Ratings:
Moody's: Aaa
S&P: AAA
Fitch: AAA
(See "**RATINGS**" herein)

<u>NEW ISSUE—Book-Entry Only</u>

This Official Statement has been prepared by the Local Government Commission of North Carolina and the County of Wake, North Carolina to provide information in connection with the sale and issuance of the Bonds described herein. Selected information is presented on this cover page for the convenience of the user. ***To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety.*** *Unless otherwise indicated, capitalized terms used on this cover page have the meanings given in this Official Statement.*

$162,895,000

County of Wake, North Carolina

General Obligation Refunding Bonds, Series 2016A

Dated: Date of Delivery	**Due: As shown on inside cover page**
Tax Treatment	In the opinion of Bond Counsel and subject to the qualifications described herein, interest on the Bonds is not includable in gross income for federal income tax purposes and is exempt from all present State of North Carolina income taxes. See "TAX TREATMENT" herein for additional information regarding tax consequences arising from ownership or receipt of interest on the Bonds, including information regarding the application of federal alternative minimum tax provisions to the Bonds and certain other federal, State and local tax consequences.
Redemption	The Bonds are not subject to redemption prior to maturity.
Security	The Bonds constitute general obligations of the County, secured by a pledge of the faith and credit and taxing power of the County.
Interest Payment Dates	March 1 and September 1, commencing March 1, 2017.
Denominations	$5,000 or any integral multiple thereof.
Expected Closing/Settlement	November 1, 2016
Bond Counsel	Womble Carlyle Sandridge & Rice, LLP, Raleigh, North Carolina
Financial Advisor	Waters and Company, LLC, Birmingham, Alabama

The date of this Official Statement is October 18, 2016

MATURITY SCHEDULE

$162,895,000 General Obligation Refunding Bonds, Series 2016A

Due March 1	Principal Amount	Interest Rate	Yield [1]	Due March 1	Principal Amount	Interest Rate	Yield[1]
2017	$ 12,615,000	5.00%	0.73%	2023	$ 18,755,000	5.00%	1.32%
2018	23,755,000	5.00	0.84	2024	19,070,000	5.00	1.41
2019	27,055,000	5.00	0.93	2025	19,390,000	5.00	1.54
2020	9,340,000	5.00	1.00	2026	14,765,000	5.00	1.67
2022	18,150,000	5.00	1.20				

[1]Information obtained from the underwriters of the Bonds.

COUNTY OF WAKE, NORTH CAROLINA

BOARD OF COMMISSIONERS

James West .... Chair

Sig Hutchinson .... Vice-Chair

John Burns

Matt Calabria

Jessica Holmes

Caroline Sullivan

Betty Lou Ward

COUNTY STAFF

James K. Hartmann .... County Manager

Susan McCullen .... Finance Director

Emily Lucas .... Deputy Finance Director

Nicole D. Kreiser .... Debt Manager

Scott W. Warren, Esq. .... County Attorney

FINANCIAL ADVISOR

Waters and Company, LLC
Birmingham, Alabama

BOND COUNSEL

Womble Carlyle Sandridge & Rice, LLP
Raleigh, North Carolina

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NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

JANET COWELL
TREASURER

GREGORY C. GASKINS
DEPUTY TREASURER

INTRODUCTION

This Official Statement, including the cover page and the appendices, is intended to furnish information in connection with the purchase of $162,895,000 General Obligation Refunding Bonds, Series 2016A (the "Bonds") of the County of Wake, North Carolina (the "County").

The information furnished herein includes a brief description of the County and its economic condition, government, debt management, tax structure, financial operations, budget, pension plans and contingent liabilities. The County has assisted the Local Government Commission of North Carolina (the "Commission") in gathering and assembling the information contained herein.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that the information herein is correct as of any date subsequent to the date hereof. The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

This Official Statement is deemed to be a final official statement with respect to the Bonds within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). In accordance with the requirements of such Rule, the County has agreed in resolutions adopted by the Board of Commissioners of the County to certain continuing disclosure obligations. See the caption "Continuing Disclosure" herein.

THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA

The Commission, a division of the Department of State Treasurer, State of North Carolina (the "State"), is a State agency that supervises the issuance of the bonded indebtedness of all units of local government and assists these units in the area of fiscal management. Appendix B to this Official Statement contains additional information concerning the Commission and its functions.

THE BONDS

Description

The Bonds will be general obligations of the County, will be dated as of their date of delivery, and will bear interest from their date. Interest on the Bonds will be payable on March 1, 2017 and semiannually thereafter on each March 1 and September 1. The Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement, subject to the redemption provisions set forth below.

The Finance Director of the County will be the bond registrar of the Bonds. Payment of the interest on each Bond shall be made by said bond registrar on each interest payment date to the registered owner of such Bond (or the previous Bond or Bonds evidencing the same debt as that evidenced by such Bond) at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date.

The Bonds will be issuable as fully registered bonds in a book-entry system maintained by The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases and transfers of the Bonds may be made only in authorized denominations of $5,000 and in accordance with the practices and procedures of DTC. See Appendix G hereto for a description of the book-entry system and DTC.

Authorization and Purpose

The Bonds are being issued pursuant to the provisions of The Local Government Bond Act, as amended, Article 7, as amended, of Chapter 159 of the General Statutes of North Carolina, a bond order duly adopted by the Board of Commissioners for the County on September 19, 2016 which order has taken effect and a resolution duly adopted by the Board of Commissioners on September 19, 2016.

Security

The Bonds are general obligations of the County. The County is authorized and required by law to levy on all property taxable by the County such ad valorem taxes, without limitation as to rate or amount, as may be necessary to pay the Bonds and the interest thereon.

Redemption Provisions

The Bonds will not be subject to redemption prior to maturity.

THE REFUNDING PLAN

The Bonds are being issued for the purpose of providing funds, together with any other available funds, for refunding all of the following outstanding bonds of the County (the "Bonds to be Refunded"): $45,000,000 General Obligation Variable Rate Bonds, Series 2003B, and stated to mature on April 1 in the years 2017 and 2018, $45,000,000 General Obligation Variable Rate Bond Series 2003C, and stated to mature on April 1, 2019 and 2020, $50,000,000 General Obligation Variable Rate Bonds, Series 2007A, and stated to mature on March 1, 2026 and $50,000,000 General Obligation Variable Rate Bonds, Series 2007B and stated to mature on March 1, 2024.

The proceeds to be received from the sale of the Bonds, along with County funds, will be available to pay the redemption price of and the interest on the Bonds to be Refunded on November 1, 2016.

CONTINUING DISCLOSURE

In the resolution adopted by the County authorizing the sale of the Bonds, the County has undertaken, for the benefit of the beneficial owners of the Bonds, to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(a) by not later than seven months from the end of each fiscal year of the County, beginning with the fiscal year ending June 30, 2016, audited financial statements of the County for such fiscal year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the County are not available by seven months from the end of such fiscal year, unaudited financial statements of the County for such fiscal year to be replaced subsequently by audited financial statements of the County to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each fiscal year of the County, beginning with the fiscal year ending June 30, 2016, (i) the financial and statistical data as of a date not earlier than the end of the preceding fiscal year for the type of information included under headings "The County - Debt Information and - Tax Information" in Appendix A to this Official Statement relating to the Bonds (excluding any information on underlying units) and (ii) the combined budget of the County for the current fiscal year, to the extent such items are not included in the financial statements referred to in (a) above;

(c) in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;

(7) modification to the rights of the beneficial owners of the Bonds if material;

(8) bond calls, other than calls for mandatory sinking fund redemption, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of any property securing repayment of the Bonds if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the County;

(13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a trustee or a successor trustee or the change of name of a trustee, if material; and

(d) in a timely manner, notice of a failure of the County to provide required annual financial information described in (a) or (b) above on or before the date specified.

All information provided to the MSRB as described in this Section shall be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

The County may meet the continuing disclosure filing requirements described above by complying with any procedure that may be authorized or required by the United States Securities and Exchange Commission.

At present, Section 159-34 of the General Statutes of North Carolina requires the County's financial statements to be prepared in accordance with generally accepted accounting principles and to be audited in accordance with generally accepted auditing standards.

The resolution adopted by the County also provides that if the County fails to comply with the undertaking described above, any beneficial owner of Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

Pursuant to such resolution, the County reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the County, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the County (such as bond counsel), or by the approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of such resolution, as it may be amended from time to time, at the time of the amendment.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The undertaking described above will terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all the Bonds.

The County is not aware of any instance in which it has failed, during the previous five fiscal years, to comply, in any material respect, with an undertaking made pursuant to Rule 15c2-12.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Womble Carlyle Sandridge & Rice, LLP, Raleigh, North Carolina, Bond Counsel, whose approving legal opinion will be available at the time of the delivery of the Bonds. The proposed form of such opinion is attached hereto as Appendix F.

RATINGS

Moody's Investors Service, Standard & Poor's Ratings Services, and Fitch Ratings, have given the Bonds ratings of Aaa, AAA, and AAA, respectively. Those ratings reflect only the respective views of such organizations, and an explanation of the significance of each such rating may be obtained only from the respective organization providing such rating. Certain information and materials not included in the Official Statement were furnished to such organizations. There is no assurance that such ratings will remain in effect for any given period of time or that any or all will not be revised downward or withdrawn entirely. Any downward revision or withdrawal of a rating may have an adverse effect on the market prices of the Bonds.

TAX TREATMENT

Opinion of Bond Counsel

In the opinion of Bond Counsel, which is based on existing law and assumes continuing compliance by the County with certain covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding, among other matters, use, expenditure and investment of the Bond proceeds, and the timely payment of certain investment earnings to the United States Treasury, interest on the Bonds will not be includable in the gross income of the owners thereof for purposes of federal income taxation. Bond Counsel is also of the opinion that interest on the Bonds will not be a specific preference item for purposes of computing the alternative minimum tax imposed by the Code on corporations and other taxpayers, including individuals, however, such interest is includable in the adjusted current earnings of corporations for purposes of computing the alternative minimum tax imposed by the Code on corporations. Bond Counsel is also of the opinion, under existing law, that interest on the Bonds will be exempt from all State of North Carolina income taxes.

The Code and other laws of taxation, including the laws of taxation of the State of North Carolina, of other states and of local jurisdictions, may contain other provisions that could result in tax consequences, upon which Bond Counsel renders no opinion, as a result of the ownership or transfer of the Bonds or the inclusion in certain computations of interest that is excluded from gross income for purposes of federal and North Carolina income taxation.

Original Issue Premium

The Bonds are being sold at an initial offering price which is in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, wholesalers or other intermediaries) at which a substantial amount of each maturity of the Bond is sold and (b) the principal amount payable at maturity of such Bonds constitutes original issue premium. In general, an owner of such Bond must amortize the bond premium over the remaining term of the Bond based on the owner's yield over the remaining term of such Bond, determined based on constant yield principles (in certain cases involving a Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond). An owner of such Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period and subtract such bond premium from the owner's basis in such Bond. If the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is nondeductible loss. Under certain circumstances, the owner of such Bond may realize a taxable gain upon disposition of such Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost.

Owners of such Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences in connection with the ownership and disposition of the Bonds.

Other Tax Consequences

Ownership or transfer of, or the accrual or receipt of interest on, the Bonds may result in collateral federal, State of North Carolina, other state or local tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers who may be eligible for the federal earned income tax credit and taxpayers subject to franchise, estate, inheritance, gift or capital gains taxes. Prospective purchasers of the Bonds should consult their tax advisors as to any such possible collateral tax consequences. Except to the extent covered in its legal opinion, Bond Counsel expresses no opinion regarding any such collateral tax consequences.

No assurance can be given that future legislation, including amendments to the Code or interpretations thereof, if enacted into law, or certain litigation or judicial decisions, if upheld, will not contain provisions or produce results which could, directly or indirectly, reduce the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds.

Interest paid on tax-exempt obligations, such as the Bonds, will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of interest with respect to the Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest with respect to the Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients" and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Service as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or credit against such beneficial owner's federal income tax liability provided the required information is furnished to the Service.

FINANCIAL ADVISOR

Waters and Company, LLC, Birmingham, Alabama, has acted as financial advisor to the County in connection with the issuance of the Bonds and has provided technical assistance in structuring the Bonds.

UNDERWRITING

The underwriters for the Bonds are Wells Fargo Bank, National Association and BB&T Capital Markets.*

Such underwriters have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all of the Bonds. If all of the Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, the underwriters anticipate total selling compensation of $81,447.50. The public offering prices or yields of the Bonds may be changed from time to time by the underwriters.

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*Information provided by the underwriters of the Bonds.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact.

References herein to the State Constitution and legislative enactments are only brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof.

The execution of this Official Statement has been duly authorized by the Local Government Commission of North Carolina and the Board of Commissioners for the County.

LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA

By
/s/ Greg C. Gaskins
Secretary of the Commission

COUNTY OF WAKE, NORTH CAROLINA

By
/s/ James West
Chair of the Board of Commissioners

By
/s/ James K. Hartmann
County Manager

By
/s/ Susan McCullen
Finance Director

APPENDIX A

**INFORMATION RELATING TO THE
COUNTY OF WAKE, NORTH CAROLINA**

Wake County, North Carolina

THE COUNTY

GENERAL

Wake County, chartered in 1771, covers an area of 864 square miles. It is the second most populous county in the State with an estimated 2015 population of 1,005,385. Approximately 25% of the renowned Research Triangle Park, home of many high technology and research companies, is located in the County. The proximity of Research Triangle Park, major educational centers, federal and State agencies, warm climate, and easy access to recreation and cultural events help make the County a part of the fastest growing MSA in the State and among the fastest growing regions in the nation.

The County seat, the City of Raleigh (*"Raleigh"*), is also the state capital. The Town of Cary (*"Cary"*) is also in the County. The collective population of Raleigh and Cary is approximately 60% of the County's population. There also are ten smaller municipalities located in the County.

Population. The United States Department of Commerce, Bureau of the Census, has recorded the population of the County to be as follows:

1980	1990	2000	2010	2015
301,429	423,380	627,846	900,993	1,005,367

Wake County netted 85 newcomers each day between July 1, 2014 and July 1, 2015. The North Carolina State Demographer projects the County's population will be as follows:

2016	2017	2018
1,025,434	1,045,065	1,065,570

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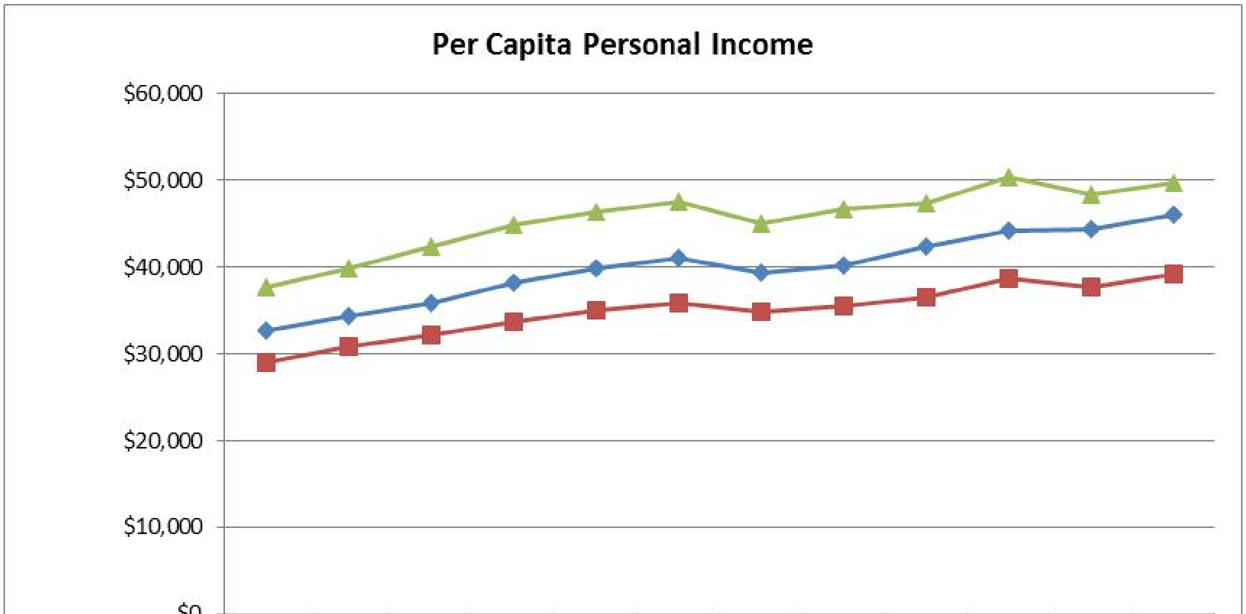
Income. The following graph shows the per capita income trends for the County compared with the State and nation on a calendar year basis.



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
United States	$32,692	$34,316	$35,904	$38,144	$39,821	$41,082	$39,376	$40,277	$42,453	$44,266	$44,438	$46,049
North Carolina	29,081	30,785	32,245	33,775	35,096	35,917	34,944	35,569	36,622	38,655	37,774	39,171
Wake County	37,690	39,803	42,464	44,968	46,406	47,483	45,069	46,715	47,469	50,381	48,396	49,695

Source: U.S. Bureau of Economic Analysis Website, August 2016.

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COMMERCIAL, INDUSTRIAL AND INSTITUTIONAL PROFILE

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

The County and its environs consistently receive accolades. The Center for Digital Government and National Association of Counties has named Wake County the number one digital county of its size in the country. Money Magazine has named Raleigh as the best big city to live in the southeast (September 2016). The Raleigh-Durham metro area was named the fourth best place to live by US News (March 2016). Forbes.com ranked the Raleigh area as one of the top ten cities Americans are moving to right now (July 2016) and one of the top ten cities for overall jobs (May 2016). The Milken Institute ranked the Raleigh area the sixth best performing large U.S. City (December 2015). The variety of work, education, and lifestyle opportunities ranks the Raleigh area in the top ten by WalletHub for veterans (November 2015), best city to start a career (May 2016), and the third best large city to live in (July 2016). Cary, the County's second most populous municipality, was ranked as the sixth best place to live (24/7 Wall Street, November 2015). Other towns in the County also appear in national rankings: Rolesville was rated as the number seven Boom Town across America by Realtor.com (April 2016), Knightdale was named the most affordable city in the State by SmartAsset (March 2016), and Apex was rated as the number one best city to live by Money Magazine (August 2015).

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

- The Research Triangle Park (the RTP), a nationally recognized center for research and light manufacturing, is partially located in the County. The RTP's primary objective is to attract research-related institutions to the area, and is currently home to approximately 190 organizations including International Business Machines Corporation, GlaxoSmithKline, Cisco Systems, Credit Suisse, RTI International, Fidelity Investments, National Institute of Environmental Health Sciences, United States Environmental Protection Agency, Biogen IDEC and NetApp. The organizations in the RTP employ an estimated 39,000 employees. Source: Research Triangle Foundation of North Carolina website.
- Six public and private institutions of higher education are located within the County, including North Carolina State University (the University) in Raleigh. The University has an enrollment of approximately 34,400 students and is engaged in graduate and undergraduate education, research and extension programs. It employs approximately 8,000 employees. The University's unique research park, Centennial Campus, hosts more than 60 companies, government agencies and research and academic units.
- The County is also home to Wake Technical Community College (Wake Tech), which is part of the North Carolina Community College System. The mission of Wake Tech is to provide education and training for the workforce. Enrollment was approximately 27,100 students in curriculum education and approximately 29,100 students in continuing education (April 2016).
- Three acute care hospital systems are located in the County and employ over 15,000 employees. Source: Wake County Economic Development Website, March 2016.
- The County's population is highly educated. According to the U.S. Census Bureau, in 2014 the percentage of the County's adult population with a high school degree or higher

was 92%, and the percentage of the County's adult population with a B.A. degree or higher was 48%. Source: U.S. Census Bureau American Community Survey, U.S. Census website, September 2016.

