



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017

# 2017

***Wake County  
North Carolina***

***Comprehensive Annual  
Financial Report***

***for the fiscal year ended June 30, 2017***

***Prepared by the Wake County Finance Department***

**Wake County  
Board of Commissioners**



**Sig Hutchinson**  
*Chair*  
District 1



*Jessica Holmes*  
District 3



*Matt Calabria*  
*Vice Chair*  
District 2



*Ery Portman*  
District 4



*James West*  
District 5



*Greg Ford*  
District 6



*John D Burns*  
District 7

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

# Wake County North Carolina

## Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017

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*

John T. Stephenson, CPA, *Internal Audit Director*

Karen Thiessen, *Investment Analyst*

Kim Lorbacher, CPA, *Accounting & Reporting Manager*

Lee Linker, CPA, *Internal Auditor*

Loretta Alston, *Executive Assistant*

Markisha Baker, *Senior Accountant*

Mary Hutchings, *Internal Auditor*

Melissa England Carroll, *Management Policy and Analyst*

Pam Harrington, *Information/Technology Analyst*

Russ O'Melia, *Senior Accountant*

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*

Ty Stephens, *Buyer*

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	XIV

## 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	79
Required Supplementary Information - Other Post-employment Benefits	80
Required Supplementary Information - Local Governmental Employees’ Retirement System	81
Required Supplementary Information - Register of Deeds’ Supplemental Pension Fund	82
Supplementary Information:	
General Fund:	
Comparative Balance Sheets	83
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	84

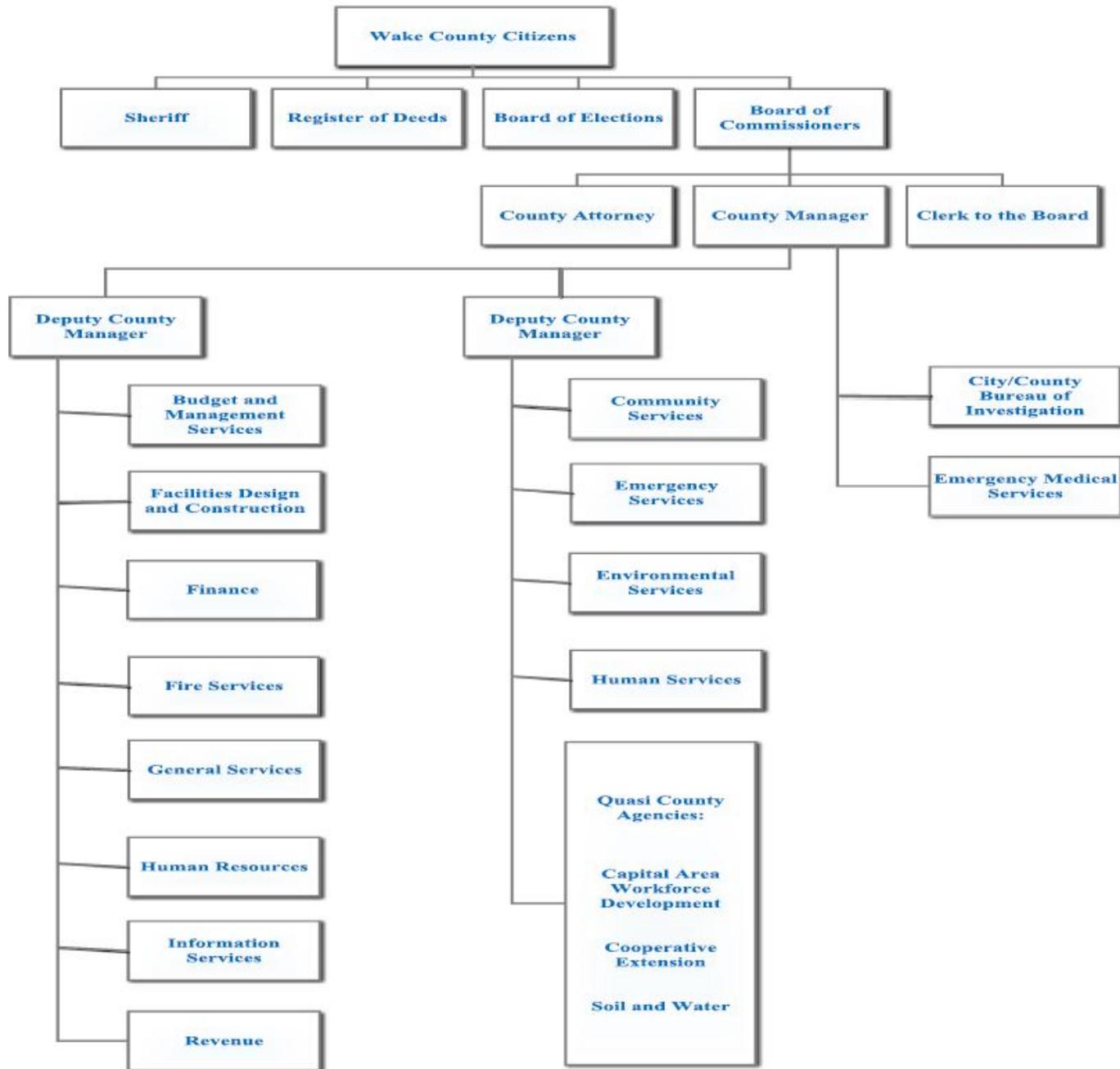
Statement of Revenues, Expenditures and Changes in Fund Balance - Detailed Budget and Actual	85
Schedules of Revenues, Expenditures and Changes in Fund Balances – Major Governmental Funds:	
Affordable Housing Fund, from Inception	92
Major Facilities Fund, Budget and Actual	93
Debt Service Fund, Budget and Actual	94
County Capital Projects Fund, from Inception	95
School Capital Fund, from Inception	96
Wake Community College Capital Projects Fund, from Inception	97
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	99
Combining Balance Sheet – Nonmajor Special Revenue Funds	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	101
Combining Balance Sheet – Nonmajor Capital Project Funds	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds	103
Schedules of Revenues, Expenditures and Changes in Fund Balances:	
Grants Fund, from Inception	104
Capital Area Workforce Development Fund, from Inception	105
Fire Tax District Fund, Budget and Actual	106
Transportation Fund, Budget and Actual	107
Fire Capital Project Fund, from Inception	108
Major Facilities Capital Trust Fund, from Inception	109
Budgetary Combining Balance Sheet, Solid Waste Operating and Capital Project Funds (Non-GAAP)	110
Solid Waste Operating Fund, Budget and Actual	111
Solid Waste Construction Fund, from Inception	113
Budgetary Combining Balance Sheet, South Wake Landfill Partnership Fund (Non-GAAP)	114
South Wake Landfill Partnership Fund, Budget and Actual	115
Budgetary Balance Sheet, Corporate Fleet Fund (Non-GAAP)	116
Corporate Fleet Fund, Budget and Actual	117
Agency Funds:	
Combining Statement of Changes in Assets and Liabilities	118
Capital Assets:	
Schedule of Governmental Capital Assets by Function and Category	120
General Obligation Indebtedness:	
Schedule of Changes in Governmental Long-term Debt	121
Schedule of Long-Term Debt Maturities and Annual Debt	122
Service Requirements for Governmental Activities	

**STATISTICAL SECTION:**

Table 1 – Net Position by Component – Last Ten Fiscal Years	123
Table 2 – Changes in Net Position – Last Ten Fiscal Years	124
Table 3 – Fund Balance of Governmental Funds Last Ten Fiscal Years	126
Table 4 – Changes in Fund Balance of Governmental Funds	127

Last Ten Fiscal Years	
Table 5 – Assessed Value and Actual Value of Taxable Property	128
Last Ten Fiscal Years	
Table 6 – Direct and Overlapping Property Tax Rates	129
Last Ten Fiscal Years	
Table 7 – Principal Property Tax Payers	130
Current Year and Nine Years Ago	
Table 8 – Property Tax Levies and Collections	131
Last Ten Fiscal Years	
Table 9 – Schedule of Ad Valorem Taxes Receivable	132
Table 10 – Analysis of Current Tax Levy – Countywide Levy	133
Table 11 – Ratios of Outstanding Debt by Type	134
Last Ten Fiscal Years	
Table 12 – Ratios of General Bonded Debt Outstanding	135
Last Ten Fiscal Years	
Table 13 – Direct and Overlapping Governmental Activities Debt	136
Table 14 – Legal Debt Margin Information	137
Last Ten Fiscal Years	
Table 15 – Demographic and Economic Statistics	138
Last Ten Fiscal Years	
Table 16 – Principal Employers – Current Year and Nine Years Ago	139
Table 17 – Full-time Equivalent County Government Employees by Function	140
Last Ten Fiscal Years	
Table 18 – Operating Indicators by Function	141
Last Ten Fiscal Years	
Table 19 – Capital Asset Statistics by Function	142
Last Ten Fiscal Years	

# WAKE COUNTY ORGANIZATIONAL CHART





November 29, 2017

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

Promoting a vision of a county 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 the three major rating agencies. The Comprehensive Annual Financial Report (financial statements) of Wake County, North Carolina, for the fiscal year ended June 30, 2017, 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 provide 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, PLLC, 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, 2017, 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, 2017 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 2017. 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**

Centrally located in the Triangle area of North Carolina, Wake County is one of the fastest-growing areas in the nation, and the second-most populous county in the state, with more than one million residents. The county was chartered in 1771 and currently encompasses an area of about 860 square miles. The County seat, Raleigh, is also the center of state government.

Twelve core municipalities are located in Wake County, offering a mixture of rural and urban areas. The County's topography is characterized by low rolling hills in the northwest, changing gradually to level land in the southeast.

Wake County's location, climate, proximity to Research Triangle Park and educational centers, and easy access to recreational and cultural opportunities make it an attractive place for people to live, work and play.

The County is continually highlighted in national publications as one of the best places to call home. Some of those accolades from fiscal year 2017 include:

- **#3 Best Large City to Live In (Raleigh)**, Wallet Hub, July 2016
- **#1 Digital County (Population of 500,000 or more Wake County, NC)**, GovTech, July 2016
- **#1 Best Big City to Live In in the Southeast (Raleigh)**, Money Magazine, September 2016
- **#3 Best Place for Business and Career (Raleigh)**, Forbes, October 2017
- **#7 Best Place to Live in the U.S. (Raleigh)**, US News & World Report, February 2017
- **#1 Healthiest County in NC**, County Health Rankings, March 2017
- **#3 Best City for Job Seekers (Raleigh)**, Indeed, May 2017

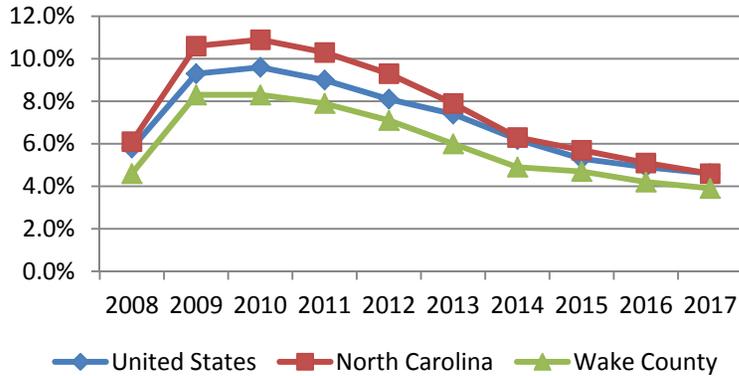
## **FACTORS AFFECTING FINANCIAL CONDITION**

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 averages for the State average and the nation; and a growing economic base evidenced by increases in building permits and assessed tax value.

### **Unemployment Rates**

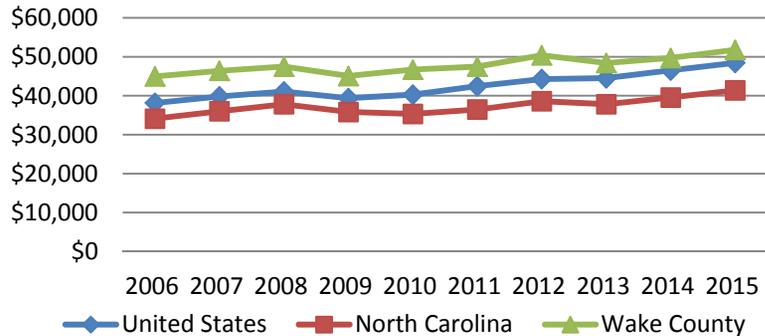
On June 30, 2017, the unemployment rate was 3.6%, compared with 4.2% for the State and 4.2% for the nation. Wake County's recovery from the significant recession of the latter 2000s occurred at a faster pace than the nation and State. Now, in a return of economic stabilization and growth, the County's unemployment rate remains lower than North Carolina as a whole and the United States.

### Unemployment Rate



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

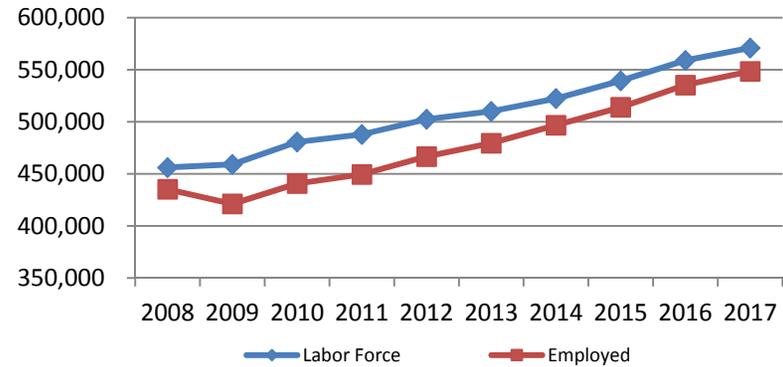
### Per Capita Personal Income



### Job Growth and Investment

Job growth remains strong. Wake County continues to attract diverse companies creating new jobs. Wake County Economic Development reports that 105 different companies (28 new and 77 expanding) announced a total of 9,739 new jobs worth a total of \$317 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.

### Labor Force and Number Employed



### Economic Diversity

The County's economic profile is a mixture of manufacturing, service industries, health care, educational institutions, and state and local government. Key industries include biotechnology and pharmaceuticals, clinical research, advanced medical technologies, software development, as well as smart grid and renewable energy.

Research Triangle Park, one of the nation's largest planned research development communities, is partially located in Wake County. The region is home to some of the world's largest corporations, as well as many start-up businesses.

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

- The Research Triangle Foundation of North Carolina manages Research Triangle Park with a focus on orchestrating industry, university and government collaboration to attract research, scientific and technology-based organizations to support the creation of quality jobs and opportunities. RTP has more than 250 companies, collectively employing more than 50,000 people. Its top ten employers are IBM Corporation, Cisco Systems, GlaxoSmithKline, Fidelity Investments, RTI International, Credit Suisse, Lenovo, NetApp, Biogen, and the U.S. Environmental Protection Agency.
- Six public and private institutions of higher education are located in Wake County, including North Carolina State University. The university has an enrollment of approximately 34,000 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
- Wake County is also home to Wake Technical Community College, which is part of the North Carolina Community College System. The mission of Wake Tech is to provide education and training for the workforce. It serves nearly 74,000 adults annually, with five campuses, three training centers, multiple community sites, and an array of online learning options.
- Three acute care hospital systems are located in the County and employ over 15,000 employees.
- Wake County's population is highly educated. According to the United State Census Bureau, in 2016, 53.2% of its adult population held a bachelor's degree or higher. Wake County's higher education level is consistently higher than state and national averages.

### **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 19.01 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 funds fund balance policy of maintaining a combined general fund and debt service fund total 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 16<sup>th</sup> largest school district in the nation with more than 158,000 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 \$2.06 billion of debt is for education related capital costs.

During fiscal year 2017, significant additions to the County’s debt and capital program continued. The County issued drawdown financing agreements in anticipation of future Limited Obligation Bonds to fund projects in the Wake County Public School System CIP 2017 Building Program, as well as the Wake Tech 2017 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**

Wake County focuses on maintaining a high quality of life for its current and future residents. The County’s population is growing by an average 68 people per day, and many of its goals and objectives center on the growing needs of the community.

To address growing needs in a public school system with nearly 160,000 students, the fiscal year 2018 budget increased funding for the Wake County Public School System by \$21 million, for an overall annual investment in public K-12 education of \$430.9 million. This represents a 31.6% increase in the County’s contribution to the school district over four budget years.

Creating a sustainable, regional transportation system that offers choices to meet local needs remains a goal of Wake County and its transit partners. On November 8, 2016, voters approved a half-cent sales tax referendum as a primary source of funding for the adopted Wake County Transit Plan.

To enhance arts and culture in the community, Wake County opened Middle Creek Community Library in March 2017—its 22<sup>nd</sup> library location. The Board of Commissioners also adopted the Wake County Greenway System Plan and the Wake County Park Facility Master Plan, long-range strategies to enhance recreational choices for residents while preserving open space.

To help some of our most vulnerable residents, Wake County, the City of Raleigh, and other partners are working together to establish the Oak City Center, a multi-services center to help people experiencing homelessness secure permanent housing. The purchase of property for the center was approved in March 2017, and construction is anticipated to begin in early 2018.

### **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, 2016. This marks the 33<sup>rd</sup> 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.

#### ***Sustained Professional Purchasing Award***

The Carolinas Association of Governmental Purchasing presented their annual award to Wake County for the fiscal year ended June 30, 2016. This is the 13th consecutive year that the Wake County Procurement Services Department has received this prestigious designation. This award is presented to units of government that have demonstrated high standards in the purchasing profession. The criteria for the award include the use of technology, minority outreach, staff certification, customer and vendor training, and the use of recycled products. The award recognizes Purchasing Departments in North and South Carolina.

*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, PLLC, 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,

*David Ellis*

David Ellis  
Interim 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, 2016**

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, 2017, 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, 2017, 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, 2016. The remainder of Governmental Accounting Standards Board Statement No. 73 was implemented as of June 30, 2017. Our opinions are not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance, the Funding Progress for Other Postemployment Benefits, the Schedule of the County's Proportionate Share of Net Pension Liability (Assets) and Employer Contributions for Local Governmental Employees' Retirement System, and Proportionate Share of Net Pension Liability (Assets) and 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, 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 are the responsibility of management and were derived from and relate 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.

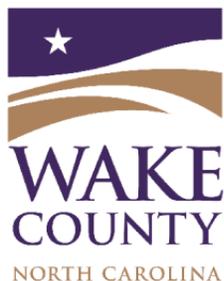
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2017 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.



Raleigh, North Carolina  
November 29, 2017



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, 2017. 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, 2017:**

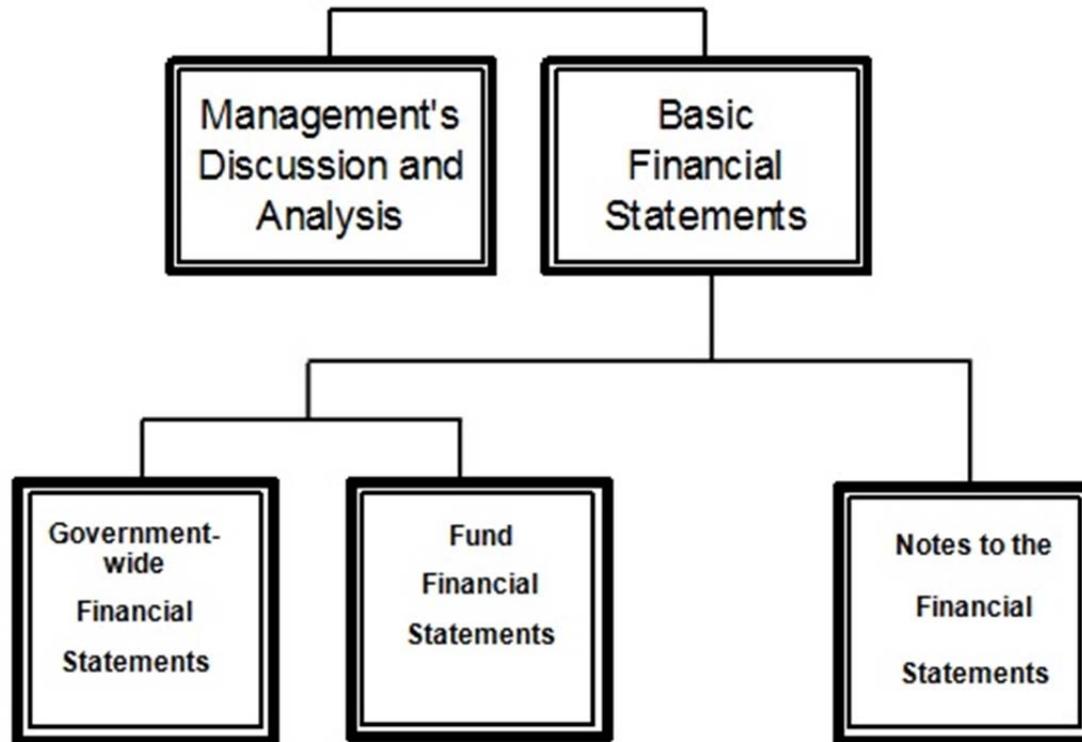
- As of June 30, 2017, the County's governmental funds reported combined ending fund balances of \$675.8 million, compared with \$772.3 million at the end of the prior fiscal year.
- The combined General Fund and Debt Service Fund balances are measured together to assess the County's overall fiscal health. At the end of the 2017 fiscal year, the fund balances for the County's General Fund and Debt Service Fund were \$296.2 million and \$120.3 million, respectively, compared with each fund reporting fund balances of \$276.6 million and \$127.4 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 33.6% as of the end of fiscal year 2017, compared to 33.9% as of the end of the 2016 fiscal year.
- 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 2017 was 60.05 cents, of which 19.01 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 2017, the County transferred \$252.6 million from the General Fund to fund debt service, \$22.9 million for Wake County Public School System capital projects, and \$32.9 million to fund County capital projects.

Wake County, North Carolina  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017

- 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 February 2017.
- 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, of which 3.51 cents remained in effect for fiscal year 2017. The County authorized \$95.42 million in bond anticipation notes (BANs) in January 2017, representing the last debt to be committed for the WCPSS CIP 2013 building program. The County also authorized \$157.6 million in draw down installment purchase agreements for school system capital project needs during the year.
- During fiscal year 2017, the County also authorized \$12.4 million in draw down installment purchase agreements to continue the Wake Technical Community College (WTCC) building program, and issued \$33.70 million in general obligation bonds for library projects. The general obligation bonds for libraries represented the final bond authorization for libraries that was approved by voters in 2007.

**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.

**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, 2017, 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, 2017

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 \$2,763.8 million (as restated) as of June 30, 2017. Net position is reported in three general categories: net investment in capital assets of \$516.2 million, restricted amounts totaling \$241.6 million, and an unrestricted net deficit of \$(1,749.3) 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 increased from \$512.8 million in the prior year to \$516.3 million at June 30, 2017. This increase relates primarily 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 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 \$1,625,532,417, and the outstanding balance of the community college-related debt less unspent bond proceeds was \$248,527,828. 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.

Wake County, North Carolina  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017

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	\$ (1,625,532,417)
Community college Debt	(248,527,828)
All other unrestricted	<u>124,738,707</u>
Total unrestricted (deficit)	\$ <u><u>(1,749,321,538)</u></u>

Wake County, North Carolina  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017

**Wake County's Net Position:**

	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	<b>Governmental</b>	<b>Governmental</b>	<b>Business-type</b>	<b>Business-type</b>	<b>Total</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>Total</b>
Current and other assets	\$ 781,452,489	\$ 879,420,368	\$ 67,182,498	\$ 64,659,300	\$ 848,634,987	\$ 944,079,668
Capital assets	<u>848,050,315</u>	<u>861,905,729</u>	<u>15,068,176</u>	<u>14,569,010</u>	<u>863,118,491</u>	<u>876,474,739</u>
Total assets	<u>1,629,502,804</u>	<u>1,741,326,097</u>	<u>82,250,674</u>	<u>79,228,310</u>	<u>1,711,753,478</u>	<u>1,820,554,407</u>
Deferred outflows of resources	<u>60,222,929</u>	<u>14,177,550</u>	<u>322,014</u>	<u>81,333</u>	<u>60,544,943</u>	<u>14,258,883</u>
Long-term liabilities/schools	1,643,576,556	1,615,701,712	-	-	1,643,576,556	1,615,701,712
Long-term liabilities/community colleges	241,537,159	261,900,670	-	-	241,537,159	261,900,670
Long-term liabilities/other	633,685,995	535,322,115	26,077,092	27,856,008	659,763,087	563,178,123
Other liabilities	<u>113,573,849</u>	<u>114,596,021</u>	<u>6,192,231</u>	<u>5,890,944</u>	<u>119,766,080</u>	<u>120,486,965</u>
Total liabilities	<u>2,632,373,559</u>	<u>2,527,520,518</u>	<u>32,269,323</u>	<u>33,746,952</u>	<u>2,664,642,882</u>	<u>2,561,267,470</u>
Deferred inflows of resources	<u>99,128,317</u>	<u>85,449,293</u>	<u>18,623</u>	<u>64,329</u>	<u>99,146,940</u>	<u>85,513,622</u>
Net position:						
Invested in capital assets	501,195,521	498,217,507	15,068,176	14,569,010	516,263,697	512,786,517
Restricted/various	222,312,515	330,499,243	19,253,925	6,056,990	241,566,440	336,556,233
Unrestricted	<u>(1,765,284,179)</u>	<u>(1,686,182,914)</u>	<u>15,962,641</u>	<u>24,872,362</u>	<u>(1,749,321,538)</u>	<u>(1,661,310,552)</u>
Total net position	<u>\$ (1,041,776,143)</u>	<u>\$ (857,466,164)</u>	<u>\$ 50,284,742</u>	<u>\$ 45,498,362</u>	<u>\$ (991,491,401)</u>	<u>\$ (811,967,802)</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 99.87%. 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 the three major rating agencies.

