 2016, and the respective changes in financial position and cash flows, where applicable, 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. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, effective July 1, 2015. Our opinions are not modified with respect to this matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress for the Law Enforcement Officers' Special Separation Allowance, the funding progress for Other Postemployment Benefits, Proportionate Share of Net Pension Liability and Schedule of Contributions for Local Governmental Employees' Retirement System and Proportionate Share of Net Pension Asset and Schedule of Employer Contributions for Register of Deeds Supplemental Pension Fund, 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 and other auditors 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 general fund and other funds' combining and individual fund financial statements, budgetary schedules, Schedule of Governmental Capital Assets by Function and Category, Schedule of Changes in Governmental Long-term Debt and Schedule of Long-term Debt Maturities and Annual Debt Service Requirements for Governmental Activities, the introductory section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The general fund and other funds' combining and individual fund financial statements, budgetary schedules, 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 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America 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.

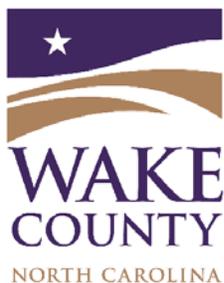
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016 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
December 7, 2016



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, 2016. 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, 2016:

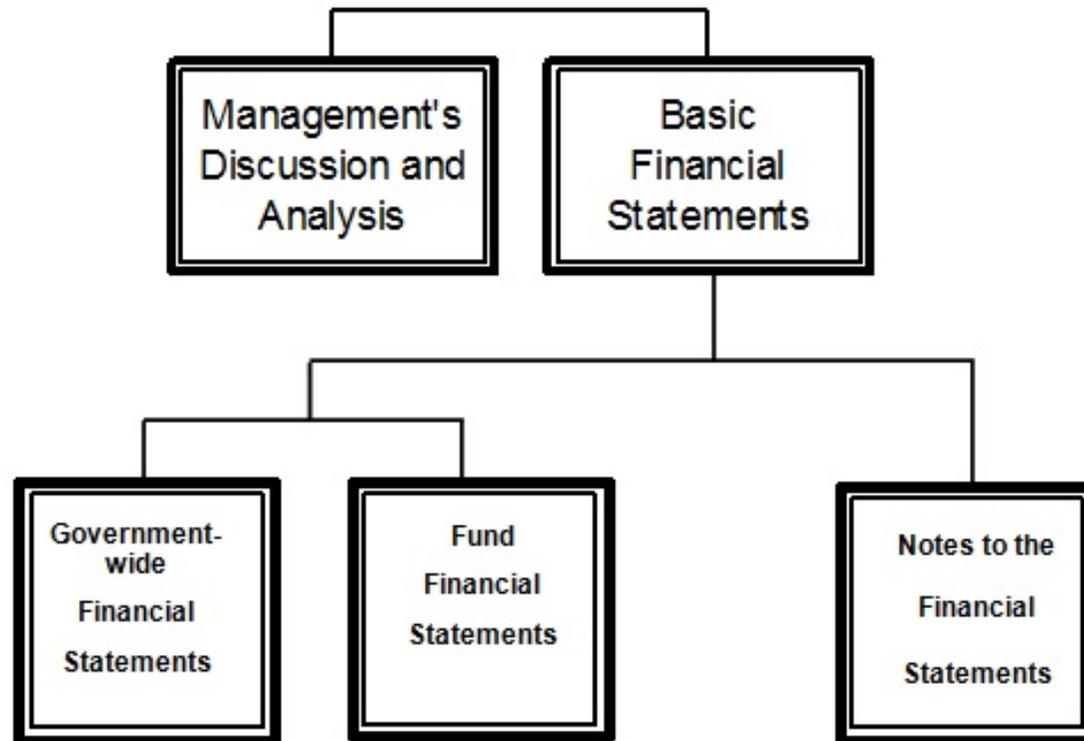
- As of June 30, 2016, the County's governmental funds reported combined ending fund balances of \$772.3 million, compared with a restated \$1.07 billion at the end of the prior fiscal year.
- The combined General Fund and Debt Service Fund balances are measured together to assess the County's overall fiscal health. At the end of the 2016 fiscal year, the fund balances for the County's General Fund and Debt Service Fund were \$276.6 million and \$127.4 million, respectively, compared with each fund reporting fund balances of \$245.6 million and \$153.9 million, respectively, in the prior fiscal year. The total fund balance of both funds as a percentage of combined General Fund and Debt Service Fund revenues was 33.9% as of the end of fiscal year 2016, compared to 34.7% as of the end of the 2015 fiscal year. Both total fund balance and combined revenues increased, although revenues increased at a higher rate than the amount of total fund balance.
- The County uses a long-term financial planning model for capital budgeting purposes. The debt component of the model helps evaluate the impact of capital funding decisions on the County's financial condition and to ensure policy targets are maintained. In accordance with the model, the County allocates a portion of property taxes specifically for debt service and cash funding of its capital program. The tax rate for fiscal year 2016 was 61.45 cents, of which 19.9 cents was dedicated to capital and debt service. In addition, a portion of sales tax is transferred to the Debt Service Fund for school capital and debt service. For fiscal year 2016, the County transferred \$221 million from the General Fund to fund debt service, \$43.7 million for Wake County Public School System capital projects, \$28.3 million to fund County capital projects, and \$3.5 million for Wake Technical Community College capital projects.

Wake County, North Carolina
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

- Wake County has maintained an “Aaa” rating from Moody’s since 1973, an “AAA” rating from Standard & Poor’s Global since 1983, and an “AAA” rating from Fitch Ratings 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 low interest rates on debt issued, ultimately reducing the cost of debt to the taxpayers. The ratings from each of the aforementioned agencies were reaffirmed most recently in May 2016 in conjunction with the refunding of the County's 2009 and 2010 limited obligation bonds that were initially issued to support the construction of the Wake County Criminal Justice Center and Wake County Detention Center. This refunding resulted in a savings of over \$24 million over the remaining life of the obligation.
- 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 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 fiscal year 2015 operating budget, which remained in effect for fiscal year 2016. After issuing \$370.2 million of general obligation bonds in fiscal year 2015 in support of this program, the County authorized \$344.344 in bond anticipation notes (BANs) in fiscal year 2016 to continue funding these projects.
- In addition to the debt for the WCPSS CIP 2013 building program, the County also authorized \$37.750 million in BANs to continue the Wake Technical Community College (WTCC) 2012 building program and \$17.906 million in BANs for a variety of library construction projects.

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 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 **21 - 23** 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 North Carolina 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.

Wake County, North Carolina
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

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, management of the County, and 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 also is included with the basic financial statements as an annually-budgeted major special revenue fund.

Proprietary Funds – For the fiscal year ended June 30, 2016, 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 11 municipalities within the County. The enterprise funds are consolidated into the business-type activities that are presented in the Statement of Net Position 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 as 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 North Carolina Division 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.

Wake County, North Carolina
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

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 \$812.0 million as of June 30, 2016. Net position is reported in three general categories: net investment in capital assets of \$512.8 million, restricted amounts totaling \$336.6 million, and an unrestricted net deficit of \$(1,661.3) 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 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 decreased from \$529.4 million in the prior year to \$512.8 million at June 30, 2016. The largest portion of the decrease 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 is reported as an unrestricted net 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 Public School System (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 \$1,491,599,354, and the outstanding balance of the community college-related debt less unspent bond proceeds was \$219,179,850. However, the entire amount of school and college debt outstanding is general obligation debt, which is collateralized by the full faith, credit, and taxing power of the County.

Wake County, North Carolina
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

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 used to finance capital outlay and construction for 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 invested in capital assets category.

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

| | |
|---------------------------------|---------------------------|
| School system debt | \$ (1,491,599,354) |
| Community college Debt | (219,179,850) |
| All other unrestricted | <u>49,468,652</u> |
| Total unrestricted (deficit) | <u>\$ (1,661,310,552)</u> |

Wake County, North Carolina
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

Wake County's Net Position:

| | <u>June 30, 2016</u> <u>Governmental</u> <u>Activities</u> | <u>June 30, 2015</u> <u>Governmental</u> <u>Activities</u> <u>(as restated)</u> | <u>June 30, 2016</u> <u>Business-type</u> <u>Activities</u> | <u>June 30, 2015</u> <u>Business-type</u> <u>Activities</u> | <u>June 30, 2016</u> <u>Total</u> | <u>June 30, 2015</u> <u>Total</u> <u>(as restated)</u> |
|--|--|--|---|---|--------------------------------------|--|
| Current and other assets | \$ 879,420,368 | \$ 1,196,396,848 | \$ 64,659,300 | \$ 63,754,917 | \$ 944,079,668 | \$ 1,260,151,765 |
| Capital assets | <u>861,905,729</u> | <u>878,536,398</u> | <u>14,569,010</u> | <u>13,034,939</u> | <u>876,474,739</u> | <u>891,571,337</u> |
| Total assets | <u>1,741,326,097</u> | <u>2,074,933,246</u> | <u>79,228,310</u> | <u>76,789,856</u> | <u>1,820,554,407</u> | <u>2,151,723,102</u> |
| Deferred outflows of resources | <u>14,177,550</u> | <u>12,991,385</u> | <u>81,333</u> | <u>79,995</u> | <u>14,258,883</u> | <u>13,071,380</u> |
| Long-term liabilities/schools | 1,615,701,712 | 1,761,727,388 | - | - | 1,615,701,712 | 1,761,727,388 |
| Long-term liabilities/community colleges | 261,900,670 | 279,095,309 | - | - | 261,900,670 | 279,095,309 |
| Long-term liabilities/other | 535,322,115 | 517,966,767 | 27,856,008 | 24,519,497 | 563,178,123 | 542,486,264 |
| Other liabilities | <u>114,596,021</u> | <u>118,552,841</u> | <u>5,890,944</u> | <u>5,112,386</u> | <u>120,486,965</u> | <u>123,665,227</u> |
| Total liabilities | <u>2,527,520,518</u> | <u>2,677,342,305</u> | <u>33,746,952</u> | <u>29,631,883</u> | <u>2,561,267,470</u> | <u>2,706,974,188</u> |
| Deferred inflows of resources | <u>85,449,293</u> | <u>98,827,089</u> | <u>64,329</u> | <u>272,985</u> | <u>85,513,622</u> | <u>99,100,074</u> |
| Net position: | | | | | | |
| Invested in capital assets | 498,217,507 | 516,347,191 | 14,569,010 | 13,031,162 | 512,786,517 | 529,378,353 |
| Restricted/various | 330,499,243 | 384,569,749 | 6,056,990 | 5,987,408 | 336,556,233 | 390,557,157 |
| Unrestricted | <u>(1,686,182,914)</u> | <u>(1,588,121,415)</u> | <u>24,872,362</u> | <u>27,946,413</u> | <u>(1,661,310,552)</u> | <u>(1,560,175,002)</u> |
| Total net position | <u>\$ (857,466,164)</u> | <u>\$ (687,204,475)</u> | <u>\$ 45,498,362</u> | <u>\$ 46,964,983</u> | <u>\$ (811,967,802)</u> | <u>\$ (640,239,492)</u> |

The County funds the capital needs for both WCPSS and WTCC, 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 99.85%. 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.

Wake County, North Carolina
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

Wake County's Changes in Net Position:

| | For the Year Ended | | For the Year Ended | | For the Year Ended | |
|--|-------------------------|-------------------------|----------------------|----------------------|-------------------------|-------------------------|
| | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 |
| | Governmental | Governmental | Business-type | Business-type | Total | Total |
| | Activities | Activities | Activities | Activities | | (as restated) |
| | | (as restated) | | | | |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 75,435,824 | \$ 72,251,229 | \$ 25,221,294 | \$ 23,981,146 | \$ 100,657,118 | \$ 96,232,375 |
| Operating grants and contributions | 131,413,014 | 121,633,351 | 1,964,590 | 1,760,881 | 133,377,604 | 123,394,232 |
| General revenues: | | | | | | |
| Property taxes | 836,704,096 | 763,304,541 | - | - | 836,704,096 | 763,304,541 |
| Sales taxes | 167,601,590 | 154,509,781 | - | - | 167,601,590 | 154,509,781 |
| Grants and contributions not restricted to specific programs | 8,708,612 | 7,510,466 | - | - | 8,708,612 | 7,510,466 |
| Other general revenues | 72,689,751 | 63,084,499 | 1,735,943 | 1,812,220 | 74,425,694 | 64,896,719 |
| Total revenues | 1,292,552,887 | 1,182,293,867 | 28,921,827 | 27,554,247 | 1,321,474,714 | 1,209,848,114 |
| Expenses: | | | | | | |
| General government | 83,075,414 | 67,697,095 | - | - | 83,075,414 | 67,697,095 |
| Human services | 208,574,457 | 211,150,777 | - | - | 208,574,457 | 211,150,777 |
| Education | 744,326,523 | 555,325,661 | - | - | 744,326,523 | 555,325,661 |
| Community development and cultural | 90,192,355 | 82,956,045 | - | - | 90,192,355 | 82,956,045 |
| Environmental services | 25,539,274 | 8,376,306 | - | - | 25,539,274 | 8,376,306 |
| Public safety | 169,946,017 | 156,223,861 | - | - | 169,946,017 | 156,223,861 |
| General services administration | 27,303,740 | 26,171,169 | - | - | 27,303,740 | 26,171,169 |
| Interest on long-term debt | 114,306,796 | 70,672,162 | - | - | 114,306,796 | 70,672,162 |
| Solid waste | - | - | 29,938,448 | 24,952,760 | 29,938,448 | 24,952,760 |
| Total expenses | 1,463,264,576 | 1,178,573,076 | 29,938,448 | 24,952,760 | 1,493,203,024 | 1,203,525,836 |
| Increase (decrease) in net position before transfers | (170,711,689) | 3,720,791 | (1,016,621) | 2,601,487 | (171,728,310) | 6,322,278 |
| Transfers | 450,000 | 450,000 | (450,000) | (450,000) | - | - |
| Change in net position | (170,261,689) | 4,170,791 | (1,466,621) | 2,151,487 | (171,728,310) | 6,322,278 |
| Net position (deficit), beginning of year | (687,204,475) | (692,415,554) | 46,964,983 | 44,813,496 | (640,239,492) | (647,602,058) |
| Prior period adjustment | - | 1,040,288 | - | - | - | 1,040,288 |
| Net position (deficit), beginning of year, as restated | (687,204,475) | (691,375,266) | 46,964,983 | 44,813,496 | (640,239,492) | (646,561,770) |
| Net position, end of the year | \$ (857,466,164) | \$ (687,204,475) | \$ 45,498,362 | \$ 46,964,983 | \$ (811,967,802) | \$ (640,239,492) |

Change in Accounting Principles, Restatements, and Prior Period Adjustments:

In accordance with Governmental Accounting Standards Board (GASB) Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68, the County reclassified the Law Enforcement Officers' Special Separation Allowance trust fund to the General Fund. As a result, the net position for the governmental activities increased by \$1,040,288.

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, 2016, were the General Fund, Affordable Housing Fund, Major Facilities Fund, Debt Service Fund, County Capital Projects Fund, School Capital Fund, Wake Community College Capital Projects Fund, Solid Waste Operating Fund, and South Wake Landfill Partnership Fund, the last two of which are enterprise funds.

As of the close of the 2016 fiscal year, the County's total governmental funds reported combined ending fund balances of \$772.3 million, down \$296.6 million from \$1.070 billion for the prior fiscal year. The County's governmental fund balance decreased primarily because, during the fiscal year ended June 30, 2016, the County expended general obligation bond proceeds issued in prior fiscal years, mainly for WCPSS and WTCC capital needs.

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 requires the County to maintain a total General Fund balance of at least 15% of the subsequent year's adopted budget and an amount committed for working capital of at least ten percent 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 also to require that the County maintain combined General Fund and Debt Services Fund total fund balances of at least 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 from the three major rating agencies.

At the end of the 2016 fiscal year, the fund balances for the County's General Fund and the Debt Service Fund were \$276.6 million and \$127.4 million, respectively, compared with both funds reporting fund balances of \$245.6 million and \$153.9 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, transfers in and bond premiums was 33.9% as of the end of fiscal year 2016, compared with a combined total of 34.7% as of the end of the 2015 fiscal year. The percentage decrease resulted from an increase in combined revenues that was greater than the increase in total fund balances.

Wake County, North Carolina
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

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 fund balance no less than 19% 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% of General Fund and Debt Service Fund combined revenues.

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

Fund Balance Policy Compliance Analysis: General Fund

| | <u>June 30, 2016</u> | <u>June 30, 2015 (as restated)</u> | <u>Increase (Decrease)</u> |
|---|----------------------|--|--------------------------------|
| Non-spendable: | | | |
| Inventories/noncurrent receivables | \$ 1,087,851 | \$ 1,141,838 | \$ (53,987) |
| Restricted: | | | |
| Stabilization by State statute | 73,286,772 | 71,764,144 | 1,522,628 |
| Register of deeds automation | 556,512 | 483,897 | 72,615 |
| Committed: | | | |
| Revaluation reserve | 2,669,145 | 3,684,154 | (1,015,009) |
| LEO Separation Allowance | 789,655 | - | 789,655 |
| Future appropriations from excess ABC revenues | 8,900,000 | 2,650,000 | 6,250,000 |
| Future appropriations for behavioral health | 6,300,000 | - | 6,300,000 |
| Working capital | 181,835,526 | 163,235,527 | 18,599,999 |
| Assigned: | | | |
| Planned expenditures | 1,134,000 | 2,279,506 | (1,145,506) |
| Future insurance claims | - | 400,000 | (400,000) |
| General fund balance | <u>276,559,461</u> | <u>245,639,066</u> | <u>30,920,395</u> |
| Subsequent Year's Adopted Budget | <u>1,200,021,000</u> | <u>1,153,513,034</u> | <u>46,507,966</u> |
| Fund Balance as a percentage of next year's budget (15% minimum) | <u>23.05%</u> | <u>21.29%</u> | <u>1.76%</u> |
| Working Capital | <u>181,835,526</u> | <u>163,235,527</u> | <u>18,599,999</u> |
| Working Capital as a percentage of next year's budget (10% minimum) | <u>15.15%</u> | <u>14.15%</u> | <u>1.00%</u> |

Wake County, North Carolina
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

General Fund and Debt Service:

| | June 30, 2016 | June 30, 2015 (as restated) | Increase (Decrease) |
|---|-----------------------|--|--------------------------------------|
| General Fund Revenue and transfers in | \$ 1,171,043,643 | \$ 1,079,563,019 | \$ 91,480,624 |
| Debt Service Fund Revenue, transfers in, and premiums on bond issues | <u>242,389,391</u> | <u>262,062,019</u> | <u>(19,672,628)</u> |
| Combined revenue and transfers in | 1,413,433,034 | 1,341,625,038 | 71,807,996 |
| Less: General Fund transfers to Debt Service Fund | <u>(221,042,000)</u> | <u>(191,774,000)</u> | <u>(29,268,000)</u> |
| Combined General Fund and Debt Service Fund Revenue | \$ 1,192,391,034 | \$ 1,149,851,038 | \$ 42,539,996 |
| Fund Balance | | | |
| General Fund | \$ 276,559,461 | \$ 245,639,066 | \$ 30,920,395 |
| Debt Service | 127,448,981 | 153,873,846 | (26,424,865) |
| Combined Fund Balance | <u>\$ 404,008,442</u> | <u>\$ 399,512,912</u> | <u>\$ 4,495,530</u> |
| Fund Balance as a percentage of Current Year Revenues (30% minimum) | <u>33.9%</u> | <u>34.7%</u> | <u>-0.8%</u> |

General Fund Budgetary Highlights:

During the fiscal year ended June 30, 2016, 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 \$30.9 million during the fiscal year ended June 30, 2016, a substantial amount more than the amount of usage planned of \$4.9 million. A significant portion of the total \$35.8 million difference between planned usage of fund balance and the actual increase in the fund balance resulted from actual revenues in the General Fund that were more than the amounts projected in the final budget by \$23.3 million. Total taxes were greater than the final budgeted amount by \$12.5 million. Property tax collections exceeded the budgeted amount by \$4.6 million. Continued growth in consumer spending resulted in sales tax revenues that exceeded budgeted amounts by approximately \$4 million. The housing market continued to improve with receipts of real property transfer taxes of \$1.3 million over the amount budgeted for the year. Federal and state intergovernmental revenues for human services were \$3.3 million higher than budgeted amounts because of increased federal and state revenues for child support enforcement and administration. There also was a one-time transfer of \$3.5 million from the ABC Board to the County, which was committed as fund balance for County needs to address substance abuse and addiction. Charges for services were \$4 million over budgeted amounts, primarily due to increased collections for EMS services.

Actual expenditures were \$12.5 million less than budgeted amounts resulting from lower than projected spending by all of the County's departments, particularly Human Services and General Government. In the Human Services Department, \$6.3 million of the \$8 million positive budget difference resulted from savings in the behavioral health managed care contract; these savings were allocated as committed fund balance to be used for behavioral health programs in future years.

The County's general government departments' budgets also were under spent by a total of \$3.5 million, with the largest amount being attributed to savings from revaluation costs within the Revenue Department. North Carolina General Statutes require that the County build a reserve that will provide funding for the revaluation of real property that is required no later than every eight years under North Carolina law. These revaluation reserve amounts were used to complete revaluation work for property values that will be effective in calendar year 2016, for fiscal year 2016-2017 property tax bills. The revaluation activities occur over more than one fiscal year, and budgeted amounts tend to vary more widely during this revaluation periods. During the fiscal year, the Board of Commissioners approved a move to complete property revaluation every four years, resulting in additional positions allocated to the Revenue Department. Overall, public safety related expenditures were over budget by approximately \$336,000; this over-expenditure was related to overtime costs for personnel in the detention unit of the Sheriff's Department.

Wake County, North Carolina
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

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 fiscal year 2016 amounted to \$24.9 million, a decrease of \$3 million from the \$27.9 million reported at the end of fiscal year 2015. In addition, the South Wake Landfill Fund reported no unrestricted net position for the fiscal year 2016, the same position reported at the end of the prior fiscal year. Overall, the differences between the two fiscal years are minimal.

Capital Asset and Debt Administration:

| | Wake County Capital Assets (net of Amortization and Depreciation) | | | | | |
|-----------------------------------|--|-----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Land | \$ 139,578,957 | \$ 126,784,717 | \$ 382,327 | \$ 382,327 | \$ 139,961,284 | \$ 127,167,044 |
| Landfills | - | - | 6,455,995 | 6,895,261 | 6,455,995 | 6,895,261 |
| Buildings | 635,442,582 | 592,022,332 | 2,792,653 | 680,115 | 638,235,235 | 592,702,447 |
| Machinery and equipment | 4,729,708 | 3,201,198 | 233,794 | 350,693 | 4,963,502 | 3,551,891 |
| Vehicles and motorized equipment | 15,029,259 | 13,142,062 | - | - | 15,029,259 | 13,142,062 |
| Improvements other than Buildings | 13,722,325 | 16,809,835 | 337,976 | 316,365 | 14,060,301 | 17,126,200 |
| Computer Software | 16,701,028 | 19,238,446 | - | - | 16,701,028 | 19,238,446 |
| Infrastructure | 16,673,153 | 9,881,824 | - | - | 16,673,153 | 9,881,824 |
| Construction in progress | 20,028,717 | 97,455,984 | 4,366,265 | 4,410,178 | 24,394,982 | 101,866,162 |
| Total | \$ <u>861,905,729</u> | \$ <u>878,536,398</u> | \$ <u>14,569,010</u> | \$ <u>13,034,939</u> | \$ <u>876,474,739</u> | \$ <u>891,571,337</u> |

Wake County, North Carolina
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

Capital assets. The County's investment in capital assets for governmental and business-type activities as of June 30, 2016, totals approximately \$876.5 million (net of amortization and depreciation). The assets include buildings, vehicles, computer software, equipment, infrastructure, as well as land and landfills.

Major capital asset transactions during 2016 fiscal year included improvements to county buildings, library construction and improvements, 800mhz radio system replacement and land for the open space preservation program.

Additional information on the County's capital assets can be found in Note 6 of the Basic Financial Statements.

Long-term Debt:

As of June 30, 2016, the County had total general obligation bonded debt outstanding of approximately \$1.969 billion, of which \$1.614 billion and \$262 million was issued to help meet the capital needs for WCPSS and WTCC, respectively. In addition to general obligation bonded debt, the County also has outstanding limited obligation bonds, qualified zone academy bonds, capital leases, and installment purchases. A summary of total outstanding debt associated with governmental activities is shown below.

Wake County's Outstanding Debt - Governmental Activities

| | 2016 | 2015 |
|--|------------------|------------------|
| General Obligation bonds (schools) | \$ 1,614,237,245 | \$ 1,761,400,460 |
| General Obligation bonds (community college) | 261,900,670 | 279,095,309 |
| General Obligation bonds (other) | 93,343,791 | 101,858,999 |
| Capital leases | 390,611 | 763,502 |
| Limited obligation bonds | 279,088,791 | 278,125,603 |
| Bond anticipation notes | 1,301,000 | - |
| Qualified zoning academy bonds (schools) | 163,467 | 326,928 |
| Installment purchases | 4,007,860 | 4,922,510 |
| Total | \$ 2,254,433,435 | \$ 2,426,493,311 |

Wake County, North Carolina
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

Wake County's total general obligation debt decreased \$173 million during the fiscal year ended June 30, 2016. This decrease occurred because the County retired debt during the fiscal year. The County was authorized for \$400 million in bond anticipation notes, of which \$1.3 million were drawn during the fiscal year. These retirements and issuances were made in accordance with the County's long-term capital and debt 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 for Wake County was 4.3% at June 30, 2016, compared with 5.0% at the end of the previous fiscal year. At June 30, 2013, the county's unemployment rate was 7.3%. Over the past three fiscal years, Wake County has experienced significant improvement in the unemployment rate.
- The County is completing its eight year revaluation cycle for real property, that will be effective for property tax billings beginning July 1, 2016. The County is estimating the increase in value from the last revaluation cycle (which took effect January 1, 2008 for the 2009 fiscal year) to be approximately five percent, indicating the County has recovered from any effects of the recession. In addition, natural growth in the tax base between fiscal year 2016 and fiscal year 2017 is estimated at 1.76%.
- Total sales tax collections continued to increase during the fiscal year ended June 30, 2016 to \$167.6 million, from \$154.5 million in the prior fiscal year, an 8.4% increase. Occupancy and prepared food and beverage taxes collections increased from \$21.4 million in fiscal year 2015 to \$23.3 million in fiscal year 2016, an increase of 8.9%. Similar rates of increase are projected to continue in the future.
- Wake County continues to grow, with a population of 1,024,198 people at June 30, 2016. The school system added almost 2,000 students to the public school system rolls, with a total of 157,180 overall enrolled for the 2015-2016 school year. School enrollment is projected to be at 159,250 for the 2016-2017 school year.
- The average yield on investments was 0.48% for the fiscal year 2016, compared to .30% for the fiscal year 2015. 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 expenditures, maximizing the maturity on our investments and earnings on our portfolio. The County realized investment earnings on all funds of \$5.64 million for the fiscal year ended June 30, 2016, on an average portfolio balance of more than \$710 million. This compares to fiscal year 2015 earnings of \$1.96 million on an average portfolio balance of more than \$670 million.

Wake County, North Carolina
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

- The County continued to benefit from 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.

Some of these factors and others were considered when management prepared Wake County's budget ordinance for the 2017 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2017:

Governmental Activities. The County approved an original budget of \$1.2 billion for the General Fund for fiscal year 2017, which represented a \$57 million increase compared to the original budget for the fiscal year 2016. For the fiscal year 2017, the General Fund budget included a property tax rate of \$.6005 per \$100 of assessed value, which is \$.0135 above the revenue neutral rate of \$.587 per \$100 of assessed value that was calculated as a result of the eight-year real property revaluation. Additionally, sales tax revenues were projected to increase by 3.7%. On the expenditure side, the County increased General Fund operating support for WCPSS by \$23.9 million to \$409.9 million. The fiscal year 2017 budget also includes increases of \$3.5 million for library operations and \$2.6 million for child welfare services. The budget also includes \$2 million for additional positions for detention services within public safety to reduce overtime costs and improve inmate health and safety. Funds also were budgeted to adjust employee salaries as a result of a market study done of all positions within the County and for pay-for-performance 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 financial 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, 2016

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|----------------|----------------------------|
| | Governmental Activities | Business-type Activities | Total | Board of Alcoholic Control |
| ASSETS | | | | |
| Cash and investments - pooled equity | \$ 564,217,342 | \$ 33,972,337 | \$ 598,189,679 | \$ - |
| Cash and investments - reserved | 4,490,808 | 26,143,038 | 30,633,846 | - |
| Cash and investments - cash equivalents | 1,106,816 | 750 | 1,107,566 | 21,313,652 |
| Taxes receivable (net) | 1,219,556 | 70,095 | 1,289,651 | - |
| Accounts receivable (net) | 101,105,644 | 2,609,614 | 103,715,258 | - |
| Loans receivable (net) | 21,899,698 | 1,805,271 | 23,704,969 | - |
| Accrued interest receivable | 655,683 | 73,030 | 728,713 | - |
| Prepaid items | 1,634,730 | 1,400 | 1,636,130 | 316,441 |
| Internal balances | 16,235 | (16,235) | - | - |
| Inventories | 524,900 | - | 524,900 | 8,593,969 |
| Restricted assets: | | | | |
| Restricted cash equivalents | 179,966,010 | - | 179,966,010 | - |
| Net pension asset: | | | | |
| ROD Supplemental Pension | 2,582,946 | - | 2,582,946 | - |
| Capital assets not being depreciated: | | | | |
| Land | 139,578,957 | 382,327 | 139,961,284 | 10,234,852 |
| Construction in progress | 20,028,717 | 4,366,265 | 24,394,982 | - |
| Capital assets (net of accumulated depreciation) | | | | |
| Landfills | - | 6,455,995 | 6,455,995 | - |
| Buildings | 635,442,582 | 2,792,653 | 638,235,235 | 7,948,467 |
| Improvements | 13,722,325 | 337,976 | 14,060,301 | 464,750 |
| Machinery and equipment | 4,729,708 | 233,794 | 4,963,502 | 671,134 |
| Vehicles and motorized equipment | 15,029,259 | - | 15,029,259 | 214,368 |
| Computer software | 16,701,028 | - | 16,701,028 | - |
| Infrastructure | 16,673,153 | - | 16,673,153 | - |
| Total assets | 1,741,326,097 | 79,228,310 | 1,820,554,407 | 49,757,633 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| LGERS Pension | 13,891,898 | 81,333 | 13,973,231 | 357,988 |
| ROD Supplemental Pension | 285,652 | - | 285,652 | - |
| Total deferred outflows of resources | 14,177,550 | 81,333 | 14,258,883 | 357,988 |

WAKE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION (continued)

As of June 30, 2016

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|-------------------------|----------------------------|
| | Governmental Activities | Business-type Activities | Total | Board of Alcoholic Control |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 57,813,062 | \$ 2,677,848 | \$ 60,490,910 | \$ 10,528,520 |
| Due to other governmental units | 28,801,156 | 3,213,096 | 32,014,252 | - |
| Unearned revenues | 4,500,000 | - | 4,500,000 | - |
| Accrued interest payable | 23,481,803 | - | 23,481,803 | - |
| Long term liabilities: | | | | |
| Net pension liability - LEOSSA | 103,657 | - | 103,657 | - |
| Net pension liability - LGRS | 13,769,151 | 67,796 | 13,836,947 | 294,409 |
| Amounts due within one year: | | | | |
| Capital leases | 376,441 | - | 376,441 | - |
| General obligation bonds - schools | 149,295,920 | - | 149,295,920 | - |
| General obligation bonds - community college | 18,166,524 | - | 18,166,524 | - |
| General obligation bonds - other | 8,602,556 | - | 8,602,556 | - |
| Limited obligation bonds | 12,140,000 | - | 12,140,000 | - |
| Quality zoning academic bonds | 163,467 | - | 163,467 | - |
| Installment purchases | 849,860 | - | 849,860 | - |
| Compensated absences payable | 10,700,000 | 50,000 | 10,750,000 | - |
| Closure/post closure costs | - | 6,200,000 | 6,200,000 | - |
| Risk management liabilities | 6,907,977 | 13,768 | 6,921,745 | - |
| Amounts due beyond one year: | | | | |
| Capital leases | 14,170 | - | 14,170 | - |
| Noncurrent bond anticipation notes | 1,301,000 | - | 1,301,000 | - |
| General obligation bonds - schools | 1,464,941,325 | - | 1,464,941,325 | - |
| General obligation bonds - community college | 243,734,146 | - | 243,734,146 | - |
| General obligation bonds - other | 84,741,235 | - | 84,741,235 | - |
| Limited obligation bonds | 266,948,791 | - | 266,948,791 | - |
| Installment purchases | 3,158,000 | - | 3,158,000 | - |
| Compensated absences payable | 1,335,811 | 29,648 | 1,365,459 | - |
| Other post employment benefit | 122,691,227 | 632,230 | 123,323,457 | 2,034,477 |
| Construction reserves | - | 919,528 | 919,528 | - |
| Closure/post closure costs | - | 19,943,038 | 19,943,038 | - |
| Risk management liabilities | 2,983,239 | - | 2,983,239 | - |
| Total liabilities | 2,527,520,518 | 33,746,952 | 2,561,267,470 | 12,857,406 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Prepaid property taxes | 2,335,773 | 800 | 2,336,573 | - |
| LGRS Pension | 7,857,758 | 63,529 | 7,921,287 | 153,020 |
| ROD Supplemental Pension | 141,720 | - | 141,720 | - |
| Unamortized gains on debt refundings | 75,114,042 | - | 75,114,042 | - |
| Total deferred inflows of resources | 85,449,293 | 64,329 | 85,513,622 | 153,020 |
| NET POSITION | | | | |
| Net investment in capital assets | 498,217,507 | 14,569,010 | 512,786,517 | 19,533,571 |
| Restricted for: | | | | |
| Stabilization by state statute | 329,942,731 | 2,951,219 | 332,893,950 | - |
| Register of deeds automation | 556,512 | - | 556,512 | - |
| White goods | - | 3,105,771 | 3,105,771 | - |
| Working capital | - | - | - | 3,558,860 |
| Unrestricted (See Note 1.P) | (1,686,182,914) | 24,872,362 | (1,661,310,552) | 14,012,764 |
| Total net position | \$ (857,466,164) | \$ 45,498,362 | \$ (811,967,802) | \$ 37,105,195 |