Major Employers. The County has a wide variety of employers. The following table lists by corporate name and approximate number of employees, the top ten major employers in the County:

State of North Carolina	24,083
Wake County Public School System	18,554
IBM Corporation	10,000
WakeMed Health & Hospitals	8,422
North Carolina State University	7,876
Cisco Systems	5,500
Rex Healthcare	5,300
SAS Institute, Inc.	5,232
GlaxoSmithKline	4,200
Lenovo	4,200

Source: Wake County Economic Development website, August 2016.

Sales Taxes. Total sales tax revenues received by the County for the past five fiscal years are shown in the following table:

Year Ended June 30	Sales Tax Received	Percentage Increase Over Prior Year
2012	$120,834,877	9.2%
2013	127,273,310	5.3%
2014	141,340,059	11.1%
2015	155,153,469	9.8%
2016 [1]	167,601,590	8.0%

[1] Unaudited.

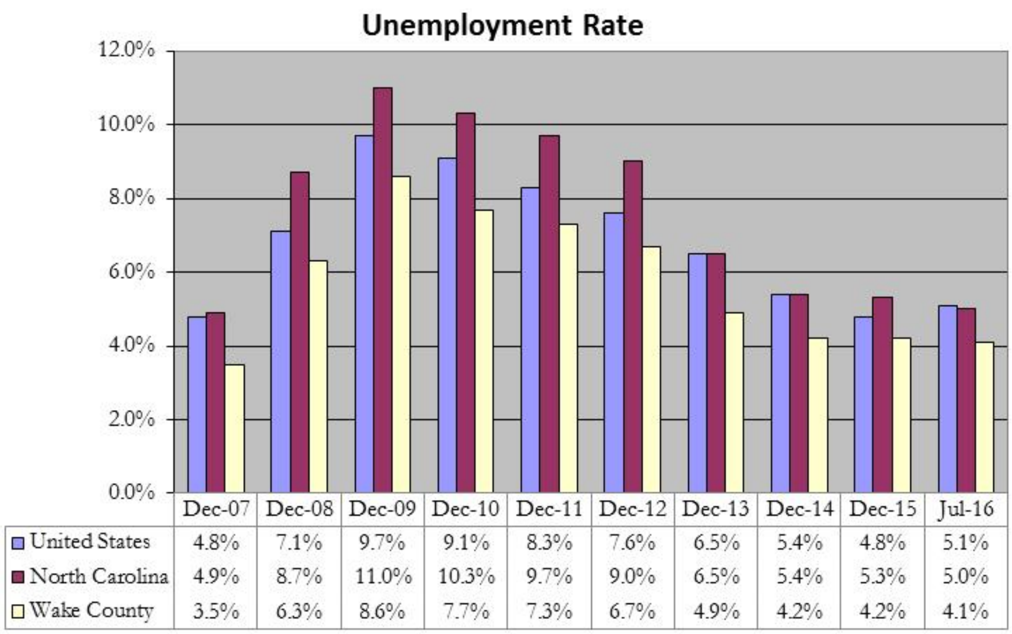
Source: North Carolina Department of Revenue Website September 2016 for 12-month period ending June 30, 2016. In accordance with generally accepted accounting standards, sales tax reported by the North Carolina Department of Revenue for the periods August through July are reported by the County for years ended June 30.

Construction Activity. Construction activity in the County for current calendar year to date and the most recent four calendar years is indicated by the following table:

	Non-Residential		Residential		Additions/Alterations		Total Construction	
Year	# of Units	Value	# of Units	Value	# of Units	Value	# of Units	Value
2012	397	593,569,988	4,822	978,361,893	6,154	231,543,296	11,373	1,803,475,177
2013	329	621,030,025	6,195	1,309,258,288	6,631	199,333,931	13,155	2,129,622,244
2014	365	852,015,246	5,838	1,271,337,394	6,474	185,326,931	12,677	2,308,679,571
2015	330	769,646,668	6,602	1,514,176,202	8,419	390,767,130	15,351	2,674,590,000
2016 [1]	194	560,316,542	4,273	980,494,653	5,092	209,354,080	9,559	1,750,165,275

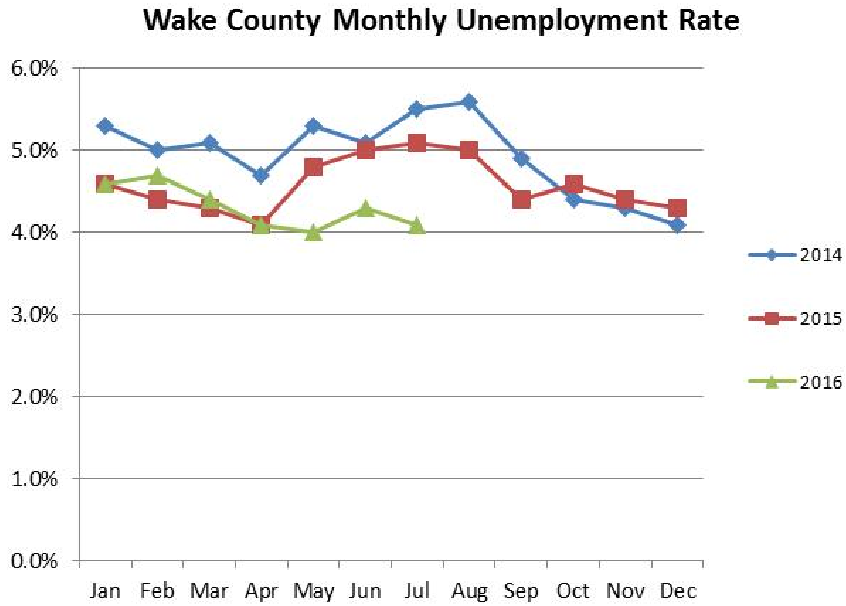
[1] Period January 1-July 31, 2016.
Source: Wake County Revenue Department.

Employment. The following graph shows the unemployment rate trends for the County compared with the State and nation on a calendar year basis.



Source: North Carolina Department of Commerce, Division of Employment Security Website, September 2016.

The following chart shows the North Carolina Department of Commerce, Division of Employment Security, estimate of percentage unemployed in Wake County by month for calendar years 2014, and 2015 and calendar-year-to-date for 2016.



Source: North Carolina Employment Security Commission Website, August 2016.

CULTURAL AND RECREATION

General. The County has a broad range of cultural and entertainment experiences available to its citizens and visitors. The PNC Arena, a multi-purpose sports arena and entertainment facility, is the home of the Carolina Hurricanes, a National Hockey League team, and the North Carolina State University basketball team. In addition, the facility hosts a wide variety of entertainment events for the region. The facility is owned by the Centennial Authority of North Carolina under authority granted by the General Assembly. Part of the funding for operation, as well as debt service on debt incurred to finance a portion of the cost of the facility, is provided by a County-wide 6% occupancy tax and a 1% prepared food and beverage tax. The balance of these costs is being provided by the State, the University and the Carolina Hurricanes.

Duke Energy Center for the Performing Arts, located in downtown Raleigh, is the home of the North Carolina Symphony and features four performing arts theatres. The North Carolina Museum of Natural Sciences, the North Carolina Museum of History, Marbles Kids Museum, and the adjacent IMAX Theater are also located in downtown Raleigh. The North Carolina Museum of Art is located in the western part of Raleigh. Walnut Creek Amphitheater, a 20,000 seat amphitheater, RedHat Amphitheatre adjacent to the Raleigh Convention Center, and Koka Booth Amphitheatre at Regency Park in Cary offer outdoor concert facilities for a variety of national concert tours and other events. WakeMed Soccer Park, a 150-acre multi-use complex, hosts professional matches, college and high school tournaments and other events. Five County Stadium, the home of the single-A Carolina Mudcats professional baseball team, is located in the eastern part of the County. The USA Baseball National Training Complex is located in Cary.

In September 2008, Raleigh completed construction of and opened a new 500,000 square-foot convention center located in the downtown area. This project, which was the major component of several downtown renewal efforts, includes a 150,000 square-foot exhibit hall, 20 meeting rooms, open reception areas and a ballroom. In addition, a major new hotel in the downtown area was built to support the operation of the convention center. The convention center attracts a wide-range of events, conventions and other meetings of groups ranging in size from 50 to 5,000.

Libraries. The Wake County Public Library System (WCPL) operates seven regional libraries, 11 community branch libraries, two specialty libraries (Express Library on Fayetteville Street, Olivia Raney Local History Library) and bookmobile services. The County contracts with WCPSS to provide public access to the Athens Drive High School Library. The County has complete control over both program and funding decisions. There are other libraries in the County that target the higher education community. WCPL circulates 11 million materials every year (books, magazines, audiobooks, and Ebooks); offers more than 8,900 children and adult programs with over 304,000 participants; and patrons logged over 658,000 PC hours on public computers at the libraries. Its collection size is approximately 1.36 million print and downloadable books; and, in 2015 over 3.6 million visitors used WCPL facilities.

In October 2007, County voters passed a library bond referendum in the amount of $45 million, of which $11.3 million has been issued as bonds and $17.906 million has been authorized as bond anticipation notes. The bond order authorizing these bonds was extended by the Board of Commissioners for another three years, and will expire October 2017. The FY 2017-2023 community improvement plan (CIP) includes appropriations for library capital improvements totaling $21.18 million. Bonds to be issued will be used to fund the design and construction of a variety of new, replacement, and expanded libraries. Future projects as identified in the County's 2007 Libraries Master Plan include the replacement of the Cary and Fuquay-Varina Branch Libraries, expansion of the Wake Forest Library, and new libraries in Morrisville, Middle Creek, and North Hills. In addition, two facilities have been identified for renovation and repairs through the County's facility condition assessment process.

Parks. There are nine County parks, five of which are leased and four of which are owned by the County.

- Blue Jay Point County Park is a 236-acre park located on the shores of Falls Lake in the northern portion of the County. Blue Jay Point's mission is to offer environmental education programming in a natural setting.
- Lake Crabtree County Park offers visitors a variety of exciting opportunities for outdoor recreation. Located on a 215-acre site adjacent to a 520-acre flood control lake, some of this park's main attractions include fishing, boating, hiking, group and individual picnicking, mountain biking and nature study.
- Historic Oak View County Park is a 19th-century historic farmstead with a mission to interpret the agricultural heritage and rural history of North Carolina through educational programs, special events and exhibits.
- Historic Yates Mill County Park has nearly 174 acres of land, including the 20-acre millpond, which is part of the Swift Creek nutrient-sensitive water-supply watershed. Diverse park habitats include pond, creek, wetlands and forests.
- Crowder District Park is located on 33 acres of landscaped grounds and hardwood forests. Park amenities include three playgrounds, three picnic shelters, a sand volleyball court, play field, restrooms, an outdoor amphitheater and a 3-acre pond with a boardwalk and an observation deck.
- The American Tobacco Trail is a 23 mile rails-to-trails project located in the Triangle Region of North Carolina. The multi-use trail traverses local, state and federally managed lands along its route from the community of New Hill in southern Wake County to Downtown Durham. Wake County's section of the American Tobacco Trail (ATT)

offers a quiet and rural setting traversing 6.5 miles from New Hill to the Wake/Chatham County line. The trail is open to walkers, runners, bicyclists, and equestrians.

- Harris Lake County Park is a 680-acre park situated on a peninsula located on the Shearon Harris Reservoir. The park has a variety of exciting opportunities including hiking, mountain biking, disc golf, and fishing.
- North Wake Landfill District Park provides a variety of recreational activities for all ages. Located on a closed municipal solid waste landfill, the park offers a playground, walking and mountain biking trails and picnicking facilities.
- The Robertson Millpond Reserve is an 85-acre passive recreation refuge for nature lovers, kayakers, and canoeists. The reserve contains a blackwater cypress-gum swamp, containing unique species typically only found in the coastal plain region of the state.
- The County is also in the process of opening two Open Space sites for passive recreational activities such as hiking, kayaking, and horseback riding at Turnipseed and Procter Farms.

There is one state park (William B. Umstead), two state recreation areas (Falls Lake and Jordan Lake) and two state natural areas (Mitchell Mill and Hemlock Bluffs) in and around the County which together comprise 88,000 acres. Each municipality in the County also offers a variety of parks, greenways and open spaces.

GOVERNMENT AND MAJOR SERVICES

Governmental Structure. The County has a Commissioner-Manager form of government with a seven-member elected Board of Commissioners (the Commissioners) who serve four-year, staggered terms. The Commissioners are elected at large on a partisan basis. The chair and vice chair are selected by the Commissioners on the first Monday in December of each year.

The Commissioners appoint the members of various boards and commissions, the County Manager, the County Attorney and the Clerk to the Board. The County Manager is the chief administrative officer of the County and is responsible for the execution of policies established by the Commissioners and for preparing an annual budget proposal. The Commissioners are responsible for adopting an annual budget for all County departments, setting a tax rate and levying ad valorem taxes for the operation of County functions.

The County is a political subdivision of the State. The County provides services to its citizens in the following functional areas: (1) human services (social services, public health, mental health and substance abuse services, child support enforcement, job training and housing and community revitalization); (2) public safety (law enforcement and detention facilities, emergency medical services, funds for fire protection in unincorporated areas and emergency management); (3) economic and physical development; (4) public libraries and park development; (5) environmental services; and (6) general administrative services.

Education. The publicly-elected Wake County Board of Education has general control and supervision of all matters pertaining to public schools in the County, subject to regulations and policies of the State. Such public school system is named the Wake County Public School System (WCPSS). Revenue for operating expenses is generated from three levels of government: State, federal and local. The State and the federal government fund approximately 67% of current operating expenses while the County provides 29% to supplement the minimum educational program provided by the State. The remaining 4% of funding for operating expenses comes from miscellaneous local funding sources. The County is primarily responsible for providing funds for school facilities and facility operations.

The WCPSS serves all residents of the County. During the 2015-2016 school year, 157,180 students were enrolled in 171 schools staffed by 10,201 permanent full-time teachers. The WCPSS is the largest school system in State and the 16th largest in the United States. Student enrollment is projected to be 159,250 for the 2016-2017 school year. Five schools opened for enrollment in Fall 2016, and another three schools will open for students in Fall 2017.

The following table reflects ADM* in the County schools and the number of schools and classrooms for a six-year period beginning with the 2010-11 school year:

	Elementary (K-5)			Middle (6-8)			High (9-12)		
School Year	Schools[1]	Classrooms[2]	ADM*	Schools[1]	Classrooms[2]	ADM*	Schools	Classrooms[1]	ADM*
2010-11	103	4,491	69,140	34	2,068	32,742	26	2,187	41,407
2011-12	104	4,525	70,564	34	2,071	33,750	27	2,157	42,373
2012-13	105	4,534	71,190	37	2,201	34,631	27	2,194	43,687
2013-14	105	4,511	72,883	37	2,209	35,713	28	2,340	44,704
2014-15	105	4,569	72,696	37	2,179	36,334	29	2,361	46,154
2015-16	106	4,659	73,802	37	2,180	35,737	28	2,446	47,641

*ADM — Average Daily Membership (using 20th day enrollment for school years 2011-2016), is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. The memberships are used as a basis for teacher allotments and for distribution of State funds.

[1] Schools includes three academies; one K-8 school listed under elementary and two 6-12 schools listed under middle.
[2] Classroom numbers include instructional mobile units. For 2015-2016, the number of active instructional mobile units is 1,111, excluding units being used as swing space during renovation projects.

On October 8, 2013, voters approved the issuance of $810 million of general obligation school bonds in support of the WCPSS CIP 2013 Building Program, of which $370.24 million has been issued as bonds and $344.344 million has been authorized as bond anticipation notes. CIP 2013 includes these bonds, plus $129.9 million of cash funding, and also includes previously available funds totaling $58.4 million, for a total building program of $998.4 million. Pursuant to this program, the County plans to construct 15 new schools by 2019 and add an additional 1,343 seats in five major renovations. The program also funds critical items such as life cycle equipment replacement, technology, security, and land acquisition.

The County provides local funds to Wake Technical Community College representing approximately 10 percent of its current expenses. Wake Tech offers curriculum education in seven divisions: Arts and Sciences, Business Education, Computer & Information Technology, Engineering Technology, Health Education, Vocational Education, and University Transfer (General Education). Wake Tech's continuing education programs include short-term, non-credit classes for job skills development, special interests or occupational licensing. Wake Tech also offers English as a Second Language, adult high school, GED and basic skills programs. The Occupational Education Division provides training for many of the County's law enforcement, emergency medical service, fire prevention, and hospitality professionals. The Small Business Center provides seminars and counseling for business owners and entrepreneurs. The County is primarily responsible for providing funds to Wake Tech for facilities and facility operations. In November 2012, voters authorized $200 million of general obligation bonds in support of Wake Tech's $210.2 million 2012 building program, of which $162.25 million has been issued as bonds and $37.750 million has been authorized as bond anticipation notes.

Along with Wake Technical Community College and North Carolina State University, there are five other colleges and universities located in the County: Shaw University, Meredith College, Southeastern Baptist Theological Seminary, Saint Augustine's College and William Peace University. Campbell University Law School is located in downtown Raleigh. Also nearby are The University of North Carolina at Chapel Hill and Duke University in Durham, located within 25 miles of Raleigh. These neighboring universities and those within the County provide the community with numerous cultural events and collegiate sports activities.

Transportation. The State is primarily responsible for the major expansion, maintenance and betterments of federal highways and of State primary and secondary highways and roads within the County. Certain improvements to those roads and to the local street systems within the County's municipalities are the responsibility of such municipalities. Highway routes that lead to the County seat of Raleigh include Interstate 40 and four U. S. Highways (U.S. 1, 64, 70 and 401) and two North Carolina Highways (N.C. 50 and 54). Currently two major freeways loop or partially loop the area (Interstate 440 and Interstate 540).

The North Carolina Turnpike Authority financed and constructed a new, approximately 19-mile toll road located in the County, comprising a continuation of the partial loop of Interstate 540. This project cost a little over $1 billion, was the first toll road in the State and was financed with a combination of toll road revenue bonds, additional debt financing provided by the United States Department of Transportation and contributions toward the project made by the State. The new toll road runs from the RTP to the southern area of the County. The Triangle Parkway, the first section of the Triangle Expressway, opened in December 2011. The Western Wake Expressway, the second section of the Triangle Expressway, opened in December 2012.

Raleigh-Durham International Airport (the *"Airport"*) is a major regional airport served by nine major airlines, one foreign flag carrier, eight commuter airlines, general aviation, corporate, military and cargo aircraft operations. In calendar year 2015, approximately 9.9 million passengers were enplaned at the Airport. The Airport is governed by the eight-member Raleigh-Durham Airport Authority with two members each appointed by the City of Raleigh, the County, the City of Durham and Durham County. The Airport has two parallel runways of 10,000 feet and 7,500 feet, and a cross-wind general aviation runway of 3,500 feet. An air cargo complex houses five cargo carriers. Two passenger terminals provide a total of 59 aircraft gates. The County is not financially responsible for any airport capital improvements.

Connecting bus service to Raleigh is provided on a nationwide basis. Local service is provided by several charter services. The County currently is provided passenger train service by Amtrak Carolinian, a regional State supported train service, and freight service by two railroad lines, Southern Railway Company and Seaboard Systems Railroad.

GoTriangle, also known as Triangle Transit, operates regional buses, shuttles, and vanpools, reporting 1,843,735 fixed route ridership trips and 34,919 paratransit boardings for fiscal year 2015 (Source: 2015 Research Triangle Regional Public Transportation Authority Comprehensive Annual Financial Report). The County has no financial responsibility for GoTriangle.

North Carolina law permits local communities to conduct a referendum on the levy of a local sales tax for transit projects. For the County, the entry into a special tax district, the Triangle Tax District, is conditioned upon successful voter approval of an additional one-half percent (1/2%) local sales and use tax, in addition to the current sales and use tax, for purposes of implementing the Wake Transit Plan, pursuant to NCGS 105-509. The Wake County Board of Elections will conduct the special election for the advisory referendum on November 8, 2016. If approved by the voters, GoTriangle will levy a half cent sales tax for transit. Without approval, the sales tax cannot be levied, and Wake County will no longer be part of the special district as expanded pursuant to State law. Wake County, GoTriangle and the Capital Area Metropolitan Planning Organization have entered into a Transit Governance Interlocal Agreement that creates strict requirements related to accounting and reporting of revenues and expenditures for the Wake County Transit Plan. Dollars levied and collected pursuant to the Wake Transit Plan are not legally allocated to the County, and instead would be accounted for in the Triangle Tax District, a component unit of GoTriangle.