Wake County, North Carolina  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017

**Wake County's Changes in Net Position:**

	For the Year Ended		For the Year Ended		For the Year Ended	
	June 30, 2017 Governmental Activities	June 30, 2016 Governmental Activities	June 30, 2017 Business-type Activities	June 30, 2016 Business-type Activities	June 30, 2017 Total	June 30, 2016 Total
Revenues:						
Program revenues:						
Charges for services	\$ 79,234,418	\$ 75,435,824	\$ 25,419,927	\$ 25,221,294	\$ 104,654,345	\$ 100,657,118
Operating grants and contributions	126,758,134	131,413,014	2,097,102	1,964,590	128,855,236	133,377,604
General revenues:						
Property taxes	873,850,162	836,704,096	-	-	873,850,162	836,704,096
Sales taxes	177,057,150	167,601,590	-	-	177,057,150	167,601,590
Grants and contributions not restricted to specific programs	8,753,474	8,708,612	-	-	8,753,474	8,708,612
Other general revenues	73,229,821	72,689,751	2,124,418	1,735,943	75,354,239	74,425,694
<b>Total revenues</b>	<b>1,338,883,159</b>	<b>1,292,552,887</b>	<b>29,641,447</b>	<b>28,921,827</b>	<b>1,368,524,606</b>	<b>1,321,474,714</b>
Expenses:						
General government	99,044,204	83,075,414	-	-	99,044,204	83,075,414
Human services	213,554,750	208,574,457	-	-	213,554,750	208,574,457
Education	797,456,473	744,326,523	-	-	797,456,473	744,326,523
Community development and cultural	90,601,804	90,192,355	-	-	90,601,804	90,192,355
Environmental services	11,323,588	25,539,274	-	-	11,323,588	25,539,274
Public safety	179,665,266	169,946,017	-	-	179,665,266	169,946,017
General services administration	28,182,737	27,303,740	-	-	28,182,737	27,303,740
Interest on long-term debt	88,574,145	114,306,796	-	-	88,574,145	114,306,796
Solid waste	-	-	24,405,067	29,938,448	24,405,067	29,938,448
<b>Total expenses</b>	<b>1,508,402,967</b>	<b>1,463,264,576</b>	<b>24,405,067</b>	<b>29,938,448</b>	<b>1,532,808,034</b>	<b>1,493,203,024</b>
Increase (decrease) in net position before transfers	(169,519,808)	(170,711,689)	5,236,380	(1,016,621)	(164,283,428)	(171,728,310)
Transfers	450,000	450,000	(450,000)	(450,000)	-	-
<b>Change in net position</b>	<b>(169,069,808)</b>	<b>(170,261,689)</b>	<b>4,786,380</b>	<b>(1,466,621)</b>	<b>(164,283,428)</b>	<b>(171,728,310)</b>
Net position (deficit), beginning of year	(857,466,164)	(687,204,475)	45,498,362	46,964,983	(811,967,802)	(640,239,492)
Prior period adjustment	(15,240,171)	-	-	-	(15,240,171)	-
Net position (deficit), beginning of year, as restated	(872,706,335)	(687,204,475)	45,498,362	46,964,983	(827,207,973)	(640,239,492)
<b>Net position, end of the year</b>	<b>\$ (1,041,776,143)</b>	<b>\$ (857,466,164)</b>	<b>\$ 50,284,742</b>	<b>\$ 45,498,362</b>	<b>\$ (991,491,401)</b>	<b>\$ (811,967,802)</b>

**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, 2017, were the General Fund, Affordable Housing Fund, Major Facilities Fund, Debt Service Fund, County Capital Projects Fund, School Capital Fund, Wake Community College Capital 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 2017 fiscal year, the County's total governmental funds reported combined ending fund balances of \$675.8 million, down \$96.5 million from \$772.3 million for the prior fiscal year. The County's governmental fund balance decreased during the fiscal year ended June 30, 2017 in large part because the County expended general obligation bond proceeds issued in prior fiscal years, primarily 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 allowed the County to demonstrate our commitment to maintaining our triple-A credit rating from the three major rating agencies.

At the end of the 2017 fiscal year, the fund balances for the County's General Fund and the Debt Service Fund were \$296.2 million and \$120.3 million, respectively, compared with both funds reporting fund balances of \$276.6 million and \$127.4 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 33.6% as of the end of fiscal year 2017, compared with a combined total of 33.9% as of the end of the 2016 fiscal year. The percentage decrease resulted from an increase in combined revenue that was greater than the increase in total fund balances. The County's debt and capital model strategically uses fund balance in the Debt Service Fund for debt service expenditures, but in an amount that will not exceed the County's debt service guideline of maintaining a minimum 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.

Wake County, North Carolina  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Increase (Decrease)</u>
Non-spendable:			
Inventories/noncurrent receivables	\$ 1,028,455	\$ 1,087,851	\$ (59,396)
Restricted:			
Stabilization by State statute	73,915,152	73,286,772	628,380
Register of deeds automation	719,551	556,512	163,039
Committed:			
Revaluation reserve	3,187,080	2,669,145	517,935
LEO Separation Allowance	963,428	789,655	173,773
Future appropriations from excess ABC revenues	8,091,000	8,900,000	(809,000)
Future appropriations for behavioral health	14,417,533	6,300,000	8,117,533
Working capital	193,854,538	181,835,526	12,019,012
Assigned:			
Planned expenditures	<u>-</u>	<u>1,134,000</u>	<u>(1,134,000)</u>
General fund balance	<u>296,176,737</u>	<u>276,559,461</u>	<u>19,617,276</u>
Subsequent Year's Adopted Budget	<u>1,263,318,000</u>	<u>1,200,021,000</u>	<u>63,297,000</u>
Fund Balance as a percentage of next year's budget (15% minimum)	<u>23.44%</u>	<u>23.05%</u>	<u>0.39%</u>
Working Capital	<u>193,854,538</u>	<u>181,835,526</u>	<u>12,019,012</u>
Working Capital as a percentage of next year's budget (10% minimum)	<u>15.34%</u>	<u>15.15%</u>	<u>0.19%</u>

Wake County, North Carolina  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017

**General Fund and Debt Service:**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Increase (Decrease)</u>
General Fund Revenue, sales of assets & materials and transfers in	\$ 1,217,925,135	\$ 1,170,965,971	\$ 46,959,164
Debt Service Fund Revenue, transfers in, and premiums on bond issues	<u>275,339,745</u>	<u>242,389,391</u>	<u>32,950,354</u>
Combined revenue and transfers in	1,493,264,880	1,413,355,362	79,909,518
Less: General Fund transfers to Debt Service Fund	<u>(252,639,000)</u>	<u>(221,042,000)</u>	<u>(31,597,000)</u>
Combined General Fund and Debt Service Fund Revenue	\$ 1,240,625,880	\$ 1,192,313,362	\$ 48,312,518
Fund Balance			
General Fund	\$ 296,176,737	\$ 276,559,461	\$ 19,617,276
Debt Service	120,290,900	127,448,981	(7,158,081)
Combined Fund Balance	<u>\$ 416,467,637</u>	<u>\$ 404,008,442</u>	<u>\$ 12,459,195</u>
Fund Balance as a percentage of Current Year Revenues (30% minimum)	<u>33.6%</u>	<u>33.9%</u>	<u>-0.8%</u>

**General Fund Budgetary Highlights:**

During the fiscal year ended June 30, 2017, 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 \$19.6 million during the fiscal year ended June 30, 2017, a substantial amount more than the amount of usage planned of \$8.8 million. The total of \$28.4 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 \$12 million more than the amounts projected in the final budget and expenditures that were \$16.4 million less than anticipated. Total taxes were greater than the final budgeted amount by \$3.8 million. Property tax collections exceeded the final budgeted amount by \$2.8 million. Intergovernmental revenues for human services were \$2.2 million higher than budgeted amounts because of increased state revenues for food stamp administration and a one-time transfer of \$3.0 million from the ABC Board to the County. This ABC Board amount was committed as fund balance for County needs to address substance abuse and addiction. Charges for services were \$1.8 million over budgeted amounts, primarily due to Medicaid cost settlements from prior years that were received during 2017. Licenses and permits were over budgeted revenue amounts by \$.78 million because of increased inspection, permit, and planning fee revenues was a result of continued County growth and development.

Actual expenditures were \$16.4 million less than budgeted amounts resulting from lower than projected spending by most County departments, particularly Human Services, General Government, and Public Safety. In the Human Services Department, \$8.5 million of the \$10.6 million positive budget difference resulted from savings in the behavioral health managed care contract; the savings associated with the behavioral health managed care contract are allocated as committed fund balance to be used for behavioral health programs in future years.

The County's general government departments' budgets were underspent by a total of \$2.9 million, with approximately \$.6 million of that amount being attributed to savings from reappraisal costs within the Revenue Department. North Carolina General Statutes require that the County build a reserve that will provide funding for the reappraisal of real property that is required no later than every eight years under North Carolina law. These reappraisal reserve amounts were used to complete work for property values that will be effective in calendar year 2016, for fiscal year 2016-2017 property tax bills. The reappraisal activities occur over more than one fiscal year, and budgeted amounts tend to vary more widely during this reappraisal periods. During the 2017 fiscal year, the Board of Commissioners approved a move to complete property reappraisal every four years, resulting in additional positions allocated to the Revenue Department. The remaining amount of the general government budget that was underspent resulted from a Board appropriation for Hurricane Matthew relief of \$1 million, only a small portion of which was spent. The County is working with FEMA on obtaining reimbursement for those amounts. Public safety related expenditures were also under budget by approximately \$1.4 million during 2017.

Wake County, North Carolina  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017

**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 2017 amounted to approximately \$16.0 million, a decrease of \$8.9 million from the \$24.9 million reported at the end of fiscal year 2016. This decrease resulted from a large fiscal year 2017 encumbrance related to convenience center capital projects, which is included in restricted for Stabilization by State Statute classification. Otherwise, the differences between the two fiscal years are minimal.

**Capital Asset and Debt Administration:**

	<b>Wake County Capital Assets (net of Amortization and Depreciation)</b>					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 141,642,812	\$ 139,578,957	\$ 382,327	\$ 382,327	\$ 142,025,139	\$ 139,961,284
Landfills	-	-	6,011,029	6,455,995	6,011,029	6,455,995
Buildings	617,459,694	635,442,582	2,708,648	2,792,653	620,168,342	638,235,235
Machinery and equipment	4,917,408	4,729,708	132,475	233,794	5,049,883	4,963,502
Vehicles and motorized equipment	14,989,435	15,029,259	-	-	14,989,435	15,029,259
Improvements other than Buildings	13,291,580	13,722,325	320,659	337,976	13,612,239	14,060,301
Computer Software	14,170,590	16,701,028	-	-	14,170,590	16,701,028
Infrastructure	16,343,429	16,673,153	-	-	16,343,429	16,673,153
Construction in progress	25,235,367	20,028,717	5,513,038	4,366,265	30,748,405	24,394,982
Total	<u>\$ 848,050,315</u>	<u>\$ 861,905,729</u>	<u>\$ 15,068,176</u>	<u>\$ 14,569,010</u>	<u>\$ 863,118,491</u>	<u>\$ 876,474,739</u>

**Capital assets.** The County's investment in capital assets for governmental and business-type activities as of June 30, 2017, totals approximately \$863.1 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 the 2017 fiscal year included library construction and improvements and land purchases for the open space preservation program.

Wake County, North Carolina  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017

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, 2017, the County had total general obligation bonded debt outstanding of approximately \$1.902 billion, of which \$1.539 billion and \$242 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 capital leases, limited obligation bonds, bond anticipation notes expected to be refinanced as general obligation bonds, draw down installment notes expected to be refinanced with limited obligation bonds, and installment purchases. A summary of total outstanding debt associated with governmental activities is shown below.

**Wake County's Outstanding Debt - Governmental Activities**

	<u>2017</u>	<u>2016</u>
General Obligation bonds (schools)	\$ 1,539,418,940	\$ 1,614,237,245
General Obligation bonds (community college)	241,537,159	261,900,670
General Obligation bonds (other)	120,654,145	93,343,791
Capital leases	37,553	390,611
Limited obligation bonds	264,041,694	279,088,791
Bond anticipation notes	100,229,537	1,301,000
Draw down installment notes	3,928,079	-
Qualified zoning academy bonds (schools)	-	163,467
Installment purchases	<u>5,115,000</u>	<u>4,007,860</u>
Total	<u>\$ 2,274,962,107</u>	<u>\$ 2,254,433,435</u>

Wake County's total general obligation debt decreased \$67.9 million during the fiscal year ended June 30, 2017. This decrease occurred because the County retired \$384.3 million in general obligation debt (including \$20.6 million in premiums) during the fiscal year, compared to general obligation bond issuances of \$316.4 million (including \$37.4 million in premiums). 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 3.6% at June 30, 2017, compared with 4.3% at the end of the previous fiscal year.
- The County completed its last eight year reappraisal cycle for real property that was effective for property tax billings beginning July 1, 2016. During 2017, the County Board of Commissioners voted to change the County's revaluation cycle from the eight year cycle used historically to a four year cycle. The change in reappraisal cycles will allow the County to take advantage of the natural growth in the tax base sooner. Under the revised reappraisal schedule, the next cycle will occur in 2020 for property tax billings beginning July 1, 2021.
- Total sales tax collections continued to increase during the fiscal year ended June 30, 2017 to \$177.0 million, from \$167.6 million in the prior fiscal year, a 5.6% increase. Occupancy and prepared food and beverage taxes collections increased from \$49.4 million in fiscal year 2016 to \$52.2 million in fiscal year 2017, also an increase of 5.6%. Similar rates of increases are projected to continue in the future for both of these revenue streams.
- Wake County continues to grow, with a population of 1,046,791 people at June 30, 2017. The school system added over 2,000 students to the public school system rolls, with a total of 158,374 enrolled for the 2016-2017 school year. School enrollment is projected to be at 161,757 for the 2017-2018 school year.
- The average yield on investments was 0.72% for the fiscal year 2017, compared to .48% for the fiscal year 2016. 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 \$4.54 million for the fiscal year ended June 30, 2017, on an average portfolio balance of more than \$745.6 million. This compares to fiscal year 2016 earnings of \$5.64 million on an average portfolio balance of more than \$710 million. Investment earnings decreased between fiscal years 2016 and 2017 by \$1.1 million because the County records investments at fair market value for reporting purposes at the end of the fiscal year. With the rise in interest rates during the fiscal year, the County is experiencing a reduction in market value on the conservative investments we are allowed to purchase under the North Carolina General Statutes. However, the County routinely holds investments until maturity so these losses will not be realized by the County.

These factors and others were considered when management prepared Wake County's budget ordinance for the 2018 fiscal year.

**Budget Highlights for the Fiscal Year Ending June 30, 2018:**

**Governmental Activities.** The County approved an original budget of approximately \$1.3 billion for the General Fund for fiscal year 2018, which represented a \$57 million increase compared to the original budget for the fiscal year 2016. For the fiscal year 2018, the General Fund budget included a property tax rate of \$.615 per \$100 of assessed value. Additionally, sales tax revenues were projected to increase by 11.2%. On the expenditure side, the County increased General Fund operating support for WCPSS by \$21.0 million to \$430.9 million. WTCC operating support increased by \$1.5 million for a total of \$21.3 million. Much of our \$1.26 billion of budget increases went to education and debt and capital expenditures. However, the County also addressed increasing demands in public safety, community health, growth and development, and workforce support.

**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.

# ***Basic Financial Statements***

**WAKE COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION**  
As of June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Board of Alcoholic Control
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ 587,025,512	\$ 37,950,319	\$ 624,975,831	\$ -
Cash and investments - reserved	4,968,223	24,707,212	29,675,435	-
Cash and investments - cash equivalents	1,079,174	750	1,079,924	21,565,853
Taxes receivable (net)	57,301,858	74,446	57,376,304	-
Accounts receivable (net)	14,031,488	2,024,687	16,056,175	-
Intergovernmental receivable (net)	35,146,517	496,493	35,643,010	-
Loans receivable (net)	22,620,108	1,805,271	24,425,379	-
Accrued interest receivable	1,315,913	146,665	1,462,578	-
Prepaid items	1,520,459	1,400	1,521,859	270,812
Internal balances	24,745	(24,745)	-	-
Inventories	507,253	-	507,253	9,035,979
Restricted assets:				
Restricted cash equivalents	54,047,070	-	54,047,070	-
Net pension asset:				
ROD Supplemental Pension	1,864,169	-	1,864,169	-
Capital assets not being depreciated:				
Land	141,642,812	382,327	142,025,139	12,018,200
Construction in progress	25,235,367	5,513,038	30,748,405	-
Capital assets (net of accumulated depreciation)				
Landfills	-	6,011,029	6,011,029	-
Buildings	617,459,694	2,708,648	620,168,342	10,948,130
Improvements	13,291,580	320,659	13,612,239	409,013
Machinery and equipment	4,917,408	132,475	5,049,883	632,074
Vehicles and motorized equipment	14,989,435	-	14,989,435	203,134
Computer software	14,170,590	-	14,170,590	-
Infrastructure	16,343,429	-	16,343,429	-
Total assets	<u>1,629,502,804</u>	<u>82,250,674</u>	<u>1,711,753,478</u>	<u>55,083,195</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
LGERS Pension	58,856,431	322,014	59,178,445	1,481,305
ROD Supplemental Pension	809,372	-	809,372	-
LEO Separation Allowance	557,126	-	557,126	10,622
Total deferred outflows of resources	<u>60,222,929</u>	<u>322,014</u>	<u>60,544,943</u>	<u>1,491,927</u>

**WAKE COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION (continued)**  
**As of June 30, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Board of Alcoholic Control
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 59,309,849	\$ 4,792,293	\$ 64,102,142	\$ 10,673,358
Due to other governmental units	24,163,329	1,399,938	25,563,267	-
Unearned revenues	5,000,000	-	5,000,000	-
Accrued interest payable	25,100,671	-	25,100,671	-
Long term liabilities:				
Total pension liability - LEOSSA	16,124,717	-	16,124,717	678,628
Net pension liability - LGERS	67,991,327	378,634	68,369,961	1,589,841
Amounts due within one year:				
Capital leases	16,403	-	16,403	-
General obligation bonds - schools	137,254,463	-	137,254,463	-
General obligation bonds - community college	17,906,699	-	17,906,699	-
General obligation bonds - other	8,178,838	-	8,178,838	-
Limited obligation bonds	12,135,000	-	12,135,000	-
Installment purchases	968,000	-	968,000	-
Compensated absences payable	11,100,000	68,000	11,168,000	-
Closure/post closure costs	-	5,833,802	5,833,802	-
Risk management liabilities	2,993,866	7,910	3,001,776	-
Amounts due beyond one year:				
Capital leases	21,150	-	21,150	-
Noncurrent bond anticipation notes	100,229,537	-	100,229,537	-
Noncurrent drawdown installment purchase	3,928,079	-	3,928,079	-
General obligation bonds - schools	1,402,164,477	-	1,402,164,477	-
General obligation bonds - community college	223,630,460	-	223,630,460	-
General obligation bonds - other	112,475,307	-	112,475,307	-
Limited obligation bonds	251,906,694	-	251,906,694	-
Installment purchases	4,147,000	-	4,147,000	-
Compensated absences payable	1,739,341	17,482	1,756,823	-
Other post employment benefit	137,052,258	685,638	137,737,896	2,236,781
Construction reserves	-	1,058,458	1,058,458	-
Closure/post closure costs	-	18,027,168	18,027,168	-
Risk management liabilities	6,836,094	-	6,836,094	-
<b>Total liabilities</b>	<b>2,632,373,559</b>	<b>32,269,323</b>	<b>2,664,642,882</b>	<b>15,178,608</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes & deposits	1,798,009	639	1,798,648	-
LGERS Pension	2,863,251	17,984	2,881,235	55,710
ROD Supplemental Pension	78,086	-	78,086	-
LEO Separation Allowance	297,822	-	297,822	10,441
Unamortized gains on debt refundings	94,091,149	-	94,091,149	-
<b>Total deferred inflows of resources</b>	<b>99,128,317</b>	<b>18,623</b>	<b>99,146,940</b>	<b>66,151</b>
<b>NET POSITION</b>				
Net investment in capital assets	501,195,521	15,068,176	516,263,697	24,210,551
Restricted for:				
Stabilization by state statute	221,592,964	15,961,272	237,554,236	-
Register of deeds automation	719,551	-	719,551	-
White goods	-	3,292,653	3,292,653	-
Working capital	-	-	-	3,823,294
Unrestricted (See Note 1.P)	(1,765,284,179)	15,962,641	(1,749,321,538)	13,296,518
<b>Total net position</b>	<b>\$ (1,041,776,143)</b>	<b>\$ 50,284,742</b>	<b>\$ (991,491,401)</b>	<b>\$ 41,330,363</b>

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, 2017

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			
				Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 99,044,204	\$ 8,064,187	\$ 1,282,965	\$ (89,697,052)	\$ -	\$ (89,697,052)	\$ -
Human services	213,554,750	24,154,518	109,785,997	(79,614,235)	-	(79,614,235)	-
Education	797,456,473	8,000	12,284,268	(785,164,205)	-	(785,164,205)	-
Community development and cultural	90,601,804	5,731,894	2,105,469	(82,764,441)	-	(82,764,441)	-
Environmental services	11,323,588	2,881,070	171,222	(8,271,296)	-	(8,271,296)	-
Public safety	179,665,266	35,528,506	1,113,285	(143,023,475)	-	(143,023,475)	-
General services administration	28,182,737	2,866,243	14,928	(25,301,566)	-	(25,301,566)	-
Interest on long-term debt	88,574,145	-	-	(88,574,145)	-	(88,574,145)	-
Total governmental activities	<u>1,508,402,967</u>	<u>79,234,418</u>	<u>126,758,134</u>	<u>(1,302,410,415)</u>	<u>-</u>	<u>(1,302,410,415)</u>	<u>-</u>
Business-type activities:							
Solid waste	24,405,067	25,419,927	2,097,102	-	3,111,962	3,111,962	-
Total primary government	<u>\$ 1,532,808,034</u>	<u>\$ 104,654,345</u>	<u>\$ 128,855,236</u>	<u>(1,302,410,415)</u>	<u>3,111,962</u>	<u>(1,299,298,453)</u>	<u>-</u>
<b>Component unit:</b>							
Board of Alcoholic Control	\$ 125,527,412	\$ 130,358,564	\$ -				\$ 4,831,152
General revenues:							
Property taxes				873,850,162	-	873,850,162	-
Sales taxes				177,057,150	-	177,057,150	-
Occupancy and prepared food taxes				52,197,266	-	52,197,266	-
Other taxes				14,851,460	-	14,851,460	-
Grants and contributions not restricted to specific programs				8,753,474	-	8,753,474	-
Unrestricted investment earnings				4,320,332	217,718	4,538,050	70,393
Gain on sale of capital assets				855,639	-	855,639	-
Other				1,005,124	1,906,700	2,911,824	3,962
Total general revenues				<u>1,132,890,607</u>	<u>2,124,418</u>	<u>1,135,015,025</u>	<u>74,355</u>
Transfers				450,000	(450,000)	-	-
Total general revenues and transfers				<u>1,133,340,607</u>	<u>1,674,418</u>	<u>1,135,015,025</u>	<u>74,355</u>
Change in net position				(169,069,808)	4,786,380	(164,283,428)	4,905,507
Net position (deficit), beginning of year				(857,466,164)	45,498,362	(811,967,802)	37,105,195
Prior period adjustment				(15,240,171)	-	(15,240,171)	(680,339)
Net position (deficit), beginning of year, as restated				<u>(872,706,335)</u>	<u>45,498,362</u>	<u>(827,207,973)</u>	<u>36,424,856</u>
Net position (deficit), end of year				<u>\$ (1,041,776,143)</u>	<u>\$ 50,284,742</u>	<u>\$ (991,491,401)</u>	<u>\$ 41,330,363</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, 2017

	Major Funds							Nonmajor Funds	Total Governmental Funds
	General Fund	Affordable Housing Fund	Major Facilities Fund	Debt Service Fund	County Capital Projects Fund	School Capital Fund	Wake Community College Capital Fund	Other Governmental Funds	
<b>ASSETS</b>									
Cash and investments - pooled equity	\$ 263,601,115	\$ 2,955,752	\$ 7,290,878	\$ 93,202,710	\$ 77,170,465	\$ 97,681,926	\$ 14,715,498	\$ 26,869,584	\$ 583,487,928
Cash and investments - cash equivalents	1,078,574	-	600	-	-	-	-	-	1,079,174
Cash and investments - restricted	4,968,223	-	-	14,364,050	39,683,020	-	-	-	59,015,293
Taxes receivable (net)	45,881,251	-	4,458,955	-	74,680	6,786,020	-	100,952	57,301,858
Accounts receivable (net)	13,844,247	277	-	-	7,586	-	-	157,922	14,010,032
Intergovernmental receivable (net)	17,877,059	1,519,331	-	10,886,705	-	-	-	4,863,422	35,146,517
Loans receivable (net)	-	22,308,869	-	-	-	-	-	311,239	22,620,108
Accrued interest receivable	15,158	581	21,985	1,195,690	-	25,982	-	47,674	1,307,070
Internal balances (due from other funds)	1,861,201	-	-	-	-	-	-	-	1,861,201
Prepaid expenditures	557,091	186,236	-	777,132	-	-	-	-	1,520,459
Inventories	339,615	-	-	-	-	-	-	-	339,615
Total assets	<u>\$ 350,023,534</u>	<u>\$ 26,971,046</u>	<u>\$ 11,772,418</u>	<u>\$ 120,426,287</u>	<u>\$ 116,935,751</u>	<u>\$ 104,493,928</u>	<u>\$ 14,715,498</u>	<u>\$ 32,350,793</u>	<u>\$ 777,689,255</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and accrued liabilities	\$ 44,334,764	\$ 695,223	\$ 9,317,571	\$ 135,387	\$ 4,566,613	\$ 35,636	\$ -	\$ 2,557,364	\$ 61,642,558
Due to other governmental units	350,282	-	-	-	2,066	23,041,251	769,473	257	24,163,329
Unearned revenue	-	-	-	-	5,000,000	-	-	-	5,000,000
Internal balances (due to other funds)	-	-	-	-	-	-	-	1,861,201	1,861,201
Total liabilities	<u>44,685,046</u>	<u>695,223</u>	<u>9,317,571</u>	<u>135,387</u>	<u>9,568,679</u>	<u>23,076,887</u>	<u>769,473</u>	<u>4,418,822</u>	<u>92,667,088</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>9,161,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,239</u>	<u>9,269,990</u>