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

WAKE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2016

| FUNCTIONS/PROGRAMS | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component Unit Board of Alcoholic Control |
|--|-------------------------|-------------------------|--|--|-----------------------------|-------------------------|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Government | | Total | |
| | | | | Governmental Activities | Business-type Activities | | |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 83,075,414 | \$ 9,789,639 | \$ 16,409,314 | \$ (56,876,461) | \$ - | \$ (56,876,461) | \$ - |
| Human services | 208,574,457 | 20,285,322 | 106,066,571 | (82,222,564) | - | (82,222,564) | - |
| Education | 744,326,523 | 11,500 | 4,454,720 | (739,860,303) | - | (739,860,303) | - |
| Community development and cultural | 90,192,355 | 5,526,266 | 2,290,561 | (82,375,528) | - | (82,375,528) | - |
| Environmental services | 25,539,274 | 2,024,989 | 199,517 | (23,314,768) | - | (23,314,768) | - |
| Public safety | 169,946,017 | 34,945,056 | 1,859,644 | (133,141,317) | - | (133,141,317) | - |
| General services administration | 27,303,740 | 2,853,052 | 132,687 | (24,318,001) | - | (24,318,001) | - |
| Interest on long-term debt | 114,306,796 | - | - | (114,306,796) | - | (114,306,796) | - |
| Total governmental activities | <u>1,463,264,576</u> | <u>75,435,824</u> | <u>131,413,014</u> | <u>(1,256,415,738)</u> | <u>-</u> | <u>(1,256,415,738)</u> | <u>-</u> |
| Business-type activities: | | | | | | | |
| Solid waste | 29,938,448 | 25,221,294 | 1,964,590 | - | (2,752,564) | (2,752,564) | - |
| Total primary government | <u>\$ 1,493,203,024</u> | <u>\$ 100,657,118</u> | <u>\$ 133,377,604</u> | <u>(1,256,415,738)</u> | <u>(2,752,564)</u> | <u>(1,259,168,302)</u> | <u>-</u> |
| Component unit: | | | | | | | |
| Board of Alcoholic Control | \$ 117,817,709 | \$ 121,358,332 | \$ - | | | | \$ 3,540,623 |
| General revenues: | | | | | | | |
| Property taxes | | | | 836,704,096 | - | 836,704,096 | - |
| Sales taxes | | | | 167,601,590 | - | 167,601,590 | - |
| Occupancy and prepared food taxes | | | | 49,352,108 | - | 49,352,108 | - |
| Other taxes | | | | 14,994,021 | - | 14,994,021 | - |
| Grants and contributions not restricted to specific programs | | | | 8,708,612 | - | 8,708,612 | - |
| Unrestricted investment earnings | | | | 5,157,359 | 456,407 | 5,613,766 | 19,961 |
| Other | | | | 3,186,263 | 1,279,536 | 4,465,799 | - |
| Total general revenues | | | | <u>1,085,704,049</u> | <u>1,735,943</u> | <u>1,087,439,992</u> | <u>19,961</u> |
| Transfers | | | | 450,000 | (450,000) | - | - |
| Total general revenues and transfers | | | | <u>1,086,154,049</u> | <u>1,285,943</u> | <u>1,087,439,992</u> | <u>19,961</u> |
| Change in net position | | | | <u>(170,261,689)</u> | <u>(1,466,621)</u> | <u>(171,728,310)</u> | <u>3,560,584</u> |
| Net position (deficit), beginning of year | | | | (688,244,763) | 46,964,983 | (641,279,780) | 33,544,614 |
| Prior period adjustment | | | | <u>1,040,288</u> | <u>-</u> | <u>1,040,288</u> | <u>-</u> |
| Net position (deficit), beginning of year, as restated | | | | <u>(687,204,475)</u> | <u>46,964,983</u> | <u>(640,239,492)</u> | <u>33,544,614</u> |
| Net position (deficit), end of year | | | | <u>\$ (857,466,164)</u> | <u>\$ 45,498,362</u> | <u>\$ (811,967,802)</u> | <u>\$ 37,105,198</u> |

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

WAKE COUNTY, NORTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2016**

| | 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 | |
| ASSETS | | | | | | | | | |
| Cash and investments - pooled equity | \$ 242,745,649 | \$ 4,281,525 | \$ 7,252,718 | \$ 80,399,194 | \$ 67,218,305 | \$ 121,533,562 | \$ 14,094,073 | \$ 23,617,151 | \$ 561,142,177 |
| Cash and investments - cash equivalents | 1,106,216 | - | 600 | - | - | - | - | - | 1,106,816 |
| Cash and investments - restricted | 4,490,808 | - | - | 34,855,048 | 11,689,363 | 99,799,387 | 33,622,212 | - | 184,456,818 |
| Taxes receivable (net) | 1,150,355 | - | - | - | - | - | - | 69,201 | 1,219,556 |
| Accounts receivable (net) | 74,886,145 | 281,123 | 4,259,505 | 11,897,360 | 470,792 | 5,277,127 | - | 4,009,677 | 101,081,729 |
| Loans receivable (net) | - | 21,319,644 | - | - | 144,482 | - | - | 435,572 | 21,899,698 |
| Accrued interest receivable | 7,143 | 106 | 8,955 | 594,776 | - | 13,454 | - | 27,246 | 651,680 |
| Internal balances (due from other funds) | 842,657 | - | - | - | - | - | - | - | 842,657 |
| Prepaid expenditures | 575,299 | 181,514 | - | 873,242 | - | - | - | - | 1,630,055 |
| Inventories | 354,615 | - | - | - | - | - | - | - | 354,615 |
| Total assets | \$ 326,158,887 | \$ 26,063,912 | \$ 11,521,778 | \$ 128,619,620 | \$ 79,522,942 | \$ 226,623,530 | \$ 47,716,285 | \$ 28,158,847 | \$ 874,385,801 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 41,296,018 | \$ 299,322 | \$ 9,115,458 | \$ 1,170,639 | \$ 4,056,831 | \$ 713,618 | \$ - | \$ 3,252,031 | \$ 59,903,917 |
| Due to other governmental units | 367,983 | - | - | - | 2,066 | 28,431,047 | - | 60 | 28,801,156 |
| Unearned revenue | - | - | - | - | 4,500,000 | - | - | - | 4,500,000 |
| Internal balances (due to other funds) | - | - | - | - | - | - | - | 842,657 | 842,657 |
| Total liabilities | 41,664,001 | 299,322 | 9,115,458 | 1,170,639 | 8,558,897 | 29,144,665 | - | 4,094,748 | 94,047,730 |
| DEFERRED INFLOWS OF RESOURCES | 7,935,425 | - | - | - | 188 | - | - | 82,703 | 8,018,316 |

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

(Continued)

WAKE COUNTY, NORTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS (continued)

As of June 30, 2016

| | 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 |
| Fund Balances: | | | | | | | | | |
| Non-spendable: | | | | | | | | | |
| Inventories | \$ 354,615 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 354,615 | |
| Prepaid expenditures | 575,299 | 181,514 | - | 873,242 | - | - | - | 1,630,055 | |
| Noncurrent receivable | 157,937 | - | - | - | - | - | - | 157,937 | |
| Restricted: | | | | | | | | | |
| Stabilization by state statute | 73,286,772 | 22,952,512 | 2,406,320 | 12,492,136 | 15,898,950 | 197,478,865 | - | 5,427,176 | 329,942,731 |
| Register of deeds automation | 556,512 | - | - | - | - | - | - | - | 556,512 |
| Committed: | | | | | | | | | |
| Revaluation reserve | 2,669,145 | - | - | - | - | - | - | - | 2,669,145 |
| LEO Separation Allowance | 789,655 | - | - | - | - | - | - | - | 789,655 |
| Future appropriations from local ABC revenues | 8,900,000 | - | - | - | - | - | - | - | 8,900,000 |
| Future appropriations for behavioral health | 6,300,000 | - | - | - | - | - | - | - | 6,300,000 |
| Working capital | 181,835,526 | - | - | - | - | - | - | 3,460,568 | 185,296,094 |
| Assigned: | | | | | | | | | |
| Planned expenditures | 1,134,000 | 2,630,564 | - | 9,888,478 | 45,742,184 | - | 36,081,741 | 9,301,583 | 104,778,550 |
| Future capital projects | - | - | - | - | 9,322,723 | - | 11,634,544 | 5,809,781 | 26,767,048 |
| Debt service | - | - | - | 104,195,125 | - | - | - | - | 104,195,125 |
| Unassigned | - | - | - | - | - | - | - | (17,712) | (17,712) |
| Total fund balances | <u>276,559,461</u> | <u>25,764,590</u> | <u>2,406,320</u> | <u>127,448,981</u> | <u>70,963,857</u> | <u>197,478,865</u> | <u>47,716,285</u> | <u>23,981,396</u> | <u>772,319,755</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 326,158,887</u> | <u>\$ 26,063,912</u> | <u>\$ 11,521,778</u> | <u>\$ 128,619,620</u> | <u>\$ 79,522,942</u> | <u>\$ 226,623,530</u> | <u>\$ 47,716,285</u> | <u>\$ 28,158,847</u> | <u>\$ 874,385,801</u> |

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

WAKE COUNTY, NORTH CAROLINA

Reconciliation of the Balance Sheet to the Statement of Net Position As of June 30, 2016

| | |
|--|-------------------------|
| Fund balances - Governmental Funds | \$ 772,319,755 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| 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 | 852,142,148 |
| 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 | 5,682,543 |
| Net pension assets from the ROD Supplemental Retirement fund resulting from contributions greater than the amount of annual required contributions are not financial resources and therefore not reported in the funds | 2,582,946 |
| 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 | 13,080,205 |
| Long-term liabilities, including bonds payable, other post employment benefits, net pension liabilities are not due and payable in the current period and therefore are not reported in the funds. | (2,508,312,289) |
| Pension related deferrals for the LGERS Pension plan and ROD Supplemental Retirement fund | (6,935,765) |
| 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>11,974,293</u> |
| Net deficit of governmental activities | <u>\$ (857,466,164)</u> |

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

WAKE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended June 30, 2016

| | 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 | | |
| REVENUES: | | | | | | | | | |
| Taxes | \$ 997,101,982 | \$ - | \$ 49,352,108 | \$ - | \$ 137 | \$ - | \$ - | \$ 21,750,975 | \$ 1,068,205,202 |
| Intergovernmental | 103,507,250 | 3,387,852 | - | 14,695,386 | 1,577,752 | 4,454,720 | - | 12,472,080 | 140,095,040 |
| Charges for services | 61,740,573 | 665,562 | 500,000 | 11,500 | 2,611,522 | - | - | 5,033,707 | 70,562,864 |
| Fines and forfeitures | - | - | - | - | - | - | - | 42,805 | 42,805 |
| Licenses and permits | 5,185,433 | - | - | - | - | - | - | - | 5,185,433 |
| Investment earnings | 71,523 | 1,249 | 59,110 | 4,720,576 | 283 | 88,427 | 94 | 187,283 | 5,128,545 |
| Miscellaneous | 628,265 | - | - | - | 1,907,903 | - | - | 88,126 | 2,624,294 |
| Total Revenues | 1,168,235,026 | 4,054,663 | 49,911,218 | 19,427,462 | 6,097,597 | 4,543,147 | 94 | 39,574,976 | 1,291,844,183 |
| EXPENDITURES: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | 58,598,683 | - | - | 551,152 | 17,245,795 | - | - | 93,956 | 76,489,586 |
| Human services | 186,383,560 | 4,907,148 | - | - | - | - | - | 15,237,837 | 206,528,545 |
| Education | 405,416,000 | - | - | - | - | 276,102,791 | 62,457,857 | - | 743,976,648 |
| Community development and cultural | 29,537,828 | - | 46,589,401 | - | 19,355,825 | - | - | 1,962,800 | 97,445,854 |
| Environmental services | 9,954,695 | - | - | - | - | - | - | 80,765 | 10,035,460 |
| Public safety | 126,621,798 | - | - | - | 12,706,832 | - | - | 23,100,078 | 162,428,708 |
| General services administration | 26,786,094 | - | - | - | - | - | - | 94,828 | 26,880,922 |
| Debt service: | | | | | | | | | |
| Principal | - | - | - | 170,027,054 | - | - | - | - | 170,027,054 |
| Interest | - | - | - | 98,236,050 | - | - | - | - | 98,236,050 |
| Total Expenditures | 843,298,658 | 4,907,148 | 46,589,401 | 268,814,256 | 49,308,452 | 276,102,791 | 62,457,857 | 40,570,264 | 1,592,048,827 |
| REVENUES OVER (UNDER) EXPENDITURES | 324,936,368 | (852,485) | 3,321,817 | (249,386,794) | (43,210,855) | (271,559,644) | (62,457,763) | (995,288) | (300,204,644) |

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

(Continued)

WAKE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS (continued) For the Year Ended June 30, 2016

| | 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 | | |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | |
| Transfers in | \$ 2,808,617 | \$ 830,000 | \$ - | \$ 222,083,000 | \$ 29,333,000 | \$ 43,708,000 | \$ 5,022,000 | \$ 5,810,617 | \$ 309,595,234 |
| Transfers out | (296,829,617) | - | (2,559,563) | - | (2,330,000) | (878,054) | - | (6,548,000) | (309,145,234) |
| Bond anticipation notes issued | - | - | - | - | - | 1,301,000 | - | - | 1,301,000 |
| Refunding bonds issued | - | - | - | 191,835,000 | - | - | - | - | 191,835,000 |
| Payment to refunded escrow agent | - | - | - | (233,084,360) | - | - | - | - | (233,084,360) |
| Premiums on issuance | - | - | - | 42,128,289 | - | - | - | - | 42,128,289 |
| Capital leases issued | 5,027 | - | - | - | - | - | - | - | 5,027 |
| Total Other Financing Sources (Uses) | (294,015,973) | 830,000 | (2,559,563) | 222,961,929 | 27,003,000 | 44,130,946 | 5,022,000 | (737,383) | 2,634,956 |
| NET CHANGE IN FUND BALANCES | 30,920,395 | (22,485) | 762,254 | (26,424,865) | (16,207,855) | (227,428,698) | (57,435,763) | (1,732,671) | (297,569,688) |
| Fund Balances at beginning 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 |
| Priod Period Adjustment | 1,040,288 | - | - | - | - | - | - | - | 1,040,288 |
| Fund Balances at beginning of year, as restated | 245,639,066 | 25,787,075 | 1,644,066 | 153,873,846 | 87,171,712 | 424,907,563 | 105,152,048 | 25,714,067 | 1,069,889,443 |
| FUND BALANCES AT END OF YEAR | <u>\$ 276,559,461</u> | <u>\$ 25,764,590</u> | <u>\$ 2,406,320</u> | <u>\$ 127,448,981</u> | <u>\$ 70,963,857</u> | <u>\$ 197,478,865</u> | <u>\$ 47,716,285</u> | <u>\$ 23,981,396</u> | <u>\$ 772,319,755</u> |

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

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, 2016

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

| | |
|--|--------------------------------|
| Net change in fund balances - total governmental funds | \$ (297,569,688) |
| 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. | 10,204,308 |
| Depreciation expense for the fiscal year being reported, less depreciation in Corporate Fleet Fund | (27,465,633) |
| 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 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. | 138,984,692 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (222,293) |
| 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. | (7,573,667) |
| Contributions to the LGERS Pension plan and ROD Supplemental Retirement fund in the current fiscal year are not included on the Statement of Activities | 13,080,205 |
| 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>300,387</u> |
| Change in net position of governmental activities | <u><u>\$ (170,261,689)</u></u> |

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

WAKE COUNTY, NORTH CAROLINA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL For the Year Ended June 30, 2016

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|------------------|----------------|----------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 977,946,587 | \$ 984,629,587 | \$ 997,101,982 | \$ 12,472,395 |
| Intergovernmental | 94,935,694 | 96,388,352 | 103,507,250 | 7,118,898 |
| Charges for services | 58,084,918 | 57,790,327 | 61,740,573 | 3,950,246 |
| Licenses and permits | 4,832,792 | 4,832,792 | 5,185,433 | 352,641 |
| Investment earnings | 10,922 | 10,922 | 71,523 | 60,601 |
| Miscellaneous | 1,291,527 | 1,304,527 | 628,265 | (676,262) |
| Total Revenues | 1,137,102,440 | 1,144,956,507 | 1,168,235,026 | 23,278,519 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 57,204,779 | 62,101,297 | 58,593,656 | 3,507,641 |
| Human services | 192,304,378 | 194,402,270 | 186,383,560 | 8,018,710 |
| Education | 405,416,000 | 405,416,000 | 405,416,000 | - |
| Community development and cultural | 29,742,484 | 29,896,396 | 29,537,828 | 358,568 |
| Environmental services | 10,029,780 | 10,121,747 | 9,954,695 | 167,052 |
| Public safety | 123,539,927 | 126,285,883 | 126,621,798 | (335,915) |
| General services administration | 27,317,736 | 27,609,824 | 26,786,094 | 823,730 |
| Total Expenditures | 845,555,084 | 855,833,417 | 843,293,631 | 12,539,786 |
| REVENUES OVER EXPENDITURES | 291,547,356 | 289,123,090 | 324,941,395 | 35,818,305 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 3,581,054 | 3,673,054 | 2,808,617 | (864,437) |
| Transfers out | (297,407,916) | (297,679,617) | (296,829,617) | 850,000 |
| Total Other Financing Sources (Uses) | (293,826,862) | (294,006,563) | (294,021,000) | (14,437) |
| REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (2,279,506) | (4,883,473) | 30,920,395 | 35,803,868 |
| APPROPRIATED FUND BALANCE | 2,279,506 | 4,883,473 | - | (4,883,473) |
| REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES | \$ - | \$ - | 30,920,395 | \$ 30,920,395 |
| FUND BALANCE AT BEGINNING OF YEAR | | | 244,598,778 | |
| PRIOR PERIOD ADJUSTMENT | | | 1,040,288 | |
| FUND BALANCE AT BEGINNING OF YEAR, RESTATED | | | 245,639,066 | |
| FUND BALANCE AT END OF YEAR | | | \$ 276,559,461 | |

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

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, 2016

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Occupancy tax | \$ 21,774,000 | \$ 23,487,000 | \$ 23,301,005 | \$ (185,995) |
| Prepared food tax | 25,008,000 | 26,369,000 | 26,051,103 | (317,897) |
| Charges for services | - | 500,000 | 500,000 | - |
| Investment earnings | - | - | 59,110 | 59,110 |
| Total Revenues | <u>46,782,000</u> | <u>50,356,000</u> | <u>49,911,218</u> | <u>(444,782)</u> |
| EXPENDITURES: | | | | |
| Raleigh hold harmless - occupancy | 680,000 | 680,000 | 680,000 | - |
| Cary hold harmless - occupancy | 1,056,000 | 1,139,000 | 1,130,099 | 8,901 |
| Greater Raleigh Convention and Visitors Bureau | 5,527,000 | 5,943,000 | 5,897,744 | 45,256 |
| Centennial Authority operations 7% | 2,716,000 | 2,888,000 | 2,859,059 | 28,941 |
| Centennial - debt service | 5,209,000 | 5,209,000 | 5,204,682 | 4,318 |
| Raleigh annual distribution - \$1M | 1,000,000 | 1,000,000 | 1,000,000 | - |
| Convention Center | 23,894,000 | 25,861,000 | 25,517,817 | 343,183 |
| North Carolina Museum of Art | 1,000,000 | 1,000,000 | 1,000,000 | - |
| Centennial Authority facility improvements | 1,000,000 | 1,500,000 | 1,500,000 | - |
| Green Square | 400,000 | 400,000 | 400,000 | - |
| St. Augustine's | 100,000 | 100,000 | 100,000 | - |
| Cary sports venue | 1,300,000 | 1,300,000 | 1,300,000 | - |
| Unallocated | 418,000 | 762,000 | - | 762,000 |
| Total Expenditures | <u>44,300,000</u> | <u>47,782,000</u> | <u>46,589,401</u> | <u>1,192,599</u> |
| REVENUES OVER EXPENDITURES | <u>2,482,000</u> | <u>2,574,000</u> | <u>3,321,817</u> | <u>747,817</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out to General Fund | (1,403,000) | (1,495,000) | (1,480,563) | 14,437 |
| Transfers out to Debt Service Fund | (79,000) | (79,000) | (79,000) | - |
| Transfers out to Capital Improvement Fund | (1,000,000) | (1,000,000) | (1,000,000) | - |
| Total Other Financing Sources (Uses) | <u>(2,482,000)</u> | <u>(2,574,000)</u> | <u>(2,559,563)</u> | <u>14,437</u> |
| REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>\$ -</u> | <u>\$ -</u> | <u>762,254</u> | <u>\$ 762,254</u> |
| FUND BALANCE AT BEGINNING OF YEAR | | | 1,644,066 | |
| FUND BALANCE AT END OF YEAR | | | <u>\$ 2,406,320</u> | |

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

WAKE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of June 30, 2016

| | 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 | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments - pooled equity | \$ 29,715,862 | \$ 4,256,475 | \$ 33,972,337 | \$ 3,075,165 |
| Cash and investments - reserved | 15,987,539 | 10,155,499 | 26,143,038 | - |
| Cash and investments - cash equivalents | - | 750 | 750 | - |
| Accounts receivable (net) | 752,188 | 1,927,521 | 2,679,709 | 23,915 |
| Loan receivable | 1,805,271 | - | 1,805,271 | - |
| Internal balance (due from other funds) | 474,614 | 152,074 | 626,688 | - |
| Prepaid expenses | 1,400 | - | 1,400 | 4,675 |
| Accrued interest receivable | 54,400 | 18,630 | 73,030 | 4,003 |
| Inventories | - | - | - | 170,285 |
| Total current assets | <u>48,791,274</u> | <u>16,510,949</u> | <u>65,302,223</u> | <u>3,278,043</u> |
| Noncurrent assets: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | 382,327 | - | 382,327 | - |
| Construction in progress | 4,366,265 | - | 4,366,265 | - |
| Capital assets (net of accumulated depreciation): | | | | |
| Landfills | 6,455,995 | - | 6,455,995 | - |
| Buildings | 2,792,653 | - | 2,792,653 | - |
| Machinery and equipment | 233,794 | - | 233,794 | 65,776 |
| Vehicles | - | - | - | 9,697,805 |
| Improvements | 337,976 | - | 337,976 | - |
| Total non-current assets | <u>14,569,010</u> | <u>-</u> | <u>14,569,010</u> | <u>9,763,581</u> |
| Total assets | <u>63,360,284</u> | <u>16,510,949</u> | <u>79,871,233</u> | <u>13,041,624</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>68,734</u> | <u>12,599</u> | <u>81,333</u> | <u>58,139</u> |

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

WAKE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUNDS (continued) As of June 30, 2016

| | 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 | |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 1,999,275 | \$ 678,573 | \$ 2,677,848 | \$ 466,023 |
| Due to other governmental units | - | 3,213,096 | 3,213,096 | - |
| Internal balances (due to other funds) | 152,074 | 474,614 | 626,688 | - |
| Total current liabilities | <u>2,151,349</u> | <u>4,366,283</u> | <u>6,517,632</u> | <u>466,023</u> |
| Noncurrent liabilities: | | | | |
| Net pension liability - LGERS | 58,016 | 9,780 | 67,796 | 64,519 |
| Amounts due within one year: | | | | |
| Compensated absences | 45,000 | 5,000 | 50,000 | 65,000 |
| Closure/postclosure care costs | 788,000 | 5,412,000 | 6,200,000 | - |
| Risk management liabilities | 12,358 | 1,410 | 13,768 | 34,276 |
| Amounts due beyond one year: | | | | |
| Compensated absences | 27,067 | 2,581 | 29,648 | 8,803 |
| Other post employment benefits | 474,174 | 158,056 | 632,230 | 478,577 |
| Construction reserves | - | 919,528 | 919,528 | - |
| Closure/postclosure care costs | 15,199,539 | 4,743,499 | 19,943,038 | - |
| Total noncurrent liabilities | <u>16,604,154</u> | <u>11,251,854</u> | <u>27,856,008</u> | <u>651,175</u> |
| Total liabilities | <u>18,755,503</u> | <u>15,618,137</u> | <u>34,373,640</u> | <u>1,117,198</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>52,804</u> | <u>11,525</u> | <u>64,329</u> | <u>24,507</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 14,569,010 | - | 14,569,010 | 9,763,581 |
| Restricted: | | | | |
| Stabilization by state statue | 2,057,333 | 893,886 | 2,951,219 | 706,758 |
| White goods | 3,105,771 | - | 3,105,771 | - |
| Unrestricted | 24,888,597 | - | 24,888,597 | 1,487,719 |
| Total net position | <u>\$ 44,620,711</u> | <u>\$ 893,886</u> | <u>\$ 45,514,597</u> | <u>\$ 11,958,058</u> |
| Total net position | 44,620,711 | 893,886 | 45,514,597 | |
| Adjustment to reflect the consolidation of the Corporate Fleet Fund balances related to Solid Waste | (16,235) | - | (16,235) | |
| Net position of business-type activities | <u>\$ 44,604,476</u> | <u>\$ 893,886</u> | <u>\$ 45,498,362</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, 2016

| | 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 | \$ 2,907 | \$ - | \$ 2,907 | \$ - |
| Charges for services | 8,963,378 | 16,255,009 | 25,218,387 | 7,701,605 |
| Miscellaneous | 1,279,536 | - | 1,279,536 | 415,675 |
| Total Operating Revenues | 10,245,821 | 16,255,009 | 26,500,830 | 8,117,280 |
| OPERATING EXPENSES: | | | | |
| Cost of service | 12,132,468 | 10,782,703 | 22,915,171 | 3,337,165 |
| Administration | 1,803,756 | 820,022 | 2,623,778 | 1,223,550 |
| Partner rebates | - | 3,687,710 | 3,687,710 | - |
| Depreciation and amortization | 709,257 | - | 709,257 | 3,314,206 |
| Total Operating Expenses | 14,645,481 | 15,290,435 | 29,935,916 | 7,874,921 |
| OPERATING INCOME (LOSS) | (4,399,660) | 964,574 | (3,435,086) | 242,359 |
| NON-OPERATING REVENUES: | | | | |
| Intergovernmental | 1,964,590 | - | 1,964,590 | 26,682 |
| Investment earnings | 351,604 | 104,803 | 456,407 | 28,814 |
| Total Non-Operating Revenues | 2,316,194 | 104,803 | 2,420,997 | 55,496 |
| Income (loss) before transfers | (2,083,466) | 1,069,377 | (1,014,089) | 297,855 |
| TRANSFERS: | | | | |
| Transfers in | 1,022,799 | - | 1,022,799 | - |
| Transfers out | (450,000) | (1,022,799) | (1,472,799) | - |
| Total Transfers | 572,799 | (1,022,799) | (450,000) | - |
| CHANGE IN NET POSITION | (1,510,667) | 46,578 | (1,464,089) | 297,855 |
| TOTAL NET POSITION, BEGINNING OF YEAR | 46,131,378 | 847,308 | 46,978,686 | 11,660,203 |
| TOTAL NET POSITION, END OF YEAR | \$ 44,620,711 | \$ 893,886 | \$ 45,514,597 | \$ 11,958,058 |
| Change in net position | (1,510,667) | 46,578 | (1,464,089) | |
| Adjustment to reflect the consolidation of the Corporate Fleet Fund activities related to Solid Waste | (2,532) | - | (2,532) | |
| Change in net position of business-type activities | \$ (1,513,199) | \$ 46,578 | \$ (1,466,621) | |

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, 2016

| | 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 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from customers | \$ 9,065,140 | \$ 16,250,020 | \$ 25,315,160 | \$ 7,682,097 |
| Cash payments to suppliers for goods and services | (9,813,075) | (13,877,620) | (23,690,695) | (3,385,614) |
| Cash payments to employees for services | (1,251,130) | (240,250) | (1,491,380) | (1,072,211) |
| Other operating revenues | 1,282,443 | - | 1,282,443 | 415,675 |
| Net cash provided (used) by operating activities | (716,622) | 2,132,150 | 1,415,528 | 3,639,947 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Intergovernmental revenue | 1,917,643 | - | 1,917,643 | 26,682 |
| Transfers in | 1,022,799 | - | 1,022,799 | - |
| Transfers out | (450,000) | (1,022,799) | (1,472,799) | - |
| Net cash provided (used) by noncapital financing activities | 2,490,442 | (1,022,799) | 1,467,643 | 26,682 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Disposal of capital assets | 37,827 | - | 37,827 | 146,294 |
| Acquisition of capital assets | (2,281,155) | - | (2,281,155) | (4,091,156) |
| Principal payments of capital lease | (3,777) | - | (3,777) | - |
| Net cash used by capital and related financing activities | (2,247,105) | - | (2,247,105) | (3,944,862) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest received on investments | 302,824 | 87,983 | 390,807 | 25,237 |

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

(Continued)

WAKE COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (continued) For the Year Ended June 30, 2016

| | 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 | \$ (170,461) | \$ 1,197,334 | \$ 1,026,873 | \$ (252,996) |
| Cash and cash equivalents at beginning of year | 45,873,862 | 13,215,390 | 59,089,252 | 3,328,161 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 45,703,401 | \$ 14,412,724 | \$ 60,116,125 | \$ 3,075,165 |
| RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ (4,399,660) | \$ 964,574 | \$ (3,435,086) | \$ 242,359 |
| Adjustments to reconcile operating income/loss to net cash provided (used) by operating activities: | | | | |
| Depreciation and amortization | 709,257 | - | 709,257 | 3,314,206 |
| (Increase)/decrease in accounts receivable | 101,762 | (4,989) | 96,773 | (19,508) |
| Increase in prepaid items | - | - | - | (4,675) |
| Increase in inventories | - | - | - | (7,149) |
| Decrease in net pension asset | 91,706 | 17,636 | 109,342 | 70,542 |
| Increase in deferred outflows of resources | (1,223) | (115) | (1,338) | (7,029) |
| Increase in accounts payable, accrued liabilities and due to other governmental units | 381,730 | 423,218 | 804,948 | 83,983 |
| Increase in noncurrent liabilities | 2,576,032 | 764,256 | 3,340,288 | 118,531 |
| Decrease in deferred inflows of resources | (176,226) | (32,430) | (208,656) | (151,313) |
| Total adjustments | 3,683,038 | 1,167,576 | 4,850,614 | 3,397,588 |
| Net cash provided (used) by operating activities | \$ (716,622) | \$ 2,132,150 | \$ 1,415,528 | \$ 3,639,947 |

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

WAKE COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
As of June 30, 2016**

| | Agency Funds |
|--------------------------------------|----------------------------|
| ASSETS | |
| Cash and investments - pooled equity | \$ 542,056 |
| Accounts receivable (net) | 4,094,305 |
| Accrued interest receivable | <u>794</u> |
| Total assets | <u><u>\$ 4,637,155</u></u> |
| LIABILITIES | |
| Other liabilities | \$ 582,517 |
| Due to other governmental units | <u>4,054,638</u> |
| Total liabilities | <u><u>\$ 4,637,155</u></u> |

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

Wake County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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 under North Carolina 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 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 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.