Human Services and Medical Facilities. Human services programs in the State are provided by a combination of federal, State and local funds. Wake County Human Services (WCHS) promotes physical and mental health, economic self-sufficiency, family and youth success in schools and communities, and improvements in housing and access to transportation. In the County's budget for the fiscal year ending June 30, 2017, total expenditures of $198.5 million is budgeted for these services, of which approximately 53% are funded with federal and State shared revenues, fees, and other outside revenues.

To comply with the State requirement for local management of Medicaid funds for behavioral health services, the County joined with Durham County to create a Managed Care Organization named Alliance Behavioral Healthcare. Alliance is responsible for the management of behavioral health services in Durham, Wake, Cumberland, and Johnston Counties. This transition required the County to stop offering federally-funded behavioral health services as of June 2013. UNC Healthcare continues to contract with Alliance to manage the WakeBrook Crisis and Assessment Center, Residential Mental Health and Substance Abuse Services, a new Inpatient Psychiatric Center, and an outpatient clinic to serve the chronic/fragile adult population of the County. UNC Healthcare provided an additional $3.5 million for 12 additional beds which opened in summer 2016. Alliance continues to contract out to community providers for Adult Outpatient Services, child mental health and other specialized services and with Holly Hill Hospital for the provision of inpatient mental health treatment.

WakeMed is a major non-profit hospital, tertiary care facility with an 919-bed capacity, which includes a 567-bed hospital in Raleigh, 156-bed hospital in Cary, 61-bed hospital in northern Wake County, and 135 rehab and skilled nursing beds. Two other institutions also operate hospitals in the County: Rex Healthcare, which is part of UNC Health Care System, has a 660-bed capacity (433 acute and 227 skilled nursing) and Duke Health Raleigh Hospital, which is part of Duke University Health System, has a 186-bed capacity. These facilities, combined with nearby Duke University Medical Center, UNC Hospital, Duke Regional Hospital and the Veterans Administration Medical Center, provide comprehensive medical resources for the region.

Public Service Enterprises. The County does not provide water and sewer services. Raleigh's water and sewer system provides water and sewer services to residents of Raleigh, Garner, Knightdale, Rolesville, Wake Forest, Wendell and Zebulon. Cary's water and sewer system provides water and sewer services to residents of Cary, Morrisville and some portions of the RTP. The towns of Apex, Fuquay-Varina and Holly Springs all operate their own water and sewer systems for their respective residents. Approximately 100,000 County residents are on private water systems.

The County is working jointly with Raleigh on the development of the Little River Reservoir for a future water supply source. The County has completed the acquisition of approximately 2,000 acres for the reservoir and Raleigh has initiated the process of securing permits for construction of the reservoir. The County has entered into an inter-local agreement that establishes responsibilities for permitting and future construction and provides for the transfer of land rights at the appropriate time.

Electric service is provided by Duke Energy, Wake Electric Membership Corporation, and the towns of Apex and Wake Forest. Natural gas service is provided by Public Service Company of North Carolina, Inc., a subsidiary of SCANA Energy. Multiple telecommunications companies serve the County.

Criminal Justice. The County's primary goals related to criminal justice are to provide sufficient functional space to promptly process arrestees through booking and intake to release arresting officers as soon as possible; provide adequate courtroom facilities for the judicial system to process caseloads in a timely and effective manner; provide adequate facilities that meet state standards for safety and to efficiently and effectively confine individuals who are awaiting court appearances, trial, or sentencing, or who are serving sentences that are typically less than 90 days; pursue facility-based initiatives that improve judicial and detention service-delivery efforts and reduce ongoing operational costs; and provide reliable and easily-maintainable facilities. The County's current detention capacity is 1,568, provided in two facilities (the County's Public Safety Center near the County courthouse and the Hammond Road detention center). The County opened Phase 2 of the Hammond Road detention center in April 2012 which was financed with the proceeds of limited obligation bonds issued in 2009. The County also constructed the new Justice Center for a criminal courthouse financed with limited obligation bonds issued in January 2010. The Justice Center opened in July 2013.

Other Services. Fire protection is provided by either seven municipal departments in the County or by one of 13 non-profit departments which serve all other areas of the County. Fire protection is financed by either municipal taxes or by fire district taxes and self-generated funds. The County has a single consolidated fire district created to provide fire service to the unincorporated areas of the County. A property tax is levied on all residential and commercial property in the district to fund both operating and capital needs.

Solid waste collection is provided by some of the individual municipalities within their respective corporate limits and by private vendors in the remaining municipalities and the unincorporated areas. The County is the sole provider of municipal solid waste disposal services in the County, as the County owns and operates the only municipal solid waste landfill that is currently open in the County. The South Wake Landfill began accepting municipal solid waste in February 2008, and it is projected to provide municipal solid waste disposal services for the citizens of the County for approximately 35 years. Waste Industries, Inc. provides the day-to-day operations and construction services for the South Wake Landfill in accordance with the terms and conditions of a service agreement. In 2012, the County updated the 10-Year Solid Waste Management Plan (the Plan) as required by state law. The purpose of the Plan is to present the collective vision of the County and the 12 municipalities in the County, for providing solid waste collection, disposal, recycling, reduction, and reuse services. The 2017-2023 CIP includes appropriations for solid waste capital improvements totaling $14 million over the next seven years.

The County has established an open space program as part of the County's broader plan to protect and improve water quality by preserving land such as forests, meadows, fields, wetlands, flood plains, and other areas that remain relatively undisturbed. In October 2007, the County's voters passed an open space bond referendum in the amount of $50 million for the continuation of the County's Open Space Preservation Program, of which all bonds have been issued. Since beginning the Open Space Program in 2000, the County has acquired or partnered in the acquisition of over 6,200 acres of open space at a cost of over $99.7 million.

DEBT INFORMATION

Legal Debt Limit. In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, after issuance of all presently authorized bonds, including these Bonds, the County had the statutory capacity to incur additional net debt secured by its faith and credit in the approximate amount of $8,927,935,815 as of July 1, 2016.

Outstanding General Obligation Debt.

	Principal Outstanding as of			
	June 30, 2014	June 30, 2015	June 30, 2016	September 1, 2016
School Bonds	$ 1,368,804,000	$ 1,625,289,840	$ 1,493,005,464	$ 1,475,404,713 [2]
Community College Bonds	206,068,223	249,557,989	234,558,935	232,663,935
Other Bonds	90,002,777	92,742,171	84,970,601	84,391,352
Total G.O. Bonds	$ 1,664,875,000	$ 1,967,590,000	$ 1,812,535,000	$ 1,792,460,000
General Obligation Bond Anticipation Notes [1]	$ -	$ -	$ 1,301,000	$ 16,301,000
Total General Obligation Debt	$ 1,664,875,000	$ 1,967,590,000	$ 1,813,836,000	$ 1,808,761,000

[1] See discussion below regarding the County's General Obligation Bond Anticipation Note program.
[2] A portion of these bonds will be refunded with the proceeds of the Bonds now being offered. See "The REFUNDING PLAN" herein.

In February 2016, the County commenced a general obligation bond anticipation note ("BAN") program to provide short-term financing of the cost of various capital improvements pending the issuance of long-term general obligation bonds to finance such improvements. Under the BAN program, the County may draw funds from time to time upon the financial institutions that purchased the BANs, increasing the principal amount of the BANs in the amount of the funds drawn. The maximum amount that may be drawn under the BAN program is $400 million. The County intends to refinance the BANs from time to time with long-term general obligation bonds. As of September 1, 2016, $16,301,000 had been drawn and those amounts of BANs were outstanding.

The Outstanding General Obligation Debt in the table above and the table on the following page showing the County's debt by purpose includes $16,301,000 of BANs, but does not include the amount not yet drawn and does not include any long term general obligation bonds that will be issued to refinance the BANs. The table below under the heading "General Obligation Debt Service Requirements and Maturity Schedule" does not include any debt service on the BANs or any assumed debt service on the general obligation bonds expected to be issued to refinance the BANs. The table below under the heading "General Obligation Bonds Authorized and Unissued" includes the BANs that have been issued as of September 1, 2016.

The following table sets forth, as of September 1, 2016, all of the County's outstanding general obligation and installment payment debt by purpose.

	Schools	Open Space	Library	Community College	Other	Total
Series 2003B G.O. Variable Rate Bonds	$ 45,000,000	$ -	$ -	$ -	$ -	$ 45,000,000
Series 2003C G.O. Variable Rate Bonds	45,000,000	-	-	-	-	45,000,000
Series 2005 G.O. Refunding Bonds	9,810,000	-	-	-	-	9,810,000
Series 2007 G.O. Public Improvement Bonds	20,219,781	1,314,285	808,792	657,143	-	23,000,001
Series 2007A G.O. Variable Rate School Bonds	50,000,000	-	-	-	-	50,000,000
Series 2007B G.O. Variable Rate School Bonds	50,000,000	-	-	-	-	50,000,000
Series 2009A G.O. Public Improvement Bonds	13,333,334	-	-	4,666,666	-	18,000,000
Series 2009B G.O. Public Improvement Bonds	172,710,000	12,793,333	1,548,667	14,948,000	-	202,000,000
Series 2009D G.O. Refunding Bonds	41,484,663	729,977	-	1,167,969	1,332,391	44,715,000
Series 2010A G.O. Public Improvement Bonds	32,559,131	-	-	13,885,869	-	46,445,000
Series 2010B G.O. Public Improvement Bonds	39,505,000	-	-	-	-	39,505,000
Series 2010C G.O. Refunding Bonds	294,515,131	13,490,191	10,769,558	26,808,677	6,106,442	351,689,999
Series 2010D Taxable G.O. School Bonds[1]	34,910,000	-	-	-	-	34,910,000
Series 2010E G.O. Public Improvement Bonds	-	-	-	7,580,000	-	7,580,000
Series 2010F Taxable G.O. Public Improvement Bonds	-	-	-	17,055,000	-	17,055,000
Series 2011 G.O. Public Improvement Bonds	78,728,425	7,371,575	-	-	-	86,100,000
Series 2012A G.O. School Bonds	76,500,000	-	-	-	-	76,500,000
Series 2012B G.O. Refunding Bonds	75,290,000	-	-	-	-	75,290,000
Series 2013A G.O. School Bonds	43,200,000	-	-	-	-	43,200,000
Series 2013 G.O. Public Improvement Bonds	-	17,705,389	-	87,894,611	-	105,600,000
Series 2014 G.O. Public Improvement Bonds	316,639,249	-	10,420,751	-	-	327,060,000
Series 2015 G.O. Public Improvement Bonds	36,000,000	-	-	58,000,000	-	94,000,000
Series 2016 G.O. Bond Anticipation Notes	16,301,000	-	-	-	-	16,301,000
Total G.O. Bonds & Notes	$ 1,491,705,714	$ 53,404,750	$ 23,547,768	$ 232,663,935	$ 7,438,833	$ 1,808,761,000
Series 2009 Limited Obligation Bonds	$ -	$ -	$ -	$ -	$ 18,555,000	$ 18,555,000
Series 2010 Limited Obligation Bonds	-	-	-	-	23,810,000	23,810,000
Series 2016A Limited Obligation Refunding Bonds	-	-	-	-	191,835,000	191,835,000
QZAB Financing[2]	163,462	-	-	-	-	163,462
Equipment Lease Purchase	-	-	-	-	361,409	361,409
Fire Apparatus Installment Contracts	-	-	-	-	3,879,860	3,879,860
Total Installment Payment Debt	$ 163,462	$ -	$ -	$ -	$ 238,441,269	$ 238,604,731

General Obligation Debt Ratios.

At June 30	Total GO Debt	Assessed Valuation[1]	Total GO Debt to Assessed Valuation	Population	Total GO Debt Per Capita
2012	$ 1,754,870,000	$ 120,555,400,651	1.46 %	952,143 [2]	$ 1,843
2013	1,801,325,000	122,450,151,129	1.47	974,289 [2]	1,849
2014	1,664,875,000	127,426,491,226	1.31	985,146 [3]	1,690
2015	1,967,590,000	127,947,523,008	1.54	1,005,367 [3]	1,957
2016 [4]	1,812,535,000	131,950,128,674	1.37	1,005,367 [3]	1,803
At September 1, 2016 [5]	1,808,761,000	140,304,165,000	1.29	1,025,434 [3]	1,764

[1] Estimated valuation for billing purposes and includes some amounts relating to prior years.

[2] Per U.S. Census Bureau.

[3] Estimate per State Demographer.

[4] Unaudited.

[5] Projected.

General Obligation Debt Service Requirements and Maturity Schedule

	Existing Debt [1]	
Fiscal Year	Total Principal	Total Principal & Interest
2016-17	$ 176,065,000	$ 250,957,214
2017-18	163,775,000	231,314,624
2018-19	164,435,000	225,683,767
2019-20	152,255,000	206,990,538
2020-21	132,730,000	180,715,820
2021-22	144,650,000	186,388,393
2022-23	141,500,000	177,021,674
2023-24	137,915,000	167,223,500
2024-25	136,980,000	160,081,234
2025-26	86,160,000	103,419,803
2026-27	87,110,000	101,098,219
2027-28	52,200,000	62,437,086
2028-29	51,895,000	60,139,370
2029-30	45,565,000	51,755,765
2030-31	37,520,000	42,066,275
2031-32	32,420,000	35,683,825
2032-33	23,120,000	25,229,625
2033-34	23,120,000	24,420,425
2034-35	23,120,000	23,611,225
TOTAL	$ 1,812,535,000	$ 2,316,238,381

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[1] Includes the Bonds to be Refunded. See "The REFUNDING PLAN" herein. Assumes variable interest rates as follows: 0.455% in FY 2017, 0.70% in FY 2018, 1.05% in FY 2019, 1.40% in FY 2020, 1.75% in FY 2021, 2.10% in FY 2022, and 2.45% thereafter. Excludes fees for liquidity, remarketing, rating surveillance, and trustee services on the Bonds to be Refunded. Excludes debt service on BANs and general obligation bonds expected to be issued to refinance BANs as described above.

General Obligation Bonds Authorized and Unissued.

Purpose	Date Approved	Balance Authorized and Unissued [1]
Library	10/09/07	$ 33,700,000
Community College	11/06/12	37,750,000
Schools	10/08/13	423,459,000
Refunding	09/19/16	190,000,000
Total		$ 684,909,000

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[1] As of September 19, 2016, after issuance of $16,301,000 of General Obligation Bond Anticipation Notes.

General Obligation Debt Information for Underlying Units.

The following table sets forth the general obligation bond indebtedness for the municipalities located in the County as of June 30, 2016.

Unit	2014 Population[1]	Assessed Valuation as of January 1, 2015	Tax Rate Per $100[2]	Bonds Authorized and Unissued Business-type	Bonds Authorized and Unissued Governmental	Total GO Debt[3] June 30, 2016 Business-type	Total GO Debt[3] June 30, 2016 Governmental	Total GO Debt Per Capita
Apex	42,672	$ 4,994,966,255	$ 0.3900	$ -	$ 16,330,000	$ 32,945,000	$ 15,515,000	$ 1,136
Cary	148,103	22,730,606,097	0.3500	43,585,000	47,685,000	-	179,318,000	1,211
Fuquay-Varina	21,796	2,515,179,307	0.3850	9,200,000	23,500,000	1,725,000	10,315,000	552
Garner	27,289	3,077,341,979	0.5000	-	11,241,000	-	29,335,000	1,075
Holly Springs	28,832	3,700,341,354	0.4350	-	8,000,000	-	22,875,000	793
Knightdale	13,102	1,437,903,835	0.4300	-	-	8,000	3,825,000	293
Morrisville	22,856	3,747,151,411	0.3900	-	20,000,000	-	8,935,000	391
Raleigh	432,133	52,605,029,954	0.4038	-	208,670,000	-	304,260,000	704
Rolesville	5,016	676,864,522	0.4400	-	-	384,500	-	77
Wake Forest	33,033	4,302,385,326	0.5200	-	28,770,000	-	14,935,000	452
Wendell	6,224	475,503,487	0.4900	-	-	-	-	-
Zebulon	4,610	784,462,683	0.5250	-	-	-	3,035,000	658

[1] Estimate of office of State Budget and Management.
[2] Fiscal year ending June 30, 2016.
[3] Data from the NC Department of State Treasurer, State and Local Government Division. These amounts exclude refunded bonds with respect to which an escrow agent holds in trust certain U. S. Government Obligations.
Note: The above table does not include revenue bonds.

Interlocal Agreements. In 1991, the North Carolina General Assembly authorized the County to levy a 6% occupancy tax on hotel rooms and a 1% prepared food and beverage tax (collectively, the "*Special Taxes*") the proceeds of which are to be used for a specified list of tourist-related projects in the County. The authorizing legislation for the Special Taxes required that the County and Raleigh enter into an interlocal agreement that contains the type and general location of all of the capital projects to be funded by the Special Taxes. The County and Raleigh entered into such agreement in September 1995 (the "*Interlocal Agreement*"). The County began levying the occupancy tax on January 1, 1992 and began levying the prepared food and beverage tax on January 1, 1993.

To date, in accordance with the Interlocal Agreement and amendments thereto, Raleigh and the County have utilized the Special Taxes to finance a number of projects that enhance the appeal of living in the County, including financing a significant portion of the acquisition and construction of the 19,000 seat multi-purpose PNC Arena, improvements to the Progress Energy Performing Arts Center, improvements to Five County Stadium, the baseball stadium that is the home of the Carolina Mudcats minor league baseball team, a 5,000 seat soccer stadium, and the construction of the Marbles Kids Museum in downtown Raleigh. Under the Interlocal Agreement, as amended, in addition to an annual allocation for certain tourist-related groups, the Special Taxes have been allocated to pay debt service or future improvements to some of the above-reference projects. Specifically, in connection with the funding of construction of the PNC Arena, the Centennial Authority, a political subdivision of the State with a board appointed in part by the County and Raleigh, issued its $62,860,000 Hotel Tax Revenue Bonds (Arena Project), Series 1997. These outstanding bonds were refunded in September 2009 with the proceeds of the Centennial Authority's $37,925,000 Revenue Refunding Bonds, Series 2009. Debt service on these bonds is paid from amounts paid over to the Centennial Authority by the County from the Special Taxes pursuant to the Interlocal Agreement.

In February 2004, the County and Raleigh amended the Interlocal Agreement to provide that after payment of the above-described commitments made under the Interlocal Agreement, Raleigh will receive 85% of the remaining proceeds of the Special Taxes. This amendment was entered into in connection with Raleigh's plan to finance, construct and operate a new convention center in downtown Raleigh. Raleigh, using an installment financing contract, issued approximately $243 million in installment financing obligations for a new convention center and public meeting space in an adjacent hotel. Raleigh is using the proceeds of the Special Taxes covered by the February 2004 amendment as a source of payment of the amounts required under the installment financing contract, although such money is not legally or contractually pledged to the making of such installment payments. Except for its obligations to Raleigh under the Interlocal Agreement, the County has no responsibility with respect to Raleigh's financing arrangements for the convention center.

Other Long-Term Commitments. The County leases certain equipment and space under lease agreements payable through 2025. Future total lease payments due under capital leases and operating leases with initial or remaining noncancellable lease terms in excess of one year are approximately $9,713,725.

The County issued Limited Obligation Bonds, Series 2009 in the amount of $154,620,000 in July 2009 to finance improvements to the County's Hammond Road detention center. The County also issued Limited Obligation Bonds, Series 2010 in the amount of $148,860,000 in January 2010 to finance the construction of the County's new Justice Center. A portion of both of the Limited Obligation Bond issues described above was refunded in May 2016, using proceeds of the $191,835,000 Limited Obligation Refunding Bonds, Series 2016A. The amount outstanding on the original Limited Obligation Bonds, Series 2009 is $18,555,000, and the amount outstanding on the original Limited Obligation Bonds, Series 2010 is $23,810,000.