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, 2017

	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	
Fund Balances:								
Non-spendable:								
Inventories	\$ 339,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 339,615
Prepaid expenditures	557,091	186,236	-	777,132	-	-	-	1,520,459
Noncurrent receivable	131,749	-	-	-	-	-	-	131,749
Restricted:								
Stabilization by state statute	73,915,152	25,943,107	2,454,847	12,082,395	15,901,575	81,417,041	-	221,039,574
Register of deeds automation	719,551	-	-	-	-	-	-	719,551
Committed:								
Reappraisal reserve	3,187,080	-	-	-	-	-	-	3,187,080
LEO Separation Allowance	963,428	-	-	-	-	-	-	963,428
Future appropriations from local ABC revenues	8,091,000	-	-	-	-	-	-	8,091,000
Future appropriations for behavioral health	14,417,533	-	-	-	-	-	-	14,417,533
Working capital	193,854,538	-	-	-	-	-	3,756,640	197,611,178
Assigned:								
Planned expenditures	-	146,480	-	15,129,987	89,331,084	-	2,442,017	117,169,416
Future capital projects	-	-	-	-	2,134,413	-	11,504,008	18,260,208
Debt service	-	-	-	92,301,386	-	-	-	92,301,386
Total fund balances	<u>296,176,737</u>	<u>26,275,823</u>	<u>2,454,847</u>	<u>120,290,900</u>	<u>107,367,072</u>	<u>81,417,041</u>	<u>13,946,025</u>	<u>675,752,177</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 350,023,534</u>	<u>\$ 26,971,046</u>	<u>\$ 11,772,418</u>	<u>\$ 120,426,287</u>	<u>\$ 116,935,751</u>	<u>\$ 104,493,928</u>	<u>\$ 14,715,498</u>	<u>\$ 777,689,255</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, 2017

Fund balances - governmental funds	\$	675,752,177
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds less assets related to the Corporate Fleet Internal Service Fund		838,295,243
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		7,471,981
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		1,864,169
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		14,824,423
Long-term liabilities, including bonds payable, other post employment benefits and pension liabilities are not due and payable in the current period and therefore are not reported in the funds.		(2,634,114,295)
Pension related deferrals for the LGERS Pension plan, ROD Supplemental Retirement fund and the LEO Special Separation fund		41,915,340
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>12,214,819</u>
Net position of governmental activities	\$	<u><u>(1,041,776,143)</u></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, 2017

	Major Funds							Total Nonmajor Funds	Total Governmental Funds
	General Fund	Affordable Housing Fund	Major Facilities Fund	Debt Service Fund	County Capital Projects Fund	School Capital Fund	Wake Community College Capital Fund		
<b>REVENUES:</b>									
Taxes	\$ 1,039,995,711	\$ -	\$ 52,197,266	\$ -	\$ 220	\$ -	\$ -	\$ 25,830,181	\$ 1,118,023,378
Intergovernmental	103,631,531	4,876,344	500,000	12,284,268	895,000	-	-	13,324,465	135,511,608
Charges for services	65,421,287	520,208	-	11,500	904,114	-	-	4,796,370	71,653,479
Licenses and permits	5,371,824	-	-	-	-	-	-	-	5,371,824
Investment earnings	55,496	272	33,309	4,076,452	941	41,172	70	100,222	4,307,934
Miscellaneous	631,151	-	-	-	363,009	-	-	7,639	1,001,799
Total Revenues	1,215,107,000	5,396,824	52,730,575	16,372,220	2,163,284	41,172	70	44,058,877	1,335,870,022
<b>EXPENDITURES:</b>									
Current:									
General government	61,431,155	-	-	976,207	14,364,523	-	-	143,119	76,915,004
Human services	193,273,400	4,022,591	-	-	-	-	-	15,836,362	213,132,353
Education	429,711,000	-	-	-	-	319,269,153	47,603,606	-	796,583,759
Community development and cultural	33,319,276	-	48,282,048	-	11,320,720	-	-	589,971	93,512,015
Environmental services	10,652,237	-	-	-	-	-	-	29,232	10,681,469
Public safety	132,464,160	-	-	-	7,858,676	-	-	26,610,244	166,933,080
General services administration	28,205,840	-	-	-	-	-	-	14,206	28,220,046
Debt service:									
Principal	-	-	-	188,894,216	-	-	-	-	188,894,216
Interest	-	-	-	89,476,403	-	-	-	-	89,476,403
Total Expenditures	889,057,068	4,022,591	48,282,048	279,346,826	33,543,919	319,269,153	47,603,606	43,223,134	1,664,348,345
REVENUES OVER (UNDER) EXPENDITURES	326,049,932	1,374,233	4,448,527	(262,974,606)	(31,380,635)	(319,227,981)	(47,603,536)	835,743	(328,478,323)

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, 2017

	Major Funds							Total Nonmajor Funds	Total Governmental Funds
	General Fund	Affordable Housing Fund	Major Facilities Fund	Debt Service Fund	County Capital Projects Fund	School Capital Fund	Wake Community College Capital Fund		
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	\$ 2,738,574	\$ 1,000,000	\$ -	\$ 255,869,954	\$ 36,305,000	\$ 25,097,000	\$ 2,500,000	\$ 6,392,716	\$ 329,903,244
Transfers out	(309,277,263)	(1,863,000)	(4,400,000)	(3,151,000)	(2,500,000)	(3,039,574)	-	(5,511,407)	(329,742,244)
Bonds issued	-	-	-	2,613	33,700,000	89,585,391	-	-	123,288,004
Bond anticipation notes issued	-	-	-	-	-	87,595,952	11,332,585	-	98,928,537
Drawdown installment notes issued	-	-	-	-	-	3,927,388	691	-	3,928,079
Refunding bonds issued	-	-	-	162,895,000	-	-	-	-	162,895,000
Payment to refunded escrow agent	-	-	-	(190,000,000)	-	-	-	-	(190,000,000)
Installment purchases issued	-	-	-	-	-	-	-	2,063,158	2,063,158
Premiums on issuance	-	-	-	30,199,958	-	-	-	-	30,199,958
Capital leases issued	26,472	-	-	-	-	-	-	-	26,472
Sale of assets and materials	79,561	-	-	-	278,850	-	-	62,126	420,537
<b>Total Other Financing Sources (Uses)</b>	<b>(306,432,656)</b>	<b>(863,000)</b>	<b>(4,400,000)</b>	<b>255,816,525</b>	<b>67,783,850</b>	<b>203,166,157</b>	<b>13,833,276</b>	<b>3,006,593</b>	<b>231,910,745</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>19,617,276</b>	<b>511,233</b>	<b>48,527</b>	<b>(7,158,081)</b>	<b>36,403,215</b>	<b>(116,061,824)</b>	<b>(33,770,260)</b>	<b>3,842,336</b>	<b>(96,567,578)</b>
Fund Balances at beginning of year	276,559,461	25,764,590	2,406,320	127,448,981	70,963,857	197,478,865	47,716,285	23,981,396	772,319,755
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 296,176,737</b>	<b>\$ 26,275,823</b>	<b>\$ 2,454,847</b>	<b>\$ 120,290,900</b>	<b>\$ 107,367,072</b>	<b>\$ 81,417,041</b>	<b>\$ 13,946,025</b>	<b>\$ 27,823,732</b>	<b>\$ 675,752,177</b>

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, 2017**

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

<b>Net change in fund balances - total governmental funds</b>	\$ (96,567,578)
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.	13,315,605
Depreciation expense for the fiscal year being reported, less depreciation in Corporate Fleet Fund	(27,162,511)
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.	(55,787,808)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,789,438
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.	(19,721,903)
Contributions to the LGERS Pension plan, ROD Supplemental Retirement fund and the LEO Separation Allowance in the current fiscal year are not included on the Statement of Activities	14,824,423
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>240,526</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ (169,069,808)</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,033,052,129	\$ 1,036,155,129	\$ 1,039,995,711	\$ 3,840,582
Intergovernmental	96,829,521	98,415,452	103,631,531	5,216,079
Charges for services	60,341,506	63,594,289	65,421,287	1,826,998
Licenses and permits	4,591,700	4,591,700	5,371,824	780,124
Investment earnings	11,432	11,432	55,496	44,064
Miscellaneous	369,122	370,408	631,151	260,743
Total Revenues	<u>1,195,195,410</u>	<u>1,203,138,410</u>	<u>1,215,107,000</u>	<u>11,968,590</u>
EXPENDITURES:				
Current:				
General government	57,936,670	64,288,622	61,404,683	2,883,939
Human services	202,952,645	203,831,137	193,273,400	10,557,737
Education	429,711,000	429,711,000	429,711,000	-
Community development and cultural	33,703,916	34,064,402	33,319,276	745,126
Environmental services	11,125,938	11,297,554	10,652,237	645,317
Public safety	130,001,879	133,816,487	132,464,160	1,352,327
General services administration	27,672,689	28,408,214	28,205,840	202,374
Total Expenditures	<u>893,104,737</u>	<u>905,417,416</u>	<u>889,030,596</u>	<u>16,386,820</u>
REVENUES OVER EXPENDITURES	<u>302,090,673</u>	<u>297,720,994</u>	<u>326,076,404</u>	<u>28,355,410</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,738,574	2,738,574	2,738,574	-
Transfers out	(306,066,263)	(309,277,263)	(309,277,263)	-
Sale of assets and materials	35,700	35,700	79,561	43,861
Total Other Financing Sources (Uses)	<u>(303,291,989)</u>	<u>(306,502,989)</u>	<u>(306,459,128)</u>	<u>43,861</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(1,201,316)</u>	<u>(8,781,995)</u>	<u>19,617,276</u>	<u>28,399,271</u>
APPROPRIATED FUND BALANCE	<u>1,201,316</u>	<u>8,781,995</u>	<u>-</u>	<u>(8,781,995)</u>
REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ -</u>	<u>19,617,276</u>	<u>\$ 19,617,276</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>276,559,461</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 296,176,737</u>	

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Occupancy tax	\$ 24,345,000	\$ 25,377,000	\$ 24,618,429	\$ (758,571)
Prepared food tax	27,497,000	27,648,000	27,578,837	(69,163)
Intergovernmental	-	-	500,000	500,000
Investment earnings	-	-	33,309	33,309
Total Revenues	<u>51,842,000</u>	<u>53,025,000</u>	<u>52,730,575</u>	<u>(294,425)</u>
EXPENDITURES:				
Raleigh hold harmless - occupancy	680,000	680,000	680,000	-
Cary hold harmless - occupancy	1,181,000	1,208,000	1,198,421	9,579
Greater Raleigh Convention and Visitors Bureau	6,151,000	6,289,000	6,239,357	49,643
Centennial Authority operations 7%	3,007,000	3,054,000	3,035,164	18,836
Centennial - debt service	5,210,000	5,210,000	5,209,538	462
Raleigh annual distribution - \$1M	1,000,000	1,000,000	1,000,000	-
Convention Center	27,249,000	26,931,000	26,719,568	211,432
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	-	-	-
St. Augustine's	100,000	-	-	-
Cary sports venue	1,700,000	1,700,000	1,700,000	-
Unallocated	764,000	53,000	-	53,000
Total Expenditures	<u>49,442,000</u>	<u>48,625,000</u>	<u>48,282,048</u>	<u>342,952</u>
REVENUES OVER EXPENDITURES	<u>2,400,000</u>	<u>4,400,000</u>	<u>4,448,527</u>	<u>48,527</u>
OTHER FINANCING SOURCES (USES):				
Transfers out to General Fund	(1,400,000)	(1,400,000)	(1,400,000)	-
Transfers out to Capital Improvement Fund	(1,000,000)	(3,000,000)	(3,000,000)	-
Total Other Financing Sources (Uses)	<u>(2,400,000)</u>	<u>(4,400,000)</u>	<u>(4,400,000)</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>48,527</u>	<u>\$ 48,527</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>2,406,320</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 2,454,847</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, 2017

	Business-Type Activities			Governmental Activities
	Enterprise			Internal Service
	Major Funds			
	Solid Waste Operating Fund	South Wake Landfill Partnership Fund	Total Business-type Activities	Corporate Fleet Fund
<b>ASSETS</b>				
Current assets:				
Cash and investments - pooled equity	\$ 33,880,921	\$ 4,069,398	\$ 37,950,319	\$ 3,537,584
Cash and investments - reserved	12,636,224	12,070,988	24,707,212	-
Cash and investments - cash equivalents	-	750	750	-
Accounts receivable (net)	1,038,033	1,557,593	2,595,626	21,456
Loan receivable	1,805,271	-	1,805,271	-
Internal balance (due from other funds)	290,992	145,855	436,847	-
Prepaid expenses	1,400	-	1,400	-
Accrued interest receivable	107,250	39,415	146,665	8,843
Inventories	-	-	-	167,638
Total current assets	<u>49,760,091</u>	<u>17,883,999</u>	<u>67,644,090</u>	<u>3,735,521</u>
Noncurrent assets:				
Capital assets not being depreciated:				
Land	382,327	-	382,327	-
Construction in progress	5,513,038	-	5,513,038	-
Capital assets (net of accumulated depreciation):				
Landfills	6,011,029	-	6,011,029	-
Buildings	2,708,648	-	2,708,648	-
Machinery and equipment	132,475	-	132,475	46,840
Vehicles	-	-	-	9,708,232
Improvements	320,659	-	320,659	-
Total non-current assets	<u>15,068,176</u>	<u>-</u>	<u>15,068,176</u>	<u>9,755,072</u>
Total assets	<u>64,828,267</u>	<u>17,883,999</u>	<u>82,712,266</u>	<u>13,490,593</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>273,076</u>	<u>48,938</u>	<u>322,014</u>	<u>255,526</u>

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

(Continued)

# WAKE COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS (continued) As of June 30, 2017

	Business-Type Activities Enterprise		Governmental Activities Internal Service
	Major Funds		
	Solid Waste Operating Fund	South Wake Landfill Partnership Fund	Corporate Fleet Fund
		Total Business-type Activities	
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,950,121	\$ 2,842,172	\$ 4,792,293
Due to other governmental units	-	1,399,938	1,399,938
Internal balances (due to other funds)	145,855	290,992	436,847
Total current liabilities	<u>2,095,976</u>	<u>4,533,102</u>	<u>6,629,078</u>
Noncurrent liabilities:			
Net pension liability - LGERS	319,774	58,860	378,634
Amounts due within one year:			
Compensated absences	60,000	8,000	68,000
Closure/postclosure care costs	746,930	5,086,872	5,833,802
Risk management liabilities	7,696	214	7,910
Amounts due beyond one year:			
Compensated absences	15,858	1,624	17,482
Other post employment benefits	514,229	171,409	685,638
Construction reserves	-	1,058,458	1,058,458
Closure/postclosure care costs	11,889,294	6,137,874	18,027,168
Total noncurrent liabilities	<u>13,553,781</u>	<u>12,523,311</u>	<u>26,077,092</u>
Total liabilities	<u>15,649,757</u>	<u>17,056,413</u>	<u>32,706,170</u>
Deferred inflows of resources	15,442	3,181	18,623
Total liabilities	<u>15,665,200</u>	<u>17,059,594</u>	<u>32,724,793</u>
<b>NET POSITION</b>			
Net investment in capital assets	15,068,176	-	15,068,176
Restricted:			
Stabilization by state statute	15,087,929	873,343	15,961,272
White goods	3,292,653	-	3,292,653
Unrestricted	15,987,386	-	15,987,386
Total net position	<u>\$ 49,436,144</u>	<u>\$ 873,343</u>	<u>\$ 50,309,487</u>
Total net position	49,436,144	873,343	50,309,487
Adjustment to reflect the consolidation of the Corporate Fleet Fund balances related to Solid Waste	(24,745)	-	(24,745)
Net position of business-type activities	<u>\$ 49,411,399</u>	<u>\$ 873,343</u>	<u>\$ 50,284,742</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, 2017

	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
OPERATING REVENUES:				
Licenses and permits	\$ 8,700	\$ -	\$ 8,700	\$ -
Charges for services	9,131,882	16,279,345	25,411,227	7,819,684
Miscellaneous	1,906,700	-	1,906,700	3,325
Total Operating Revenues	11,047,282	16,279,345	27,326,627	7,823,009
OPERATING EXPENSES:				
Cost of service	6,491,018	10,984,756	17,475,774	3,446,927
Administration	1,949,630	774,502	2,724,132	1,409,620
Partner rebates	-	3,549,044	3,549,044	-
Depreciation and amortization	647,607	-	647,607	3,488,115
Total Operating Expenses	9,088,255	15,308,302	24,396,557	8,344,662
OPERATING INCOME (LOSS)	1,959,027	971,043	2,930,070	(521,653)
NON-OPERATING REVENUES:				
Intergovernmental	2,097,102	-	2,097,102	-
Investment earnings	176,914	40,804	217,718	12,398
Sale of assets and materials	-	-	-	452,271
Total Non-Operating Revenues	2,274,016	40,804	2,314,820	464,669
INCOME (LOSS) BEFORE TRANSFERS	4,233,043	1,011,847	5,244,890	(56,984)
TRANSFERS:				
Transfers in	1,032,390	-	1,032,390	289,000
Transfers out	(450,000)	(1,032,390)	(1,482,390)	-
Total Transfers	582,390	(1,032,390)	(450,000)	289,000
CHANGE IN NET POSITION	4,815,433	(20,543)	4,794,890	232,016
TOTAL NET POSITION, BEGINNING OF YEAR	44,620,711	893,886	45,514,597	11,958,058
TOTAL NET POSITION, END OF YEAR	\$ 49,436,144	\$ 873,343	\$ 50,309,487	\$ 12,190,074
Change in net position	4,815,433	(20,543)	4,794,890	
Adjustment to reflect the consolidation of the Corporate Fleet Fund activities related to Solid Waste	(8,510)	-	(8,510)	
Change in net position of business-type activities	\$ 4,806,923	\$ (20,543)	\$ 4,786,380	

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, 2017

	Business-type Activities Enterprise		Governmental Activities Internal Service	
	Major Funds			
	Solid Waste Operating Fund	South Wake Landfill Partnership Fund	Total Business-type Activities	Corporate Fleet Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 9,032,416	\$ 16,655,492	\$ 25,687,908	\$ 7,822,143
Cash payments to suppliers for goods and services	(10,529,262)	(13,679,521)	(24,208,783)	(3,597,388)
Cash payments to employees for services	(1,258,836)	(235,188)	(1,494,024)	(1,034,884)
Other operating revenues	1,915,400	-	1,915,400	3,325
Net cash provided (used) by operating activities	(840,282)	2,740,783	1,900,501	3,193,196
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Intergovernmental revenue	2,094,345	-	2,094,345	-
Transfers in	1,032,390	-	1,032,390	289,000
Transfers out	(450,000)	(1,032,390)	(1,482,390)	-
Net cash provided (used) by noncapital financing activities	2,676,735	(1,032,390)	1,644,345	289,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Disposal of capital assets	-	-	-	85,531
Acquisition of capital assets	(1,146,773)	-	(1,146,773)	(3,565,137)
Sale of assets and materials	-	-	-	452,271
Net cash used by capital and related financing activities	(1,146,773)	-	(1,146,773)	(3,027,335)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received on investments	124,064	20,019	144,083	7,558

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	\$ 813,744	\$ 1,728,412	\$ 2,542,156	\$ 462,419
Cash and cash equivalents at beginning of year	45,703,401	14,412,724	60,116,125	3,075,165
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 46,517,145</b>	<b>\$ 16,141,136</b>	<b>\$ 62,658,281</b>	<b>\$ 3,537,584</b>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 1,959,027	\$ 971,043	\$ 2,930,070	\$ (521,653)
Adjustments to reconcile operating income/loss to net cash provided (used) by operating activities:				
Depreciation and amortization	647,607	-	647,607	3,488,115
(Increase)/decrease in accounts receivable	(99,466)	376,147	276,681	2,459
Decrease in prepaid items	-	-	-	4,675
Decrease in inventories	-	-	-	2,647
Increase in deferred outflows of resources	(204,342)	(36,339)	(240,681)	(197,387)
Increase/(decrease) in accounts payable, accrued liabilities and due to other governmental units	(55,373)	166,819	111,446	118,162
Increase/(decrease) in noncurrent liabilities	(3,050,373)	1,271,457	(1,778,916)	309,165
Decrease in deferred inflows of resources	(37,362)	(8,344)	(45,706)	(12,987)
Total adjustments	(2,799,309)	1,769,740	(1,029,569)	3,714,849
Net cash provided (used) by operating activities	\$ (840,282)	\$ 2,740,783	\$ 1,900,501	\$ 3,193,196

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, 2017**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments - pooled equity	\$ 602,636
Accounts receivable (net)	4,349,368
Accrued interest receivable	<u>1,427</u>
Total assets	<u><u>\$ 4,953,431</u></u>
<b>LIABILITIES</b>	
Other liabilities	\$ 637,311
Due to other governmental units	<u>4,316,120</u>
Total liabilities	<u><u>\$ 4,953,431</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, 2017**

**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 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 services, 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 County 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 Fund, 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, taxes receivable beyond period of availability, 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, 2016.

Ad valorem taxes collected within 30 days after the fiscal year end for the year ended June 30, 2017 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 and expensed as the items are used.

**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 on or after to 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 of 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	3-20 years
Improvements	40 years
Computer software	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.

**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 Reappraisal 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 15%)and an amount committed for working capital of at least 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 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 fund balance of at least 15% and an amount committed for working capital of at least 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 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 three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees’ Retirement System (LGERS), the Registers of Deeds’ Supplemental Pension Fund (RODSPF) and the Law Enforcement Officers’ Special Separation Allowance (LEOSSA) 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 (\$2,634,114,295) difference are as follows:

Outstanding long-term debt payable (per Note 10)	\$ (2,508,969,750)
Less:	
Accrued interest payable	(25,100,671)
Payable to granting agency	(2,394,005)
Risk management liabilities	(4,503,682)
Add:	
Portion of internal service fund's compensated absences included in Note 10	68,612
Portion of internal service fund's other post employment benefits included in Note 10	582,792
Portion of internal service fund's net pension employment benefits included in Note 10	293,558
Unamortized portion of deferred inflow of resources related to advanced debt refundings (to be amortized over life of debt)	<u>(94,091,149)</u>
Net adjustments to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (2,634,114,295)</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 (\$55,787,808) difference are as follows:

Debt issued or incurred:	
GO bonds issued	\$ (116,115,000)
GO refunding bonds issued	(162,895,000)
GO bond anticipation notes issued	(188,513,927)
Drawdown installment notes issued	(3,928,079)
Installment purchases issued	(2,063,158)
Capital leases	(26,472)
Premiums on bond issuance - GO Bonds	(37,372,961)
Increases in other post-employment benefit liability	(22,387,655)
Increases in other post-employment benefit liability - Corporate Fleet Fund	138,347
Increases in compensated absences liability	(11,993,678)
Increases in compensated absences liability - Corporate Fleet Fund	53,817
Change in risk management liabilities	413,079
Change in deferred portion of advanced debt refundings	(18,977,107)
Interest expense accrual and other adjustments	(1,629,571)
Total Increases	<u>(565,297,365)</u>
Principal repayments:	
General obligation debt - schools	146,910,920
General obligation debt - community college	18,166,524
General obligation debt - other	8,602,556
Limited obligation bonds	12,140,000
Installment purchase payments	956,018
Qualified zone academy bonds	163,467
Capital leases	379,530
Refunded GO bonds	190,000,000
Refunded bond anticipation notes	89,585,390
Refunded GO bond premiums	2,658,739
Current year amortization of bond premiums - GO Bonds	17,915,684
Current year amortization of bond premiums - LOB Bonds	2,907,097
Decreases in other post-employment benefit liability	8,026,624
Decreases in other post-employment benefit liability - Corporate Fleet Fund	(34,132)
Decreases in compensated absences liability	11,190,148
Decreases in compensated absences liability - Corporate Fleet Fund	(59,008)
Total Decreases	<u>509,509,557</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (55,787,808)</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 \$13,315,605 difference are as follows:

Capital Asset Increases:	
Capital Asset Increases	\$ 7,791,508
Less acquisitions for the Corporate Fleet Fund	(3,565,137)
Increase in construction in progress	<u>9,106,403</u>
Total Increases	<u>13,332,774</u>
Capital Asset Decreases:	
Capital asset disposals	(4,113,087)
Add disposals for the Corporate Fleet Fund	2,295,468
Accumulated depreciation related to capital asset disposals	4,010,387
Less accumulated depreciation related to capital asset disposals in the Corporate Fleet Fund	<u>(2,209,937)</u>
Total Decreases	<u>(17,169)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 13,315,605</u>

**Q. Unrestricted (deficit)**

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

For school debt	\$ (1,625,532,417)
For community college debt	(248,527,828)
All other	<u>124,738,707</u>
Total unrestricted net position	<u>\$ (1,749,321,538)</u>

Under North Carolina law, the County is responsible for providing capital funding for the Wake County Board of Education (School System) and Wake Technical Community College (College). The County has chosen to meet its legal obligation to provide school capital funding by using a mixture of County funds and 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 \$1,625,532,417, and the outstanding balance of the community college-related debt less unspent bond proceeds was \$248,527,828. For additional information regarding the County's debt see Note 1.K. and Note 10.

**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.

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 \$19,800,000 to the College for operating purposes during the current year. In addition, the County made debt service payments of \$18,166,524 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, 2017. 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.

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

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 \$3,035,164 for operations, \$5,209,538 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, 2017. Complete financial statements for the Authority may be obtained at their administrative offices at 1520 Blue Ridge Road, Suite 201, Raleigh, NC 27607.

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, 2017. 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 \$120,726,553 and a bank balance of \$122,731,410. Of the bank balance, \$1,578,770 was covered by federal depository insurance and \$121,152,640 in interest-bearing deposits was covered by collateral held under the pooling method.

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

2. Investments

As of June 30, 2017, the County had the following investments and maturities.

Investment Type	Valuation Measurement		Less Than		
	Method	Fair Value	2 Years	2 - 3 Years	3 - 5 Years
U.S. Government Treasuries	Fair Value - Level 1	\$ 339,138,624	\$ 295,222,320	\$ -	\$ 43,916,304
U.S. Government Agencies	Fair Value - Level 1	211,510,978	107,924,795	43,508,743	60,077,440
Commercial paper	Fair Value - Level 2	4,976,408	4,976,408	-	-
Other - municipal bonds	Fair Value - Level 1	2,184,100	-	-	2,184,100
N.C. Capital Management Trust - Government portfolio	Amortized cost	31,844,233	31,844,233	-	-
Total fair value		<u>\$ 589,654,343</u>	<u>\$ 439,967,756</u>	<u>\$ 43,508,743</u>	<u>\$ 106,177,844</u>

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, 2017, 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. The County's investments in Commercial Paper were rated A-1+ by Standard & Poor's, P-1 by Moody's Investors Service and F-1+ by Fitch Ratings. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2017.