NOTE 1. Summary of Significant Accounting Policies (Cont.)

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, intergovernmental revenues 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 45 days of year-end. Property taxes and investment earnings are treated 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 these dates 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 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 11 other local governments within Wake County through an Interlocal Agreement.

NOTE 1. Summary of Significant Accounting Policies (Cont.)

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

Additionally, the County reports the following 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.

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 also are 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 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 project funds and special revenue funds other than the Special Tax District, the Major Facilities Funds, and the Transportation Fund 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 also is 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 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.

NOTE 1. Summary of Significant Accounting Policies (Cont.)

E. Deposits and Investments (Cont.)

As required, the County's investments are stated at fair value as determined by quoted market prices. The NCCMT Cash Portfolio, a SEC-registered 2a7 external investment pool, is measured at amortized cost, 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, register of deeds automation, and LEO Special Separation Allowance are also classified as restricted assets because their use is restricted per North Carolina General Statutes.

F. Interfund 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, 2015.

Ad valorem taxes collected within 30 days after the fiscal year end for the year ended June 30, 2016 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 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.

NOTE 1. Summary of Significant Accounting Policies (Cont.)

K. Capital Assets

Capital assets that are purchased or constructed are recorded at historical cost. Donated capital assets received prior to July 1, 2015 are recorded at estimated market value at the time of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition 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.

NOTE 1. Summary of Significant Accounting Policies (Cont.)

N. Net Position/Fund Balances

Net position in the 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 Board of Commissioners. Any changes or removal of specific purposes requires majority action by the Board.

Committed for Revaluation Reserve – portion of fund balance that can only be used for tax revaluation.

Committed for LEO Separation - portion of fund balance that will be used for Law Enforcement Officers' Special Separation Allowance.

Committed for Future Appropriations from Excess Local ABC Board Revenues – portion of fund balance that is committed by the Board of Commissioners for additional revenues received from the local ABC Board. Once management determines an appropriate use of the remaining funds, the Board will approve the appropriation.

Committed for Future Appropriations for Behavioral Health - portion of fund balance that is committed by the Board of Commissioners from savings in current behavioral health - managed care contracts. Once management determines an appropriate use for these savings 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 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.

NOTE 1. Summary of Significant Accounting Policies (Cont.)

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 County 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 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 has 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 general fund should be the only fund to report a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative fund balance.

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.

These policies are 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 (LERS) 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.

NOTE 1. Summary of Significant Accounting Policies (Cont.)

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 (\$2,508,312,289) difference are as follows:

| | |
|---|---------------------------|
| Outstanding long-term debt payable (per Note 10) | \$ (2,403,033,281) |
| Less: | |
| Accrued interest payable | (23,481,803) |
| Payable to granting agency | (2,383,301) |
| Risk management liabilities | (4,916,761) |
| Add: | |
| Portion of internal service fund's compensated absences included in Note 10 | 73,803 |
| Portion of internal service fund's other post employment benefits included in Note 10 | 478,577 |
| Portion of internal service fund's net pension employment benefits included in Note 10 | 64,519 |
| Unamortized portion of deferred inflow of resources related to advanced debt refundings (to be amortized over life of debt) | <u>(75,114,042)</u> |
| Net adjustments to reduce fund balance - total governmental funds to arrive at net position - governmental activities | <u>\$ (2,508,312,289)</u> |

NOTE 1. Summary of Significant Accounting Policies (Cont.)

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 \$138,984,692 difference are as follows:

| | |
|--|-----------------------|
| Debt issued or incurred: | |
| GO bond anticipation notes issued | \$ (1,301,000) |
| Refunding bonds issued | (191,835,000) |
| Capital leases | (8,804) |
| Premiums on bond issuance - LOB Refunding Bonds | (42,128,289) |
| Increases in other post employment benefit liability | (19,430,555) |
| Increases in other post employment benefit liability - Corporate Fleet Fund | 72,102 |
| Increases in compensated absences liability | (11,285,701) |
| Increases in compensated absences liability - Corporate Fleet Fund | 82,693 |
| Change in risk management liabilities | (920,729) |
| Change in deferred portion of advanced debt refundings | (21,923,830) |
| Interest expense accrual and other adjustments | 1,734,700 |
| Total Increases | <u>(286,944,413)</u> |
| Principal repayments: | |
| General obligation debt - schools | 132,284,375 |
| General obligation debt - community college | 14,999,053 |
| General obligation debt - other | 7,771,572 |
| Limited obligation bonds | 12,140,000 |
| Installment purchase payments | 914,650 |
| Qualified zone academy bonds | 163,461 |
| Capital leases | 381,695 |
| Refunded limited obligation bonds | 206,370,000 |
| Refunded limited obligation bond premiums | 13,614,114 |
| Current year amortization of bond premiums - GO Bonds | 17,818,062 |
| Current year amortization of bond premiums - LOB Bonds | 875,988 |
| Decreases in other post employment benefit liability | 7,924,522 |
| Decreases in other post employment benefit liability - Corporate Fleet Fund | (34,693) |
| Decreases in compensated absences liability | 10,778,404 |
| Decreases in compensated absences liability - Corporate Fleet Fund | (72,098) |
| Total Decreases | <u>425,929,105</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ 138,984,692</u> |

NOTE 1. Summary of Significant Accounting Policies (Cont.)

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 \$10,204,308 difference are as follows:

| | |
|--|-----------------------------|
| Capital Asset Increases: | |
| Capital Asset Increases | \$ 10,569,898 |
| Less acquisitions for the Corporate Fleet Fund | (4,091,156) |
| Net increase in construction in progress | <u>7,287,249</u> |
| Total Increases | <u>13,765,991</u> |
| Capital Asset Decreases: | |
| Capital asset disposals | (10,837,252) |
| Add disposals for the Corporate Fleet Fund | 3,630,732 |
| Accumulated depreciation related to capital asset disposals | 7,129,275 |
| Less accumulated depreciation related to capital asset disposals in the Corporate Fleet Fund | <u>(3,484,438)</u> |
| Total Decreases | <u>(3,561,683)</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | \$ <u><u>10,204,308</u></u> |

NOTE 1. Summary of Significant Accounting Policies (Cont.)

Q. Unrestricted (deficit)

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

| | |
|---------------------------------|---------------------------|
| For school debt | \$ (1,491,599,354) |
| For community college debt | (219,179,850) |
| All other | <u>49,468,652</u> |
| Total unrestricted net position | <u>\$ (1,661,310,552)</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 Technical 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 \$1,491,599,354 and the outstanding balance of the community college - related debt less unspent bond proceeds was \$219,179,850. However, the entire amount of School System and 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.

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. Related Organizations (Cont.)

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") Board of Directors. The County's accountability for this organization does not extend beyond making the appointments. Wake Med, 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, Wake Med and the County agreed that the County, as owner of certain hospital facilities and related property would transfer such property to Wake Med. Prior to the transfer, Wake Med 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.

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 part of the state-wide system of community colleges. 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 \$19,416,000 to the College for operating purposes during the current year. In addition, the County made debt service payments of \$14,999,053 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, 2016. 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, 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 \$2,859,059 for operations, \$5,204,682 for debt service, and \$1,500,000 for facility improvements from the occupancy and prepared food and 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, 2016. 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. Joint Ventures Without Equity Interest (Cont.)

Greater Raleigh Convention and Visitors Bureau

The Greater Raleigh Convention and Visitors 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 percent occupancy tax levied upon the rental of rooms, lodging or similar accommodations, and from a one percent prepared food and 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, 2016. 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 \$223,700,717 and a bank balance of \$226,173,587. Of the bank balance, \$1,504,334 was covered by federal depository insurance and \$224,668,253 in interest-bearing deposits was covered by collateral held under the pooling method.

2. Investments

As of June 30, 2016, the County had the following investments and maturities.

| Investment Type | Valuation Measurement Method | | Fair Value | Less Than 2 Years | 2 - 3 Years | 3 - 5 Years | | | |
|--|------------------------------|----|-------------|-------------------|-------------|-------------|-------------|----|------------|
| | | | | | | | | | |
| U.S. Government Treasuries | Fair Value - Level 1 | \$ | 162,210,480 | \$ | 141,072,807 | \$ | 567,273 | \$ | 20,570,400 |
| U.S. Government Agencies | Fair Value - Level 1 | | 363,560,277 | | 185,114,205 | | 117,306,741 | | 61,139,331 |
| Commercial paper | Fair Value - Level 2 | | 29,969,514 | | 29,969,514 | | - | | - |
| Other - municipal bonds | Fair Value - Level 1 | | 2,232,217 | | - | | - | | 2,232,217 |
| N.C. Capital Management Trust - Cash portfolio | Amortized cost | | 28,765,952 | | 28,765,952 | | - | | - |
| Total fair value | | \$ | 586,738,440 | \$ | 384,922,478 | \$ | 117,874,014 | \$ | 83,941,948 |

NOTE 4. Deposits and Investments (Cont.)

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or groups of assets.

Level of fair value hierarchy: **Level 1:** Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. **Level 2:** Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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, 2016, the County's investments were rated A-1 by Standard & Poor's and P-1 by Moody's Investors Service in short-term commercial paper and A+ by Standard & Poor's and Aa3 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, 2016. 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 \$50 million 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, 2016, 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:

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 \$103,514 and \$1,565, respectively.

| | General Fund | Affordable Housing Fund | Major Facilities Fund | Debt Service Fund | County Capital Project Fund | School Capital Fund | Non Major Funds | Totals |
|------------------------------|----------------------|--------------------------------|------------------------------|--------------------------|------------------------------------|----------------------------|------------------------|-----------------------|
| Property taxes | \$ 8,409,522 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 588,924 | \$ 8,998,446 |
| Accounts | 62,895,168 | - | - | - | 4,396 | - | - | 62,899,564 |
| Intergovernmental | 66,097,480 | 280,689 | - | 11,897,360 | 341,007 | 5,277,127 | 3,903,132 | 87,796,795 |
| Other | 1,471,620 | 50,552 | 4,259,505 | - | 4,741,292 | - | 106,545 | 10,629,514 |
| Loans receivable | - | 28,555,617 | - | - | 144,482 | - | 435,572 | 29,135,671 |
| Interest | 7,143 | 106 | 8,955 | 594,776 | - | 13,454 | 27,246 | 651,680 |
| Gross receivables | 138,880,933 | 28,886,964 | 4,268,460 | 12,492,136 | 5,231,177 | 5,290,581 | 5,061,419 | 200,111,670 |
| Less allowance for bad debts | (62,837,290) | (7,286,091) | - | - | (4,615,903) | - | (519,723) | (75,259,007) |
| Net total receivables | <u>\$ 76,043,643</u> | <u>\$ 21,600,873</u> | <u>\$ 4,268,460</u> | <u>\$ 12,492,136</u> | <u>\$ 615,274</u> | <u>\$ 5,290,581</u> | <u>\$ 4,541,696</u> | <u>\$ 124,852,663</u> |

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

| | General Fund | County Capital Project Fund | Non Major Funds | Total |
|--|----------------------------|------------------------------------|-------------------------|----------------------------|
| Unavailable: | | | | |
| Taxes receivable | \$ 945,899 | \$ - | \$ 69,201 | \$ 1,015,100 |
| Other receivables | 4,701,371 | 188 | - | 4,701,559 |
| Total Unavailable | <u>5,647,270</u> | <u>188</u> | <u>69,201</u> | <u>5,716,659</u> |
| Unearned: | | | | |
| Prepaid property taxes not yet earned | 2,281,621 | - | 13,502 | 2,295,123 |
| Prepaid rent not yet earned | 6,534 | - | - | 6,534 |
| Total Unearned | <u>2,288,155</u> | <u>-</u> | <u>13,502</u> | <u>2,301,657</u> |
| Total deferred inflows of resources | <u>\$ 7,935,425</u> | <u>\$ 188</u> | <u>\$ 82,703</u> | <u>\$ 8,018,316</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, 2016 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|----------------------|-----------------------|-----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 126,784,717 | \$ 13,599,987 | \$ (805,747) | \$ 139,578,957 |
| Construction in progress | 97,455,984 | 22,856,414 | (100,283,681) | 20,028,717 |
| Total capital assets, not being depreciated | <u>224,240,701</u> | <u>36,456,401</u> | <u>(101,089,428)</u> | <u>159,607,674</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 732,920,831 | 63,826,997 | (29,494) | 796,718,334 |
| Improvements other than buildings | 23,861,892 | - | (3,408,467) | 20,453,425 |
| Machinery and equipment | 29,634,233 | 3,620,702 | (2,726,403) | 30,528,532 |
| Vehicles and motorized equipment | 39,541,101 | 6,949,196 | (3,867,141) | 42,623,156 |
| Computer Software | 25,315,880 | - | - | 25,315,880 |
| Infrastructure | 16,203,303 | 7,287,532 | - | 23,490,835 |
| Total capital assets being depreciated | <u>867,477,240</u> | <u>81,684,427</u> | <u>(10,031,505)</u> | <u>939,130,162</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 140,898,499 | 20,389,971 | (12,718) | 161,275,752 |
| Improvements other than buildings | 7,052,057 | 513,598 | (834,555) | 6,731,100 |
| Machinery and equipment | 26,433,035 | 1,979,922 | (2,614,133) | 25,798,824 |
| Vehicles and motorized equipment | 26,399,039 | 4,862,727 | (3,667,869) | 27,593,897 |
| Computer software | 6,077,434 | 2,537,418 | - | 8,614,852 |
| Infrastructure | 6,321,479 | 496,203 | - | 6,817,682 |
| Total accumulated depreciation | <u>213,181,543</u> | <u>\$ 30,779,839</u> | <u>\$ (7,129,275)</u> | <u>236,832,107</u> |
| Total capital assets, being depreciated, net | <u>654,295,697</u> | | | <u>702,298,055</u> |
| Governmental activities capital assets, net | <u>\$ 878,536,398</u> | | | <u>\$ 861,905,729</u> |

NOTE 6. Capital Assets (Cont.)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-------------------|-----------------------|----------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 382,327 | \$ - | \$ - | \$ 382,327 |
| Construction in progress | 4,410,178 | 2,152,712 | (2,196,625) | 4,366,265 |
| Total capital assets, not being depreciated/amortized | <u>4,792,505</u> | <u>2,152,712</u> | <u>(2,196,625)</u> | <u>4,748,592</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Landfills | 39,155,880 | - | (3,559,198) | 35,596,682 |
| Buildings | 1,166,846 | 2,196,624 | - | 3,363,470 |
| Improvements | 544,003 | 104,939 | (60,253) | 588,689 |
| Machinery and equipment | 999,999 | 23,505 | - | 1,023,504 |
| Total capital assets being depreciated/amortized | <u>41,866,728</u> | <u>2,325,068</u> | <u>(3,619,451)</u> | <u>40,572,345</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Landfills | 32,260,619 | 439,266 | (3,559,198) | 29,140,687 |
| Buildings | 486,731 | 84,086 | - | 570,817 |
| Improvements | 227,638 | 45,501 | (22,426) | 250,713 |
| Machinery and equipment | 649,306 | 140,404 | - | 789,710 |
| Total accumulated depreciation/amortization | <u>33,624,294</u> | <u>\$ 709,257</u> | <u>\$ (3,581,624)</u> | <u>30,751,927</u> |
| Total capital assets, being depreciated/amortized, net | <u>8,242,434</u> | | | <u>9,820,418</u> |
| Business-type activities capital assets, net | <u>\$ 13,034,939</u> | | | <u>\$ 14,569,010</u> |

NOTE 6. Capital Assets (Cont.)

Depreciation and amortization expenses were charged to functions as follows:

| | |
|---|----------------------|
| Governmental activities: | |
| General administration | \$ 5,346,557 |
| Human services | 2,936,648 |
| Education | 873,702 |
| Community development and cultural | 2,429,846 |
| Environmental services | 631,224 |
| Public safety | 15,087,463 |
| General services administration | <u>3,474,399</u> |
| Total depreciation expense - Governmental activities | <u>30,779,839</u> |
| Business-type activities: | |
| Environmental services - solid waste | <u>709,257</u> |
| Total depreciation and amortization | <u>\$ 31,489,096</u> |

NOTE 6. Capital Assets (Cont.)

As of June 30, 2016 fiscal year, the construction in progress balance for governmental activities were made up of the following projects:

Construction in Progress:

| | Expended At June 30, 2016 |
|------------------------------------|------------------------------|
| Document Management Projects | \$ 2,389,186 |
| Other Automation Projects | 3,165,430 |
| Judicial Facilities | 1,282,861 |
| Libraries | 1,961,157 |
| Open Space Preservation | 4,235,925 |
| Water/Wastewater | 82,090 |
| 800MHZ Radio Communications System | 4,984,720 |
| CAD System Replacement | 86,950 |
| EMS/Fire Stations | 1,840,398 |
| | <u>\$ 20,028,717</u> |

NOTE 7. Interfund Receivables/Payables and Transfers

As of June 30, 2016, internal balances total \$842,657 in the governmental funds. This represents amounts due to the General Fund by non-major governmental funds for their share of cash and investments pooled equity. Internal balances in the business-type activities funds, as of June 30, 2016 are \$626,688. 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, 2016.

The County’s General Fund transferred funds during fiscal year 2016 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 General Fund on behalf of the solid waste program. The \$1,022,799 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 | Total Transfers out |
|-----------------------------|---------------------|-------------------------|-----------------------|------------------------------|----------------------|-------------------------------------|--------------------------|----------------------------|-----------------------|
| General Fund | \$ - | \$ - | \$ 221,042,000 | \$ 28,298,000 | \$ 43,708,000 | \$ 3,522,000 | \$ 259,617 | \$ - | \$ 296,829,617 |
| Major Facilities Fund | 1,480,563 | - | 79,000 | - | - | - | 1,000,000 | - | 2,559,563 |
| Capital Improvements Fund | - | 830,000 | - | - | - | 1,500,000 | - | - | 2,330,000 |
| School Capital Fund | 878,054 | - | - | - | - | - | - | - | 878,054 |
| Other Governmental Funds | - | - | 962,000 | 1,035,000 | - | - | 4,551,000 | - | 6,548,000 |
| Solid Waste Operating Fund | 450,000 | - | - | - | - | - | - | - | 450,000 |
| South Wake Partnership Fund | - | - | - | - | - | - | - | 1,022,799 | 1,022,799 |
| Total transfers in | <u>\$ 2,808,617</u> | <u>\$ 830,000</u> | <u>\$ 222,083,000</u> | <u>\$ 29,333,000</u> | <u>\$ 43,708,000</u> | <u>\$ 5,022,000</u> | <u>\$ 5,810,617</u> | <u>\$ 1,022,799</u> | <u>\$ 310,618,033</u> |

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. 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 also provides self-insured dental coverage to employees and dependents.

The County is self-insured to a retention of \$1,250,000 for each workers' compensation claim and \$1,000,000 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. 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, 2016 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.

NOTE 8. Risk Management – Property, Liability, Workers' Compensation, and Self-Insured Employee Medical Coverages (Cont.)

The claims liability of \$9,904,984 at June 30, 2016 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 due and payable and is reported in the General Fund in the fund financial statements. Changes in the fund's claims liability amount during fiscal years 2015 and 2016 are as follows:

Changes in Claims Liability

| | Workers' compensation | Property and Liability | Self-insured group medical | Dental Benefits | Total |
|---|--------------------------|---------------------------|-------------------------------|--------------------|---------------------|
| 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 | 5,585,551 | 1,474,058 | 2,422,000 | 105,000 | 9,586,609 |
| Claims incurred, fiscal year 2016 | 2,315,654 | 733,765 | 37,334,445 | 2,133,560 | 42,517,424 |
| Payments and changes in estimates, fiscal year 2016 | <u>(2,900,232)</u> | <u>(276,812)</u> | <u>(36,890,445)</u> | <u>(2,131,560)</u> | <u>(42,199,049)</u> |
| Balance, as of June 30, 2016 | <u>\$ 5,000,973</u> | <u>\$ 1,931,011</u> | <u>\$ 2,866,000</u> | <u>\$ 107,000</u> | <u>\$ 9,904,984</u> |
| Amount reported in General Fund | <u>\$ 2,137,486</u> | <u>\$ 913,916</u> | <u>\$ 1,802,344</u> | <u>\$ 86,434</u> | <u>\$ 4,940,180</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, 2016, the net book value of the assets acquired through capital leases is \$377,685. The net present value of the future minimum lease payments at June 30, 2016 is \$390,611 for governmental 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, 2016 were \$2,633,897. The future minimum lease payments for non-cancelable operating leases are \$9,713,724, as detailed below.

At June 30, 2016, 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 | Operating Leases |
|--|----------------------------------|---------------------|
| 2017 | \$ 386,264 | \$ 1,757,905 |
| 2018 | 10,287 | 1,638,996 |
| 2019 | 3,815 | 1,432,180 |
| 2020 | 434 | 1,325,382 |
| 2021 | - | 690,780 |
| 2022-2025 | - | 2,868,481 |
| Total minimum lease payments | <u>400,800</u> | <u>\$ 9,713,724</u> |
| Less: amount representing interest | <u>(10,189)</u> | |
| Net present value of the future minimum lease payments | <u>\$ 390,611</u> | |

The County leases office space under operating lease agreements with terms generally less than one year. Minimum future rentals on non-cancelable leases with terms in excess of one year are not material to the County's financial statements. Rental revenue for the year ended June 30, 2016 was \$338,752.

NOTE 10. Long-term Debt

General Obligation Bonds and Bond Anticipation Notes:

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 and bond anticipation notes. 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 0.44% during the period July 1, 2015 through June 30, 2016. The bond anticipation notes bear an average interest rate of 70% of 1-month LIBOR plus 0.49% for the amount drawn, and 0.235% on the amount not drawn. 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, 2016 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 0.39% at June 30, 2016. The maximum amount of interest cannot exceed 12%. | \$ 45,000,000 |
| 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 0.39% at June 30, 2016. 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%. | 9,810,000 |
| 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%. | 23,000,000 |
| 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 0.40% at June 30, 2016. 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 0.40% at June 30, 2016. 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%. | 18,000,000 |
| 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%. | 202,000,000 |
| 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%. | 44,715,000 |
| 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%. | 46,445,000 |

NOTE 10. Long-term Debt (Cont.)

| | |
|--|-------------------------|
| 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%. | 351,690,000 |
| 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%. | 9,475,000 |
| 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%. | 86,100,000 |
| 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%. | 76,500,000 |
| 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%. | 43,200,000 |
| 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%. | 105,600,000 |
| 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>\$ 1,812,535,000</u> |

NOTE 10. Long-term Debt (Cont.)

Bond Anticipation Notes:

General obligation bond anticipation notes serviced by the General Fund and payable at June 30, 2016 are comprised of the following:

Series 2016A Public Improvement Bond Anticipation Note: Up to \$275,000,000 against October 2007, \$ 51,000
November 2012 and October 2013 authorization for Libraries, Community College and Public Schools.
Interest payable monthly at 70% of one-month LIBOR plus 42 bps. \$51,000 outstanding at 0.74% at June
30, 2016. Expires February 2019.

Series 2016B Public Improvement Bond Anticipation Note: Up to \$125,000,000 against October 2007,
November 2012 and October 2013 authorization for Libraries, Community College and Public Schools.
Interest payable monthly at 70% of one-month LIBOR plus 65 bps. \$1,250,000 outstanding at 0.969% at
June 30, 2016. Expires February 2019. 1,250,000

Total bond anticipation notes outstanding \$ 1,301,000

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 \$6,185,000 beginning in \$ 18,555,000
June 2017 through June 2019; interest of 4.75% to 5.00%, collateralized by the Hammond Road
Detention Center.

2010 Limited Obligation Bonds of \$148,860,000, due in annual installments of \$5,950,000 to \$5,955,000 23,810,000
beginning in January 2017 through January 2020; interest of 3.50% to 5.00%, collateralized by the
Criminal Justice Center.

2016 Refunding Limited Obligation Bonds of \$191,835,000, due in annual installments of \$5,245,000 to
\$11,585,000 beginning in December 2019 through December 2036; interest of 3.00% to 5.00%,
collateralized by the Criminal Justice Center. 191,835,000

Total limited obligation bonds outstanding \$ 234,200,000

NOTE 10. Long-term Debt (Cont.)

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2016 are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------|-------------------------|-----------------------|-------------------------|
| 2017 | \$ 176,065,000 | \$ 74,892,214 | \$ 250,957,214 |
| 2018 | 163,775,000 | 67,539,624 | 231,314,624 |
| 2019 | 164,435,000 | 61,248,766 | 225,683,766 |
| 2020 | 152,255,000 | 54,735,539 | 206,990,539 |
| 2021 | 132,730,000 | 47,985,821 | 180,715,821 |
| 2022-2026 | 647,205,000 | 146,929,604 | 794,134,604 |
| 2027-2031 | 274,290,000 | 43,206,716 | 317,496,716 |
| 2032-2035 | 101,780,000 | 7,165,099 | 108,945,099 |
| | <u>\$ 1,812,535,000</u> | <u>\$ 503,703,383</u> | <u>\$ 2,316,238,383</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, 2016 are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------|-----------------------|-----------------------|-----------------------|
| 2017 | \$ 13,529,768 | \$ 10,618,460 | \$ 24,148,228 |
| 2018 | 12,906,977 | 10,486,883 | 23,393,860 |
| 2019 | 12,616,762 | 9,930,712 | 22,547,474 |
| 2020 | 12,202,437 | 9,264,610 | 21,467,047 |
| 2021 | 11,966,000 | 8,552,300 | 20,518,300 |
| 2022-2026 | 58,795,000 | 33,999,431 | 92,794,431 |
| 2027-2031 | 56,970,000 | 19,645,250 | 76,615,250 |
| 2032-2036 | 54,530,000 | 7,043,175 | 61,573,175 |
| 2037 | 5,245,000 | 78,675 | 5,323,675 |
| | <u>\$ 238,761,944</u> | <u>\$ 109,619,496</u> | <u>\$ 348,381,440</u> |

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 eight percent of the appraised value of property subject to taxation less property valued for abatement. At June 30, 2016, such statutory limit of the County was \$10,556,079,993 providing a legal debt margin of \$7,993,573,055. Authorized but unissued general obligation bonds as of June 30, 2016 totaled \$509,909,000.

NOTE 10. Long-term Debt (Cont.)

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 \$163,467 through December 2016. The cost basis of the amount held by the custodian at June 30, 2016 was \$2,782,877. 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 million with the remaining \$7.580 million 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 2016 and prior years, the County has defeased various general obligation and limited 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, 2016, the amount of defeased debt outstanding was \$541,370,000.

Advanced Refunding:

In June 2016, the County issued \$191,835,000 of limited obligation refunding bonds to provide resources that were then placed in an irrevocable trust for generating resources for all future debt service payments associated with \$206,370,000 of the limited obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column on the County's Statement of Net Position. The net carrying amount of the old debt exceeded the reacquisition price by \$14,535,000. This advanced refunding was undertaken to reduce the total future debt service payments over the next 21 years by \$37,347,954 and resulted in an economic gain of \$27,175,136.

NOTE 10. Long-term Debt (Cont.)

Conduit Debt Obligations:

Wake County Industrial Facilities and Pollution Control Financing 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, 2016, there were 17 series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$641.1 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 received 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, 2016, the loan has been paid in full.

Debt Related to Capital Activities:

Of the total Governmental Activities debt listed, only \$376,831,053 relates to assets the County holds title. Unspent cash related to the debt amounts to \$13,142,831.

NOTE 10. Long-term Debt (Cont.)

Changes In Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2016, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within one year |
|--|-------------------------|-----------------------|-----------------------|-------------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 1,967,590,000 | \$ - | \$ 155,055,000 | \$ 1,812,535,000 | \$ 176,065,000 |
| Plus: Premiums on issuance | 174,764,768 | - | 17,818,062 | 156,946,706 | N/A |
| Total general obligation bonds payable | 2,142,354,768 | - | 172,873,062 | 1,969,481,706 | 176,065,000 |
| Limited obligation bonds | 260,875,000 | 191,835,000 | 218,510,000 | 234,200,000 | 12,140,000 |
| Plus: Premiums on issuance | 17,250,603 | 42,128,290 | 14,490,102 | 44,888,791 | N/A |
| Total limited obligation bonds payable | 278,125,603 | 233,963,290 | 233,000,102 | 279,088,791 | 12,140,000 |
| Bond Anticipation Notes | - | 1,301,000 | - | 1,301,000 | - |
| Qualified Zone Academy Bonds | 326,928 | - | 163,461 | 163,467 | 163,467 |
| Installment Purchases | 4,922,510 | - | 914,650 | 4,007,860 | 849,860 |
| Capital leases | 763,502 | 8,804 | 381,695 | 390,611 | 376,441 |
| Other post-employment benefits | 111,185,191 | 19,430,555 | 7,924,519 | 122,691,227 | - |
| Net pension liability (LEOSSA) | - | 103,657 | - | 103,657 | - |
| Net pension liability (LGERS) | - | 13,769,151 | - | 13,769,151 | - |
| Compensated absences | 11,528,514 | 11,285,701 | 10,778,404 | 12,035,811 | 10,700,000 |
| Total Governmental Activities | <u>\$ 2,549,207,016</u> | <u>\$ 279,862,158</u> | <u>\$ 426,035,893</u> | <u>\$ 2,403,033,281</u> | <u>\$ 200,294,768</u> |
| Business-type activities: | | | | | |
| Landfill | \$ 22,840,296 | \$ 4,642,141 | \$ 1,339,399 | \$ 26,143,038 | \$ 6,200,000 |
| Capital leases | 3,777 | - | 3,777 | - | - |
| Other post-employment benefits | 588,221 | 84,826 | 40,817 | 632,230 | - |
| Net pension liability (LGERS) | - | 67,796 | - | 67,796 | - |
| Compensated absences | 85,893 | 43,078 | 49,323 | 79,648 | 50,000 |
| Total Business-type Activities | <u>\$ 23,518,187</u> | <u>\$ 4,837,841</u> | <u>\$ 1,433,316</u> | <u>\$ 26,922,712</u> | <u>\$ 6,250,000</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, 2016 this amount, which is not included in the financial statements because the County has no primary responsibility beyond making eligibility determinations, is approximately \$703 million.

NOTE 12. Compliance Audits of Federal and State Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. The County believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

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.

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, 2016, was 7.15% of compensation for law enforcement officers and 6.74% 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 \$13,119,915 for the year ended June 30, 2016.

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. Multiple-Employer Pension Plan Obligations (Cont.)

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

At June 30, 2016, the County reported a liability of \$13,836,947 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability 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, 2015, the County's proportion was 3.08%, which was an increase of .092% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$7,446,080. At June 30, 2016, 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 | \$ - | \$ 3,252,497 |
| Net difference between projected and actual earnings on pension plan investments | - | 3,939,359 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 853,316 | 729,431 |
| County contributions subsequent to the measurement date | <u>13,119,915</u> | <u>-</u> |
| Total | <u>\$ 13,973,231</u> | <u>\$ 7,921,287</u> |

\$13,119,915 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability 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: | |
| 2017 | \$ (4,610,591) |
| 2018 | (4,610,591) |
| 2019 | (4,603,172) |
| 2020 | <u>6,756,383</u> |
| | <u>\$ (7,067,971)</u> |

Actuarial Assumptions. The total pension liability in the December 31, 2014 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. Multiple-Employer Pension Plan Obligations (Cont.)

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, 2014 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, 2015 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Fixed Income | 29.0% | 2.2% |
| Global Equity | 42.0% | 5.8% |
| Real Estate | 8.0% | 5.2% |
| Alternatives | 8.0% | 9.8% |
| Credit | 7.0% | 6.8% |
| Inflation Protection | 6.0% | 3.4% |
| Total | 100.0% | |

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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 3.00%. All rates of return and inflation are annualized.

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. Multiple-Employer Pension Plan Obligations (Cont.)

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability 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:

| | <u>1% Decrease (6.25%)</u> | <u>Discount Rate (7.25%)</u> | <u>1% Increase (8.25%)</u> |
|---|--------------------------------|----------------------------------|--------------------------------|
| County's proportionate share of the net pension liability (asset) | \$ 96,486,961 | \$ 13,836,947 | \$ (55,793,859) |

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 2016 was \$192,579,022. The County's contributions were calculated using the base salary amount of \$192,564,149. The County made contributions amounting to \$9,628,113. Employees made voluntary contributions of \$4,631,777.

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.