The County has entered into a $3,002,077 installment contract financing to fund improvements to a public high school in the County. See Note 10 "Long-Term Debt — Qualified Zone Academy Bonds" in the Notes to the Basic Financial Statements of Appendix D hereto for a more complete description of such installment financing agreement and the County's obligations thereunder.

The County has entered into four installment financing agreements to purchase certain firefighting apparatus. The aggregate principal outstanding thereunder at September 1, 2016 was $3,879,860.

The following chart sets forth for each fiscal year of the County ending June 30 the amount of principal (whether at maturity or pursuant to mandatory sinking fund prepayment) and interest required to be paid by the County with respect to financing agreements related to criminal justice facilities, fire apparatus, and a renovation at a public high school.

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Installment Payment Requirements of Installment Purchase Financings as of September 1, 2016

Fiscal Year Ending June 30	Limited Obligation Bonds	Fire Apparatus Installment Purchases	Qualified Zone Academy Bonds	Equipment Financing	Total
2017	$ 22,183,577	$ 770,317	$ 163,461	$ 370,424	$ 23,487,780
2018	22,563,600	819,973	-	-	23,383,573
2019	22,020,200	523,459	-	-	22,543,659
2020	21,057,300	409,313	-	-	21,466,613
2021	20,107,425	410,875	-	-	20,518,300
2022	19,498,925	410,244	-	-	19,909,169
2023	18,906,550	357,489	-	-	19,264,039
2024	18,314,925	304,755	-	-	18,619,680
2025	17,733,800	139,193	-	-	17,872,993
2026	17,128,550	-	-	-	17,128,550
2027	16,519,925	-	-	-	16,519,925
2028	15,913,050	-	-	-	15,913,050
2029	15,307,925	-	-	-	15,307,925
2030	14,743,550	-	-	-	14,743,550
2031	14,130,800	-	-	-	14,130,800
2032	13,523,900	-	-	-	13,523,900
2033	12,924,200	-	-	-	12,924,200
2034	12,316,000	-	-	-	12,316,000
2035	11,709,850	-	-	-	11,709,850
2036	11,099,225	-	-	-	11,099,225
2037	5,323,675	-	-	-	5,323,675
Total	$ 343,026,952	$ 4,145,619	$ 163,461	$ 370,424	$ 347,706,456
Principal	$ 234,200,000	$ 3,879,860	$ 163,461	$ 361,409	$ 238,604,730
Interest	108,826,952	265,759	-	9,015	109,101,726
Total	$ 343,026,952	$ 4,145,619	$ 163,461	$ 370,424	$ 347,706,456

Debt Outlook.

The County has a seven-year capital improvement program which is annually updated and which serves as the basis for determining debt issuance. The program is part of the County's annual planning process where costs and needs are reevaluated. For additional information on the County's seven-year capital improvement program, see the caption "Financial Information: 2017-2023 Community Improvement Plan" herein.

The County's Board of Commissioners continually evaluates the need for a variety of capital projects, including construction and/or renovation of various school facilities, and the potential sources of funding for such projects. Certain of these projects could be financed by the County through the issuance of additional debt, including additional general obligation bond authorizations, limited obligation bonds, bond anticipation notes, and installment contract financings. The County also analyzes refunding opportunities on an ongoing basis and based on market conditions could refund additional portions of its outstanding bonds for savings and restructuring of its debt portfolio. The County currently plans to issue

$510 million in general obligation bonds during FY 2017-2021; $15.79 million as general obligation bonds for libraries, and the remainder to redeem $400 million of bond anticipation notes authorized in February 2016 and $95.416 planned as part of a bond anticipation note to be executed in Spring 2017. The County also plans to enter into limited obligation bond anticipation note programs for future school and community college building programs in 2017 and 2018, for which subsequent debt issuances to redeem those notes will occur.

TAX INFORMATION

General Information.

	Assessed Valuation[1] Fiscal Year Ended or Ending June 30				
	2013	2014	2015	2016[5]	2017[6]
Assessment Ratio[2]	100%	100%	100%	100%	100%
Real Property	$ 105,310,957,601	$ 107,096,246,490	$ 109,552,757,999	$ 112,361,475,069	$ 120,350,000,000
Personal Property	14,311,760,539	17,429,308,807	15,528,241,566	16,280,312,056	16,554,165,000
Public Service Companies[3]	2,827,432,989	2,900,935,929	2,866,523,443	3,309,341,549	3,400,000,000
Total Assessed Valuation	$ 122,450,151,130	$ 127,426,491,227	$ 127,947,523,009	$ 131,951,128,675	$ 140,304,165,000
Rate per $100	0.534	0.534	0.578	0.6145	0.6005
Levy[4]	$ 653,883,807	$ 680,457,463	$ 739,536,683	$ 810,839,686	$ 842,526,511

[1] Valuation for billing purposes and includes some amounts relating to prior years.
[2] Percentage of appraised value has been established by statute.
[3] Valuation of railroads, telephone companies, and other utilities as determined by the N.C. Property Tax Commission.
[4] Includes some amounts relating to prior years.
[5] Estimate of the Wake County Revenue Department as of June 30, 2016 (unaudited).
[6] Estimate of the Wake County Revenue Department for Fiscal Year 2016-2017.

Note: The revaluation of real property became effective for fiscal year ended June 30, 2017. In April 2016, the Board of Commissioners adopted a motion to move to a four-year revaluation cycle for residential property. The next revaluation will take effect for the fiscal year ending June 30, 2021.

Tax Collections.

Year Ended June 30	Current Years' Levies Collected & Rebates	Percentage of Current Years' Levy Collected	Collections In Subsequent Years	Percentage of Total Collected June 30, 2016
2012	$657,541,978	99.10 %	$5,005,113	99.85 %
2013	667,843,411	99.11	5,038,622	99.86
2014	697,580,105	99.47	2,787,885	99.87
2015	758,063,799	99.71	1,617,020	99.93
2016 [1]	831,114,362	99.85	N/A	99.85
2017 [2]	67,569,435	13.32	N/A	N/A

[1] As of June 30, 2016 (unaudited).
[2] As of September 1, 2016.

Ten Largest Taxpayers for Fiscal Year 2015-16

Company	Type of Enterprise	Assessed Valuation	Tax Levy[1]	Percentage of Total Assessed Valuation
Duke Energy Progress, Inc.[2]	Utility	$ 1,685,700,978	$ 10,358,633	1.28%
SAS Institute Inc	Software	601,994,888	3,699,259	0.46%
Highwoods Realty LP	Real Estate	561,299,659	3,449,186	0.43%
Cisco Systems Inc	Software	480,112,016	2,950,288	0.36%
NC Eastern Municipal Power Agency	Utility	342,038,002	2,101,824	0.26%
CVM Holdings LLC	Real Estate	334,549,760	2,055,808	0.25%
Network Appliance Inc.	Software	316,669,282	1,945,933	0.24%
Duke Realty LP	Real Estate	299,962,858	1,839,848	0.23%
Public Service Company of NC Inc	Utility	244,936,518	1,505,135	0.19%
WMCI Raleigh I LLC	Real Estate	237,030,069	1,456,550	0.18%
		$ 5,104,294,030	$ 31,362,464	3.87%

[1] Includes County property tax and late list penalty only; it does not include fire and special districts.

[2] These numbers each include significant amounts relating to Shearon Harris Nuclear Power Plant, a facility jointly owned by Duke Energy Progress, Inc. and North Carolina Eastern Municipal Power Agency.

Financial Information.

2014-2015 Financial Statements, 2015-2016 Projection, and 2016-2017 Budget Outlook. The County is required by State statute to adopt an annual balanced budget, to prepare financial statements in accordance with generally accepted accounting standards, and to have an annual audit. The audited financial statements for the fiscal year ended June 30, 2015 is presented as Appendix E to the Official Statement of which this Appendix A is part.

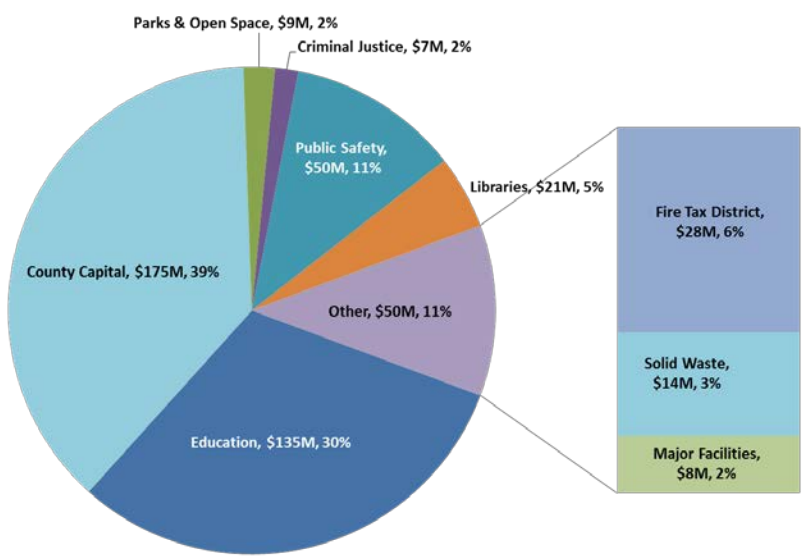
The amended FY 2016 general fund budget totaled $1.15 billion. The FY 2016 amended budget included an additional $73.9 million in revenue as compared to actual revenues FY 2015, of which $47.6 million is associated with a 3.65 cents property tax increase (3.65 cents per $100 of assessed valuation). The remainder of the increase can be attributable to growth in property tax base valuation, sales tax receipts, real estate transfer taxes, and federal and state-shared revenues for Human Services functions. Budgeted expenditure increases during FY 2016, as compared to actual expenditures FY 2015, included $44.6 million in increased operating support and teacher's salary supplement for WCPSS and $2.9 million to WTCC for the opening of two new buildings on the Northern Wake Campus. Funds totaling $2.3 million were budgeted for revaluation and Register of Deeds automation process; $2.6 million for Human Services for (1) child care subsidy funds, (2) Ryan White II Care Services, (3) the Care and Prevention in the United States (CAMPUS) Demonstration project, and (4) to facilitate the NC FAST program and additional positions for child welfare caseloads. Additional allocations during FY 2016 included $2 million for detention overtime and inmate medical costs in the Sheriff's department; allocation of $1 million for additional risk management charges related to worker's compensation and liability claims; and $1 million for increased County health insurance costs. Even with the increased expenditures as compared to FY 2015, the County expects to add approximately $28.5 million to fund balance, largely as a result of increased property tax and sales tax collections, and savings in other County departments. Of the projected increase in fund balance, approximately $7 million is committed for subsequent years' expenditures for behavioral health purposes and $4 million of North Carolina Alcoholic Beverage Control Commission funding is committed for subsequent year expenditures.

The adopted FY 2017 general fund budget totals $1.2 billion. The FY 2017 budget includes an additional $46.5 million in revenue as compared to the FY 2016 amended budget. Of this increase, $18.8 million is associated with a property tax increase of 1.35 cents over the revenue neutral rate of 58.70 cents, for a FY 2017 property tax rate of 60.05 cents. Remaining increases in revenue over FY 2016 are generally associated with the increase in assessed value and revaluation; and $6 million is attributable to continued growth in sales tax receipts. The FY 2017 budget also includes an appropriation of fund balance of $1.2 million; these funds were committed in prior years and will be used to support the Register of Deeds Automation projects, Drug Treatment Court, and replacement of DWI testing equipment.

Education represents the largest category of the County's general fund budget at 34.2 percent, excluding funds dedicated to debt and capital. The FY 2017 appropriation to WCPSS totals $409.9 million, an increase of $23.9 million over FY 2016. Wake Tech increased an additional $384,000 over the prior year. Transfers to debt and capital are the County's second largest expenditure, totaling $304.7 million, of which 80 percent is attributable to WCPSS and Wake Tech capital projects. Other increases in the FY 2017 budget are $3.7 million Human Services targeted in areas of adult and child welfare, mental health, and community health), $2 million for Libraries for the opening of a new library and additional books added to countywide circulation, $2.6 million for Sheriff and Detention Services for staffing and medical and behavioral health for detainees, and $9.5 million for Non-Departmental allocated for employee merit, compression, changes in calculation of the cost of overtime, and increases in health insurance.

2017-2023 Community Improvement Program. In connection with the County's capital planning, the Commissioners have adopted a seven-year CIP.

FY 2017 – 2023 Capital Improvement Plan: $447 Million



The County's long-range financial planning continues to be critical to its ability to manage growth and respond to changes in the economy. The County utilizes both a long-term debt and capital financing model, including a projection of the combined fund balance of the general fund and debt service fund, and a seven-year capital improvement program. The FY 2017 – FY 2023 CIP totals $447 million. The decrease over prior year CIPs represents appropriations made for projects approved as part of the WCPSS CIP 2013 building program and 2012 Wake Tech Building program, primarily funded by general obligation bonds approved by voters in 2013 and 2012. The FY 2017 - 2023 CIP includes the remaining appropriation for the WCPSS CIP 2013 building program. The CIP also includes the remaining $21 million of appropriation of library projects.

The FY 2017-2023 CIP also includes $223.5 million in cash funding of projects from amounts that are transferred from the County's general fund for County CIP projects; these include County building renovations, automation projects, and public safety projects such as new EMS stations and the 800 MHz system infrastructure replacement project. The CIP also includes funding for solid waste improvements, fire tax capital, and repairs to projects funded with proceeds with hotel/motel and prepared food and beverage taxes.

On May 31, 2017 the Wake County Board of Education adopted a resolution requesting the Board of Commissioners to provide funds for the school system's FY 2017 – FY 2023 capital building needs; the 7-year CIP identified by WCPSS totals $1.98 billion. Currently, the County is modeling the first two years of the program to be funded by a combination of Limited Obligation Bond Anticipation Notes and cash funding, with the next four years to be funded by a combination of General Obligation Bond Anticipation Notes and cash funding. The County's FY 2017 capital projects ordinance reflects the County's intent to authorize the first year of debt funding in support of the WCPSS FY 2017 – 2023 CIP. The County also anticipates issuing Limited Obligation Bond Anticipation Notes in anticipation of Wake Tech's next building program.

Pension Plans. The County participates in the North Carolina Local Governmental Employees Retirement System and the Supplemental Retirement Income Plan of North Carolina.

North Carolina Local Governmental Employees' Retirement System — The North Carolina Local Governmental Employees' Retirement System (the System) is a service agency administered through a board of trustees by the State for public employees of counties, cities, boards, commissions and other similar governmental entities. While the State Treasurer is the custodian of System funds, administrative costs are borne by the participating employer governmental entities. The State makes no contribution to the System.

The System provides, on a uniform System-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members contribute six percent of their individual compensation. Each new employer makes a normal contribution plus, where applicable, a contribution to fund any accrued liability over a 24-year period. The normal contribution rate for FY 2016, uniform for all employers, was 6.74% of eligible payroll for general employees and 7.15% of eligible payroll for law enforcement officers. The normal contribution rate for FY 2017, uniform for all employers, is 7.25% of eligible payroll for general employees and 8.00% of eligible payroll for law enforcement officers. The accrued liability contribution rate is determined separately for each employer and covers the liability of the employer for benefits based on employee's service rendered prior to the date the employer joins the System.

Members qualify for a vested deferred benefit at age 60 after at least five years of creditable service to the unit of local government. Unreduced benefits for general employees are available: at age 65, with at least five years of creditable service; at age 60, with at least 25 years of creditable service; regardless of age, with at least 30 years of creditable service. Benefit payments are computed by taking an average of the annual compensation for the four consecutive years of membership service yielding the highest average. This average is then adjusted by a percentage formula, by a total years of service factor, and by an age service factor if the individual is not eligible for unreduced benefits.

Contributions to the System are determined on an actuarial basis.

For information concerning the County's participation in the North Carolina Local Governmental Employee's Retirement System and the Supplemental Retirement Income Plan of North Carolina see the Notes to the Basic Financial Statements located in the County's Comprehensive Annual Financial Report.

Financial statements and required supplementary information for the North Carolina Local Governmental Employees' Retirement System are included in the Comprehensive Annual Financial Report (CAFR) for the State. Please refer to the State's CAFR for additional information.

Health and Other Employee Benefits. The County provides health and other employee benefits to employees and certain retirees. See Note 8 "Risk Management — A. Property, Liability, Workers' Compensation and Self-Insured Employee Medical Coverages" and Note 17 "Post-Employment Benefits" in the Notes to the Financial Statements of Appendix E hereto for a more complete description of such benefits and the County's obligations thereunder.

Other Post-Employment Benefits. The County provides certain other post-employment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. The County has been actively managing the OPEB obligation since 1997 when it modified eligibility for the benefit to require employees to retire with 20 years of continuous service with the County. The County has restructured/remodeled health care for both active employees and retirees in an effort to control health care costs and the Board of Commissioners adopted a new policy eliminating retiree health benefits for employees hired after June 30, 2011, which while having no impact on the benefits of current employees, is projected to reduce the actuarial accrued liability. The County currently funds its OPEB obligation on an annual pay-as-you-go basis, which was approximately $8 million for the fiscal year ended June 30, 2016, compared to $6.2 million for the fiscal year ended June 30, 2015. For the fiscal year ended June 30, 2015, the annual required contribution (ARC) was $21.2 million. The County anticipates a similar pay-as-you-go amount for the fiscal year ending June 30, 2017. The County engaged an actuarial firm to prepare a study that conforms to the requirements of GASB 45 for purposes of reporting the OPEB liability on its annual audited financial statements. Assuming a 4.5% discount rate, no pre-funding, and amortizing the liability over 30 years, the unfunded OPEB liability was $208.8 million.

Contingent Liabilities. The County is a party to some pending civil actions which are being vigorously defended. The County Attorney estimates that the potential liability resulting from such litigation not covered by insurance or barred by sovereign immunity is not material and would not have a substantial adverse effect on the financial position of the County as of June 30, 2016.

Miscellaneous. No litigation is now pending or, to the best of the County's knowledge, threatened, against or affecting the County which seeks to restrain or enjoin the issuance and delivery of the Bonds or the levy or collection of taxes to pay the principal of or the interest on the Bonds, or which contests the validity or the authority or proceedings for the adoption, authorization, execution or delivery of the Bonds, or the County's creation, organization or existence, or the title of any of the present officers thereof to their respective offices or the authority or proceedings for the County's authorization, execution and delivery of the Bonds, or the County's authority to carry out its obligations thereunder, or which would have a material adverse impact on the County's financial condition.

In March 2016, the North Carolina General Assembly passed, and the Governor signed, legislation generally known as "House Bill 2" (HB2), which, among other things, preempts local governments from adopting non-discrimination ordinances, establishing a minimum wage, and regulating other employment practices. The County does not anticipate that HB2 would have a material adverse impact on the County's financial condition or its ability to pay the principal of or the interest on the Bonds.

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

The Local Government Commission (the "Commission") is composed of nine members: the State Treasurer, the Secretary of State, the State Auditor, the Secretary of Revenue and five others by appointment (three by the Governor, one by the General Assembly upon recommendation of the President Pro Tempore of the Senate and one by the General Assembly upon recommendation of the Speaker of the House of Representatives). The State Treasurer serves as Chairman and selects the Secretary of the Commission, who heads the administrative staff serving the Commission.

A major function of the Commission is the approval, sale and delivery of substantially all North Carolina local government bonds and notes. A second key function is monitoring certain fiscal and accounting standards prescribed for units of local government by The Local Government Budget and Fiscal Control Act. In addition, the Commission furnishes, upon request, on site assistance to units of local government concerning existing financial and accounting systems as well as aid in establishing new systems. Further, educational programs and materials are provided for local officials concerning finance and cash management.