*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, 2017, 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 \$100,617 and \$1,390, respectively.

	<b>General Fund</b>	<b>Affordable Housing Fund</b>	<b>Major Facilities Fund</b>	<b>Debt Service Fund</b>	<b>County Capital Project Fund</b>	<b>School Capital Fund</b>	<b>Non Major Funds</b>	<b>Totals</b>
Taxes:								
Property taxes	\$ 7,305,689	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 602,199	\$ 7,907,888
Sales	44,754,997	-	-	-	74,679	6,786,020	17,686	51,633,382
Prepared food & occupancy	-	-	4,458,955	-	-	-	-	4,458,955
Accounts	73,240,370	50,394	-	-	9,003	-	157,922	73,457,689
Intergovernmental	17,877,059	1,519,331	-	10,886,705	4,614,487	-	4,863,422	39,761,004
Loans receivable	-	29,044,687	-	-	-	-	311,239	29,355,926
Interest	15,158	581	21,985	1,195,690	-	25,982	47,674	1,307,070
Gross receivables	143,193,273	30,614,993	4,480,940	12,082,395	4,698,169	6,812,002	6,000,142	207,881,914
Less allowance for bad debts	(65,575,558)	(6,785,935)	-	-	(4,615,903)	-	(518,933)	(77,496,329)
Net total receivables	<u>\$ 77,617,715</u>	<u>\$ 23,829,058</u>	<u>\$ 4,480,940</u>	<u>\$ 12,082,395</u>	<u>\$ 82,266</u>	<u>\$ 6,812,002</u>	<u>\$ 5,481,209</u>	<u>\$ 130,385,585</u>

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

	<b>General Fund</b>	<b>County Capital Project Fund</b>	<b>Non Major Funds</b>	<b>Total</b>
<b>Unavailable:</b>				
Taxes receivable	\$ 864,494	\$ -	\$ 83,266	\$ 947,760
Other receivables	6,524,221	-	-	6,524,221
<b>Total Unavailable</b>	<b>7,388,715</b>	<b>-</b>	<b>83,266</b>	<b>7,471,981</b>
<b>Unearned:</b>				
Prepaid property taxes not yet earned	1,711,034	-	24,973	1,736,007
Prepaid rent not yet earned	6,533	-	-	6,533
Deposits on account	55,469	-	-	55,469
<b>Total Unearned</b>	<b>1,773,036</b>	<b>-</b>	<b>24,973</b>	<b>1,798,009</b>
<b>Total deferred inflows of resources</b>	<b>\$ 9,161,751</b>	<b>\$ -</b>	<b>\$ 108,239</b>	<b>\$ 9,269,990</b>

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, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 139,578,957	\$ 2,063,855	\$ -	\$ 141,642,812
Construction in progress	20,028,717	9,106,403	(3,899,753)	25,235,367
Total capital assets, not being depreciated	<u>159,607,674</u>	<u>11,170,258</u>	<u>(3,899,753)</u>	<u>166,878,179</u>
Capital assets, being depreciated:				
Buildings	796,718,334	1,669,787	-	798,388,121
Improvements other than buildings	20,453,425	86,105	-	20,539,530
Machinery and equipment	30,528,532	2,239,115	(844,053)	31,923,594
Vehicles and motorized equipment	42,623,156	5,466,289	(3,269,034)	44,820,411
Computer Software	25,315,880	-	-	25,315,880
Infrastructure	23,490,835	166,110	-	23,656,945
Total capital assets being depreciated	<u>939,130,162</u>	<u>9,627,406</u>	<u>(4,113,087)</u>	<u>944,644,481</u>
Less accumulated depreciation for:				
Buildings	161,275,752	19,652,675	-	180,928,427
Improvements other than buildings	6,731,100	516,850	-	7,247,950
Machinery and equipment	25,798,824	2,049,906	(842,544)	27,006,186
Vehicles and motorized equipment	27,593,897	5,404,922	(3,167,843)	29,830,976
Computer software	8,614,852	2,530,438	-	11,145,290
Infrastructure	6,817,682	495,834	-	7,313,516
Total accumulated depreciation	<u>236,832,107</u>	<u>\$ 30,650,625</u>	<u>\$ (4,010,387)</u>	<u>263,472,345</u>
Total capital assets, being depreciated, net	<u>702,298,055</u>			<u>681,172,136</u>
Governmental activities capital assets, net	<u>\$ 861,905,729</u>			<u>\$ 848,050,315</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 382,327	\$ -	\$ -	\$ 382,327
Construction in progress	4,366,265	1,146,773	-	5,513,038
Total capital assets, not being depreciated/amortized	<u>4,748,592</u>	<u>1,146,773</u>	<u>-</u>	<u>5,895,365</u>
Capital assets, being depreciated/amortized:				
Landfills	35,596,682	-	-	35,596,682
Buildings	3,363,470	-	-	3,363,470
Improvements	588,689	-	-	588,689
Machinery and equipment	1,023,504	-	(6,550)	1,016,954
Total capital assets being depreciated/amortized	<u>40,572,345</u>	<u>-</u>	<u>(6,550)</u>	<u>40,565,795</u>
Less accumulated depreciation/amortization for:				
Landfills	29,140,687	444,966	-	29,585,653
Buildings	570,817	84,005	-	654,822
Improvements	250,713	17,317	-	268,030
Machinery and equipment	789,710	101,319	(6,550)	884,479
Total accumulated depreciation/amortization	<u>30,751,927</u>	<u>\$ 647,607</u>	<u>\$ (6,550)</u>	<u>31,392,984</u>
Total capital assets, being depreciated/amortized, net	<u>9,820,418</u>			<u>9,172,811</u>
Business-type activities capital assets, net	<u>\$ 14,569,010</u>			<u>\$ 15,068,176</u>

Depreciation and amortization expenses were charged to functions as follows:

Governmental activities:	
General administration	\$ 4,704,815
Human services	2,743,673
Education	872,714
Community development and cultural	2,557,153
Environmental services	706,054
Public safety	15,402,306
General services administration	<u>3,663,910</u>
Total depreciation expense - Governmental activities	<u>30,650,625</u>
Business-type activities:	
Environmental services - solid waste	<u>647,607</u>
Total depreciation and amortization	<u>\$ 31,298,232</u>

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

As of June 30, 2017 fiscal year, the construction in progress balance for governmental activities was made up of the following projects:

**Construction in Progress:**

	Expended At June 30, 2017
Document Management Projects	\$ 4,740,400
Other Automation Projects	1,576,560
Judicial Facilities	1,780,388
Oak City Multi-Services Center	1,280,447
Libraries	4,525,792
Open Space Preservation	4,508,495
Water/Wastewater	92,460
800MHZ Radio Communications System	5,934,915
CAD System Replacement	155,301
EMS/Fire Stations	640,609
	<u>\$ 25,235,367</u>

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

As of June 30, 2017, internal balances total \$1,861,201 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, 2017 are \$436,847. 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, 2017.

The County's General Fund transferred funds during fiscal year 2017 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 \$1,032,390 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	Corporate Fleet Fund	Solid Waste Operating Fund	Total Transfers out
General Fund	\$ -	\$ -	\$ 252,639,000	\$ 32,861,000	\$ 22,946,000	\$ -	\$ 542,263	\$ 289,000	\$ -	\$ 309,277,263
Affordable Housing Fund	-	-	-	1,863,000	-	-	-	-	-	1,863,000
Major Facilities Fund	1,400,000	-	-	-	-	-	3,000,000	-	-	4,400,000
Debt Service Fund	-	-	-	-	2,151,000	1,000,000	-	-	-	3,151,000
Capital Improvements Fund	-	1,000,000	-	-	-	1,500,000	-	-	-	2,500,000
School Capital Fund	888,574	-	2,151,000	-	-	-	-	-	-	3,039,574
Other Governmental Funds	-	-	1,079,954	1,581,000	-	-	2,850,453	-	-	5,511,407
Solid Waste Operating Fund	450,000	-	-	-	-	-	-	-	-	450,000
South Wake Partnership Fund	-	-	-	-	-	-	-	-	1,032,390	1,032,390
Total transfers in	<u>\$ 2,738,574</u>	<u>\$ 1,000,000</u>	<u>\$ 255,869,954</u>	<u>\$ 36,305,000</u>	<u>\$ 25,097,000</u>	<u>\$ 2,500,000</u>	<u>\$ 6,392,716</u>	<u>289,000</u>	<u>\$ 1,032,390</u>	<u>\$ 331,224,634</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, 2017 are as follows:

Coverage	Coverage Limits
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
Other Liability:	
General	\$2,000,000 per occurrence/ \$4,000,000 aggregate
Auto	\$2,000,000 per accident
Public Officials/Employment Practice	\$2,000,000 per wrongful act/ \$2,000,000 aggregate
Law Enforcement	\$2,000,000 per wrongful act/ \$2,000,000 aggregate
Excess	\$8,000,000 per occurrence/ \$8,000,000 aggregate

In accordance with G.S. 159-29, County 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 \$9,837,870 at June 30, 2017 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 2016 and 2017 are as follows:

**Changes in Claims Liability**

	Workers' compensation	Property and liability	Self-insured group medical	Dental benefits	Total
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	5,000,973	1,931,011	2,866,000	107,000	9,904,984
Claims incurred, fiscal year 2017	1,192,902	895,950	40,337,084	2,179,639	44,605,575
Payments and changes in estimates, fiscal year 2017	<u>(1,257,791)</u>	<u>(785,175)</u>	<u>(40,459,084)</u>	<u>(2,170,639)</u>	<u>(44,672,689)</u>
Balance, as of June 30, 2017	<u>\$ 4,936,084</u>	<u>\$ 2,041,786</u>	<u>\$ 2,744,000</u>	<u>\$ 116,000</u>	<u>\$ 9,837,870</u>
Amount reported in General Fund	<u>\$ 1,915,000</u>	<u>\$ 714,000</u>	<u>\$ 2,609,000</u>	<u>\$ 72,900</u>	<u>\$ 5,310,900</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, 2017, the net book value of the assets acquired through capital leases is \$24,890. The net present value of the future minimum lease payments at June 30, 2017 is \$37,553 for governmental activities, as detailed below.

The County also leases buildings, office facilities and various equipment under non-cancelable operating leases. The total costs for all operating lease expenditures for the year ended June 30, 2017 were \$4,133,791. The future minimum lease payments for non-cancelable operating leases are \$25,055,162, as detailed below.

At June 30, 2017, 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
2018	\$ 17,179	\$ 2,415,965
2019	10,707	2,119,600
2020	6,848	2,066,341
2021	2,463	1,440,277
2022	1,769	1,365,755
2023-2027	-	5,681,944
2028-2032	-	9,685,280
2033-2037	-	60,000
2038-2042	-	60,000
2043-2047	-	60,000
2048-2052	-	60,000
2053-2056	-	40,000
Total minimum lease payments	<u>38,966</u>	<u>\$ 25,055,162</u>
Less: amount representing interest	<u>(1,413)</u>	
Net present value of the future minimum lease payments	<u>\$ 37,553</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, 2017 was \$328,491.

**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 bond anticipation notes bear an average interest rate of 70% of 1-month LIBOR plus 0.51% for the amount drawn, and 0.237% 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, 2017 are comprised of the following:

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%.	\$ 12,000,000
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%.	176,000,000
2009D Refunding Bonds of \$168,980,000 due in periodic installments of \$6,545,000 to \$36,945,000 beginning February 1, 2012 through February 1, 2018 interest of 3.00 to 4.00%.	10,250,000
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%.	39,810,000
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%.	342,060,000
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%.	7,580,000
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%.	79,950,000

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

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%.	\$ 71,400,000
2012B Refunding Bonds of \$75,290,000 due in periodic 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%.	40,500,000
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%.	99,000,000
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%.	327,060,000
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%.	89,100,000
2016A Refunding Bonds of \$162,895,000 due in periodic installments of \$9,340,000 to \$27,055,000 beginning March 1, 2017 through March 1, 2026, interest of 5.00%.	150,280,000
2017A Public Improvement Bonds of 33,700,000 due in periodic installments of \$1,685,000 beginning March 1, 2018 through March 1, 2037 interest of 3.00 to 5.00%.	33,700,000
2017B School Bonds of \$82,415,000 due in periodic installments of \$4,120,000 to \$4,125,000 beginning March 1, 2018 through March 1, 2037, interest of 3.00 to 5.00%.	82,415,000
Total general obligation bonds outstanding	<u>\$ 1,727,865,000</u>

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

General obligation bond anticipation notes serviced by the General Fund and payable at June 30, 2017 are comprised of the following:

Series 2016A Public Improvement Bond Anticipation Note: Up to \$262,689,625 against November 2012 and October 2013 authorization for Community College and Public Schools. Interest payable monthly at 70% of one-month LIBOR plus 44 bps. \$69,351,581 outstanding at 0.74% at June 30, 2017. Expires February 2019.	\$ 69,351,581
Series 2016B Public Improvement Bond Anticipation Note: Up to \$119,404,375 against November 2012 and October 2013 authorization for Community College and Public Schools. Interest payable monthly at 70% of one-month LIBOR plus 65 bps. \$30,528,781 outstanding at 0.969% at June 30, 2017. Expires February 2019.	30,528,781
Series 2017A Public Improvement Bond Anticipation Note: Up to \$65,598,500 against October 2013 authorization for Public Schools. Interest payable monthly at 70% of one-month LIBOR plus 44 bps. \$51,000 outstanding at 0.74% at June 30, 2017. Expires March 2020.	51,000
Series 2017B Public Improvement Bond Anticipation Note: Up to \$29,817,500 against October 2013 authorization for Public Schools. Interest payable monthly at 70% of one-month LIBOR plus 65 bps. \$298,175 outstanding at 0.969% at June 30, 2017. Expires March 2020.	298,175
	\$ 100,229,537
Total bond anticipation notes outstanding	\$ 100,229,537

**Drawdown Installment Notes:**

On February 28, 2017, the County entered into a drawdown installment purchase agreement with Wells Fargo Bank, N.A., to finance, as incurred, certain capital costs related to the Wake County Public Schools System and the Wake Tech Community College. The aggregate principal amount under the agreement outstanding at any one time shall not exceed \$170,000,000, and total capital costs financed under the agreement shall not exceed \$334,349,000. The agreement is secured by payments from the County, subject to annual appropriation, and a security interest in certain real estate and improvements thereon. Neither the credit nor the taxing power of the County is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the County in connection with any default under the agreement. The agreement matures on February 28, 2020, and the County expects to refinance its obligations thereunder with limited obligation bonds. The principal amount outstanding under the agreement was \$3,928,079 as of June 30, 2017. Interest is payable monthly at 70% of one-month LIBOR plus 40 bps.

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

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 June 2017 through June 2019; interest of 4.75% to 5.00%, collateralized by the Hammond Road Detention Center.	\$ 12,370,000
2010 Limited Obligation Bonds of \$148,860,000, due in annual installments of \$5,950,000 to \$5,955,000 beginning in January 2017 through January 2020; interest of 3.50% to 5.00%, collateralized by the Criminal Justice Center.	17,855,000
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.	<u>191,835,000</u>
Total limited obligation bonds outstanding	<u><u>\$ 222,060,000</u></u>

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

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2017 are as follows:

Year Ending June 30	Principal	Interest	Total
2018	\$ 163,340,000	\$ 78,743,251	\$ 242,083,251
2019	165,300,000	70,731,401	236,031,401
2020	154,405,000	62,485,351	216,890,351
2021	138,535,000	54,784,051	193,319,051
2022	147,605,000	48,007,530	195,612,530
2023-2027	611,670,000	138,118,295	749,788,295
2028-2032	248,625,000	39,978,028	288,603,028
2033-2037	98,385,000	6,665,907	105,050,907
	<u>\$ 1,727,865,000</u>	<u>\$ 499,513,814</u>	<u>\$ 2,227,378,814</u>

The annual requirements to amortize capital leases, installment purchases and limited obligation bond debt outstanding as of June 30, 2017 are as follows:

Year Ending June 30	Principal	Interest	Total
2018	\$ 13,119,403	\$ 10,518,289	\$ 23,637,692
2019	12,829,331	9,958,630	22,787,961
2020	12,414,669	9,289,042	21,703,711
2021	12,174,398	8,573,270	20,747,668
2022	12,150,752	7,983,746	20,134,498
2023-2027	59,234,000	31,135,817	90,369,817
2028-2032	56,710,000	16,909,225	73,619,225
2032-2037	48,580,000	4,792,950	53,372,950
	<u>\$ 227,212,553</u>	<u>\$ 99,160,969</u>	<u>\$ 326,373,522</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, 2017, such statutory limit of the County was \$11,312,880,824 providing a legal debt margin of \$8,958,780,192. Authorized but unissued general obligation bonds as of June 30, 2017 totaled \$294,865,463.

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

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 2017 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, 2017, the amount of defeased debt outstanding was \$293,370,000.

Advanced Refunding:

In November 2016, the County issued \$162,895,000 of general 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 \$190,000,000 of the general 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 \$27,105,000. This advanced refunding was undertaken to reduce the total future debt service payments over the next nine years by \$5,201,187 and resulted in an economic gain of \$4,297,992.

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, 2017, there were 17 series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$591.3 million.

Debt Related to Capital Activities:

Of the total Governmental Activities debt listed, only \$389,848,392 relates to assets the County holds title. Unspent cash related to the debt amounts to \$42,993,598.

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

Changes In Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
<b>Governmental activities:</b>					
General obligation bonds	\$ 1,812,535,000	\$ 279,010,000	\$ 363,680,000	\$ 1,727,865,000	\$ 163,340,000
Plus: Premiums on issuance	156,946,706	37,372,961	20,574,423	173,745,244	N/A
Total general obligation bonds payable	1,969,481,706	316,382,961	384,254,423	1,901,610,244	163,340,000
Limited obligation bonds	234,200,000	-	12,140,000	222,060,000	12,135,000
Plus: Premiums on issuance	44,888,791	-	2,907,097	41,981,694	N/A
Total limited obligation bonds payable	279,088,791	-	15,047,097	264,041,694	12,135,000
Bond Anticipation Notes	1,301,000	188,513,827	89,585,290	100,229,537	-
Drawdown Installment Notes	-	3,928,079	-	3,928,079	-
Qualified Zone Academy Bonds	163,467	-	163,467	-	-
Installment Purchases	4,007,860	2,063,158	956,018	5,115,000	968,000
Capital leases	390,611	26,472	379,530	37,553	16,403
Other post-employment benefits	122,691,227	22,387,655	8,026,624	137,052,258	-
Total pension liability (LEOSSA)	103,657	17,154,550	1,133,490	16,124,717	-
Net pension liability (LGERS)	13,769,151	54,222,176	-	67,991,327	-
Compensated absences	12,035,811	11,993,678	11,190,148	12,839,341	11,100,000
Total Governmental Activities	<u>\$ 2,403,033,281</u>	<u>\$ 616,672,556</u>	<u>\$ 510,736,087</u>	<u>\$ 2,508,969,750</u>	<u>\$ 187,559,403</u>
<b>Business-type activities:</b>					
Landfill	\$ 26,143,038	\$ 1,394,375	\$ 3,676,443	\$ 23,860,970	\$ 5,833,802
Other post-employment benefits	632,230	93,564	40,156	685,638	-
Net pension liability (LGERS)	67,796	310,838	-	378,634	-
Compensated absences	79,648	73,825	67,991	85,482	68,000
Total Business-type Activities	<u>\$ 26,922,712</u>	<u>\$ 1,872,602</u>	<u>\$ 3,784,590</u>	<u>\$ 25,010,724</u>	<u>\$ 5,901,802</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, 2017 this amount, which is not included in the financial statements because the County has no primary responsibility beyond making eligibility determinations, is approximately \$736 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](http://www.osc.nc.gov).

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6.00% 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, 2017, was 8.00% of compensation for law enforcement officers and 7.25% 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 \$14,309,333 for the year ended June 30, 2017.

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 4.00% 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, 2017, the County reported a liability of \$68,369,961 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing updated 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, 2016, the County's proportion was 3.22%, which was an increase of .014% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$18,375,969. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,284,553	\$ 2,395,760
Changes of assumptions	4,682,732	-
Net difference between projected and actual earnings on pension plan investments	37,799,979	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,101,848	485,475
County contributions subsequent to the measurement date	14,309,333	-
Total	<u>\$ 59,178,445</u>	<u>\$ 2,881,235</u>

\$14,309,333 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 6,382,391
2019	6,390,034
2020	18,250,199
2021	<u>10,965,253</u>
	<u>\$ 41,987,877</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 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 3.50% per year to 7.75% 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	0.0%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 162,273,811	\$ 68,369,961	\$ (10,065,517)

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 2017 was \$206,531,508. The County's contributions were calculated using the base salary amount of \$206,650,926. The County made contributions amounting to \$10,332,324. Employees made voluntary contributions of \$4,992,051.

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% of the employee's base salary each month for all law enforcement officers. Wake County also makes a 5% 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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85% 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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Valuation Date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	60
Active plan members	398
Total	458

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 Statement 73.

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

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement: (a) projected salary increases ranging from 3.50% to 7.35%, (b) discount rate of 3.86% and (c) an inflation component of 3.00%.

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2014 Mortality tables.

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 through investment earnings. The County paid \$1,112,451 as benefits came due for the reporting period.

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

At June 30, 2017, the County reported a total pension liability of \$16,124,717. The total pension liability was measured as of December 31, 2016, based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$1,078,711. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	-	297,822
County contributions subsequent to measurement date	557,126	-
Total	<u>557,126</u>	<u>297,822</u>

\$557,126 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	61,029
2019	61,029
2020	61,029
2021	61,029
2022	<u>53,706</u>
	<u>297,822</u>

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

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.86%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.86%) or 1-percentage-point higher (4.86%) than the current rate.

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	17,399,860	16,124,717	14,953,890

The County's changes in total pension liability for the Separation Allowance were as follows:

Total Pension Liability as of December 31, 2015	\$ 16,478,270
Changes for the year:	
Service Cost	570,747
Interest	568,041
Changes in benefit terms	-
Difference between expected and actuarial experience	-
Changes of assumptions and other inputs	(358,851)
Benefits payments	(1,133,490)
Other	-
Net changes	<u>(353,553)</u>
Total Pension Liability as of December 31, 2016	<u>\$ 16,124,717</u>

The plan currently uses mortality tables that vary by age 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

Plan Description. Wake County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

**NOTE 15. 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 G.S. 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$98,851 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of \$1,864,169 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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 RODSPF employers. At June 30, 2016, the County's proportion was 9.971%, which was a decrease of 1.175% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$221,502. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,994	\$ 24,130
Changes in assumptions	496,655	-
Net difference between projected and actual earnings on pension plan investments	3,190	-
Changes in proportion and differences between County contributions and proportionate share of contributions	207,682	53,956
County contributions subsequent to the measurement date	<u>99,851</u>	<u>-</u>
Total	<u>\$ 809,372</u>	<u>\$ 78,086</u>

\$99,851 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 247,547
2019	286,603
2020	118,115
2021	<u>(20,830)</u>
	<u>\$ 631,435</u>

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

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, (a) an investment rate of return of 3.75%, net of pension plan investment expense, including inflation, (b) projected salary increases ranging from 3.50% per year to 7.75% 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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 RODSPF 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, 2016 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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 3.05%. 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 3.75%, 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 (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (1,503,127)	\$ (1,864,169)	\$ (2,167,494)

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, 2017, the County made contributions of \$110,921.

**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 post-employment healthcare benefits to retirees of the County, provided that they participate in the North Carolina Local Governmental Employees' Retirement System and have at least 20 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 \$8,066,777 or 6.40% 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 \$1,100,533.

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	\$ 24,723,036
Interest on net OPEB obligation	5,549,556
Adjustment to annual required contribution	<u>(7,791,376)</u>
Annual OPEB cost	22,481,216
Contributions made	<u>8,066,777</u>
Increase in net OPEB obligation	14,414,439
Net OPEB liability, beginning of year	<u>123,323,457</u>
Net OPEB liability, end of year	<u>\$ 137,737,896</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
2015	\$ 19,616,377	31.4%	\$ 111,773,412
2016	19,515,380	40.8%	123,323,457
2017	22,481,216	35.9%	137,737,896

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, 2017 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% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, an inflation rate of 3.00% and an annual medical cost trend increase of 7.75% to 5.00% for pre-Medicare and 5.75% to 5.00% 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, 2017.

**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 \$23,860,970 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, 2017. 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 19 years and no additional closure costs are expected at these facilities. The County is currently responsible for monitoring these sites for an additional 11 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 21 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, 2017, Phase 1 is at capacity and a partial closure project is in place 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 \$8.7 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, 2017, 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:	\$ 296,176,737
Less:	
Inventories	339,615
Prepaid expenditures	557,091
Noncurrent receivables	131,749
Stabilization by State Statute	73,915,152
Register of deeds automation	719,551
Reappraisal reserve	3,187,080
LEO Special Separation allowance	963,428
Local ABC revenues	8,091,000
Behavioral health excess revenues	14,417,533
Working capital	<u>193,854,538</u>
Remaining fund balance	<u><u>\$ -</u></u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. These amounts are included in the Stabilization by State Statute amount in restricted fund balance. Amounts outstanding at June 30, 2017 are as follows:

General Fund	Affordable Housing Fund	Major Funds					Nonmajor Funds Other Governmental Funds
		Major Facilities Fund	Debt Service Fund	County Capital Projects Fund	School Capital Fund	Wake Community College Capital Fund	
\$ 2,012,168	\$ 2,114,049	\$ -	\$ -	\$ 15,819,309	\$ 264,207,778	\$ -	\$ 8,239,484

**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, 2017, fund balance in the Major Facilities Fund totaled \$2,454,847 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	Competitive Projects	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
2017	1,700,000	1,000,000	-	-	-	-	2,000,000	4,700,000
<b>Payments to Date</b>	<b>5,400,000</b>	<b>15,000,000</b>	<b>6,000,000</b>	<b>10,679,355</b>	<b>1,000,000</b>	<b>250,000</b>	<b>2,000,000</b>	<b>40,329,355</b>
2018	2,600,000	-	-	-	-	-	2,000,000	4,600,000
2019	2,000,000	-	-	-	-	-	2,000,000	4,000,000
2020	-	-	-	-	-	-	2,000,000	2,000,000
2021	-	-	-	-	-	-	2,000,000	2,000,000
2022	-	-	-	-	-	-	2,000,000	2,000,000
<b>Total</b>	<b>\$ 10,000,000</b>	<b>\$ 15,000,000</b>	<b>\$ 6,000,000</b>	<b>\$ 10,679,355</b>	<b>\$ 1,000,000</b>	<b>\$ 250,000</b>	<b>\$ 12,000,000</b>	<b>\$ 54,929,355</b>

\* 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 Board of Elections was over budget by \$357,672 within the General Fund. This is due to a liability posted as ordered by the US District Court for the Eastern District of North Carolina, in the consolidation case of Raleigh Wake Citizens Association v. Wake County Board of Elections. The County was ordered to pay legal fees and expenses related to the case in the amount of \$407,281.