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

| | |
|-----------------------------|-------------------|
| Retirees receiving benefits | 60 |
| Active plan members | <u>398</u> |
| Total | <u><u>458</u></u> |

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to provided benefits to plan members
- pension plan assets are legally protected from the creditors or employers.

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 benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. 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, 2016 was determined as part of the December 31, 2014 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 closed basis. The remaining amortization period at December 31, 2014 was 16 years.

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was 3.25 percent funded. The actuarial accrued liability for benefits was \$16,478,270 and the actuarial value of assets of assets was \$535,559, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,942,711. The covered payroll (annual payroll of active employees covered by the plan) was \$21,685,204, and the ratio of the UAAL to the covered payroll was 73.52 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. Law Enforcement Officers' Special Separation Allowance (Cont.)

Trend Information:

| Fiscal Year Ended | Annual Pension Cost | Percentage of APC Contributed | Net Pension Obligation (asset) |
|-------------------|------------------------|-------------------------------------|-----------------------------------|
| June 30, 2014 | \$ 1,179,981 | 81.36% | \$ (498,536) |
| June 30, 2015 | 1,304,102 | 73.62% | (154,464) |
| June 30, 2016 | 1,387,492 | 81.40% | 103,657 |

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 | \$ 1,381,641 |
| Interest on net pension obligation | (7,723) |
| Adjustment to annual required contribution | <u>13,574</u> |
| Annual pension cost | 1,387,492 |
| Contributions made | <u>1,129,371</u> |
| Decrease in net pension obligation | 258,121 |
| Net pension obligation (asset), beginning of year | <u>(154,464)</u> |
| Net pension obligation (asset), end of year | <u>\$ 103,657</u> |

Assets reserved to pay benefits are reported as committed fund balance in the General Fund. Benefit payments reduce the net pension obligation.

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.

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. Register of Deeds' Supplemental Pension Fund (Cont.)

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 \$91,228 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$2,582,946 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the County's proportion was 11.146%, which was an increase of .67% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$(56,073). At June 30, 2016, 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 | \$ 12,706 | \$ 42,800 |
| Net difference between projected and actual earnings on pension plan investments | 128,066 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 53,652 | 98,920 |
| County contributions subsequent to the measurement date | 91,228 | - |
| Total | <u>\$ 285,652</u> | <u>\$ 141,720</u> |

\$91,228 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------|------------------|
| Year ended June 30: | |
| 2017 | \$ 22,021 |
| 2018 | (22,178) |
| 2019 | 18,295 |
| 2020 | 34,566 |
| | <u>\$ 52,704</u> |

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

Actuarial Assumptions. The total pension liability in the December 31, 2014 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, 2014 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 2.2%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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) | \$ (2,330,381) | \$ (2,582,946) | \$ (2,800,291) |

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. For the fiscal year ended June 30, 2016, the County made contributions of \$119,773.

NOTE 17. Other Post-Employment Benefits (OPEB)

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 and have at least twenty years of creditable service with the County. Prior to April 15, 2007, employees qualified for similar levels of benefits after at least five years of creditable service with the County depending on date of hire. 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. Employees hired on or after June 30, 2011 are not eligible to participate in the plan.

Membership in the plan included the following at December 31, 2015, the date of the latest actuarial valuation:

| | |
|-----------------------------|---------------------|
| Retirees receiving benefits | 1,007 |
| Active plan members | <u>2,291</u> |
| Total | <u><u>3,298</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 annual required contribution rate is 18.77% of annual covered payroll. For the current year, the County contributed \$7,965,335 or 6.32% 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 \$963,214.

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. Other Post-Employment Benefits (OPEB) (Cont.)

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 | \$ 21,407,988 |
| Interest on net OPEB obligation | 5,029,804 |
| Adjustment to annual required contribution | <u>(6,922,412)</u> |
| Annual OPEB cost | 19,515,380 |
| Contributions made | <u>7,965,335</u> |
| Increase in net OPEB obligation | 11,550,045 |
| Net OPEB liability, beginning of year | <u>111,773,412</u> |
| Net OPEB liability, end of year | <u>\$ 123,323,457</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 |
|----------------------|------------------|--|-----------------------|
| 2014 | \$ 21,575,892 | 26.1% | \$ 98,319,314 |
| 2015 | 19,616,377 | 31.4% | 111,773,412 |
| 2016 | 19,515,380 | 40.8% | 123,323,457 |

As of December 31, 2015, 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 \$260,053,660. The covered payroll (annual payroll of active employees covered by the plan) was \$125,952,410, and the ratio of the UAAL to the covered payroll was 206.5%. 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. Other Post-Employment Benefits (OPEB) (Cont.)

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, 2016 was determined as part of the December 31, 2015 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 percent 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 seven years. The UAAL is being amortized as a level dollar of projected payroll on a closed basis. The remaining amortization period at December 31, 2015 was 26 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, 2016.

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 30 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 \$34.1 million. The landfill closure and postclosure liability of \$26,143,038 is included as a separate line item under the noncurrent liabilities in the Solid Waste Operating Fund and the South Wake Landfill Partnership Fund at June 30, 2016. 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 18 years and no additional closure costs are expected at these facilities. The County is currently responsible for monitoring these sites for an additional 12 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. During calendar year 2015, the County took over operations of the North Wake landfill gas-to-energy (LFGTE) system, which was previously operated by an outside party. In doing so, the County has assumed operation and maintenance costs associated with the flare, gas wells and other system components. These associated costs have been added to the post-closure costs for the remaining post-closure period. The County will continue to monitor this facility for post-closure care for an additional 22 years.

The South Wake Subtitle Design Facility began operations in February 2008 and is in its second phase of five total phases. At June 30, 2016, Phase 1 is estimated to be at capacity and a partial closure project was developed for the 24.2 acres slated to be closed. In July 2015, the landfill began placing waste in the new 28-acre cell (Phase 2A). The closure and postclosure costs related to Phase 2A have been included in this year's estimates. 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 \$7.9 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 Quality (NCDEQ) 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. NCDEQ 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 all of the deficiencies. The property is divided into four areas. Areas A, B & C are managed under the jurisdiction of the Inactive Hazardous Site Pre-Regulatory Landfill Unit (PRLF) and the County has ceased all voluntary environmental assessment activities pertaining to these areas. Area D remains under the regulations of NCDEQ Solid Waste Section and is managed and paid for by the County. The County completed all work related to Area D in September 2015 and Area D now is compliant with NCDEQ Solid Waste post-closure monitoring requirements. At this time, the County is managing the necessary monitoring on an annual budgetary basis and does not anticipate the needs for additional reserves to be set aside. This will be continued to be monitored as required by NCDEQ. At June 30, 2016, no 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: | \$ 276,559,461 |
| Less: | |
| Inventories | 354,615 |
| Prepaid expenditures | 575,299 |
| Noncurrent receivables | 157,937 |
| Stabilization by State Statute | 73,286,772 |
| Register of deeds automation | 556,512 |
| Revaluation reserve | 2,669,145 |
| LEO Special Separation allowance | 789,655 |
| Local ABC revenues | 8,900,000 |
| Behavioral health excess revenues | 6,300,000 |
| Working capital | 181,835,526 |
| Planned expenditures | <u>1,134,000</u> |
| Remaining fund balance | <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, 2016 are as follows:

| General Fund | Affordable Housing Fund | Major Facilities Fund | Major Funds | | | | Nonmajor Funds Other Governmental Funds |
|--------------|-------------------------|-----------------------|-------------------|------------------------------|---------------------|-------------------------------------|--|
| | | | Debt Service Fund | County Capital Projects Fund | School Capital Fund | Wake Community College Capital Fund | |
| \$ 2,205,679 | \$ 1,351,639 | \$ - | \$ - | \$ 15,283,864 | \$ 293,225,212 | \$ - | \$ 6,367,091 |

NOTE 21. Fund Balance (Cont.)

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, 2016, fund balance in the Major Facilities Fund totaled \$2,406,320 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 | NC Ballet | Total |
|-------------------------|-------------------------|----------------------|-------------------------------|----------------------|-------------------------------|-------------------|----------------------|
| 2008 | \$ - | \$ 6,000,000 | \$ - | \$ 1,000,000 | - | 150,000 | 7,150,000 |
| 2009 | - | 1,000,000 | 1,900,000 | 1,500,000 | 300,000 | 100,000 | 4,800,000 |
| 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 | 1,000,000 | 100,000 | - | 3,300,000 |
| 2016 | 1,300,000 | 1,000,000 | 400,000 | 1,000,000 | 100,000 | - | 3,800,000 |
| Payments to Date | 3,700,000 | 14,000,000 | 6,000,000 | 10,679,355 | 1,000,000 | 250,000 | 35,629,355 |
| 2017 | 1,700,000 | 1,000,000 | - | - | - | - | 2,700,000 |
| 2018 | 2,600,000 | - | - | - | - | - | 2,600,000 |
| 2019 | 2,000,000 | - | - | - | - | - | 2,000,000 |
| Total | \$ 10,000,000 | \$ 15,000,000 | \$ 6,000,000 | \$ 10,679,355 | \$ 1,000,000 | \$ 250,000 | \$ 42,929,355 |

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

** Funding for PNC Arena moved to Section 1 of the Major Facilities model and is calculated prior to the 85% allocation for the City of Raleigh Convention Center and 15% in Uncommitted funds for Wake County projects.

NOTE 22. Stewardship, Compliance, and Accountability

The Sheriff Department was over budget by \$823,660 within the General Fund. This is due to an increase of overtime costs to ensure continuous staffing from high turnover rates and vacancies.

The South Wake Landfill Partnership Fund expenditures were over budget by \$71,485. Each year, the fund pays out rebates to its municipal partners based on the current year operations. Revenues were over budget by \$74,513 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 fiscal year 2016 budget.

The Capital Area Workforce Development Fund had a deficit fund balance of (\$17,712) as of June 30, 2016. This fund is entirely grant funded from federal sources on a reimbursement basis. Due to the timing of the receipts at year-end, funds were not considered available and therefore, not recognized in the current fiscal year. The County expects over the life of the grants, the entire awarded amount will be received to cure the deficit of the fund.

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 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, for the fiscal year ending June 30, 2016. The implementation of the statement required the County reclassify the Law Enforcement Officers' Special Separation Allowance trust fund to the General Fund from a pension trust fund. As a result, net position for the General fund and governmental activities increased by \$1,040,288.

NOTE 25. Subsequent Event

The County issued \$162,895,000 of General Obligation Refunding Bonds, Series 2016A (the "2016A Bonds"), in November 2016, due in annual installments of \$9,340,000 to \$27,055,000 beginning March 1, 2017 through March 1, 2026 and excluding March 1, 2021, interest at 5%, priced to yield 0.73% to 1.67%. Proceeds of the 2016A Bonds were used to refund all of the County's outstanding variable-rate general obligation bonds (Series 2003B, Series 2003C, Series 2007A, and Series 2007B) in the aggregate principal amount of \$190,000,000.

NOTE 26. 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, 2016, the Board's deposits had a carrying amount of \$21,298,152 and a bank balance of \$21,698,471. 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.

(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

Required Supplementary Information

This section contains additional information required by generally accepted accounting principles.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions for the Local Governmental Employees' Retirement System
- Schedule of Proportionate Share of Net Pension Asset and Schedule of Contributions for the Register of Deeds Supplemental Pension Fund

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) |
|--------------------------|-------------------------------|--|---------------------------|--------------------|---------------------|--|
| 12/31/2006 | \$ 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% |
| 12/31/2015 | 535,559 | 16,478,270 | 15,942,711 | 3.25% | 21,685,204 | 73.52% |

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 | 12/31/2015 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level dollar closed |
| Remaining amortization period | 15 years |
| Asset Valuation method | Market Value |

| | |
|----------------------------|----------------|
| Actuarial Assumptions: | |
| Investment rate of return | 3.57% |
| Projected salary increases | 3.50% to 7.35% |
| Includes inflation at | 3.00% |
| 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 Accrued 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) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|--|
| 07/01/2007 | \$ - | \$ 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% |
| 12/31/2015 | - | 260,053,660 | 260,053,660 | 0.00% | 125,952,410 | 206.5% |

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% |
| 2016 | 21,407,988 | 37.2% |

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 | 12/31/2015 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level dollar amount, closed |
| Remaining amortization period | 26 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 | 2022 |
| Includes inflation at | 3.00% |

WAKE COUNTY, NORTH CAROLINA

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
Last Three Fiscal Years

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

| <u>Year Ended June 30</u> | <u>County's proportion of the net pension liability (asset)</u> | <u>County's proportionate share of the net pension liability (asset)</u> | <u>County's covered- employee payroll</u> | <u>County's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll</u> | <u>Plan fiduciary net position as a percentage of the total pension liability</u> | |
|-------------------------------|---|--|---|---|---|---------|
| 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% |
| 2016 | * | 3.08% | 13,836,947 | 180,851,503 | 7.65% | 98.09% |

Schedule of Employer Contributions

| <u>Year Ended June 30</u> | <u>Contractually required contribution</u> | <u>Contributions in relation to the contractually required contribution</u> | <u>Contribution deficiency (excess)</u> | <u>County's covered- employee payroll</u> | <u>Contributions as a percentage of covered- employee payroll</u> |
|-------------------------------|--|---|---|---|---|
| 2014 | \$ 12,228,225 | \$ 12,228,225 | - | \$ 172,322,095 | 7.10% |
| 2015 | 12,860,971 | 12,860,971 | - | 180,851,503 | 7.11% |
| 2016 | 13,119,915 | 13,119,915 | - | 192,564,149 | 6.81% |

* 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 Three 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% |
| 2016 | * | 11.15% | (2,585,946) | 131,075 | -1972.88% | 197.29% |

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% |
| 2016 | 91,228 | 91,228 | - | 135,158 | 67.50% |

* 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, 2016 and 2015**

| | June 30, 2016 | June 30, 2015 |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Cash and investments - pooled equity | \$ 242,745,649 | \$ 225,749,568 |
| Cash and investments - cash equivalents | 1,106,216 | 1,053,866 |
| Cash and investments - restricted | 4,490,808 | 4,531,992 |
| Taxes receivable (net) | 1,150,355 | 1,344,373 |
| Accounts receivable (net) | 74,886,145 | 72,034,870 |
| Accrued interest receivable | 7,143 | 1,246 |
| Internal balances (due from other funds) | 842,657 | 1,380,889 |
| Prepaid expenditures | 575,299 | 557,863 |
| Inventories | 354,615 | 382,405 |
| | <u>326,158,887</u> | <u>307,037,072</u> |
| Total assets | <u>\$ 326,158,887</u> | <u>\$ 307,037,072</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 41,296,018 | \$ 54,628,415 |
| Due to other governmental units | 367,983 | 421,089 |
| | <u>41,664,001</u> | <u>55,049,504</u> |
| Total liabilities | <u>41,664,001</u> | <u>55,049,504</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| | <u>7,935,425</u> | <u>7,388,790</u> |
| Fund balances: | | |
| Non-spendable: | | |
| Nonspendable inventories | 354,615 | 382,405 |
| Nonspendable prepaid expenditures | 575,299 | 557,863 |
| Noncurrent receivable | 157,937 | 201,570 |
| Restricted: | | |
| Stabilization by state statute | 73,286,772 | 71,764,144 |
| Register of deed automation | 556,512 | 483,897 |
| Committed: | | |
| Revaluation reserve | 2,669,145 | 3,684,154 |
| LEO Special Separation Allowance | 789,655 | - |
| Future appropriations from local ABC revenues | 8,900,000 | 2,650,000 |
| Future appropriations for behavioral health | 6,300,000 | - |
| Working capital | 181,835,526 | 162,195,239 |
| Assigned: | | |
| Planned expenditures | 1,134,000 | 2,279,506 |
| Future insurance claims | - | 400,000 |
| | <u>276,559,461</u> | <u>244,598,778</u> |
| Total fund balance | <u>276,559,461</u> | <u>244,598,778</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 326,158,887</u> | <u>\$ 307,037,072</u> |

WAKE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015**

| | 2016 | | | 2015 |
|--|----------------------|-----------------------|---------------------------------|-----------------------|
| | Budget | Actual | Variance Positive/(Negative) | Actual |
| REVENUES: | | | | |
| Taxes | \$ 984,629,587 | \$ 997,101,982 | \$ 12,472,395 | \$ 912,269,633 |
| Intergovernmental | 96,388,352 | 103,507,250 | 7,118,898 | 97,974,206 |
| Charges for services | 57,790,327 | 61,740,573 | 3,950,246 | 59,703,013 |
| Licenses and permits | 4,832,792 | 5,185,433 | 352,641 | 5,000,558 |
| Investment earnings | 10,922 | 71,523 | 60,601 | 58,446 |
| Miscellaneous | 1,304,527 | 628,265 | (676,262) | 1,874,765 |
| Total revenues | <u>1,144,956,507</u> | <u>1,168,235,026</u> | <u>23,278,519</u> | <u>1,076,880,621</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 62,101,297 | 58,593,656 | 3,507,641 | 48,195,868 |
| Human services | 194,402,270 | 186,383,560 | 8,018,710 | 194,603,433 |
| Education | 405,416,000 | 405,416,000 | - | 357,904,400 |
| Community development and cultural | 29,896,396 | 29,537,828 | 358,568 | 27,398,440 |
| Environmental services | 10,121,747 | 9,954,695 | 167,052 | 9,330,167 |
| Public safety | 126,285,883 | 126,621,798 | (335,915) | 117,898,032 |
| General services administration | 27,609,824 | 26,786,094 | 823,730 | 26,208,028 |
| Total expenditures | <u>855,833,417</u> | <u>843,293,631</u> | <u>12,539,786</u> | <u>781,538,368</u> |
| REVENUES OVER (UNDER) EXPENDITURES | 289,123,090 | 324,941,395 | 35,818,305 | 295,342,253 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 3,673,054 | 2,808,617 | (864,437) | 2,682,398 |
| Transfers out | (297,679,617) | (296,829,617) | 850,000 | (285,873,534) |
| Total other financing sources (uses) | <u>(294,006,563)</u> | <u>(294,021,000)</u> | <u>(14,437)</u> | <u>(283,191,136)</u> |
| REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (4,883,473) | 30,920,395 | 35,803,868 | 12,151,117 |
| APPROPRIATED FUND BALANCE | <u>4,883,473</u> | - | <u>(4,883,473)</u> | - |
| REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES | <u>\$ -</u> | <u>30,920,395</u> | <u>\$ 30,920,395</u> | <u>12,151,117</u> |
| FUND BALANCE AT BEGINNING OF YEAR | | <u>244,598,778</u> | | <u>232,447,661</u> |
| PRIOR PERIOD ADJUSTMENT | | <u>1,040,288</u> | | <u>-</u> |
| FUND BALANCE AT BEGINNING OF YEAR, RESTATED | | <u>245,639,066</u> | | <u>232,447,661</u> |
| BUDGETARY FUND BALANCE | | <u>276,559,461</u> | | <u>244,598,778</u> |
| LESS: EXPENDITURES ASSOCIATED WITH CAPITAL LEASE INCEPTION & CAPITAL DONATIONS | | (5,027) | | (35,543) |
| ADD: PROCEEDS OF CAPITAL LEASES & CAPITAL DONATIONS | | 5,027 | | 35,543 |
| TOTAL LEASE INCEPTION AND PROCEEDS | | - | | - |
| FUND BALANCE AT END OF YEAR | | <u>\$ 276,559,461</u> | | <u>\$ 244,598,778</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, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015**

| | 2016 | | Variance Positive/(Negative) | 2015 |
|-----------------------------------|--------------------|--------------------|---------------------------------|--------------------|
| | Budget | Actual | | Actual |
| REVENUES: | | | | |
| TAXES | | | | |
| Ad valorem property tax - current | \$ 803,186,000 | \$ 807,812,346 | \$ 4,626,346 | \$ 735,516,870 |
| Ad valorem property tax - prior | 1,965,000 | 3,250,826 | 1,285,826 | 4,770,153 |
| Tax penalties, interest and other | 1,425,000 | 2,004,635 | 579,635 | 2,347,210 |
| Sales tax | 163,631,000 | 167,601,590 | 3,970,590 | 154,509,781 |
| Leased rental vehicle tax | 2,550,000 | 3,075,818 | 525,818 | 2,813,952 |
| Real property transfer tax | 10,640,000 | 11,918,066 | 1,278,066 | 10,964,063 |
| Payments in lieu of taxes | 1,232,587 | 1,438,701 | 206,114 | 1,347,604 |
| Total Taxes | <u>984,629,587</u> | <u>997,101,982</u> | <u>12,472,395</u> | <u>912,269,633</u> |
| LICENSES AND PERMITS | | | | |
| Beer and wine licenses | 72,000 | 80,676 | 8,676 | 74,714 |
| Marriage licenses | 171,111 | 170,949 | (162) | 168,204 |
| Building and construction permits | 3,101,700 | 3,465,045 | 363,345 | 3,362,969 |
| Weapon permits | 423,000 | 482,261 | 59,261 | 417,923 |
| Other permits | 1,064,981 | 986,502 | (78,479) | 976,748 |
| Total Licenses and Permits | <u>4,832,792</u> | <u>5,185,433</u> | <u>352,641</u> | <u>5,000,558</u> |

(Continued)

WAKE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DETAILED BUDGET AND ACTUAL (continued)
For the Year Ended June 30, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015**

| | 2016 | | Variance Positive/(Negative) | 2015 |
|---------------------------|-------------------|--------------------|---------------------------------|-------------------|
| | Budget | Actual | | Actual |
| INTERGOVERNMENTAL | | | | |
| Federal and State: | | | | |
| Human services | \$ 88,954,370 | \$ 92,212,536 | \$ 3,258,166 | \$ 87,997,645 |
| Payments in lieu of taxes | 255,000 | 314,386 | 59,386 | 296,018 |
| Public library | 400,000 | 580,320 | 180,320 | 400,000 |
| Public safety | 188,176 | 199,643 | 11,467 | 196,191 |
| Other federal and state | 2,523,956 | 2,640,011 | 116,055 | 2,715,793 |
| Total Federal and State | <u>92,321,502</u> | <u>95,946,896</u> | <u>3,625,394</u> | <u>91,605,647</u> |
| Local: | | | | |
| ABC Board | 4,000,000 | 7,500,000 | 3,500,000 | 6,250,000 |
| Other local | 66,850 | 60,354 | (6,496) | 118,559 |
| Total Local | <u>4,066,850</u> | <u>7,560,354</u> | <u>3,493,504</u> | <u>6,368,559</u> |
| Total Intergovernmental | <u>96,388,352</u> | <u>103,507,250</u> | <u>7,118,898</u> | <u>97,974,206</u> |

(Continued)

WAKE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DETAILED BUDGET AND ACTUAL (continued)
For the Year Ended June 30, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015**

| | 2016 | | Variance Positive/(Negative) | 2015 |
|--------------------------------------|----------------------|----------------------|---------------------------------|----------------------|
| | Budget | Actual | | Actual |
| CHARGES FOR SERVICES | | | | |
| Environmental | \$ 419,000 | \$ 361,631 | \$ (57,369) | \$ 397,862 |
| Client fees | 1,115,180 | 1,040,136 | (75,044) | 1,051,634 |
| Insurance | 857,925 | 867,117 | 9,192 | 948,249 |
| Medicaid fees | 12,106,557 | 11,925,400 | (181,157) | 12,182,933 |
| Medicare fees | 37,900 | 56,163 | 18,263 | 34,320 |
| Human services reimbursements | 579,156 | 549,315 | (29,841) | 531,358 |
| Inspection fees | 891,362 | 851,063 | (40,299) | 836,639 |
| Library fees | 466,250 | 441,109 | (25,141) | 411,797 |
| Parks & recreation fees | 150,374 | 138,196 | (12,178) | 139,745 |
| EMS fees | 23,518,002 | 26,211,988 | 2,693,986 | 24,117,439 |
| Facility use fees | 248,300 | 290,797 | 42,497 | 280,672 |
| Fire/Rescue fees | 281,039 | 310,663 | 29,624 | 260,014 |
| Sheriff fees | 4,093,400 | 4,330,421 | 237,021 | 3,966,985 |
| Transportation Fees | - | - | - | 1,157,773 |
| Planning fees | 452,050 | 756,830 | 304,780 | 726,893 |
| Court facility fees | 1,517,500 | 1,190,708 | (326,792) | 1,413,401 |
| Parking fees | 898,000 | 982,797 | 84,797 | 860,760 |
| Rental/lease income | 311,244 | 312,807 | 1,563 | 285,640 |
| Record fees | 4,496,667 | 4,845,627 | 348,960 | 4,682,806 |
| Reimbursements | 2,740,671 | 2,919,351 | 178,680 | 2,183,361 |
| Tax collection fees | 812,500 | 848,039 | 35,539 | 798,752 |
| Vending income | 449,000 | 655,551 | 206,551 | 773,647 |
| Other fees and charges | 1,348,250 | 1,854,864 | 506,614 | 1,660,333 |
| Total Charges for Services | <u>57,790,327</u> | <u>61,740,573</u> | <u>3,950,246</u> | <u>59,703,013</u> |
| INVESTMENT EARNINGS | <u>10,922</u> | <u>71,523</u> | <u>60,601</u> | <u>58,446</u> |
| MISCELLANEOUS | | | | |
| Sale of materials and capital assets | 243,483 | 205,081 | (38,402) | 259,906 |
| Other miscellaneous | 1,061,044 | 423,184 | (637,860) | 1,614,859 |
| Total Miscellaneous | <u>1,304,527</u> | <u>628,265</u> | <u>(676,262)</u> | <u>1,874,765</u> |
| TOTAL REVENUES | <u>1,144,956,507</u> | <u>1,168,235,026</u> | <u>23,278,519</u> | <u>1,076,880,621</u> |

(Continued)

WAKE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DETAILED BUDGET AND ACTUAL (continued)
For the Year Ended June 30, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015**

| | 2016 | | | | 2015 | | |
|--|--------------------|--------------------|--|----------------|---|--|--------------------|
| | Budget | Actual | Variance Budget vs. Actual Positive/(Negative) | Encumbrances | Total (Actuals plus Encumbrances) | Variance Budget vs. Actuals plus Encumbrances Positive/(Negative) | Actual |
| EXPENDITURES: | | | | | | | |
| GENERAL GOVERNMENT | | | | | | | |
| County commissioners | \$ 574,026 | \$ 557,300 | \$ 16,726 | \$ - | \$ 557,300 | \$ 16,726 | \$ 522,491 |
| County manager | 1,812,133 | 1,653,190 | 158,943 | 4,774 | 1,657,964 | 154,169 | 1,467,148 |
| County attorney | 2,196,544 | 2,186,716 | 9,828 | 17,257 | 2,203,973 | (7,429) | 1,797,317 |
| Board of elections | 5,809,770 | 5,341,208 | 468,562 | 3,750 | 5,344,958 | 464,812 | 3,626,105 |
| Budget & management services | 818,396 | 727,333 | 91,063 | 16,500 | 743,833 | 74,563 | 582,698 |
| Facilities design & construction | 1,405,938 | 1,371,492 | 34,446 | 14,025 | 1,385,517 | 20,421 | 1,154,104 |
| Finance | 2,555,094 | 2,315,959 | 239,135 | 43,400 | 2,359,359 | 195,735 | 2,247,590 |
| Human resources | 2,052,168 | 1,986,144 | 66,024 | 9,000 | 1,995,144 | 57,024 | 1,949,179 |
| Information services | 13,480,301 | 12,912,057 | 568,244 | 55,919 | 12,967,976 | 512,325 | 12,301,873 |
| Register of deeds | 2,937,988 | 2,790,290 | 147,698 | 10,800 | 2,801,090 | 136,898 | 2,626,212 |
| Revenue | 9,748,057 | 8,067,340 | 1,680,717 | 1,470 | 8,068,810 | 1,679,247 | 7,600,794 |
| Non-departmental | 15,780,954 | 15,763,089 | 17,865 | 17,865 | 15,780,954 | - | 10,604,404 |
| Public agencies | 2,265,728 | 2,265,728 | - | - | 2,265,728 | - | 1,491,053 |
| Medical examiner | 664,200 | 655,810 | 8,390 | - | 655,810 | 8,390 | 224,900 |
| Total General Government | <u>62,101,297</u> | <u>58,593,656</u> | <u>3,507,641</u> | <u>194,760</u> | <u>58,788,416</u> | <u>3,312,881</u> | <u>48,195,868</u> |
| HUMAN SERVICES | | | | | | | |
| Social services economic self sufficiency | 77,793,284 | 77,478,042 | 315,242 | 36,554 | 77,514,596 | 278,688 | 77,855,841 |
| Child welfare | 26,486,446 | 26,348,178 | 138,268 | 3,671 | 26,351,849 | 134,597 | 25,037,354 |
| Children youth and family | 18,814,457 | 18,609,885 | 204,572 | 3,346 | 18,613,231 | 201,226 | 17,122,261 |
| Public health | 6,744,455 | 6,590,779 | 153,676 | - | 6,590,779 | 153,676 | 6,175,329 |
| Health clinics | 18,131,376 | 17,668,774 | 462,602 | 3,449 | 17,672,223 | 459,153 | 17,218,444 |
| Behavioral health - managed care | 25,334,062 | 19,028,244 | 6,305,818 | - | 19,028,244 | 6,305,818 | 25,067,940 |
| Administration and operations | 21,098,190 | 20,659,658 | 438,532 | 237,762 | 20,897,420 | 200,770 | 26,126,264 |
| Total Human Services | <u>194,402,270</u> | <u>186,383,560</u> | <u>8,018,710</u> | <u>284,782</u> | <u>186,668,342</u> | <u>7,733,928</u> | <u>194,603,433</u> |

Encumbrances are included for internal reporting purposes only.

(Continued)

WAKE COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

DETAILED BUDGET AND ACTUAL (continued)

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

| | 2016 | | | | 2015 | | |
|---|--------------------|--------------------|--|----------------|---|--|--------------------|
| | Budget | Actual | Variance Budget vs. Actual Positive/(Negative) | Encumbrances | Total (Actuals plus Encumbrances) | Variance Budget vs. Actuals plus Encumbrances Positive/(Negative) | Actual |
| EDUCATION | | | | | | | |
| Wake County Public Schools: | | | | | | | |
| Current expense | \$ 383,970,977 | \$ 383,970,977 | \$ - | \$ - | \$ 383,970,977 | \$ - | \$ 339,271,187 |
| Capital outlay | 1,150,969 | 1,150,969 | - | - | 1,150,969 | - | 1,287,747 |
| Other restricted | 878,054 | 878,054 | - | - | 878,054 | - | 867,466 |
| Total Wake County Public Schools | <u>386,000,000</u> | <u>386,000,000</u> | <u>-</u> | <u>-</u> | <u>386,000,000</u> | <u>-</u> | <u>341,426,400</u> |
| Wake Technical College: | | | | | | | |
| Current expense | 19,416,000 | 19,416,000 | - | - | 19,416,000 | - | 16,478,000 |
| Total Wake Technical College | <u>19,416,000</u> | <u>19,416,000</u> | <u>-</u> | <u>-</u> | <u>19,416,000</u> | <u>-</u> | <u>16,478,000</u> |
| Total Education | <u>405,416,000</u> | <u>405,416,000</u> | <u>-</u> | <u>-</u> | <u>405,416,000</u> | <u>-</u> | <u>357,904,400</u> |
| COMMUNITY DEVELOPMENT AND CULTURAL | | | | | | | |
| Administration | 635,741 | 635,020 | 721 | - | 635,020 | 721 | 500,264 |
| Parks and recreation | 2,893,959 | 2,840,506 | 53,453 | 51,494 | 2,892,000 | 1,959 | 2,660,053 |
| Building inspections | 4,462,238 | 4,459,610 | 2,628 | - | 4,459,610 | 2,628 | 4,336,861 |
| Veterans services | 245,985 | 245,253 | 732 | - | 245,253 | 732 | 231,843 |
| Geographic information services | 1,767,216 | 1,756,351 | 10,865 | 5,065 | 1,761,416 | 5,800 | 1,623,330 |
| Public libraries | 19,891,257 | 19,601,088 | 290,169 | 279,600 | 19,880,688 | 10,569 | 18,046,089 |
| Total Community Development | <u>29,896,396</u> | <u>29,537,828</u> | <u>358,568</u> | <u>336,159</u> | <u>29,873,987</u> | <u>22,409</u> | <u>27,398,440</u> |

Encumbrances are included for internal reporting purposes only.