Before any unit of local government can incur bonded indebtedness, the proposed bond issue must be approved by the Commission. In determining whether to give such approval the Commission may consider, among other things, the unit's debt management procedures and policies, its compliance with The Local Government Budget and Fiscal Control Act and its ability to service the proposed debt. All general obligation issues are customarily sold on the basis of formal sealed bids submitted at the Commission's offices in Raleigh and are subsequently delivered to the successful bidder by the Commission. The Commission maintains records for all units of local government of principal and interest payments coming due on bonded indebtedness in the current and future years and monitors the payment by the units of local government of debt service through a system of monthly reports.

As a part of its role in assisting and monitoring the fiscal programs of units of local government, the Commission attempts to ensure that the units of local government follow generally accepted accounting principles, systems and practices. The Commission's staff also counsels the units of local government in treasury and cash management, budget preparation and investment policies and procedures. Educational programs, in the form of seminars or classes, are also provided by the Commission in order to accomplish these tasks. The monitoring of the financial systems of units of local government is accomplished through the examination and analysis of the annual audited financial statements and other required reports. The Local Government Budget and Fiscal Control Act requires each unit of local government to have its accounts audited annually by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts. A written contract must be submitted to the Secretary of the Commission for his approval prior to the commencement of the audit.

The Commission has the statutory authority to impound the books and records of any unit of local government and assume full control of all its financial affairs (a) when the unit defaults on any debt service payment or, in the opinion of the Commission, will default on a future debt service payment if the financial policies and practices of the unit are not improved or (b) when the unit persists, after notice and warning from the Commission, in willfully or negligently failing or refusing to comply with the provisions of The Local Government Finance Act. When the Commission takes action under this authority, the Commission is vested with all of the powers of the governing board of the unit of local government as to the levy of taxes, expenditure of money, adoption of budgets and all other financial powers conferred upon such governing board by law.

In addition, if a unit of local government fails to pay any installment of principal or interest on its outstanding debt on or before its due date and remains in default for 90 days, the Commission may take such action as it deems advisable to investigate the unit's fiscal affairs, consult with its governing board and negotiate with its creditors in order to assist the unit in working out a plan for refinancing, adjusting or compromising such debt. When a plan is developed that the Commission finds to be fair and equitable and reasonably within the ability of the unit of local government to meet, the Commission will enter an order finding that the plan is fair, equitable and within the ability of the unit to meet and will advise the unit to take the necessary steps to implement such plan. If the governing board of the unit declines or refuses to do so within 90 days after receiving the Commission's advice, the Commission may enter an order directing the unit to implement such plan and may apply for a court order to enforce such order. When a refinancing plan has been put into effect, the Commission has the authority (a) to require any periodic financial reports on the unit's financial affairs that the Secretary deems necessary and (b) to approve or reject the unit's annual budget ordinance. The governing board of the unit of local government must also obtain the approval of the Secretary of the Commission before adopting any annual budget ordinance. The power and authority granted to the Commission as described in this paragraph will continue with respect to a defaulting unit of local government until the Commission is satisfied that the unit has performed or will perform the duties required of it in the refinancing plan and until agreements made with the unit's creditors have been performed in accordance with such plan.

APPENDIX C

CERTAIN CONSTITUTIONAL, STATUTORY AND ADMINISTRATIVE PROVISIONS GOVERNING OR RELEVANT TO THE INCURRENCE OF GENERAL OBLIGATION BONDED INDEBTEDNESS BY UNITS OF LOCAL GOVERNMENT OF THE STATE OF NORTH CAROLINA

Constitutional Provisions

The North Carolina Constitution (the "Constitution") requires the General Assembly to enact general laws relating to the borrowing of money secured by a pledge of the faith and credit and the contracting of other debts by counties, cities and towns, special districts and other units, authorities and agencies of local government and prohibits enactment of special or local acts on this subject. These general laws may be enacted for classes defined by population or other criteria.

The General Assembly has no power under the Constitution to authorize any unit of local government to contract debts secured by a pledge of its faith and credit unless approved by a majority of the qualified voters of the unit who vote thereon, except for the following purposes:

(a) to fund or refund a valid existing debt;

(b) to supply an unforeseen deficiency in the revenue;

(c) to borrow in anticipation of the collection of taxes due and payable within the current fiscal year to an amount not exceeding 50% of such taxes;

(d) to suppress riots or insurrections;

(e) to meet emergencies immediately threatening the public health or safety, as conclusively determined in writing by the Governor; and

(f) for purposes authorized by general laws uniformly applicable throughout the State, to the extent of two--thirds of the amount by which the issuing unit's outstanding indebtedness was reduced during the next preceding fiscal year.

The Constitution requires that the power of taxation be exercised in a just and equitable manner, for public purposes only, and never be surrendered, suspended or contracted away. Since general obligation bonded indebtedness pledges the taxing power, it may therefore be incurred only for "public purposes." The North Carolina Supreme Court determines what is and is not a public purpose within the meaning of the Constitution.

The Constitution requires voter approval for any unit of local government to give or lend its credit in aid of any person, association or corporation, and such lending of credit must be for public purposes as authorized by general law. A loan of credit is defined by the Constitution as occurring when a unit of local government exchanges its obligations with or in any way guarantees the debts of an individual, association or private corporation.

The Constitution does not impose a limit on the total indebtedness of a unit of local government.

Of the sources of revenue available to units of local government, only the property tax is subject to special Constitutional regulation. The Constitution does not mandate a general property tax; rather, it authorizes the General Assembly to classify property for taxation under two conditions: (1) each class of property selected for taxation must be taxed by uniform rule and (2) every classification must be made by general law uniformly applicable to every unit of local government. No class of property is accorded exemption from ad valorem taxation by the Constitution except property belonging to the State, counties and municipal corporations. The General Assembly may exempt cemeteries and property held for educational, scientific, literary, cultural, charitable or religious purposes and, to a value not exceeding $300, any personal property. The General Assembly may also exempt from taxation not exceeding $1,000 in value of property used as the place of residence of the owner. Property of the United States is exempt by virtue of the supremacy clause of the United States Constitution.

The Constitution requires that any property tax must be levied for purposes authorized by general law uniformly applicable throughout the State, unless approved by a majority of the qualified voters of the unit of local government who vote thereon.

Under the Constitution, property taxes levied for unit--wide purposes must be levied uniformly throughout the territorial jurisdiction of the taxing unit, but the General Assembly may enact general laws authorizing the governing body of any county, city or town to define territorial areas and to levy taxes within those areas in order to finance, provide or maintain services, facilities and functions in addition to or to a greater extent than those financed, provided or maintained for the entire county, city or town.

The Local Government Bond Act

No unit of local government has authority to incur general obligation bonded indebtedness otherwise than in accordance with the limitations and procedures prescribed in The Local Government Bond Act, G.S. Ch. 159, Art. 4 (the "Act") and G.S. Ch. 159, Art. 7 or to issue short-¬term general obligation notes otherwise than in accordance with G.S. Ch. 159, Art. 9.

By statute, the faith and credit of the issuing unit are pledged for the payment of the principal of and interest on all bonds issued under the Act according to their terms, and the power and obligation of the issuing unit to levy taxes and raise other revenues for the prompt payment of installments of principal and interest or for the maintenance of sinking funds is unrestricted as to rate or amount.

The revenues of each utility or public service enterprise owned or leased by a unit of local government are required by statute to be applied in accordance with the following priorities: (1) to pay the operating, maintenance and capital outlay expenses of the utility or enterprise; (2) to pay when due the interest on and principal of outstanding bonds issued for capital projects that are or were a part of the utility or enterprise; and (3) for any other lawful purpose. In its discretion, an issuing unit may pledge the revenues (or any portion thereof) of a utility or enterprise for the payment of the interest on and principal of bonds issued under the Act to finance capital projects that are to become a part of the utility or enterprise.

Bonds may be issued only for purposes specifically authorized by the Act.

No bonds may be issued under the Act without the approval of the Local Government Commission. The criteria for approval have been summarized in the description of the powers of the Commission in Appendix B to this Official Statement.

The Act provides that, subject to certain exceptions, no bond order may be adopted by the governing body of a unit of local government unless it appears from a sworn statement of debt filed in connection therewith that the net debt of the unit does not exceed 8% of the assessed value of property subject to taxation by the issuing unit. Under current law, the mandated assessment ratio is 100% of appraised value. This limitation does not apply to funding and refunding bonds, bonds issued for water, gas or electric power purposes, or two or more of such purposes, certain sanitary sewer, sewage disposal or sewage purification plant bonds, bonds or notes issued for erosion control purposes or bonds or notes issued for the purposes of erecting jetties or other protective works to prevent encroachment by certain bodies of water.

"Net debt" is defined as gross debt less certain statutory exclusions and deductions. Gross debt, excluding therefrom debt incurred or to be incurred in anticipation of tax or other revenue collections or in anticipation of the sale of bonds other than funding or refunding bonds, is the sum of (i) outstanding debt evidenced by bonds, (ii) bonds authorized by orders introduced but not yet adopted, (iii) unissued bonds authorized by adopted orders and (iv) outstanding debt not evidenced by bonds. From gross debt are deducted (a) funding and refunding bonds (both those authorized by orders introduced but not yet adopted and those authorized but not yet issued), (b) the amount of money held in sinking funds or otherwise for the payment of any part of the principal of gross debt other than debt incurred for the purposes set forth in clause (e) below, (e) the amount of bonded debt included in gross debt and incurred, or to be incurred, for water, gas or electric light or power purposes, or two or more of such purposes, and certain bonded debt for sanitary sewer purposes, and (d) the amount of uncollected special assessments theretofore levied or estimated to be levied for local improvements for which any part of the gross debt (that is not otherwise deducted) was or is to be incurred, to the extent that the special assessments, when collected, will be applied to the payment of any part of the gross debt. Revenue bond indebtedness is not included in, nor deducted from, gross debt.

Bonds may be issued under an approved bond order at any time within seven years after the bond order takes effect. The effective date of the bond order is the date of formal passage of the bond order in the case of bonds that do not require voter approval and the date of voter approval in all other cases. If the issuance of bonds is prevented or prohibited by any order of any court or certain litigation, the period of time is extended by the length of time elapsing between the date of institution of the action or litigation and the date of its final disposition. The General Assembly may, prior to the expiration of the maximum period, also extend such period. In addition, such period may be extended from seven to ten years by the governing body of a unit of local government under certain circumstances with approval by the Commission. In any such case, no further voter approval is required.

The Commission has by regulation established the maximum useful lives of capital projects that may be financed by bonds. The maturity dates of any bonds issued for any project may not exceed the maximum useful life of the project, measured from the date of the bonds.

All bonds must mature in annual installments, the first of which must be payable not more than three years after the date of the bonds and the last of which must be payable within the maximum useful life of the project. Payment of an installment of principal may be provided for by the maturity of a bond, mandatory redemption of principal prior to maturity, a sinking fund, a credit facility or any other means satisfactory to the Commission. In addition, the Act prohibits "balloon installments" in that it requires that no installment of any issue may be greater than four times as large in amount as the smallest prior installment of the same issue. Bonds authorized by two or more bond orders may be consolidated into a single issue, and bonds of each issue may be issued from time to time in series with different provisions for each series. Each series is deemed a separate issue for the purposes of the limitations discussed in this paragraph. Bonds may be made payable from time to time on demand or tender for purchase as provided in the Act, and bonds may be made subject to redemption prior to maturity, with or without premium. The requirement that the bonds must mature in annual installments and the prohibition against balloon installments as described above does not apply to (a) refunding bonds, (b) bonds purchased by a State or federal agency or (c) bonds the interest on which is or may be includable in gross income for purposes of federal income tax, provided that the dates on which such bonds are stated to mature are approved by the Commission and the Commission may require that payment of all or any part of the principal of and interest and any premium on such bond be provided for by mandatory sinking fund redemption.

Short-Term Obligations

Bond Anticipation Notes - Units of local government are authorized to issue short term notes in anticipation of the sale of bonds validly authorized for issuance within the maximum authorized amount of the bonds. General obligation bond anticipation notes must be payable not later than seven years after the effective date of the bond order and shall not be renewed or extended beyond that time unless the period of time within which the bonds may be issued has been extended as mentioned above. The faith and credit of the issuing unit are pledged for the payment of general obligation bond anticipation notes, and the power and obligation of the issuing unit to levy taxes and raise other revenues for the prompt payment of such notes is unrestricted as to rate or amount. The proceeds of each general obligation bond issue are also pledged for the payment of any notes issued in anticipation of the sale thereof, and any such notes shall be retired from the proceeds of the bonds as a first priority.

Tax Anticipation Notes - Units of local government having the power to levy taxes are authorized to borrow money for the purpose of paying appropriations made for the current fiscal year in anticipation of the collection of taxes due and payable within the current fiscal year, and to issue negotiable notes in evidence thereof. Any tax anticipation note must mature not later than 30 days after the close of the fiscal year in which it is issued and may not be renewed beyond that time. No tax anticipation note shall be issued by the unit of local government if the amount thereof, together with the amount of all authorized or outstanding tax anticipation notes on the date the note is authorized, would exceed 50% of the amount of taxes uncollected as of the date of the proposed note authorization. The faith and credit of the issuing unit are pledged for the payment of tax anticipation notes, and the power and obligation of the issuing unit to levy taxes and raise other revenues for the prompt payment of such notes is unrestricted as to rate or amount.

Revenue Anticipation Notes - Units of local government are authorized to borrow money for the purpose of paying appropriations made for the current fiscal year in anticipation of the receipt of the revenues, other than taxes, estimated in their budgets to be realized in cash during such fiscal year, and to issue negotiable notes in evidence thereof. Any revenue anticipation note must mature not later than 30 days after the close of the fiscal year in which it is issued and may not be renewed beyond that time. No revenue anticipation note shall be issued if the amount thereof, together with the amount of all revenue anticipation notes authorized or outstanding on the date the note is authorized, would exceed 80% of the revenues of the issuing unit, other than taxes, estimated in its budget to be realized in cash during such fiscal year. Revenue anticipation notes are special obligations of the issuing unit, and neither the credit nor the taxing power of the issuing unit may be pledged for the payment of revenue anticipation notes.

Grant Anticipation Notes - Units of local government are authorized to borrow money for the purpose of paying appropriations made for capital projects in anticipation of the receipt of moneys from grant commitments for such capital projects from the State or the United States or any agencies of either, and to issue negotiable notes in evidence thereof. Grant anticipation notes must mature not later than 12 months after the estimated completion date of such capital project and may be renewed from time to time, but no such renewal shall mature later than 12 months after the estimated completion date of such capital project. No grant anticipation note may be issued if the amount thereof, together with the amount of all other notes authorized or issued in anticipation of the same grant commitment, exceeds 90% of the unpaid amount of said grant commitment. Grant anticipation notes are special obligations of the issuing unit, and neither the credit nor the taxing power of the issuing unit may be pledged for the payment of grant anticipation notes.

The Local Government Budget and Fiscal Control Act

The Local Government Budget and Fiscal Control Act, G.S. Ch. 159, Art. 3 (the "Fiscal Control Act"), sets forth procedures for the adoption and administration of budgets of units of local government. The Fiscal Control Act also prescribes certain accounting and auditing requirements. The Fiscal Control Act attempts to achieve close conformity with the accounting principles contained in the American Institute of Certified Public Accountants' Industry Audit Guide, Audits of State and Local Government Units.

Budget - The Fiscal Control Act requires the adoption of an annual balanced budget, which includes all appropriations required for debt service and for eliminating any deficit. Any deficit is required to be eliminated by the imposition of a property tax at a rate which will produce the revenue necessary to balance revenues and appropriations in the budget. The Secretary of the Commission is required to notify each local government unit by May 1 of each year of its debt service obligations for the coming fiscal year, including sums to be paid into sinking funds. At least 30 days prior to the due date of each installment of principal or interest on outstanding debt, the Secretary must notify each unit of the payment due, the due date, the place which the payments should be sent, and a summary of the legal penalties for failing to meet debt service obligations.

The Fiscal Control Act directs that the budget ordinance be adopted by the governing board of the unit of local government by July 1 of the fiscal year to which it applies. There is no penalty for failure to meet this deadline. The fiscal year begins July 1 and ends the following June 30. The governing board is required to hold a public hearing concerning the budget prior to its adoption. A project ordinance authorizing all appropriations necessary for the completion of a capital project or a grant project may be adopted in lieu of annual appropriations for each project and need not be readopted in any subsequent fiscal year.

Fiscal Control - The Fiscal Control Act sets forth certain fiscal control requirements concerning the duties of the finance officer; the system of accounting; budgetary accounting for appropriations; investment of idle funds; semiannual reports of financial information to the Commission; and an annual independent audit.

Except as otherwise provided by regulation of the Commission, the Fiscal Control Act requires a unit of local government to use the modified accrual basis of accounting in recording transactions. The Commission is empowered to prescribe regulations as to (a) features of accounting systems; (b) bases of accounting, including identifying in detail the characteristics of a modified accrual basis, identifying what revenues are susceptible to accrual, and permitting or requiring the use of a basis other than modified accrual in a fund that does not account for the receipt of a tax; and (c) definitions of terms not clearly defined in the Fiscal Control Act.

The Fiscal Control Act requires each unit of local government to have its accounts audited annually by an independent certified public accountant or by an independent accountant certified by the Commission as qualified to audit local government accounts. The audit must be conducted pursuant to a written contract containing the form, terms and fees for the audit. The Secretary of the Commission must approve this contract before the audit may begin and must approve invoices for the audit fee. Approval of final payment is not given until the audit report is rendered in accordance with the requirements of the contract. All audits are to be performed in conformity with generally accepted auditing standards.

Major General Fund Revenue Sources

Ad Valorem Tax - Each unit of local government having authority to incur general obligation bonded indebtedness also has authority to levy ad valorem taxes on property having a situs within the unit. The ad valorem tax is levied on classes of property selected for taxation by the General Assembly through laws that are uniform throughout the State. The statute governing the listing, appraisal and assessment of property for taxation and the collection of taxes levied is the Machinery Act, G.S. Ch. 105, Subchapter II.

Tax Base - The basic class of property selected for taxation comprises all real and tangible personal property. Thus, unless a class of property is specifically excluded from the property tax base, exempted from taxation or specifically accorded some kind of preferential tax treatment, it must be taxed by each unit of local government exercising its authority to levy property taxes. Several classes of property have been selected for exclusion from the property tax base, exemption from taxation or taxation at reduced valuation or for special appraisal standards. The most significant of these classes are:

(1) Tangible household personal property is excluded from the property tax base.

(2) Stocks and bonds, accounts receivable and certain other types of intangible personal property are excluded from the property tax base.

(3) Property belonging to certain qualified owners and used wholly and exclusively for religious, educational, charitable, cultural, fraternal or civic purposes is wholly exempted from taxation. Property belonging to the United States, the State and units of local government is also exempt from taxation.

(4) Real and personal property owned by certain nonprofit homes for the aged, sick or infirm are excluded from property taxation, provided such homes are exempt from the State income tax.

(5) Certain kinds of tangible personal property held for business purposes are excluded from taxation, the most important of which are:

(a) Manufacturers' inventories (raw materials, goods in process, finished goods, materials or supplies consumed in processing, crops, livestock, poultry, feed used in production of livestock and poultry, and other agricultural or horticultural products held for sale) and inventories of retail and wholesale merchants (tangible personal property held for sale and not manufactured, processed or produced by the merchant).

(b) Property imported through a North Carolina seaport terminal and stored at such terminal for less than 12 months awaiting further shipment.

(c) Certain pollution abatement and resource recovery equipment.

(d) "Bill and hold" goods manufactured in North Carolina and held by the manufacturer for shipment to a nonresident customer.

(e) Nuclear materials held for or in the process of manufacture or processing or held by the manufacturer for delivery.

(f) Motor vehicle frames that belong to nonresidents and enter the State temporarily for the purpose of having a body mounted thereon.

(6) A homestead exemption of the greater of $25,000 or 50% of the appraised value of the residence is allowed if the property owner is a North Carolina resident, has income for the preceding calendar year of not more than the eligibility limit, and is at least 65 years of age or totally and permanently disabled.

(7) Certain agricultural, horticultural and forest land is eligible for taxation at its value for agricultural, horticultural or forest use.