The Human Resources department was over budget by \$4,620 within the General Fund. This is due to increased personnel costs during the year related to four new full time positions.

**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, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County on the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased by \$15,240,171.

**NOTE 25. Subsequent Event**

The County issued a \$1,294,125 Installment Purchase Agreement, in September 2017, due in semi-annual installments of \$65,000 beginning March 1, 2018 through September 1, 2027 with an interest rate of 1.9861%. Proceeds were used for fire apparatus.

**NOTE 26. Discretely Presented Component Unit Disclosure**

(1) Deposits

The deposits 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.

At June 30, 2017, the Board's deposits had a carrying amount of \$21,550,353 and a bank balance of \$21,090,282. All of the bank balance was either insured by federal depository insurance or collateralized under the pooling method.

(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 Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll 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 Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll*

	Fiscal Year 2017
Total Pension Liability - beginning balance	\$ 16,478,270
Service Cost	570,747
Interest	568,041
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions and other inputs	(358,851)
Benefit payments	(1,133,490)
Other	-
Total Pension Liability - ending balance	<u>\$ 16,124,717</u>
Covered-employee payroll	<u>\$ 21,685,204</u>
Total Pension Liability as a percentage of covered-employee payroll	74.36%

The amounts presented for each fiscal year were determined as of the prior December 31.

# 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%
2017	24,723,036	32.6%

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 Four Fiscal Years*

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

Year Ended June 30		County's proportion of the net pension liability (asset)	County's proportionate share of the net pension liability (asset)	County's covered- employee payroll	County's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	*	3.13%	\$ 37,686,331	\$ 175,266,798	21.50%	94.35%
2015	*	2.99%	(17,635,411)	172,322,095	-10.23%	102.64%
2016	*	3.08%	13,836,947	180,851,503	7.65%	98.09%
2017	*	3.22%	68,369,961	192,564,149	35.51%	91.47%

**Schedule of Employer Contributions**

Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	County's covered- employee payroll	Contributions as a percentage of covered- employee payroll
2014	\$ 12,228,225	\$ 12,228,225	-	\$ 172,322,095	7.10%
2015	12,860,971	12,860,971	-	180,851,503	7.11%
2016	13,119,915	13,119,915	-	192,564,149	6.81%
2017	14,309,333	14,309,333	-	206,650,926	6.92%

\* 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 Four 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%
2017	*	9.97%	(1,864,169)	135,158	-1379.25%	160.17%

### 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%
2017	99,851	99,851	-	145,882	68.45%

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

***General Fund Comparatives and  
Detailed Budgets***

# WAKE COUNTY, NORTH CAROLINA

## GENERAL FUND COMPARATIVE BALANCE SHEETS As of June 30, 2017 and 2016

	June 30, 2017	June 30, 2016
<b>ASSETS</b>		
Cash and investments - pooled equity	\$ 263,601,115	\$ 242,745,649
Cash and investments - cash equivalents	1,078,574	1,106,216
Cash and investments - restricted	4,968,223	4,490,808
Taxes receivable (net)	45,881,251	45,045,122
Accounts receivable (net)	13,844,247	8,799,125
Intergovernmental receivable (net)	17,877,059	22,192,253
Accrued interest receivable	15,158	7,143
Internal balances (due from other funds)	1,861,201	842,657
Prepaid expenditures	557,091	575,299
Inventories	339,615	354,615
	<u>350,023,534</u>	<u>326,158,887</u>
Total assets	<u>\$ 350,023,534</u>	<u>\$ 326,158,887</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 44,334,764	\$ 41,296,018
Due to other governmental units	350,282	367,983
	<u>44,685,046</u>	<u>41,664,001</u>
Total liabilities	<u>44,685,046</u>	<u>41,664,001</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>9,161,751</u>	<u>7,935,425</u>
Fund balances:		
Non-spendable:		
Nonspendable inventories	339,615	354,615
Nonspendable prepaid expenditures	557,091	575,299
Noncurrent receivable	131,749	157,937
Restricted:		
Stabilization by state statute	73,915,152	73,286,772
Register of deed automation	719,551	556,512
Committed:		
Reappraisal reserve	3,187,080	2,669,145
LEO Special Separation Allowance	963,428	789,655
Future appropriations from local ABC revenues	8,091,000	8,900,000
Future appropriations for behavioral health	14,417,533	6,300,000
Working capital	193,854,538	181,835,526
Assigned:		
Planned expenditures	-	1,134,000
	<u>296,176,737</u>	<u>276,559,461</u>
Total fund balance	<u>296,176,737</u>	<u>276,559,461</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 350,023,534</u>	<u>\$ 326,158,887</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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016**

	2017			2016
	Budget	Actual	Variance Positive/(Negative)	Actual
REVENUES:				
Taxes	\$ 1,036,155,129	\$ 1,039,995,711	\$ 3,840,582	\$ 997,101,982
Intergovernmental	98,415,452	103,631,531	5,216,079	103,507,250
Charges for services	63,594,289	65,421,287	1,826,998	61,740,573
Licenses and permits	4,591,700	5,371,824	780,124	5,185,433
Investment earnings	11,432	55,496	44,064	71,523
Miscellaneous	370,408	631,151	260,743	550,593
Total revenues	<u>1,203,138,410</u>	<u>1,215,107,000</u>	<u>11,968,590</u>	<u>1,168,157,354</u>
EXPENDITURES:				
Current:				
General government	64,288,622	61,404,683	2,883,939	58,593,656
Human services	203,831,137	193,273,400	10,557,737	186,383,560
Education	429,711,000	429,711,000	-	405,416,000
Community development and cultural	34,064,402	33,319,276	745,126	29,537,828
Environmental services	11,297,554	10,652,237	645,317	9,954,695
Public safety	133,816,487	132,464,160	1,352,327	126,621,798
General services administration	28,408,214	28,205,840	202,374	26,786,094
Total expenditures	<u>905,417,416</u>	<u>889,030,596</u>	<u>16,386,820</u>	<u>843,293,631</u>
REVENUES OVER (UNDER) EXPENDITURES	297,720,994	326,076,404	28,355,410	324,863,723
OTHER FINANCING SOURCES (USES):				
Transfers in	2,738,574	2,738,574	-	2,808,617
Transfers out	(309,277,263)	(309,277,263)	-	(296,829,617)
Sale of assets and materials	35,700	79,561	43,861	77,672
Total other financing sources (uses)	<u>(306,502,989)</u>	<u>(306,459,128)</u>	<u>43,861</u>	<u>(293,943,328)</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(8,781,995)	19,617,276	28,399,271	30,920,395
APPROPRIATED FUND BALANCE	<u>8,781,995</u>	<u>-</u>	<u>(8,781,995)</u>	<u>-</u>
REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>19,617,276</u>	<u>\$ 19,617,276</u>	<u>30,920,395</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>276,559,461</u>		<u>244,598,778</u>
PRIOR PERIOD ADJUSTMENT		<u>-</u>		<u>1,040,288</u>
FUND BALANCE AT BEGINNING OF YEAR, RESTATED		<u>276,559,461</u>		<u>245,639,066</u>
BUDGETARY FUND BALANCE		<u>296,176,737</u>		<u>276,559,461</u>
LESS: EXPENDITURES ASSOCIATED WITH CAPITAL LEASE INCEPTION & CAPITAL DONATIONS		(26,472)		(5,027)
ADD: PROCEEDS OF CAPITAL LEASES & CAPITAL DONATIONS		26,472		5,027
TOTAL LEASE INCEPTION AND PROCEEDS		<u>-</u>		<u>-</u>
FUND BALANCE AT END OF YEAR		<u>\$ 296,176,737</u>		<u>\$ 276,559,461</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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016**

	2017		Variance Positive/(Negative)	2016
	Budget	Actual		Actual
REVENUES:				
TAXES				
Ad valorem property tax - current	\$ 839,410,000	\$ 841,099,060	\$ 1,689,060	\$ 807,812,346
Ad valorem property tax - prior	2,496,000	2,997,042	501,042	3,250,826
Tax penalties, interest and other	1,625,000	2,186,725	561,725	2,004,635
Sales tax	177,540,000	177,057,150	(482,850)	167,601,590
Leased rental vehicle tax	2,550,000	3,377,818	827,818	3,075,818
Real property transfer tax	11,300,800	11,473,422	172,622	11,918,066
Payments in lieu of taxes	1,233,329	1,804,494	571,165	1,438,701
Total Taxes	<u>1,036,155,129</u>	<u>1,039,995,711</u>	<u>3,840,582</u>	<u>997,101,982</u>
LICENSES AND PERMITS				
Beer and wine licenses	72,000	72,155	155	80,676
Marriage licenses	223,200	176,549	(46,651)	170,949
Building and construction permits	2,966,700	3,522,931	556,231	3,465,045
Weapon permits	408,000	520,319	112,319	482,261
Other permits	921,800	1,079,870	158,070	986,502
Total Licenses and Permits	<u>4,591,700</u>	<u>5,371,824</u>	<u>780,124</u>	<u>5,185,433</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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016**

	2017		Variance Positive/(Negative)	2016
	Budget	Actual		Actual
<b>INTERGOVERNMENTAL</b>				
Federal and State:				
Human services	\$ 90,337,890	\$ 92,577,275	\$ 2,239,385	\$ 92,212,536
Payments in lieu of taxes	255,000	328,328	73,328	314,386
Public library	450,000	583,152	133,152	580,320
Public safety	150,338	242,457	92,119	199,643
Other federal and state	3,098,954	2,280,029	(818,925)	2,640,011
Total Federal and State	<u>94,292,182</u>	<u>96,011,241</u>	<u>1,719,059</u>	<u>95,946,896</u>
Local:				
ABC Board	4,000,000	7,500,000	3,500,000	7,500,000
Other local	123,270	120,290	(2,980)	60,354
Total Local	<u>4,123,270</u>	<u>7,620,290</u>	<u>3,497,020</u>	<u>7,560,354</u>
Total Intergovernmental	<u>98,415,452</u>	<u>103,631,531</u>	<u>5,216,079</u>	<u>103,507,250</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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016**

	2017		Variance Positive/(Negative)	2016
	Budget	Actual		Actual
<b>CHARGES FOR SERVICES</b>				
Environmental	\$ 419,000	\$ 348,021	\$ (70,979)	\$ 361,631
Client fees	1,183,786	1,217,197	33,411	1,040,136
Insurance	738,024	754,090	16,066	867,117
Medicaid fees	15,333,173	16,291,736	958,563	11,925,400
Medicare fees	38,565	45,690	7,125	56,163
Human services reimbursements	614,463	625,004	10,541	549,315
Inspection fees	925,109	898,687	(26,422)	851,063
Library fees	466,250	421,839	(44,411)	441,109
Parks & recreation fees	149,494	153,905	4,411	138,196
EMS fees	25,307,343	25,555,611	248,268	26,211,988
Facility use fees	250,300	262,621	12,321	290,797
Fire/Rescue fees	285,979	305,938	19,959	310,663
Sheriff fees	3,600,300	4,090,403	490,103	4,330,421
Planning fees	663,700	1,163,300	499,600	756,830
Court facility fees	1,233,287	1,105,701	(127,586)	1,190,708
Parking fees	924,000	1,090,721	166,721	982,797
Rental/lease income	285,320	286,148	828	312,807
Record fees	5,945,400	5,332,857	(612,543)	4,845,627
Reimbursements	1,887,956	1,887,956	-	2,919,351
Tax collection fees	871,000	909,612	38,612	848,039
Vending income	460,951	666,536	205,585	655,551
Other fees and charges	2,010,889	2,007,714	(3,175)	1,854,864
<b>Total Charges for Services</b>	<b>63,594,289</b>	<b>65,421,287</b>	<b>1,826,998</b>	<b>61,740,573</b>
<b>INVESTMENT EARNINGS</b>	<b>11,432</b>	<b>55,496</b>	<b>44,064</b>	<b>71,523</b>
<b>MISCELLANEOUS</b>				
Other miscellaneous	370,408	631,151	260,743	550,593
<b>Total Miscellaneous</b>	<b>370,408</b>	<b>631,151</b>	<b>260,743</b>	<b>550,593</b>
<b>TOTAL REVENUES</b>	<b>1,203,138,410</b>	<b>1,215,107,000</b>	<b>11,968,590</b>	<b>1,168,157,354</b>

(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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016**

	2017				2016		
	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	\$ 657,202	\$ 595,912	\$ 61,290	\$ -	\$ 595,912	\$ 61,290	\$ 557,300
County manager	2,157,501	2,157,316	185	-	2,157,316	185	1,653,190
County attorney	2,604,554	2,546,768	57,786	-	2,546,768	57,786	2,186,716
Board of elections	6,107,490	6,465,162	(357,672)	16,488	6,481,650	(374,160)	5,341,208
Budget & management services	827,623	815,935	11,688	-	815,935	11,688	727,333
Facilities design & construction	1,545,589	1,521,004	24,585	-	1,521,004	24,585	1,371,492
Finance	2,681,704	2,651,141	30,563	30,000	2,681,141	563	2,315,959
Human resources	2,455,313	2,459,933	(4,620)	-	2,459,933	(4,620)	1,986,144
Information services	15,075,759	14,285,938	789,821	60,078	14,346,016	729,743	12,912,057
Register of deeds	3,190,008	2,920,104	269,904	-	2,920,104	269,904	2,790,290
Revenue	7,808,996	7,218,359	590,637	-	7,218,359	590,637	8,067,340
Non-departmental	16,592,927	15,183,155	1,409,772	67,549	15,250,704	1,342,223	15,763,089
Public agencies	2,583,956	2,583,956	-	-	2,583,956	-	2,265,728
Medical examiner	-	-	-	-	-	-	655,810
Total General Government	<u>64,288,622</u>	<u>61,404,683</u>	<u>2,883,939</u>	<u>174,115</u>	<u>61,578,798</u>	<u>2,709,824</u>	<u>58,593,656</u>
HUMAN SERVICES							
Social services economic self sufficiency	81,857,743	81,673,991	183,752	136,944	81,810,935	46,808	77,478,042
Child welfare	28,706,585	28,101,534	605,051	396,356	28,497,890	208,695	26,348,178
Children youth and family	18,717,958	18,625,125	92,833	34,882	18,660,007	57,951	18,609,885
Public health	6,957,388	6,744,906	212,482	102,124	6,847,030	110,358	6,590,779
Health clinics	18,205,227	18,027,571	177,656	42,017	18,069,588	135,639	17,668,774
Behavioral health - managed care	26,706,868	17,941,509	8,765,359	62,304	18,003,813	8,703,055	19,028,244
Administration and operations	22,679,368	22,158,764	520,604	338,031	22,496,795	182,573	20,659,658
Total Human Services	<u>203,831,137</u>	<u>193,273,400</u>	<u>10,557,737</u>	<u>1,112,658</u>	<u>194,386,058</u>	<u>9,445,079</u>	<u>186,383,560</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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016**

	2017					2016	
	Budget	Actual	Variance Budget vs. Actual Positive/(Negative)	Encumbrances	Total (Actuals plus Encumbrances)	Variance Budget vs. Actuals plus Encumbrances Positive/(Negative)	Actual
<b>EDUCATION</b>							
Wake County Public Schools:							
Current expense	\$ 407,871,457	\$ 407,871,457	\$ -	\$ -	\$ 407,871,457	\$ -	\$ 383,970,977
Capital outlay	1,150,969	1,150,969	-	-	1,150,969	-	1,150,969
Other restricted	888,574	888,574	-	-	888,574	-	878,054
Total Wake County Public Schools	<u>409,911,000</u>	<u>409,911,000</u>	<u>-</u>	<u>-</u>	<u>409,911,000</u>	<u>-</u>	<u>386,000,000</u>
Wake Technical College:							
Current expense	19,800,000	19,800,000	-	-	19,800,000	-	19,416,000
Total Wake Technical College	<u>19,800,000</u>	<u>19,800,000</u>	<u>-</u>	<u>-</u>	<u>19,800,000</u>	<u>-</u>	<u>19,416,000</u>
Total Education	<u>429,711,000</u>	<u>429,711,000</u>	<u>-</u>	<u>-</u>	<u>429,711,000</u>	<u>-</u>	<u>405,416,000</u>
<b>COMMUNITY DEVELOPMENT AND CULTURAL</b>							
Administration	640,910	635,360	5,550	-	635,360	5,550	635,020
Parks and recreation	3,015,786	2,940,282	75,504	41,018	2,981,300	34,486	2,840,506
Building inspections	4,726,680	4,614,390	112,290	25,459	4,639,849	86,831	4,459,610
Veterans services	268,050	254,292	13,758	-	254,292	13,758	245,253
Geographic information services	1,834,954	1,829,319	5,635	5,000	1,834,319	635	1,756,351
Public libraries	<u>23,578,022</u>	<u>23,045,633</u>	<u>532,389</u>	<u>373,423</u>	<u>23,419,056</u>	<u>158,966</u>	<u>19,601,088</u>
Total Community Development	<u>34,064,402</u>	<u>33,319,276</u>	<u>745,126</u>	<u>444,900</u>	<u>33,764,176</u>	<u>300,226</u>	<u>29,537,828</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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016**

	2017					2016	
	Budget	Actual	Variance Budget vs. Actual Positive/(Negative)	Encumbrances	Total (Actuals plus Encumbrances)	Variance Budget vs. Actuals plus Encumbrances Positive/(Negative)	Actual
<b>ENVIRONMENTAL SERVICES</b>							
Environmental services	\$ 11,297,554	\$ 10,652,237	\$ 645,317	\$ 17,184	\$ 10,669,421	\$ 628,133	\$ 9,954,695
Total Environmental Services	<u>11,297,554</u>	<u>10,652,237</u>	<u>645,317</u>	<u>17,184</u>	<u>10,669,421</u>	<u>628,133</u>	<u>9,954,695</u>
<b>GENERAL SERVICES ADMINISTRATION</b>							
General services administration	<u>28,408,214</u>	<u>28,205,840</u>	<u>202,374</u>	<u>139,803</u>	<u>28,345,643</u>	<u>62,571</u>	<u>26,786,094</u>
Total General Services Administration	<u>28,408,214</u>	<u>28,205,840</u>	<u>202,374</u>	<u>139,803</u>	<u>28,345,643</u>	<u>62,571</u>	<u>26,786,094</u>
<b>PUBLIC SAFETY</b>							
Sheriff Department:							
Sheriff	39,991,101	39,559,642	431,459	29,391	39,589,033	402,068	38,468,586
Detention	<u>45,534,168</u>	<u>45,768,697</u>	<u>(234,529)</u>	<u>-</u>	<u>45,768,697</u>	<u>(234,529)</u>	<u>42,130,122</u>
Total Sheriff Department	<u>85,525,269</u>	<u>85,328,339</u>	<u>196,930</u>	<u>29,391</u>	<u>85,357,730</u>	<u>167,539</u>	<u>80,598,708</u>
CCBI	5,791,787	5,731,691	60,096	-	5,731,691	60,096	5,440,991
Emergency medical services	38,617,824	37,811,110	806,714	54,348	37,865,458	752,366	37,067,770
Fire services	1,856,369	1,754,794	101,575	10,830	1,765,624	90,745	1,606,442
Emergency management	902,455	814,176	88,279	26,940	841,116	61,339	754,243
Public safety communications	<u>1,122,783</u>	<u>1,024,050</u>	<u>98,733</u>	<u>2,000</u>	<u>1,026,050</u>	<u>96,733</u>	<u>1,153,644</u>
Total Public Safety	<u>133,816,487</u>	<u>132,464,160</u>	<u>1,352,327</u>	<u>123,509</u>	<u>132,587,669</u>	<u>1,228,818</u>	<u>126,621,798</u>
<b>TOTAL EXPENDITURES</b>	<u>905,417,416</u>	<u>889,030,596</u>	<u>16,386,820</u>	<u>2,012,169</u>	<u>891,042,765</u>	<u>14,374,651</u>	<u>843,293,631</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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016**

	2017		Variance Positive/(Negative)	2016
	Budget	Actual		Actual
REVENUES OVER EXPENDITURES	\$ 297,720,994	\$ 326,076,404	\$ 28,355,410	\$ 324,863,723
OTHER FINANCING SOURCES (USES):				
Transfers in	2,738,574	2,738,574	-	2,808,617
Transfers out	(309,277,263)	(309,277,263)	-	(296,829,617)
Sale of assets & materials	35,700	79,561	43,861	77,672
Total other financing sources (uses)	<u>(306,502,989)</u>	<u>(306,459,128)</u>	<u>43,861</u>	<u>(293,943,328)</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(8,781,995)	19,617,276	28,399,271	30,920,395
APPROPRIATED FUND BALANCE	<u>8,781,995</u>	<u>-</u>	<u>(8,781,995)</u>	<u>-</u>
REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>19,617,276</u>	<u>\$ 19,617,276</u>	<u>30,920,395</u>
FUND BALANCE AT BEGINNING OF YEAR		276,559,461		244,598,778
PRIOR PERIOD ADJUSTMENT		<u>-</u>		<u>1,040,288</u>
FUND BALANCE AT BEGINNING OF YEAR, RESTATED		<u>276,559,461</u>		<u>245,639,066</u>
FUND BALANCE AT END OF YEAR		296,176,737		276,559,461
LESS: EXPENDITURES ASSOCIATED WITH CAPITAL LEASE INCEPTION & CAPITAL DONATIONS		(26,472)		(5,027)
ADD: PROCEEDS OF CAPITAL LEASES & CAPITAL DONATIONS		<u>26,472</u>		<u>5,027</u>
TOTAL LEASE INCEPTIONS		<u>-</u>		<u>-</u>
FUND BALANCE AT END OF YEAR		<u>\$ 296,176,737</u>		<u>\$ 276,559,461</u>

***Combining and Individual Fund  
Statements and Schedules***

# 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, 2017**

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES:				
Intergovernmental	\$ 23,156,348	\$ 14,043,029	\$ 5,932,032	\$ 19,975,061
Charges for services	2,633,627	2,261,166	520,208	2,781,374
Investment earnings	195,928	248,672	272	248,944
Total Revenues	<u>25,985,903</u>	<u>16,552,867</u>	<u>6,452,512</u>	<u>23,005,379</u>
EXPENDITURES:				
Human Services				
County funded	4,032,382	2,216,683	496,114	2,712,797
Housing and community revitalization	20,015,017	12,074,610	3,921,729	15,996,339
Home grants	3,638,673	1,261,519	1,092,106	2,353,625
HOPWA grants	1,116,196	234,564	557,556	792,120
Total Expenditures	<u>28,802,268</u>	<u>15,787,376</u>	<u>6,067,505</u>	<u>21,854,881</u>
REVENUES OVER (UNDER) EXPENDITURES	(2,816,365)	765,491	385,007	1,150,498
OTHER FINANCING SOURCES (USES):				
Transfers in	4,679,455	3,679,455	1,000,000	4,679,455
Transfers out	(1,863,090)	-	(1,863,000)	(1,863,000)
Total Other Financing Sources (Uses)	<u>2,816,365</u>	<u>3,679,455</u>	<u>(863,000)</u>	<u>2,816,455</u>
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ 4,444,946</u>	(477,993)	<u>\$ 3,966,953</u>
FUND BALANCE AT BEGINNING OF YEAR (Non-GAAP)			<u>4,444,946</u>	
FUND BALANCE AT END OF YEAR (Non-GAAP)			<u>\$ 3,966,953</u>	
Reconciling items for GAAP presentation:				
Fund balance at beginning of year (GAAP)			25,764,590	
Loans issued			1,544,759	
Payments received on loan balances			(1,055,688)	
Change in estimate of loan portfolio allowance			<u>500,155</u>	
Total reconciling items:			<u>26,753,816</u>	
FUND BALANCE AT END OF YEAR (GAAP basis)			<u>\$ 26,275,823</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, 2017**

	2017	
	Budget	Actual
REVENUES:		
Taxes:		
Occupancy tax	\$ 25,377,000	\$ 24,618,429
Prepared food tax	27,648,000	27,578,837
Total taxes	53,025,000	52,197,266
Intergovernmental	-	500,000
Investment earnings	-	33,309
Total Revenues	53,025,000	52,730,575
EXPENDITURES:		
Raleigh hold harmless - occupancy	680,000	680,000
Cary hold harmless - occupancy	1,208,000	1,198,421
Greater Raleigh Convention and Visitors Bureau	6,289,000	6,239,357
Centennial Authority operations 7%	3,054,000	3,035,164
Centennial - Debt service	5,210,000	5,209,538
Raleigh annual distribution - \$1M	1,000,000	1,000,000
Convention Center	26,931,000	26,719,568
North Carolina Museum of Art	1,000,000	1,000,000
Centennial Authority Facility Improvements	1,500,000	1,500,000
Green Square	-	-
St. Augustine's	-	-
Cary Sports Venue	1,700,000	1,700,000
Unallocated	53,000	-
Total Expenditures	48,625,000	48,282,048
REVENUES OVER EXPENDITURES	4,400,000	4,448,527
OTHER FINANCING SOURCES (USES):		
Transfers out to General Fund	(1,400,000)	(1,400,000)
Transfers out to Capital Improvement Fund	(3,000,000)	(3,000,000)
Total Other Financing Sources (Uses)	(4,400,000)	(4,400,000)
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ -	48,527
FUND BALANCE AT BEGINNING OF YEAR		2,406,320
FUND BALANCE AT END OF YEAR		\$ 2,454,847