(Continued)

WAKE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DETAILED BUDGET AND ACTUAL (continued)
For the Year Ended June 30, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015**

| | 2016 | | | | 2015 | | |
|--|--------------------|--------------------|--|------------------|---|--|--------------------|
| | Budget | Actual | Variance Budget vs. Actual Positive/(Negative) | Encumbrances | Total (Actuals plus Encumbrances) | Variance Budget vs. Actuals plus Encumbrances Positive/(Negative) | Actual |
| ENVIRONMENTAL SERVICES | | | | | | | |
| Environmental services | \$ 10,121,747 | \$ 9,954,695 | \$ 167,052 | \$ 166,575 | \$ 10,121,270 | \$ 477 | \$ 9,330,167 |
| Total Environmental Services | <u>10,121,747</u> | <u>9,954,695</u> | <u>167,052</u> | <u>166,575</u> | <u>10,121,270</u> | <u>477</u> | <u>9,330,167</u> |
| GENERAL SERVICES ADMINISTRATION | | | | | | | |
| General services administration | 27,609,824 | 26,786,094 | 823,730 | 747,116 | 27,533,210 | 76,614 | 26,208,028 |
| Total General Services Administration | <u>27,609,824</u> | <u>26,786,094</u> | <u>823,730</u> | <u>747,116</u> | <u>27,533,210</u> | <u>76,614</u> | <u>26,208,028</u> |
| PUBLIC SAFETY | | | | | | | |
| Sheriff Department: | | | | | | | |
| Sheriff | 40,637,346 | 38,468,586 | 2,168,760 | 12,918 | 38,481,504 | 2,155,842 | 36,806,159 |
| Detention | 39,137,702 | 42,130,122 | (2,992,420) | 3,033 | 42,133,155 | (2,995,453) | 38,448,069 |
| Total Sheriff Department | <u>79,775,048</u> | <u>80,598,708</u> | <u>(823,660)</u> | <u>15,951</u> | <u>80,614,659</u> | <u>(839,611)</u> | <u>75,254,228</u> |
| CCBI | 5,444,435 | 5,440,991 | 3,444 | - | 5,440,991 | 3,444 | 5,277,368 |
| Emergency medical services | 37,446,663 | 37,067,770 | 378,893 | 378,893 | 37,446,663 | - | 34,127,842 |
| Fire services | 1,634,120 | 1,606,442 | 27,678 | 27,678 | 1,634,120 | - | 1,475,961 |
| Emergency management | 808,008 | 754,243 | 53,765 | 53,765 | 808,008 | - | 681,496 |
| Public safety communications | 1,177,609 | 1,153,644 | 23,965 | - | 1,153,644 | 23,965 | 1,081,137 |
| Total Public Safety | <u>126,285,883</u> | <u>126,621,798</u> | <u>(335,915)</u> | <u>476,287</u> | <u>127,098,085</u> | <u>(812,202)</u> | <u>117,898,032</u> |
| TOTAL EXPENDITURES | <u>855,833,417</u> | <u>843,293,631</u> | <u>12,539,786</u> | <u>2,205,679</u> | <u>845,499,310</u> | <u>10,334,107</u> | <u>781,538,368</u> |

Encumbrances are included for internal reporting purposes only.

(Continued)

WAKE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DETAILED BUDGET AND ACTUAL (continued)
For the Year Ended June 30, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015**

| | 2016 | | Variance Positive/(Negative) | 2015 |
|---|----------------|----------------|---------------------------------|----------------|
| | Budget | Actual | | Actual |
| REVENUES OVER EXPENDITURES | \$ 289,123,090 | \$ 324,941,395 | \$ 35,818,305 | \$ 295,342,253 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 3,673,054 | 2,808,617 | (864,437) | 2,682,398 |
| Transfers out | (297,679,617) | (296,829,617) | 850,000 | (285,873,534) |
| Total other financing sources (uses) | (294,006,563) | (294,021,000) | (14,437) | (283,191,136) |
| REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (4,883,473) | 30,920,395 | 35,803,868 | 12,151,117 |
| APPROPRIATED FUND BALANCE | 4,883,473 | - | (4,883,473) | - |
| REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES | \$ - | 30,920,395 | \$ 30,920,395 | 12,151,117 |
| FUND BALANCE AT BEGINNING OF YEAR | | 244,598,778 | | 232,447,661 |
| PRIOR PERIOD ADJUSTMENT | | 1,040,288 | | - |
| FUND BALANCE AT BEGINNING OF YEAR, RESTATED | | 245,639,066 | | 232,447,661 |
| FUND BALANCE AT END OF YEAR | | 276,559,461 | | 244,598,778 |
| LESS: EXPENDITURES ASSOCIATED WITH CAPITAL LEASE INCEPTION & CAPITAL DONATIONS | | (5,027) | | (35,543) |
| ADD: PROCEEDS OF CAPITAL LEASES & CAPITAL DONATIONS | | 5,027 | | 35,543 |
| TOTAL LEASE INCEPTIONS | | - | | - |
| FUND BALANCE AT END OF YEAR | | \$ 276,559,461 | | \$ 244,598,778 |

WAKE COUNTY, NORTH CAROLINA

**AFFORDABLE HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (NON-GAAP BASIS)
BUDGET AND ACTUAL
From Project Inception Through June 30, 2016**

| | Project Authorization | Prior Years | Actual Current Year | Total To Date |
|--|--------------------------|---------------------|---------------------------|---------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 19,460,447 | \$ 11,349,303 | \$ 4,385,845 | \$ 15,735,148 |
| Charges for services | 2,471,360 | 1,922,319 | 665,562 | 2,587,881 |
| Investment earnings | 195,928 | 247,423 | 1,249 | 248,672 |
| Total Revenues | <u>22,127,735</u> | <u>13,519,045</u> | <u>5,052,656</u> | <u>18,571,701</u> |
| EXPENDITURES: | | | | |
| Human Services | | | | |
| County funded | 6,521,842 | 3,070,071 | 1,012,177 | 4,082,248 |
| Housing and community revitalization | 16,586,615 | 9,133,906 | 3,481,419 | 12,615,325 |
| Home grants | 2,584,721 | 257,266 | 1,045,331 | 1,302,597 |
| HOPWA grants | 1,594,012 | 752,672 | 533,368 | 1,286,040 |
| Total Expenditures | <u>27,287,190</u> | <u>13,213,915</u> | <u>6,072,295</u> | <u>19,286,210</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (5,159,455) | 305,130 | (1,019,639) | (714,509) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 5,159,455 | 4,329,455 | 830,000 | 5,159,455 |
| Total Other Financing Sources (Uses) | <u>5,159,455</u> | <u>4,329,455</u> | <u>830,000</u> | <u>5,159,455</u> |
| REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>\$ -</u> | <u>\$ 4,634,585</u> | (189,639) | <u>\$ 4,444,946</u> |
| FUND BALANCE AT BEGINNING OF YEAR | | | <u>4,634,585</u> | |
| FUND BALANCE AT END OF YEAR (Non-GAAP) | | | <u>\$ 4,444,946</u> | |
| Reconciling items for GAAP presentation: | | | | |
| Fund balance at beginning of year (GAAP) | | | 25,787,075 | |
| Loans issued | | | 946,165 | |
| Payments received on loan balances | | | (997,993) | |
| Change in estimate of loan portfolio allowance | | | 218,982 | |
| Total reconciling items: | | | <u>25,954,229</u> | |
| FUND BALANCE AT END OF YEAR (GAAP basis) | | | <u>\$ 25,764,590</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, 2016

| | 2016 | |
|---|---------------|---------------|
| | Budget | Actual |
| REVENUES: | | |
| Taxes: | | |
| Occupancy tax | \$ 23,487,000 | \$ 23,301,005 |
| Prepared food tax | 26,369,000 | 26,051,103 |
| Total taxes | 49,856,000 | 49,352,108 |
| Charges for services | 500,000 | 500,000 |
| Investment earnings | - | 59,110 |
| Total Revenues | 50,356,000 | 49,911,218 |
| EXPENDITURES: | | |
| Raleigh hold harmless - occupancy | 680,000 | 680,000 |
| Cary hold harmless - occupancy | 1,139,000 | 1,130,099 |
| Greater Raleigh Convention and Visitors Bureau | 5,943,000 | 5,897,744 |
| Centennial Authority operations 7% | 2,888,000 | 2,859,059 |
| Centennial - Debt service | 5,209,000 | 5,204,682 |
| Raleigh annual distribution - \$1M | 1,000,000 | 1,000,000 |
| Convention Center | 25,861,000 | 25,517,817 |
| North Carolina Museum of Art | 1,000,000 | 1,000,000 |
| Centennial Authority Facility Improvements | 1,500,000 | 1,500,000 |
| Green Square | 400,000 | 400,000 |
| St. Augustine's | 100,000 | 100,000 |
| Cary Sports Venue | 1,300,000 | 1,300,000 |
| Unallocated | 762,000 | - |
| Total Expenditures | 47,782,000 | 46,589,401 |
| REVENUES OVER EXPENDITURES | 2,574,000 | 3,321,817 |
| OTHER FINANCING SOURCES (USES): | | |
| Transfers out to General Fund | (1,495,000) | (1,480,563) |
| Transfers out to Debt Service Fund | (79,000) | (79,000) |
| Transfers out to Capital Improvement Fund | (1,000,000) | (1,000,000) |
| Total Other Financing Sources (Uses) | (2,574,000) | (2,559,563) |
| REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | \$ - | 762,254 |
| FUND BALANCE AT BEGINNING OF YEAR | | 1,644,066 |
| FUND BALANCE AT END OF YEAR | | \$ 2,406,320 |

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, 2016**

| | 2016 | |
|--|----------------------|-----------------------|
| | Budget | Actual |
| REVENUES: | | |
| Intergovernmental | \$ 12,783,015 | \$ 14,695,386 |
| Charges for services | - | 11,500 |
| Investment earnings | 2,314,000 | 4,720,576 |
| Total Revenues | <u>15,097,015</u> | <u>19,427,462</u> |
| EXPENDITURES: | | |
| Debt service - principal | 170,121,289 | 170,027,054 |
| Debt service - interest | 99,259,340 | 98,236,050 |
| Miscellaneous | 371,233 | 551,152 |
| Total Expenditures | <u>269,751,862</u> | <u>268,814,256</u> |
| REVENUES (UNDER) EXPENDITURES | <u>(254,654,847)</u> | <u>(249,386,794)</u> |
| OTHER FINANCING SOURCES (USES): | | |
| Transfers in | 222,083,000 | 222,083,000 |
| Refunding bonds issued | - | 191,835,000 |
| Payment to refunded escrow agent | - | (233,084,360) |
| Premiums on issuance | 16,756,734 | 42,128,289 |
| Total Other Financing Sources (Uses) | <u>238,839,734</u> | <u>222,961,929</u> |
| REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (15,815,113) | (26,424,865) |
| APPROPRIATED FUND BALANCE | <u>15,815,113</u> | <u>-</u> |
| REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES | <u>\$ -</u> | (26,424,865) |
| FUND BALANCE AT BEGINNING OF YEAR | | <u>153,873,846</u> |
| FUND BALANCE AT END OF YEAR | | <u>\$ 127,448,981</u> |

WAKE COUNTY, NORTH CAROLINA

COUNTY CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL For the Year Ended June 30, 2016

| | Project Authorization | Actual | | Total To Date |
|--|--------------------------|----------------------|----------------------|----------------------|
| | | Prior Years | Actual | |
| REVENUES: | | | | |
| Taxes | \$ - | \$ 4,519 | \$ 137 | \$ 4,656 |
| Intergovernmental | 12,204,151 | 12,030,747 | 1,577,752 | 13,608,499 |
| Charges for services | 12,621,782 | 6,154,825 | 2,611,522 | 8,766,347 |
| Investment earnings | 19,552,641 | 17,768,334 | 283 | 17,768,617 |
| Miscellaneous | 245,942 | 382,854 | 1,907,903 | 2,290,757 |
| Total Revenues | 44,624,516 | 36,341,279 | 6,097,597 | 42,438,876 |
| EXPENDITURES: | | | | |
| Capital projects: | | | | |
| Automation CIP | 39,171,062 | 19,179,039 | 8,016,122 | 27,195,161 |
| Community capital projects | 1,265,000 | 615,000 | 650,000 | 1,265,000 |
| County building improvements | 50,807,265 | 33,398,112 | 9,229,673 | 42,627,785 |
| Criminal justice CIP | 383,492,113 | 375,564,864 | 4,207,142 | 379,772,006 |
| Public libraries CIP | 37,887,825 | 8,123,544 | 11,501,035 | 19,624,579 |
| Open space | 19,537,803 | 9,121,139 | 4,217,380 | 13,338,519 |
| Parks and recreation CIP | 6,707,710 | 4,494,479 | 776,943 | 5,271,422 |
| Public safety CIP | 32,875,543 | 6,086,006 | 8,499,690 | 14,585,696 |
| Economic development | 18,918,968 | 12,021,691 | 2,210,467 | 14,232,158 |
| Program wide projects | 20,698,000 | 1,077,788 | - | 1,077,788 |
| Total Expenditures | 611,361,289 | 469,681,662 | 49,308,452 | 518,990,114 |
| REVENUES UNDER EXPENDITURES | (566,736,773) | (433,340,383) | (43,210,855) | (476,551,238) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 246,490,443 | 205,721,417 | 29,333,000 | 235,054,417 |
| Transfers out | (32,246,127) | (29,916,127) | (2,330,000) | (32,246,127) |
| Bonds issued | 27,527,534 | 31,178,096 | - | 31,178,096 |
| Bond anticipation notes issued | 12,514,000 | - | - | - |
| 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 |
| Capital leases issued | - | 1,077,786 | - | 1,077,786 |
| Total Other Financing Sources (Uses) | 566,736,773 | 520,512,095 | 27,003,000 | 547,515,095 |
| REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES | \$ - | \$ 87,171,712 | (16,207,855) | \$ 70,963,857 |
| FUND BALANCE AT BEGINNING OF YEAR | | | 87,171,712 | |
| FUND BALANCE AT END OF YEAR | | | \$ 70,963,857 | |

WAKE COUNTY, NORTH CAROLINA

**SCHOOL CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

| | Project Authorization | Prior Years | Actual | |
|--|--------------------------|------------------------|-----------------------|------------------------|
| | | | Actual | Total To Date |
| REVENUES: | | | | |
| Intergovernmental | \$ 20,971,782 | \$ 30,049,430 | \$ 4,454,720 | \$ 34,504,150 |
| Investment earnings | 68,538,737 | 68,969,521 | 88,427 | 69,057,948 |
| Miscellaneous | 4,328 | 4,328 | - | 4,328 |
| Total Revenues | <u>89,514,847</u> | <u>99,023,279</u> | <u>4,543,147</u> | <u>103,566,426</u> |
| EXPENDITURES: | | | | |
| Wake County Public Schools | <u>2,095,961,719</u> | <u>1,161,572,369</u> | <u>276,102,791</u> | <u>1,437,675,160</u> |
| Total Expenditures | <u>2,095,961,719</u> | <u>1,161,572,369</u> | <u>276,102,791</u> | <u>1,437,675,160</u> |
| REVENUES UNDER EXPENDITURES | <u>(2,006,446,872)</u> | <u>(1,062,549,090)</u> | <u>(271,559,644)</u> | <u>(1,334,108,734)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 309,409,017 | 253,916,533 | 43,708,000 | 297,624,533 |
| Transfers out | (39,266,300) | (38,388,246) | (878,054) | (39,266,300) |
| Bonds issued | 1,433,559,386 | 1,271,811,522 | - | 1,271,811,522 |
| Bond anticipation notes issued | 302,744,769 | - | 1,301,000 | 1,301,000 |
| Premiums on issuance | - | 116,844 | - | 116,844 |
| Total Other Financing Sources (Uses) | <u>2,006,446,872</u> | <u>1,487,456,653</u> | <u>44,130,946</u> | <u>1,531,587,599</u> |
| REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES | <u>\$ -</u> | <u>\$ 424,907,563</u> | <u>(227,428,698)</u> | <u>\$ 197,478,865</u> |
| FUND BALANCE AT BEGINNING OF YEAR | | | <u>424,907,563</u> | |
| FUND BALANCE AT END OF YEAR | | | <u>\$ 197,478,865</u> | |

WAKE COUNTY, NORTH CAROLINA

**WAKE COMMUNITY COLLEGE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

BUDGET AND ACTUAL

For the Year Ended June 30, 2016

| | Project Authorization | Actual | | Total To Date |
|--|--------------------------|----------------|---------------|------------------|
| | | Prior Years | Actual | |
| REVENUES: | | | | |
| Investment earnings | \$ - | \$ 606,956 | \$ 94 | \$ 607,050 |
| Total Revenues | - | 606,956 | 94 | 607,050 |
| EXPENDITURES: | | | | |
| Wake Technical College | 315,018,670 | 158,807,387 | 62,457,857 | 221,265,244 |
| Total Expenditures | 315,018,670 | 158,807,387 | 62,457,857 | 221,265,244 |
| REVENUES UNDER EXPENDITURES | (315,018,670) | (158,200,431) | (62,457,763) | (220,658,194) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 48,153,099 | 35,216,516 | 5,022,000 | 40,238,516 |
| Bonds issued | 228,897,842 | 226,814,768 | - | 226,814,768 |
| Bond anticipation notes issued | 37,750,000 | - | - | - |
| Premiums on issuance | 217,729 | 1,321,195 | - | 1,321,195 |
| Total Other Financing Sources (Uses) | 315,018,670 | 263,352,479 | 5,022,000 | 268,374,479 |
| REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES | \$ - | \$ 105,152,048 | (57,435,763) | \$ 47,716,285 |
| FUND BALANCE AT BEGINNING OF YEAR | | | 105,152,048 | |
| FUND BALANCE AT END OF YEAR | | | \$ 47,716,285 | |

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 grants, donations and forfeiture funds, in a multi-year fund. It was established in fiscal year 2008.

The **Capital Area Workforce Development Fund** accounts for U.S. 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.

The **Transportation Fund** accounts for the revenues received from charges for services, Medicaid reimbursements, as well as State and local funding to provide access options and support transportation for elderly, disabled, or disadvantaged clients.

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 accounted for in the County Capital Project Fund.

The **Major Facilities Capital Trust Fund** accounts for identified projects through Wake County's allocation from the Major Facilities 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 accounted for in the County Capital Project Fund.

WAKE COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of June 30, 2016

| | Total Nonmajor Special Revenue | Total Nonmajor Capital Project | Total |
|---|---|---|----------------------|
| ASSETS | | | |
| Cash and investments - pooled equity | \$ 6,225,750 | \$ 17,391,401 | \$ 23,617,151 |
| Taxes receivable (net) | 69,201 | - | 69,201 |
| Accounts receivable (net) | 3,978,325 | 31,352 | 4,009,677 |
| Loans receivable (net) | - | 435,572 | 435,572 |
| Accrued interest receivable | 6,144 | 21,102 | 27,246 |
| Total assets | <u>\$ 10,279,420</u> | <u>\$ 17,879,427</u> | <u>\$ 28,158,847</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 2,784,501 | \$ 467,530 | \$ 3,252,031 |
| Due to other governmental units | 60 | - | 60 |
| Internal balances (due to other funds) | 842,657 | - | 842,657 |
| Total liabilities | <u>3,627,218</u> | <u>467,530</u> | <u>4,094,748</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>82,703</u> | <u>-</u> | <u>82,703</u> |
| Fund balances: | | | |
| Restricted: | | | |
| Stabilization by state statute | 1,117,173 | 4,310,003 | 5,427,176 |
| Committed: | | | |
| Working capital | 3,460,568 | - | 3,460,568 |
| Assigned: | | | |
| Planned expenditures | 2,009,470 | 7,292,113 | 9,301,583 |
| Future capital projects | - | 5,809,781 | 5,809,781 |
| Unassigned | (17,712) | - | (17,712) |
| Total fund balances | <u>6,569,499</u> | <u>17,411,897</u> | <u>23,981,396</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 10,279,420</u> | <u>\$ 17,879,427</u> | <u>\$ 28,158,847</u> |

WAKE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended June 30, 2016

| | Total Nonmajor Special Revenue | Total Nonmajor Capital Project | Total |
|--|---|---|----------------------|
| REVENUES: | | | |
| Taxes | \$ 21,750,975 | \$ - | \$ 21,750,975 |
| Intergovernmental | 12,472,080 | - | 12,472,080 |
| Charges for services | 4,895,315 | 138,392 | 5,033,707 |
| Fines and forfeitures | 42,805 | - | 42,805 |
| Investment earnings | 67,907 | 119,376 | 187,283 |
| Miscellaneous | 5,279 | 82,847 | 88,126 |
| Total Revenues | <u>39,234,361</u> | <u>340,615</u> | <u>39,574,976</u> |
| EXPENDITURES: | | | |
| General government | 93,956 | - | 93,956 |
| Human services | 15,237,837 | - | 15,237,837 |
| Community development and cultural | 263,920 | 1,698,880 | 1,962,800 |
| Environmental services | 80,765 | - | 80,765 |
| Public safety | 20,384,597 | 2,715,481 | 23,100,078 |
| General services administration | 94,828 | - | 94,828 |
| Total Expenditures | <u>36,155,903</u> | <u>4,414,361</u> | <u>40,570,264</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>3,078,458</u> | <u>(4,073,746)</u> | <u>(995,288)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 259,617 | 5,551,000 | 5,810,617 |
| Transfers out | (5,513,000) | (1,035,000) | (6,548,000) |
| Total Other Financing Sources (Uses) | <u>(5,253,383)</u> | <u>4,516,000</u> | <u>(737,383)</u> |
| REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (2,174,925) | 442,254 | (1,732,671) |
| FUND BALANCE AT BEGINNING OF YEAR | <u>8,744,424</u> | <u>16,969,643</u> | <u>25,714,067</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ 6,569,499</u> | <u>\$ 17,411,897</u> | <u>\$ 23,981,396</u> |

WAKE COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS As of June 30, 2016

| | Grants Fund | Capital Area Workforce Development | Fire Tax District | Transportation | Total |
|---|---------------------|--|-------------------------|---------------------|----------------------|
| ASSETS | | | | | |
| Cash and investments - pooled equity | \$ 2,346,352 | \$ - | \$ 3,879,398 | \$ - | \$ 6,225,750 |
| Taxes receivable, net | - | - | 69,201 | - | 69,201 |
| Accounts receivable, net | 159,075 | 1,802,831 | 153,056 | 1,863,363 | 3,978,325 |
| Accrued interest receivable | 1,727 | - | 5,068 | (651) | 6,144 |
| Total assets | <u>\$ 2,507,154</u> | <u>\$ 1,802,831</u> | <u>\$ 4,106,723</u> | <u>\$ 1,862,712</u> | <u>\$ 10,279,420</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$ 326,983 | \$ 1,396,601 | \$ 16,829 | \$ 1,044,088 | \$ 2,784,501 |
| Due to other governmental units | - | 60 | - | - | 60 |
| Internal balances (due to other funds) | - | 423,882 | - | 418,775 | 842,657 |
| Total liabilities | <u>326,983</u> | <u>1,820,543</u> | <u>16,829</u> | <u>1,462,863</u> | <u>3,627,218</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>-</u> | <u>-</u> | <u>82,703</u> | <u>-</u> | <u>82,703</u> |
| Fund balances: | | | | | |
| Restricted: | | | | | |
| Stabilization by state statute | 563,926 | - | 153,398 | 399,849 | 1,117,173 |
| Committed: | | | | | |
| Working capital | - | - | 3,460,568 | - | 3,460,568 |
| Assigned: | | | | | |
| Planned expenditures | 1,616,245 | - | 393,225 | - | 2,009,470 |
| Unassigned | - | (17,712) | - | - | (17,712) |
| Total fund balances | <u>2,180,171</u> | <u>(17,712)</u> | <u>4,007,191</u> | <u>399,849</u> | <u>6,569,499</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,507,154</u> | <u>\$ 1,802,831</u> | <u>\$ 4,106,723</u> | <u>\$ 1,862,712</u> | <u>\$ 10,279,420</u> |

WAKE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended June 30, 2016

| | Grants Fund | Capital Area Workforce Development | Fire Tax District | Transportation | Total |
|--|---------------------|--|-------------------------|-------------------|---------------------|
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ 21,750,975 | \$ - | \$ 21,750,975 |
| Intergovernmental | 3,780,533 | 7,492,671 | - | 1,198,876 | 12,472,080 |
| Charges for services | 138,333 | 46,416 | - | 4,710,566 | 4,895,315 |
| Fines and forfeitures | 42,805 | - | - | - | 42,805 |
| Investment earnings | 10,011 | - | 57,447 | 449 | 67,907 |
| Miscellaneous | 5,279 | - | - | - | 5,279 |
| Total Revenues | <u>3,976,961</u> | <u>7,539,087</u> | <u>21,808,422</u> | <u>5,909,891</u> | <u>39,234,361</u> |
| EXPENDITURES: | | | | | |
| General government | 93,956 | - | - | - | 93,956 |
| Human services | 2,008,787 | 7,594,008 | - | 5,635,042 | 15,237,837 |
| Community development and cultural | 263,920 | - | - | - | 263,920 |
| Environmental services | 80,765 | - | - | - | 80,765 |
| Public safety | 1,325,660 | - | 19,058,937 | - | 20,384,597 |
| General services administration | 94,828 | - | - | - | 94,828 |
| Total Expenditures | <u>3,867,916</u> | <u>7,594,008</u> | <u>19,058,937</u> | <u>5,635,042</u> | <u>36,155,903</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>109,045</u> | <u>(54,921)</u> | <u>2,749,485</u> | <u>274,849</u> | <u>3,078,458</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 134,617 | - | - | 125,000 | 259,617 |
| Transfers out | - | - | (5,513,000) | - | (5,513,000) |
| Total Other Financing Sources (Uses) | <u>134,617</u> | <u>-</u> | <u>(5,513,000)</u> | <u>125,000</u> | <u>(5,253,383)</u> |
| REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | <u>243,662</u> | <u>(54,921)</u> | <u>(2,763,515)</u> | <u>399,849</u> | <u>(2,174,925)</u> |
| FUND BALANCE AT BEGINNING OF YEAR | <u>1,936,509</u> | <u>37,209</u> | <u>6,770,706</u> | <u>-</u> | <u>8,744,424</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ 2,180,171</u> | <u>\$ (17,712)</u> | <u>\$ 4,007,191</u> | <u>\$ 399,849</u> | <u>\$ 6,569,499</u> |

WAKE COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECT FUNDS As of June 30, 2016

| | Fire Capital Projects Fund | Major Facilities Capital Trust Fund | Total |
|--|-------------------------------------|--|----------------------|
| ASSETS | | | |
| Cash and investments - pooled equity | \$ 8,296,991 | \$ 9,094,410 | \$ 17,391,401 |
| Accounts receivable, net | 23,040 | 8,312 | 31,352 |
| Loans receivable | - | 435,572 | 435,572 |
| Accrued interest receivable | 10,066 | 11,036 | 21,102 |
| Total assets | <u>\$ 8,330,097</u> | <u>\$ 9,549,330</u> | <u>\$ 17,879,427</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | <u>\$ 233,148</u> | <u>\$ 234,382</u> | <u>\$ 467,530</u> |
| Total liabilities | <u>233,148</u> | <u>234,382</u> | <u>467,530</u> |
| Fund balances: | | | |
| Restricted: | | | |
| Stabilization by state statute | 812,480 | 3,497,523 | 4,310,003 |
| Assigned: | | | |
| Planned expenditures | 2,748,263 | 4,543,850 | 7,292,113 |
| Future capital projects | <u>4,536,206</u> | <u>1,273,575</u> | <u>5,809,781</u> |
| Total fund balances | <u>8,096,949</u> | <u>9,314,948</u> | <u>17,411,897</u> |
| Total liabilities and fund balances | <u>\$ 8,330,097</u> | <u>\$ 9,549,330</u> | <u>\$ 17,879,427</u> |

WAKE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECT FUNDS For the Year Ended June 30, 2016

| | Fire Capital Projects Fund | Major Facilities Capital Trust Fund | Total |
|--|-------------------------------------|--|----------------------|
| REVENUES: | | | |
| Charges for services | \$ 123,305 | \$ 15,087 | \$ 138,392 |
| Investment earnings | 50,694 | 68,682 | 119,376 |
| Miscellaneous | 82,029 | 818 | 82,847 |
| Total Revenues | <u>256,028</u> | <u>84,587</u> | <u>340,615</u> |
| EXPENDITURES: | | | |
| Capital Projects: | | | |
| Community development and cultural | - | 1,698,880 | 1,698,880 |
| Public safety | 2,715,481 | - | 2,715,481 |
| Total Expenditures | <u>2,715,481</u> | <u>1,698,880</u> | <u>4,414,361</u> |
| REVENUES (UNDER) | | | |
| EXPENDITURES | (2,459,453) | (1,614,293) | (4,073,746) |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 4,551,000 | 1,000,000 | 5,551,000 |
| Transfers out | (777,000) | (258,000) | (1,035,000) |
| Total Other Financing Sources (Uses) | <u>3,774,000</u> | <u>742,000</u> | <u>4,516,000</u> |
| REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | 1,314,547 | (872,293) | 442,254 |
| FUND BALANCES AT BEGINNING OF YEAR | <u>6,782,402</u> | <u>10,187,241</u> | <u>16,969,643</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 8,096,949</u> | <u>\$ 9,314,948</u> | <u>\$ 17,411,897</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, 2016

| | Project Authorization | Actual | | |
|--|--------------------------|---------------------|---------------------|---------------------|
| | | Prior Years | Actual | Total To Date |
| REVENUES: | | | | |
| Intergovernmental | \$ 25,146,657 | \$ 20,529,567 | \$ 3,780,533 | \$ 24,310,100 |
| Charges for services | 1,815,579 | 891,643 | 138,333 | 1,029,976 |
| Fines and forfeitures | 14,325 | 19,240 | 42,805 | 62,045 |
| Investment earnings | 6,685 | 32,668 | 10,011 | 42,679 |
| Miscellaneous | 770,603 | 180,641 | 5,279 | 185,920 |
| Total Revenues | 27,753,849 | 21,653,759 | 3,976,961 | 25,630,720 |
| EXPENDITURES: | | | | |
| General administration | 616,584 | 399,170 | 93,956 | 493,126 |
| Human services | 16,876,149 | 12,845,359 | 2,008,787 | 14,854,146 |
| Community development | 823,549 | 338,894 | 263,920 | 602,814 |
| Public safety | 8,613,764 | 5,521,716 | 1,325,660 | 6,847,376 |
| Environmental services | 749,388 | 450,135 | 80,765 | 530,900 |
| General services administration | 184,720 | 67,655 | 94,828 | 162,483 |
| Total Expenditures | 27,864,154 | 19,622,929 | 3,867,916 | 23,490,845 |
| REVENUES OVER (UNDER) EXPENDITURES | (110,305) | 2,030,830 | 109,045 | 2,139,875 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 340,296 | 205,679 | 134,617 | 340,296 |
| Transfers out | (300,000) | (300,000) | - | (300,000) |
| Total Other Financing Sources (Uses) | 40,296 | (94,321) | 134,617 | 40,296 |
| REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (70,009) | 1,936,509 | 243,662 | 2,180,171 |
| FUND BALANCE APPROPRIATED | 70,009 | - | - | - |
| REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER EXPENDITURES AND OTHER USES | \$ - | \$ 1,936,509 | 243,662 | \$ 2,180,171 |
| FUND BALANCE AT BEGINNING OF YEAR | | | 1,936,509 | |
| FUND BALANCE AT END OF YEAR | | | \$ 2,180,171 | |