Appraisal Standard - All property must be appraised at its true value in money, except agricultural, horticultural and forest land eligible for appraisal at its present-use value. Property must be assessed for taxation at 100% of its appraised value.

Frequency of Appraisal - Real property must be appraised at least once in every eight years. The requirement of octennial real property revaluations has been enforced since 1965, and no taxing unit has been permitted to postpone a scheduled revaluation since that time. Many units revalue real property more frequently than every eight years. Personal property is appraised annually.

Tax Day - All real and tangible personal property (other than most motor vehicles) subject to ad valorem taxation must be listed for taxation as of January 1 each year. Motor vehicles, with certain exceptions, must be listed annually in the name of the record owner on the day on which the current vehicle registration is renewed or the day on which the application is submitted for a new vehicle registration.

Tax Levy - Property taxes are levied in conjunction with the adoption of a budget which covers a July 1 to June 30 fiscal year. The property tax levy must be sufficient to raise during the fiscal year a sum of money equal to the difference between total appropriations and the total estimated receipts of all other revenues. In estimating the percentage of the levy that will be collected during the fiscal year, the taxing unit is prohibited from estimating a greater collection percentage than that of the prior fiscal year.

The tax rate may not exceed $1.50 per $100 assessed valuation unless the voters approve a higher rate. Tax levies by counties for the following purposes are not counted against the rate limit: courts, debt service, deficits, elections, jails, schools, mandated social services programs and joint undertakings with any other taxing unit with respect to any of these. Tax levies by cities for the following purposes are not counted against the rate limit: debt service, deficits and civil disorders.

Tax Collection - The taxing unit has a lien by operation of law on all real property within its jurisdiction that attaches as of January 1 for all taxes levied for the fiscal year beginning on the following July 1. Taxes levied on a parcel of real property are a lien on that parcel but not on other real property owned by the taxpayer. Taxes levied on personal property are a lien on all real property owned by the taxpayer within the taxing unit. The tax lien enjoys absolute priority against all other liens and claims whatsoever except, in limited circumstances, federal tax liens and certain other prior liens and perfected security interests.

Except for motor vehicles, taxes fall due on September 1 following the date of levy and are payable at par until January 6. For the period January 6 to February 1, interest accrues at the rate of 2%, and for the period February 1 until the principal amount of the taxes, the accrued interest, and any penalties are paid, interest accrues at the rate of 3/4% per month or fraction thereof. Each taxing unit may enforce collection of its tax levy by (a) foreclosure of the lien on real property, (b) levy and sale of tangible personal property and (c) garnishment and attachment of intangible personal property. There is no right of redemption of real property sold in a tax foreclosure action.

Discounts for early payment of property taxes are allowed by some taxing units. To allow such discounts, the unit must adopt a discount schedule which must then be approved by the Ad Valorem Tax Division of the Department of Revenue.

No taxing unit has authority to release or refund any valid tax claim. The members of any governing board voting to make an unlawful release or refund of property taxes are personally liable for the amount unlawfully released or refunded.

The Commission periodically publishes statistics on the percentage of property tax levies collected before the close of the fiscal year for which levied. These statistics are available upon request.

Although the State has not levied a general property tax in more than forty years, it does continue general oversight of property tax administration by units of local government through the Ad Valorem Tax Division of the Department of Revenue. The Division has three main functions: (1) it appraises the property of electric power, gas, telephone and telegraph companies, the rolling stock of bus companies and motor freight carriers and the flight equipment of airlines; (2) it oversees local property tax administration; and (3) it provides staff assistance to the Property Tax Commission, an administrative appellate agency hearing listing and valuation appeals from local taxing units.

Local Government Sales and Use Taxes

The one percent local sales and use tax authorized by the Local Government Sales and Use Tax Act is levied by 99 of the 100 counties of the State (Mecklenburg County levies a virtually identical tax under a 1967 local act). The local sales tax base is the same as the State general sales tax base excluding exempt food sales, except that for goods sold to out-of-county purchasers for delivery out-of-county and sales of certain utility services. The situs of a transaction is the location of the retailer's place of business. Sales of tangible personal property delivered to out-of-county purchasers will be subject to sales tax in the county in which the retailer's place of business is located and will not be subject to the use tax of the destination county. The tax is collected by the State on behalf of local government, and the net proceeds, after deduction of the cost of collection and administration, are returned to the county of collection. The county governing board selects one of two formulas for allocation of the tax among the county and the municipalities therein. One formula calls for allocation on the basis of population and the other on the basis of ad valorem tax levy.

Counties are also authorized under the Supplemental Local Government Sales and Use Tax Act to levy a one-half percent sales tax. This sales tax is collected by the State, allocated to counties on a per capita basis and divided among each county and the municipalities located therein in accordance with the method by which the one percent sales and use taxes are distributed. An adjustment factor is applied to the per capita allocation for each county. All 100 counties levy this one-half percent supplemental sales tax.

Counties are also authorized under the Additional Supplemental Local Government Sales and Use Tax Act to levy an additional one-half percent sales tax. This additional supplemental sales tax is collected and distributed based on a point-of-origin allocation. During the first 16 fiscal years in which this tax is in effect, 60% of the revenue derived by counties from this tax is required to be used for public school capital outlay purposes or to retire any indebtedness incurred by the county for these purposes during the period beginning five years prior to the date the taxes took effect. Counties may be relieved of the percentage restriction if it can demonstrate to the satisfaction of the Local Government Commission that it is able to meet the aforementioned capital outlay needs without resorting to proceeds of such tax. All 100 counties levy this additional supplemental one--half percent sales tax.

Counties were previously authorized under the Third One-Half Cent Local Government Sales and Use Tax Act, to levy an additional one-half cent local option sales tax. However, as a part of a Medicaid relief package for the counties, this third one-half cent tax was replaced by the Local Government Hold Harmless Provision. Effective October 1, 2008, this tax was reduced to one-fourth cent and the remaining one-fourth cent was eliminated effective October 1, 2009. The phase out of this tax is part of an effort to allow the State to assume the County's portion of the Medicaid expense over a three year period. The State must guarantee that each county's gain will be at least $500,000 for each fiscal year as a result of the State assuming the county Medicaid share. Once the Third One-Half Cent tax was completely phased out on October 1, 2009, if the amount of a county's Medicaid cost assumed by the State plus $500,000 is less than the county's repealed local sales tax amount, the State must reimburse the county for the amount of the difference. Counties are to hold municipalities that were incorporated as of October 1, 2008, harmless for the phase-out of the Third One-Half Cent tax. The hold harmless funds are paid to municipalities by the Secretary of Revenue each month from funds obtained by reducing the county's monthly allocation of the one-percent local sales and use tax proceeds. The Medicaid relief package also provides for corresponding increases in the State sales tax to accompany the reduction of the Third One-Half Cent tax that was effective October 1, 2008 and repealed on October 1, 2009. Thus, the State sales tax was increased by one-quarter cent on October 1, 2008 and by another one quarter cent on October 1, 2009.

Alcoholic Beverage Control Store Profits

The sale of liquor in the State is a government monopoly. Stores are operated by counties and municipalities that have been authorized and have chosen to establish them. The net profits of these stores are distributed to the units of local government in which they operate. The General Assembly has enacted numerous local acts prescribing different formulas for the distribution of profits. Local elections are authorized to permit sales of liquor by the drink by qualified restaurants and clubs. An additional tax of $20 per four liters is levied on liquor purchased by restaurants or clubs for resale as mixed beverages, and $10 of the $20 is paid to the State's General Fund.

Intragovernmental Shared Revenues

The excise tax levied by the State on beer, fortified and unfortified wine is shared with counties and municipalities in which the sale of these beverages is lawful. Counties and cities where beer and wine are sold receive on a per capita basis an annual distribution equal to the following percentages of the net amount of excise taxes collected on the sale of beer and wine during the 12-month period ending March 31 each year: 23.75% of beer tax revenue, 62% of unfortified wine tax revenue and 22% of fortified wine tax revenue. A city or a county is eligible to share in both beer and wine excise tax revenues if beer and wine may legally be sold within its boundaries. If only one beverage may be sold, the city or county shares only in the excise tax for that beverage. Two hundred thousand dollars ($200,000) from the net proceeds of the excise tax collected on unfortified wine is appropriated quarterly to the Department of Commerce to be used to promote the North Carolina grape and wine industry. The local share of these collections is computed on the net proceeds after deducting the transfer to the Department of Commerce. Some counties and municipalities do not permit the sale of either beer or wine and thus do not receive any share of this revenue.

Under the utility franchise tax law, the State levies a gross receipts tax on certain public utilities at rates of 3.22% to 6%. Cities receive quarterly distributions equal to 3.09% of taxable gross receipts from sales within municipalities of electricity during the preceding calendar quarter, minus one-fourth of the city's hold back amount and one fourth of the city's proportionate share of the annual cost to administer.

The State levies a sales tax on the gross receipts of telecommunications and ancillary services at a statutorily prescribed rate. The rate is equal to the sum of the State's sales tax rate and the rates of local sales taxes levied in each of the 100 Counties. Each quarter, the State distributes to cities 18.7 percent of these proceeds from that quarter, minus $2,620,948.

The State imposes a State excise tax on the distribution of piped natural gas, with statutorily prescribed rates that decrease with the amount of piped natural gas used by each customer. The State distributes quarterly to each city served by piped natural gas one-half of the tax attributed to sales within that city.

Cities and towns receive annually a motor fuel tax allocation equal to the amount produced during the year by a 1.75 cents tax on each gallon of motor fuel sold in the State. Payments are made from the collections of the prior fiscal year. Under the present distribution formula, 75% of the funds are allocated on the basis of population of eligible municipalities and 25% are allocated on the basis of the mileage of public streets within cities and towns that are not a part of the State highway system.

All cities and counties receive shares of three State sales taxes on local cable franchise system revenues which currently are 7.7 percent of the net proceeds of taxes collected on telecommunications and ancillary services, 23.6 percent of the net proceeds of taxes collected on video programming services (other than direct-to-home satellite service), and 37.1 percent of the net proceeds of taxes collected on direct-to-home satellite services. The distributions can be used for any public purpose after earmarking provisions are met. The first $2 million of the local share of the proceeds from these three taxes must be used by the local governments to support local public, educational, or governmental (PEG) access channels. A city or county that imposed subscriber fees during the first six months of the 2006-07 fiscal year must use a portion of the funds distributed to it for the operation and support of PEG channels, equal to two times the amount of subscriber fee revenue the county or city certifies that it imposed during the period. In addition, a city or county that used part of its franchise tax revenue in fiscal year 2005-06 for the operation and support of PEG channels, or a publicly owned and operated television station, must continue the same level of support.

State and Local Fiscal Relations

The State finances from State revenues (primarily individual income taxes, corporate income taxes and sales taxes) several governmental programs that are largely financed from local revenues in other states, thus decreasing reliance on local property taxes for these purposes. The major programs of this nature are as follows:

Public Schools and Community Colleges -- The State provides approximately 70% of the funds required for current operating costs of the public school and community college systems, while county government finances the greater portion of the capital costs of these systems. North Carolina school administrative units do not have independent tax-levying authority. The local share of the costs of the public school and community college systems are raised primarily by county government from its general revenues including the local sales tax revenue.

Court System -- The State finances virtually all of the current operating costs of the General Court of Justice. County government is required to provide courthouses, certain jails and related judicial facilities.

Correctional System -- The State finances all of the cost of correctional facilities used for confinement of convicted felons and long--term (more than 30 days) misdemeanants. Counties and some municipalities furnish jails for short--term misdemeanants and prisoners awaiting trial.

Highway System -- The State finances the entire cost of public roads and highways outside the corporate limits of cities and towns. Counties may voluntarily participate in improvements to public roads and highways. Within cities and towns, the State finances the cost of major thoroughfares and streets connecting elements of the State highway system. Cities share responsibility with the State for State-maintained roads inside city limits and take full responsibility for the remaining public streets within city limits.

APPENDIX D

Management Discussion and Analysis

The following is Management's Discussion and Analysis of the financial activities of the County, lifted from the Comprehensive Annual Financial Report for Wake County for the fiscal year ended June 30, 2015. Management's Discussion and Analysis provides an objective and easily readable short and long-term analysis of the County's financial activities based on currently known facts, decisions, or conditions. Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The independent auditors of the County have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, they did not audit this information and did not express an opinion on it.

WAKE COUNTY NORTH CAROLINA

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

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

- As of June 30, 2015, the County's governmental funds reported combined ending fund balances of $1.07 billion, compared with a restated $737.4 million at the end of the prior fiscal year. All governmental fund balances were at least committed or assigned for specific purposes. There were no unassigned fund balances in the County's governmental funds as of June 30, 2015 or June 30, 2014.

- The County measures its financial health and flexibility to meet capital needs as a ratio of fund balance as a percentage of revenues, transferring significant resources from the General Fund into the Debt Service Fund to meet future commitments. The combined General Fund and Debt Service Fund balances are measured together to assess the County's overall fiscal health. At the end of the 2015 fiscal year, the fund balances for the County's General Fund and the Debt Service Fund were $244.6 million and $153.9 million, respectively; compared with both funds reporting fund balances of $232.4 million and $135.3 million respectively in the prior fiscal year. The total fund balances of both funds compared as a percentage of combined general fund and debt service fund combined revenues was 36.4% as of the end of fiscal year 2015, compared with a combined total of 35.8% as of the end of the 2014 fiscal year. The percentage increase resulted from an increase in fund balances as well as an increase in combined revenues.

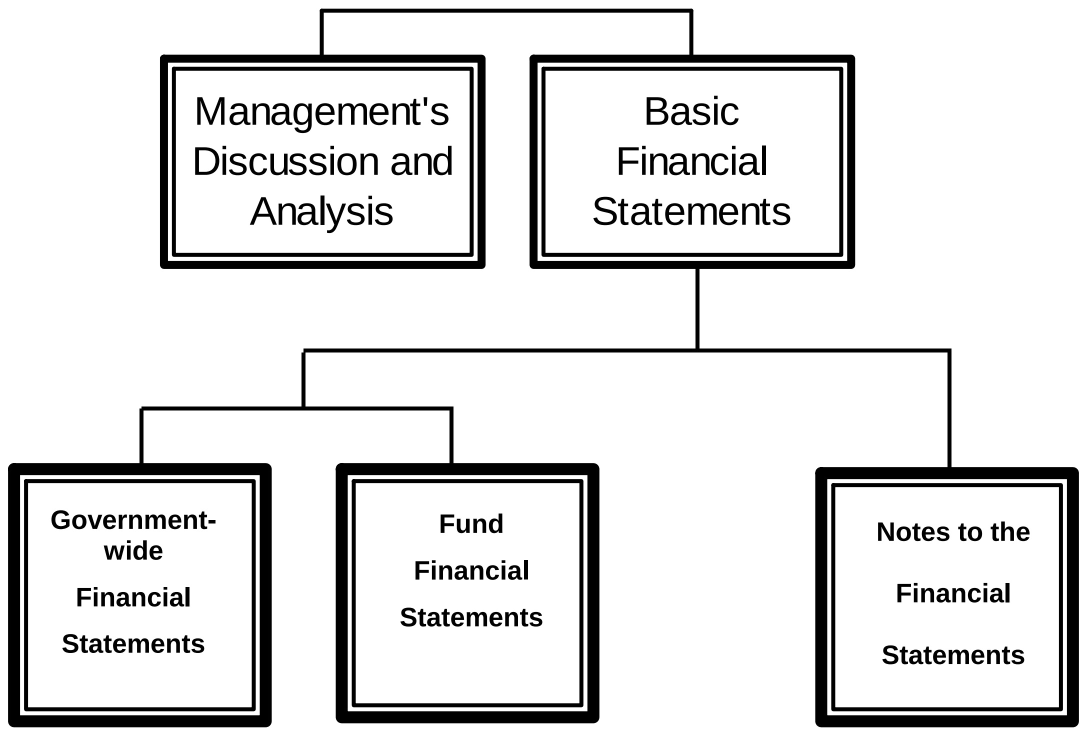
- The County uses a long-term financial planning model for capital budgeting purposes. The capital and debt component of the model helps to evaluate the impact of capital funding decisions on the County's financial condition and to ensure policy targets are maintained. In accordance with its financial model, the County allocates a portion of property taxes specifically for debt service and cash funding for its capital program. The tax rate for fiscal year 2015 was 57.8 cents, of which, 19.9 cents were dedicated to capital and debt service, up from 15.5 cents in the prior fiscal year. In addition, a portion of sales tax is transferred to the debt service fund for school capital debt service. For the fiscal year 2015, the County transferred $191.8 million from the General Fund to fund debt service, $63.18 million for WCPSS capital projects, $27.4 million to fund county capital projects and $3.305 million for WTCC capital projects.

- Wake County has maintained an "Aaa" bond rating from Moody's Investors Service since 1973, an "AAA" rating from Standard & Poor's Rating Services since 1983, and an "AAA" rating from Fitch since 2000. These bond ratings are clear indications of the sound financial condition of the County. The County is one of the few counties in the country that maintains the highest financial rating from all three major rating agencies. This achievement is a key factor in allowing the County to receive lower interest rates on debt issued for capital expenditures, reducing the County's cost of debt to the taxpayers. These ratings were reaffirmed most recently in March 2015 in conjunction with bond sales to support the County's building programs for schools, community colleges and libraries.

- In October 2013, voters approved $810 million of new general obligation debt, to be combined with $129.9 million of cash funding, and $43.8 million of existing funds to finance the new Wake County Public School System (WCPSS) CIP 2013 building program. The Board of Commissioners adopted a 4.40 cent property tax increase to finance the debt and capital for the school building program as part of the FY 2015 operating budget. In fiscal year 2015, the County issued $370.2 million of general obligation bonds in support of CIP 2013, along with $11 million of library bonds and $58 million for Wake Technical Community College's 2012 building program.

Overview of the Financial Statements:

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


Management's Discussion and Analysis
Basic Financial Statements
Government-wide Financial Statements
Fund Financial Statements
Notes to the Financial Statements

Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis:

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

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

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

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

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

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

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

Wake County's Net Position:

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

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

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

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

Change in Accounting Principles, Restatements, and Prior Period Adjustments

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

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

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

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

Financial Analysis of the County's Funds:

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

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

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

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

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

Fund Balance Policy Compliance Analysis: General Fund

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

General Fund and Debt Service:

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

General Fund Budgetary Highlights:

During the fiscal year ended June 30, 2015, the County revised its General Fund budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

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

Actual expenditures and transfers out in the General Fund were $12.6 million less than budgeted amounts resulting from lower than projected spending by all of the County's departments, particularly Human Services, General Administration, and Public Safety. In the Human Services department, $1.6 million of the $6.5 million positive budget difference resulted from additional budgeted amounts that were provided for NC FAST (**NC F**amilies **A**ccessing **S**ervices through **T**echnology) related services as the County continued to implement the new state system for the SNAP and Medicaid programs during the fiscal year. The NC FAST system was intended to improve the business process for approving SNAP and Medicaid benefits applications which County staff are responsible for in North Carolina. However, Wake County Human Services required additional resources to manage the implementation of the system. Behavioral Health - Managed Care and Transportation were also underspent by $1.6 million and $1.9 million, respectively, during the year.

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

Public Safety, the largest portion of the $1.7 million positive budget variance resulted primarily from savings in salaries and benefits and lowered operating costs within Emergency Medical Services.

Proprietary Funds:

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

Capital Asset and Debt Administration

Wake County Capital Assets
(net of Amortization and Depreciation)

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

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2015, totals $891.6 million (net of amortization and depreciation). These assets include buildings, vehicles, computer software, equipment, infrastructure, as well as land and landfills.

Major capital asset transactions during 2015 fiscal year included improvements to county buildings and land for the open space preservation program.

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

Long-term Debt

As of June 30, 2015, the County had total general obligation bonded debt outstanding of $2.14 billion, of which $1.76 billion and $279 million was issued to help meet the capital outlay needs for the Wake County Public School System (WCPSS) and the Wake Technical Community College, respectively. In addition to general obligation bonded debt, the County also has outstanding limited obligation bonds, qualified zone academy bonds, capital leases, and installment purchases. A summary of total outstanding debt associated with governmental activities is shown below.