# 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, 2017**

	2017	
	Budget	Actual
REVENUES:		
Intergovernmental	\$ 12,783,015	\$ 12,284,268
Charges for services	-	11,500
Investment earnings	3,854,000	4,076,452
Total Revenues	<u>16,637,015</u>	<u>16,372,220</u>
EXPENDITURES:		
Debt service - schools	214,515,645	213,875,960
Debt service - community college	28,740,735	28,696,886
Debt service - other	37,694,574	36,773,980
Total Expenditures	<u>280,950,954</u>	<u>279,346,826</u>
REVENUES (UNDER) EXPENDITURES	<u>(264,313,939)</u>	<u>(262,974,606)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	255,869,954	255,869,954
Transfers out	(3,151,000)	(3,151,000)
Bonds issued	-	2,613
Refunding bonds issued	-	162,895,000
Payment to refunded escrow agent	-	(190,000,000)
Premiums on issuance	666,507	30,199,958
Total Other Financing Sources (Uses)	<u>253,385,461</u>	<u>255,816,525</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(10,928,478)	(7,158,081)
APPROPRIATED FUND BALANCE	<u>10,928,478</u>	<u>-</u>
REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>(7,158,081)</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>127,448,981</u>
FUND BALANCE AT END OF YEAR		<u>\$ 120,290,900</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, 2017

	Project Authorization	Actual		Total To Date
		Prior Years	Actual	
<b>REVENUES:</b>				
Taxes	\$ -	\$ 4,656	\$ 220	\$ 4,876
Intergovernmental	13,298,756	13,439,347	895,000	14,334,347
Charges for services	18,804,618	8,766,347	904,114	9,670,461
Investment earnings	19,550,641	17,766,612	941	17,767,553
Miscellaneous	13,329	123,407	363,009	486,416
<b>Total Revenues</b>	<b>51,667,344</b>	<b>40,100,369</b>	<b>2,163,284</b>	<b>42,263,653</b>
<b>EXPENDITURES:</b>				
Capital projects:				
Automation CIP	46,749,831	24,610,628	7,280,128	31,890,756
Community capital projects	2,105,000	1,265,000	600,000	1,865,000
County building improvements	64,791,559	41,029,107	7,084,395	48,113,502
Criminal justice CIP	384,754,833	379,772,006	1,327,640	381,099,646
Public libraries CIP	43,644,473	19,279,640	3,652,266	22,931,906
Open space	24,226,015	12,902,440	3,224,978	16,127,418
Parks and recreation CIP	7,424,580	5,271,422	379,278	5,650,700
Public safety CIP	48,877,713	14,585,696	6,531,036	21,116,732
Economic development	20,840,968	14,232,158	3,464,198	17,696,356
<b>Total Expenditures</b>	<b>643,414,972</b>	<b>512,948,097</b>	<b>33,543,919</b>	<b>546,492,016</b>
<b>REVENUES UNDER EXPENDITURES</b>	<b>(591,747,628)</b>	<b>(472,847,728)</b>	<b>(31,380,635)</b>	<b>(504,228,363)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	265,125,219	230,871,209	36,305,000	267,176,209
Transfers out	(34,746,127)	(32,246,127)	(2,500,000)	(34,746,127)
Bonds issued	30,694,083	30,568,230	33,700,000	64,268,230
Bond anticipation notes issued	17,906,000	-	-	-
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
Sale of assets and materials	317,530	2,167,350	278,850	2,446,200
<b>Total Other Financing Sources (Uses)</b>	<b>591,747,628</b>	<b>543,811,585</b>	<b>67,783,850</b>	<b>611,595,435</b>
<b>REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$ -</b>	<b>\$ 70,963,857</b>	<b>36,403,215</b>	<b>\$ 107,367,072</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			<b>70,963,857</b>	
<b>FUND BALANCE AT END OF YEAR</b>			<b>\$ 107,367,072</b>	

# 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, 2017**

	Project Authorization	Prior Years	Actual	
			Actual	Total To Date
REVENUES:				
Intergovernmental	\$ 20,971,782	\$ 34,504,150	\$ -	\$ 34,504,150
Investment earnings	68,538,737	69,057,948	41,172	69,099,120
Miscellaneous	4,328	4,328	-	4,328
Total Revenues	<u>89,514,847</u>	<u>103,566,426</u>	<u>41,172</u>	<u>103,607,598</u>
EXPENDITURES:				
Wake County Public Schools	<u>2,222,307,145</u>	<u>1,437,675,160</u>	<u>319,269,153</u>	<u>1,756,944,313</u>
Total Expenditures	<u>2,222,307,145</u>	<u>1,437,675,160</u>	<u>319,269,153</u>	<u>1,756,944,313</u>
REVENUES UNDER EXPENDITURES	<u>(2,132,792,298)</u>	<u>(1,334,108,734)</u>	<u>(319,227,981)</u>	<u>(1,653,336,715)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	311,560,017	297,624,533	25,097,000	322,721,533
Transfers out	(42,305,874)	(39,266,300)	(3,039,574)	(42,305,874)
Bonds issued	1,300,933,773	1,271,811,522	89,585,391	1,361,396,913
Bond anticipation notes issued	435,370,382	1,301,000	87,595,952	88,896,952
Drawdown installment notes issued	127,234,000	-	3,927,388	3,927,388
Premiums on issuance	-	116,844	-	116,844
Total Other Financing Sources (Uses)	<u>2,132,792,298</u>	<u>1,531,587,599</u>	<u>203,166,157</u>	<u>1,734,753,756</u>
REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ 197,478,865</u>	<u>(116,061,824)</u>	<u>\$ 81,417,041</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>197,478,865</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 81,417,041</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, 2017

	Project Authorization	Prior Years	Actual	
			Actual	Total To Date
REVENUES:				
Investment earnings	\$ 265,000	\$ 607,050	\$ 70	\$ 607,120
Total Revenues	<u>265,000</u>	<u>607,050</u>	<u>70</u>	<u>607,120</u>
EXPENDITURES:				
Wake Technical College	342,207,429	221,265,244	47,603,606	268,868,850
Total Expenditures	<u>342,207,429</u>	<u>221,265,244</u>	<u>47,603,606</u>	<u>268,868,850</u>
REVENUES UNDER EXPENDITURES	<u>(341,942,429)</u>	<u>(220,658,194)</u>	<u>(47,603,536)</u>	<u>(268,261,730)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	50,140,710	40,238,516	2,500,000	42,738,516
Bonds issued	229,410,231	226,814,768	-	226,814,768
Bond anticipation notes issued	62,173,759	-	11,332,585	11,332,585
Drawdown installment notes issued	-	-	691	691
Premiums on issuance	217,729	1,321,195	-	1,321,195
Total Other Financing Sources (Uses)	<u>341,942,429</u>	<u>268,374,479</u>	<u>13,833,276</u>	<u>282,207,755</u>
REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ 47,716,285</u>	<u>(33,770,260)</u>	<u>\$ 13,946,025</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>47,716,285</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 13,946,025</u>	

## **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.

The **Capital Area Workforce Development Fund** accounts for U.S. Department of Labor grant activities conducted within the Workforce Innovation and Opportunity Act 2014.

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.

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

# WAKE COUNTY, NORTH CAROLINA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of June 30, 2017

	Total Nonmajor Special Revenue	Total Nonmajor Capital Project	Total
<b>ASSETS</b>			
Cash and investments - pooled equity	\$ 6,595,839	\$ 20,273,745	\$ 26,869,584
Taxes receivable (net)	83,266	17,686	100,952
Accounts receivable (net)	157,922	-	157,922
Intergovernmental receivable (net)	4,863,422	-	4,863,422
Loans receivable (net)	-	311,239	311,239
Accrued interest receivable	9,761	37,913	47,674
Total assets	<u>\$ 11,710,210</u>	<u>\$ 20,640,583</u>	<u>\$ 32,350,793</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,149,214	\$ 408,150	\$ 2,557,364
Due to other governmental units	257	-	257
Internal balances (due to other funds)	1,861,201	-	1,861,201
Total liabilities	<u>4,010,672</u>	<u>408,150</u>	<u>4,418,822</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>108,239</u>	<u>-</u>	<u>108,239</u>
Fund balances:			
Restricted:			
Stabilization by state statute	1,612,218	7,713,239	9,325,457
Committed:			
Working capital	3,756,640	-	3,756,640
Assigned:			
Planned expenditures	2,222,441	7,897,407	10,119,848
Future capital projects	-	4,621,787	4,621,787
Total fund balances	<u>7,591,299</u>	<u>20,232,433</u>	<u>27,823,732</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,710,210</u>	<u>\$ 20,640,583</u>	<u>\$ 32,350,793</u>

# WAKE COUNTY, NORTH CAROLINA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended June 30, 2017

	Total Nonmajor Special Revenue	Total Nonmajor Capital Project	Total
<b>REVENUES:</b>			
Taxes	\$ 25,830,181	\$ -	\$ 25,830,181
Intergovernmental	13,324,465	-	13,324,465
Charges for services	4,711,371	84,999	4,796,370
Investment earnings	33,276	66,946	100,222
Miscellaneous	6,324	1,315	7,639
Total Revenues	<u>43,905,617</u>	<u>153,260</u>	<u>44,058,877</u>
<b>EXPENDITURES:</b>			
General government	143,119	-	143,119
Human services	15,836,362	-	15,836,362
Community development and cultural	50,696	539,275	589,971
Environmental services	29,232	-	29,232
Public safety	23,484,184	3,126,060	26,610,244
General services administration	14,206	-	14,206
Total Expenditures	<u>39,557,799</u>	<u>3,665,335</u>	<u>43,223,134</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>4,347,818</u>	<u>(3,512,075)</u>	<u>835,743</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	542,263	5,850,453	6,392,716
Transfers out	(3,930,407)	(1,581,000)	(5,511,407)
Installment purchases issued	-	2,063,158	2,063,158
Sale of assets and materials	62,126	-	62,126
Total Other Financing Sources (Uses)	<u>(3,326,018)</u>	<u>6,332,611</u>	<u>3,006,593</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,021,800	2,820,536	3,842,336
FUND BALANCE AT BEGINNING OF YEAR	<u>6,569,499</u>	<u>17,411,897</u>	<u>23,981,396</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 7,591,299</u></u>	<u><u>\$ 20,232,433</u></u>	<u><u>\$ 27,823,732</u></u>

# WAKE COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
As of June 30, 2017**

	Grants Fund	Capital Area Workforce Development	Fire Tax District	Transportation	Total
<b>ASSETS</b>					
Cash and investments - pooled equity	\$ 2,105,151	\$ -	\$ 4,490,688	\$ -	\$ 6,595,839
Taxes receivable, net	-	-	83,266	-	83,266
Accounts receivable, net	46,621	78,497	-	32,804	157,922
Intergovernmental receivable (net)	184,146	1,949,157	197,395	2,532,724	4,863,422
Accrued interest receivable	1,467	-	11,206	(2,912)	9,761
Total assets	<u>\$ 2,337,385</u>	<u>\$ 2,027,654</u>	<u>\$ 4,782,555</u>	<u>\$ 2,562,616</u>	<u>\$ 11,710,210</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 261,821	\$ 1,156,541	\$ 115,671	\$ 615,181	\$ 2,149,214
Due to other governmental units	-	257	-	-	257
Internal balances (due to other funds)	-	676,074	-	1,185,127	1,861,201
Total liabilities	<u>261,821</u>	<u>1,832,872</u>	<u>115,671</u>	<u>1,800,308</u>	<u>4,010,672</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>108,239</u>	<u>-</u>	<u>108,239</u>
Fund balances:					
Restricted:					
Stabilization by state statute	471,500	194,782	183,628	762,308	1,612,218
Committed:					
Working capital	-	-	3,756,640	-	3,756,640
Assigned:					
Planned expenditures	1,604,064	-	618,377	-	2,222,441
Total fund balances	<u>2,075,564</u>	<u>194,782</u>	<u>4,558,645</u>	<u>762,308</u>	<u>7,591,299</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,337,385</u>	<u>\$ 2,027,654</u>	<u>\$ 4,782,555</u>	<u>\$ 2,562,616</u>	<u>\$ 11,710,210</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, 2017

	Grants Fund	Capital Area Workforce Development	Fire Tax District	Transportation	Total
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ 25,830,181	\$ -	\$ 25,830,181
Intergovernmental	3,777,238	7,265,792	-	2,281,435	13,324,465
Charges for services	118,008	48,212	-	4,545,151	4,711,371
Investment earnings	1,966	-	32,896	(1,586)	33,276
Miscellaneous	6,324	-	-	-	6,324
Total Revenues	<u>3,903,536</u>	<u>7,314,004</u>	<u>25,863,077</u>	<u>6,825,000</u>	<u>43,905,617</u>
<b>EXPENDITURES:</b>					
General government	143,119	-	-	-	143,119
Human services	2,210,185	7,101,510	-	6,524,667	15,836,362
Community development and cultural	50,696	-	-	-	50,696
Environmental services	29,232	-	-	-	29,232
Public safety	2,102,968	-	21,381,216	-	23,484,184
General services administration	14,206	-	-	-	14,206
Total Expenditures	<u>4,550,406</u>	<u>7,101,510</u>	<u>21,381,216</u>	<u>6,524,667</u>	<u>39,557,799</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(646,870)</u>	<u>212,494</u>	<u>4,481,861</u>	<u>300,333</u>	<u>4,347,818</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	542,263	-	-	-	542,263
Transfers out	-	-	(3,930,407)	-	(3,930,407)
Sale of assets and materials	-	-	-	62,126	62,126
Total Other Financing Sources (Uses)	<u>542,263</u>	<u>-</u>	<u>(3,930,407)</u>	<u>62,126</u>	<u>(3,326,018)</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(104,607)</u>	<u>212,494</u>	<u>551,454</u>	<u>362,459</u>	<u>1,021,800</u>
FUND BALANCE AT BEGINNING 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>
FUND BALANCE AT END OF YEAR	<u>\$ 2,075,564</u>	<u>\$ 194,782</u>	<u>\$ 4,558,645</u>	<u>\$ 762,308</u>	<u>\$ 7,591,299</u>

# WAKE COUNTY, NORTH CAROLINA

## COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECT FUNDS As of June 30, 2017

	Fire Capital Projects Fund	Major Facilities Capital Trust Fund	Total
<b>ASSETS</b>			
Cash and investments - pooled equity	\$ 9,572,023	\$ 10,701,722	\$ 20,273,745
Taxes receivable (net)	-	17,686	17,686
Loans receivable	-	311,239	311,239
Accrued interest receivable	17,548	20,365	37,913
Total assets	<u>\$ 9,589,571</u>	<u>\$ 11,051,012</u>	<u>\$ 20,640,583</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 385,678	\$ 22,472	\$ 408,150
Total liabilities	<u>385,678</u>	<u>22,472</u>	<u>408,150</u>
Fund balances:			
Restricted:			
Stabilization by state statute	3,485,327	4,227,912	7,713,239
Assigned:			
Planned expenditures	2,245,352	5,652,055	7,897,407
Future capital projects	3,473,214	1,148,573	4,621,787
Total fund balances	<u>9,203,893</u>	<u>11,028,540</u>	<u>20,232,433</u>
Total liabilities and fund balances	<u>\$ 9,589,571</u>	<u>\$ 11,051,012</u>	<u>\$ 20,640,583</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, 2017

	Fire Capital Projects Fund	Major Facilities Capital Trust Fund	Total
<b>REVENUES:</b>			
Charges for services	\$ 61,564	\$ 23,435	\$ 84,999
Investment earnings	34,829	32,117	66,946
Miscellaneous	-	1,315	1,315
Total Revenues	<u>96,393</u>	<u>56,867</u>	<u>153,260</u>
<b>EXPENDITURES:</b>			
Capital Projects:			
Community development and cultural	-	539,275	539,275
Public safety	3,126,060	-	3,126,060
Total Expenditures	<u>3,126,060</u>	<u>539,275</u>	<u>3,665,335</u>
REVENUES (UNDER)			
EXPENDITURES	(3,029,667)	(482,408)	(3,512,075)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	2,850,453	3,000,000	5,850,453
Transfers out	(777,000)	(804,000)	(1,581,000)
Installment purchases issued	2,063,158	-	2,063,158
Total Other Financing Sources (Uses)	<u>4,136,611</u>	<u>2,196,000</u>	<u>6,332,611</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,106,944	1,713,592	2,820,536
FUND BALANCES AT BEGINNING OF YEAR	<u>8,096,949</u>	<u>9,314,948</u>	<u>17,411,897</u>
FUND BALANCES AT END OF YEAR	<u>\$ 9,203,893</u>	<u>\$ 11,028,540</u>	<u>\$ 20,232,433</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, 2017**

	Project Authorization	Actual		Total To Date
		Prior Years	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 27,262,811	\$ 22,918,532	\$ 3,777,238	\$ 26,695,770
Charges for services	1,950,790	1,029,976	118,008	1,147,984
Fines and forfeitures	62,045	62,045	-	62,045
Investment earnings	8,257	42,679	1,966	44,645
Miscellaneous	659,963	185,145	6,324	191,469
<b>Total Revenues</b>	<b>29,943,866</b>	<b>24,238,377</b>	<b>3,903,536</b>	<b>28,141,913</b>
<b>EXPENDITURES:</b>				
General administration	690,880	468,124	143,119	611,243
Human services	18,010,229	13,949,013	2,210,185	16,159,198
Community development	863,788	602,814	50,696	653,510
Public safety	10,075,669	6,401,440	2,102,968	8,504,408
Environmental services	753,120	515,403	29,232	544,635
General services administration	202,748	162,483	14,206	176,689
<b>Total Expenditures</b>	<b>30,596,434</b>	<b>22,099,277</b>	<b>4,550,406</b>	<b>26,649,683</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(652,568)</b>	<b>2,139,100</b>	<b>(646,870)</b>	<b>1,492,230</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	882,559	340,296	542,263	882,559
Transfers out	(300,000)	(300,000)	-	(300,000)
Sale of assets and materials	-	775	-	775
<b>Total Other Financing Sources (Uses)</b>	<b>582,559</b>	<b>41,071</b>	<b>542,263</b>	<b>583,334</b>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(70,009)</b>	<b>2,180,171</b>	<b>(104,607)</b>	<b>2,075,564</b>
<b>FUND BALANCE APPROPRIATED</b>	<b>70,009</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER EXPENDITURES AND OTHER USES</b>	<b>\$ -</b>	<b>\$ 2,180,171</b>	<b>(104,607)</b>	<b>\$ 2,075,564</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			<b>2,180,171</b>	
<b>FUND BALANCE AT END OF YEAR</b>			<b>\$ 2,075,564</b>	

# 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, 2017

	Project Authorization	Actual		Total To Date
		Prior Years	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 21,298,236	\$ 9,473,836	\$ 7,265,792	\$ 16,739,628
Charges for services	173,579	129,596	48,212	177,808
Miscellaneous	11,596	15,693	-	15,693
<b>Total Revenues</b>	<b>21,483,411</b>	<b>9,619,125</b>	<b>7,314,004</b>	<b>16,933,129</b>
<b>EXPENDITURES:</b>				
Title I - Adult	4,409,302	2,122,219	2,140,685	4,262,904
Title I - Dislocated Workers	1,712,600	720,783	914,955	1,635,738
Title I - Youth	4,294,331	2,775,132	1,593,366	4,368,498
Statewide activities	1,201,772	1,018,693	134,609	1,153,302
Dislocated Worker - supplemental	1,175,461	752,340	400,000	1,152,340
WIOA administration	2,724,672	584,851	544,679	1,129,530
AmeriCorps	1,015,207	633,880	142,921	776,801
National emergency grants	2,572,805	964,981	974,256	1,939,237
Special grants	386,000	63,958	128,205	192,163
Wake Tech DOL Grants	1,991,261	-	127,834	127,834
<b>Total Expenditures</b>	<b>21,483,411</b>	<b>9,636,837</b>	<b>7,101,510</b>	<b>16,738,347</b>
<b>REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER EXPENDITURES AND OTHER USES</b>				
	\$ -	\$ (17,712)	212,494	\$ 194,782
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			<u>(17,712)</u>	
<b>FUND BALANCE AT END OF YEAR</b>			<u>\$ 194,782</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, 2017**

	2017	
	Budget	Actual
REVENUES:		
Taxes - ad valorem property	\$ 25,423,000	\$ 25,830,181
Investment earnings	15,000	32,896
Total Revenues	25,438,000	25,863,077
EXPENDITURES:		
Public Safety:		
Rural/Municipal fire districts	21,516,369	21,381,216
Total Expenditures	21,516,369	21,381,216
REVENUES OVER EXPENDITURES	3,921,631	4,481,861
OTHER FINANCING SOURCES (USES):		
Transfers out	(3,930,407)	(3,930,407)
Total Other Financing Sources (Uses)	(3,930,407)	(3,930,407)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	(8,776)	551,454
APPROPRIATED FUND BALANCE	8,776	-
REVENUES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	\$ -	551,454
FUND BALANCE AT BEGINNING OF YEAR		4,007,191
FUND BALANCE AT END OF YEAR		\$ 4,558,645

# WAKE COUNTY, NORTH CAROLINA

**TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	2017	
	Budget	Actual
REVENUES:		
Intergovernmental	\$ 1,975,880	\$ 2,281,435
Charges for services	5,450,015	4,545,151
Investment earnings	-	(1,586)
Miscellaneous	118,000	-
Total Revenues	<u>7,543,895</u>	<u>6,825,000</u>
EXPENDITURES:		
Human services	<u>8,071,632</u>	<u>6,524,667</u>
Total Expenditures	<u>8,071,632</u>	<u>6,524,667</u>
REVENUES OVER EXPENDITURES	(527,737)	300,333
OTHER FINANCING SOURCES (USES):		
Sale of assets and materials	<u>16,979</u>	<u>62,126</u>
Total Other Financing Sources (Uses)	<u>16,979</u>	<u>62,126</u>
REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	(510,758)	362,459
APPROPRIATED FUND BALANCE	<u>510,758</u>	<u>-</u>
REVENUES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	362,459
FUND BALANCE AT BEGINNING OF YEAR		<u>399,849</u>
FUND BALANCE AT END OF YEAR		<u>\$ 762,308</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, 2017**

	Project Authorization	Actual		
		Prior Years	Current Year	Total To Date
<b>REVENUES:</b>				
Charges for services	\$ 1,549,723	\$ 359,090	\$ 61,564	\$ 420,654
Investment earnings	72,000	279,332	34,829	314,161
Miscellaneous	80,455	80,455	-	80,455
Total Revenues	<u>1,702,178</u>	<u>718,877</u>	<u>96,393</u>	<u>815,270</u>
<b>EXPENDITURES:</b>				
Capital projects:				
Fire and rescue CIP	19,660,025	6,845,827	3,126,060	9,971,887
Total Expenditures	<u>19,660,025</u>	<u>6,845,827</u>	<u>3,126,060</u>	<u>9,971,887</u>
REVENUES UNDER EXPENDITURES	<u>(17,957,847)</u>	<u>(6,126,950)</u>	<u>(3,029,667)</u>	<u>(9,156,617)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	17,442,817	13,723,353	2,850,453	16,573,806
Transfers out	(1,614,072)	(837,072)	(777,000)	(1,614,072)
Installment purchases issued	2,123,230	1,320,072	2,063,158	3,383,230
Sale of assets and materials	5,872	17,546	-	17,546
Total Other Financing Sources (Uses)	<u>17,957,847</u>	<u>14,223,899</u>	<u>4,136,611</u>	<u>18,360,510</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ 8,096,949</u>	1,106,944	<u>\$ 9,203,893</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>8,096,949</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 9,203,893</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, 2017**

	Project Authorization	Actual		
		Prior Years	Current Year	Total To Date
<b>REVENUES:</b>				
Charges for services	\$ 5,260,263	\$ 8,609,927	\$ 23,435	\$ 8,633,362
Investment earnings	-	249,328	32,117	281,445
Miscellaneous	495,000	674,266	1,315	675,581
<b>Total Revenues</b>	<b>5,755,263</b>	<b>9,533,521</b>	<b>56,867</b>	<b>9,590,388</b>
<b>EXPENDITURES:</b>				
Capital projects:				
Community development and cultural	21,286,268	13,624,066	539,275	14,163,341
<b>Total Expenditures</b>	<b>21,286,268</b>	<b>13,624,066</b>	<b>539,275</b>	<b>14,163,341</b>
<b>REVENUES UNDER EXPENDITURES</b>	<b>(15,531,005)</b>	<b>(4,090,545)</b>	<b>(482,408)</b>	<b>(4,572,953)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	15,921,005	13,063,651	3,000,000	16,063,651
Transfers out	(1,062,000)	(258,000)	(804,000)	(1,062,000)
Installment purchases issued	600,000	599,842	-	599,842
<b>Total Other Financing Sources (Uses)</b>	<b>15,459,005</b>	<b>13,405,493</b>	<b>2,196,000</b>	<b>15,601,493</b>
<b>APPROPRIATED FUND BALANCE</b>	<b>72,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$ -</b>	<b>\$ 9,314,948</b>	<b>1,713,592</b>	<b>\$ 11,028,540</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			<b>9,314,948</b>	
<b>FUND BALANCE AT END OF YEAR</b>			<b>\$ 11,028,540</b>	

# 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, 2017**

	Solid Waste Operating Fund	Solid Waste Capital Project	June 30, 2017	June 30, 2016
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ 16,719,525	\$ 17,161,396	\$ 33,880,921	\$ 29,715,862
Cash and investments - reserved	12,636,224	-	12,636,224	15,987,539
Accounts receivable (net)	1,035,313	2,720	1,038,033	752,188
Internal balance (due from other funds)	290,992	-	290,992	474,614
Prepaid expenses	1,400	-	1,400	1,400
Accrued interest receivable	67,792	39,458	107,250	54,400
Total assets	<u>\$ 30,751,246</u>	<u>\$ 17,203,574</u>	<u>\$ 47,954,820</u>	<u>\$ 46,986,003</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,258,804	\$ 691,317	\$ 1,950,121	\$ 1,999,275
Internal balance (due to other funds)	145,855	-	145,855	152,074
Closure/post-closure care reserves	12,636,224	-	12,636,224	15,987,539
Total liabilities	<u>14,040,883</u>	<u>691,317</u>	<u>14,732,200</u>	<u>18,138,888</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>68,242</u>	<u>-</u>	<u>68,242</u>	<u>67,195</u>
Fund balances:				
Non-spendable:				
Prepaid expenditures	1,400	-	1,400	1,400
Restricted:				
Stabilization by state statute	1,330,479	13,757,450	15,087,929	2,057,333
White goods	3,292,653	-	3,292,653	3,105,771
Assigned:				
Planned expenditures	-	-	-	10,598,755
Future capital projects	-	2,754,807	2,754,807	5,982,337
Unassigned	12,017,589	-	12,017,589	7,034,324
Total fund balances	<u>16,642,121</u>	<u>16,512,257</u>	<u>33,154,378</u>	<u>28,779,920</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 30,751,246</u>	<u>\$ 17,203,574</u>	<u>\$ 47,954,820</u>	<u>\$ 46,986,003</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, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		2016
	Budget	Actual	Actual
REVENUES:			
Intergovernmental	\$ 1,853,313	\$ 2,097,102	\$ 1,899,590
Charges for services	9,069,827	9,130,375	8,963,342
Licenses and permits	6,900	8,700	2,907
Investment earnings	90,059	112,158	214,637
Miscellaneous	2,216,470	1,906,700	1,383,856
Total Revenues	<u>13,236,569</u>	<u>13,255,035</u>	<u>12,464,332</u>
EXPENDITURES:			
Cost of service	11,326,815	6,119,414	11,573,504
Administration	2,200,185	1,885,752	1,792,918
Total Expenditures	<u>13,527,000</u>	<u>8,005,166</u>	<u>13,366,422</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(290,431)</u>	<u>5,249,869</u>	<u>(902,090)</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, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		2016
	Budget	Actual	Actual
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	1,032,390	1,032,390	1,022,799
Transfers out	(1,445,035)	(1,445,035)	(450,000)
Total Other Financing Sources (Uses)	(412,645)	(412,645)	572,799
REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (703,076)</u>	<u>\$ 4,837,224</u>	<u>\$ (329,291)</u>
Reconciliation from budgetary basis of modified accrual to full accrual basis:			
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES:		\$ 4,837,224	\$ (329,291)
Reconciling items:			
Compensated absences expenses		(3,791)	9,392
OPEB expenses		(40,055)	(33,008)
Risk management expenses		4,662	(8,873)
Pension expenses		(20,514)	28,067
Net increase/(decrease) in deferred revenue - charges for services		1,507	36
Net increase in deferred revenue - miscellaneous revenue		-	(66,493)
Intergovernmental earnings - Construction Fund		-	65,000
Investment earnings - Construction Fund		64,756	136,967
Expenditures - Construction Fund		(1,522,557)	(2,850,310)
Transfers In - Construction Fund		995,035	-
Capital lease adjustments		-	3,777
Acquisition of capital assets		1,146,773	2,281,155
Disposal of capital assets		-	(37,827)
Depreciation and depletion		(647,607)	(709,257)
Change in net position		<u>\$ 4,815,433</u>	<u>\$ (1,510,665)</u>

# WAKE COUNTY, NORTH CAROLINA

## SOLID WASTE CAPITAL FUND SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP BASIS) From Project Inception Through June 30, 2017

	Project Authorization	Actual		
		Prior Years	Current Year	Total To Date
<b>REVENUES:</b>				
Investment earnings	\$ 1,431,000	\$ 1,763,219	\$ 64,756	\$ 1,827,975
Miscellaneous	7,042,206	15,275	-	15,275
Total Revenues	8,473,206	1,778,494	64,756	1,843,250
<b>EXPENDITURES:</b>				
Enterprise infrastructure	32,136,060	9,626,292	1,088,300	10,714,592
Other	-	927,929	434,257	1,362,186
Total Expenditures	32,136,060	10,554,221	1,522,557	12,076,778
REVENUES OVER (UNDER) EXPENDITURES	(23,662,854)	(8,775,727)	(1,457,801)	(10,233,528)
<b>OTHER FINANCING SOURCES AND USES:</b>				
Transfers in	23,662,854	25,750,750	995,035	26,745,785
Total other financing sources and uses	23,662,854	25,750,750	995,035	26,745,785
REVENUES, AND OTHER SOURCES, OVER (UNDER) EXPENDITURES AND OTHER USES	\$ -	\$ 16,975,023	(462,766)	\$ 16,512,257
Fund Balance at the beginning of the year			16,975,023	
FUND BALANCE AT THE END OF THE YEAR			\$ 16,512,257	

# WAKE COUNTY, NORTH CAROLINA

**BUDGETARY COMBINING BALANCE SHEET  
SOUTH WAKE LANDFILL PARTNERSHIP FUND (NON-GAAP)  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
As of June 30, 2017**

	South Wake Landfill	East Wake Transfer Station	June 30, 2017	June 30, 2016
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ 4,069,398	\$ -	\$ 4,069,398	\$ 4,256,475
Cash and investments - reserved	11,224,746	846,242	12,070,988	10,155,499
Cash and investments - cash equivalents	450	300	750	750
Accounts receivable (net)	492,049	1,065,544	1,557,593	1,927,521
Internal balance (due from other funds)	62,891	82,964	145,855	237,571
Accrued interest receivable	21,456	17,959	39,415	18,630
Total assets	<u>\$ 15,870,990</u>	<u>\$ 2,013,009</u>	<u>\$ 17,883,999</u>	<u>\$ 16,596,446</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,922,985	\$ 919,187	\$ 2,842,172	\$ 678,573
Due to other governmental units	1,399,938	-	1,399,938	3,213,096
Internal balance (due to other funds)	290,992	-	290,992	560,111
Construction reserves	-	1,058,458	1,058,458	919,528
Closure/post-closure care reserves	11,224,746	-	11,224,746	10,155,499
Total liabilities	<u>14,838,661</u>	<u>1,977,645</u>	<u>16,816,306</u>	<u>15,526,807</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>29,664</u>	<u>33,969</u>	<u>63,633</u>	<u>55,081</u>
Fund balances:				
Restricted:				
Stabilization by state statute	546,732	1,395	548,127	641,400
Assigned:				
Planned expenditures	455,933	-	455,933	373,158
Total fund balances	<u>1,002,665</u>	<u>1,395</u>	<u>1,004,060</u>	<u>1,014,558</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,870,990</u>	<u>\$ 2,013,009</u>	<u>\$ 17,883,999</u>	<u>\$ 16,596,446</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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016**

	June 30, 2017						June 30, 2016
	South Wake Landfill		East Wake Transfer Station		Total		Total
	Budget	Actual	Budget	Actual	Budget	Actual	Actual
REVENUES:							
Charges for services	\$ 13,214,759	\$ 5,564,645	\$ 3,259,790	\$ 10,706,447	\$ 16,474,549	\$ 16,271,092	\$ 16,201,710
Investment earnings	75,451	31,631	-	9,173	75,451	40,804	104,803
Total Revenues	<u>13,290,210</u>	<u>5,596,276</u>	<u>3,259,790</u>	<u>10,715,620</u>	<u>16,550,000</u>	<u>16,311,896</u>	<u>16,306,513</u>
EXPENDITURES:							
Cost of service	8,032,412	7,771,400	3,532,545	3,214,552	11,564,957	10,985,952	10,781,970
Administration	247,327	167,695	640,746	587,313	888,073	755,008	811,006
Partner rebates	3,064,580	3,549,044	-	-	3,064,580	3,549,044	3,687,710
Total Expenditures	<u>11,344,319</u>	<u>11,488,139</u>	<u>4,173,291</u>	<u>3,801,865</u>	<u>15,517,610</u>	<u>15,290,004</u>	<u>15,280,686</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,945,891</u>	<u>(5,891,863)</u>	<u>(913,501)</u>	<u>6,913,755</u>	<u>1,032,390</u>	<u>1,021,892</u>	<u>1,025,827</u>
OTHER FINANCING SOURCES (USES):							
Intrafund transfers in	-	6,743,911	-	-	-	6,743,911	6,814,434
Intrafund transfers out	-	-	-	(6,743,911)	-	(6,743,911)	(6,814,434)
Transfers out	<u>(862,546)</u>	<u>(862,546)</u>	<u>(169,844)</u>	<u>(169,844)</u>	<u>(1,032,390)</u>	<u>(1,032,390)</u>	<u>(1,022,799)</u>
Total Other Financing Sources (Uses)	<u>(862,546)</u>	<u>5,881,365</u>	<u>(169,844)</u>	<u>(6,913,755)</u>	<u>(1,032,390)</u>	<u>(1,032,390)</u>	<u>(1,022,799)</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 1,083,345</u>	<u>\$ (10,498)</u>	<u>\$ (1,083,345)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,498)</u>	<u>\$ 3,028</u>
Reconciliation from budgetary basis of modified accrual to full accrual basis:							
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES						(10,498)	3,028
Reconciling items							
Net change in deferred revenue						8,253	53,299
Compensated absences expenses						(2,043)	(3,144)
OPEB expenses						(13,353)	(11,001)
Risk management expenses						1,196	(733)
Pension expenses						(4,098)	5,129
Change in net position						<u>\$ (20,543)</u>	<u>\$ 46,578</u>

# WAKE COUNTY, NORTH CAROLINA

**BUDGETARY BALANCE SHEET  
CORPORATE FLEET FUND (NON-GAAP)  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
As of June 30, 2017**

	June 30, 2017	June 30, 2016
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and investments - pooled equity	\$ 3,537,584	\$ 3,075,165
Accounts receivable (net)	21,456	23,915
Prepaid expenses	-	4,675
Accrued interest receivable	8,843	4,003
Inventories	167,638	170,285
	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 3,735,521</u>	<u>\$ 3,278,043</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 584,185	\$ 466,023
	<u>          </u>	<u>          </u>
Fund Balances:		
Non-spendable:		
Inventories	167,638	170,285
Prepaid expenditures	-	4,675
Restricted:		
Stabilization by state statute	553,390	706,758
Assigned:		
Planned expenditures	705,334	215,113
Unassigned	1,724,974	1,715,189
	<u>          </u>	<u>          </u>
Total Fund Balances	<u>3,151,336</u>	<u>2,812,020</u>
	<u>          </u>	<u>          </u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,735,521</u>	<u>\$ 3,278,043</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, 2017

	2017		2016
	Budget	Actual	Actual
<b>REVENUES:</b>			
Charges for services	\$ 7,852,752	\$ 7,819,684	\$ 7,701,914
Miscellaneous	3,066	3,325	561,969
Intergovernmental	-	-	26,682
Investment earnings	20,000	12,398	28,814
Sale of assets and materials	348,069	537,802	-
Total Revenues	<u>8,223,887</u>	<u>8,373,209</u>	<u>8,319,379</u>
<b>EXPENDITURES:</b>			
Cost of service	7,862,653	7,016,086	7,425,580
Administration	1,468,763	1,306,806	1,195,560
Reserves	99,339	-	-
Total Expenditures	<u>9,430,755</u>	<u>8,322,892</u>	<u>8,621,140</u>
REVENUES UNDER EXPENDITURES	<u>(1,206,868)</u>	<u>50,317</u>	<u>(301,761)</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in	289,000	289,000	-
Total Other Financing Sources	<u>289,000</u>	<u>289,000</u>	<u>-</u>
APPROPRIATED FUND BALANCE	<u>917,868</u>	<u>-</u>	<u>-</u>
REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>339,317</u>	<u>(301,761)</u>
Reconciliation from budgetary basis of modified accrual to full accrual basis:			
REVENUES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES		\$ 339,317	\$ (301,761)
Reconciling items			
Net change in deferred revenue		-	(309)
Compensated absences expenses		5,191	(10,595)
OPEB expenses		(104,215)	(37,409)
Risk management expenses		18,897	(6,008)
Pension expenses		(18,665)	23,281
Acquisition of capital assets		3,565,137	4,096,183
Disposal of capital assets		(85,531)	(146,294)
Depreciation of capital assets		<u>(3,488,115)</u>	<u>(3,314,206)</u>
Change in net position		<u>\$ 232,016</u>	<u>\$ 302,882</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, 2017**

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<b>MUNICIPAL TAX FUND</b>				
ASSETS				
Cash and investments - pooled equity	\$ 6,716	\$ 495,896,688	\$ (495,791,659)	\$ 111,745
Accounts receivable	4,069,467	4,540,127	(4,282,590)	4,327,004
Total assets	<u>\$ 4,076,183</u>	<u>\$ 500,436,815</u>	<u>\$ (500,074,249)</u>	<u>\$ 4,438,749</u>
LIABILITIES				
Other liabilities	\$ 21,545	\$ 490,681,801	\$ (490,580,717)	\$ 122,629
Due to other governmental units	4,054,638	4,310,647	(4,049,165)	4,316,120
Total liabilities	<u>\$ 4,076,183</u>	<u>\$ 494,992,448</u>	<u>\$ (494,629,882)</u>	<u>\$ 4,438,749</u>
<b>HUMAN SERVICES FUND</b>				
ASSETS				
Cash and investments - pooled equity	\$ 321,864	\$ 3,072,869	\$ (2,968,585)	\$ 426,148
Accounts receivable	4,705	5,187	(4,705)	5,187
Accrued interest receivable	535	1,276	(535)	1,276
Total assets	<u>\$ 327,104</u>	<u>\$ 3,079,332</u>	<u>\$ (2,973,825)</u>	<u>\$ 432,611</u>
LIABILITIES				
Other liabilities	<u>\$ 327,104</u>	<u>\$ 8,866,448</u>	<u>\$ (8,760,941)</u>	<u>\$ 432,611</u>

# WAKE COUNTY, NORTH CAROLINA

## AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES For the Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<b>FINES AND FORFEITURES</b>				
ASSETS				
Cash and investments - pooled equity	\$ 213,476	\$ 2,577,888	\$ (2,726,621)	\$ 64,743
Accounts receivable	20,133	17,177	(20,133)	17,177
Accrued interest	259	151	(259)	151
Total assets	<u>\$ 233,868</u>	<u>\$ 2,595,216</u>	<u>\$ (2,747,013)</u>	<u>\$ 82,071</u>
LIABILITIES				
Other liabilities	<u>\$ 233,868</u>	<u>\$ 2,557,496</u>	<u>\$ (2,709,293)</u>	<u>\$ 82,071</u>
 <b>TOTAL - ALL AGENCY FUNDS</b>				
ASSETS				
Cash and investments - pooled equity	\$ 542,056	\$ 501,547,445	\$ (501,486,865)	\$ 602,636
Accounts receivable	4,094,305	4,562,491	(4,307,428)	4,349,368
Accrued interest receivable	794	1,427	(794)	1,427
Total assets	<u>\$ 4,637,155</u>	<u>\$ 506,111,363</u>	<u>\$ (505,795,087)</u>	<u>\$ 4,953,431</u>
LIABILITIES				
Other liabilities	\$ 582,517	\$ 502,105,745	\$ (502,050,951)	\$ 637,311
Due to other governmental units	4,054,638	4,310,647	(4,049,165)	4,316,120
Total liabilities	<u>\$ 4,637,155</u>	<u>\$ 506,416,392</u>	<u>\$ (506,100,116)</u>	<u>\$ 4,953,431</u>

# WAKE COUNTY, NORTH CAROLINA

## SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND CATEGORY As of June 30, 2017

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	\$ 6,202,156	\$ 587,558	\$ 23,434,627	\$ 340,990	\$ -	\$ 110,644,470
Human services	5,112,406	83,917,304	210,000	1,164,020	2,974,034	1,881,253	-	-	95,259,017
Education	1,336,910	30,878,187	3,947,902	-	-	-	-	-	36,162,999
Community development	98,268,924	100,488,709	506,715	1,370,384	132,595	-	369,318	-	201,136,645
Environmental services	17,145,437	4,979,210	-	148,305	227,487	-	22,330,623	-	44,831,062
Public safety	7,471,299	513,175,644	11,893,262	18,383,521	13,319,573	-	-	-	564,243,299
General services administration	64,740	818,786	275,889	4,655,208	27,579,164	-	616,014	-	34,009,801
Construction in progress	-	-	-	-	-	-	-	25,235,367	25,235,367
Total Governmental Capital Assets	<u>\$ 141,642,812</u>	<u>\$ 798,388,121</u>	<u>\$ 20,539,530</u>	<u>\$ 31,923,594</u>	<u>\$ 44,820,411</u>	<u>\$ 25,315,880</u>	<u>\$ 23,656,945</u>	<u>\$ 25,235,367</u>	<u>\$ 1,111,522,660</u>

# WAKE COUNTY, NORTH CAROLINA

## SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT

As of June 30, 2017

	Date of Issue	Interest Rate	Amount Issued	Debt Outstanding June 30, 2016	Net Additions (Retirements)	Debt Outstanding June 30, 2017
GENERAL OBLIGATION BONDS:						
2003B Public improvement bonds	04/08/03	variable	\$ 55,000,000	\$ 45,000,000	\$ (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	9,810,000	(9,810,000)	-
2007 Public improvement bonds	03/08/07	4.25-5.00%	455,000,000	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	18,000,000	(6,000,000)	12,000,000
2009B Public improvement bonds	04/01/09	4.00-5.00%	300,000,000	202,000,000	(26,000,000)	176,000,000
2009D Refunding	06/16/09	3.00-4.00%	168,980,000	44,715,000	(34,465,000)	10,250,000
2010A Public improvement bonds	03/30/10	3.00-5.00%	86,295,000	46,445,000	(6,635,000)	39,810,000
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	351,690,000	(9,630,000)	342,060,000
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	9,475,000	(1,895,000)	7,580,000
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	86,100,000	(6,150,000)	79,950,000
2012A School Bonds	02/08/12	3.00-5.00%	96,790,000	76,500,000	(5,100,000)	71,400,000
2012B Refunding	02/08/12	5.00%	75,290,000	75,290,000	-	75,290,000
2013A School Bonds	05/06/13	2.50-5.00%	51,165,000	43,200,000	(2,700,000)	40,500,000
2013B Public Improvement	05/07/13	3.00-5.00%	125,250,000	105,600,000	(6,600,000)	99,000,000
2014 Public Improvement	09/02/14	3.25-5.00%	345,240,000	345,240,000	(18,180,000)	327,060,000
2015 Public Improvement	04/15/15	3.00-5.00%	94,000,000	94,000,000	(4,900,000)	89,100,000
2016A Refunding	11/01/16	5.00%	162,895,000	-	150,280,000	150,280,000
2017A Public Improvement	03/01/17	3.00-5.00%	33,700,000	-	33,700,000	33,700,000
2017B School Bonds	03/01/17	3.00-5.00%	82,415,000	-	82,415,000	82,415,000
Total General Obligation Bonds				<u>1,812,535,000</u>	<u>(84,670,000)</u>	<u>1,727,865,000</u>
OTHER LONG-TERM DEBT:						
Bond anticipation notes				1,301,000	98,928,537	100,229,537
Drawdown installment purchase				-	3,928,079	3,928,079
Limited obligation bonds				234,200,000	(12,140,000)	222,060,000
Qualified zone academy bonds				163,467	(163,467)	-
Installment purchase				4,007,860	1,107,140	5,115,000
Capitalized equipment leases				390,611	(353,058)	37,553
Other post-employment benefits				122,691,227	14,361,031	137,052,258
Net pension liability - LEOSSA				103,657	16,021,060	16,124,717
Net pension liability - LGERS				13,769,151	54,222,176	67,991,327
Compensated absences				12,035,811	803,530	12,839,341
Total other long-term debt				<u>388,662,784</u>	<u>176,715,028</u>	<u>565,377,812</u>
TOTAL GOVERNMENTAL LONG-TERM DEBT				<u>\$ 2,201,197,784</u>	<u>\$ 92,045,028</u>	<u>\$ 2,293,242,812</u>

# WAKE COUNTY, NORTH CAROLINA

## SCHEDULE OF LONG-TERM DEBT MATURITIES AND ANNUAL DEBT SERVICE REQUIREMENTS FOR GOVERNMENTAL ACTIVITIES As of June 30, 2017

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
2018	\$ 137,254,463	\$ 201,544,714	\$ 17,906,699	\$ 27,417,480	\$ 8,178,838	\$ 13,121,057	\$ 163,340,000	\$ 242,083,251
2019	139,970,397	197,493,019	17,631,725	26,268,797	7,697,878	12,269,585	165,300,000	236,031,401
2020	128,912,569	179,436,671	16,881,901	24,656,338	8,610,530	12,797,342	154,405,000	216,890,351
2021	110,431,666	154,510,140	18,106,125	25,055,417	9,997,209	13,753,494	138,535,000	193,319,051
2022	120,122,690	158,772,607	17,814,933	23,916,121	9,667,377	12,923,802	147,605,000	195,612,530
2023	118,089,791	150,826,599	17,574,815	22,841,038	9,395,394	12,168,451	145,060,000	185,836,088
2024	117,157,873	144,181,629	15,346,808	19,845,005	9,285,319	11,608,886	141,790,000	175,635,520
2025	116,589,447	137,824,813	15,288,903	19,090,802	9,296,650	11,172,282	141,175,000	168,087,897
2026	73,470,484	89,219,333	11,811,726	14,922,811	5,447,790	6,883,196	90,730,000	111,025,340
2027	78,575,273	91,087,665	10,442,668	13,028,524	3,897,059	5,087,261	92,915,000	109,203,450
2028-2032	181,769,448	211,300,993	48,423,342	55,340,666	18,432,210	21,961,369	248,625,000	288,603,028
2032-2035	79,060,442	84,191,292	9,162,766	9,804,160	10,161,792	11,055,455	98,385,000	105,050,907
Total Bonded Debt	1,401,404,543	1,800,389,475	216,392,411	282,187,159	110,068,046	144,802,180	1,727,865,000	2,227,378,814
<b>OTHER LONG-TERM DEBT:</b>								
Total limited obligation bonds, installment purchases and capitalized leases:								
2018	-	-	-	-	13,119,403	23,637,692	13,119,403	23,637,692
2019	-	-	-	-	12,829,331	22,787,961	12,829,331	22,787,961
2020	-	-	-	-	12,414,669	21,703,711	12,414,669	21,703,711
2021	-	-	-	-	12,174,398	20,747,668	12,174,398	20,747,668
2022	-	-	-	-	12,150,752	20,134,498	12,150,752	20,134,498
2023-2027	-	-	-	-	59,234,000	90,369,817	59,234,000	90,369,817
2028-2032	-	-	-	-	56,710,000	73,619,225	56,710,000	73,619,225
2033-2037	-	-	-	-	48,580,000	53,372,950	48,580,000	53,372,950
Total Other Long-Term Debt	-	-	-	-	227,212,553	326,373,522	227,212,553	326,373,522
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 1,401,404,543</b>	<b>\$ 1,800,389,475</b>	<b>\$ 216,392,411</b>	<b>\$ 282,187,159</b>	<b>\$ 337,280,599</b>	<b>\$ 471,175,702</b>	<b>\$ 1,955,077,553</b>	<b>\$ 2,575,166,893</b>

On the Statement of Net Assets as of June 30, 2017, 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 \$138,014,397, \$25,144,748, \$10,586,099 and \$41,981,694 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>
<b><i>Financial Trends</i></b>	<b><i>123</i></b>
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
<b><i>Revenue Capacity</i></b>	<b><i>128</i></b>
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
<b><i>Debt Capacity</i></b>	<b><i>134</i></b>
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.	
<b><i>Demographic and Economic Information</i></b>	<b><i>138</i></b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
<b><i>Operating Information</i></b>	<b><i>140</i></b>
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.	

**WAKE COUNTY, NORTH CAROLINA**

TABLE 1

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 501,195,521
Restricted	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	222,312,515
Unrestricted	(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)	(1,765,284,179)
Total governmental activities net position	(518,684,516)	(726,570,827)	(771,905,172)	(764,789,362)	(801,478,944)	(731,763,153)	(691,160,405)	(687,204,475)	(857,466,164)	(1,041,776,143)
<b>Business-type activities</b>										
Net investment in capital assets	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	15,068,176
Restricted	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	19,253,925
Unrestricted	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	15,962,641
Total business-type activities net position	39,347,192	39,347,226	40,813,320	42,718,350	44,890,738	43,809,044	44,813,496	46,964,983	45,498,362	50,284,742
<b>Primary government</b>										
Net investment in capital assets	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	516,263,697
Restricted	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	241,566,440
Unrestricted	(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)	(1,749,321,538)
Total primary government net position	\$ (479,337,324)	\$ (687,223,601)	\$ (731,091,852)	\$ (722,071,012)	\$ (756,588,206)	\$ (687,954,109)	\$ (646,346,909)	\$ (640,239,492)	\$ (811,967,802)	\$ (991,491,401)

**WAKE COUNTY, NORTH CAROLINA**

TABLE 2

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 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	\$ 99,044,204
Human services	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	213,554,750
Education	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	797,456,473
Community development and cultural	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	90,601,804
Environmental services	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	11,323,588
Public safety	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	179,665,266
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	28,182,737
Interest on long-term debt	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	88,574,145
Total governmental activities	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	1,508,402,967
Business-type activities:										
Solid waste	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	24,405,067
Total primary government expenses	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	1,532,808,034
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	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	8,064,187
Human services	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	24,154,518
Education	-	-	-	-	-	-	12,483	11,800	11,500	8,000
Community development and cultural	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	5,731,894
Environmental services	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	2,881,070
Public safety	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	35,528,506
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	2,866,243
Operating grants and contributions:										
General government	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	1,282,965
Human services	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	109,785,997
Education	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	12,284,268
Community development and cultural	3,529,978	1,461,583	2,020,859	668,917	2,002,578	577,185	661,337	607,289	2,290,561	2,105,469
Environmental services	520,728	2,861,388	259,591	212,172	329,287	530,232	807,674	152,347	199,517	171,222
Public safety	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	1,113,285
General services administration	3,700	52,050	9,250	10,375	11,100	7,825	13,360	15,125	132,687	14,928
Total governmental activities program revenues	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	205,992,552
Business-type activities:										
Charges for services: solid waste	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	25,419,927
Operating grants and contributions: solid waste	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	2,097,102
Total business-type activities program revenues	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	27,517,029
Total primary government program revenues	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	233,509,581

**WAKE COUNTY, NORTH CAROLINA**

TABLE 2

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (1,302,410,415)
Business-type activities	(191,100)	(1,778,893)	104,264	842,355	435,433	(1,938,685)	(3,149,458)	789,267	(2,752,564)	3,111,962
Total primary government net expense	(980,490,920)	(1,033,792,121)	(854,311,002)	(824,346,942)	(881,853,125)	(793,461,364)	(875,908,542)	(984,114,090)	(1,259,168,302)	(1,299,298,453)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	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	873,850,162
Sales taxes	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	177,057,150
Occupancy and prepared food taxes	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	52,197,266
Other taxes	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	14,851,460
Grants and contributions										
not restricted to specific programs	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	8,753,474
Unrestricted investment earnings	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	4,320,332
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	855,639
Other	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	1,005,124
Transfers	306,000	312,000	404,000	404,000	404,000	456,000	406,320	450,000	450,000	450,000
Total governmental activities	819,710,322	824,126,917	809,080,921	832,305,107	845,598,977	861,238,470	913,361,832	988,859,287	1,086,154,049	1,133,340,607
Business-type activities:										
Unrestricted investment earnings	1,999,644	1,229,967	1,144,867	522,993	323,376	85,443	196,199	227,482	456,407	217,718
Other	892,774	860,960	620,963	943,682	1,817,578	1,227,548	4,364,031	1,584,738	1,279,536	1,906,700
Transfers	(306,000)	(312,000)	(404,000)	(404,000)	(404,000)	(456,000)	(406,320)	(450,000)	(450,000)	(450,000)
Total business-type activities	2,586,418	1,778,927	1,361,830	1,062,675	1,736,954	856,991	4,153,910	1,362,220	1,285,943	1,674,418
Total primary government	\$ (158,194,180)	\$ (207,886,277)	\$ (43,868,251)	\$ 9,020,840	\$ (34,517,194)	\$ 68,634,097	\$ 41,607,200	\$ 990,221,507	1,087,439,992	\$ (164,283,428)
<b>Change in Net Position</b>										
Government activities	\$ (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)	\$ (169,069,808)
Business-type activities	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)	4,786,380
Total primary government	\$ (158,194,180)	\$ (207,886,277)	\$ (43,868,251)	\$ 9,020,840	\$ (34,517,194)	\$ 68,634,097	\$ 41,607,200	\$ 6,107,417	(171,728,310)	\$ (164,283,428)

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Non-spendable	\$ 955,310	\$ 695,291	\$ 1,012,690	\$ 753,870	\$ 680,079	\$ 660,291	\$ 1,147,817	\$ 1,141,838	\$ 1,087,851	\$ 1,028,455
Restricted	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	74,634,703
Committed	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	220,513,579
Assigned	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>\$ 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>	<u>\$ 296,176,737</u>
All Other Governmental Funds										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,449,786	\$ 3,440,499	\$ 1,054,756	\$ 963,368
Restricted	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	147,124,422
Committed	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	3,756,640
Assigned	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	227,731,010
Unassigned	(10,033,460)	-	-	-	-	-	-	-	(17,712)	-
Total All Other Governmental Funds	<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>	<u>\$ 379,575,440</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 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	\$ 1,118,023,378
Intergovernmental	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	135,511,608
Charges for services	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	71,653,479
Fines and forfeitures	-	-	-	9,249	1,745	2,118	4,084	1,852	42,805	-
Licenses and permits	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	5,371,824
Investment earnings	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	4,307,934
Miscellaneous	1,917,374	917,791	824,804	665,896	335,487	1,303,583	2,099,348	1,770,877	(1,116,598)	1,001,799
Total revenues	1,037,245,225	1,061,115,950	1,020,353,162	1,047,094,363	1,064,706,921	1,071,213,940	1,111,120,358	1,182,543,984	1,288,103,291	1,335,870,022
<b>Expenditures</b>										
General government	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	76,915,004
Human services	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	213,132,353
Education	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	796,583,759
Community development and cultural	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	93,512,015
Environmental services	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	10,681,469
Public safety	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	166,933,080
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	28,220,046
Debt service										
Principal	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	188,894,216
Interest	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	89,476,403
Total expenditures	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	1,664,348,345
Excess of revenues over (under) expenditures	(269,274,841)	(319,546,488)	(193,484,809)	(229,443,043)	(250,539,091)	(122,319,266)	(105,154,805)	(162,055,089)	(303,945,536)	(328,478,323)
<b>Other Financing Sources (Uses)</b>										
Transfers in	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	329,903,244
Transfers out	(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)	(329,742,244)
Refunding bonds issued	-	235,300,000	383,420,000	-	75,290,000	-	-	-	191,835,000	162,895,000
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)	(190,000,000)
Payment to refunded escrow agent	-	-	-	-	-	(2,234,325)	-	-	-	-
Bonds issued and premiums	-	489,456,200	258,034,180	163,990,302	131,715,590	203,154,626	-	490,519,615	42,128,289	153,487,962
Bond anticipation notes issued	-	-	-	-	-	-	-	-	1,301,000	98,928,537
Drawdown installment notes issued	-	-	-	-	-	-	-	-	-	3,928,079
Limited obligation bonds issued	-	-	303,480,000	-	-	-	-	-	-	-
Capital leases and installment purchases issued	1,619,860	2,022,210	304,944	139,713	7,573	940,674	1,500,796	2,373,329	5,027	2,089,630
Sales of assets and materials	292,414	383,101	764,571	1,166,438	88,513	68,147	92,956	92,379	1,870,446	420,537
Total other financing sources (uses)	9,444,734	470,577,530	493,725,083	163,700,453	111,826,062	204,619,447	2,000,072	493,310,323	4,505,402	231,910,745
Net change in fund balances	\$ (259,830,107)	\$ 151,031,042	\$ 300,240,274	\$ (65,742,590)	\$ (138,713,029)	\$ 82,300,181	\$ (103,154,733)	331,255,234	\$ (299,440,134)	\$ (96,567,578)
Debt service as a percentage of noncapital expenditures	10.95%	11.51%	16.63%	16.93%	19.91%	20.65%	20.51%	18.34%	16.96%	16.86%

**Assessed Value and Actual Value of Taxable Property<sup>1</sup>  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Companies</b>	<b>Total</b>	<b>*County-wide Tax Rate<sup>3</sup></b>	<b>Special Tax Districts Tax Rate<sup>3</sup></b>	<b>Average County Tax Rate<sup>3</sup></b>
2008	\$ 66,679,502,469	\$ 13,556,157,155	\$ 2,887,291,656	\$ 83,122,951,280	\$ 0.678	\$ 0.100	\$ 0.778
2009 <sup>2</sup>	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	16,280,183,297	3,309,341,549	131,950,999,915	0.6145	0.080	0.6945
2017 <sup>2</sup>	120,471,086,726	17,470,741,388	3,469,182,180	141,411,010,294	0.6005	0.096	0.6965

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 2016 (for Fiscal Year 2017).

(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									
	2008	2009 <sup>2</sup>	2010	2011	2012	2013	2014	2015	2016	2017 <sup>2</sup>
<b>County Direct Rates</b>										
County-wide Rate <sup>1</sup>	\$ 0.678	\$ 0.534	\$ 0.534	\$ 0.534	\$ 0.534	\$ 0.534	\$ 0.534	\$ 0.578	\$ 0.6145	\$ 0.6005
Various Special Tax Districts	0.100	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.096
Total average direct rate	0.778	0.614	0.614	0.614	0.614	0.614	0.614	0.658	0.6945	0.6965
<b>Municipality Rates</b>										
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	0.340	0.340	0.340	0.340	0.390	0.390	0.390	0.390	0.380
Town of Cary	0.420	0.330	0.330	0.330	0.330	0.330	0.350	0.350	0.370	0.350
Town of Clayton	0.540	0.540	0.540	0.540	0.525	0.525	0.525	0.525	0.550	0.550
Town of Fuquay-Varina	0.520	0.385	0.385	0.385	0.385	0.385	0.385	0.385	0.385	0.433
Town of Garner	0.575	0.490	0.490	0.490	0.490	0.490	0.490	0.500	0.518	0.518
Town of Holly Springs	0.530	0.415	0.415	0.415	0.415	0.435	0.435	0.435	0.435	0.433
Town of Knightdale	0.500	0.400	0.400	0.410	0.410	0.410	0.430	0.430	0.430	0.430
Town of Morrisville	0.468	0.367	0.367	0.367	0.367	0.367	0.390	0.390	0.410	0.390
City of Raleigh	0.435	0.374	0.374	0.374	0.374	0.383	0.383	0.404	0.421	0.418
Town of Rolesville	0.515	0.420	0.420	0.420	0.440	0.440	0.440	0.440	0.440	0.480
Town of Wake Forest	0.550	0.510	0.510	0.510	0.510	0.510	0.510	0.520	0.520	0.520
Town of Wendell	0.540	0.490	0.490	0.490	0.490	0.490	0.490	0.490	0.490	0.490
Town of Zebulon	0.550	0.510	0.500	0.500	0.500	0.513	0.525	0.525	0.525	0.575

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 last completed for tax year 2016 (for Fiscal Year 2017).

Source: Wake County Revenue Department

**Principal Property Tax Payers  
June 30, 2017  
Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>Fiscal Year 2017</u>			<u>Fiscal Year 2008</u>		
	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>
Duke Energy Progress, Inc	\$ 2,083,505,853	1	1.47%	\$ 1,693,608,662	1	2.04%
SAS Institute Inc	621,947,173	2	0.44%	318,149,338	3	0.38%
Highwood Realty LP	576,484,338	3	0.41%	175,116,146	8	0.21%
Cisco Systems Inc	509,473,354	4	0.36%	523,663,992	2	0.63%
CVM Holdings LLC	378,399,078	5	0.27%	172,726,420	9	0.21%
Biogen Realty LLC	368,880,462	6	0.26%			
Network Appliance Inc	345,806,799	7	0.24%			
WMCI Raleigh LLC	330,897,101	8	0.23%			
Lenovo US Inc	320,367,729	9	0.23%			
GlaxoSmithKline	263,279,486	10	0.19%	220,149,701	7	0.26%
Bellsouth Telephone				254,470,658	4	0.31%
Weeks Realty				223,226,136	6	0.27%
NC Eastern Municipal Power Agency				238,719,791	5	0.29%
Summit Properties Partnership LP				166,887,397	10	0.20%
	<u>\$ 5,799,041,373</u>		<u>4.11%</u>	<u>\$ 3,986,718,241</u>		<u>4.80%</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
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%	8,335,012	638,983,223	99.86%
2010	657,175,469	(7,643,046)	649,532,423	640,993,333	98.69%	7,717,694	648,711,027	99.87%
2011	661,292,534	(4,849,315)	656,443,219	648,750,058	98.83%	6,783,903	655,533,961	99.86%
2012	665,819,212	(2,298,064)	663,521,148	657,541,978	99.10%	5,077,785	662,619,763	99.86%
2013	676,163,798	(2,306,621)	673,857,177	667,843,411	99.11%	5,151,805	672,995,216	99.87%
2014	702,953,904	(1,690,243)	701,263,661	697,580,105	99.47%	2,948,518	700,528,623	99.90%
2015	760,907,032	(664,952)	760,242,080	758,063,799	99.71%	1,836,677	759,900,476	99.96%
2016	833,221,749	(835,817)	832,385,932	831,114,362	99.85%	732,461	831,846,823	99.94%
2017	877,544,091	(7,317,373)	870,226,718	869,108,487	99.87%	-	869,108,487	99.87%

Notes:

Taxes for the fiscal year ended June 30, 2017 at the collection rate of 99.87% are a composite of the following collections by category:

Vehicle taxes	99.52%
Real and personal property taxes	99.90%

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, 2017

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 794,642,302	\$ 793,165,926	\$ 1,476,376
2015-2016	1,442,950	-	903,841	539,109
2014-2015	561,262	-	219,657	341,605
2013-2014	895,697	-	160,633	735,064
2012-2013	975,144	-	113,183	861,961
2011-2012	974,056	-	72,671	901,385
2010-2011	940,023	-	30,765	909,258
2009-2010	842,182	-	20,786	821,396
2008-2009	906,759	-	14,881	891,878
Total	<u>\$ 7,538,073</u>	<u>\$ 794,642,302</u>	<u>\$ 794,702,343</u>	<u>7,478,032</u>
Less allowance for uncollectable ad valorem taxes receivable				<u>(6,280,053)</u>
Ad valorem taxes receivable (net)				<u>\$ 1,197,979</u>
Reconciliation with revenues:				
Taxes - ad valorem - General Fund				\$ 783,200,867
Recycling fee - Solid Waste Operating Fund				8,223,828
Reconciling items:				
Prior year taxes collected				(24,074)
Interest and other costs				(1,518,839)
Rebates and releases				8,336,144
Deferred amounts				(2,628,688)
Accruals and prepaids				<u>(886,895)</u>
Total collections and credits				<u>\$ 794,702,343</u>
General Fund Taxes Receivable				\$ 1,126,253
Solid Waste Fund Accounts Receivable				<u>71,726</u>
				<u>\$ 1,197,979</u>

Note: This schedule includes Ad Valorem 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, 2017

	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)	\$ 138,942,645,728	\$ 0.6005	\$ 836,007,340	\$ 787,667,880	\$ 48,339,460
Motor vehicles taxed at prior year's rate	2,468,364,566	0.6145	14,959,601	-	14,959,601
Special Tax District levy	26,796,102,236	0.0960	25,686,840	23,596,766	2,090,074
Penalties	-		-	-	-
Total	<u>168,207,112,530</u>		<u>876,653,781</u>	<u>811,264,646</u>	<u>65,389,135</u>
Discoveries:					
Current year taxes	-		-	-	-
Prior year taxes	-		-	-	-
Penalties	-		890,310	890,310	-
Total	<u>-</u>		<u>890,310</u>	<u>890,310</u>	<u>-</u>
Abatements	(1,344,610,903)		(8,262,634)	(8,261,619)	(1,015)
Total property valuation	<u>\$ 166,862,501,627</u>				
Deferred Levy			945,261	945,261	-
Net levy			870,226,718	804,838,598	65,388,120
Uncollected taxes at June 30, 2017			1,118,231	804,659	313,572
Current year's taxes collected			<u>\$ 869,108,487</u>	<u>\$ 804,033,939</u>	<u>\$ 65,074,548</u>
Current levy collection percentage			99.87%	99.90%	99.52%

Includes Ad Valorem, Special District and NCVTS Vehicle Taxes.

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities									Business-Type Activities	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	General Obligation Bond Anticipation Notes	Drawdown Installment Notes	Limited Obligation Bonds	Installment Purchases	Qualified Zone Academy Bonds	Capital Leases	Notes Payable	Total Governmental Activities	Capital Leases			
2008	\$ 1,479,851,275	\$ -	\$ -	\$ -	\$ 8,472,500	\$ 1,471,155	\$ 419,418	\$ -	\$ 1,490,214,348	\$ -	\$ 1,490,214,348	4.12%	1,720
2009	1,867,469,296	-	-	-	9,356,965	1,307,694	328,068	-	1,878,462,023	-	1,878,462,023	5.26%	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	6.10%	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	5.78%	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	5.29%	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	5.32%	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	4.93%	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	4.58%	2,414
2016	1,969,481,706	1,301,000	-	279,088,791	4,007,860	163,467	390,611	-	2,254,433,435	-	2,254,433,435	4.25%	2,201
2017	1,901,610,244 <sup>2</sup>	100,229,537	3,928,079	264,041,694 <sup>2</sup>	5,115,000	-	37,553	-	2,274,962,107	-	2,274,962,107	4.29%	2,173

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. 2016 and 2017 ratios are calculated using 2015 personal income.

(2) General Obligation Bonds and Limited Obligation Bonds include premiums on issuance of bonds of \$173,745,244 and \$41,981,694, respectively, which will be amortized over the life of the related debt.

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

<b>General Bonded Debt Outstanding</b>					
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>General Obligation Bond Anticipation Notes</b>	<b>Total General Bonded Debt</b>	<b>Percentage of Actual Taxable Value of Property<sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
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	1,301,000	1,970,782,706	1.49%	1,924.22
2017	1,901,610,244	3 100,229,537	2,001,839,781	1.42%	1,912.36

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 \$173,745,244, which will be amortized over the life of its related debt.

Direct and Overlapping Governmental Activities Debt  
As of June 30, 2017

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Municipality:</b>			
Apex	\$ 46,300,000	100%	\$ 46,300,000
Cary	92,534,305	100%	92,534,305
Fuquay-Varina	10,805,000 <sup>1</sup>	100%	10,805,000
Garner	28,345,000 <sup>1</sup>	100%	28,345,000
Holly Springs	20,320,000	100%	20,320,000
Knightdale	3,413,000	100%	3,413,000
Morrisville	17,705,000	100%	17,705,000
Raleigh	349,375,000	100%	349,375,000
Rolesville	- <sup>1</sup>	100%	-
Wake Forest	13,682,000	100%	13,682,000
Wendell	-	100%	-
Zebulon	2,800,000	100%	2,800,000
<b>Overlapping debt</b>	<u>585,279,305</u>		<u>585,279,305</u>
<b>Direct debt</b>	<u>2,274,962,107</u>		<u>2,274,962,107</u>
<b>Total direct and overlapping debt</b>	<u>\$ 2,860,241,412</u>		<u>\$ 2,860,241,412</u>

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

<sup>1</sup> Overlapping debt provided by Local Government Commission (LGC) Form 129 Annual Debt Payment Notices for FY17-18.

Note: Percentage of overlap based on assessed property values.

**Legal Debt Margin Information  
Last Ten Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value of Property	\$ 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	\$ 141,411,010,294
Debt Limit, 8% of Assessed Value (Statutory Limitation)	\$ 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	\$ 11,312,880,824
Amount of Debt Applicable to Limit										
General Obligation Bonds	\$ 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	\$ 1,727,865,000
GO Bond Anticipation Notes	-	-	-	-	-	-	-	-	1,301,000	100,229,537
Other Long Term Debt	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	231,140,632
Bonds Authorized not Issued	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	294,865,463
Total net debt applicable to limit	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	2,354,100,632
Legal Debt Margin	\$ 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	\$ 8,958,780,192
Total net debt applicable to limit as a percentage of debt limit	35.42%	24.63%	26.22%	24.91%	22.03%	22.85%	28.39%	26.82%	24.28%	20.81%

**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**

<b>Year</b>	<b>Population Estimates<sup>1</sup></b>	<b>Personal Income<sup>2</sup> (thousands of dollars)</b>	<b>Per Capita Personal Income<sup>3</sup></b>	<b>School Enrollment<sup>4</sup></b>	<b>Unemployment Rate<sup>5</sup></b>
2008	821,607	41,075,182	47,957	134,002	4.6%
2009	856,492	39,424,220	44,617	137,706	8.3%
2010	883,624	41,432,611	45,683	139,599	8.3%
2011	900,933	43,320,456	46,615	143,289	7.9%
2012	929,070	46,320,314	48,626	146,687	7.1%
2013	952,143	47,064,181	48,285	149,508	6.0%
2014	974,289	50,257,552	50,294	153,039	4.9%
2015	998,691	53,028,913	51,776	155,000	4.7%
2016	1,024,198	*	*	156,644	4.2%
2017	1,046,791	*	*	158,374	3.9%

\* Information not yet available

(1) U.S. Census Bureau, previous calendar year

(2) Bureau of Economic Analysis Regional, Economic Information System - Bureau of Economic Analysis March 2016.

(3) Bureau of Economic Analysis Regional Economic Account - computed using Census Bureau midyear population estimates available as of March 2016.

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

(5) Employment Security Commission of North Carolina. 2008-2017 Annual Average.

**WAKE COUNTY, NORTH CAROLINA**

TABLE 16

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

<b>Employer</b>	<b>2017**</b>			<b>2008</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Duke University & Health System	36,004	1	2.83%			
State of North Carolina	24,083	2	1.89%	25,458	1	5.98%
Wake County Public School System	18,554	3	1.46%	16,566	2	3.89%
IBM Corporation	10,000	4	0.79%	10,800	3	2.54%
North Carolina State University	9,069	5	0.71%	8,000	4	1.88%
WakeMed Health & Hospitals	8,943	6	0.70%	6,893	5	1.62%
Rex Healthcare	5,700	7	0.45%	4,400	8	1.03%
SAS Institute, Inc.	5,616	8	0.44%	4,149	9	0.98%
GlaxoSmithKline	4,950	9	0.39%	6,400	6	1.50%
Lenovo	4,200	10	0.33%			
Progress Energy				3,246	7	0.76%
University of North Carolina				3,058	10	0.72%
	<u>127,119</u>		<u>9.99%</u>	<u>88,970</u>		<u>20.90%</u>

**Source:** Greater Raleigh Chamber of Commerce.

\*\* As of the date of publication this information was not available for 2015, 2016 or 2017. Data from 2014 has been used.

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

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General government	319.00	327.00	294.00	271.80	304.25	305.25	314.25	324.50	340.50	359.50
Human services	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	1,627.30
Community development and cultural	255.00	254.00	287.50	304.00	304.00	312.00	321.50	327.50	350.50	358.50
Environmental services	124.00	111.00	112.00	118.00	117.00	120.00	124.00	134.00	138.00	145.00
Public safety	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	1,384.50
General services administration	132.00	123.00	121.00	134.00	137.00	142.50	140.00	141.00	143.00	143.00
<b>Total</b>	<b>3,312.00</b>	<b>3,469.00</b>	<b>3,494.50</b>	<b>3,712.60</b>	<b>3,812.85</b>	<b>3,761.28</b>	<b>3,650.35</b>	<b>3,800.37</b>	<b>3,903.10</b>	<b>4,017.80</b>

Operating Indicators By Function  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Government</b>										
Registered voters	701,987	676,093	631,012	651,341	645,419	628,953	588,701	575,146	569,222	542,763
Taxable real estate parcels	412,438	406,596	401,352	392,989	381,677	367,323	361,082	322,205	322,620	315,000
Tax bills	N/A	N/A	N/A	N/A	1,164,651	1,153,607	1,128,643	1,120,585	1,125,000	1,100,000
Deeds and real estate documents recorded	183,096	170,421	163,046	148,233	208,162	179,048	164,279	167,888	189,164	243,000
<b>Human Services</b>										
Family medicaid recipients	203,497	231,804	192,984	92,666	76,745	74,338	68,373	64,595	54,904	48,408
Laboratory tests	*	*	*	180,000	163,837	235,000	*	178,068	192,753	202,375
School nurse health support services	31,619	29,690	14,941	31,558	28,880	23,428	20,795	23,211	*	9,691
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
Adult inpatient substance abuse services	N/A	N/A	N/A	N/A	336	484	687	641	847	861
Adult care home residents served through on-site inspections	2,824	2,648	2,538	2,373	2,381	2,861	2,932	2,637	2,684	2,560
Homeless served - street outreach	N/A	N/A	N/A	N/A	N/A	N/A	N/A	241	476	389
Homeless sheltered at S. Wilmington St. Center	2,125	2,028	1,982	1,849	1,791	1,734	1,834	2,055	2,055	2,044
Persons testing for HIV/STD	31,594	18,958	17,919	20,364	21,107	22,420	15,597	10,619	10,861	21,492
Number of transportation trips provided	235,845	253,814	200,440	183,570	165,908	178,330	157,000	145,000	146,060	142,093
Food assistance individuals	34,596	37,622	*	38,585	*	85,892	77,068	65,101	51,835	45,070
<b>Education</b>										
Students attending public school <sup>1</sup>	159,549	157,180	155,184	152,384	149,508	146,687	142,997	139,599	137,706	134,002
Public school teachers <sup>2</sup>	10,733	10,357	10,598	10,563	9,810	9,810	9,342	9,277	9,546	9,204
Community college students-average semester <sup>3</sup>	38,800	41,566	35,080	34,427	33,338	32,236	31,559	31,067	31,719	29,858
Community college faculty <sup>3</sup>	2,261	2,305	2,305	1,329	1,921	1,344	1,315	1,213	1,210	1,079
<b>Community Development and Cultural</b>										
Libraries - circulation of youth services	6,435,078	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
Libraries - circulation of adult services	3,263,900	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
Park visitation	1,430,828	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
Residential permits issued - new	1,041	1,521	1,347	1,367	1,239	716	369	277	279	851
Commercial permits issued - new	32	219	200	157	136	167	81	2	11	21
Building permits - additional, alterations	1,530	1,885	1,672	1,535	1,473	1,276	1,264	1,307	1,258	1,639
Inspections performed		59,639	53,664	53,517	44,329	35,510	35,537	34,650	41,636	55,470
<b>Environmental Services</b>										
Animal control service calls	6,327	7,194	7,608	7,786	7,644	8,260	*	14,498	10,742	12,549
Animals impounded	10,618	10,906	11,621	11,632	13,805	15,517	16,162	12,040	11,232	11,318
Sanitation inspections	11,919	11,911	12,545	8,770	9,222	*	*	8,215	7,110	5,233
<b>Public Safety</b>										
Detention intake	28,086	34,801	36,350	36,847	38,070	*	32,849	35,519	31,789	31,833
Civil processes served	55,681	80,341	78,867	65,590	70,535	93,318	96,089	98,233	95,009	91,248
Pistol permits processed	20,658	18,141	20,216	18,304	35,883	21,163	17,525	15,309	20,768	12,793
Average daily jail population	1,170	1,176	1,155	1,297	1,306	1,227	1,279	1,341	1,366	1,237
Fire/medical incidents responded to by contracting fire departments	33,847	32,595	29,928	28,429	28,675	27,645	29,012	26,770	26,399	29,258
Wake EMS trips **	72,181	70,796	67,369	63,371	62,637	62,327	37,943	30,434	29,283	29,132
<b>Solid Waste</b>										
Tons received at North Wake Landfill <sup>4</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	344,467
Tons received at South Wake Landfill <sup>5</sup>	442,659	436,632	304,672	406,568	400,964	414,156	426,901	439,069	463,126	70,669
Tons received at East Wake Transfer Station <sup>6</sup>	259,473	262,153	345,615	252,462	242,123	259,610	255,099	260,333	278,464	24,802
Household hazardous waste customers	N/A	N/A	43,509	36,996	29,560	30,863	27,566	24,449	14,471	12,423

\* 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.

\*\* Beginning in FY12 the County changed to a centralized billing model with all agencies in the Wake EMS System

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Services Administration</b>										
Rentable square footage	4,875,024	4,875,024	4,745,845	4,790,359	4,516,751	3,956,974	3,477,580	3,369,836	3,213,049	3,111,096
<b>Human Services</b>										
Number of centers	22	22	22	22	22	22	22	20	15	14
<b>Education</b>										
Number of schools	177	177	171	170	165	163	163	159	156	153
<b>Community Development and Cultural</b>										
Libraries - branches	22	21	20	20	20	20	20	20	19	19
Volume of library books	1,476,330	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
Number of County Parks	9	9	8	8	8	8	8	7	7	7
Number of School Parks	16	16	16	16	16	16	16	16	16	16
<b>Public Safety</b>										
Sheriff - Stations	9	9	9	9	9	9	5	5	5	5
Detention capacity	1,552	1,568	1,568	1,568	1,568	1,568	1,312	1,312	1,312	1,312
EMS - Stations	15	15	15	15	15	15	15	15	15	15

**WAKEGOV.COM**