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, 2016

| | Project Authorization | Actual | | Total To Date |
|--|--------------------------|-------------------|--------------------|--------------------|
| | | Prior Years | Actual | |
| REVENUES: | | | | |
| Intergovernmental | \$ 21,252,806 | \$ 11,734,513 | \$ 7,492,671 | \$ 19,227,184 |
| Charges for services | 123,397 | 83,180 | 46,416 | 129,596 |
| Miscellaneous | 11,596 | 15,693 | - | 15,693 |
| Total Revenues | 21,387,799 | 11,833,386 | 7,539,087 | 19,372,473 |
| EXPENDITURES: | | | | |
| Title I - Adult | 5,161,892 | 2,307,164 | 2,542,294 | 4,849,458 |
| Title I - Dislocated Workers | 3,388,444 | 2,035,951 | 1,253,387 | 3,289,338 |
| Title I - Youth | 4,942,650 | 3,203,619 | 1,660,711 | 4,864,330 |
| Statewide activities | 1,381,206 | 1,102,516 | 194,830 | 1,297,346 |
| Dislocated Worker - supplemental | 775,461 | 352,340 | 400,000 | 752,340 |
| WIA administration | 2,546,217 | 1,799,574 | 593,924 | 2,393,498 |
| AmeriCorps | 1,142,298 | 732,968 | 181,968 | 914,936 |
| National emergency grants | 1,663,631 | 262,045 | 702,936 | 964,981 |
| Special grants | 386,000 | - | 63,958 | 63,958 |
| Total Expenditures | 21,387,799 | 11,796,177 | 7,594,008 | 19,390,185 |
| REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER EXPENDITURES AND OTHER USES | | | | |
| | <u>\$ -</u> | <u>\$ 37,209</u> | (54,921) | <u>\$ (17,712)</u> |
| FUND BALANCE AT BEGINNING OF YEAR | | | <u>37,209</u> | |
| FUND BALANCE AT END OF YEAR | | | <u>\$ (17,712)</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, 2016**

| | 2016 | |
|--|---------------|---------------|
| | Budget | Actual |
| REVENUES: | | |
| Taxes - ad valorem property | \$ 21,523,000 | \$ 21,750,975 |
| Investment earnings | 15,000 | 57,447 |
| Total Revenues | 21,538,000 | 21,808,422 |
| EXPENDITURES: | | |
| Public Safety: | | |
| Rural/Municipal fire districts | 19,150,610 | 19,058,937 |
| Total Expenditures | 19,150,610 | 19,058,937 |
| REVENUES OVER EXPENDITURES | 2,387,390 | 2,749,485 |
| OTHER FINANCING SOURCES (USES): | | |
| Transfers out | (5,513,000) | (5,513,000) |
| Total Other Financing Sources (Uses) | (5,513,000) | (5,513,000) |
| REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES | (3,125,610) | (2,763,515) |
| APPROPRIATED FUND BALANCE | 3,125,610 | - |
| REVENUES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES | \$ - | (2,763,515) |
| FUND BALANCE AT BEGINNING OF YEAR | | 6,770,706 |
| FUND BALANCE AT END OF YEAR | | \$ 4,007,191 |

WAKE COUNTY, NORTH CAROLINA

**TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

| | 2016 | |
|--|-------------------|-------------------|
| | Budget | Actual |
| REVENUES: | | |
| Intergovernmental | \$ 2,137,775 | \$ 1,198,876 |
| Charges for services | 8,663,570 | 4,710,566 |
| Investment earnings | 23,654 | 449 |
| Miscellaneous | 25,000 | - |
| Total Revenues | <u>10,849,999</u> | <u>5,909,891</u> |
| EXPENDITURES: | | |
| Human services | <u>11,040,453</u> | <u>5,635,042</u> |
| Total Expenditures | <u>11,040,453</u> | <u>5,635,042</u> |
| REVENUES OVER EXPENDITURES | (190,454) | 274,849 |
| OTHER FINANCING SOURCES (USES): | | |
| Transfers in | <u>125,000</u> | <u>125,000</u> |
| Total Other Financing Sources (Uses) | <u>125,000</u> | <u>125,000</u> |
| REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES | (65,454) | 399,849 |
| APPROPRIATED FUND BALANCE | <u>65,454</u> | <u>-</u> |
| REVENUES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES | <u>\$ -</u> | <u>399,849</u> |
| FUND BALANCE AT BEGINNING OF YEAR | | <u>-</u> |
| FUND BALANCE AT END OF YEAR | | <u>\$ 399,849</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, 2016**

| | Project Authorization | Actual | | |
|--|--------------------------|---------------------|---------------------|---------------------|
| | | Prior Years | Current Year | Total To Date |
| REVENUES: | | | | |
| Charges for services | \$ 1,502,220 | \$ 235,785 | \$ 123,305 | \$ 359,090 |
| Investment earnings | 72,000 | 228,638 | 50,694 | 279,332 |
| Miscellaneous | 86,327 | 15,971 | 82,029 | 98,000 |
| Total Revenues | <u>1,660,547</u> | <u>480,394</u> | <u>256,028</u> | <u>736,422</u> |
| EXPENDITURES: | | | | |
| Capital projects: | | | | |
| Fire and rescue CIP | 20,125,229 | 10,654,711 | 2,715,481 | 13,370,192 |
| Total Expenditures | <u>20,125,229</u> | <u>10,654,711</u> | <u>2,715,481</u> | <u>13,370,192</u> |
| REVENUES UNDER EXPENDITURES | <u>(18,464,682)</u> | <u>(10,174,317)</u> | <u>(2,459,453)</u> | <u>(12,633,770)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 16,874,080 | 13,329,116 | 4,551,000 | 17,880,116 |
| Transfers out | (837,072) | (60,072) | (777,000) | (837,072) |
| Installment purchases issued | 2,427,674 | 3,687,675 | - | 3,687,675 |
| Total Other Financing Sources (Uses) | <u>18,464,682</u> | <u>16,956,719</u> | <u>3,774,000</u> | <u>20,730,719</u> |
| REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | <u>\$ -</u> | <u>\$ 6,782,402</u> | 1,314,547 | <u>\$ 8,096,949</u> |
| FUND BALANCE AT BEGINNING OF YEAR | | | <u>6,782,402</u> | |
| FUND BALANCE AT END OF YEAR | | | <u>\$ 8,096,949</u> | |

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, 2016**

| | Project Authorization | Actual | | |
|--|--------------------------|----------------------|---------------------|---------------------|
| | | Prior Years | Current Year | Total To Date |
| REVENUES: | | | | |
| Charges for services | \$ 4,610,263 | \$ 8,594,841 | \$ 15,087 | \$ 8,609,928 |
| Investment earnings | - | 180,646 | 68,682 | 249,328 |
| Miscellaneous | 365,000 | 673,448 | 818 | 674,266 |
| Total Revenues | <u>4,975,263</u> | <u>9,448,935</u> | <u>84,587</u> | <u>9,533,522</u> |
| EXPENDITURES: | | | | |
| Capital projects: | | | | |
| Community development and cultural | 18,282,267 | 11,925,186 | 1,698,880 | 13,624,066 |
| Total Expenditures | <u>18,282,267</u> | <u>11,925,186</u> | <u>1,698,880</u> | <u>13,624,066</u> |
| REVENUES UNDER EXPENDITURES | <u>(13,307,004)</u> | <u>(2,476,251)</u> | <u>(1,614,293)</u> | <u>(4,090,544)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 12,921,004 | 12,063,650 | 1,000,000 | 13,063,650 |
| Transfers out | (258,000) | - | (258,000) | (258,000) |
| Installment purchases issued | 600,000 | 599,842 | - | 599,842 |
| Total Other Financing Sources (Uses) | <u>13,263,004</u> | <u>12,663,492</u> | <u>742,000</u> | <u>13,405,492</u> |
| APPROPRIATED FUND BALANCE | <u>44,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | <u>\$ -</u> | <u>\$ 10,187,241</u> | <u>(872,293)</u> | <u>\$ 9,314,948</u> |
| FUND BALANCE AT BEGINNING OF YEAR | | | <u>10,187,241</u> | |
| FUND BALANCE AT END OF YEAR | | | <u>\$ 9,314,948</u> | |

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, 2016**

| | Solid Waste Operating Fund | Solid Waste Capital Project | June 30, 2016 | June 30, 2015 |
|---|-------------------------------------|--------------------------------------|----------------------|----------------------|
| ASSETS | | | | |
| Cash and investments - pooled equity | \$ 12,261,831 | \$ 17,454,031 | \$ 29,715,862 | \$ 32,371,847 |
| Cash and investments - reserved | 15,987,539 | - | 15,987,539 | 13,502,015 |
| Accounts receivable (net) | 713,766 | 38,422 | 752,188 | 825,120 |
| Internal balance (due from other funds) | 474,614 | - | 474,614 | 456,497 |
| Prepaid expenses | 1,400 | - | 1,400 | 1,400 |
| Accrued interest receivable | 34,175 | 20,225 | 54,400 | 5,621 |
| Total assets | <u>\$ 29,473,325</u> | <u>\$ 17,512,678</u> | <u>\$ 46,986,003</u> | <u>\$ 47,162,500</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 1,461,620 | \$ 537,655 | \$ 1,999,275 | \$ 1,625,813 |
| Internal balance (due to other funds) | 152,074 | - | 152,074 | 143,802 |
| Closure/post-closure care reserves | 15,987,539 | - | 15,987,539 | 13,502,015 |
| Total liabilities | <u>17,601,233</u> | <u>537,655</u> | <u>18,138,888</u> | <u>15,271,630</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>67,195</u> | <u>-</u> | <u>67,195</u> | <u>133,312</u> |
| Fund balances: | | | | |
| Non-spendable: | | | | |
| Prepaid expenditures | 1,400 | - | 1,400 | 1,400 |
| Restricted: | | | | |
| Stabilization by state statute | 1,155,360 | 901,973 | 2,057,333 | 2,113,097 |
| White goods | 3,105,771 | - | 3,105,771 | 3,027,003 |
| Assigned: | | | | |
| Planned expenditures | 508,042 | 10,090,713 | 10,598,755 | 4,387,696 |
| Future capital projects | - | 5,982,337 | 5,982,337 | 14,257,371 |
| Unassigned | 7,034,324 | - | 7,034,324 | 7,970,991 |
| Total fund balances | <u>11,804,897</u> | <u>16,975,023</u> | <u>28,779,920</u> | <u>31,757,558</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 29,473,325</u> | <u>\$ 17,512,678</u> | <u>\$ 46,986,003</u> | <u>\$ 47,162,500</u> |

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

WAKE COUNTY, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BASIS)

SOLID WASTE OPERATING FUND

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

| | 2016 | | 2015 |
|------------------------------------|-------------------|-------------------|-------------------|
| | Budget | Actual | Actual |
| REVENUES: | | | |
| Intergovernmental | \$ 1,843,652 | \$ 1,899,590 | \$ 1,760,881 |
| Charges for services | 9,119,930 | 8,963,342 | 8,342,131 |
| Licenses and permits | 4,800 | 2,907 | 6,900 |
| Investment earnings | 130,564 | 214,637 | 93,881 |
| Miscellaneous | 2,268,255 | 1,383,856 | 1,518,245 |
| Total Revenues | <u>13,367,201</u> | <u>12,464,332</u> | <u>11,722,038</u> |
| EXPENDITURES: | | | |
| Cost of service | 10,853,316 | 11,573,504 | 7,379,547 |
| Administration | 2,082,506 | 1,792,918 | 1,768,339 |
| Reserves | 1,004,178 | - | - |
| Total Expenditures | <u>13,940,000</u> | <u>13,366,422</u> | <u>9,147,886</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(572,799)</u> | <u>(902,090)</u> | <u>2,574,152</u> |

(continued)

WAKE COUNTY, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BASIS)

SOLID WASTE OPERATING FUND (CONTINUED)

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

| | <u>2016</u> | | <u>2015</u> |
|---|----------------|-----------------------|---------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 1,022,799 | 1,022,799 | 1,009,459 |
| Transfers out | (450,000) | (450,000) | (450,000) |
| Total Other Financing Sources (Uses) | <u>572,799</u> | <u>572,799</u> | <u>559,459</u> |
| REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES | <u>\$ -</u> | <u>\$ (329,291)</u> | <u>\$ 3,133,611</u> |
| Reconciliation from budgetary basis of modified accrual to full accrual basis: | | | |
| REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES: | | \$ (329,291) | \$ 3,133,611 |
| Reconciling items: | | | |
| Compensated absences expenses | | 9,392 | (4,357) |
| OPEB expenses | | (33,008) | (64,089) |
| Risk management expenses | | (8,873) | 6,016 |
| Pension expenses | | 28,067 | 63,029 |
| Net increase/(decrease) in deferred revenue - charges for services | | 36 | 20,089 |
| Net increase in deferred revenue - miscellaneous revenue | | (66,493) | 66,493 |
| Intergovernmental earnings - Construction Fund | | 65,000 | - |
| Investment earnings - Construction Fund | | 136,967 | 87,593 |
| Expenditures - Construction Fund | | (2,850,312) | (1,389,691) |
| Capital lease adjustments | | 3,777 | 2,100 |
| Acquisition of capital assets | | 2,281,155 | 957,161 |
| Disposal of capital assets | | (37,827) | - |
| Depreciation and depletion | | (709,257) | (675,877) |
| Change in net position | | <u>\$ (1,510,667)</u> | <u>\$ 2,202,078</u> |

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, 2016

| | Project Authorization | Actual | | |
|--|--------------------------|----------------------|----------------------|----------------------|
| | | Prior Years | Current Year | Total To Date |
| REVENUES: | | | | |
| Intergovernmental | \$ 140,000 | \$ 75,000 | \$ 65,000 | \$ 140,000 |
| Investment earnings | 1,431,000 | 1,626,252 | 136,967 | 1,763,219 |
| Miscellaneous | 6,899,398 | 15,275 | - | 15,275 |
| Total Revenues | 8,470,398 | 1,716,527 | 201,967 | 1,918,494 |
| EXPENDITURES: | | | | |
| Enterprise infrastructure | 34,021,634 | 12,504,417 | 2,585,718 | 15,090,135 |
| Other | - | 690,096 | 264,594 | 954,690 |
| Total Expenditures | 34,021,634 | 13,194,513 | 2,850,312 | 16,044,825 |
| REVENUES OVER (UNDER) EXPENDITURES | (25,551,236) | (11,477,986) | (2,648,345) | (14,126,331) |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Transfers in | 25,551,236 | 31,101,354 | - | 31,101,354 |
| Total other financing sources and uses | 25,551,236 | 31,101,354 | - | 31,101,354 |
| REVENUES, AND OTHER SOURCES, OVER (UNDER) EXPENDITURES AND OTHER USES | \$ - | \$ 19,623,368 | (2,648,345) | \$ 16,975,023 |
| Fund Balance at the beginning of the year | | | 19,623,368 | |
| FUND BALANCE AT THE END OF THE YEAR | | | \$ 16,975,023 | |

WAKE COUNTY, NORTH CAROLINA

**BUDGETARY COMBINING BALANCE SHEET
SOUTH WAKE LANDFILL PARTNERSHIP FUND (NON-GAAP)
MODIFIED ACCRUAL BASIS OF ACCOUNTING
As of June 30, 2016**

| | South Wake Landfill | East Wake Transfer Station | June 30, 2016 | June 30, 2015 |
|---|---------------------------|----------------------------------|----------------------|----------------------|
| ASSETS | | | | |
| Cash and investments - pooled equity | \$ 4,256,475 | \$ - | \$ 4,256,475 | \$ 3,857,037 |
| Cash and investments - reserved | 10,155,499 | - | 10,155,499 | 9,357,603 |
| Cash and investments - cash equivalents | 450 | 300 | 750 | 750 |
| Accounts receivable (net) | 573,611 | 1,353,910 | 1,927,521 | 1,930,804 |
| Internal balance (due from other funds) | 153,735 | 83,836 | 237,571 | 143,802 |
| Accrued interest receivable | 10,086 | 8,544 | 18,630 | 1,810 |
| Total assets | <u>\$ 15,149,856</u> | <u>\$ 1,446,590</u> | <u>\$ 16,596,446</u> | <u>\$ 15,291,806</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 281,554 | \$ 397,019 | \$ 678,573 | \$ 3,486,568 |
| Due to other governmental units | 3,213,096 | - | 3,213,096 | - |
| Internal balance (due to other funds) | 474,614 | 85,497 | 560,111 | 456,497 |
| Construction reserves | - | 919,528 | 919,528 | 997,149 |
| Closure/post-closure care reserves | 10,155,499 | - | 10,155,499 | 9,338,281 |
| Total liabilities | <u>14,124,763</u> | <u>1,402,044</u> | <u>15,526,807</u> | <u>14,278,495</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>11,930</u> | <u>43,151</u> | <u>55,081</u> | <u>1,781</u> |
| Fund balances: | | | | |
| Restricted: | | | | |
| Stabilization by state statute | 640,005 | 1,395 | 641,400 | 900,256 |
| Assigned: | | | | |
| Planned expenditures | 373,158 | - | 373,158 | 295,704 |
| Unassigned | - | - | - | (184,430) |
| Total fund balances | <u>1,013,163</u> | <u>1,395</u> | <u>1,014,558</u> | <u>1,011,530</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 15,149,856</u> | <u>\$ 1,446,590</u> | <u>\$ 16,596,446</u> | <u>\$ 15,291,806</u> |

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 AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015**

| | June 30, 2016 | | | | | | June 30, 2015 |
|--|---------------------|--------------------|----------------------------|--------------------|--------------------|--------------------|--------------------|
| | South Wake Landfill | | East Wake Transfer Station | | Total | | Total |
| | Budget | Actual | Budget | Actual | Budget | Actual | Actual |
| REVENUES: | | | | | | | |
| Charges for services | \$ 12,934,346 | \$ 5,419,329 | \$ 3,297,654 | \$ 10,782,381 | \$ 16,232,000 | \$ 16,201,710 | \$ 15,674,317 |
| Investment earnings | - | 60,536 | - | 44,267 | - | 104,803 | 46,008 |
| Total Revenues | <u>12,934,346</u> | <u>5,479,865</u> | <u>3,297,654</u> | <u>10,826,648</u> | <u>16,232,000</u> | <u>16,306,513</u> | <u>15,720,325</u> |
| EXPENDITURES: | | | | | | | |
| Cost of service | 7,658,058 | 7,576,008 | 3,485,499 | 3,205,962 | 11,143,557 | 10,781,970 | 10,584,076 |
| Administration | 167,379 | 175,993 | 635,288 | 635,013 | 802,667 | 811,006 | 796,908 |
| Partner rebates | 3,262,977 | 3,687,710 | - | - | 3,262,977 | 3,687,710 | 3,313,811 |
| Total Expenditures | <u>11,088,414</u> | <u>11,439,711</u> | <u>4,120,787</u> | <u>3,840,975</u> | <u>15,209,201</u> | <u>15,280,686</u> | <u>14,694,795</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>1,845,932</u> | <u>(5,959,846)</u> | <u>(823,133)</u> | <u>6,985,673</u> | <u>1,022,799</u> | <u>1,025,827</u> | <u>1,025,530</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Intrafund transfers in | - | 6,814,434 | - | - | - | 6,814,434 | 6,586,065 |
| Intrafund transfers out | - | - | - | (6,814,434) | - | (6,814,434) | (6,586,065) |
| Transfers out | <u>(852,955)</u> | <u>(852,955)</u> | <u>(169,844)</u> | <u>(169,844)</u> | <u>(1,022,799)</u> | <u>(1,022,799)</u> | <u>(1,009,459)</u> |
| Total Other Financing Sources (Uses) | <u>(852,955)</u> | <u>5,961,479</u> | <u>(169,844)</u> | <u>(6,984,278)</u> | <u>(1,022,799)</u> | <u>(1,022,799)</u> | <u>(1,009,459)</u> |
| REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | <u>\$ 992,977</u> | <u>\$ 1,633</u> | <u>\$ (992,977)</u> | <u>\$ 1,395</u> | <u>\$ -</u> | <u>\$ 3,028</u> | <u>\$ 16,071</u> |
| Reconciliation from budgetary basis of modified accrual to full accrual basis: | | | | | | | |
| REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | | | | | | 3,028 | 16,071 |
| Reconciling items | | | | | | | |
| Net change in deferred revenue | | | | | | 53,299 | (62,291) |
| Compensated absences expenses | | | | | | (3,144) | (878) |
| OPEB expenses | | | | | | (11,001) | (12,385) |
| Risk management expenses | | | | | | (733) | (590) |
| Pension expenses | | | | | | 5,129 | 11,623 |
| Change in net position | | | | | | <u>\$ 46,578</u> | <u>\$ (48,450)</u> |

WAKE COUNTY, NORTH CAROLINA

**BUDGETARY BALANCE SHEET
CORPORATE FLEET FUND (NON-GAAP)
MODIFIED ACCRUAL BASIS OF ACCOUNTING
As of June 30, 2016**

| | June 30, 2016 | June 30, 2015 |
|---|---------------------|---------------------|
| | <u> </u> | <u> </u> |
| ASSETS | | |
| Cash and investments - pooled equity | \$ 3,075,165 | \$ 3,328,161 |
| Accounts receivable (net) | 23,915 | 4,407 |
| Prepaid expenses | 4,675 | - |
| Accrued interest receivable | 4,003 | 426 |
| Inventories | 170,285 | 163,136 |
| | <u> </u> | <u> </u> |
| TOTAL ASSETS | \$ 3,278,043 | \$ 3,496,130 |
| | <u> </u> | <u> </u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 466,023 | \$ 382,040 |
| | <u> </u> | <u> </u> |
| DEFERRED INFLOWS OF RESOURCES | - | 309 |
| | <u> </u> | <u> </u> |
| Fund Balances: | | |
| Non-spendable: | | |
| Inventories | 170,285 | 163,136 |
| Prepaid expenditures | 4,675 | - |
| Restricted: | | |
| Stabilization by state statute | 706,758 | 518,015 |
| Assigned: | | |
| Planned expenditures | 215,113 | 739,764 |
| Unassigned | 1,715,189 | 1,692,866 |
| | <u> </u> | <u> </u> |
| Total Fund Balances | 2,812,020 | 3,113,781 |
| | <u> </u> | <u> </u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 3,278,043 | \$ 3,496,130 |
| | <u> </u> | <u> </u> |

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, 2016

| | 2016 | | 2015 |
|--|--------------------|--------------------|--------------------|
| | Budget | Actual | Actual |
| REVENUES: | | | |
| Charges for services | \$ 8,453,972 | \$ 7,701,914 | \$ 8,059,500 |
| Miscellaneous | 653,766 | 561,969 | 554,950 |
| Intergovernmental | 58,498 | 26,682 | - |
| Investment earnings | 20,000 | 28,814 | 12,952 |
| Total Revenues | <u>9,186,236</u> | <u>8,319,379</u> | <u>8,627,402</u> |
| EXPENDITURES: | | | |
| Cost of service | 9,166,597 | 7,425,580 | 7,701,643 |
| Administration | 1,272,894 | 1,195,560 | 1,046,426 |
| Total Expenditures | <u>10,439,491</u> | <u>8,621,140</u> | <u>8,748,069</u> |
| REVENUES UNDER EXPENDITURES | <u>(1,253,255)</u> | <u>(301,761)</u> | <u>(120,667)</u> |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | - | - | 125,000 |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>125,000</u> |
| APPROPRIATED FUND BALANCE | <u>1,253,255</u> | <u>-</u> | <u>-</u> |
| REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES | <u>-</u> | <u>(301,761)</u> | <u>4,333</u> |
| Reconciliation from budgetary basis of modified accrual to full accrual basis: | | | |
| REVENUES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES | | \$ (301,761) | \$ 4,333 |
| Reconciling items | | | |
| Net change in deferred revenue | | (309) | 309 |
| Compensated absences expenses | | (10,595) | (6,757) |
| OPEB expenses | | (37,409) | (64,089) |
| Risk management expenses | | (6,008) | 27,723 |
| Pension expenses | | 23,281 | 47,664 |
| Acquisition of capital assets | | 4,096,183 | 3,841,368 |
| Disposal of capital assets | | (146,294) | (285,484) |
| Depreciation of capital assets | | <u>(3,314,206)</u> | <u>(3,178,685)</u> |
| Change in net position | | <u>\$ 302,882</u> | <u>\$ 386,382</u> |

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

WAKE COUNTY, NORTH CAROLINA

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2016**

| | Balance June 30, 2015 | Additions | Deductions | Balance June 30, 2016 |
|--------------------------------------|--------------------------|-----------------------|-------------------------|--------------------------|
| MUNICIPAL TAX FUND | | | | |
| ASSETS | | | | |
| Cash and investments - pooled equity | \$ 44,356 | \$ 460,717,778 | \$ (460,755,418) | \$ 6,716 |
| Accounts receivable | 3,619,528 | 4,267,496 | (3,817,557) | 4,069,467 |
| Total assets | <u>\$ 3,663,884</u> | <u>\$ 464,985,274</u> | <u>\$ (464,572,975)</u> | <u>\$ 4,076,183</u> |
| LIABILITIES | | | | |
| Other liabilities | \$ 67,466 | \$ 454,096,016 | \$ (454,141,937) | \$ 21,545 |
| Due to other governmental units | 3,596,418 | 4,062,645 | (3,604,425) | 4,054,638 |
| Total liabilities | <u>\$ 3,663,884</u> | <u>\$ 458,158,661</u> | <u>\$ (457,746,362)</u> | <u>\$ 4,076,183</u> |
| HUMAN SERVICES FUND | | | | |
| ASSETS | | | | |
| Cash and investments - pooled equity | \$ 370,095 | \$ 2,904,073 | \$ (2,952,304) | \$ 321,864 |
| Accounts receivable | - | 6,485 | (1,780) | 4,705 |
| Accrued interest receivable | 50 | 535 | (50) | 535 |
| Total assets | <u>\$ 370,145</u> | <u>\$ 2,911,093</u> | <u>\$ (2,954,134)</u> | <u>\$ 327,104</u> |
| LIABILITIES | | | | |
| Other liabilities | <u>\$ 370,145</u> | <u>\$ 8,370,470</u> | <u>\$ (8,413,511)</u> | <u>\$ 327,104</u> |

WAKE COUNTY, NORTH CAROLINA

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES For the Year Ended June 30, 2016

| | Balance June 30, 2015 | Additions | Deductions | Balance June 30, 2016 |
|--------------------------------------|--------------------------|-----------------------|-------------------------|--------------------------|
| FINES AND FORFEITURES | | | | |
| ASSETS | | | | |
| Cash and investments - pooled equity | \$ 257,854 | \$ 3,369,804 | \$ (3,414,182) | \$ 213,476 |
| Accounts receivable | 299,097 | 20,133 | (299,097) | 20,133 |
| Accrued interest | 32 | 259 | (32) | 259 |
| Total assets | <u>\$ 556,983</u> | <u>\$ 3,390,196</u> | <u>\$ (3,713,311)</u> | <u>\$ 233,868</u> |
| LIABILITIES | | | | |
| Other liabilities | <u>\$ 556,983</u> | <u>\$ 3,070,674</u> | <u>\$ (3,393,789)</u> | <u>\$ 233,868</u> |
| TOTAL - ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and investments - pooled equity | \$ 672,305 | \$ 466,991,654 | \$ (467,121,903) | \$ 542,056 |
| Accounts receivable | 3,918,625 | 4,294,115 | (4,118,435) | 4,094,305 |
| Accrued interest receivable | 82 | 794 | (82) | 794 |
| Total assets | <u>\$ 4,591,012</u> | <u>\$ 471,286,563</u> | <u>\$ (471,240,420)</u> | <u>\$ 4,637,155</u> |
| LIABILITIES | | | | |
| Other liabilities | \$ 994,594 | \$ 465,537,161 | \$ (465,949,238) | \$ 582,517 |
| Due to other governmental units | 3,596,418 | 4,062,644 | (3,604,424) | 4,054,638 |
| Total liabilities | <u>\$ 4,591,012</u> | <u>\$ 469,599,805</u> | <u>\$ (469,553,662)</u> | <u>\$ 4,637,155</u> |

WAKE COUNTY, NORTH CAROLINA

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND CATEGORY As of June 30, 2016

| Function | Land | Buildings | Improvements | Machinery and Equipment | Vehicles and Motorized Equipment | Computer Software | Infrastructure | Construction in progress | Total |
|-----------------------------------|-----------------------|-----------------------|----------------------|-------------------------|----------------------------------|----------------------|----------------------|--------------------------|-------------------------|
| General government | \$ 12,243,096 | \$ 64,130,281 | \$ 3,705,762 | \$ 6,509,790 | \$ 640,013 | \$ 23,434,627 | \$ 340,990 | \$ - | \$ 111,004,559 |
| Human services | 5,112,406 | 83,917,304 | 210,000 | 1,116,484 | 2,697,074 | 1,881,253 | - | - | 94,934,521 |
| Education | 1,336,910 | 30,878,187 | 3,947,902 | - | - | - | - | - | 36,162,999 |
| Community development | 96,205,069 | 100,488,709 | 506,715 | 1,241,325 | 132,595 | - | 369,318 | - | 198,943,731 |
| Environmental services | 17,145,437 | 4,979,210 | - | 137,655 | 145,005 | - | 22,164,513 | - | 44,571,820 |
| Public safety | 7,471,299 | 511,505,857 | 11,893,262 | 16,918,419 | 12,621,321 | - | - | - | 560,410,158 |
| General services administration | 64,740 | 818,786 | 189,784 | 4,604,859 | 26,387,148 | - | 616,014 | - | 32,681,331 |
| Construction in progress | - | - | - | - | - | - | - | 20,028,717 | 20,028,717 |
| Total Governmental Capital Assets | <u>\$ 139,578,957</u> | <u>\$ 796,718,334</u> | <u>\$ 20,453,425</u> | <u>\$ 30,528,532</u> | <u>\$ 42,623,156</u> | <u>\$ 25,315,880</u> | <u>\$ 23,490,835</u> | <u>\$ 20,028,717</u> | <u>\$ 1,098,737,836</u> |

WAKE COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT

As of June 30, 2016

| | Date of Issue | Interest Rate | Amount Issued | Debt Outstanding June 30, 2015 | Net Additions (Retirements) | Debt Outstanding June 30, 2016 |
|---|------------------|------------------|------------------|--------------------------------------|-----------------------------------|--------------------------------------|
| GENERAL OBLIGATION BONDS: | | | | | | |
| 2003B Public improvement bonds | 04/08/03 | variable | \$ 55,000,000 | \$ 55,000,000 | \$ (10,000,000) | \$ 45,000,000 |
| 2003C Public improvement bonds | 04/08/03 | variable | 45,000,000 | 45,000,000 | - | 45,000,000 |
| Refunding series 2005 | 04/01/05 | 3.00-5.00% | 33,020,000 | 32,100,000 | (22,290,000) | 9,810,000 |
| 2007 Public improvement bonds | 03/08/07 | 4.25-5.00% | 455,000,000 | 46,000,000 | (23,000,000) | 23,000,000 |
| 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 | 24,000,000 | (6,000,000) | 18,000,000 |
| 2009B Public improvement bonds | 04/01/09 | 4.00-5.00% | 300,000,000 | 228,000,000 | (26,000,000) | 202,000,000 |
| 2009D Refunding | 06/16/09 | 3.00-4.00% | 168,980,000 | 73,825,000 | (29,110,000) | 44,715,000 |
| 2010A Public improvement bonds | 03/30/10 | 3.00-5.00% | 86,295,000 | 53,080,000 | (6,635,000) | 46,445,000 |
| 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 | 361,265,000 | (9,575,000) | 351,690,000 |
| 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 | 11,370,000 | (1,895,000) | 9,475,000 |
| 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 | 92,250,000 | (6,150,000) | 86,100,000 |
| 2012A School Bonds | 02/08/12 | 3.00-5.00% | 96,790,000 | 81,600,000 | (5,100,000) | 76,500,000 |
| 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 | 45,900,000 | (2,700,000) | 43,200,000 |
| 2013B Public Improvement | 05/07/13 | 3.00-5.00% | 125,250,000 | 112,200,000 | (6,600,000) | 105,600,000 |
| 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 | | | | 1,967,590,000 | (155,055,000) | 1,812,535,000 |
| OTHER LONG-TERM DEBT: | | | | | | |
| Bond anticipation notes | | | | - | 1,301,000 | 1,301,000 |
| Limited obligation bonds | | | | 260,875,000 | (26,675,000) | 234,200,000 |
| Qualified zone academy bonds | | | | 326,928 | (163,461) | 163,467 |
| Installment purchase | | | | 4,922,510 | (914,650) | 4,007,860 |
| Capitalized equipment leases | | | | 763,502 | (372,891) | 390,611 |
| Other post-employment benefits | | | | 111,185,191 | 11,506,036 | 122,691,227 |
| Net pension liability - LEOSSA | | | | - | 103,657 | 103,657 |
| Net pension liability - LGERS | | | | - | 13,769,151 | 13,769,151 |
| Compensated absences | | | | 11,528,514 | 507,297 | 12,035,811 |
| Total other long-term debt | | | | 389,601,645 | (938,861) | 388,662,784 |
| TOTAL GOVERNMENTAL LONG-TERM DEBT | | | | \$ 2,357,191,645 | \$ (155,993,861) | \$ 2,201,197,784 |

WAKE COUNTY, NORTH CAROLINA

SCHEDULE OF LONG-TERM DEBT MATURITIES AND ANNUAL DEBT SERVICE REQUIREMENTS FOR GOVERNMENTAL ACTIVITIES As of June 30, 2016

| 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 |
| 2017 | \$ 149,295,920 | \$ 209,832,767 | \$ 18,166,524 | \$ 28,557,679 | \$ 8,602,556 | \$ 12,566,768 | \$ 176,065,000 | \$ 250,957,214 |
| 2018 | 139,374,464 | 193,853,318 | 17,906,699 | 27,417,480 | 6,493,837 | 10,043,826 | 163,775,000 | 231,314,624 |
| 2019 | 140,790,397 | 190,172,065 | 17,631,725 | 26,268,798 | 6,012,878 | 9,242,903 | 164,435,000 | 225,683,766 |
| 2020 | 128,447,569 | 172,479,289 | 16,881,901 | 24,656,338 | 6,925,530 | 9,854,912 | 152,255,000 | 206,990,539 |
| 2021 | 106,311,666 | 144,765,090 | 18,106,125 | 25,055,417 | 8,312,209 | 10,895,314 | 132,730,000 | 180,715,821 |
| 2022 | 118,852,690 | 152,322,401 | 17,814,934 | 23,916,121 | 7,982,376 | 10,149,871 | 144,650,000 | 186,388,393 |
| 2023 | 116,214,791 | 144,701,867 | 17,574,815 | 22,841,038 | 7,710,394 | 9,478,769 | 141,500,000 | 177,021,674 |
| 2024 | 114,967,873 | 138,375,040 | 15,346,807 | 19,845,005 | 7,600,320 | 9,003,455 | 137,915,000 | 167,223,500 |
| 2025 | 114,079,448 | 132,339,331 | 15,288,902 | 19,090,802 | 7,611,650 | 8,651,101 | 136,980,000 | 160,081,234 |
| 2026 | 70,585,484 | 84,050,727 | 11,811,726 | 14,922,812 | 3,762,790 | 4,446,264 | 86,160,000 | 103,419,803 |
| 2026-2030 | 213,437,906 | 246,028,034 | 50,318,342 | 59,174,191 | 10,533,752 | 12,294,491 | 274,290,000 | 317,496,716 |
| 2032-2035 | 80,647,256 | 86,317,266 | 17,710,434 | 18,999,160 | 3,422,310 | 3,628,673 | 101,780,000 | 108,945,099 |
| Total Bonded Debt | 1,493,005,464 | 1,895,237,195 | 234,558,934 | 310,744,841 | 84,970,602 | 110,256,347 | 1,812,535,000 | 2,316,238,383 |
| OTHER LONG-TERM DEBT: | | | | | | | | |
| Total limited obligation bonds, qualified zone academy bonds, installment purchases, notes payable and capitalized leases: | | | | | | | | |
| 2017 | 163,467 | 163,467 | - | - | 13,366,301 | 23,984,761 | 13,529,768 | 24,148,228 |
| 2018 | - | - | - | - | 12,906,977 | 23,393,860 | 12,906,977 | 23,393,860 |
| 2019 | - | - | - | - | 12,616,762 | 22,547,474 | 12,616,762 | 22,547,474 |
| 2020 | - | - | - | - | 12,202,437 | 21,467,047 | 12,202,437 | 21,467,047 |
| 2021 | - | - | - | - | 11,966,000 | 20,518,300 | 11,966,000 | 20,518,300 |
| 2022-2026 | - | - | - | - | 58,795,000 | 92,794,431 | 58,795,000 | 92,794,431 |
| 2027-2031 | - | - | - | - | 56,970,000 | 76,615,250 | 56,970,000 | 76,615,250 |
| 2032-2036 | - | - | - | - | 54,530,000 | 61,573,175 | 54,530,000 | 61,573,175 |
| 2037 | - | - | - | - | 5,245,000 | 5,323,675 | 5,245,000 | 5,323,675 |
| Total Other Long-Term Debt | 163,467 | 163,467 | - | - | 238,598,477 | 348,217,973 | 238,761,944 | 348,381,440 |
| TOTAL LONG- TERM DEBT | <u>\$ 1,493,168,931</u> | <u>\$ 1,895,400,662</u> | <u>\$ 234,558,934</u> | <u>\$ 310,744,841</u> | <u>\$ 323,569,079</u> | <u>\$ 458,474,320</u> | <u>\$ 2,051,296,944</u> | <u>\$ 2,664,619,823</u> |

On the Statement of Net Assets as of June 30, 2016, 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 \$121,231,781, \$27,341,736, \$8,373,189 and \$44,888,790 respectively, which will be amortized over the life of its related debt.