Wake County's Outstanding Debt - Governmental Activities

	2015	2014
General Obligation bonds (schools)	$ 1,761,400,460	$ 1,510,258,227
General Obligation bonds (community college)	279,095,309	206,068,223
General Obligation bonds (other)	101,858,999	90,002,777
Capital leases	763,502	51,293
Limited obligation bonds	278,125,603	291,053,822
Qualified zoning academy bonds (schools)	326,928	490,389
Installment purchases	4,922,510	5,329,121
Total	$ 2,426,493,311	$ 2,103,253,852

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

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate in the Raleigh-Cary Metropolitan area in which the county is located was 5.0% (percent) at June 30, 2015, compared with 5.1% at the end of the previous fiscal year. At June 30, 2013, the county's unemployment rate was 7.3%. Over the past two fiscal years, Wake County has experienced improvement in the unemployment rate.

- The County has an eight year revaluation cycle for residential real property. In the most recent revaluation at January 1, 2008 that was effective for fiscal year 2009, the total assessed value of property in the County continued to increase, although at a slower pace than experienced in the recent past. From fiscal year 2014 through fiscal year 2015, the total assessed value increased from $127.4 billion to $127.9 billion, an increase of less than 1%. The County is currently revaluing real property for valuations that will be effective for the fiscal year beginning July 1, 2016.

- Total sales tax collections continued to increase during the fiscal year ended June 30, 2015 to $154.5 million from $141.3 million in the prior fiscal year, a 9.3% increase. Likewise, property tax collections increased from $684.7 million in the prior fiscal year to $742.6 in the year ended June 30, 2015, an increase of 8.3% over last year's collections. Occupancy and prepared food and beverage taxes collections increased from the 2014 fiscal year by $4.3 million or 10.3%.

- Wake County continues to grow, with a population to 1,005,385 people at June 30, 2015, reaching a population of 1 million people this year for the first time in history. The school system added an additional 2,500 students to the public school system rolls, with a total of 155,184 overall enrolled for the 2014-2015 school year.

- The average yield on investments was 0.30% for the fiscal year 2015, compared to .27% for the fiscal year 2014. As in the prior fiscal years, the County has continued to utilize detailed cash flow planning which has allowed us to keep funds invested until needed for expenditure, maximizing the maturity on our investments and our earnings on our portfolio. The County realized investment earnings on all funds of $2.01 million for the fiscal year ended June 30, 2015, on an average portfolio balance of more than $670 million. This compares to 2014 earnings of $1.63 million on an average portfolio balance of more than $595 million.

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

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

Budget Highlights for the Fiscal Year Ending June 30, 2016

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

Requests for Information

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

APPENDIX E

Financial Information

Financial Statements

The financial statements of the County have been audited by certified public accountants for the fiscal years ended June 30, 2015, 2014, and 2013. Copies of these financial statements containing the reports of the independent certified public accountants are available in the office of Susan McCullen, Finance Director, P.O. Box 550, Raleigh, North Carolina, 27602, (919) 856-6141.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the past thirty-two years, including the fiscal year ended June 30, 2015. To receive this award, the highest form of recognition in governmental financial reporting, a governmental unit must publish a financial report which complies with both generally accepted accounting principles and applicable legal requirements. The County believes that the annual financial report for the year ended June 30, 2016, will continue to meet the requirements under the Certificate of Achievement Program and will be submitted to the GFOA for review.

The County financial statements are presented under Government Accounting Standards Board Statement No. 34 (GASB 34) model. This model, in addition to presenting the government-wide financial statements which are shown on pages E-2 through E-4 of this official statement, also includes fund and budgetary reporting.

The government-wide financial statements are prepared on the full accrual basis of accounting, which in the past has only been used to report the assets, liabilities, revenues, and expenses of providing enterprise-type services. The government-wide statements as prepared under GASB Statement No. 34 now report capital assets and all long-term obligations, for both its governmental-type and business-type activities. As a result, government officials can now demonstrate operational accountability in their stewardship of public funds in the long-term, in addition to demonstrating fiscal accountability in the short-term through the budgetary statements.

Fund reporting is presented to report on the government's most important funds individually as *major* funds instead of reporting all funds in the aggregate by fund type. The General Fund is always a major fund for a unit of government, and other governmental or enterprise funds may qualify as well. Also, in addition to presenting the budget as it stands at fiscal year-end, the budget is presented as originally adopted by the governing board as well. This information will provide readers the opportunity to see what changes have been made to the budget over the course of the fiscal year and to evaluate the County's ability to manage and estimate its resources. See pages E-11 and E-12 for the presentation of the County's budgetary statement.

The following financial statements are the Basic Financial Statements of the County and the notes thereto, lifted from the Comprehensive Annual Financial Report of the County for the fiscal year ended June 30, 2015.

STATEMENT OF NET POSITION
As of June 30, 2015

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

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

(Continued)

STATEMENT OF NET POSITION
As of June 30, 2015

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

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, 2015

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

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, 2015

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

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

(Continued)

BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2015

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

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

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

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

The notes to the financial statements 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, 2015

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

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

(Continued)

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

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

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, 2015

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	331,470,095
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays increases exceeded the capital asset decreases in the current fiscal year.		18,801,329
Depreciation expense for the fiscal year being reported, less depreciation in Corporate Fleet fund		(21,672,942)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(335,621,279)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(832,809)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(1,181,180)
Contributions to the LGERS Pension plan and ROD Supplemental Retirement fund in the current fiscal year are not included on the Statement of Activities		12,819,054
An internal service fund is used by management to charge the costs of the County's fleet of vehicles to individual funds. The net revenue of the internal service fund is reported within the governmental activities.		388,523
Change in net position of governmental activities	$	4,170,791

The notes to the financial statements 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, 2015

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

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, 2015

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

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, 2015

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

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

(Continued)

WAKE COUNTY, NORTH CAROLINA

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

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

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

WAKE COUNTY, NORTH CAROLINA

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

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

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

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

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

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

(Continued)

WAKE COUNTY, NORTH CAROLINA

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

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

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

WAKE COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
As of June 30, 2015

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

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

WAKE COUNTY, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2015

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

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

NOTE 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

Discretely Presented Component Unit

Wake County Board of Alcoholic Control (ABC Board)

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The County reports the following major funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Budgetary Data Control

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

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

E. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT), a Securities and Exchange Commission registered (2a-7) mutual fund.

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

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

F. Receivables and Payables

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

G. Deferred Outflows/ Inflows of Resources

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

H. Taxes Receivable - Deferred Inflows of Resources

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

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

I. Allowances for Uncollectible Accounts

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

J. Inventories and Prepaid Expenditures

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

K. Capital Assets

Capital assets that are purchased or constructed are recorded at historical cost. Donated assets are recorded at estimated market value at the time of donation. The County defines capital assets as assets with an individual cost of more than $5,000, and an estimated useful life of more than two years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

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

L. Long-Term Debt

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

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

M. Compensated Absences

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

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

N. Net Position/Fund Balances

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

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid expenditures – portion of fund balance that is not an available resource because it represents payments to vendors that are applicable to future accounting periods.

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

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

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

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

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

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

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

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

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

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

N. Net Position/Fund Balances (cont.)

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

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

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

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

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

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

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

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

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

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

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

O. Defined Benefit Pension Plans

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

P. Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation states "the issuance of long term debt such as bonds and leases provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued while these amounts are deferred and amortized in the statement of activities." The details of this ($335,621,279) difference are as follows:

Debt issued or incurred:	
General obligation debt - schools	$ (370,240,000)
General obligation debt - community college	(58,000,000)
General obligation debt - other	(11,000,000)
Installment purchases	(1,260,000)
Capital leases	(1,113,329)
Premiums on bond issuance - GO Bonds	(51,279,615)
Increases in other post employment benefit liability	(19,507,475)
Increases in other post employment benefit liability - Corporate Fleet Fund	88,411
Increases in compensated absences liability	(10,525,699)
Increases in compensated absences liability - Corporate Fleet Fund	44,339
Change in risk management liabilities	(1,484,822)
Change in deferred portion of advanced debt refundings	6,354,473
Interest expense accrual and other adjustments	(3,546,060)
Total Increases	(521,469,777)
Principal repayments:	
General obligation debt - schools	113,754,160
General obligation debt - community college	14,510,233
General obligation debt - other	8,260,607
Limited obligation bonds	12,140,000
Installment purchase payments	1,666,611
Qualified zone academy bonds	163,461
Current year amortization of bond premiums - GO Bonds	17,969,074
Current year amortization of bond premiums - LOB Bonds	788,219
Capital lease payments	401,120
Decreases in other post employment benefit liability	6,129,849
Decreases in other post employment benefit liability - Corporate Fleet Fund	(24,322)
Decreases in compensated absences liability	10,127,068
Decreases in compensated absences liability - Corporate Fleet Fund	(37,582)
Total Decreases	185,848,498
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (335,621,279)

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

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

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

Q. Unrestricted (deficit)

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

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

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

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

NOTE 2.
Related Organizations

Industrial Facilities and Pollution Control Financing Authority

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

Wake County Housing Authority

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

NOTE 2. (Cont.) Related Organizations

Wake County Hospital System, Inc.

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

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

NOTE 3. Joint Ventures Without Equity Interest

Wake Technical Community College

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

Raleigh-Durham Airport Authority

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

Centennial Authority

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

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

Greater Raleigh Convention and Visitors Bureau

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

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

NOTE 4. Deposits and Investments

1. Deposits

All of the County's deposits are either insured or collateralized using the Pooling Method. Under the Pooling Method, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under pooling method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each pooling depository. The County has no policy regarding custodial credit risk for deposits.

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

2. Investments

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

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

NOTE 4. (Cont.)
Deposits and Investments

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

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

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

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

NOTE 5.
Receivables

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

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

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

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

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

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

NOTE 6.
Capital Assets

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

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

NOTE 6. (Cont.)
Capital Assets

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

NOTE 6. (Cont.)
Capital Assets

Depreciation and amortization expenses were charged to functions as follows:

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

NOTE 6. (Cont.)
Capital Assets

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

Construction in Progress:

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

NOTE 7. Interfund Receivables/Payables and Transfers

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

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

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

NOTE 8.
Risk Management

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.

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

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

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

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
General Liability, Public Officials Liability, Law Enforcement Liability and Auto Liability	10,000,000

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

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

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

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

Changes in Claims Liability

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

NOTE 9.
Capital Lease Obligations and Operating Leases

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

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

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

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

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

NOTE 10. Long-term Debt

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

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

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

NOTE 10. (Cont.)
Long-term Debt

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

NOTE 10. (Cont.)
Long-term Debt

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

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

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

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

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

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

NOTE 10. (Cont.)
Long-term Debt

The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the County may have outstanding to 8 percent of the appraised value of property subject to taxation less property valued for abatement. At June 30, 2015, such statutory limit of the County was $10,235,801,841 providing a legal debt margin of $7,490,113,901. Authorized but unissued general obligation bonds as of June 30, 2015 totaled $511,210,000. This entire amount was for authorized but unissued new general obligation bonds.

Qualified Zone Academy Bonds:

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

Recovery Zone Economic Development Bonds – Wake County Public Schools

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

Qualified School Construction Bonds – Wake County Public Schools

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

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

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

Defeased Debt

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

NOTE 10. (Cont.)
Long-term Debt

Conduit Debt Obligations:

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

Interest Rate Swap:

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

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

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

NOTE 10. (Cont.)
Long-term Debt

Changes In Long-Term Liabilities:

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

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

NOTE 11. Additional Social Welfare Expenditures

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

NOTE 12. Compliance Audits of Federal and State Assisted Programs

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

NOTE 13. Multiple-Employer Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. Wake County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were $12,860,971 for the year ended June 30, 2015.

Refunds of Contributions. County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

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

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

For the year ended June 30, 2015, the County recognized pension expense of $861,691. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,926,975
Net difference between projected and actual earnings on pension plan investments	-	41,054,856
Changes in proportion and differences between County contributions and proportionate share of contributions	-	973,389
County contributions subsequent to the measurement date	12,860,971	-
Total	$ 12,860,971	$ 43,955,220

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

Year ended June 30:	
2016	$ 10,990,623
2017	10,990,623
2018	10,990,623
2019	10,983,351
	$ 43,955,220

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

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

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Supplemental Retirement Income Plan

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

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

NOTE 14. Law Enforcement Officers' Special Separation Allowance

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

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

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

Retirees receiving benefits	59
Active plan members	403
Total	462

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

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

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

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

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

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

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

Trend Information:

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

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

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

NOTE 15. Register of Deeds' Supplemental Pension Fund

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

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

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

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

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

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

For the year ended June 30, 2015, the County recognized pension expense of $(15,848). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,868	$ -
Net difference between projected and actual earnings on pension plan investments	-	12,826
Changes in proportion and differences between County contributions and proportionate share of contributions	98,362	-
County contributions subsequent to the measurement date	89,188	-
Total	$ 209,418	$ 12,826

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

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

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

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

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the FUND is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

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

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

NOTE 16. Post-Employment Benefits

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

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

NOTE 17. Other Post-Employment Benefits

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

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

Retirees receiving benefits	781
Active plan members	2,961
Total	3,742

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 18.
Commitments and Contingencies

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

NOTE 19.
Closure and Postclosure Landfill Costs

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

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

Both the North Wake and Feltonsville 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 Feltonsville facility will be covered by the post-closure funds set aside for the adjacent unlined landfill.

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

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

NOTE 20. Pollution Remediation Liability

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

NOTE 21. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

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

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

Major Funds							Nonmajor 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
$ 2,662,721	$ 1,865,259	$ -	$ -	$ 21,445,469	$ 248,955,401	$ -	$ 7,625,819

NOTE 21. (Cont.) Fund Balance

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

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

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

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

NOTE 22. Stewardship, Compliance, and Accountability

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

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

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

NOTE 23. Comparative Data

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

NOTE 24. Change in Accounting Principles/Restatement

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

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

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

NOTE 25. Discretely Presented Component Unit Disclosure

(1) Deposits and Investment

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

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

<u>Investments</u>: State law [G.S. 159-30(c)] authorized the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC registered (2a-7) money market mutual fund.

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

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

(2) Risk Management

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

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

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

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

The following financial statements have been compiled from the audited financial statements of the County for the fiscal years ended June 30, 2015, 2014, and 2013.

County of Wake, North Carolina
Balance Sheet
General Fund
As of June 30, 2015, 2014 and 2013

	2015	2014	2013
Assets:			
Cash and investments - pooled equity	$ 225,749,568	$ 185,453,468	$ 176,582,374
Cash and investments - cash equivalents	1,053,866	1,064,883	1,006,033
Cash and investments - restricted	4,531,992	5,128,872	4,644,938
Taxes receivable (net)	1,344,373	3,411,262	6,849,690
Accounts receivable (net)	72,034,870	77,082,441	61,004,008
Loan receivable	-	2,404,000	4,000,000
Accrued interest receivable	1,246	5,724	11,933
Internal balances (interfund receivable)	1,380,889	440,709	566,963
Prepaid expenditures	557,863	546,325	541,186
Inventories	382,405	360,691	379,368
Total assets	$ 307,037,072	$ 275,898,375	$ 255,586,493
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	$ 54,628,415	$ 35,538,848	$ 41,435,159
Due to other governments	421,089	236,406	259,218
Unearned revenue	-	-	3,600,000
Total liabilities	55,049,504	35,775,254	45,294,377
Deferred Inflows of Resources	7,388,790	7,675,460	13,980,742
Fund balances:			
Non-spendable:			
Inventories	382,405	360,691	379,368
Prepaid expenditures	557,863	546,325	-
Noncurrent receivable	201,570	240,801	280,923
Restricted:			
Stabilization by State statue	71,764,144	81,561,725	60,378,072
Register of deeds automation	483,897	402,853	339,453
Committed:			
Revaluation reserve	3,684,154	3,120,450	4,093,247
Future appropriations from excess local ABC revenues	2,650,000	2,650,000	6,400,000
Working capital	162,195,239	137,792,533	124,040,311
Assigned:			
Planned expenditures	2,279,506	5,372,283	-
Future insurance claims	400,000	400,000	400,000
Total fund balances	244,598,778	232,447,661	196,311,374
Total liabilities and fund balances	$ 307,037,072	$ 275,898,375	$ 255,586,493

The accompanying note is a integral part of these financial statements

County of Wake, North Carolina

Statement of Revenues, Expenditures, and Changes in Fund Balances

General Fund

For the Fiscal Years Ended June 30, 2015, 2014 and 2013

	2015	2014	2013
Revenues:			
Taxes	$ 912,269,633	$ 838,704,603	$ 793,285,615
Intergovernmental	97,974,206	100,120,404	94,612,804
Charges for services	59,703,013	63,892,407	64,535,379
Licenses and permits	5,000,558	4,701,663	4,062,881
Investment earnings	58,446	46,776	10,387
Miscellaneous	1,874,765	1,438,478	1,298,714
Total revenues	1,076,880,621	1,008,904,331	957,805,780
Expenditures:			
General government	48,231,411	43,990,791	41,663,173
Human services	194,603,433	180,846,040	184,720,084
Education	357,904,400	343,686,958	334,532,675
Community development and cultural	27,398,440	26,959,932	25,917,801
Environmental services	9,330,167	8,301,441	7,661,402
Public safety	117,898,032	114,486,371	107,763,560
General services administration	26,208,028	25,317,452	22,421,170
Total expenditures	781,573,911	743,588,985	724,679,865
Revenues over expenditures	295,306,710	265,315,346	233,125,915
Other financing sources (uses):			
Transfers from other funds:			
Special Revenue Fund	1,364,932	1,237,005	1,143,215
Enterprise Fund	450,000	406,320	456,000
Capital Projects Fund	867,466	856,820	-
Transfers to other funds:			
Debt Service Fund	(191,774,000)	(193,844,000)	(187,663,000)
Special Revenue Fund	(67,534)	-	-
Capital Projects Fund	(93,907,000)	(37,849,000)	(26,449,000)
Internal Services Fund	(125,000)	-	-
Capital leases, notes payable and installment purchases	35,543	13,796	
Total other financing uses	(283,155,593)	(229,179,059)	(212,512,785)
Net change in fund balances	12,151,117	36,136,287	20,613,130
Fund balances, beginning of year	232,447,661	196,311,374	175,698,244
Fund balances, end of year	$ 244,598,778	$ 232,447,661	$ 196,311,374

The accompanying note is a integral part of these financial statements

County of Wake, North Carolina

Balance Sheet

Special Revenue Funds

As of June 30, 2015, 2014 and 2013

	2015	2014	2013
Assets:			
Cash and investments - pooled equity	$ 18,482,996	$ 17,469,510	$ 17,441,666
Cash and investments - cash equivalents	600	630	630
Taxes receivable (net)	86,657	146,930	240,044
Accounts receivable (net)	7,623,102	5,844,323	5,015,274
Loan receivable	21,152,490	-	-
Accrued interest receivable	1,836	7,386	15,409
Prepaid expenditures	167,548	158,085	174,795
Total assets	$ 47,515,229	$ 23,626,864	$ 22,887,818
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	$ 9,862,158	$ 8,962,627	$ 8,021,455
Due to other funds	1,380,889	440,709	566,963
Due to other government	-	-	88
Total liabilities	11,243,047	9,403,336	8,588,506
Deferred Inflows of Resources	96,617	162,683	385,344
Fund balances:			
Non-spendable:			
Prepaid expenditures	167,548	158,085	-
Restricted:			
Stabilization by State statue	26,233,383	4,135,332	5,492,306
Housing programs	1,630,984	1,638,957	1,379,259
Committed:			
Working capital	3,063,680	2,977,920	2,904,480
Assigned:			
Planned expenditures	5,079,970	5,150,551	4,137,923
Total fund balances	36,175,565	14,060,845	13,913,968
Total liabilities and fund balances	$ 47,515,229	$ 23,626,864	$ 22,887,818