Statistical Section

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

| | <u><i>Page</i></u> |
|---|--------------------|
| <i>Financial Trends</i> | <i>126</i> |
| <p>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p> | |
| <i>Revenue Capacity</i> | <i>131</i> |
| <p>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p> | |
| <i>Debt Capacity</i> | <i>137</i> |
| <p>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</p> | |
| <i>Demographic and Economic Information</i> | <i>141</i> |
| <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p> | |
| <i>Operating Information</i> | <i>143</i> |
| <p>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</p> | |

WAKE COUNTY, NORTH CAROLINA

TABLE 1

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

| | Fiscal Year | | | | | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 341,690,913 | \$ 386,657,062 | \$ 421,474,474 | \$ 490,451,441 | \$ 475,499,631 | \$ 501,015,238 | \$ 481,647,900 | \$ 514,397,874 | \$ 516,347,191 | \$ 498,217,507 |
| Restricted | 375,528,175 | 259,041,104 | 248,373,467 | 420,636,893 | 313,308,968 | 194,344,857 | 205,986,156 | 174,547,627 | 384,569,749 | 330,499,243 |
| Unrestricted | (1,072,909,919) | (1,164,382,682) | (1,396,418,768) | (1,682,993,506) | (1,553,597,961) | (1,496,839,039) | (1,419,397,209) | (1,380,105,906) | (1,588,121,415) | (1,686,182,914) |
| Total governmental activities net position | <u>(355,690,831)</u> | <u>(518,684,516)</u> | <u>(726,570,827)</u> | <u>(771,905,172)</u> | <u>(764,789,362)</u> | <u>(801,478,944)</u> | <u>(731,763,153)</u> | <u>(691,160,405)</u> | <u>(687,204,475)</u> | <u>(857,466,164)</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | 10,740,531 | 13,000,011 | 12,714,646 | 13,114,762 | 13,711,534 | 13,633,543 | 13,026,721 | 12,753,655 | 13,031,162 | 14,569,010 |
| Restricted | 5,835,136 | 5,536,792 | 6,115,191 | 5,874,703 | 3,515,460 | 4,034,015 | 4,542,124 | 7,104,803 | 5,987,408 | 6,056,990 |
| Unrestricted | 20,376,207 | 20,810,389 | 20,517,389 | 21,823,855 | 25,491,356 | 27,223,180 | 26,240,199 | 24,955,038 | 27,946,413 | 24,872,362 |
| Total business-type activities net position | <u>36,951,874</u> | <u>39,347,192</u> | <u>39,347,226</u> | <u>40,813,320</u> | <u>42,718,350</u> | <u>44,890,738</u> | <u>43,809,044</u> | <u>44,813,496</u> | <u>46,964,983</u> | <u>45,498,362</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | 352,431,444 | 399,657,073 | 434,189,120 | 503,566,203 | 489,211,165 | 514,648,781 | 494,674,621 | 527,151,529 | 529,378,353 | 512,786,517 |
| Restricted | 381,363,311 | 264,577,896 | 254,488,658 | 426,511,596 | 316,824,428 | 198,378,872 | 210,528,280 | 181,652,430 | 390,557,157 | 336,556,233 |
| Unrestricted | (1,052,533,712) | (1,143,572,293) | (1,375,901,379) | (1,661,169,651) | (1,528,106,605) | (1,469,615,859) | (1,393,157,010) | (1,355,150,868) | (1,560,175,002) | (1,661,310,552) |
| Total primary government net position | <u>\$ (318,738,957)</u> | <u>\$ (479,337,324)</u> | <u>\$ (687,223,601)</u> | <u>\$ (731,091,852)</u> | <u>\$ (722,071,012)</u> | <u>\$ (756,588,206)</u> | <u>\$ (687,954,109)</u> | <u>\$ (646,346,909)</u> | <u>\$ (640,239,492)</u> | <u>\$ (811,967,802)</u> |

WAKE COUNTY, NORTH CAROLINA

TABLE 2

**Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)**

| | Fiscal Year | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General government | \$ 60,741,669 | \$ 47,969,041 | \$ 55,488,240 | \$ 54,937,881 | \$ 61,575,688 | \$ 59,589,399 | \$ 57,447,794 | \$ 60,865,049 | \$ 67,697,095 | \$ 83,075,414 |
| Human services | 237,600,544 | 240,798,504 | 244,176,508 | 224,307,656 | 225,731,230 | 235,191,515 | 210,045,271 | 205,788,808 | 211,150,777 | 208,574,457 |
| Education | 523,605,091 | 620,118,123 | 661,548,515 | 472,748,721 | 457,469,350 | 467,744,519 | 423,906,638 | 455,501,432 | 555,325,661 | 744,326,523 |
| Community development and cultural | 48,468,336 | 76,626,538 | 59,885,379 | 20,597,071 | 62,457,707 | 72,248,767 | 73,419,595 | 77,962,399 | 82,956,045 | 90,192,355 |
| Environmental services | 11,663,330 | 11,013,142 | 11,846,689 | 6,669,967 | 10,261,353 | 8,560,310 | 8,647,932 | 9,853,941 | 8,376,306 | 25,539,274 |
| Public safety | 104,173,604 | 118,704,265 | 126,265,023 | 125,402,922 | 129,945,055 | 143,349,347 | 139,372,822 | 160,415,579 | 156,438,722 | 169,946,017 |
| General services administration** | - | 24,167,418 | 26,444,850 | 25,927,613 | 24,364,454 | 21,913,044 | 23,127,651 | 27,622,029 | 26,171,169 | 27,303,740 |
| Interest on long-term debt | 55,900,737 | 60,239,785 | 76,911,979 | 131,934,858 | 72,727,338 | 92,679,977 | 66,354,069 | 65,867,422 | 70,672,162 | 114,306,796 |
| Total governmental activities | 1,042,153,311 | 1,199,636,816 | 1,262,567,183 | 1,062,526,689 | 1,044,532,175 | 1,101,276,878 | 1,002,321,772 | 1,063,876,659 | 1,178,787,937 | 1,463,264,576 |
| Business-type activities: | | | | | | | | | | |
| Solid waste | 19,495,080 | 21,939,090 | 26,455,882 | 24,172,681 | 23,291,842 | 23,576,133 | 25,376,961 | 27,429,783 | 24,952,760 | 29,938,448 |
| Total primary government expenses | 1,061,648,391 | 1,221,575,906 | 1,289,023,065 | 1,086,699,370 | 1,067,824,017 | 1,124,853,011 | 1,027,698,733 | 1,091,306,442 | 1,203,740,697 | 1,493,203,024 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 13,843,797 | 7,949,045 | 5,631,031 | 6,670,497 | 6,193,871 | 7,396,357 | 7,831,642 | 7,145,238 | 9,352,103 | 9,789,639 |
| Human services | 32,987,888 | 29,716,382 | 27,828,734 | 30,212,823 | 26,662,361 | 25,935,891 | 21,954,285 | 20,072,420 | 17,306,740 | 20,285,322 |
| Education | - | - | - | - | - | - | - | 12,483 | 11,800 | 11,500 |
| Community development and cultural | 5,330,038 | 4,600,087 | 5,820,331 | 1,923,791 | 2,916,663 | 9,524,859 | 4,698,640 | 6,163,223 | 7,666,631 | 5,526,266 |
| Environmental services | 2,915,815 | 3,023,674 | 2,686,474 | 1,457,700 | 1,517,953 | 1,647,646 | 1,942,165 | (254,415) | 2,326,173 | 2,024,989 |
| Public safety | 14,786,145 | 20,066,901 | 17,649,225 | 17,949,739 | 21,772,992 | 29,494,441 | 32,543,421 | 31,253,703 | 32,842,889 | 34,945,056 |
| General services administration** | - | 3,672,789 | 3,167,713 | 2,663,746 | 2,754,829 | 2,515,414 | 2,354,779 | 3,065,362 | 2,744,893 | 2,853,052 |
| Operating grants and contributions: | | | | | | | | | | |
| General government | 629,564 | 2,163,578 | 2,754,167 | 2,188,124 | 2,646,944 | 3,365,340 | 1,883,518 | 1,892,488 | 1,798,846 | 16,409,314 |
| Human services | 113,148,467 | 121,386,436 | 128,697,447 | 127,235,785 | 124,614,245 | 119,719,778 | 120,556,434 | 101,438,548 | 101,650,078 | 106,066,571 |
| Education | 7,000,000 | 20,013,316 | 28,570,960 | 12,818,821 | 23,269,710 | 13,961,465 | 15,136,373 | 17,457,029 | 15,538,264 | 4,454,720 |
| Community development and cultural | 650,276 | 3,529,978 | 1,461,583 | 2,020,859 | 668,917 | 2,002,578 | 577,185 | 661,337 | 607,289 | 2,290,561 |
| Environmental services | 100,675 | 520,728 | 2,861,388 | 259,591 | 212,172 | 329,287 | 530,232 | 807,674 | 152,347 | 199,517 |
| Public safety | 5,210,495 | 2,690,382 | 3,372,852 | 2,700,697 | 6,101,846 | 3,084,164 | 782,594 | 1,389,125 | 1,871,402 | 1,859,644 |
| General services administration** | - | 3,700 | 52,050 | 9,250 | 10,375 | 11,100 | 7,825 | 13,360 | 15,125 | 132,687 |
| Total governmental activities program revenues | 196,603,160 | 219,336,996 | 230,553,955 | 208,111,423 | 219,342,878 | 218,988,320 | 210,799,093 | 191,117,575 | 193,884,580 | 206,848,838 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: solid waste | 20,624,752 | 20,548,146 | 23,530,328 | 22,886,642 | 22,512,763 | 22,322,650 | 21,836,839 | 22,641,326 | 23,981,146 | 25,221,294 |
| Operating grants and contributions: solid waste | 1,102,733 | 1,199,844 | 1,146,661 | 1,390,303 | 1,621,434 | 1,688,916 | 1,601,437 | 1,638,999 | 1,760,881 | 1,964,590 |
| Total business-type activities program revenues | 21,727,485 | 21,747,990 | 24,676,989 | 24,276,945 | 24,134,197 | 24,011,566 | 23,438,276 | 24,280,325 | 25,742,027 | 27,185,884 |
| Total primary government program revenues | 218,330,645 | 241,084,986 | 255,230,944 | 232,388,368 | 243,477,075 | 242,999,886 | 234,237,369 | 215,397,900 | 219,626,607 | 234,034,722 |

WAKE COUNTY, NORTH CAROLINA

TABLE 2

**Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)**

| | Fiscal Year | | | | | | | | | |
|---|------------------------|-------------------------|-------------------------|------------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (845,550,151) | \$ (980,299,820) | \$ (1,032,013,228) | \$ (854,415,266) | \$ (825,189,297) | \$ (882,288,558) | \$ (791,522,679) | \$ (872,759,084) | \$ (984,903,357) | \$ (1,256,415,738) |
| Business-type activities | 2,232,405 | (191,100) | (1,778,893) | 104,264 | 842,355 | 435,433 | (1,938,685) | (3,149,458) | 789,267 | (2,752,564) |
| Total primary government net expense | <u>(843,317,746)</u> | <u>(980,490,920)</u> | <u>(1,033,792,121)</u> | <u>(854,311,002)</u> | <u>(824,346,942)</u> | <u>(881,853,125)</u> | <u>(793,461,364)</u> | <u>(875,908,542)</u> | <u>(984,114,090)</u> | <u>(1,259,168,302)</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | 514,897,471 | 579,083,019 | 640,238,154 | 651,480,015 | 658,044,349 | 666,196,637 | 675,565,832 | 704,500,482 | 763,304,541 | 836,704,096 |
| Sales taxes | 149,755,646 | 156,037,557 | 127,210,118 | 104,384,663 | 114,034,923 | 120,834,877 | 127,273,310 | 141,340,059 | 154,509,781 | 167,601,590 |
| Occupancy and prepared food taxes | 29,381,377 | 31,653,895 | 31,127,163 | 30,282,509 | 33,137,525 | 35,814,980 | 38,158,690 | 41,270,144 | 45,551,385 | 49,352,108 |
| Other taxes | 16,770,750 | 13,233,588 | 7,545,463 | 7,633,811 | 7,070,086 | 8,640,999 | 9,916,198 | 11,435,136 | 13,778,283 | 14,994,021 |
| Grants and contributions | | | | | | | | | | |
| not restricted to specific programs | 5,433,654 | 6,066,813 | 5,125,653 | 4,410,678 | 8,179,519 | 9,500,462 | 5,294,595 | 9,977,509 | 7,510,466 | 8,708,612 |
| Unrestricted investment earnings | 35,453,214 | 31,454,984 | 15,900,340 | 14,450,011 | 9,486,862 | 3,778,383 | 2,517,197 | 2,239,488 | 1,717,475 | 5,157,359 |
| Other | 979,986 | 1,874,466 | (3,331,974) | (3,964,766) | 1,947,843 | 428,639 | 2,056,648 | 2,192,694 | 2,037,356 | 3,186,263 |
| Transfers | 298,200 | 306,000 | 312,000 | 404,000 | 404,000 | 404,000 | 456,000 | 406,320 | 450,000 | 450,000 |
| Total governmental activities | <u>752,970,298</u> | <u>819,710,322</u> | <u>824,126,917</u> | <u>809,080,921</u> | <u>832,305,107</u> | <u>845,598,977</u> | <u>861,238,470</u> | <u>913,361,832</u> | <u>988,859,287</u> | <u>1,086,154,049</u> |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment earnings | 2,111,779 | 1,999,644 | 1,229,967 | 1,144,867 | 522,993 | 323,376 | 85,443 | 196,199 | 227,482 | 456,407 |
| Other | 637,251 | 892,774 | 860,960 | 620,963 | 943,682 | 1,817,578 | 1,227,548 | 4,364,031 | 1,584,738 | 1,279,536 |
| Transfers | (298,200) | (306,000) | (312,000) | (404,000) | (404,000) | (404,000) | (456,000) | (406,320) | (450,000) | (450,000) |
| Total business-type activities | <u>2,450,830</u> | <u>2,586,418</u> | <u>1,778,927</u> | <u>1,361,830</u> | <u>1,062,675</u> | <u>1,736,954</u> | <u>856,991</u> | <u>4,153,910</u> | <u>1,362,220</u> | <u>1,285,943</u> |
| Total primary government | <u>\$ 755,421,128</u> | <u>\$ 822,296,740</u> | <u>\$ 825,905,844</u> | <u>\$ 810,442,751</u> | <u>\$ 833,367,782</u> | <u>\$ 847,335,931</u> | <u>\$ 862,095,461</u> | <u>\$ 917,515,742</u> | <u>\$ 990,221,507</u> | <u>\$ 1,087,439,992</u> |
| Change in Net Position | | | | | | | | | | |
| Government activities | \$ (92,579,853) | \$ (160,589,498) | \$ (207,886,311) | \$ (45,334,345) | \$ 7,115,810 | \$ (36,689,581) | \$ 69,715,791 | \$ 40,602,748 | \$ 3,955,930 | \$ (170,261,689) |
| Business-type activities | 4,683,235 | 2,395,318 | 34 | 1,466,094 | 1,905,030 | 2,172,387 | (1,081,694) | 1,004,452 | 2,151,487 | (1,466,621) |
| Total primary government | <u>\$ (87,896,618)</u> | <u>\$ (158,194,180)</u> | <u>\$ (207,886,277)</u> | <u>\$ (43,868,251)</u> | <u>\$ 9,020,840</u> | <u>\$ (34,517,194)</u> | <u>\$ 68,634,097</u> | <u>\$ 41,607,200</u> | <u>\$ 6,107,417</u> | <u>\$ (171,728,310)</u> |

**Prior to Fiscal Year 2008, General Services Administration was included in General Government amounts.

WAKE COUNTY, NORTH CAROLINA

TABLE 3

**Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

| | Fiscal Year | | | | | | | | | |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| General Fund | | | | | | | | | | |
| Non-spendable | \$ 835,378 | \$ 955,310 | \$ 695,291 | \$ 1,012,690 | \$ 753,870 | \$ 680,079 | \$ 660,291 | \$ 1,147,817 | \$ 1,141,838 | \$ 1,087,851 |
| Restricted | 69,629,069 | 81,125,875 | 58,873,481 | 56,393,164 | 53,687,483 | 61,887,998 | 78,005,930 | 101,974,588 | 72,248,041 | 73,843,284 |
| Committed | 89,740,505 | 78,052,056 | 94,516,043 | 92,844,472 | 104,907,262 | 113,098,565 | 134,533,558 | 144,818,132 | 169,569,681 | 200,494,326 |
| Assigned | 11,295,161 | 8,905,614 | 2,000,000 | 2,000,000 | 103,244 | 31,602 | 400,000 | 5,772,283 | 2,679,506 | 1,134,000 |
| Total General Fund | <u>\$ 171,500,113</u> | <u>\$ 169,038,855</u> | <u>\$ 156,084,815</u> | <u>\$ 152,250,326</u> | <u>\$ 159,451,859</u> | <u>\$ 175,698,244</u> | <u>\$ 213,599,779</u> | <u>\$ 253,712,820</u> | <u>\$ 245,639,066</u> | <u>\$ 276,559,461</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Non-spendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,449,786 | \$ 3,440,499 | \$ 1,054,756 |
| Restricted | 305,899,106 | 177,915,229 | 189,499,986 | 364,243,729 | 258,663,484 | 131,303,935 | 127,044,720 | 72,133,426 | 311,803,693 | 256,655,959 |
| Committed | 1,674,132 | 354,408 | 1,223,558 | 5,019,365 | 2,779,200 | 2,830,720 | 2,904,480 | 2,977,920 | 3,063,680 | 3,460,568 |
| Assigned | 292,834,006 | 172,398,031 | 313,895,746 | 442,430,960 | 477,307,247 | 449,655,862 | 498,239,963 | 406,360,257 | 505,942,505 | 234,606,723 |
| Unassigned | - | (10,033,460) | - | - | - | - | - | - | - | (17,712) |
| Total All Other Governmental Funds | <u>\$ 600,407,244</u> | <u>\$ 340,634,208</u> | <u>\$ 504,619,290</u> | <u>\$ 811,694,054</u> | <u>\$ 738,749,931</u> | <u>\$ 583,790,517</u> | <u>\$ 628,189,163</u> | <u>\$ 484,921,389</u> | <u>\$ 824,250,377</u> | <u>\$ 495,760,294</u> |

WAKE COUNTY, NORTH CAROLINA

TABLE 4

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

| | Fiscal Year | | | | | | | | | |
|---|----------------|------------------|----------------|----------------|-----------------|------------------|----------------|------------------|----------------|------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 710,275,214 | \$ 779,282,089 | \$ 805,971,657 | \$ 792,862,640 | \$ 810,990,349 | \$ 832,640,691 | \$ 852,063,846 | \$ 901,382,287 | \$ 979,019,405 | \$ 1,068,205,202 |
| Intergovernmental | 131,862,575 | 156,374,930 | 172,956,616 | 151,643,808 | 165,703,784 | 151,985,131 | 144,768,159 | 133,637,071 | 129,143,820 | 140,095,040 |
| Charges for services | 66,353,660 | 63,848,042 | 61,597,480 | 58,060,472 | 57,244,484 | 72,565,052 | 66,497,667 | 67,072,200 | 65,902,956 | 70,562,864 |
| Fines and forfeitures | - | - | - | - | 9,249 | 1,745 | 2,118 | 4,084 | 1,852 | 42,805 |
| Licenses and permits | 3,966,854 | 4,317,114 | 3,640,114 | 2,511,430 | 3,031,172 | 3,413,382 | 4,062,881 | 4,701,663 | 5,000,558 | 5,185,433 |
| Investment earnings | 34,917,361 | 31,505,676 | 16,032,292 | 14,450,008 | 9,449,429 | 3,765,433 | 2,515,686 | 2,223,705 | 1,704,516 | 5,128,545 |
| Miscellaneous | 1,766,839 | 2,209,788 | 1,300,892 | 1,589,375 | 1,832,334 | 424,000 | 1,371,730 | 2,192,304 | 1,863,256 | 2,624,294 |
| Total revenues | 949,142,503 | 1,037,537,639 | 1,061,499,051 | 1,021,117,733 | 1,048,260,801 | 1,064,795,434 | 1,071,282,087 | 1,111,213,314 | 1,182,636,363 | 1,291,844,183 |
| Expenditures | | | | | | | | | | |
| General government | 69,670,869 | 62,616,556 | 57,333,739 | 62,312,808 | 59,102,157 | 57,101,602 | 53,933,135 | 54,502,188 | 63,700,606 | 76,489,586 |
| Human services | 237,426,103 | 239,200,024 | 245,260,302 | 228,226,056 | 225,151,612 | 226,219,076 | 203,945,270 | 193,958,543 | 208,304,473 | 206,528,545 |
| Education | 523,403,059 | 614,650,186 | 661,308,744 | 472,392,741 | 457,113,370 | 467,388,048 | 427,414,362 | 469,890,207 | 557,621,603 | 743,976,648 |
| Community development and cultural | 72,320,978 | 78,880,528 | 72,398,266 | 55,323,394 | 60,686,759 | 69,050,159 | 70,259,896 | 76,436,700 | 88,510,963 | 97,445,854 |
| Environmental services | 12,639,837 | 11,579,862 | 8,906,419 | 8,107,490 | 8,452,527 | 12,152,613 | 7,864,404 | 8,354,834 | 9,354,942 | 10,035,460 |
| Public safety | 117,581,846 | 137,019,013 | 153,430,681 | 174,204,071 | 239,028,698 | 209,183,377 | 172,509,821 | 145,519,662 | 147,823,266 | 162,428,708 |
| General services administration** | - | 24,950,463 | 28,402,331 | 24,895,202 | 23,820,674 | 21,090,881 | 22,429,768 | 25,332,207 | 26,215,178 | 26,880,922 |
| Debt service | | | | | | | | | | |
| Principal | 71,522,353 | 71,574,931 | 94,944,496 | 110,568,516 | 118,987,473 | 164,498,331 | 145,652,849 | 152,250,703 | 152,115,583 | 170,027,054 |
| Interest | 52,747,094 | 66,048,503 | 58,677,460 | 77,807,693 | 84,194,136 | 88,561,925 | 89,523,701 | 90,030,119 | 90,952,459 | 98,236,050 |
| Total expenditures | 1,157,312,139 | 1,306,520,066 | 1,380,662,438 | 1,213,837,971 | 1,276,537,406 | 1,315,246,012 | 1,193,533,206 | 1,216,275,163 | 1,344,599,073 | 1,592,048,827 |
| Excess of revenues over (under) expenditures | (208,169,636) | (268,982,427) | (319,163,387) | (192,720,238) | (228,276,605) | (250,450,578) | (122,251,119) | (105,061,849) | (161,962,710) | (300,204,644) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | 163,553,933 | 201,112,793 | 215,254,756 | 223,203,272 | 222,033,652 | 256,643,030 | 225,977,117 | 241,246,092 | 296,777,100 | 309,595,234 |
| Transfers out | (165,723,733) | (193,580,333) | (214,942,756) | (225,799,272) | (223,629,652) | (257,912,346) | (225,521,117) | (240,839,772) | (296,452,100) | (309,145,234) |
| Refunding bonds issued | - | - | 235,300,000 | 383,420,000 | - | 75,290,000 | - | - | - | 191,835,000 |
| Refunding installment purchases issued | - | - | - | - | - | - | 2,234,325 | - | - | - |
| Payment to refunded bond escrow agent | - | - | (256,895,981) | (449,682,612) | - | (94,006,298) | - | - | - | (233,084,360) |
| Payment to refunded escrow agent | - | - | - | - | - | - | (2,234,325) | - | - | - |
| Bond proceeds and premiums | 580,953,020 | - | 489,456,200 | 258,034,180 | 163,990,302 | 131,715,590 | 203,154,626 | - | 490,519,615 | 42,128,289 |
| Bond anticipation notes issued | - | - | - | - | - | - | - | - | - | 1,301,000 |
| Limited obligation bonds issued | - | - | - | 303,480,000 | - | - | - | - | - | - |
| Proceeds of capital leases and installment purchases | 955,950 | 1,619,860 | 2,022,210 | 304,944 | 139,713 | 7,573 | 940,674 | 1,500,796 | 2,373,329 | 5,027 |
| Total other financing sources (uses) | 579,739,170 | 9,152,320 | 470,194,429 | 492,960,512 | 162,534,015 | 111,737,549 | 204,551,300 | 1,907,116 | 493,217,944 | 2,634,956 |
| Net change in fund balances | \$ 371,569,534 | \$ (259,830,107) | \$ 151,031,042 | \$ 300,240,274 | \$ (65,742,590) | \$ (138,713,029) | \$ 82,300,181 | \$ (103,154,733) | \$ 331,255,234 | \$ (297,569,688) |
| Debt service as a percentage of noncapital expenditures | 11.30% | 10.95% | 11.51% | 16.63% | 16.93% | 19.91% | 20.65% | 20.51% | 18.34% | 17.17% |

**Prior to Fiscal Year 2008, General Services Administration was included in General Government amounts.

**Assessed Value and Actual Value of Taxable Property¹
Last Ten Fiscal Years**

| Fiscal Year | Real Property | Personal Property | Public Service Companies | Total | *County-wide Tax Rate³ | Special Tax Districts Tax Rate³ | Average County Tax Rate³ |
|--------------------|----------------------|--------------------------|---------------------------------|-------------------|--|---|--|
| 2007 | \$ 62,996,405,923 | \$ 12,506,221,915 | \$ 3,341,976,693 | \$ 78,844,604,531 | \$ 0.634 | \$ 0.100 | \$ 0.734 |
| 2008 | 66,679,502,469 | 13,556,157,155 | 2,887,291,656 | 83,122,951,280 | 0.678 | 0.100 | 0.778 |
| 2009 ² | 99,568,342,254 | 14,058,926,692 | 2,983,256,554 | 116,610,525,500 | 0.534 | 0.080 | 0.614 |
| 2010 | 103,093,250,199 | 13,015,000,000 | 3,050,000,000 | 119,158,250,199 | 0.534 | 0.080 | 0.614 |
| 2011 | 103,067,247,714 | 13,630,432,081 | 2,837,941,846 | 119,535,621,641 | 0.534 | 0.080 | 0.614 |
| 2012 | 104,028,407,900 | 13,698,928,311 | 2,828,064,440 | 120,555,400,651 | 0.534 | 0.080 | 0.614 |
| 2013 | 105,310,957,601 | 14,311,760,539 | 2,827,432,989 | 122,450,151,129 | 0.534 | 0.080 | 0.614 |
| 2014 | 107,096,246,490 | 17,429,308,807 | 2,900,935,929 | 127,426,491,226 | 0.534 | 0.080 | 0.614 |
| 2015 | 109,552,757,999 | 15,528,241,566 | 2,866,523,443 | 127,947,523,008 | 0.578 | 0.080 | 0.658 |
| 2016 | 112,361,475,069 | 16,275,947,271 | 3,313,577,575 | 131,950,999,915 | 0.615 | 0.080 | 0.695 |

Notes:

* Real estate reappraisal effective.

(1) All taxable property is subject to the County-wide tax. Most property in unincorporated areas also is subject to special district taxes. The County's property tax is levied each July 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the County except for certain registered motor vehicles which are assessed and collected throughout the year. Assessed valuations are established by the Board of Commissioners at 100% of estimated market value for real property and 100% of actual value for personal property. Public service company property is certified by the State of North Carolina at 100% of actual value, with no distinction between real and personal property values.

(2) A revaluation of real property is required by N.C. General Statutes at least every eight years. The last revaluation was completed tax year 2008 (for Fiscal Year 2009).

(3) Per \$100 of assessed value.

Source: Wake County Revenue Department

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)**

| | Fiscal Year | | | | | | | | | |
|-------------------------------|-------------|----------|-------------------|----------|----------|----------|----------|----------|----------|-----------|
| | 2007 | 2008 | 2009 ² | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| County Direct Rates | | | | | | | | | | |
| County-wide Rate ¹ | \$ 0.634 | \$ 0.678 | \$ 0.534 | \$ 0.534 | \$ 0.534 | \$ 0.534 | \$ 0.534 | \$ 0.534 | \$ 0.578 | \$ 0.6145 |
| Various Special Tax Districts | 0.100 | 0.100 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 |
| Total average direct rate | 0.734 | 0.778 | 0.614 | 0.614 | 0.614 | 0.614 | 0.614 | 0.614 | 0.658 | 0.6945 |
| Municipality Rates | | | | | | | | | | |
| Town of Angier | 0.530 | 0.530 | 0.530 | 0.530 | 0.530 | 0.530 | 0.530 | 0.530 | 0.530 | 0.530 |
| Town of Apex | 0.400 | 0.400 | 0.340 | 0.340 | 0.340 | 0.340 | 0.390 | 0.390 | 0.390 | 0.390 |
| Town of Cary | 0.420 | 0.420 | 0.330 | 0.330 | 0.330 | 0.330 | 0.330 | 0.350 | 0.350 | 0.370 |
| Town of Clayton | 0.490 | 0.540 | 0.540 | 0.540 | 0.540 | 0.525 | 0.525 | 0.525 | 0.525 | 0.550 |
| Town of Fuquay-Varina | 0.520 | 0.520 | 0.385 | 0.385 | 0.385 | 0.385 | 0.385 | 0.385 | 0.385 | 0.385 |
| Town of Garner | 0.575 | 0.575 | 0.490 | 0.490 | 0.490 | 0.490 | 0.490 | 0.490 | 0.500 | 0.518 |
| Town of Holly Springs | 0.530 | 0.530 | 0.415 | 0.415 | 0.415 | 0.415 | 0.435 | 0.435 | 0.435 | 0.435 |
| Town of Knightdale | 0.500 | 0.500 | 0.400 | 0.400 | 0.410 | 0.410 | 0.410 | 0.430 | 0.430 | 0.430 |
| Town of Morrisville | 0.468 | 0.468 | 0.367 | 0.367 | 0.367 | 0.367 | 0.367 | 0.390 | 0.390 | 0.410 |
| City of Raleigh | 0.435 | 0.435 | 0.374 | 0.374 | 0.374 | 0.374 | 0.383 | 0.383 | 0.404 | 0.421 |
| Town of Rolesville | 0.485 | 0.515 | 0.420 | 0.420 | 0.420 | 0.440 | 0.440 | 0.440 | 0.440 | 0.440 |
| Town of Wake Forest | 0.540 | 0.550 | 0.510 | 0.510 | 0.510 | 0.510 | 0.510 | 0.510 | 0.520 | 0.520 |
| Town of Wendell | 0.540 | 0.540 | 0.490 | 0.490 | 0.490 | 0.490 | 0.490 | 0.490 | 0.490 | 0.490 |
| Town of Zebulon | 0.500 | 0.550 | 0.510 | 0.500 | 0.500 | 0.500 | 0.513 | 0.525 | 0.525 | 0.525 |

Notes:

- (1) All taxable property is subject to the County-wide tax. Most property in unincorporated areas also is subject to special district taxes.
- (2) A revaluation of real property is required by N. C. General Statutes at least every eight years. Revaluation was completed for tax year 2008 (for Fiscal Year 2009).

Source: Wake County Revenue Department

**Principal Property Tax Payers
June 30, 2016
Current Year and Nine Years Ago**

| Taxpayer | Fiscal Year 2016 | | | Fiscal Year 2007 | | |
|-----------------------------------|-------------------------|------|--|-------------------------|------|--|
| | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Valuation | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Valuation |
| Duke Energy Progress, Inc | \$ 1,685,700,978 | 1 | 1.28% | \$ 2,014,387,872 | 1 | 2.55% |
| SAS Institute Inc | 601,994,888 | 2 | 0.46% | 399,677,358 | 2 | 0.51% |
| Highwood Realty LP | 561,299,659 | 3 | 0.43% | 201,716,451 | 7 | 0.26% |
| Cisco Systems Inc | 480,112,016 | 4 | 0.36% | 349,764,095 | 3 | 0.44% |
| NC Eastern Municipal Power Agency | 342,038,002 | 5 | 0.26% | 279,413,639 | 5 | 0.35% |
| CVM Holding Inc | 334,549,760 | 6 | 0.25% | 173,085,657 | 8 | 0.22% |
| Network Appliance Inc | 316,669,282 | 7 | 0.24% | | | |
| Duke Realty LP | 299,962,858 | 8 | 0.23% | | | |
| Public Service Co of NC Inc | 244,936,518 | 9 | 0.19% | 145,706,455 | 10 | 0.18% |
| WMCI Raleigh I LLC | 237,030,069 | 10 | 0.18% | | | |
| Bellsouth Telephone | | | | 316,154,869 | 4 | 0.40% |
| Weeks Realty | | | | 215,319,471 | 6 | 0.27% |
| Summit Properties Partnership LP | | | | 166,577,676 | 9 | 0.21% |
| | <u>\$ 5,104,294,030</u> | | <u>3.88%</u> | <u>\$ 4,261,803,543</u> | | <u>5.39%</u> |

Source: Wake County Revenue Department

Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year | Taxes Levied for the Fiscal Year | | Total Adjusted Levy | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|----------------------------------|----------------|---------------------|--|-----------------------------|---------------------------------|---------------------------|-----------------------------|
| | (Original Levy) | Adjustments | | Amount | Percentage of Original Levy | | Amount | Percentage of Adjusted Levy |
| 2007 | \$ 518,390,324 | \$ (3,827,251) | \$ 514,563,073 | \$ 507,081,845 | 98.55% | \$ 6,611,477 | \$ 513,693,322 | 99.83% |
| 2008 | 582,905,166 | (4,123,930) | 578,781,236 | 569,645,015 | 98.42% | 8,091,165 | 577,736,180 | 99.82% |
| 2009 | 649,942,150 | (10,067,050) | 639,875,100 | 630,648,211 | 98.56% | 8,320,129 | 638,968,340 | 99.86% |
| 2010 | 657,175,469 | (7,643,046) | 649,532,423 | 640,993,333 | 98.69% | 7,696,907 | 648,690,240 | 99.87% |
| 2011 | 661,292,534 | (4,849,315) | 656,443,219 | 648,750,058 | 98.83% | 6,753,137 | 655,503,195 | 99.86% |
| 2012 | 665,819,212 | (2,298,064) | 663,521,148 | 657,541,978 | 99.10% | 5,005,113 | 662,547,091 | 99.85% |
| 2013 | 676,163,798 | (2,306,621) | 673,857,177 | 667,843,411 | 99.11% | 5,038,622 | 672,882,033 | 99.86% |
| 2014 | 702,953,904 | (1,690,243) | 701,263,661 | 697,580,105 | 99.47% | 2,787,885 | 700,367,990 | 99.87% |
| 2015 | 760,907,032 | (664,952) | 760,242,080 | 758,063,799 | 99.71% | 1,617,020 | 759,680,819 | 99.93% |
| 2016 | 833,221,749 | (835,817) | 832,385,932 | 831,114,362 | 99.85% | - | 831,114,362 | 99.85% |

Notes:

Taxes for the fiscal year ended June 30, 2016 at the collection rate of 99.85% are a composite of the following collections by category:

| | |
|----------------------------------|--------|
| Vehicle taxes | 99.48% |
| Real and personal property taxes | 99.88% |

Amounts included above represent taxes in the General Fund and the Special Tax District Fund and the NCVTS vehicle taxes.

Schedule of Ad Valorem Taxes Receivable
As of June 30, 2016

| Fiscal Year | Uncollected Balance June 30, 2015 | Additions | Collections and Credits | Uncollected Balance June 30, 2016 |
|--|-----------------------------------|-----------------------|-------------------------|-----------------------------------|
| 2015-2016 | \$ - | \$ 758,464,652 | \$ 757,021,702 | \$ 1,442,950 |
| 2014-2015 | 1,561,193 | - | 999,931 | 561,262 |
| 2013-2014 | 1,303,669 | - | 407,972 | 895,697 |
| 2012-2013 | 1,215,161 | - | 240,017 | 975,144 |
| 2011-2012 | 1,081,770 | - | 107,714 | 974,056 |
| 2010-2011 | 986,009 | - | 45,986 | 940,023 |
| 2009-2010 | 877,995 | - | 35,813 | 842,182 |
| 2008-2009 | 938,100 | - | 31,341 | 906,759 |
| 2007-2008 | 1,070,206 | - | 25,150 | 1,045,056 |
| Total | <u>\$ 9,034,103</u> | <u>\$ 758,464,652</u> | <u>\$ 758,915,626</u> | <u>8,583,129</u> |
| Less allowance for uncollectable ad valorem taxes receivable | | | | <u>(7,362,681)</u> |
| Ad valorem taxes receivable (net) | | | | <u>\$ 1,220,448</u> |
| Reconciliation with revenues: | | | | |
| Taxes - ad valorem - General Fund | | | | \$ 753,475,454 |
| Recycling fee - Solid Waste Operating Fund | | | | 8,018,929 |
| Reconciling items: | | | | |
| Prior year taxes collected | | | | (27,478) |
| Interest and other costs | | | | (1,632,410) |
| Rebates and releases | | | | 1,583,819 |
| Deferred amounts | | | | (2,572,941) |
| Accruals and prepaids | | | | <u>70,253</u> |
| Total collections and credits | | | | <u>\$ 758,915,626</u> |
| General Fund Taxes Receivable | | | | \$ 1,150,355 |
| Solid Waste Fund Accounts Receivable | | | | <u>70,093</u> |
| | | | | <u>\$ 1,220,448</u> |

Note: This schedule includes Ad Valorum Taxes in the General Fund and the Recycling Fee in the Solid Waste Fund.

Analysis of Current Tax Levy - Countywide Levy
For the Year Ended June 30, 2016

| | County-wide | | | Total Levy | |
|--|---------------------------|-----------|-----------------------|--|---------------------------|
| | Property Valuation | Rate | Total Levy | Property excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy: | | | | | |
| Property taxed at current year's rate (General Fund) | \$ 129,593,705,866 | \$ 0.6145 | \$ 797,374,750 | \$ 751,173,301 | \$ 46,201,449 |
| Motor vehicles taxed at prior year's rate | 2,357,294,049 | 0.578 | 13,586,987 | - | 13,586,987 |
| Special Tax District levy | 26,911,000,281 | 0.080 | 21,560,499 | 19,853,439 | 1,707,060 |
| Penalties | - | | - | - | - |
| Total | <u>158,862,000,196</u> | | <u>832,522,236</u> | <u>771,026,740</u> | <u>61,495,496</u> |
| Discoveries: | | | | | |
| Current year taxes | - | | - | - | - |
| Prior year taxes | - | | - | - | - |
| Penalties | - | | 699,513 | 699,513 | - |
| Total | <u>-</u> | | <u>699,513</u> | <u>699,513</u> | <u>-</u> |
| Abatements | (265,420,667) | | (1,631,010) | (1,629,236) | (1,774) |
| Total property valuation | <u>\$ 158,596,579,529</u> | | | | |
| Deferred Levy | | | 795,193 | 795,193 | - |
| Net levy | | | 832,385,932 | 770,892,210 | 61,493,722 |
| Uncollected taxes at June 30, 2016 | | | 1,271,570 | 954,813 | 316,757 |
| Current year's taxes collected | | | <u>\$ 831,114,362</u> | <u>\$ 769,937,397</u> | <u>\$ 61,176,965</u> |
| Current levy collection percentage | | | 99.85% | 99.88% | 99.48% |

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | | | | | | Business-Type Activities | Total Primary Government | Percentage of Personal Income ¹ | Per Capita ¹ |
|-------------|----------------------------|--|--------------------------|-----------------------|------------------------------|----------------|---------------|-------------------------------|--------------------------|--------------------------|--|-------------------------|
| | General Obligation Bonds | General Obligation Bond Anticipation Notes | Limited Obligation Bonds | Installment Purchases | Qualified Zone Academy Bonds | Capital Leases | Notes Payable | Total Governmental Activities | Capital Leases | | | |
| 2007 | \$ 1,554,112,546 | \$ - | \$ - | \$ 7,778,972 | \$ 1,634,616 | \$ 571,090 | \$ - | \$ 1,564,097,224 | \$ - | \$ 1,564,097,224 | - | 1,884 |
| 2008 | 1,479,851,275 | - | - | 8,472,500 | 1,471,155 | 419,418 | - | 1,490,214,348 | - | 1,490,214,348 | - | 1,720 |
| 2009 | 1,867,469,296 | - | - | 9,356,965 | 1,307,694 | 328,068 | - | 1,878,462,023 | - | 1,878,462,023 | - | 2,094 |
| 2010 | 1,956,072,526 | - | 324,671,699 | 8,181,909 | 1,144,233 | 157,095 | 299,767 | 2,290,527,229 | - | 2,290,527,229 | - | 2,526 |
| 2011 | 1,991,296,438 | - | 323,883,480 | 6,961,421 | 980,772 | 173,449 | - | 2,323,295,560 | - | 2,323,295,560 | - | 2,500 |
| 2012 | 1,934,669,373 | - | 316,910,261 | 5,693,721 | 817,311 | 132,027 | - | 2,258,222,693 | - | 2,258,222,693 | - | 2,371 |
| 2013 | 1,960,133,287 | - | 303,982,042 | 5,327,348 | 653,850 | 81,238 | - | 2,270,177,765 | - | 2,270,177,765 | - | 2,328 |
| 2014 | 1,806,329,227 | - | 291,053,822 | 5,329,121 | 490,389 | 51,293 | - | 2,103,253,852 | 5,877 | 2,103,259,729 | - | 2,106 |
| 2015 | 2,142,354,768 | - | 278,125,603 | 4,922,510 | 326,928 | 763,502 | - | 2,426,493,311 | 3,777 | 2,426,497,088 | - | 2,414 |
| 2016 | 1,969,481,706 ² | 1,301,000 | 279,088,791 | 4,007,860 | 163,467 | 390,611 | - | 2,254,433,435 | - | 2,254,433,435 | - | 2,201 |

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 15 for personal income and population data. 2015 and 2016 ratios are calculated using 2014 personal income.

(2) General Obligation Bonds and Limited Obligation Bonds include premiums on issuance of bonds of \$156,946,706 and \$44,888,791, respectively, which will be amortized over the life of the related debt.

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

| General Bonded Debt Outstanding | | | | | |
|--|---------------------------------|---|----------------------------------|---|-------------------------------|
| Fiscal Year | General Obligation Bonds | General Obligation Bond Anticipation Notes | Total General Bonded Debt | Percentage of Actual Taxable Value of Property¹ | Per Capita² |
| 2007 | \$ 1,554,112,546 | \$ - | \$ 1,554,112,546 | 1.97% | 1,872.36 |
| 2008 | 1,479,851,275 | - | 1,479,851,275 | 1.78% | 1,708.03 |
| 2009 | 1,867,469,296 | - | 1,867,469,296 | 1.60% | 2,081.41 |
| 2010 | 1,956,072,526 | - | 1,956,072,526 | 1.64% | 2,156.86 |
| 2011 | 1,991,296,438 | - | 1,991,296,438 | 1.67% | 2,142.72 |
| 2012 | 1,934,669,373 | - | 1,934,669,373 | 1.60% | 2,030.91 |
| 2013 | 1,960,133,287 | - | 1,960,133,287 | 1.60% | 2,010.34 |
| 2014 | 1,806,329,227 | - | 1,806,329,227 | 1.42% | 1,808.70 |
| 2015 | 2,142,354,768 | - | 2,142,354,768 | 1.67% | 2,130.88 |
| 2016 | 1,969,481,706 | ³ 1,301,000 | 1,970,782,706 | 1.49% | 1,924.22 |

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Table 5 for property assessed and actual value data.

(2) Population data can be found in Table 15.

(3) General Obligation Bonds include premiums on issuance of bonds of \$156,946,706, which will be amortized over the life of its related debt.

Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

| | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--|-----------------------------|--|---|
| Municipality: | | | |
| Apex | \$ 48,460,000 | 100% | \$ 48,460,000 |
| Cary | 101,008,003 | 100% | 101,008,003 |
| Fuquay-Varina | 12,040,000 ¹ | 100% | 12,040,000 |
| Garner | 29,335,000 ¹ | 100% | 29,335,000 |
| Holly Springs | 23,775,000 | 100% | 23,775,000 |
| Knightdale | 3,833,001 | 100% | 3,833,001 |
| Morrisville | 8,935,000 | 100% | 8,935,000 |
| Raleigh | 304,260,000 | 100% | 304,260,000 |
| Rolesville | - ¹ | 100% | - |
| Wake Forest | 14,935,000 | 100% | 14,935,000 |
| Wendell | - | 100% | - |
| Zebulon | 2,800,000 | 100% | 2,800,000 |
| Overlapping debt | <u>549,381,004</u> | | <u>549,381,004</u> |
| Direct debt | <u>2,254,433,435</u> | | <u>2,254,433,435</u> |
| Total direct and overlapping debt | <u>\$ 2,803,814,439</u> | | <u>\$ 2,803,814,439</u> |

Source: Overlapping debt provided by each municipality, unless otherwise noted.

¹ Overlapping debt provided by Local Government Commission (LGC) Form 129 Annual Debt Payment Notices for FY16-17.

Note: Percentage of overlap based on assessed property values.

Legal Debt Margin Information
Last Ten Years

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Assessed Value of Property | \$ 78,844,604,531 | \$ 83,122,951,280 | \$ 116,610,525,500 | \$ 119,158,250,199 | \$ 119,535,621,641 | \$ 120,555,400,651 | \$ 122,450,151,129 | \$ 127,426,491,226 | \$ 127,947,523,008 | \$ 131,950,999,915 |
| Debt Limit, 8% of Assessed Value (Statutory Limitation) | \$ 6,307,568,362 | \$ 6,649,836,102 | \$ 9,328,842,040 | \$ 9,532,660,016 | \$ 9,562,849,731 | \$ 9,644,432,052 | \$ 9,796,012,090 | \$ 10,194,119,298 | \$ 10,235,801,841 | \$ 10,556,079,993 |
| Amount of Debt Applicable to Limit | | | | | | | | | | |
| General Obligation Bonds | \$ 1,505,200,000 | \$ 1,434,595,000 | \$ 1,772,370,000 | \$ 1,794,370,000 | \$ 1,831,620,000 | \$ 1,754,870,000 | \$ 1,801,325,000 | \$ 1,664,875,000 | \$ 1,967,590,000 | \$ 1,812,535,000 |
| GO Bond Anticipation Notes | - | - | - | - | - | - | - | - | - | 1,301,000 |
| Other Long Term Debt | 9,413,588 | 9,943,655 | 10,664,659 | 313,263,004 | 311,595,642 | 303,938,059 | 291,217,436 | 278,885,802 | 266,887,940 | 238,761,938 |
| Bonds Authorized not Issued | 1,058,390,000 | 911,000,000 | 514,500,000 | 391,870,000 | 239,070,000 | 65,700,000 | 145,450,000 | 950,450,000 | 511,210,000 | 509,909,000 |
| Total net debt applicable to limit | 2,573,003,588 | 2,355,538,655 | 2,297,534,659 | 2,499,503,004 | 2,382,285,642 | 2,124,508,059 | 2,237,992,436 | 2,894,210,802 | 2,745,687,940 | 2,562,506,938 |
| Legal Debt Margin | \$ 3,734,564,774 | \$ 4,294,297,447 | \$ 7,031,307,381 | \$ 7,033,157,012 | \$ 7,180,564,089 | \$ 7,519,923,993 | \$ 7,558,019,654 | \$ 7,299,908,496 | \$ 7,490,113,901 | \$ 7,993,573,055 |
| Total net debt applicable to limit as a percentage of debt limit | 40.79% | 35.42% | 24.63% | 26.22% | 24.91% | 22.03% | 22.85% | 28.39% | 26.82% | 24.28% |

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

**Demographic and Economic Statistics
Last Ten Years**

| Year | Population Estimates¹ | Personal Income² (thousands of dollars) | Per Capita Personal Income³ | School Enrollment⁴ | Unemployment Rate⁵ |
|-------------|---|---|---|--|--|
| 2007 | 820,522 | 35,134,837 | 42,242 | 128,072 | 3.9% |
| 2008 | 866,410 | 36,190,313 | 41,691 | 134,002 | 4.6% |
| 2009 | 897,214 | 35,727,859 | 39,821 | 137,706 | 8.4% |
| 2010 | 906,908 | 37,576,938 | 41,400 | 139,599 | 8.5% |
| 2011 | 929,330 | 40,193,567 | 43,280 | 143,289 | 7.8% |
| 2012 | 952,611 | 42,693,474 | 44,839 | 145,922 | 7.7% |
| 2013 | 975,024 | 44,911,652 | 46,097 | 149,508 | 7.3% |
| 2014 | 998,691 | 49,629,485 | 63,791 | 152,684 | 5.1% |
| 2015 | 1,005,385 | * | 65,160 # | 155,184 | 5.0% |
| 2016 | 1,024,198 ^ | * | 66,579 # | 158,175 | 4.3% |

* Information not yet available

(1) U.S. Census Bureau

(2) Bureau of Economic Analysis Regional, Economic Information System- Bureau of Economic Analysis March 2015.

(3) Bureau of Economic Analysis Regional Economic Account -computed using Census Bureau midyear population estimates available as of April 2013.

(4) North Carolina Department of Public Instruction. 2010-2016 Final Average Daily Membership 2015 Wake County Public Schools.

(5) Employment Security Commission of North Carolina. 2006-2015 Annual Average.

^Wake County Planning Department

Wake County Planning Department - Median household income

WAKE COUNTY, NORTH CAROLINA

TABLE 16

**Principal Employers
Current Year and Nine Years Ago**

| Employer | 2016** | | | 2007 | | |
|---------------------------------------|------------------|-------------|--|------------------|-------------|--|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| State of North Carolina | 24,083 | 1 | 5.01% | 39,103 | 1 | 9.24% |
| Wake County Public School Systems | 18,554 | 2 | 3.86% | 15,000 | 2 | 3.55% |
| International Business Machines (IBM) | 10,000 | 3 | 2.08% | 10,800 | 3 | 2.55% |
| WakeMed Health & Hospitals | 8,422 | 4 | 1.64% | 7,100 | 5 | 1.68% |
| North Carolina State University | 7,876 | 5 | 1.75% | 7,219 | 4 | 1.71% |
| Cisco Systems | 5,500 | 6 | 1.15% | | | |
| Rex Healthcare | 5,300 | 7 | 1.10% | 4,300 | 8 | 1.02% |
| SAS Institute, Inc. | 5,232 | 8 | 1.09% | 3,500 | 10 | 0.83% |
| GlaxoSmithKline | 4,950 | 9 | 1.03% | 5,000 | 6 | 1.18% |
| NC DHHS | 3,800 | 10 | 1.03% | | | |
| Wake County Government | | | | 3,697 | 9 | 0.87% |
| Securitas Security | | | | 4,500 | 7 | 1.06% |
| | <u>93,717</u> | | <u>19.74%</u> | <u>100,219</u> | | <u>23.69%</u> |

Source: Greater Raleigh Chamber of Commerce.

** As of the date of publication this information was not available for 2015 or 2016 . Data from 2014 has been used.

**Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years**

| Function/Program | Fiscal Year | | | | | | | | | |
|------------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| General government | 474.05 | 451.00 | 327.00 | 294.00 | 271.80 | 304.25 | 305.25 | 314.25 | 324.50 | 340.50 |
| Human services | 1,782.67 | 1,523.00 | 1,604.00 | 1,623.00 | 1,782.80 | 1,751.10 | 1,644.03 | 1,465.10 | 1,571.87 | 1,591.60 |
| Community development and cultural | 300.00 | 255.00 | 254.00 | 287.50 | 304.00 | 304.00 | 312.00 | 321.50 | 327.50 | 350.50 |
| Environmental services | 115.00 | 124.00 | 111.00 | 112.00 | 118.00 | 117.00 | 120.00 | 124.00 | 134.00 | 138.00 |
| Public safety | 1,025.00 | 959.00 | 1,050.00 | 1,057.00 | 1,102.00 | 1,199.50 | 1,237.50 | 1,285.50 | 1,301.50 | 1,339.50 |
| General services administration** | - | - | 123.00 | 121.00 | 134.00 | 137.00 | 142.50 | 140.00 | 141.00 | 143.00 |
| Total | 3,696.72 | 3,312.00 | 3,469.00 | 3,494.50 | 3,712.60 | 3,812.85 | 3,761.28 | 3,650.35 | 3,800.37 | 3,903.10 |

**Prior to Fiscal Year 2008, General Services Administration was included in General Government totals.

Operating Indicators By Function
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| General Government | | | | | | | | | | |
| Registered voters | 676,093 | 631,012 | 651,341 | 645,419 | 628,953 | 588,701 | 575,146 | 569,222 | 542,763 | 508,218 |
| Taxable real estate parcels | 406,596 | 401,352 | 392,989 | 381,677 | 367,323 | 361,082 | 322,205 | 322,620 | 315,000 | 299,000 |
| Tax bills | N/A | N/A | N/A | 1,164,651 | 1,153,607 | 1,128,643 | 1,120,585 | 1,125,000 | 1,100,000 | 1,100,000 |
| Deeds and real estate documents recorded | 170,421 | 163,046 | 148,233 | 208,162 | 179,048 | 164,279 | 167,888 | 189,164 | 243,000 | 250,000 |
| Human Services | | | | | | | | | | |
| Family medicaid recipients | 231,804 | 192,984 | 92,666 | 76,745 | 74,338 | 68,373 | 64,595 | 54,904 | 48,408 | 45,300 |
| Laboratory tests | * | * | 180,000 | 163,837 | 235,000 | * | 178,068 | 192,753 | 202,375 | 200,228 |
| School nurse health support services | 29,690 | 14,941 | 31,558 | 28,880 | 23,428 | 20,795 | 23,211 | * | 9,691 | 9,759 |
| Families receiving maternal and child health case management services | 6,151 | 6,008 | 6,300 | 4,402 | 4,328 | 5,817 | 4,844 | 5,424 | 2,544 | 2,534 |
| Adult inpatient substance abuse services | N/A | N/A | N/A | 336 | 484 | 687 | 641 | 847 | 861 | 808 |
| Adult care home residents served through on-site inspections | 2,648 | 2,538 | 2,373 | 2,381 | 2,861 | 2,932 | 2,637 | 2,684 | 2,560 | 2,560 |
| Homeless served - street outreach | N/A | N/A | N/A | N/A | N/A | N/A | 241 | 476 | 389 | 389 |
| Homeless sheltered at S. Wilmington St. Center | 2,028 | 1,982 | 1,849 | 1,791 | 1,734 | 1,834 | 2,055 | 2,055 | 2,044 | 2,137 |
| Persons testing for HIV/STD | 18,958 | 17,919 | 20,364 | 21,107 | 22,420 | 15,597 | 10,619 | 10,861 | 21,492 | 12,056 |
| Number of transportation trips provided | 253,814 | 200,440 | 183,570 | 165,908 | 178,330 | 157,000 | 145,000 | 146,060 | 142,093 | 195,000 |
| Food assistance individuals | 37,622 | * | 38,585 | * | 85,892 | 77,068 | 65,101 | 51,835 | 45,070 | 43,002 |
| Education | | | | | | | | | | |
| Students attending public school ¹ | 157,180 | 155,184 | 152,384 | 149,508 | 146,687 | 142,997 | 139,599 | 137,706 | 134,002 | 128,072 |
| Public school teachers ² | 10,357 | 10,598 | 10,563 | 9,810 | 9,810 | 9,342 | 9,277 | 9,546 | 9,204 | 8,644 |
| Community college students-average semester ³ | 41,566 | 35,080 | 34,427 | 33,338 | 32,236 | 31,559 | 31,067 | 31,719 | 29,858 | 31,160 |
| Community college faculty ³ | 2,305 | 2,305 | 1,329 | 1,921 | 1,344 | 1,315 | 1,213 | 1,210 | 1,079 | 1,096 |
| Community Development and Cultural | | | | | | | | | | |
| Libraries - circulation of youth services | 6,319,652 | 6,636,146 | 6,923,255 | 6,912,700 | 7,047,064 | 6,147,038 | 6,322,332 | 5,883,351 | 5,523,734 | 4,805,095 |
| Libraries - circulation of adult services | 2,996,607 | 3,104,004 | 3,467,128 | 3,699,333 | 4,212,225 | 4,511,679 | 5,030,294 | 4,569,145 | 4,866,561 | 4,453,517 |
| Park visitation | 1,252,085 | 1,141,594 | 1,187,986 | 1,113,501 | 1,162,246 | 1,129,732 | 1,046,997 | 987,059 | 1,003,605 | 914,278 |
| Residential permits issued - new | 1,521 | 1,347 | 1,367 | 1,239 | 716 | 369 | 277 | 279 | 851 | 1,353 |
| Commercial permits issued - new | 219 | 200 | 157 | 136 | 167 | 81 | 2 | 11 | 21 | 11 |
| Building permits - additional, alterations | 1,885 | 1,672 | 1,535 | 1,473 | 1,276 | 1,264 | 1,307 | 1,258 | 1,639 | 1,289 |
| Inspections performed | 59,639 | 53,664 | 53,517 | 44,329 | 35,510 | 35,537 | 34,650 | 41,636 | 55,470 | 60,307 |
| Environmental Services | | | | | | | | | | |
| Animal control service calls | 7,194 | 7,608 | 7,786 | 7,644 | 8,260 | * | 14,498 | 10,742 | 12,549 | 5,986 |
| Animals impounded | 10,906 | 11,621 | 11,632 | 13,805 | 15,517 | 16,162 | 12,040 | 11,232 | 11,318 | 10,276 |
| Sanitation inspections | 11,911 | 12,545 | 8,770 | 9,222 | * | * | 8,215 | 7,110 | 5,233 | 5,518 |
| Public Safety | | | | | | | | | | |
| Detention intake | 34,801 | 36,350 | 36,847 | 38,070 | * | 32,849 | 35,519 | 31,789 | 31,833 | 31,513 |
| Civil processes served | 80,341 | 78,867 | 65,590 | 70,535 | 93,318 | 96,089 | 98,233 | 95,009 | 91,248 | * |
| Pistol permits processed | 18,141 | 20,216 | 18,304 | 35,883 | 21,163 | 17,525 | 15,309 | 20,768 | 12,793 | 10,167 |
| Average daily jail population | 1,176 | 1,155 | 1,297 | 1,306 | 1,227 | 1,279 | 1,341 | 1,366 | 1,237 | 1,222 |
| Fire/medical incidents responded to by contracting fire departments | 32,595 | 29,928 | 28,429 | 28,675 | 27,645 | 29,012 | 26,770 | 26,399 | 29,258 | 11,444 |
| Wake EMS trips | 49,209 | 47,953 | 45,419 | 45,829 | 45,055 | 37,943 | 30,434 | 29,283 | 29,132 | 27,369 |
| Solid Waste | | | | | | | | | | |
| Tons received at North Wake Landfill ⁴ | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 344,467 | 573,477 |
| Tons received at South Wake Landfill ⁵ | 436,632 | 304,672 | 406,568 | 400,964 | 414,156 | 426,901 | 439,069 | 463,126 | 70,669 | N/A |
| Tons received at East Wake Transfer Station ⁶ | 262,153 | 345,615 | 252,462 | 242,123 | 259,610 | 255,099 | 260,333 | 278,464 | 24,802 | N/A |
| Household hazardous waste customers | N/A | 43,509 | 36,996 | 29,560 | 30,863 | 27,566 | 24,449 | 14,471 | 12,423 | 11,679 |

* Information not available.

(1) North Carolina Department of Public Instruction. 1997-2005 Final Average Daily Membership. 2006-2010 Wake County Public Schools.

(2) Wake County Public Schools.

(3) Wake Technical Community College Planning and Research Department.

(4) North Wake Landfill closed on May 28, 2008.

(5) South Wake Landfill opened on February 7, 2008.

(6) East Wake Transfer Station opened on May 28, 2008.

Capital Asset Statistics by Function
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| General Services Administration | | | | | | | | | | |
| Rentable square footage | 4,745,845 | 4,745,845 | 4,790,359 | 4,516,751 | 3,956,974 | 3,477,580 | 3,369,836 | 3,213,049 | 3,111,096 | 3,039,976 |
| Human Services | | | | | | | | | | |
| Number of centers | 22 | 22 | 22 | 22 | 22 | 22 | 20 | 15 | 14 | 14 |
| Education | | | | | | | | | | |
| Number of schools | 177 | 171 | 170 | 165 | 163 | 163 | 159 | 156 | 153 | 147 |
| Community Development and Cultural | | | | | | | | | | |
| Libraries - branches | 21 | 20 | 20 | 20 | 20 | 20 | 20 | 19 | 19 | 19 |
| Volume of library books | 1,393,462 | 1,323,870 | 1,534,418 | 1,520,704 | 1,479,940 | 1,544,261 | 1,670,538 | 1,714,645 | 1,846,996 | 1,670,543 |
| Number of County Parks | 9 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 7 | 7 |
| Number of School Parks | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Public Safety | | | | | | | | | | |
| Sheriff - Stations | 9 | 9 | 9 | 9 | 9 | 5 | 5 | 5 | 5 | 5 |
| Detention capacity | 1,568 | 1,568 | 1,568 | 1,568 | 1,568 | 1,312 | 1,312 | 1,312 | 1,312 | 1,312 |
| EMS - Stations | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |

* Information not available.

WAKEGOV.COM