The accompanying note is a integral part of these financial statements

County of Wake, North Carolina

Statement of Revenues, Expenditures, and Changes in Fund Balances

Special Revenue Funds

For the Fiscal Years Ended June 30, 2015, 2014 and 2013

	2015	2014	2013
Revenues:			
Taxes	$ 66,749,504	$ 62,677,164	$ 58,726,146
Intergovernmental	15,631,351	16,596,068	17,163,795
Charges for services	2,564,106	549,835	1,345,723
Fines and forfeitures	1,852	4,084	2,118
Investment earnings	58,874	49,951	31,567
Miscellaneous	4,944	53,826	60,519
Total revenues	85,010,631	79,930,928	77,329,868
Expenditures:			
General administration	92,238	71,563	77,537
Human services	13,701,040	16,985,134	19,225,186
Community development and cultural	43,453,749	38,451,843	35,881,026
Environmental services	24,775	53,393	89,978
Public safety	20,477,571	19,372,401	18,664,179
General services administration	7,150	14,755	8,598
Total expenditures	77,756,523	74,949,089	73,946,504
Revenues over expenditures	7,254,108	4,981,839	3,383,364
Other financing sources (uses):			
Transfers from other funds:			
General Fund	67,534	-	-
Capital Projects Fund	830,000	967,043	830,000
Transfers to other funds:			
General Fund	(1,364,932)	(1,237,005)	(1,143,215)
Debt Service Fund	(2,398,000)	(2,215,000)	(2,131,000)
Capital Projects Fund	(2,284,000)	(2,350,000)	(2,338,000)
Total other financing sources (uses)	(5,149,398)	(4,834,962)	(4,782,215)
Net change in fund balances	2,104,710	146,877	(1,398,851)
Fund balances, beginning of year	14,060,845	13,913,968	15,312,819
Restatement	20,010,010	-	-
Fund balance, beginning of year restated	34,070,855	13,913,968	15,312,819
Fund balances, end of year	$ 36,175,565	$ 14,060,845	$ 13,913,968

The accompanying note is a integral part of these financial statements

County of Wake, North Carolina

Balance Sheet

Debt Service Fund

As of June 30, 2015, 2014 and 2013

	2015	2014	2013
Assets:			
Cash and investments - pooled equity	$ 75,798,090	$ 104,464,318	$ 122,589,910
Cash and investments - restricted	67,214,716	27,290,253	39,016,877
Accounts receivable, net	8,176,901	-	3,814,011
Prepaid expenditures	3,272,951	3,291,701	3,298,469
Accrued interest receivable	74,298	226,770	522,362
Total assets	$ 154,536,956	$ 135,273,042	$ 169,241,629
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	$ 663,110	$ 20,917	$ 186,429
Total liabilities	663,110	20,917	186,429
Fund balances:			
Non-spendable:			
Prepaid expenditures	3,272,951	3,291,701	-
Restricted:			
Stabilization by State statute	8,251,199	226,770	7,634,842
Assigned:			
Planned expenditures	-	-	31,619,016
Debt service	142,349,696	131,733,654	129,801,342
Total fund balances	153,873,846	135,252,125	169,055,200
Total liabilities and fund balances	$ 154,536,956	$ 135,273,042	$ 169,241,629

The accompanying note is a integral part of these financial statements

County of Wake, North Carolina

Statement of Revenues, Expenditures, and Changes in Fund Balances

Debt Service Fund

For the Fiscal Years Ended June 30, 2015, 2014 and 2013

	2015	2014	2013
Revenues:			
Taxes	$ -	$ -	$ 51,708
Intergovernmental	15,432,216	10,657,055	12,964,747
Charges for services	11,800	12,483	-
Investment earnings	1,471,480	2,023,018	2,422,997
Total revenues	16,915,496	12,692,556	15,439,452
Expenditures:			
Current:			
General government	372,256	294,713	354,580
Debt service:			
Principal retirement	152,115,583	152,250,703	145,652,849
Interest and fees	90,952,459	90,030,119	89,523,701
Total expenditures	243,440,298	242,575,535	235,531,130
Revenues under expenditures	(226,524,802)	(229,882,979)	(220,091,678)
Other financing sources (uses):			
Transfer from other funds:			
General Fund	191,774,000	193,844,000	187,663,000
Special Revenue Fund	2,398,000	2,215,000	2,131,000
Capital Projects Fund	-	20,904	3,366,902
Transfer to other funds:			
Capital Projects Fund	-	-	(100,000)
Refunding installment purchased issued	-	-	2,234,325
Payment to refund escrow agent	-	-	(2,234,325)
Premium on issuance	50,974,523	-	26,739,626
Total other financing sources (uses)	245,146,523	196,079,904	219,800,528
Net change in fund balances	18,621,721	(33,803,075)	(291,150)
Fund balances, beginning of year	135,252,125	169,055,200	169,346,350
Fund balances, end of year	$ 153,873,846	$ 135,252,125	$ 169,055,200

The accompanying note is a integral part of these financial statements

County of Wake, North Carolina

Statement of Net Position

Enterprise Funds

As of June 30, 2015, 2014 and 2013

	2015	2014	2013
Assets:			
Current assets:			
Cash and investments - pooled equity	$ 36,228,884	$ 34,187,629	$ 31,889,338
Cash and investments - reserved	22,859,618	23,235,855	19,845,485
Cash and investments - cash equivalents	750	750	750
Accounts receivable (net)	2,755,924	2,919,638	2,802,445
Loan receivable	1,805,271	1,805,271	-
Internal balance (due from other funds)	600,299	323,985	1,114,099
Prepaid expenditures	1,400	1,400	1,785
Accrued interest receivable	7,431	32,193	64,457
Net pension asset - LGERS	109,342	-	-
Total current assets	64,368,919	62,506,721	55,718,359
Noncurrent assets:			
Capital assets not being depreciated			
Land	382,327	382,327	1,875,253
Construction in progress	4,410,178	3,599,587	1,902,087
Capital assets (net of accumulated depreciation):			
Landfills	6,895,261	7,337,209	7,781,927
Buildings	680,115	709,320	738,491
Machinery and equipment	350,693	395,246	385,396
Improvements	316,365	329,966	343,567
Total capital assets	13,034,939	12,753,655	13,026,721
Total assets	77,403,858	75,260,376	68,745,080
Deferred Outflows of Resources	79,995	-	-
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	5,112,386	5,455,884	3,060,487
Internal balance (interfund payable)	600,299	323,985	1,114,099
Total current liabilities	5,712,685	5,779,869	4,174,586
Noncurrent liabilities:			
Amounts due within one year:			
Capital leases	2,223	2,099	-
Compensated absences	54,437	80,658	52,000
Closure/postclosure care costs	6,160,000	6,719,000	-
Risk management liabilities	4,161	9,587	3,320
Amounts due beyond one year:			
Capital leases	1,554	3,778	-
Compensated absences	31,456	-	16,270
Other post employment benefits	588,221	511,749	416,121
Construction reserves	997,149	845,005	417,705
Closure/postclosure care costs	16,680,296	16,325,633	19,845,485
Total noncurrent liabilities	24,519,497	24,497,509	20,750,901
Total liabilities	30,232,182	30,277,378	24,925,487
Deferred Inflows of Resources	272,985	100	380
Net Position			
Net investment in capital assets	13,031,162	12,753,655	13,026,721
Restricted:			
Stabilization by State statue	2,960,405	4,392,652	2,113,818
White goods	3,027,003	2,712,151	2,428,306
Unrestricted	27,960,116	25,124,440	26,250,368
Total net position	$ 46,978,686	$ 44,982,898	$ 43,819,213

The accompanying note is a integral part of these financial statements

County of Wake, North Carolina

Statement of Revenues, Expenses, and Changes in Net Position

Enterprise Funds

For the Fiscal Years Ended June 30, 2015, 2014 and 2013

	2015	2014	2013
Operating revenues:			
Licenses and permits	$ 6,900	$ 6,400	$ 7,500
Charges for services	23,974,246	22,634,926	21,829,339
Gain on sale of capital assets	-	1,805,271	-
Miscellaneous	1,584,738	2,558,760	1,227,548
Total operating revenues	25,565,884	27,005,357	23,064,387
Operating expenses:			
Cost of service and products	18,396,153	22,087,303	20,284,435
Administration	2,564,778	2,411,403	2,416,913
Partner rebates	3,313,811	2,129,551	2,039,032
Depreciation and amortization	675,877	642,293	632,593
Total operating expenses	24,950,619	27,270,550	25,372,973
Operating income (loss)	615,265	(265,193)	(2,308,586)
Nonoperating revenues:			
Intergovernmental	1,760,881	1,638,999	1,601,437
Investment earnings	227,482	196,199	85,443
Total nonoperating revenues	1,988,363	1,835,198	1,686,880
Income before operating transfers	2,603,628	1,570,005	(621,706)
Capital contributions and transfers:			
Transfers to General Fund	(450,000)	(406,320)	(456,000)
Total transfers	(450,000)	(406,320)	(456,000)
Change in net assets	2,153,628	1,163,685	(1,077,706)
Total Net Position, beginning of year	44,982,898	43,819,213	44,896,919
Restatement	(157,840)	-	-
Total Net Position, beginning of year restated	44,825,058	43,819,213	44,896,919
Total net position, end of year	$ 46,978,686	$ 44,982,898	$ 43,819,213

The accompanying note is a integral part of these financial statements

County of Wake, North Carolina

Statement of Cash Flows

Enterprise Funds

For the Fiscal Years Ended June 30, 2015, 2014 and 2013

	2015	2014	2013
Cash flows from operating activities:			
Cash received from customers	$ 23,905,972	$ 21,508,432	$ 21,243,588
Cash payments to suppliers for goods and services	(22,906,908)	(20,011,693)	(21,762,661)
Cash payments to employees for services	(1,485,223)	(1,270,446)	(1,309,731)
Other operating revenues	1,591,638	4,370,431	1,235,046
Net cash provided (used) by operating activities	1,105,479	4,596,724	(593,758)
Cash flows from noncapital financing activities:			
Intergovernmental	1,716,555	1,633,143	1,593,202
Transfers out	(450,000)	(406,320)	(456,000)
Net cash provided by noncapital financing activities	1,266,555	1,226,823	1,137,202
Cash flows from capital and related financing activities:			
Disposal of capital assets	-	1,510,494	-
Acquisition of capital assets	(957,161)	(1,873,170)	(25,771)
Principal payment of capital lease	(2,100)	(673)	-
Net cash used by capital and related financing activities	(959,261)	(363,349)	(25,771)
Cash flows from investing activities:			
Interest on investments	252,245	228,463	164,309
Net cash provided by investing activities	252,245	228,463	164,309
Net increase in cash and cash equivalent	1,665,018	5,688,661	681,982
Cash and cash equivalents, beginning of year	57,424,234	51,735,573	51,053,591
Cash and cash equivalents, end of year	$ 59,089,252	$ 57,424,234	$ 51,735,573
Operating income (loss)	$ 615,265	$ (265,193)	$ (2,308,586)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	675,877	642,293	632,593
Changes in assets and liabilities:			
(Increase)/Decrease in accounts receivable	(68,274)	(1,126,494)	(585,751)
(Increase)/Decrease in prepaid items	-	385	(1,785)
Increase in net pension	(342,997)	-	-
Increase in deferred outflow of resources	(4,180)	-	-
Increase (decrease) in accounts payable and accrued liabilities	(43,197)	5,345,733	1,669,771
Increase in deferred inflow of resources	272,985	-	-
Total adjustments	490,214	4,861,917	1,714,828
Net cash provided (used) by operating activities	$ 1,105,479	$ 4,596,724	$ (593,758)

The accompanying note is a integral part of these financial statements

Change in Accounting Principles/Restatement

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

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

Prior Period Adjustment

Enterprise Fund – Certain project expenditures in the County construction in progress funds were not correctly capitalized as capital assets in the Government-wide Statements, for both the Governmental and the Business-type activities. As a result, net position for the business-type activities increased by $1,876,316 for fiscal year ending June 30, 2013.

The following financial statements have been compiled from the budget ordinance and related amendments of the County for fiscal years ended June 30, 2016 and ending June 30, 2017.

County of Wake
Compiled Budget - Annually Budgeted Funds
For the Fiscal Year Ending June 30, 2016
As of June 30, 2016 (unaudited)

	General	Special Revenue	Debt Service	Enterprise
Estimated Revenues:				
Taxes	$ 984,629,587	$ 71,379,000	$ -	$ -
Licenses and permits	4,832,792	-	-	4,800
Intergovernmental	96,388,352	2,137,775	12,783,015	1,843,652
Charges for services	57,790,327	9,163,571	-	25,351,930
Investment earnings	10,922	38,654	2,314,000	130,564
Miscellaneous	1,304,527	25,000	-	2,268,255
Total Estimated Revenues	1,144,956,507	82,744,000	15,097,015	29,599,201
Appropriations:				
General administration	62,105,067	-	-	-
Human services	194,402,270	11,040,454	-	-
Education	405,416,000	-	-	-
Community development and cultural	29,896,397	47,782,000	-	-
Environmental services	10,121,747	-	-	29,146,378
Public safety	126,265,722	19,150,610	-	-
General services administration	27,600,859	-	-	-
Debt service - Principal	21,799	-	170,121,289	2,504
Debt service - Interest	3,556	-	97,041,428	319
Debt service - Other	-	-	2,589,145	-
Total Appropriations	855,833,417	77,973,064	269,751,862	29,149,201
ESTIMATED REVENUES OVER (UNDER) APPROPRIATIONS	289,123,090	4,770,936	(254,654,847)	450,000
OTHER FINANCING SOURCES (USES):				
Transfers from other funds:				
General fund	-	125,000	221,042,000	-
Enterprise funds	450,000	-	-	-
Special revenue	1,495,000	-	1,041,000	-
Capital project	878,054	-	-	-
Transfers to other funds:				
General fund	-	(1,495,000)	-	(450,000)
Special revenue	(259,617)	-	-	-
Debt service	(221,042,000)	(1,041,000)	-	-
Capital project	(75,528,000)	(5,551,000)	-	-
Bond Premium	-	-	16,756,734	-
Appropriated fund balances	4,883,473	3,191,064	15,815,113	-
Total Other Financing Sources (Uses)	(289,123,090)	(4,770,936)	254,654,847	(450,000)
ESTIMATED REVENUES AND OTHER SOURCES OVER (UNDER) APPROPRIATIONS AND OTHER USES	$ -	$ -	$ -	$ -

Compiled by the staff of the Wake County Finance Department

Note: The Special Revenue Fund amounts do not include Grants and Donations, Housing and Community Revitalization, and Capital Area Workforce Fund.

County of Wake
Compiled Budget - Annually Budgeted Funds
For the Fiscal Year Ending June 30, 2017
As of July 1, 2016

	General	Special Revenue	Debt Service	Enterprise
Estimated Revenues:				
Taxes	$ 1,033,052,129	$ 77,265,000	$ -	$ -
Licenses and permits	4,591,700	-	-	6,900
Intergovernmental	96,829,521	1,754,880	12,783,015	1,853,313
Charges for services	60,341,506	5,404,141	-	25,194,376
Investment earnings	11,432	15,000	3,854,000	165,510
Miscellaneous	404,822	134,979	-	2,216,470
Total Estimated Revenues	1,195,231,110	84,574,000	16,637,015	29,436,569
Appropriations:				
General administration	57,930,735	-	-	-
Human services	202,952,645	7,419,000	-	-
Education	429,711,000	-	-	-
Community development and cultural	33,703,916	49,442,000	-	-
Environmental services	11,125,938	-	-	28,691,791
Public safety	129,993,290	21,628,547	-	-
General services administration	27,663,725	-	-	-
Debt service - Principal	19,907	-	189,513,156	2,500
Debt service - Interest	3,581	-	87,728,764	319
Debt service - Other	-	-	3,548,080	-
Total Appropriations	893,104,737	78,489,547	280,790,000	28,694,610
ESTIMATED REVENUES OVER (UNDER) APPROPRIATIONS	302,126,373	6,084,453	(264,152,985)	741,959
OTHER FINANCING SOURCES (USES):				
Transfers from other funds:				
General fund	-	-	252,639,000	-
Enterprise funds	450,000	-	-	-
Capital project	888,574	-	-	-
Special revenue	1,400,000	-	959,000	-
Transfers to other funds:				
General fund	-	(1,400,000)	-	(450,000)
Special revenue	(542,263)	-	-	-
Debt service	(252,639,000)	(959,000)	-	-
Capital project	(52,885,000)	(3,850,453)	-	-
Solid Waste Construction	-	-	-	(800,000)
Bond Premium	-	-	666,507	-
Appropriated fund balances	1,201,316	125,000	9,888,478	508,041
Total Other Financing Sources (Uses)	(302,126,373)	(6,084,453)	264,152,985	(741,959)
ESTIMATED REVENUES AND OTHER SOURCES OVER (UNDER) APPROPRIATIONS AND OTHER USES	$ -	$ -	$ -	$ -

Compiled by the staff of the Wake County Finance Department

Note: The Special Revenue Fund amounts do not include Grants and Donations, Housing and Community Revitalization, and Capital Area Workforce Fund.

WOMBLE
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SANDRIDGE
& RICE
A LIMITED LIABILITY
PARTNERSHIP

APPENDIX F

[Proposed Form of Opinion of Bond Counsel]

November __, 2016

Board of Commissioners for the
County of Wake, North Carolina

We have examined, as bond counsel to the County of Wake, North Carolina (the "County"), existing law, certified copies of such legal proceedings and such other proofs as we have deemed necessary to deliver this opinion, relative to $162,895,000 General Obligation Refunding Bonds, Series 2016A, dated the date of delivery thereof (the "Bonds"), of the County.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on such examination we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to The Local Government Finance Act, Chapter 159, as amended, of the General Statutes of North Carolina.

2. The Bonds constitute valid and binding general obligations of the County, for the payment of the principal of and interest on which all taxable real and tangible personal property within the County is subject to the levy of ad valorem taxes, without limitation as to rate or amount.

3. Assuming continuing compliance by the County with certain covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding, among other matters, use, expenditure and investment of Bond proceeds, and the timely payment of certain investment earnings to the United States Treasury, interest on the Bonds is not includable in the gross income of the owners thereof for purposes of federal income taxation. Interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax imposed by the Code on corporations and other taxpayers, including individuals; however, such interest is includable in the adjusted current earnings of corporations for purposes of computing the alternative minimum tax imposed by the Code on corporations.

4. Interest on the Bonds is exempt from all State of North Carolina income taxes.

The Code and other laws of taxation, including the laws of taxation of the State of North Carolina, of other states and of local jurisdictions, may contain other provisions that could result in tax consequences, upon which we render no opinion, as a result of the ownership or transfer of the Bonds or the inclusion in certain computations of interest that is excluded from gross income for purposes of federal and North Carolina income taxation.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

BOOK-ENTRY ONLY SYSTEM

Beneficial ownership interests in the Bonds will be available only in a book-entry system. The actual purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in such Bonds purchased. So long as The Depository Trust Company ("DTC"), New York, New York, or its nominee is the registered owner of the Bonds, references in this Official Statement to the registered owners of the Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners of the Bonds.

The following description of DTC, of procedures and record keeping on beneficial ownership interests in the Bonds, payment of interest and other payments with respect to the Bonds to DTC Participants or to Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and of other transactions by and between DTC, DTC Participants and Beneficial Owners is based on information furnished by DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of the Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual identities of the Beneficial Owners of the Bonds; DTC's records reflect only the identities of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants are responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest and redemption premiums, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the County or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption premiums, if any, is the County's responsibility, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The Commission or the County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from DTC, and the County takes no responsibility for the accuracy thereof.

The County cannot and does not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the Bonds (a) payments of principal of, premium, if any, and interest on the Bonds, (b) confirmations of their ownership interests in the Bonds or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the bonds, or that they will do so on a timely basis, or that DTC, Direct

Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

THE COUNTY HAS NO RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OR ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OR ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF, PREMIUM, IF ANY OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE BONDS UNDER THE TERMS OF THE RESOLUTIONS AUTHORIZING THE ISSUANCE OF THE BONDS; AND (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER.