

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

**NEW ISSUE—Book-Entry Only**

*This Official Statement has been prepared by the Local Government Commission of North Carolina and the County of Wake, North Carolina (the "County") 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.*

**\$243,175,000**  
**County of Wake, North Carolina**  
**General Obligation Bonds**

*Consisting of*

*\$204,015,000 General Obligation Public Improvement Bonds, Series 2026A*  
*\$39,160,000 General Obligation Library Bonds, Series 2026B*

**Dated: Date of Delivery**

**Due: As shown on inside cover page**

*Tax Treatment*

In the opinion of Bond Counsel, under existing law and 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"), interest on the Bonds will not be includable in the gross income of the owners thereof for purposes of federal income taxation and will not be a specific preference item for purposes of the alternative minimum tax imposed by the Code; however, interest on the Bonds held by certain corporations will be included in the computation of "adjusted financial statement income" for purposes of the federal alternative minimum tax imposed on such corporations. In the opinion of Bond Counsel, under existing law, interest on the Bonds will be exempt from all State of North Carolina income taxes. See "TAX TREATMENT" herein.

*Redemption*

The Bonds are subject to optional redemption prior to maturity at the times and price set forth herein.

*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*

April 1 and October 1, commencing October 1, 2026.

*Denominations*

\$5,000 or any integral multiple thereof.

*Expected Closing/Settlement*

April 8, 2026.

*Bond Counsel*

Womble Bond Dickinson (US) LLP, Raleigh, North Carolina.

*Municipal Advisor*

First Tryon Advisors, LLC, Charlotte, North Carolina.

***The date of this Official Statement is March 17, 2026***

## MATURITY SCHEDULES

### \$204,015,000 General Obligation Public Improvement Bonds, Series 2026A

| <u>Due<br/>April 1</u> | <u>Principal<br/>Amount</u> | <u>Interest<br/>Rate</u> | <u>Initial Public<br/>Offering Yields<sup>1</sup></u> | <u>CUSIP<sup>+</sup></u> |
|------------------------|-----------------------------|--------------------------|---|--------------------------|
| 2027                   | \$10,730,000                | 5.00%                    | 2.17%   | 930864 LK7               |
| 2028                   | 10,740,000                  | 5.00                     | 2.20  | 930864 LL5               |
| 2029                   | 10,740,000                  | 5.00                     | 2.27  | 930864 LM3               |
| 2030                   | 10,740,000                  | 5.00                     | 2.34  | 930864 LN1               |
| 2031                   | 10,740,000                  | 5.00                     | 2.41  | 930864 LP6               |
| 2032                   | 10,740,000                  | 5.00                     | 2.51  | 930864 LQ4               |
| 2033                   | 10,740,000                  | 5.00                     | 2.60  | 930864 LR2               |
| 2034                   | 10,740,000                  | 5.00                     | 2.70  | 930864 LS0               |
| 2035                   | 10,740,000                  | 5.00                     | 2.81  | 930864 LT8               |
| 2036                   | 10,740,000                  | 5.00                     | 2.92  | 930864 LU5               |
| 2037                   | 10,740,000                  | 5.00                     | 3.02 <sup>3</sup>                                     | 930864 LV3               |
| 2038                   | 10,740,000                  | 5.00                     | 3.15 <sup>3</sup>                                     | 930864 LW1               |
| 2039                   | 10,740,000                  | 5.00                     | 3.26 <sup>3</sup>                                     | 930864 LX9               |
| 2040                   | 10,735,000                  | 5.00                     | 3.34 <sup>3</sup>                                     | 930864 LY7               |
| 2041                   | 10,735,000                  | 5.00                     | 3.43 <sup>3</sup>                                     | 930864 LZ4               |

**\$21,470,000 4.00% Term Bonds due April 1, 2043 – Yield 4.00% - CUSIP 930864 MB6**

**\$21,465,000 4.00% Term Bonds due April 1, 2045 – Yield 4.10% - CUSIP 930864 MD2**

### \$39,160,000 General Obligation Library Bonds, Series 2026B

| <u>Due<br/>April 1</u> | <u>Principal<br/>Amount</u> | <u>Interest<br/>Rate</u> | <u>Initial Public<br/>Offering Yields<sup>2</sup></u> | <u>CUSIP<sup>+</sup></u> |
|------------------------|-----------------------------|--------------------------|---|--------------------------|
| 2027                   | \$2,065,000                 | 5.00%                    | 2.14%   | 930864 ME0               |
| 2028                   | 2,065,000                   | 5.00                     | 2.17  | 930864 MF7               |
| 2029                   | 2,065,000                   | 5.00                     | 2.24  | 930864 MG5               |
| 2030                   | 2,065,000                   | 5.00                     | 2.31  | 930864 MH3               |
| 2031                   | 2,060,000                   | 5.00                     | 2.38  | 930864 MJ9               |
| 2032                   | 2,060,000                   | 5.00                     | 2.48  | 930864 MK6               |
| 2033                   | 2,060,000                   | 5.00                     | 2.57  | 930864 ML4               |
| 2034                   | 2,060,000                   | 5.00                     | 2.67  | 930864 MM2               |
| 2035                   | 2,060,000                   | 5.00                     | 2.78  | 930864 MN0               |
| 2036                   | 2,060,000                   | 5.00                     | 2.89  | 930864 MP5               |
| 2037                   | 2,060,000                   | 5.00                     | 2.99 <sup>3</sup>                                     | 930864 MQ3               |
| 2038                   | 2,060,000                   | 5.00                     | 3.12 <sup>3</sup>                                     | 930864 MR1               |
| 2039                   | 2,060,000                   | 5.00                     | 3.23 <sup>3</sup>                                     | 930864 MS9               |
| 2040                   | 2,060,000                   | 5.00                     | 3.31 <sup>3</sup>                                     | 930864 MT7               |
| 2041                   | 2,060,000                   | 5.00                     | 3.40 <sup>3</sup>                                     | 930864 MU4               |

**\$4,120,000 4.00% Term Bonds due April 1, 2043 – Yield 4.00% - CUSIP 930864 MW0**

**\$4,120,000 4.00% Term Bonds due April 1, 2045 – Yield 4.10% - CUSIP 930864 MY6**

<sup>1</sup> Information obtained from the underwriter of the Series 2026A Bonds.

<sup>2</sup> Information obtained from the underwriter of the Series 2026B Bonds.

<sup>3</sup> Yield to the April 1, 2036 call date at par.

<sup>+</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. Copyright ©2026 CUSIP Global Services. All rights reserved. CUSIP data herein is provided for convenience of reference only. The Local Government Commission, the County and their respective agents do not take responsibility for the accuracy of such data. Also, investors should be aware that under certain circumstances the CUSIP identification number assigned to a maturity of the Bonds may be changed to a new replacement number.

**COUNTY OF WAKE, NORTH CAROLINA**



**BOARD OF COMMISSIONERS**

Don Mial.....Chair  
Safiyah Jackson ..... Vice-Chair

Cheryl Stallings  
Susan Evans  
Tara Waters  
Shinica Thomas  
Vickie Adamson



**COUNTY STAFF**

David Ellis..... County Manager  
Emily Lucas .....Deputy County Manager  
W. Patrick Flanary ..... Chief Financial Officer  
Todd Taylor ..... Director of Debt & Capital Strategy  
Roger Askew, Esq. .... County Attorney



**MUNICIPAL ADVISOR**

First Tryon Advisors, LLC  
Charlotte, North Carolina



**BOND COUNSEL**

Womble Bond Dickinson (US) LLP  
Raleigh, North Carolina

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STATE AND LOCAL GOVERNMENT FINANCE DIVISION  
LOCAL GOVERNMENT COMMISSION

**INTRODUCTION**

This Official Statement, including the cover page and the appendices, is intended to furnish information in connection with the purchase of \$243,175,000 General Obligation Bonds, of the County of Wake, North Carolina (the "County") consisting of \$204,015,000 General Obligation Public Improvement Bonds, Series 2026A (the "Series 2026A Bonds"), and \$39,160,000 General Obligation Library Bonds, Series 2026B (the "Series 2026B Bonds" and together with the Series 2026A Bonds, the "Bonds").

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 October 1, 2026 and semiannually thereafter on each April 1 and October 1. The Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement.

The Chief Financial Officer 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 15<sup>th</sup> 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, a New York corporation (“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 Series 2026A 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 (the “Act”), and the following bond orders duly adopted by the Board of Commissioners for the County: (1) a bond order authorizing \$530,700,000 School Bonds adopted on July 11, 2022 and (2) a bond order authorizing \$353,200,000 Community College Bonds adopted on July 11, 2022, which orders were approved by the vote of a majority of qualified voters of the County who voted thereon at a referendum duly called and held on November 8, 2022, and a resolution duly adopted by the Board of Commissioners for the County on February 16, 2026. The Series 2026A Bonds are being issued for the purpose of providing funds, together with other available funds of the County, to (a) refinance certain bond anticipation notes previously issued by the County to pay the costs of various school and community college improvements, and (b) pay the fees and expenses incurred in connection with the sale and issuance of the Series 2026A Bonds.

The Series 2026B Bonds are being issued pursuant to the Act and a bond order authorizing \$142,000,000 Library Bonds adopted by the Board of Commissioners on July 8, 2024, which order was approved by the vote of a majority of qualified voters of the County who voted thereon at a referendum duly called and held on November 5, 2024, and a resolution duly adopted by the Board of Commissioners for the County on February 16, 2026. The Series 2026B Bonds are being issued for the purpose of providing funds, together with other available funds of the County, for (a) library renovations and expansions, and (b) pay the fees and expenses incurred in connection with the sale and issuance of the Series 2026B Bonds.

### **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 maturing on or prior to April 1, 2036 will not be subject to redemption prior to maturity. The Bonds maturing on April 1, 2037 and thereafter will be subject to redemption, at the option of the County, from any moneys that may be made available for such purpose, either in whole or in part on any date not earlier than April 1, 2036, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued thereon to the date fixed for redemption.

The Bonds maturing on the April 1, 2043 (the “2043 Term Bonds”) are subject to mandatory sinking fund redemption prior to maturity in part at a redemption price equal to the principal amount to be redeemed plus accrued interest, if any, to the date set for redemption, without premium, on April 1 in the years and amounts as follows:

| <u>Year</u> | <u>Principal Amount Series 2026A</u> | <u>Principal Amount Series 2026B</u> | <u>Total Principal Amount</u> |
|-------------|--------------------------------------|--------------------------------------|-------------------------------|
| 2042        | \$10,735,000                         | \$2,060,000                          | \$12,795,000                  |
| 2043*       | 10,735,000                           | 2,060,000                            | 12,795,000                    |

\* Final Maturity

The Bonds maturing on the April 1, 2045 (the “2045 Term Bonds”) are subject to mandatory sinking fund redemption prior to maturity in part at a redemption price equal to the principal amount to be redeemed plus accrued interest, if any, to the date set for redemption, without premium, on April 1 in the years and amounts as follows:

| <u>Year</u> | <u>Principal Amount Series 2026A</u> | <u>Principal Amount Series 2026B</u> | <u>Total Principal Amount</u> |
|-------------|--------------------------------------|--------------------------------------|-------------------------------|
| 2044        | \$10,735,000                         | \$2,060,000                          | \$12,795,000                  |
| 2045*       | 10,730,000                           | 2,060,000                            | 12,790,000                    |

\* Final Maturity

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of such Bonds to be redeemed shall be selected by lot in such manner as the County in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some whole multiple thereof and that, in selecting Bonds for redemption, each such Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bonds by \$5,000. So long as a book-entry system with DTC is used for determining beneficial ownership of Bonds, if less than all of the Series Bonds within a maturity are to be redeemed, DTC and its participants shall determine which of the Bonds within a maturity are to be redeemed by lot. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be called in such manner as the County may determine.

Not more than sixty (60) days nor less than thirty (30) days before the redemption date of any Bonds to be redeemed, whether such redemption be in whole or in part, the County shall cause a notice of such redemption to be filed with the Bond Registrar and to be mailed, postage prepaid, to the registered owner of each Bond to be redeemed in whole or in part to his address appearing upon the registration books of the County, provided that such notice to Cede & Co. shall be given by certified or registered mail or otherwise as prescribed by DTC. Failure to mail such notice or any defect therein shall not affect the validity of the redemption as regards registered owners to whom such notice was properly given.

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the County on or prior to the redemption date of moneys sufficient to pay the principal of and interest on the Bonds to be redeemed, and that if such moneys are not so received, such notice shall be of no force or effect and such Bond shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the redemption price and interest on such Bonds are not received by the County on or prior to the redemption date, the redemption shall

not be made and the County shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

On the date fixed for redemption, notice having been given as hereinabove described, the Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date. If moneys sufficient to pay the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Registrar in trust for the registered owners of the Bonds or portions thereof to be redeemed, interest on the Bonds or portions thereof called for redemption shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefits or security under the resolution providing for their issuance or to be deemed outstanding, and the registered owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to such redemption date. If a portion of a Bond shall have been selected for redemption, a new Bond or Bonds of the same maturity, of any authorized denomination or denominations and bearing interest at the same rate shall be delivered for the unredeemed portion of the principal amount of such Bond.

### **CONTINUING DISCLOSURE**

In the resolutions 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, 2026, 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, 2026, (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 material 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;
  - (14) appointment of a trustee or a successor trustee or the change of name of a trustee, if material;
  - (15) incurrence of a financial obligation (as defined below) of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect beneficial owners of the Bonds, if material; and
  - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the County, any of which reflect financial difficulties; 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.

“Financial obligation” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

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 resolutions adopted by the County also provide 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 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 resolutions, 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 Bond Dickinson (US) LLP, Raleigh, North Carolina, Bond Counsel, whose approving legal opinions will be available at the time of the delivery of the Bonds. The proposed form of such opinions is attached hereto as Appendix E.

### **RATINGS**

Moody's Investors Service, S&P Global Ratings 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, under existing law and assuming continuing compliance by the County with certain covenants to comply with the requirements of the Code, regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds, 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 and will not be a specific preference item for purposes of the alternative minimum tax imposed by the Code; however, interest on the Bonds held by certain corporations will be included in the computation of "adjusted financial statement income" for purposes of the federal alternative minimum tax imposed on such corporations. Furthermore, in the opinion of Bond Counsel, under existing law, 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 Discount**

The initial public offering prices of the Series 2026A Bonds maturing on April 1, 2045 and the Series 2026B Bonds maturing April 1, 2045, (collectively, the "Discount Bonds"), are less than the amounts payable at maturity.\* An amount not less than the difference between 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) of the Discount Bonds and the amounts payable at maturity constitutes original issue discount. Under existing federal income tax law and regulations, the original issue discount on a Discount Bond is interest not includable in the gross income of an owner who purchases such Discount Bond in the original offering at the initial public offering price thereof and holds it to maturity, and such owner will not realize taxable gain upon payment of such Discount Bond at maturity. Owners who purchase Discount Bonds at a price other than the initial offering price or who do not purchase Discount Bonds in the initial public offering should consult their tax advisors with respect to the consequences of the ownership of such Discount Bonds. An owner who purchases a Discount Bond in the initial offering at the initial offering price and holds such Discount Bond to maturity is deemed under existing federal tax laws and regulations to accrue original issue discount on a constant yield basis under Section 1288 of the Code from the date of original issue. An owner's adjusted basis in a Discount Bond is increased by accrued original issue discount for purposes of determining gain or loss on sale, exchange or other disposition of such Discount Bond. Accrued original issue discount may be taken into account as an increase in the amount of tax-exempt interest received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond, even though there will not be a corresponding cash payment.

Owners and prospective purchasers of Discount Bonds should consult their own tax advisors regarding the calculation of accrued original issue discount for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the ownership or disposition of Discount Bonds.

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\* Information provided by the underwriters of the Bonds.

## **Original Issue Premium**

The initial public offering prices of the Series 2026A Bonds maturing on April 1, 2027 to 2041, inclusive, and the Series 2026B Bonds maturing April 1, 2027 to 2041, inclusive (collectively, the "Premium Bonds"), are greater than the amounts 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 Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium. In general, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium 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 Premium Bond). An owner of a Premium 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 tax basis in the Premium Bond. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost.

Owners and prospective purchasers of Premium 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 Premium 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. Owners and prospective purchasers of the Bonds should consult their tax advisors as to any such possible 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.

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\* Information provided by the underwriters 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.

### **MUNICIPAL ADVISOR**

First Tryon Advisors, LLC, Charlotte, North Carolina, has served as municipal advisor (the “Municipal Advisor”) to the County with respect to the sale of the Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent on the issuance and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendixes thereto.

### **UNDERWRITING**

The underwriter for the Series 2026A Bonds is BofA Securities, Inc.<sup>1</sup>

Such underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Series 2026A Bonds. If all of the Series 2026A Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, the underwriter anticipates total underwriter’s discount of \$284,778.42.<sup>1</sup> The public offering prices or yields of the Series 2026A Bonds may be changed from time to time by the underwriter.

The underwriter for the Series 2026B Bonds is Hilltop Securities Inc.<sup>2</sup>

Such underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Series 2026B Bonds. If all of the Series 2026B Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, the underwriter anticipates total underwriter’s discount of \$57,417.18.<sup>2</sup> The public offering prices or yields of the Series 2026B Bonds may be changed from time to time by the underwriter.

### **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.

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<sup>1</sup> Information provided by the underwriter of the Series 2026A Bonds.

<sup>2</sup> Information provided by the underwriter of the Series 2026B Bonds.

**APPENDIX A**

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

## THE COUNTY

### GENERAL

Wake County, North Carolina (the “*County*”) chartered in 1771, covers an area of 864 square miles. It is the most populous county in the State of North Carolina (the “*State*”) with a population of 1,190,275 in 2025. Approximately 25% of the renowned Research Triangle Park, home of many 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:

#### POPULATION STATISTICS

##### LAST TEN YEARS

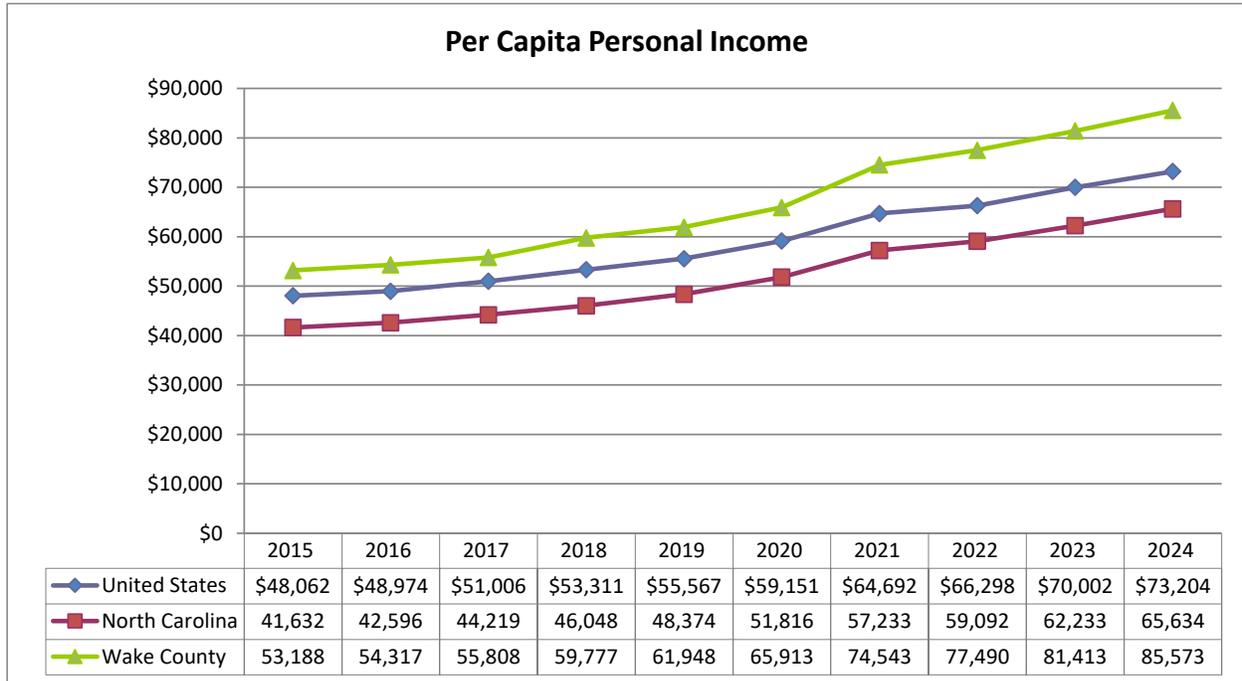
| <u>YEAR</u> | <u>POPULATION<sup>1</sup></u> |
|-------------|-------------------------------|
| 2016        | 1,024,198                     |
| 2017        | 1,046,791                     |
| 2018        | 1,072,203                     |
| 2019        | 1,092,305                     |
| 2020        | 1,111,761                     |
| 2021        | 1,129,410                     |
| 2022        | 1,150,204                     |
| 2023        | 1,175,021                     |
| 2024        | 1,190,275                     |
| 2025        | 1,229,269                     |

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<sup>1</sup> For previous calendar year.

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



Source: U.S. Bureau of Economic Analysis website, February 2026.

### COMMERCIAL, INDUSTRIAL AND INSTITUTIONAL PROFILE

The County’s economy is comprised of several diverse industries including, but not limited to, manufacturing, retail, wholesale, pharma, biotech, utilities, banking, health care, and education. The State’s executive, legislative, judicial, and other regulatory offices are also located in the County. The County and the region continue to be recognized in various national rankings throughout diverse measures. A few recent accolades include:

- #1 Top Metro for Best Business Climate (Raleigh) Business Facilities, August 2025
- #1 Best Public High School in America (NC School of Science & Math) Niche, August 2025
- #6 Top Metro for AgriTech (Raleigh) Business Facilities, August 2025
- #9 Top Metro for Tech Talent (Raleigh) Business Facilities, August 2025
- #10 Top Metro for New Construction (Raleigh) Realtor.com, August 2025
- #1 Top City for Recent College Grads in America (Raleigh) ADP Research, July 2025
- #1 Best City for Employment Opportunity & Earning Potential (Raleigh) checkr, July 2025
- #1 City Where College Grads are Landing Jobs (Raleigh) Wall Street Journal, July 2025
- #4 Best City in U.S. for Work-Life Balance (Raleigh) Coworking Cafe, July 2025
- #3 City for International Business (Raleigh) Financial Times, June 2025
- #1 U.S. City for Housing Stability (Raleigh) MSN, May 2025
- #2 Top Innovation Hub in the South (Raleigh) Commercial Cafe, May 2025
- #5 Top Metro by Tech Economic Impact (Raleigh) CompTIA, March 2025
- #3 Very Large Metro in U.S. for Growth (Raleigh) Brookings Institute, March 2025
- #4 Very Large Metro in U.S. for Racial Inclusion (Raleigh) Brookings Institute, March 2025
- #4 Metro with Highest Number of Tech Jobs (Raleigh) Coworking Cafe, March 2025

#5 Best Large Metro for Women in Tech (Raleigh) Coworking Cafe, March 2025

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 over 385 organizations including Fidelity Investments, IBM Corporation, Cisco Systems, NetApp, GlaxoSmithKline, Labcorp, National Institute of Environmental Health Sciences, Biogen, US Environmental Protection Agency and RTI International. The organizations in the RTP employ over 55,000 employees and perform \$6 billion in combined research expenditures annually. Source: Research Triangle Park website, January 2026.
- Several public and private institutions of higher education are located within the County, including North Carolina State University (“NCSU”) in Raleigh. NCSU had a Fall 2025 enrollment of over 39,300 students and is engaged in graduate and undergraduate education, research and extension programs. The University employs nearly 10,000 faculty and staff. NCSU’s unique research park, Centennial Campus, boasts over 70 industry, government, and non-profit partners, includes 75 university centers, institutes, and departments, and has launched over 190 startup companies.
- 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. Wake Tech is North Carolina’s largest community college, serving over 72,000 students annually and offering over 250 associate degree, diploma and certificate programs, across seven campuses.
- Three major medical systems are located in the County, including two top-rated teaching hospitals. Source: Wake County Economic Development website.
- The County’s population is highly educated. According to the U.S. Census Bureau, from 2019-2023, the percentage of the County’s adult population with a high school degree or higher was 94.0%, and the percentage of the County’s adult population with a B.A. degree or higher was 56.3%. Source: U.S. Census Bureau QuickFacts, U.S. Census website, January 2026.

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**Major Employers.** The larger Triangle (Raleigh, Durham, Chapel Hill) and RTP have a diverse variety of employers. The following table includes major Triangle and RTP employers having a minimum of 2,500 employees:

| <b>COMPANY NAME</b>                         | <b>NUMBER OF EMPLOYEES</b> | <b>LOCATION (BY COUNTY)</b> |
|---|----------------------------|-----------------------------|
| Duke University & Duke Health Systems       | 48,313                     | Durham                      |
| State of North Carolina                     | 28,288                     | Wake                        |
| Wake County Public School System            | 16,788                     | Wake                        |
| University of North Carolina At Chapel Hill | 12,772                     | Orange                      |
| WakeMed Health & Hospitals                  | 12,370                     | Wake                        |
| North Carolina State University             | 10,291                     | Wake                        |
| Walmart                                     | 9,600                      | Wake                        |
| Food Lion                                   | 8,850                      | Wake                        |
| Fidelity Investments                        | 8,400                      | Durham                      |
| IBM (International Business Machines)       | 7,500                      | Durham                      |
| Harris Teeter, A Division of The Kroger Co. | 6,500                      | Wake                        |
| UNC Rex Healthcare System                   | 6,400                      | Wake                        |
| Wake County Government                      | 5,289                      | Wake                        |
| Lenovo                                      | 4,000                      | Wake                        |
| SAS Institute, Inc.                         | 4,000                      | Wake                        |
| City of Raleigh                             | 3,974                      | Wake                        |
| Pfizer                                      | 3,900                      | Durham                      |
| Blue Cross and Blue Shield North Carolina   | 3,800                      | Durham                      |
| Cisco Systems                               | 3,700                      | Durham                      |
| Sensus (a Xylem Brand)                      | 3,691                      | Wake                        |
| Conduent Business Services                  | 3,487                      | Wake                        |
| Target Stores                               | 3,400                      | Wake                        |
| Wake Technical Community College            | 3,092                      | Wake                        |
| Metlife                                     | 3,000                      | Wake                        |
| Apple Inc.                                  | 3,000                      | Wake                        |
| Lowe's Home Centers                         | 2,800                      | Wake                        |
| Duke Energy                                 | 2,700                      | Wake                        |
| Caterpillar                                 | 2,700                      | Wake                        |
| Wells Fargo                                 | 2,500                      | Wake                        |
| Wolfspeed, Inc.                             | 2,500                      | Durham                      |
| Novo Nordisk                                | 2,500                      | Johnston                    |

Source: Wake County Economic Development, January 2026.

**Sales Taxes.** Total sales tax revenues received by the County for the past five fiscal years and fiscal year-to-date are shown in the following table:

| Fiscal Year Ended 6/30 | Sales Tax Budget | Sales Tax Received      | Sales Tax Received % Increase Over Prior Year | Actuals as Percent of Budget |
|------------------------|------------------|-------------------------|---|------------------------------|
| 2021                   | \$203,989,000    | \$239,698,358           | 14.53%  | 117.51%                      |
| 2022                   | 246,593,000      | 283,904,751             | 18.44%  | 115.13%                      |
| 2023                   | 294,761,000      | 311,964,167             | 9.88%   | 105.84%                      |
| 2024                   | 328,200,000      | 313,503,988             | 0.49%   | 95.52%                       |
| 2025                   | 319,464,000      | 319,117,673             | 1.79%   | 99.89%                       |
| 2026                   | 315,387,000      | 97,536,663 <sup>1</sup> | -   | 30.93%                       |

Source: North Carolina Department of Revenue Website, January 2026.

<sup>1</sup> For the four-month period ending October 31, 2025. For the same four-month period in the prior year, sales tax received totaled \$91,067,768, which represents a 7.10% increase from the prior year.

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 the most recent five calendar years available and ten-month information for the 2024 calendar year is indicated by the following table:

| Calendar Year     | Commercial / Industrial New Construction |                  | Residential New Construction |                  | Commercial / Industrial Additions & Residential Additions / Remodels |                | Total All Permits |                  |
|-------------------|--|------------------|------------------------------|------------------|--|----------------|-------------------|------------------|
|                   | # Permits                                | Value            | # Permits                    | Value            | # Permits  | Value          | # Permits         | Value            |
| 2020              | 275                                      | \$ 1,115,460,937 | 8,130                        | \$ 1,998,477,549 | 7,273  | \$ 324,981,296 | 15,678            | \$ 3,438,919,782 |
| 2021              | 379                                      | 1,634,674,425    | 9,243                        | 2,382,279,719    | 7,759  | 505,388,092    | 17,381            | 4,522,342,236    |
| 2022              | 442                                      | 2,333,554,955    | 8,502                        | 2,345,654,722    | 7,315  | 416,431,555    | 16,259            | 5,095,641,232    |
| 2023              | 329                                      | 1,563,149,483    | 8,557                        | 2,558,961,656    | 6,877  | 522,100,644    | 15,763            | 4,644,211,783    |
| 2024              | 286                                      | 1,044,362,027    | 9,354                        | 2,634,292,932    | 6,708  | 438,991,425    | 16,348            | 4,117,646,384    |
| 10-Mo. Period     |  |                  |                              |                  |  |                |                   |                  |
| 2024 <sup>1</sup> | 261                                      | \$ 958,136,180   | 8,252                        | \$ 2,319,280,510 | 5,867  | \$ 377,098,665 | 14,380            | \$ 3,654,515,355 |
| 2025 <sup>2</sup> | 255                                      | 1,114,825,113    | 6,662                        | 1,963,132,126    | 5,003  | 369,657,280    | 11,920            | 3,447,614,519    |

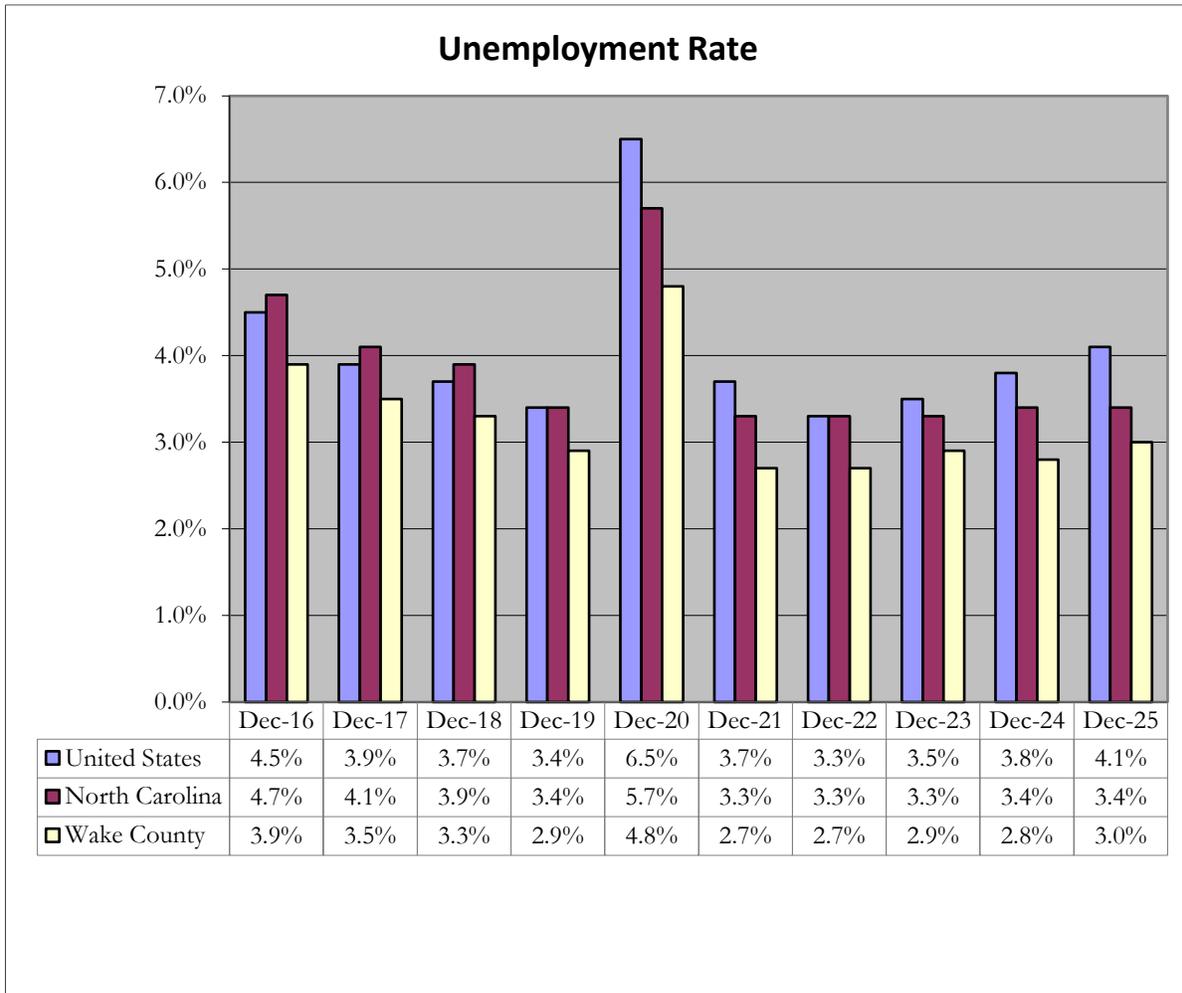
<sup>1</sup> Ten-month period ended October 31, 2024.

<sup>2</sup> Ten-month period ended October 31, 2025. Most recent data available.

Source: Wake County Revenue Department

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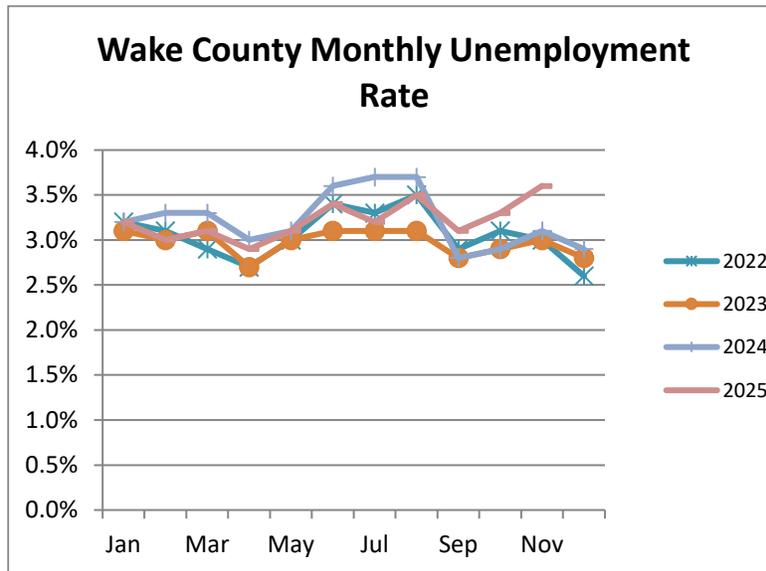
**Employment.** The following graph shows the unemployment rate trends for the County compared with the State and nation on a calendar year basis. The increase in unemployment rates in 2020 was due to the COVID-19 pandemic.



Source: NC Department of Commerce, Division of Employment Security website, February 2026.

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The following chart shows the North Carolina Department of Commerce, Division of Employment Security, estimate of percentage unemployed in the County by month for calendar years 2022 through 2025.



Source: North Carolina Employment Security Commission website, January 2026.

## CULTURAL AND RECREATION

**General.** The County has a broad range of cultural and entertainment experiences available to its citizens and visitors.

The Lenovo Center, a multi-purpose sports arena and entertainment facility, is the home of the Carolina Hurricanes, a National Hockey League team, and NCSU men’s 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. A County-wide 6% hotel room occupancy tax and a 1% prepared food and beverage tax provide partial funding for operations, capital maintenance, and facility improvements to Lenovo Center. Additional funding is also provided by the State, NCSU, and the Carolina Hurricanes. The City and County have authorized funding from the above-described sources to support approximately \$300 million in major improvements and upgrades to the Lenovo Center. In December 2024 the Centennial Authority entered into an agreement with a financial institution that secured \$100,000,000 of construction financing to commence the project to improve the Lenovo Center, such short-term financing to be eventually refinanced with long-term debt. The renovations began in 2025, and plans are underway for the incurrence of the additional \$200,000,000 of debt for the improvements.

In connection with the expansion and improvement of the Lenovo Center by the Centennial Authority, the Centennial Authority has granted rights to a private party to finance and develop an entertainment district around the Lenovo Center, at an estimated cost of \$1 billion. The first phase includes 200,000 square feet of entertainment and retail space, 150,000 square feet of office space, a 150-room hotel, and over 500 apartments.

The Martin Marietta 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. The Coastal Credit Union Music Park at Walnut Creek, a 20,000-seat amphitheater, RedHat Amphitheater 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, is the home of men's professional "North Carolina FC" and women's professional "NC Courage" soccer teams and also hosts college and high school games, tournaments, and other events. Five County Stadium, the home of the Carolina Mudcats professional baseball team, the Low-A affiliate of the Milwaukee Brewers, is located in the eastern part of the County. The USA Baseball National Training Complex is located in Cary. In August 2020, the Wake Competition Center officially opened. This multi-sport recreation facility sits on over 30 acres of land in Morrisville and offers a twin ice rink facility, championship volleyball facility, multi-field soccer fields and a professional gymnastic venue. The ice rink facility also serves as the practice facility for the Carolina Hurricanes.

Raleigh's 500,000 square foot convention center, which was the major component of downtown renewal efforts that began in the mid-2000s, is located at the south end of the main downtown thoroughfare. This facility with the latest technologies includes a 4,100 square foot mezzanine lobby overlooking the 150,000 square foot exhibition hall, twenty meeting rooms, a ballroom, and twelve loading docks. The convention center is connected by an underground walkway to a 17-story, 400-room Marriott that was built to support the operation of the convention center. This hotel includes 15,000 square feet of meeting space, restaurants, and an attached parking facility. Plans are underway by the City of Raleigh for a major expansion of the convention center by the construction of an approximately 350,000 square foot addition to the existing convention center at an expected cost of approximately \$335,000,000. As part of the expansion, a new 500 key hotel would be constructed and operated by a private party, with the City investing an additional \$75,000,000 in parking and meeting space in the new hotel (such parking and meeting space to be owned by the City). The expansion project will also require the relocation of the Red Hat Amphitheater at a cost of approximately \$32,500,000. The City intends to finance such costs with debt issued by the City, which the City intends to pay from the hotel room occupancy and prepared food and beverage taxes described above with respect to the Lenovo Center.

**Libraries.** The Wake County Public Library System ("WCPL") operates eight regional libraries, thirteen community libraries, two specialty libraries (Express Library on Fayetteville Street and Olivia Raney Local History Library) and bookmobile services. 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 over 11.9 million materials every year (books, magazines, audiobooks, and Ebooks); offers over 10,000 children and adult programs with over 306,000 participants; and patrons logged over 180,000 PC hours on public computers at the libraries. Its collection size is approximately 1.85 million print and downloadable books. Visitation is approximately 3.1 million per year.

In November 2024, voters approved \$142 million of General Obligation ("GO") bonds for library related projects. The County will be funding the first tranche of these projects as part of the 2026B GO Bonds and anticipates funding the remainder of these projects between FY 2028 and FY 2031 via long-term GO bond issuances.

**Parks and Open Space.** There are twelve County Park units, five of which are leased and seven of which are owned by the County. Visitation across the system is approximately 1.9 million people last year.

- Blue Jay Point County Park is a 236-acre park located on the shores of Falls Lake. Activities at Blue Jay Point include hiking, fishing, playground and open-play fields and environmental education and nature study classes.

- 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 features the County's last working grist mill. The park is located on 174 acres of land, including the 20-acre millpond, which is part of the Swift Creek nutrient-sensitive water-supply watershed. The park offers historical and environmental programming in diverse park habitats include pond, creek, wetlands and forests.
- Crowder County Park is located on 129 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 ("ATT") is a 23-mile rails-to-trails project located in Wake, Chatham and Durham counties, traversing local, state and federally managed lands along its route. Wake County's section of the ATT offers 6.5 miles of maintained natural surface trail 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 opportunities including hiking, mountain biking, disc golf, and fishing.
- Green Hills County 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.
- Turnipseed Nature Preserve is a 265-acre mixture of forest and grasslands open for hiking and nature exploration. The preserve offers about three miles of hiking trails and boardwalks that run through natural wetland and past granite outcroppings. Turnipseed is designated as a Wake Nature Preserve for its ecological and geological significance.
- Sandy Pines Preserve is a 563-acre preserve of forests and fields that offers walking and equestrian trails along with picnicking.
- Beech Bluff County Park is a 300-acre park that was farmed since the late 1700s and has now been transformed into a community space for everyone. Activities at Beech Bluff include hiking, educational programs, a canopy walk, playgrounds, a community garden and orchard, and picnic shelters.

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.

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. Since beginning the Open Space Preservation Program, the County has acquired or partnered in the acquisition of over 10,000 acres of open space and assisted in the construction of 44.8 miles of greenway trail, investing over \$22 million dollars in greenway trail development.

## **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 at the first regular board meeting 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, 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 public-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. Fiscal Year ("FY") 2025 operating expenses of WCPSS were 64% funded by State and Federal Government, 32% funded by the County, and 4% funded by other. Capital expenses of WCPSS were 100% funded by the County.

The WCPSS serves all residents of the County. During the 2025-26 school year, 160,413 students are enrolled in 203 schools staffed by 11,014 permanent full-time teachers. The WCPSS is the largest school system in State and the 15th largest in the United States. Four schools opened for enrollment in Fall 2024, and one school will open for students in Fall 2026.

The following table reflects ADM\* in the County schools and the number of schools and classrooms for a five-year period beginning with the 2021-22 school year.

| School Year          | Elementary (K-5) |            |        | Middle (6-8) |            |        | High (9-12) |            |        | Total   |            |         |
|----------------------|------------------|------------|--------|--------------|------------|--------|-------------|------------|--------|---------|------------|---------|
|                      | Schools          | Classrooms | ADM*   | Schools      | Classrooms | ADM*   | Schools     | Classrooms | ADM*   | Schools | Classrooms | ADM     |
| 2021-22              | 118              | 5,083      | 68,967 | 43           | 2,476      | 37,248 | 33          | 2,789      | 52,545 | 194     | 10,348     | 158,760 |
| 2022-23              | 120              | 5,208      | 68,478 | 44           | 2,530      | 36,566 | 34          | 2,814      | 53,368 | 198     | 10,552     | 158,412 |
| 2023-24              | 120              | 5,318      | 69,449 | 44           | 2,538      | 36,248 | 34          | 2,806      | 54,298 | 198     | 10,662     | 159,995 |
| 2024-25              | 121              | 5,399      | 70,258 | 44           | 2,595      | 36,091 | 34          | 2,880      | 54,766 | 199     | 10,874     | 161,115 |
| 2025-26 <sup>1</sup> | 124              | 5,569      | 69,734 | 44           | 2,617      | 36,303 | 35          | 2,992      | 54,376 | 203     | 11,178     | 160,413 |

\* ADM — Average Daily Membership (using 20<sup>th</sup> day enrollment), 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

<sup>1</sup> 2025-2026 Schools includes three academies; one K-8 school listed under elementary and two 6-12 schools listed under middle.

In November 2022, voters approved \$530.7 million of GO bonds for schools, and the County authorized bond anticipation notes in this amount in August 2023 for school projects to be appropriated during FY 2024 and FY 2025. (see **“DEBT INFORMATION—Outstanding General Obligation Debt”** and **“DEBT INFORMATION—General Obligation Bonds Authorized and Unissued”** below for a further discussion of the GO debt program). Additionally, the County entered into an installment financing agreement in August 2025 to provide \$703.647 million for school projects to be appropriated during FY 2026 and FY 2027 (see **“DEBT INFORMATION—Other Long-Term Commitments”** below for a further discussion of the plan of finance utilizing the Installment Financing Agreements).

The County provides local funds to Wake Tech representing approximately 13% of Wake Tech’s current expenses. Wake Tech offers curriculum education in 13 Career Fields: Advanced Manufacturing; Biotechnology; Business; Communication, Social Sciences, Arts and Humanities; Construction and Maintenance; Education; Engineering; Health Care and Wellness; Hospitality and Personal Services; Information and Digital Technology; Public Safety; Science and Math; and Transportation. Wake Tech’s workforce continuing education programs include short-term, non-degree classes for job skills development, professional certifications and licensures, and special interest. Wake Tech also offers English as a Second Language, adult high school, high school equivalency preparation, and basic skills programs. Wake Tech provides training for many of the County’s law enforcement, emergency medical science, fire services, and other public safety personnel. 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.

In November 2022, voters approved \$353.2 million of GO bonds for Wake Tech. The County authorized \$180.225 million in bond anticipation notes in August 2023 for school projects to be appropriated during FY 2024 and FY 2025 and separately authorized the remaining \$172.975 million of bond anticipation notes in August 2025 for community college projects to be appropriated during FY 2026 and FY 2027. (see **“DEBT INFORMATION—Outstanding General Obligation Debt”** and **“DEBT INFORMATION—General Obligation Bonds Authorized and Unissued”** below for a further discussion of the GO debt program). Along with Wake Tech and NCSU, other colleges and universities located in the County include Shaw University, Meredith College, Southeastern Baptist Theological Seminary, Saint Augustine’s University, William Peace University, and Southeastern Free Will Baptist College. Campbell University Law School is also located in downtown Raleigh. Also nearby are The University of North Carolina at Chapel Hill and Duke University (Durham, NC), each 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.** Raleigh Union Station, a joint initiative of the City, GoTriangle, the State Department of Transportation/Rail Division and the Federal Railroad Administration, is a \$100 million investment in rail infrastructure in the downtown area of the City. A multimodal hub, the project has relocated Amtrak service to the emerging Warehouse District in downtown Raleigh. Union Station serves as a transportation hub for local and regional commuter and passenger rail, buses, taxis, bicyclists and pedestrians. Phase II of the Raleigh Union Station project (also known as the Raleigh Union Station Bus Facility Project or RUS Bus) is a \$275 million investment that will create a bus facility adjacent to Raleigh Union Station with private mixed-use development and affordable housing. GoTriangle acquired the RUS Bus site in 2005 with support from a Federal Transit Administration grant. The public component of the project is funded in part by a \$20-million United States Department of Transportation grant as well as State and County matching funds. The completion of this project will provide connections between multiple modes of transportation, including Amtrak intercity passenger rail, planned future commuter rail, bus rapid transit projects included in the Wake Transit Plan and local bus service. Construction began on the 1.76-acre site in spring 2022 with remediation and demolition of three former warehouse buildings. A portion of the warehouse facade was preserved to incorporate into the new development. GoTriangle is currently preparing for the next phase of construction anticipated to begin in late 2023. Upcoming construction activities will include site work, utility installation, roadway improvements, building construction and site restoration. RUS Bus is slated to open early FY2026.

The greater Raleigh area has a partially completed outer loop (Interstate 540), also called the “Triangle Expressway.” The segment of the Interstate 540 loop currently open and in use spans from Holly Springs, NC (southwest of Raleigh) clockwise around the greater Raleigh area and currently terminates in Knightdale, NC (east of Raleigh). Portions of Interstate 540 are user-toll based. Efforts to extend and complete the Interstate 540 loop are currently underway.



The “Complete 540 - Phase 1” project began in 2019 and will extend the existing Interstate 540 loop from Holly Springs, NC to the southeast approximately 17.8 miles to a newly constructed interchange with Interstate 40 (south of Raleigh). Phase 1 was opened to traffic on September 25, 2024. The “Complete 540 – Phase 2” project will be the final segment of the Interstate 540 loop and will extend Interstate 540

from the Interstate 40 interchange (south of Raleigh) to the northeast and connect to existing Interstate 540 in Knightdale, NC. Phase 2 is currently under construction and is expected to open to traffic in late 2028.

Raleigh-Durham International Airport (the “*Airport*”) is classified as a medium hub by the FAA, as 17 major airlines currently serve 80 nonstop destinations. The Airport consists of approximately 5,100 acres, approximately 2,075 of which are developed. The Airport is governed by the eight-member Raleigh-Durham Airport Authority with two members each appointed by Raleigh, the County, the City of Durham, and Durham County. The Airport has two primary parallel runways of 10,000 feet and 7,500 feet, and third secondary crosswind general aviation runway of 3,500 feet. An air cargo complex houses five cargo carriers. Two passenger terminals provide a total of 45 aircraft gates. During FY 2025 (period ending March 31, 2025) a total of 15,541,973 passengers were processed at the Airport, an increase from 14,791,056 during FY 2024. The County is not financially responsible for any airport capital improvements. Plans are underway for major improvements at the Airport, including the construction of a new replacement runway at a cost of over \$1 billion and parking, roadway, site and terminal improvements of an additional \$1.5 billion. The Airport Authority intends to finance such costs from a combination of federal and State grants, cash on hand and revenue bonds to be paid from Airport revenues. Additional information can be found on the Airport’s website.

One private bus company provides connecting bus service to Raleigh on a nationwide basis. Raleigh is provided with passenger train service by Amtrak Carolinian, a regional state supported train service, and freight service by two other railroad lines. Raleigh Union Station has relocated Amtrak service to Raleigh’s emerging Warehouse District. Raleigh Union Station will serve as a transportation hub for local and regional commuter and passenger rail, buses, taxis, bicyclists and pedestrians.

GoTriangle operates regional buses, shuttles, and vanpools. Fixed route bus ridership for FY 2025 was boardings of 1,447,108 (Source: GoTriangle Operations Team 2025). 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. On November 8, 2016, a County-wide advisory referendum was held in accordance with North Carolina law, and a majority of those voting in the referendum voted for the levy of the tax in the County. Subsequently, GoTriangle, as administrator of the Triangle Tax District, levied the one-half percent sales tax on December 14, 2016. The local sales and use tax in the County to fund public transportation systems was effective April 1, 2017. The 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. Sales taxes levied and collected pursuant to the Wake County Transit Plan are not legally allocated to the County, and instead are accounted for in the Triangle Tax District, a component unit of GoTriangle. Additional information can be found on GoTriangle’s website.

**Public Health.** At the heart of the Wake County Public Health department is a dedicated team of professionals committed to protecting and improving the health of our community. We bring together expertise in communicable disease control, environmental health, health education, school health, clinical services, and population health to deliver responsive and equitable services. With a shared mission of promoting wellness, preventing disease, and ensuring access to essential services, we work collaboratively with partners and residents to build a healthier, more resilient community for all of Wake County. In the FY26 budget, total expenditures of \$97 million are budgeted for these services, of which approximately 28% are funded with federal and state shared revenues, fees, and other outside revenues.

**Social Services.** The Department of Social Services is dedicated to joining our neighbors and community to provide services and connections to resources that improve the lives of the people we serve. We believe that everyone in Wake County can be healthy, valued, respected, and can flourish. The Department of Social Services provides services, programs, and benefits that address the safety of children and adults, the financial support of children, childcare, emergency assistance with heating and cooling bills, employment, health coverage, food insecurity, and transportation. Access to these services is available in over nine locations throughout the County. In the County's FY26 budget, total expenditures of \$155,756,974 million are budgeted for these services, of which approximately 37% are funded with Federal and State shared revenues, fees, and other outside revenues.

**Housing.** In response to the community needs elevated by the 20-Year Comprehensive Housing Plan, the Department of Housing Affordability and Community Revitalization strategically combines all available resources to support the needs of low-income, highly vulnerable, or veteran residents within the County. This includes improving the quality, affordability, and access to housing for families and communities whose needs are not met by the housing market. The department also supports veterans, their families, and caregivers with access to veteran benefits. The FY 2026 expenditure budget for the Housing department is \$37.237 million resulting from a historic budgetary increase in 2019, as well as over \$8.515 million in funding from the federal government.

**Behavioral Health.** The County is committed to improving the behavioral health of Wake County residents. Through contracts with Alliance Health and community-based organizations, the County supports behavioral health services for the uninsured and underinsured residents of the County. Behavioral health services include service for individuals with mental illness, substance use disorders, and/or intellectual or development disabilities. The FY 2026 expenditure budget for Behavioral Health is \$31.8 million to support crisis services, adult treatment, criminal justice programs, housing and housing support and community programs that support school-aged youth, families and individuals in recovery.

WakeMed is a major non-profit hospital, tertiary care facility with a 973-bed system, which includes a 587-bed hospital in Raleigh, 208-bed hospital in Cary, 77-bed hospital in northern Wake County, and 73 rehab and skilled nursing beds and 28 mental health hospital beds. Two other institutions also operate hospitals in the County: Rex Healthcare, which is part of UNC Health Care System, operates 665 beds in the County. In addition to the main hospital in Raleigh, Rex has locations throughout the County, including outpatient facilities in Garner, Cary, Holly Springs and Wake Forest. Duke Health Raleigh Hospital, which is part of Duke University Health System, has a 204-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.

UNC Health and Duke Health announced in January 2025 a formal agreement to fund and operate a flagship, 500-bed pediatric hospital in the Triangle. The hospital would be the centerpiece of a new children's health system in North Carolina, an unprecedented effort that is expected to create thousands of jobs in the region. The hospital — to be called North Carolina Children's — is expected to include an ambulatory surgical center and behavioral health hospital on a site bigger than UNC Health's hospital in Raleigh, Rex Hospital. It is expected to be completed in the early 2030s

**Public Service Enterprises.** The County does not provide water and sewer services. The City of Raleigh Public Utilities Department provides water and sewer services to customers in Raleigh, Garner, Knightdale, Rolesville, Wake Forest, Wendell, and Zebulon. The Town of Cary provides water and sewer services to Cary, Morrisville, and some portions of the RTP. The Towns of Apex, Fuquay-Varina and Holly Springs operate their own water and sewer systems. According to data from the North Carolina Public Water Supply Section, these five municipal systems serve 1,040,930 County residents. An additional

88,711 County residents are served by privately-owned community water systems (with individual septic systems) and approximately 90,000 Wake County residents rely on private wells.

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. Raleigh has identified storage within the Falls Lake Reservoir that can be repurposed for the use of water supply. This reallocation will provide future water supplies until 2045, after which the Little River Reservoir could be constructed and in place.

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 to 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 has a total detention capacity of 1,552 at its two detention facilities, the Wake County Detention Center and the John H. Baker, Jr. Public Safety Center.

***Other Services.*** Throughout the County, fire protection is provided by ten municipal departments and eight non-profit departments. Fire protection is financed by municipal taxes, 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 curbside collection is provided by all the individual municipalities within their respective corporate limits (some via municipal employees/equipment and others via 3<sup>rd</sup> party vendors) and by private vendors in the unincorporated areas. The County also provides waste/recycling drop off centers (convenience centers) for all County residents. The County is the sole provider of municipal solid waste disposal services in the County, as the County owns the land and operates by contract 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 35-40 years. GFL Environmental 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. During 2020, the County updated the 20-Year Comprehensive Solid Waste Management Plan (the "Plan"). The purpose of the Plan was 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 2026-2032 capital improvement program ("CIP") includes planned funding for solid waste capital improvements totaling approximately \$26.1 million over the next seven years.

**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, the County had the statutory capacity to incur additional net debt secured by its faith and credit in the approximate amount of \$20,748,948,311 as of June 30, 2025.

***Outstanding General Obligation Debt.***

|                                 | Principal Outstanding as of |                      |                      |                        |
|---------------------------------|-----------------------------|----------------------|----------------------|------------------------|
|                                 | <u>June 30, 2023</u>        | <u>June 30, 2024</u> | <u>June 30, 2025</u> | <u>January 1, 2026</u> |
| <u>General Obligation Bonds</u> |                             |                      |                      |                        |
| School Bonds                    | \$ 1,291,008,308            | \$ 1,118,205,141     | \$ 1,147,003,652     | \$ 1,131,900,697       |
| Community College Bonds         | 288,511,484                 | 328,523,904          | 384,599,738          | 382,869,738            |
| Other Bonds                     | 124,880,208                 | 111,305,955          | 139,856,610          | 137,419,564            |
| Total G.O. Bonds                | \$ 1,704,400,000            | \$ 1,558,035,000     | \$ 1,671,460,000     | \$ 1,652,190,000       |
| <u>General Obligation Bond</u>  |                             |                      |                      |                        |
| Anticipation Notes              | 27,637,329                  | 19,508,236           | 80,690,212           | 193,884,093            |
| Total General Obligation Debt   | \$ 1,732,037,329            | \$ 1,577,543,236     | \$ 1,752,150,212     | \$ 1,846,074,093       |

***County’s GO Bond Anticipation Note Program.***

In August 2023, the County commenced a GO bond anticipation note program to provide short-term financing of the cost of various capital improvements for Public Schools and Wake Tech (the “2023 GO BANs”) pending the issuance of long-term GO bonds to refinance such improvements. In August 2025, the County commenced an additional GO bond anticipation note program to provide short-term financing of the cost of various capital improvements for Wake Tech (the “2025 GO BAN” and together with the 2023 GO BANs, the “GO BANs”) pending the issuance of long-term GO bonds to refinance such improvements. Under the GO BANs, as the County incurs expenditures in associated projects it draws funds upon the financial institutions that have committed to purchase the GO BANs, increasing the principal amount of the GO BANs outstanding in the amount of the funds drawn. From time to time, and as appropriate, the County will pay down (refinance) the outstanding GO BANs with long-term GO bonds. The County has maximum authorizations of \$530.7 million of GO BANs for Public Schools and \$353.2 million of GO BANs for Wake Tech. To date, the County has drawn and subsequently permanently financed \$124.8 million of its Public School authorization and \$6.2 million of its Wake Tech authorization. As of January 1, 2026, the County had approximately \$193.9 million of total GO BANs outstanding, consisting of \$176.4 million for Public Schools and \$17.5 million for Wake Tech. The County drew funds under the GO BANs through February 2026, all of which will be refunded with the proceeds of the Series 2026A Bonds. Taking into account the long-term GO bonds that have been issued to date to refinance amounts drawn under the GO BANs and the issuance of the Series 2026A GO Bonds, the County will have remaining authorization under the GO BANs of approximately \$202.5 million (Public Schools) and \$326.1 million (Wake Tech) (see also “**DEBT INFORMATION—Debt Outlook**” below).

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The following table sets forth all of the County's outstanding general obligation and installment payment debt by purpose which was outstanding as of January 1, 2026.

|  | Criminal                |                      |                       |                       |                       | Total                   |
|--|-------------------------|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
|  | Schools                 | Library              | Wake Tech             | Justice               | Other <sup>2</sup>    |                         |
| Series 2010C - General Obligation Refunding Bonds              | \$ 15,040,211           | \$ 549,977           | \$ 1,369,058          | \$ 311,842            | \$ 688,913            | \$ 17,960,000           |
| Series 2016A - General Obligation Refunding Bond               | 14,765,000              | -                    | -                     | -                     | -                     | 14,765,000              |
| Series 2017A - General Obligation Public Improvement Bonds     | -                       | 20,220,000           | -                     | -                     | -                     | 20,220,000              |
| Series 2017B - General Obligation School Bonds                 | 49,440,000              | -                    | -                     | -                     | -                     | 49,440,000              |
| Series 2018A - General Obligation Public Improvement Bonds     | 109,035,369             | -                    | 15,824,631            | -                     | -                     | 124,860,000             |
| Series 2019A - General Obligation Public Improvement Bonds     | 97,222,446              | -                    | 6,127,554             | -                     | -                     | 103,350,000             |
| Series 2019C - General Obligation Bonds                        | -                       | -                    | -                     | -                     | 25,220,000            | 25,220,000              |
| Series 2020A - General Obligation Refunding Bonds              | 22,549,745              | -                    | 2,510,255             | -                     | -                     | 25,060,000              |
| Series 2020B - General Obligation Refunding Bonds              | -                       | -                    | 7,280,000             | -                     | -                     | 7,280,000               |
| Series 2021 - GO Bonds (LOC Takeout - Schools)                 | 66,760,000              | -                    | -                     | -                     | -                     | 66,760,000              |
| Series 2021 - GO Bonds (LOC Takeout - Wake Tech)               | -                       | -                    | 32,885,000            | -                     | -                     | 32,885,000              |
| Series 2021 - GO Bonds (2011 Refunding)                        | 23,353,356              | -                    | -                     | -                     | 2,186,644             | 25,540,000              |
| Series 2021 - GO Bonds (2010D Refunding)                       | 3,885,000               | -                    | -                     | -                     | -                     | 3,885,000               |
| Series 2022A - General Obligation Public Improvement Bonds     | 153,000,000             | -                    | -                     | -                     | -                     | 153,000,000             |
| Series 2022A - General Obligation Public Improvement Bonds     | -                       | -                    | 20,525,000            | -                     | -                     | 20,525,000              |
| Series 2022B - General Obligation Refunding Bonds              | 26,275,000              | -                    | -                     | -                     | -                     | 26,275,000              |
| Series 2022C - General Obligation PGROS Bonds                  | -                       | -                    | -                     | -                     | 34,960,000            | 34,960,000              |
| Series 2023A - General Obligation School Bonds                 | 184,665,000             | -                    | -                     | -                     | -                     | 184,665,000             |
| Series 2023A - General Obligation Wake Tech Bonds              | -                       | -                    | 84,050,000            | -                     | -                     | 84,050,000              |
| Series 2023B - General Obligation Refundign Bonds (2013A Refi) | 16,940,000              | -                    | -                     | -                     | -                     | 16,940,000              |
| Series 2023B - General Obligation Refundign Bonds (2013B Refi) | -                       | -                    | 34,279,731            | -                     | 6,905,269             | 41,185,000              |
| Series 2024A - General Obligation Bonds (Wake Tech)            | -                       | -                    | 62,215,000            | -                     | -                     | 62,215,000              |
| Series 2024A - General Obligation Bonds (Schools)              | 145,000                 | -                    | -                     | -                     | -                     | 145,000                 |
| Series 2024B - General Obligation Refunding Bonds              | 144,693,081             | 4,761,919            | -                     | -                     | -                     | 149,455,000             |
| Series 2025A - General Obligation Bonds (Wake Tech)            | -                       | -                    | 88,090,000            | -                     | -                     | 88,090,000              |
| Series 2025A - General Obligation Bonds (Schools)              | 186,930,000             | -                    | -                     | -                     | -                     | 186,930,000             |
| Series 2025B - General Obligation Bonds (PGROS)                | -                       | -                    | -                     | -                     | 41,615,000            | 41,615,000              |
| Series 2025C - General Obligation Refunding Bonds              | 17,201,489              | -                    | 27,713,511            | -                     | -                     | 44,915,000              |
| <b>Subtotal: GO Bonds</b>                                      | <b>\$ 1,131,900,697</b> | <b>\$ 25,531,896</b> | <b>\$ 382,869,738</b> | <b>\$ 311,842</b>     | <b>\$ 111,575,826</b> | <b>\$ 1,652,190,000</b> |
| GO Bond Anticipation Notes <sup>1</sup>                        | 176,421,682             | -                    | 17,462,411            | -                     | -                     | 193,884,093             |
| <b>Total GO Debt</b>   | <b>\$ 1,308,322,379</b> | <b>\$ 25,531,896</b> | <b>\$ 400,332,149</b> | <b>\$ 311,842</b>     | <b>\$ 111,575,826</b> | <b>\$ 1,846,074,093</b> |
| Series 2016 - Limited Obligation Refunding Bonds               | \$ -                    | \$ -                 | \$ -                  | \$ 116,745,000        | \$ -                  | \$ 116,745,000          |
| Series 2018A - Limited Obligation Bonds                        | 96,126,875              | -                    | 1,938,125             | -                     | -                     | 98,065,000              |
| Series 2019 - Limited Obligation Bonds                         | 127,207,739             | -                    | 7,437,261             | -                     | -                     | 134,645,000             |
| Series 2021 - Limited Obligation Bonds                         | 171,152,855             | -                    | 60,097,145            | -                     | -                     | 231,250,000             |
| Series 2023A - Limited Obligation Bonds                        | 51,615,000              | -                    | -                     | -                     | -                     | 51,615,000              |
| Series 2023B - Limited Obligation Bonds                        | -                       | -                    | -                     | -                     | 52,250,000            | 52,250,000              |
| Series 2024 - Limited Obligation Bonds                         | 129,785,000             | -                    | -                     | -                     | -                     | 129,785,000             |
| Series 2025A - Limited Obligation Bonds                        | 268,030,000             | -                    | -                     | -                     | -                     | 268,030,000             |
| Series 2025B - Limited Obligation Bonds                        | -                       | -                    | -                     | -                     | 10,715,000            | 10,715,000              |
| Drawdown Installment Financing Agreements <sup>3</sup>         | 51,000                  | -                    | -                     | -                     | -                     | 51,000                  |
| <b>Total Installment Payment Debt</b>                          | <b>\$ 843,968,469</b>   | <b>\$ -</b>          | <b>\$ 69,472,531</b>  | <b>\$ 116,745,000</b> | <b>\$ 62,965,000</b>  | <b>\$ 1,093,151,000</b> |
| <b>Total Debt by Purpose</b>                                   | <b>\$ 2,152,290,848</b> | <b>\$ 25,531,896</b> | <b>\$ 469,804,681</b> | <b>\$ 117,056,842</b> | <b>\$ 174,540,826</b> | <b>\$ 2,939,225,093</b> |

<sup>1</sup>Anticipated to be refunded with proceeds of Series 2026A Bonds.

<sup>2</sup>Proceeds used for parks, greenways, recreation, and open space (GO Bonds) and Human Services & Fire/EMS (Limited Obligation Bonds).

<sup>3</sup>Drawn as of January 1, 2026.

**General Obligation Debt Ratios**

| At July 1          | Total GO Debt              | Assessed Valuation <sup>2</sup> | Assessed Valuation | Total GO Debt to Population <sup>3</sup> | Total GO Debt Per Capita |
|--------------------|----------------------------|---------------------------------|--------------------|--|--------------------------|
| 2021               | \$ 1,593,849,724           | \$ 192,431,793,695              | 0.83%              | 1,129,410                                | \$ 1,411                 |
| 2022               | 1,685,587,443              | 196,534,008,167                 | 0.86%              | 1,150,204                                | 1,465                    |
| 2023               | 1,732,037,329              | 203,153,108,193                 | 0.85%              | 1,175,021                                | 1,474                    |
| 2024               | 1,577,543,236              | 211,571,788,821                 | 0.75%              | 1,190,275                                | 1,325                    |
| 2025               | 1,752,150,212              | 307,692,798,941                 | 0.57%              | 1,229,269                                | 1,425                    |
| At January 1, 2026 | 1,846,074,093 <sup>1</sup> | 295,875,217,001 <sup>4</sup>    | 0.62%              | 1,229,269                                | \$ 1,502                 |

<sup>1</sup>Includes outstanding bond anticipation notes as of January 1, 2026.

<sup>2</sup> Estimated valuation for billing purposes and includes some amounts relating to prior years.

<sup>3</sup> U.S. Census Bureau.

<sup>4</sup> Projected based on actual valuation at January 1, 2026 with an additional six months of vehicles to assess.

**General Obligation Bond Debt Service Requirements and Maturity**

| Fiscal Year          | As of January 1, 2026 <sup>1</sup> |                            |
|----------------------|------------------------------------|----------------------------|
|                      | Total Principal                    | Total Principal & Interest |
| 2025-26 <sup>2</sup> | \$ 144,520,000                     | \$ 182,134,861             |
| 2026-27              | 131,475,000                        | 198,990,721                |
| 2027-28              | 130,010,000                        | 190,945,846                |
| 2028-29              | 130,205,000                        | 184,634,596                |
| 2029-30              | 124,335,000                        | 172,248,971                |
| 2030-31              | 117,700,000                        | 159,555,446                |
| 2031-32              | 113,585,000                        | 149,676,371                |
| 2032-33              | 105,340,000                        | 136,167,121                |
| 2033-34              | 105,610,000                        | 131,708,609                |
| 2034-35              | 105,895,000                        | 127,428,484                |
| 2035-36              | 83,710,000                         | 101,221,175                |
| 2036-37              | 83,705,000                         | 97,852,233                 |
| 2037-38              | 67,495,000                         | 78,337,625                 |
| 2038-39              | 51,875,000                         | 60,020,950                 |
| 2039-40              | 49,935,000                         | 55,820,450                 |
| 2040-41              | 49,935,000                         | 54,014,925                 |
| 2041-42              | 20,105,000                         | 22,379,400                 |
| 2042-43              | 20,105,000                         | 21,575,200                 |
| 2043-44              | 16,650,000                         | 17,316,000                 |
| <b>TOTAL</b>         | <b>\$ 1,652,190,000</b>            | <b>\$ 2,142,028,984</b>    |

<sup>1</sup>Excludes debt service on BANs and future general obligation bonds expected to be issued to refinance such BANs.

<sup>2</sup>Does not include debt service paid in Fiscal Year 2025-26 prior to January 1, 2026.

**General Obligation Bonds Authorized and Unissued.**

| Purpose           | Date Approved | Authorized and Unissued <sup>1</sup> | Bonds Now Offered | Balance        |
|-------------------|---------------|--------------------------------------|-------------------|----------------|
| Schools           | 11/08/22      | 414,855,000                          | 185,050,000       | 229,805,000    |
| Community College | 11/08/22      | 347,500,000                          | 18,965,000        | 328,535,000    |
| Library           | 11/05/24      | 142,000,000                          | 39,160,000        | 102,840,000    |
| Total             |               | \$ 904,355,000                       | \$ 243,175,000    | \$ 661,180,000 |

<sup>1</sup>Excludes 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, 2025.

| Unit                       | 2024 Population <sup>1</sup> | Assessed Valuation as of June 30, 2025 <sup>2</sup> | Tax Rate Per \$100 <sup>2,3</sup> | Bonds Authorized and Unissued <sup>4</sup> |              | Total G.O. Debt at June 30, 2025 <sup>2,4</sup> |              | Total G.O. Debt Per Capita |
|----------------------------|------------------------------|---|-----------------------------------|--|--------------|---|--------------|----------------------------|
|                            |                              |   |                                   | Business-Type                              | Governmental | Business-Type                                   | Governmental |                            |
| Apex <sup>5</sup>          | 71,944                       | \$12,486,157,966                                    | 0.3400                            | \$0  | \$24,500,000 | \$26,100,000                                    | \$79,960,000 | \$1,474                    |
| Cary <sup>5</sup>          | 181,470                      | 35,689,382,978                                      | 0.3250                            | -  | 100,000,000  | 38,611,537                                      | 180,433,464  | 1,207                      |
| Fuquay-Varina <sup>6</sup> | 44,237                       | 10,341,417,950                                      | 0.3580                            | -  | 10,000,000   | 4,850,000                                       | 47,595,000   | 1,186                      |
| Garner                     | 38,509                       | 9,454,035,962                                       | 0.5200                            | -  | 19,115,000   | -   | 89,438,000   | 2,323                      |
| Holly Springs              | 49,039                       | 12,929,151,083                                      | 0.3435                            | -  | 50,000,000   | 5,615,082                                       | 97,769,918   | 2,108                      |
| Knightdale                 | 22,680                       | 4,300,036,807                                       | 0.4400                            | -  | -            | -   | 800,000      | 35                         |
| Morrisville                | 34,021                       | 10,036,063,597                                      | 0.3500                            | -  | -            | -   | 53,345,000   | 1,568                      |
| Raleigh                    | 500,639                      | 119,269,293,565                                     | 0.3550                            | -  | 418,233,944  | -   | 419,949,142  | 839                        |
| Rolesville                 | 11,933                       | 2,515,411,446                                       | 0.4000                            | -  | -            | -   | -            | -                          |
| Wake Forest                | 59,199                       | 11,876,761,519                                      | 0.4200                            | -  | 52,950,000   | -   | 44,103,000   | 745                        |
| Wendell                    | 16,996                       | 2,922,708,500                                       | 0.4200                            | -  | 50,000,000   | -   | -            | -                          |
| Zebulon                    | 9,206                        | 2,569,264,991                                       | 0.5770                            | -  | -            | -   | 775,000      | 84                         |

<sup>1</sup> July 1, 2024 estimate of office of State Budget and Management.

<sup>2</sup> Data from audited financial statements of respective municipality.

<sup>3</sup> Fiscal year ended June 30, 2025.

<sup>4</sup> Data from the NC Department of State Treasurer, State and Local Government Finance Division. These amounts exclude refunded bonds with respect to which an escrow agent holds in trust certain U.S. Government Obligations.

<sup>5</sup> Fiscal year ended June 30, 2024.

<sup>6</sup> Subsequent to June 30, 2025, Fuquay-Varina issued \$10,000,000 of General Obligation Bonds which exhausted its Bonds Authorized and Unissued amount and increased its Governmental GO debt outstanding by a like amount.

Note: The above table does not include revenue bonds, state revolving loans or installment contracts.

**Interlocal Agreements.** In 1991, the North Carolina General Assembly authorized the County to levy a countywide 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 convention, arts, cultural and sports projects in the County. The authorizing legislation required that the County and City of Raleigh jointly agree to uses of the special taxes, through interlocal agreement, consistent with certain commitments in the legislation. Since 1991, the County and Raleigh have jointly worked with community partners to invest in the construction, maintenance, and operation of the Lenovo Center and the Raleigh Convention Center. Additionally, capital support has also been provided for the Martin Marietta Center for the Performing Arts, Five County Stadium, and Marbles Kids Museum, as well as many additional sports complexes, cultural facilities and meeting spaces across the County. Oversight of these Special Taxes has

resulted in a revised Interlocal Agreement and 23 amendments thereto. The County and Raleigh have developed Operating Principles for use of the Special Taxes and include stakeholders in a review of the Special Taxes and their use approximately every three years.

***Other Long-Term Commitments.*** The County leases certain equipment, space and software under right-to-use agreements payable through 2058. These leases and subscription-based information technology agreements (SBITA) are non-cancellable and therefore long-term in nature. Future total right-to-use payments due under lease and SBITA agreements with initial or remaining non-cancellable lease terms in excess of one year are approximately \$54.2 million as of June 30, 2025.

As of January 1, 2026, the principal amount outstanding on limited obligation bonds issued for criminal justice facilities was \$116,745,000.

As of January 1, 2026, the principal amount outstanding on limited obligation bonds issued for Public Schools and Wake Tech facilities was \$913,390,000.

As of January 1, 2026, the principal amount outstanding on limited obligation bonds issued for human services facilities was \$52,250,000.

As of January 1, 2026, the principal amount outstanding on limited obligation bonds issued for fire and EMS facilities was \$10,715,000.

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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, school, community college and fire / EMS.

***Installment Payment Requirements of Installment Purchase Financings as of January 1, 2026***

| Fiscal<br>Year<br>Ending<br>June 30 | Limited<br>Obligation<br>Bonds <sup>1,2</sup> |
|-------------------------------------|---|
| 2026 <sup>2</sup>                   | \$ 72,253,556                                 |
| 2027                                | 125,253,363                                   |
| 2028                                | 121,405,988                                   |
| 2029                                | 117,560,613                                   |
| 2030                                | 113,761,238                                   |
| 2031                                | 109,995,238                                   |
| 2032                                | 106,230,213                                   |
| 2033                                | 102,385,888                                   |
| 2034                                | 98,721,338                                    |
| 2035                                | 95,130,431                                    |
| 2036                                | 91,718,100                                    |
| 2037                                | 83,083,000                                    |
| 2038                                | 74,792,575                                    |
| 2039                                | 46,108,100                                    |
| 2040                                | 34,127,500                                    |
| 2041                                | 32,704,000                                    |
| 2042                                | 24,795,750                                    |
| 2043                                | 23,702,000                                    |
| 2044                                | 15,398,250                                    |
| <b>Total</b>                        | <b>\$ 1,489,127,138</b>                       |
| Principal                           | \$ 1,093,100,000                              |
| Interest                            | 396,027,138                                   |
| <b>Total</b>                        | <b>\$ 1,489,127,138</b>                       |

<sup>1</sup> Excludes debt service on the Installment Financing Agreement, which the County intends to take out with long-term limited obligation bonds over time.

<sup>2</sup> Excludes debt service paid in FY 2025-26 prior to January 1, 2026.

Note: Totals may not foot due to rounding.

***Debt Outlook.***

The County has a seven-year CIP which is annually updated and serves as the basis for determining debt issuance. The program is part of the County’s annual planning process where costs and needs are re-evaluated. For additional information on the County’s seven-year CIP, see the caption “**FINANCIAL INFORMATION–2026-2032 Capital Improvement Program**” 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 general obligation bonds, limited obligation bonds, bond anticipation notes and installment financing agreements. 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.

In line with past practice, the County plans to continue providing short-term financing for the cost of various capital improvements for WCPSS and Wake Tech via its GO bond anticipation note programs and installment financing agreements and subsequently issuing long-term GO Bonds and limited obligation bonds to refinance the drawn amounts. The annual issuances for these purposes for FY 2027 to FY 2032 are expected to total approximately \$2.45 billion.

The County anticipates issuing approximately \$18.5 million of Limited Obligation Bonds in the Spring of 2026 to fund various public safety projects. In addition, the County’s current CIP assumes the issuance of approximately \$462 million of GO bonds and limited obligation bonds in multiple issuances over the FY 2027 to FY 2032 timeframe for various needs including parks, greenways, recreation, open space, human services, criminal justice projects, regional centers, libraries, EMS, fire stations, animal control, and detention services. See also “**DEBT INFORMATION—General Obligation Bonds Authorized and Unissued**” above.

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## TAX INFORMATION

### General Information

| Fiscal Year                             | Assessed Valuation <sup>1</sup>     |                           |                           |                           |                           |
|---|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|   | Fiscal Year Ended or Ending June 30 |                           |                           |                           |                           |
| Assessment Ratio <sup>2</sup>           | 2022                                | 2023                      | 2024                      | 2025                      | 2026 <sup>5,6</sup>       |
| Real Property                           | \$ 167,914,600,900                  | \$ 172,306,847,506        | \$ 178,533,044,678        | \$ 274,601,662,160        | \$ 277,119,534,519        |
| Personal Property                       | 24,887,995,618                      | 26,971,314,139            | 25,715,735,952            | 28,784,783,804            | 30,695,724,772            |
| Public Service Companies <sup>3</sup>   | 3,731,411,649                       | 3,874,946,548             | 4,023,270,413             | 4,306,352,977             | 4,551,106,540             |
| <b>Total Assessed Valuation</b>         | <b>\$ 196,534,008,167</b>           | <b>\$ 203,153,108,193</b> | <b>\$ 208,272,051,043</b> | <b>\$ 307,692,798,941</b> | <b>\$ 312,366,365,831</b> |
| Rate per \$100                          | 0.6000                              | 0.6195                    | 0.6570                    | 0.5135                    | 0.5171                    |
| <b>Total Adjusted Levy <sup>4</sup></b> | <b>\$ 1,193,368,314</b>             | <b>\$ 1,268,741,484</b>   | <b>\$ 1,404,610,109</b>   | <b>\$ 1,617,705,846</b>   | <b>\$ 1,600,513,840</b>   |

<sup>1</sup> Valuation for billing purposes and includes some amounts relating to prior years.

<sup>2</sup> Percentage of appraised value has been established by statute.

<sup>3</sup> Valuation of railroads, telephone companies, and other utilities as determined by the N.C. Property Tax Commission.

<sup>4</sup> Represents taxes in the General Fund, the Special Tax District Fund, and NCVTS vehicle taxes.

<sup>5</sup> A revaluation of real property is required by N.C. General Statutes at least every eight years. In April 2016, the Board of Commissioners adopted a motion to move to a revaluation cycle every four-years. In March 2025, the Board of Commissioners adopted a motion to move to a revaluation cycle every two-years with the next revaluation to occur in calendar year 2027 (FY2028).

<sup>6</sup> Estimates of the Wake County Revenue Department dated January 2, 2026 for projected Fiscal Year ending June 30, 2026. Includes actual assessed valuation as of January 2, 2026 plus the estimated remaining six months of vehicle assessments. Actual Total Assessed Valuation and Total Adjusted Levy to be realized at Fiscal Year ending June 30, 2026 may differ from estimates dated January 2, 2026 included here.

### Tax Collections

| Year Ended June 30 | Total Collected Within Fiscal Year of Levy | Total Collected as % of Original Levy | Total Collected in Subsequent Years | Total Collected to Date | Total Collected as % of Adjusted Levy |
|--------------------|--|---------------------------------------|-------------------------------------|-------------------------|---------------------------------------|
| 2021               | \$ 1,161,494,700                           | 99.88%                                | \$ 544,625                          | \$ 1,162,039,325        | 99.92%                                |
| 2022               | 1,193,146,562                              | 99.92%                                | 221,752                             | 1,193,368,314           | 99.93%                                |
| 2023               | 1,271,982,229                              | 99.93%                                | (3,240,745)                         | 1,268,741,484           | 99.67%                                |
| 2024               | 1,409,264,815                              | 99.94%                                | (4,654,706)                         | 1,404,610,109           | 99.61%                                |
| 2025               | 1,617,705,846                              | 99.86% <sup>1</sup>                   | -                                   | 1,617,705,846           | 99.86%                                |
| 2026 <sup>2</sup>  | \$ 1,301,303,845                           | 80.32%                                |                                     |                         |                                       |

<sup>1</sup> Collection rate of 99.86% is composite of the following collections by category:

99.59% Vehicle taxes

99.88% Real and personal property taxes

<sup>2</sup> Partial fiscal year collections for 6-month period as of January 2, 2026. As comparison, for same period prior fiscal year, 88.94% of FY2025 budgeted levy was collected as of January 1, 2025.

***Ten Largest Taxpayers for FY 2024-2025.***

| <b>Taxpayer</b>                   | <b>Industry</b>       | <b>Assessed<br/>Valuation</b> | <b>Tax Levy</b>      | <b>Percent of Total<br/>Assessed<br/>Valuation</b> |
|-----------------------------------|-----------------------|-------------------------------|----------------------|--|
| Duke Energy Progress, Inc.        | Utility               | \$ 2,704,272,935              | \$ 13,886,442        | 0.98%  |
| Highwoods Realty LP               | Real Estate           | 825,492,897                   | 4,238,906            | 0.30%  |
| Seqirus Inc                       | Pharmaceutical        | 789,263,679                   | 4,052,869            | 0.29%  |
| SAS Institute, Inc                | Software              | 731,313,259                   | 3,755,294            | 0.27%  |
| Fujifilm Diosynth Biotechnologies | Biotechnology         | 674,183,423                   | 3,461,932            | 0.25%  |
| WMCI Raleigh, LLC                 | Real Estate           | 599,860,385                   | 3,080,283            | 0.22%  |
| First Citizens Bank               | Financial Institution | 510,773,490                   | 2,622,822            | 0.19%  |
| Cisco Systems Inc                 | Software              | 448,594,201                   | 2,303,531            | 0.16%  |
| Truist Bank                       | Financial Institution | 419,940,080                   | 2,156,392            | 0.15%  |
| Mid America Apartments LP         | Real Estate           | 407,875,589                   | 2,094,441            | 0.15%  |
|                                   |                       | <b>\$ 8,111,569,938</b>       | <b>\$ 41,652,912</b> | <b>2.95%</b>                                       |

**FINANCIAL AND OTHER INFORMATION**

***FY 2025 Financial Results***

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, 2025, are presented as Appendix D to this Official Statement. The County added \$65.5 million to fund balance in FY 2025 as compared to the adopted revised budgeted appropriation (use) of \$33.4 million of fund balance. The contributing factors in the County’s add to fund balance are operational savings and realization of greater EMS fee revenue and Medicaid fee revenue than anticipated.

***FY 2026 Budget***

The adopted FY 2026 general fund budget totals \$2.16 billion, which represents an \$86.3 million increase from the FY 2025 adopted budget. The budget includes the addition of 38 positions throughout County departments, support for the Continuum of Care, increases for WCPSS and Wake Tech, and transfers for capital pay-go and debt service funding. The FY 2026 budget also includes an appropriation of fund balance of approximately \$35 million. FY 2026 sales tax revenue is budgeted at \$315.3 million, which is a 1.2% decrease from FY 2025 sales tax budget and a 1.1% decrease from FY 2025 sales tax actuals. The County budgeted the prepared food and beverage (“PFB Tax”) at \$48.8 million, an increase of 2.3% from FY 2025 PFB tax actuals, and the 6% occupancy tax on hotel rooms (“Room Occupancy Tax”) at \$43.4 million, an increase of 5.1% from FY 2025 Room Occupancy Tax actuals. Second quarter actuals of FY 2026 show PFB Tax revenues tracking at budgeted levels and Room Occupancy Tax revenues tracking slightly below budgeted levels. The property tax rate is 51.71 cents per \$100 of assessed value, which is an increase of 0.36 cents from FY 2025.

***COVID-19 Federal Funding: ARPA.*** On March 11, 2021, upon congressional approval, President Biden signed into law the \$1.9 trillion recovery package known as the American Rescue Plan Act (“ARPA”). The federal recovery package included direct assistance to local governments in funding response efforts towards the public health emergency or its negative economic impacts, premium pay for frontline workers, replacement of revenue loss from government services, and necessary infrastructure

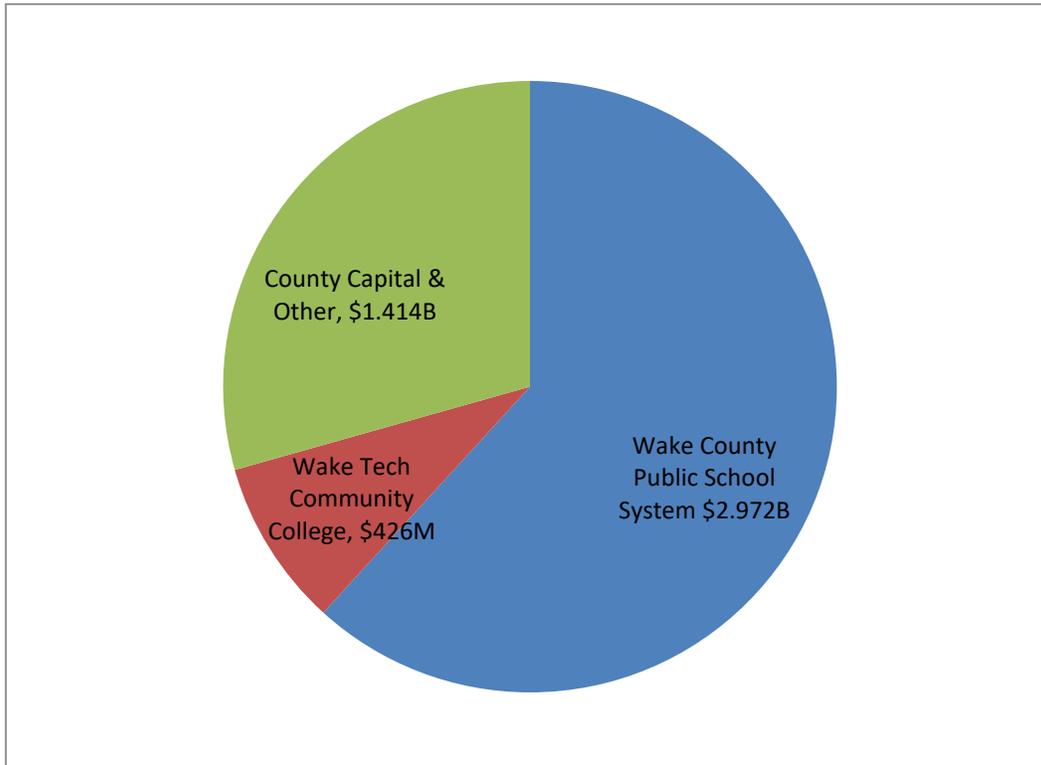
improvements. The County's \$216 million allocation was received in two tranches. The first \$108 million tranche was received May 2021, and the second \$108 million tranche was received June 2022. Total funding from the ARPA program totals \$229.6 million as of December 31, 2025, due to interest income and repayment of business assistance loans.

Through December 31, 2025, the Board of Commissioners has appropriated \$224.5 million to fund the following programs: (1) Public Health Emergency Response at \$21.8 million, (2) Community Response & Economic Development at \$49.2 million, (3) Recruitment and Employee Incentive Programs at \$39.5 million, (4) Community Engagement at \$20.9 million, (5) CIP Programs at \$27.4 million, (6) Affordable Housing Development at \$52.0 million, and (7) various other programs at \$13.7 million.

Through December 31, 2025, the County has expended \$202.6 million of its ARPA funding with an additional \$21.3 million under contract. The County has expended \$20.9 million on the public health emergency, \$43.0 million supporting the local economic recovery, \$32.6 million on recruitment and employee incentive programs, \$19.9 million on community engagement programs with not-for-profits organizations, \$48.1 million on affordable housing developments, \$25.1 on CIP Programs, and \$13.0 million on various other programs. As of December 31, 2025, the County has obligated all its original funds. The spending deadline for ARPA funds is December 31, 2026.

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**2026-2032 Capital Improvement Program.** In connection with the County’s capital planning, the Board of Commissioners has adopted a seven-year CIP for FY 2026-2032 totaling \$4.812 billion.



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 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 CIP. The FY 2026-2032 CIP totals \$4.812 billion, including \$2.97 billion for WCPSS and \$423 million for Wake Tech.

The FY 2026-2032 CIP includes \$1.4 billion for non-education projects; these relate to County building improvements, automation, public safety, community capital and economic development, libraries, affordable housing and parks and open space. The CIP also includes funding for solid waste improvements, fire tax capital, and projects funded with proceeds with hotel/motel and prepared food and beverage taxes.

The County is funding its CIP for FY 2026 through FY 2032 with a combination of general obligation and limited obligation debt and cash funding. A future tax increase will be required to implement the entire capital 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 6% 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 (including death benefit) for FY 2025, uniform for all employers, was 13.63% of eligible payroll for general employees and 15.04% of eligible payroll for law enforcement officers. The contribution rate for FY 2026 has been set at 14.38% for general employees and 16.08% 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 Financial Statements and required supplementary information located in the County's Annual Comprehensive Financial Report of Appendix D to this Official Statement.

Financial statements and required supplementary information for the North Carolina Local Governmental Employees' Retirement System are included in the Annual Comprehensive Financial Report ("ACFR") for the State. Please refer to the State's ACFR 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 - Property, Liability, Workers' Compensation, and Self-Insured Employee Medical Coverages" and Note 16, "Post-Employment Benefits" in the Notes to the County's Financial Statements in Appendix D to this Official Statement 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. In a concerted effort to control its rising health care costs, the Board of Commissioners elected to eliminate retiree health care benefits for employees hired after June 30, 2011. The County currently funds its OPEB obligation on an annual pay-as-you-go basis. The actuarial calculation per GASB Statement 75 requirement as of June 30, 2025 was \$21.7 million for annual expense with a net OPEB liability of \$327.4 million.

In FY 2022, the Board of Commissioners authorized creation of an Other Post-Employment Benefits Trust ("*OPEB Trust*"), along with an initial funding deposit amount of \$10 million, to help address the County's OPEB liability.

In FY 2023, the Board of Commissioners adopted a new OPEB Funding Policy (the "*Policy*") which describes the County's ongoing financial commitment to fund its OPEB Trust. The new Policy

contains both constant and conditional funding mechanisms. As per the new Policy, the County commits to (a) make a \$3 million annual deposit to the OPEB Trust each fiscal year beginning in FY 2025; and (b) make an additional deposit to the OPEB Trust conditional on certain positive performance realized in prior fiscal year, with specified terms and conditions; and (c) make an additional deposit to the OPEB Trust conditional on debt service savings realized as a result of a limited obligation bond refunding transaction issued during the prior fiscal year, with specified terms and conditions. By adoption of the new Policy, the County has made a strong commitment to accumulate assets which will provide a dedicated funding source to assist in offsetting, in part or full, County's future OPEB liability. As a result of the new Policy, the County made an additional \$8.03 million deposit to its OPEB Trust during FY 2025.

#### **LITIGATION**

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 2026 Bonds or the levy or collection of taxes to pay the principal of or the interest on the 2026 Bonds, or which contests the validity or the authority or proceedings for the adoption, authorization, execution or delivery of the 2026 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.

**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 based on 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 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 or her approval before 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 to assist the unit in working out a refinancing plan, 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 a 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 of the Commission 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 regarding 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 with following such plan.

**Management Discussion and Analysis**

The following is Management's Discussion and Analysis of the financial activities of the County, lifted from the Annual Comprehensive Financial Report for Wake County for the fiscal year ended June 30, 2025. 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.



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, 2025. We encourage readers to review 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, 2025:**

- The County's governmental funds reported combined ending fund balances of \$1,911.5 million, compared with \$1,563.0 million at the end of the prior fiscal year.
- The combined General Fund and Debt Service Fund fund balances are measured together to assess the County's overall fiscal health. At the end of the 2025 fiscal year, the fund balances for the County's General Fund and Debt Service Fund were \$687.9 million and \$292.7 million, respectively, compared with each fund reporting fund balances of \$622.5 million and \$250.3 million, respectively, in the prior fiscal year. The total fund balance of both funds as a percentage of combined General Fund and Debt Service Fund revenues was 44.7% as of the end of fiscal year 2025 compared to 44.1% at the end of fiscal year 2024.
- The County contributed \$8.0 million to its OPEB trust fund per the approved OPEB funding policy. The trust fund will reduce the County's OPEB liability and allow the earnings in the trust fund to be used to offset future retiree healthcare costs. The net OPEB liability for fiscal year 2025 decreased by \$62.7 million to \$327.4 million.
- The County uses a long-term financial planning model for capital budgeting purposes. The debt component of the model helps evaluate the impact of capital funding decisions on the County's financial condition and to ensure policy targets are maintained. In accordance with the model, the County allocates a portion of property taxes specifically for debt service and cash funding of its capital program. The tax rate for fiscal year 2025 was 51.35 cents, of which 14.75 cents was dedicated to capital and debt service. In addition, a portion of sales tax is transferred to the Debt Service Fund for school capital and debt service. For fiscal year 2025, the County transferred from the General Fund the following amounts: \$332.6 million to fund debt service, \$67.8 million for Wake County Public School System capital projects, \$4.4 million for Wake Technical Community College capital projects, \$16.6 million for affordable housing capital projects, \$.2 million for grant matching requirements, \$119.3 million for County capital projects, and \$8.0 million for community capital projects.
- The County continued to manage its \$216.0 million allocation of the State and Local Fiscal Recovery Funds (SLFRF) received from the American Rescue Plan Act with all funds committed prior to the US Treasury's December 31, 2024 deadline. Major programs in fiscal year 2025 included \$5.3 million on multiple programs focused on affordable housing, rental assistance, and homelessness, \$4.3 million for a new child welfare case management system, \$2.9M for Fire Services recruitment program, and \$2.3 million on food and nutrition assistance programming.

- Wake County has maintained an “Aaa” rating from Moody’s since 1973, an “AAA” rating from Standard & Poor’s Global since 1983, and an “AAA” rating from Fitch Ratings since 2000. These bond ratings are clear indications of the sound financial condition of the County. The County is one of the few counties in the country that maintains the highest financial rating from all three major rating agencies. This achievement is a key factor in allowing the County to receive low interest rates on debt issued, ultimately reducing the cost of debt to the taxpayers. The ratings from each of the agencies were reaffirmed most recently in March 2025.
- In April 2025, the County issued \$275,020,000 of Series 2025A General Obligation Public Improvement Bonds. These bonds transferred to permanent debt the current drawn amount under the 2021 Bond Anticipation Note, current drawn amount under the 2023A Bond Anticipation Note, current drawn amount under the 2023B Bond Anticipation Note, and a portion of the current drawn amount under the 2021 Drawdown Installment Note. These bonds also generated \$79.1 million of new money bond proceeds for various community college projects.
- In April 2025, the County issued \$41,615,000 of Series 2025B General Obligation Parks, Greenways, Recreation and Open Space Bonds. These bonds generated \$44.8 million of new money bond proceeds for various Parks, Greenways, Recreation and Open Space projects.
- In April 2025, the County issued \$44,915,000 of Series 2025C General Obligation Public Refunding Bonds. These bonds generated proceeds sufficient to refund current outstanding balance of 2015 General Obligation Bonds resulting in debt service savings of approximately \$1.5 million over the next ten years and economic gain of approximately \$1.1 million.
- In May 2025, the County issued \$268,030,000 of Series 2025A Limited Obligation Bonds. These bonds transferred to permanent debt the current drawn amount under the 2021 Drawdown Installment Note. These bonds also generated \$112.3 million of new money bond proceeds for various public school projects.
- In May 2025, the County issued \$10,715,000 of Series 2025B Limited Obligation Bonds. These bonds generated \$11.5 million of new money bond proceeds for construction of the Cary EMS Station.

## Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the County of Wake's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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.

## Basic Financial Statements:

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. These 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, health and human services, public safety, environmental services, community development and cultural services, and general government services. Property and other taxes as well as state and federal funds finance most of these activities. The business-type activities are services the County charges customers to provide. For Wake County, only the solid waste function is reported as a business-type activity. The final category is the component units. The ABC Board is legally separate from the County; however, the County exercises control over the Board by appointing its members. The ABC Board is also required to distribute its profits to the County.

The government-wide financial statements are on pages 25-27 of this report.

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

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

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

The **Budgetary Comparison Statements** are the next part of the fund financial statements that is presented. The County adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, management of the County, and decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether the County has provided the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the variance between the final budget and the actual results. The County's Major Facilities Fund also is included with the basic financial statements as an annually-budgeted major special revenue fund.

**Proprietary Funds** – The County's business-type activities are reported in proprietary funds. The County maintains two different types of 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 that accounts for the activities associated with the South Wake landfill that is a partnership between the County and 11 municipalities within the County. The enterprise funds are consolidated into the business-type activities that are presented in the Statement of Net Position and the Statement of Activities. *Internal service funds* are used to account for goods or services provided to one department by another on a cost reimbursement basis. The County reports the activities associated with the Corporate Fleet Fund and the Health and Dental Fund as internal service funds. Because the Corporate Fleet Fund and the Health and Dental Fund activities are primarily related to governmental activities, they are consolidated into the governmental activities that are presented in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** – *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Wake County has three fiduciary funds, one of which is an OPEB trust fund and two of which are custodial funds: the Municipal Tax Fund, which collects and disburses the taxes for municipalities in the County and the Commissary Fund, which accounts for inmate commissary activities related to Wake County's detention centers.

The final section of the basic financial statements is the **notes to the financial statements**. The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements, 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.

The combining statements are presented immediately after the required supplementary information and 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:

**Net Position:** The County's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1,003.6 million as of June 30, 2025. Net position is reported in three general categories: net investment in capital assets of \$646.1 million, restricted amounts totaling \$590.4 million, and an unrestricted net deficit of \$2,240.1 million.

One portion of Wake County's net position reflects its investment in capital assets (e.g., land, buildings, vehicles, leases, and equipment), less any related debt still outstanding that was issued to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources. The capital assets cannot be used to liquidate these liabilities. The amount reported as invested in total capital assets increased from \$574.9 million in the prior year to \$646.1 million on June 30, 2025. This increase continues to be mainly due to the construction of the Public Health Center. The Public Health Center was partially funded by limited obligation bonds which were used at the beginning of the project. Currently, the project is funded with county dollars so there is no new debt offsetting the asset and the proceeds were spent in previous fiscal years. Major asset additions include the construction of the Public Health Center and various fire stations, vehicles, and land for the open space program. The County's school and community college related debt is not included in this calculation as it is not considered capital related debt for Wake County.

The largest category of the County's net position is reported as an unrestricted net deficit. This balance is to be used to meet the government's ongoing obligations to citizens and creditors. However, under North Carolina law, the County is responsible for providing capital funding for the Wake County Public School System (WCPSS) and Wake Technical Community College (WTCC). The County has chosen to meet its legal obligation to provide WCPSS and WTCC capital funding by using a mixture of County funds and debt. The assets funded by the County are owned, utilized, and maintained by WCPSS and WTCC. Since the County, as the issuing government, acquires no capital assets, the County has incurred a debt liability without a corresponding increase in assets.

At the end of the fiscal year, the outstanding balance of the school-related debt less unspent bond proceeds was \$2,346,850,893, and the outstanding balance of the community college-related debt less unspent bond proceeds was \$421,647,112. The County is authorized

and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

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

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

|                                 |    |                        |
|---------------------------------|----|------------------------|
| School system debt              | \$ | (2,346,850,893)        |
| Community college debt          |    | (421,647,112)          |
| All other unrestricted          |    | <u>528,417,938</u>     |
| Total unrestricted net position | \$ | <u>(2,240,080,067)</u> |

**Wake County's Net Position  
in Millions of Dollars**

|  | Governmental Activities |              | Business-Type Activities |         | Total        |              |
|--|-------------------------|--------------|--------------------------|---------|--------------|--------------|
|  | 2025                    | 2024         | 2025                     | 2024    | 2025         | 2024         |
| Current and other assets                 | \$ 2,236.2              | \$ 1,918.2   | \$ 81.0                  | \$ 78.7 | \$ 2,317.1   | \$ 1,996.9   |
| Capital assets                           | 952.5                   | 908.6        | 25.5                     | 25.2    | 978.1        | 933.8        |
| Total assets                             | 3,188.7                 | 2,826.8      | 106.5                    | 103.9   | 3,295.2      | 2,930.7      |
| Deferred outflows of resources           | 142.1                   | 164.0        | 0.7                      | 0.9     | 142.8        | 164.9        |
| Long-term liabilities/schools            | 2,142.5                 | 2,162.4      | -                        | -       | 2,142.5      | 2,162.4      |
| Long-term liabilities/community colleges | 497.7                   | 440.2        | -                        | -       | 497.7        | 440.2        |
| Long-term liabilities/other              | 1,307.9                 | 1,105.7      | 30.2                     | 29.1    | 1,338.1      | 1,134.8      |
| Other liabilities                        | 276.5                   | 307.1        | 3.9                      | 5.9     | 280.4        | 313.0        |
| Total liabilities                        | 4,224.6                 | 4,015.3      | 34.1                     | 35.0    | 4,258.7      | 4,050.3      |
| Deferred inflows of resources            | 182.6                   | 297.3        | 0.3                      | 0.2     | 182.8        | 297.5        |
| Net position:                            |                         |              |                          |         |              |              |
| Net investment in capital assets         | 620.6                   | 549.7        | 25.5                     | 25.2    | 646.1        | 574.9        |
| Restricted/various                       | 567.5                   | 589.9        | 22.9                     | 23.8    | 590.4        | 613.7        |
| Unrestricted                             | (2,264.5)               | (2,461.5)    | 24.4                     | 20.6    | (2,240.1)    | (2,440.9)    |
| Total net position                       | \$ (1,076.4)            | \$ (1,321.9) | \$ 72.8                  | \$ 69.6 | \$ (1,003.6) | \$ (1,252.3) |

The County funds the capital needs for both WCPSS and WTCC but does not carry the resulting assets on our financial statements; therefore, our statement of net position reports a net deficit. Despite this deficit reported in governmental activities, the County's finances continue to be strong. The property tax collection rate is high with an overall collection percentage of 99.83%. Revenues and expenditures are planned and managed using financial models for the capital, debt service, and various operating budgets. The low cost of our bonded debt is a direct result of the County's triple-A bond rating by the three major rating agencies.

**Changes in Net Position  
in Millions of Dollars**

|  | Governmental Activities |                     | Business-Type Activities |                | Total               |                     |
|--|-------------------------|---------------------|--------------------------|----------------|---------------------|---------------------|
|  | 2025                    | 2024                | 2025                     | 2024           | 2025                | 2024                |
| Revenues:  |                         |                     |                          |                |                     |                     |
| Program revenues:  |                         |                     |                          |                |                     |                     |
| Charges for services   | \$ 113.9                | \$ 168.0            | \$ 33.9                  | \$ 32.5        | \$ 147.8            | \$ 200.5            |
| Operating grants and contributions                           | 152.1                   | 142.3               | 3.1                      | 3.3            | 155.2               | 145.6               |
| General revenues:  |                         |                     |                          |                |                     |                     |
| Property taxes   | 1,621.5                 | 1,412.4             | -                        | -              | 1,621.5             | 1,412.4             |
| Sales taxes  | 319.1                   | 313.5               | -                        | -              | 319.1               | 313.5               |
| Grants and contributions not restricted to specific programs | 11.7                    | 9.2                 | -                        | -              | 11.7                | 9.2                 |
| Unrestricted investment earnings                             | 76.7                    | 81.0                | 3.1                      | 3.6            | 79.8                | 84.6                |
| Other general revenues                                       | 114.8                   | 110.8               | 1.9                      | 2.6            | 116.7               | 113.4               |
| Total revenues   | <u>2,409.8</u>          | <u>2,237.2</u>      | <u>42.0</u>              | <u>42.0</u>    | <u>2,451.8</u>      | <u>2,279.2</u>      |
| Expenses:  |                         |                     |                          |                |                     |                     |
| General government   | 140.3                   | 155.8               | -                        | -              | 140.3               | 155.8               |
| Human services   | 305.3                   | 250.6               | -                        | -              | 305.3               | 250.6               |
| Education  | 1,218.8                 | 1,120.7             | -                        | -              | 1,218.8             | 1,120.7             |
| Community and environmental services                         | 157.5                   | 183.6               | -                        | -              | 157.5               | 183.6               |
| Public safety  | 329.1                   | 309.3               | -                        | -              | 329.1               | 309.3               |
| Infrastructure   | 69.6                    | 69.6                | -                        | -              | 69.6                | 69.6                |
| Interest on long-term debt                                   | 72.1                    | 123.8               | -                        | -              | 72.1                | 123.8               |
| Solid waste  | -                       | -                   | 38.8                     | 38.4           | 38.8                | 38.4                |
| Total expenses   | <u>2,292.7</u>          | <u>2,085.0</u>      | <u>38.8</u>              | <u>38.4</u>    | <u>2,331.4</u>      | <u>2,251.8</u>      |
| Increase (decrease) in net position before transfers         | <u>117.1</u>            | <u>23.8</u>         | <u>3.2</u>               | <u>3.6</u>     | <u>120.3</u>        | <u>27.4</u>         |
| Change in net position                                       | <u>117.1</u>            | <u>23.8</u>         | <u>3.2</u>               | <u>3.6</u>     | <u>120.3</u>        | <u>27.4</u>         |
| Net position (deficit), beginning of year                    | (1,321.9)               | (1,348.1)           | 69.6                     | 66.0           | (1,252.3)           | (1,282.1)           |
| Restatement - error correction                               | 128.4                   | 2.4                 | -                        | -              | 128.4               | 2.4                 |
| Net position (deficit), beginning of year, as restated       | <u>(1,193.5)</u>        | <u>(1,345.7)</u>    | <u>69.6</u>              | <u>66.0</u>    | <u>(1,123.9)</u>    | <u>(1,279.7)</u>    |
| Net position, end of the year                                | <u>\$ (1,076.4)</u>     | <u>\$ (1,321.9)</u> | <u>\$ 72.8</u>           | <u>\$ 69.6</u> | <u>\$ (1,003.6)</u> | <u>\$ (1,252.3)</u> |

**Changes in Net Position:** Net position increased \$117.1 million under the governmental activities and \$3.2 million under business type activities. Property and sales taxes continued to be a strong revenue source for the governmental activities coming in at \$1,621.5 million and \$319.1 million, respectively. Property taxes underwent a revaluation which increased the tax base by over 45% and over \$96 million. The fiscal year 2025 tax rate was 51.35 cents per \$100, which was 4.99 cents per \$100 higher than the revenue neutral tax rate. Operating grants and contributions increased from the prior year by \$9.8 million due to the recognition of ARPA funding for Housing development loans. This also impacted the related grant expenses that were mostly in our health and human services departments. The County continued to see strong investment returns in fiscal year 2025, earning \$79.8 million, which was less than the \$84.6 million earned in fiscal year 2024, due to the slight decrease in interest rates. This positive impact benefited both the governmental and business type activities.

An adjustment of \$128.4 million was made to the governmental activities net position. This error correction was related to the amortization of refunded debt. See Note 24 for additional information related to this error correction.

## 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 eleven major funds, as defined by GAAP for the fiscal year ended June 30, 2025, were the General Fund, Affordable Housing Fund, Opioid Settlement Fund, American Rescue Plan Fund, Major Facilities Fund, Debt Service Fund, County Capital Projects Fund, School Capital Fund, Wake Community College Capital Fund, Solid Waste Operating Fund, and South Wake Landfill Partnership Fund. The last two, the Solid Waste Operating Fund and the South Wake Landfill Partnership Fund, are classified as enterprise funds.

**Governmental Funds:** As of the end of the 2025 fiscal year, the County's total governmental funds reported combined ending fund balances of \$1,911.5 million, an increase of \$348.5 million from \$1,563.0 million for the prior fiscal year. Debt issued in the current year for future year projects was the main contributor of the increase during fiscal year 2025. The County also saw strong property tax growth, departmental savings in the General Fund and strong investment earnings throughout all funds.

The General Fund is the chief operating fund of the County; however, the combined General Fund and Debt Service Fund balances are measured together to assess the County's overall fiscal health. In 2011, the Board of County Commissioners adopted a fund balance policy that requires the County to maintain a total General Fund balance of at least 15% of the subsequent year's adopted budget and an amount committed for working capital of at least 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 also to require that the County maintain combined General Fund and Debt Services Fund total fund balances of at least 30% of the combined revenues of both funds. The most recent policy change allowed the County to demonstrate our commitment to maintaining our triple-A credit rating from the three major rating agencies.

At the end of the 2025 fiscal year, the fund balances for the County's General Fund and the Debt Service Fund were \$687.9 million and \$292.7 million, respectively, compared to fund balances of \$622.5 million and \$250.3 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, transfers in and bond premiums was 44.7% as of the end of fiscal year 2025 compared to 44.1% in the prior fiscal year. The County's debt and capital model strategically uses fund balance in the Debt Service Fund for debt service expenditures, but in an amount that will not exceed the County's debt service guideline of maintaining a minimum fund balance no less than 19% in the Debt Service Fund of subsequent year debt service expenditures and the maintenance of a combined General Fund and Debt Service Fund balance of at least 30% of General Fund and Debt Service Fund combined revenues.

## Fund Balance Policy Compliance Analysis General Fund

|   | <u>June 30, 2025</u> | <u>June 30, 2024</u> | <u>Increase<br/>(Decrease)</u> |
|---|----------------------|----------------------|--------------------------------|
| Non-spendable:  |                      |                      |                                |
| Inventories/noncurrent receivables/prepaid expenses                 | \$ 1,016,446         | \$ 1,253,884         | \$ (237,438)                   |
| Restricted:   |                      |                      |                                |
| Stabilization by State statute                                      | 124,012,787          | 125,481,898          | (1,469,111)                    |
| Register of deeds automation  | 1,491,780            | 1,427,549            | 64,231                         |
| Committed:  |                      |                      |                                |
| Revaluation reserve   | 2,649,151            | 2,033,065            | 616,086                        |
| LEO Separation Allowance  | -                    | 3,235,640            | (3,235,640)                    |
| Future appropriations from excess ABC revenues                      | 3,867,784            | 4,697,784            | (830,000)                      |
| Future appropriations for behavioral health                         | 65,582,294           | 52,736,197           | 12,846,097                     |
| Future appropriations for agricultural easements                    | 2,439,215            | -                    | 2,439,215                      |
| Non-MOA opioid settlement funds                                     | 331,533              | -                    | 331,533                        |
| Future business incentive grants                                    | 263,000              | -                    | 263,000                        |
| Working capital   | 486,293,100          | 427,952,549          | 58,340,551                     |
| Assigned:   |                      |                      |                                |
| Agricultural easements  | -                    | 3,643,220            | (3,643,220)                    |
| General fund balance  | <u>687,947,090</u>   | <u>622,461,786</u>   | <u>65,485,304</u>              |
| Subsequent Year's Adopted Budget                                    | <u>2,165,555,000</u> | <u>2,074,346,000</u> | <u>91,209,000</u>              |
| Fund Balance as a percentage of next year's budget (15% minimum)    | <u>31.77%</u>        | <u>30.01%</u>        | <u>1.76%</u>                   |
| Working Capital   | <u>486,293,100</u>   | <u>427,952,549</u>   | <u>58,340,551</u>              |
| Working Capital as a percentage of next year's budget (10% minimum) | <u>22.46%</u>        | <u>20.63%</u>        | <u>1.83%</u>                   |

**Fund Balance Policy Compliance Analysis  
General Fund and Debt Service**

|  | <u>June 30, 2025</u>    | <u>June 30, 2024,<br/>restated</u> | <u>Increase<br/>(Decrease)</u> |
|--|-------------------------|------------------------------------|--------------------------------|
| General Fund Revenue, sales of assets & materials and transfers in   | \$ 2,103,302,132        | \$ 1,887,954,338                   | \$ 215,347,794                 |
| Debt Service Fund Revenue, transfers in, and premiums on bond issues | 422,041,382             | 464,705,290                        | (42,663,908)                   |
| Combined revenue and transfers in                                    | 2,525,343,514           | 2,352,659,628                      | 172,683,886                    |
| Less: General Fund transfers to Debt Service Fund                    | (332,621,000)           | (355,469,768)                      | 22,848,768                     |
| Combined General Fund and Debt Service Fund Revenue                  | <u>\$ 2,192,722,514</u> | <u>\$ 1,997,189,860</u>            | <u>\$ 195,532,654</u>          |
| Fund Balance   |                         |                                    |                                |
| General Fund   | \$ 687,947,090          | \$ 622,461,786                     | \$ 65,485,304                  |
| Debt Service   | 292,689,153             | 258,790,026                        | 33,899,127                     |
| Combined Fund Balance  | <u>\$ 980,636,243</u>   | <u>\$ 881,251,812</u>              | <u>\$ 99,384,431</u>           |
| Fund Balance as a percentage of Current Year Revenues (30% minimum)  | <u>44.7%</u>            | <u>44.1%</u>                       | <u>0.6%</u>                    |

At the end of fiscal year 2025, fund balance in the General fund was \$687.9 million, an increase of \$65.5 million. This increase is mainly attributed to behavioral health utilizing federal and state funding, higher than expected administrative reimbursements for mandated Medicaid and food assistance services, and higher EMS fees from increased call volume. Additional information regarding the General fund will be covered in the General Fund Budgetary Highlights section. The Debt Service fund balance increased \$33.9 million to \$292.7 million. The Debt Service fund is funded by dedicated property and sales tax resources, which are relatively consistent from year to year; however, due to continuing market conditions, the Debt Service fund earned \$68.8 million of interest in fiscal year 2025, compared to a restated amount of \$78.3 million in fiscal year 2024. Debt service expenditures can fluctuate each year, so excess fund balance is planned to be strategically utilized as a funding source in those years when revenues are not expected to fully fund debt service expenditures, all while ensuring minimum fund balance levels.

**Special Revenue Funds:** The *Affordable Housing* fund had a total fund balance of \$47.2 million, an increase of \$3.2 million from the previous year, due to adjustments for outstanding loan balances per GAAP Reporting.

The *Opioid Settlement* fund was established in fiscal year 2023 to receive and track the County's share of the funds received from national settlements and other opioid lawsuits. At the end of the current fiscal year, the total fund balance was \$23.5 million, an increase of \$4.4 million from the prior year. The increase is due to the County receiving settlement distributions while working to establish its budget plan which will begin to use the funds.

The *American Rescue Plan* fund had an increase of \$1.2 million. This increase is due to additional interest earned in the fund as the County continues to spend down its original allocation of \$216.0 million.

The *Major Facilities* fund had an increase of \$.1 million to \$7.9 million. The increase is due to lower funding distributions in fiscal year 2025 from the prepared food and occupancy taxes to projects across Wake County.

**Capital Funds:** The *County Capital Project* fund includes County buildings, libraries, criminal justice facilities, public safety stations, parks, greenways and open space, and major automation projects. At the end of the current fiscal year, total fund balance was \$362.3 million, an increase of \$64.3 million from the prior year due to the issuance of \$41.6M in General Obligation Parks, Greenway, Recreation, and Open Space Bonds along with issuance of \$10.8 million of Limited Obligation Bonds for an EMS Station. These issuances were anticipated with the County's long-term capital and debt planning model in fiscal year 2025 as projects went out to bid.

The *School Capital* fund had an increase of \$94.4 million to \$278.9 million at the end of fiscal year 2025. This increase is due to the timing of debt issued for current and future year project expenditures. These changes were anticipated with the County's long-term capital and debt planning model.

The *Wake Community College Capital* fund had an increase of \$59.2 million to \$94.0 million at the end of fiscal year 2025. This increase is due to the general obligation debt issued in fiscal year 2025 for current and future year projects. This change was anticipated with the County's long-term capital and debt planning model.

**Proprietary Funds:** The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Net position in the proprietary fund statement of net position for the Solid Waste Operating Fund at the end of fiscal year 2025 amounted to approximately \$72.8 million, an increase of \$3.2 million from the \$69.6 million reported at the end of fiscal year 2024. This increase resulted mainly from contract savings on recycling and convenience center contracts and increased investment earnings.

#### General Fund Budgetary Highlights:

During the fiscal year ended June 30, 2025, 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 \$65.5 million during the fiscal year ended June 30, 2025, a substantial amount more than the amount of usage planned of \$33.4 million. The total of \$98.9 million difference between planned usage of fund balance and the actual increase in the fund balance resulted from actual revenues in the General Fund that were \$35.6 million more than the amounts projected in the final budget and expenditures that were \$62.7 million less than anticipated. Property taxes were equal to the budget based on actual tax billed being slightly higher than estimates with the overall collection rate achieved of 99.86% exceeding the budgeted collection rate of 99.5%. These were offset by approximately \$1.7 million in prior year property tax adjustments. Sales taxes were \$.3 million lower than the budgeted as overall sales tax growth matched forecasts of approximately 2%. Other sales tax revenues continue to grow at a moderate pace. Real property transfer taxes were higher than the budgeted amount by \$3.4 million due to the residential housing market remaining stable. Licenses and permits also remained stable coming in \$.8 million over budget due to the stable housing market. Charges for services were \$16.5 million

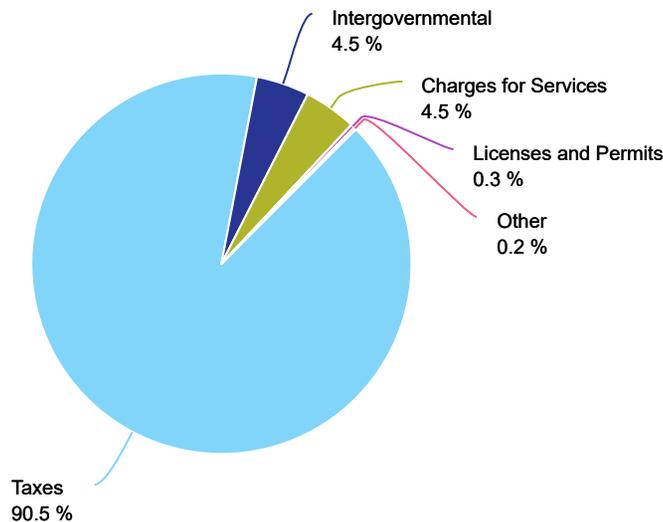
dollars over budget and the biggest factor in this increase was related to increased EMS revenue collected. Call volume for EMS remained steady and Medicaid transitions to private-payor based Medicaid resulted in an increased Medicaid fee schedule. Intergovernmental revenues were \$14.3 million more than budgeted amounts due to the additional administration funds received for our various social services programs, particularly Medicaid funding.

Actual expenditures were \$62.7 million less than budgeted amounts resulting from lower than projected spending by most County departments. Health & Human Services expenditures were underspent by approximately \$35.9 million, the result of savings of \$27.7 million on the behavioral health care managed contracts. These savings were committed as fund balance for future behavioral health needs. The additional \$8.2 million underspent in Health & Human Services were from contract savings due to some transitioned services and the timing of work.

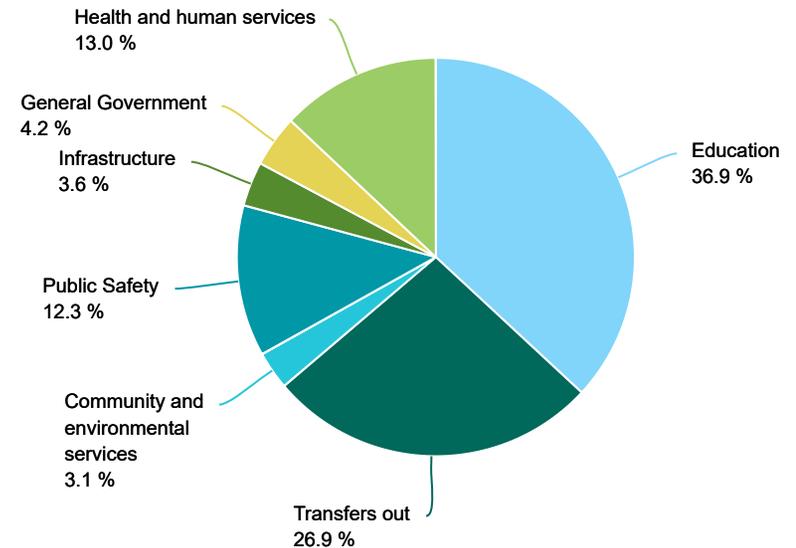
The County's general government departments' budgets were underspent by a total of \$9.3 million. Savings in the Board of Elections, Tax Administration and Finance departments were due to lapsed salaries, contract savings, and decreased bank fees due to better market rate conditions allowing the County to offset its fees. Other savings in the budget were related to lapsed salaries from vacant positions.

### Major Categories of Revenues and Expenditures in the County's General Fund

Where Does the Money Come From?



Where Does the Money Go?



**Capital Asset and Debt Administration:**

**Capital assets.** The County's investment in capital assets for governmental and business-type activities as of June 30, 2025, totals approximately \$978.0 million (net of amortization and depreciation).

Major capital asset additions during the 2025 fiscal year within Governmental Activities included construction of a new Public Health Center, multiple EMS stations, renovations to existing county buildings, Beech Bluff park, vehicles, child welfare case management system, and Workday Financials. Within the Business-type Activities, additions included the continued construction of the landfill gas system projects.

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

|                                   | Governmental Activities |                       | Business-Type Activities |                      | Total                 |                       |
|-----------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                                   | 2025                    | 2024                  | 2025                     | 2024                 | 2025                  | 2024                  |
| Land                              | \$ 162,157,451          | \$ 162,157,451        | \$ 382,327               | \$ 382,327           | \$ 162,539,778        | \$ 162,539,778        |
| Landfills                         | -                       | -                     | 2,749,413                | 3,045,321            | 2,749,413             | 3,045,321             |
| Buildings                         | 511,649,402             | 533,123,316           | 14,790,282               | 15,248,882           | 526,439,684           | 548,372,198           |
| Machinery and equipment           | 21,420,255              | 21,108,710            | 645,552                  | 720,025              | 22,065,807            | 21,828,735            |
| Vehicles and motorized equipment  | 26,188,556              | 21,906,524            | -                        | -                    | 26,188,556            | 21,906,524            |
| Improvements other than Buildings | 12,872,108              | 13,494,112            | 181,934                  | 199,250              | 13,054,042            | 13,693,362            |
| Computer Software                 | 10,374,034              | 2,114,595             | -                        | -                    | 10,374,034            | 2,114,595             |
| Infrastructure                    | 13,130,834              | 13,656,957            | -                        | -                    | 13,130,834            | 13,656,957            |
| Intangibles                       | 1,032,044               | 1,032,044             | -                        | -                    | 1,032,044             | 1,032,044             |
| Right-to-use assets               | 45,914,546              | 45,029,237            | -                        | -                    | 45,914,546            | 45,029,237            |
| Construction in progress          | 147,795,493             | 95,003,662            | 6,733,131                | 5,638,792            | 154,528,624           | 100,642,454           |
| <b>Total</b>                      | <b>\$ 952,534,723</b>   | <b>\$ 908,626,608</b> | <b>\$ 25,482,639</b>     | <b>\$ 25,234,597</b> | <b>\$ 978,017,362</b> | <b>\$ 933,861,205</b> |

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, 2025, the County had total general obligation bonded debt outstanding of approximately \$1.9 billion, of which \$1.3 billion and \$420.0 million was issued to help meet the capital needs for WCPSS and WTCC, respectively. In addition to general obligation bonded debt, the County also has outstanding leases, limited obligation bonds and installment purchases. The County also had direct placement bond anticipation notes outstanding of \$80.4 million. These will be refinanced with permanent financing, general obligation bonds, in the future. A summary of total outstanding debt associated with governmental activities is shown below.

**Outstanding Debt - Governmental Activities**

|   | <u>2025</u>             | <u>2024</u>             |
|---|-------------------------|-------------------------|
| General Obligation bonds (schools)*           | \$ 1,300,081,483        | \$ 1,281,224,958        |
| General Obligation bonds (community college)* | 420,009,251             | 362,881,487             |
| General Obligation bonds (other)*             | 157,060,121             | 126,657,882             |
| Limited obligation bonds*                     | 1,293,442,333           | 1,068,023,172           |
| Bond anticipation notes                       | 80,408,805              | 19,508,236              |
| Draw down installment notes                   | -                       | 99,146,737              |
| Right-to-use agreements                       | 48,121,800              | 41,322,744              |
| Total   | <u>\$ 3,299,123,793</u> | <u>\$ 2,998,765,216</u> |

*\*Includes premium on issuance cost.*

Wake County's total debt increased \$300.4 million during the fiscal year ended June 30, 2025. This increase occurred because the County issued, among other things, \$361.6 million in general obligation debt (excluding \$29.4 million in premiums) during the fiscal year, compared to the retirement of \$248.1 million in general obligation bonds (excluding \$36.4 million in premiums). A portion of this issuance was used to pay off \$140.4 million of the direct placement bond anticipation notes and refunded \$182.5 million of tax-exempt debt. The County issued \$278.7 million of additional limited obligation debt (excluding \$21.0 million in premiums) during the fiscal year and retired \$61.6 million (excluding \$12.8 million in premiums). A portion of this issuance was used to pay off \$140.4 million of the drawdown installment notes. The County also issued \$201.3 million direct placement bond anticipation notes and \$153.1 million in direct placement drawdown installment notes. These retirements and issuances were made in accordance with the County's long-term capital and debt planning model.

Additional information regarding the County's long-term debt can be found in Note 9 of the Basic Financial Statements.

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

- The unemployment rate for Wake County was 3.4% at June 30, 2025, which is a decrease of 0.2% from the prior year rate of 3.6%.
- On March 17, 2025, the County Board of Commissioners voted for a phased-in implementation of a two-year revaluation cycle. The County's previous four-year cycle was effective January 1, 2024. The subsequent countywide revaluation will be effective January 1, 2027, with the move to a two-year cycle effective January 1, 2029. The change in reappraisal cycles will allow the County to take advantage of the natural growth in the tax base sooner while mitigating significant adjustments in valuation that can occur in four-year cycles.
- Total sales tax collections continued to increase slightly during the fiscal year ended June 30, 2025 to \$319.1 million, from \$313.5 million in the prior fiscal year, an 1.8% increase. Sales tax revenues have leveled out after the end of Covid but continue to grow at a moderate pace from the previous year.

- Wake County continues to grow, with a population of 1,229,269 people as of June 30, 2025. The school system had a slight increase to the system enrollment, with a total of 161,115 enrolled for the 2024-2025 school year compared to 160,183 for the 2023-2024 school year. School enrollment is projected to be at 162,420 for the 2025-2026 school year.
- Investment market conditions in fiscal year 2025 continued to hold strong. The average yield on investments was 4.00% for fiscal year 2025, compared to 4.05% for fiscal year 2024. As in the prior fiscal years, the County has continued to utilize detailed cash flow planning which has allowed us to keep funds invested until needed for expenditures, maximizing the maturity on our investments and earnings on our portfolio. The County had an overall investment gain on all funds of \$83.5 million for the fiscal year ended June 30, 2025, on an average portfolio balance of more than \$1,749.74 million. The overall gain included realized earnings of \$76.5 million and an unrealized gain of \$6.9 million. Investment earnings decreased slightly compared to the overall gain of \$87.1 million in fiscal year 2024 on an average portfolio balance of more than \$1,576.91 million. This is mainly due to the beginning of several interest rate cuts throughout the year. The County routinely holds investments until maturity to maximize earnings.

These factors and others were considered when management prepared Wake County's budget ordinance for the 2026 fiscal year.

### **Budget Highlights for the Fiscal Year Ending June 30, 2026:**

**Governmental Activities.** The County approved an original budget of approximately \$2.17 billion for the General Fund for fiscal year 2026, compared to \$2.07 billion for the fiscal year 2025. The County completed its four-year property tax revaluation process for the fiscal year 2025. Based on the revaluation, the final tax base was \$307.7 billion, an increase of 49.7% from the prior year tax base of \$ 205.5 billion. The General Fund budget included a property tax rate of 51.60 cents per \$100 of property valuation which is an increase of \$0.25 cents from the 51.35 cents per \$100 of property valuation in fiscal year 2025. Sales tax revenues are projected to be flat over the FY25 amended budget. On the expenditure side, much of the \$86.4 million of budget increases went to education, housing affordability, and capital expenditures. The County increased General Fund operating support for WCPSS by \$40.3 million to \$742.9 million. The County continued to focus on its employees by adding 38 new positions and approving a merit increase for all employees of 1.0% - 3.5% and a labor market rate increase of 1.0%. The County hopes to continue to attract top talent during fiscal year 2026.

### **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 Chief Financial Officer, 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 <https://www.wake.gov>. Copies of financial statements and additional information concerning the Wake County Board of Alcoholic Control, a discretely presented component unit of the County, may be obtained at 1212 Wicker Drive, Raleigh, NC 27604.

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## Financial Information

### Financial Statements

The financial statements of the County have been audited by certified public accountants for the fiscal years ended June 30, 2025, 2024 and 2023. Copies of these financial statements containing the reports of the independent certified public accountants are available by contacting the office of Patrick Flanary, Chief Financial Officer, at Wake County, 301 South McDowell Street, Raleigh, North Carolina 27601 or on the County's website at <https://www.wake.gov/departments-government/finance/annual-financial-reports>.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. The County has received this award consecutively for the 41<sup>st</sup> year. To receive this award, the highest form of recognition in governmental financial reporting, a governmental unit must publish a financial report that 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, 2025, will continue to meet the requirements under the Certificate of Achievement Program.

The County financial statements present the government-wide financial statements, which are shown on pages D-3 through D-5 of this official statement and include fund and budgetary reporting. The government-wide financial statements are prepared on the full accrual basis of accounting. The government-wide statements report capital assets and all long-term obligations, for both governmental-type and business-type activities. As a result, government officials can 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 D-12 through D-13 for the presentation of the County's budgetary statement.

The following financial statements are the basic financial statements of Wake County and the notes thereto, lifted from the Annual Comprehensive Financial Report of the County for the fiscal year ended June 30, 2025.



# Basic Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR END JUNE 30, 2025

## Statement of Net Position As of June 30, 2025

|   | Primary Government         |                             | Total                | Component Unit                |
|---|----------------------------|-----------------------------|----------------------|-------------------------------|
|   | Governmental<br>Activities | Business-type<br>Activities |                      | Board of Alcoholic<br>Control |
| <b>ASSETS</b>   |                            |                             |                      |                               |
| Cash and investments - pooled equity                          | \$ 1,498,814,065           | \$ 48,766,406               | \$ 1,547,580,471     | \$ -                          |
| Cash and investments - reserved                               | 72,630,380                 | 26,002,592                  | 98,632,972           | -                             |
| Cash and investments - cash equivalents                       | 1,203,954                  | 900                         | 1,204,854            | 40,195,817                    |
| Taxes receivable (net)  | 100,920,712                | 125,242                     | 101,045,954          | -                             |
| Accounts receivable (net)                                     | 82,840,094                 | 4,478,693                   | 87,318,787           | -                             |
| Intergovernmental receivable (net)                            | 44,427,364                 | 783,368                     | 45,210,732           | -                             |
| Accrued interest receivable                                   | 17,370,045                 | 809,149                     | 18,179,194           | -                             |
| Loans receivable (net)  | 89,859,571                 | -                           | 89,859,571           | -                             |
| Special assessments   | 123,309                    | -                           | 123,309              | -                             |
| Prepaid items   | 2,640,353                  | 1,400                       | 2,641,753            | 76,425                        |
| Inventories   | 501,704                    | -                           | 501,704              | 27,717,077                    |
| Restricted assets:  |                            |                             |                      |                               |
| Restricted cash equivalents                                   | 323,681,707                | -                           | 323,681,707          | -                             |
| Net pension asset:  |                            |                             |                      |                               |
| ROD Supplemental Pension                                      | 1,148,007                  | -                           | 1,148,007            | -                             |
| Capital assets not being depreciated:                         |                            |                             |                      |                               |
| Land  | 162,157,451                | 382,327                     | 162,539,778          | 14,783,310                    |
| Construction in progress                                      | 147,795,493                | 6,733,131                   | 154,528,624          | -                             |
| Intangibles   | 1,032,044                  | -                           | 1,032,044            | -                             |
| Capital assets (net of accumulated depreciation/amortization) |                            |                             |                      |                               |
| Landfills   | -                          | 2,749,413                   | 2,749,413            | -                             |
| Buildings   | 511,649,402                | 14,790,283                  | 526,439,685          | 38,888,685                    |
| Improvements  | 12,872,108                 | 181,934                     | 13,054,042           | 1,033,794                     |
| Machinery and equipment                                       | 21,420,255                 | 645,551                     | 22,065,806           | 960,384                       |
| Vehicles and motorized equipment                              | 26,188,556                 | -                           | 26,188,556           | 714,454                       |
| Computer software   | 10,374,034                 | -                           | 10,374,034           | -                             |
| Infrastructure  | 13,130,834                 | -                           | 13,130,834           | -                             |
| Right-to-use assets   | 45,914,546                 | -                           | 45,914,546           | 4,578,874                     |
| <b>Total assets</b>   | <b>3,188,695,988</b>       | <b>106,450,389</b>          | <b>3,295,146,377</b> | <b>128,948,820</b>            |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                         |                            |                             |                      |                               |
| LGERS pension   | 135,298,612                | 706,680                     | 136,005,292          | 4,915,411                     |
| ROD supplemental pension                                      | 643,236                    | -                           | 643,236              | -                             |
| LEO separation allowance                                      | 6,170,549                  | -                           | 6,170,549            | 155,180                       |
| Other post employment benefit                                 | -                          | -                           | -                    | 1,810,963                     |
| <b>Total deferred outflows of resources</b>                   | <b>142,112,397</b>         | <b>706,680</b>              | <b>142,819,077</b>   | <b>6,881,554</b>              |
| <b>LIABILITIES</b>  |                            |                             |                      |                               |
| Accounts payable and accrued liabilities                      | 120,060,928                | 2,860,635                   | 122,921,563          | 18,099,535                    |
| Due to other governmental units                               | 122,810,612                | 934,413                     | 123,745,025          | -                             |
| Unearned revenues   | 500,615                    | -                           | 500,615              | -                             |
| Accrued interest payable                                      | 33,199,633                 | -                           | 33,199,633           | -                             |
| Long term liabilities:  |                            |                             |                      |                               |
| Amounts due within one year:                                  |                            |                             |                      |                               |
| Total pension liability - LEOSSA                              | 2,049,200                  | -                           | 2,049,200            | -                             |
| Leases  | 2,608,543                  | -                           | 2,608,543            | 762,233                       |
| Subscription based information technology agreements          | 1,383,552                  | -                           | 1,383,552            | -                             |

**Statement of Net Position (continued)**  
**As of June 30, 2025**

|   | Primary Government         |                             | Total              | Component Unit<br>Board of Alcoholic<br>Control |
|---|----------------------------|-----------------------------|--------------------|---|
|   | Governmental<br>Activities | Business-type<br>Activities |                    |   |
| <b>LIABILITIES, continued</b>                                   |                            |                             |                    |   |
| General obligation bonds - schools                              | 122,144,789                | -                           | 122,144,789        | -   |
| General obligation bonds - community college                    | 30,183,763                 | -                           | 30,183,763         | -   |
| General obligation bonds - other                                | 11,461,448                 | -                           | 11,461,448         | -   |
| Limited obligation bonds  | 76,205,000                 | -                           | 76,205,000         | -   |
| Compensated absences payable                                    | 23,376,643                 | 127,678                     | 23,504,321         | -   |
| Closure/post closure costs                                      | -                          | 825,131                     | 825,131            | -   |
| Risk management liabilities                                     | 8,714,110                  | 4,684                       | 8,718,794          | -   |
| Amounts due beyond one year:                                    |                            |                             |                    |   |
| Noncurrent total pension liability - LEOWSA                     | 26,905,857                 | -                           | 26,905,857         | 987,411   |
| Net pension liability - LGERS                                   | 254,243,761                | 1,328,978                   | 255,572,739        | 8,870,090                                       |
| Net OPEB liability  | 326,037,389                | 1,392,773                   | 327,430,162        | 9,539,604                                       |
| Noncurrent leases   | 35,662,432                 | -                           | 35,662,432         | 4,540,380                                       |
| Noncurrent subscription based information technology agreements | 8,467,273                  | -                           | 8,467,273          | -   |
| Noncurrent bond anticipation notes                              | 80,408,805                 | -                           | 80,408,805         | -   |
| General obligation bonds - schools                              | 1,177,936,694              | -                           | 1,177,936,694      | -   |
| General obligation bonds - community college                    | 389,825,488                | -                           | 389,825,488        | -   |
| General obligation bonds - other                                | 145,598,673                | -                           | 145,598,673        | -   |
| Limited obligation bonds  | 1,217,237,333              | -                           | 1,217,237,333      | -   |
| Note payable  | -                          | -                           | -                  | 15,000,000                                      |
| Compensated absences payable                                    | 4,969,599                  | 50,847                      | 5,020,446          | -   |
| Construction reserves   | -                          | 13,493                      | 13,493             | -   |
| Closure/post closure costs                                      | -                          | 26,483,722                  | 26,483,722         | -   |
| Risk management liabilities                                     | 2,643,936                  | -                           | 2,643,936          | -   |
| Total liabilities   | 4,224,636,076              | 34,022,354                  | 4,258,658,430      | 57,799,253                                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                            |                            |                             |                    |   |
| Prepaid taxes and deposits                                      | 3,227,586                  | -                           | 3,227,586          | -   |
| LGERS Pension   | 2,138,505                  | 11,179                      | 2,149,684          | 286,693   |
| ROD Supplemental Pension  | 20,523                     | -                           | 20,523             | -   |
| LEO Separation Allowance  | 3,354,023                  | -                           | 3,354,023          | 106,679   |
| Other post employment benefit                                   | 77,543,969                 | 329,470                     | 77,873,439         | 3,299,540                                       |
| Unamortized gains on debt refundings                            | 96,271,998                 | -                           | 96,271,998         | -   |
| Total deferred inflows of resources                             | 182,556,604                | 340,649                     | 182,897,253        | 3,692,912                                       |
| <b>NET POSITION</b>   |                            |                             |                    |   |
| Net investment in capital assets                                | 620,643,122                | 25,482,639                  | 646,125,761        | 45,959,501                                      |
| Restricted for:   |                            |                             |                    |   |
| Stabilization by state statute                                  | 549,895,999                | 4,362,864                   | 554,258,863        | -   |
| Register of deeds automation                                    | 1,491,780                  | -                           | 1,491,780          | -   |
| Individuals, organizations, and other governments               | 644,102                    | -                           | 644,102            | -   |
| Unexpended settlement funds                                     | 14,309,844                 | -                           | 14,309,844         | -   |
| White goods   | -                          | 7,262,209                   | 7,262,209          | -   |
| Working capital   | -                          | -                           | -                  | 6,531,296                                       |
| Net pension asset   | 1,148,007                  | -                           | 1,148,007          | -   |
| Planned expenses  | -                          | 11,249,272                  | 11,249,272         | -   |
| Unrestricted (See Note 1.P)                                     | (2,264,517,149)            | 24,437,082                  | (2,240,080,067)    | 21,847,412                                      |
| Total net position (deficit)                                    | \$ (1,076,384,295)         | \$ 72,794,066               | \$ (1,003,590,229) | \$ 74,338,209                                   |

**Statement of Activities**

**For the Year Ended June 30, 2025**

|  | Program Revenues |                         |  | Net (Expense) Revenue and Changes in Net Position |                             |                    | Component Unit<br>Board of<br>Alcoholic Control |
|--|------------------|-------------------------|--|---|-----------------------------|--------------------|---|
|  | Expenses         | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                        | Business-type<br>Activities | Total              |   |
| <b>FUNCTIONS/PROGRAMS</b>                                    |                  |                         |  |   |                             |                    |   |
| <b>Primary Government:</b>                                   |                  |                         |  |   |                             |                    |   |
| Governmental activities:                                     |                  |                         |  |   |                             |                    |   |
| General government   | \$ 140,265,403   | \$ 13,280,550           | \$ 21,797,514                            | \$ (105,187,339)                                  | \$ -                        | \$ (105,187,339)   | \$ -  |
| Health and human services                                    | 305,300,254      | 30,872,946              | 100,767,741                              | (173,659,567)                                     | -                           | (173,659,567)      | -   |
| Education  | 1,218,765,664    | 2,878,365               | 11,982,818                               | (1,203,904,481)                                   | -                           | (1,203,904,481)    | -   |
| Community and environmental services                         | 157,538,080      | 8,550,926               | 2,755,374                                | (146,231,780)                                     | -                           | (146,231,780)      | -   |
| Public safety  | 329,065,782      | 55,683,405              | 8,383,013                                | (264,999,364)                                     | -                           | (264,999,364)      | -   |
| Infrastructure   | 69,666,819       | 2,660,032               | 6,447,012                                | (60,559,775)                                      | -                           | (60,559,775)       | -   |
| Interest on long-term debt                                   | 72,087,664       | -                       | -  | (72,087,664)                                      | -                           | (72,087,664)       | -   |
| Total governmental activities                                | 2,292,689,666    | 113,926,224             | 152,133,472                              | (2,026,629,970)                                   | -                           | (2,026,629,970)    | -   |
| Business-type activities:                                    |                  |                         |  |   |                             |                    |   |
| Solid waste  | 38,786,200       | 33,900,830              | 3,145,085                                | -   | (1,740,285)                 | (1,740,285)        | -   |
| Total primary government                                     | \$ 2,331,475,866 | \$ 147,827,054          | \$ 155,278,557                           | (2,026,629,970)                                   | (1,740,285)                 | (2,028,370,255)    | -   |
| <b>Component unit:</b>                                       |                  |                         |  |   |                             |                    |   |
| Board of Alcoholic Control                                   | \$ 218,337,891   | \$ 222,276,672          | \$ -                                     |   |                             |                    | \$ 3,938,781                                    |
| Property taxes   |                  |                         |  | 1,621,477,975                                     | -                           | 1,621,477,975      | -   |
| Sales taxes  |                  |                         |  | 319,117,673                                       | -                           | 319,117,673        | -   |
| Occupancy and prepared food taxes                            |                  |                         |  | 88,979,239  | -                           | 88,979,239         | -   |
| Other taxes  |                  |                         |  | 21,762,266  | -                           | 21,762,266         | -   |
| Grants and contributions not restricted to specific programs |                  |                         |  | 11,657,795  | -                           | 11,657,795         | -   |
| Unrestricted investment earnings                             |                  |                         |  | 76,742,941  | 3,104,131                   | 79,847,072         | 631,314   |
| Gain on sale of capital assets                               |                  |                         |  | 645,077   | -                           | 645,077            | -   |
| Other  |                  |                         |  | 3,333,341   | 1,845,609                   | 5,178,950          | 111,199   |
| Total general revenues                                       |                  |                         |  | 2,143,716,307                                     | 4,949,740                   | 2,148,666,047      | 742,513   |
| Change in net position                                       |                  |                         |  | 117,086,337                                       | 3,209,455                   | 120,295,792        | 4,681,294                                       |
| Net position (deficit), beginning of year                    |                  |                         |  | (1,321,854,742)                                   | 69,584,611                  | (1,252,270,131)    | 69,656,915                                      |
| Error Correction - footnote 24                               |                  |                         |  | \$ 128,384,110                                    | \$ -                        | \$ 128,384,110     | \$ -  |
| Net position (deficit), beginning of year, as restated       |                  |                         |  | \$ (1,193,470,632)                                | \$ 69,584,611               | \$ (1,123,886,021) | \$ -  |
| Net position (deficit), end of year                          |                  |                         |  | \$ (1,076,384,295)                                | \$ 72,794,066               | \$ (1,003,590,229) | \$ 74,338,209                                   |

**Balance Sheet  
Governmental Funds**

**As of June 30, 2025**

|   | Major Funds           |                         |                        |                           |                       |                       |                              |                       | Nonmajor Funds                      |                          |                          |
|---|-----------------------|-------------------------|------------------------|---------------------------|-----------------------|-----------------------|------------------------------|-----------------------|-------------------------------------|--------------------------|--------------------------|
|   | General Fund          | Affordable Housing Fund | Opioid Settlement Fund | American Rescue Plan 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 |
| <b>ASSETS</b>   |                       |                         |                        |                           |                       |                       |                              |                       |                                     |                          |                          |
| Cash and investments - pooled equity                                | \$ 625,839,554        | \$ 9,419,583            | \$ -                   | \$ -                      | \$ 22,279,893         | \$ 244,575,319        | \$ 288,997,003               | \$ 161,525,294        | \$ 10,938,702                       | \$ 108,957,510           | \$ 1,472,532,858         |
| Cash and investments - cash equivalents                             | 1,203,654             | -                       | -                      | -                         | 300                   | -                     | -                            | -                     | -                                   | -                        | 1,203,954                |
| Cash and investments - restricted                                   | 4,140,931             | -                       | 18,937,869             | 49,551,580                | -                     | 25,460,470            | 94,440,856                   | 116,353,107           | 87,427,273                          | -                        | 396,312,086              |
| Taxes receivable (net)  | 82,888,312            | -                       | -                      | 58,560                    | 7,621,039             | -                     | 1,044,631                    | 9,038,290             | -                                   | 269,880                  | 100,920,712              |
| Accounts receivable (net)   | 15,872,035            | -                       | 47,589,898             | -                         | -                     | -                     | 240,402                      | 16,210,101            | 251,121                             | 2,568,070                | 82,731,627               |
| Intergovernmental receivable (net)                                  | 28,821,123            | 825,524                 | -                      | -                         | -                     | 6,947,407             | 674,552                      | -                     | -                                   | 7,158,758                | 44,427,364               |
| Special assessments   | -                     | -                       | -                      | -                         | -                     | -                     | 123,309                      | -                     | -                                   | -                        | 123,309                  |
| Loans receivable (net)  | -                     | 42,570,099              | -                      | 45,088,794                | -                     | -                     | -                            | -                     | -                                   | 2,200,678                | 89,859,571               |
| Internal balances (due from other funds)                            | 6,978,096             | -                       | -                      | -                         | -                     | -                     | -                            | -                     | -                                   | -                        | 6,978,096                |
| Prepaid expenditures  | 547,764               | -                       | -                      | -                         | -                     | 174,589               | -                            | -                     | -                                   | -                        | 722,353                  |
| Inventories   | 456,599               | -                       | -                      | -                         | -                     | -                     | -                            | -                     | -                                   | -                        | 456,599                  |
| Accrued interest receivable   | -                     | 555                     | 205,014                | 536,230                   | 218,184               | 15,578,322            | -                            | 42,271                | -                                   | 603,393                  | 17,183,969               |
| <b>Total assets</b>   | <b>\$ 766,748,068</b> | <b>\$ 52,815,761</b>    | <b>\$ 66,732,781</b>   | <b>\$ 95,235,164</b>      | <b>\$ 30,119,416</b>  | <b>\$ 292,736,107</b> | <b>\$ 385,520,753</b>        | <b>\$ 303,169,063</b> | <b>\$ 98,617,096</b>                | <b>\$ 121,758,289</b>    | <b>\$ 2,213,452,498</b>  |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> |                       |                         |                        |                           |                       |                       |                              |                       |                                     |                          |                          |
| Liabilities:  |                       |                         |                        |                           |                       |                       |                              |                       |                                     |                          |                          |
| Accounts payable and accrued liabilities                            | \$ 59,373,053         | \$ 137,269              | \$ 406,796             | \$ 3,735,925              | \$ 22,205,723         | \$ 46,954             | \$ 22,749,114                | \$ -                  | \$ -                                | \$ 4,434,528             | \$ 113,089,362           |
| Due to other governmental units                                     | 395,293               | 5,500,019               | -                      | 82,057,724                | 13,316                | -                     | -                            | 24,245,948            | 4,602,644                           | 2,438,294                | 119,253,238              |
| Internal balances (due to other funds)                              | -                     | -                       | -                      | -                         | -                     | -                     | -                            | -                     | -                                   | 6,978,096                | 6,978,096                |
| <b>Total liabilities</b>  | <b>59,768,346</b>     | <b>5,637,288</b>        | <b>406,796</b>         | <b>85,793,649</b>         | <b>22,219,039</b>     | <b>46,954</b>         | <b>22,749,114</b>            | <b>24,245,948</b>     | <b>4,602,644</b>                    | <b>13,850,918</b>        | <b>239,320,696</b>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                | <b>19,032,632</b>     | <b>-</b>                | <b>42,789,288</b>      | <b>-</b>                  | <b>-</b>              | <b>-</b>              | <b>500,615</b>               | <b>-</b>              | <b>-</b>                            | <b>284,121</b>           | <b>62,606,656</b>        |

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

(Continued)

**Balance Sheet  
Governmental Funds (continued)**

**As of June 30, 2025**

|   | Major Funds        |                         |                        |                           |                       |                    |                              |                     | Nonmajor Funds                      |                          | Total Governmental Funds |
|---|--------------------|-------------------------|------------------------|---------------------------|-----------------------|--------------------|------------------------------|---------------------|-------------------------------------|--------------------------|--------------------------|
|   | General Fund       | Affordable Housing Fund | Opioid Settlement Fund | American Rescue Plan Fund | Major Facilities Fund | Debt Service Fund  | County Capital Projects Fund | School Capital Fund | Wake Community College Capital Fund | Other Governmental Funds |                          |
| Fund Balances:  |                    |                         |                        |                           |                       |                    |                              |                     |                                     |                          |                          |
| Non-spendable:  |                    |                         |                        |                           |                       |                    |                              |                     |                                     |                          |                          |
| Inventories   | \$ 456,599         | \$ -                    | \$ -                   | \$ -                      | \$ -                  | \$ -               | \$ -                         | \$ -                | \$ -                                | \$ -                     | 456,599                  |
| Prepaid expenditures  | 547,764            | -                       | -                      | -                         | -                     | 174,589            | -                            | -                   | -                                   | -                        | 722,353                  |
| Noncurrent receivable   | 12,083             | -                       | -                      | -                         | -                     | -                  | -                            | -                   | -                                   | -                        | 12,083                   |
| Restricted:   |                    |                         |                        |                           |                       |                    |                              |                     |                                     |                          |                          |
| Stabilization by state statute                                      | 124,012,787        | 3,587,279               | 9,558,386              | -                         | 7,839,223             | 22,525,729         | 92,966,853                   | 265,934,721         | 251,121                             | 18,834,850               | 545,510,949              |
| Individuals, organizations, and other governments                   | -                  | -                       | -                      | -                         | -                     | -                  | -                            | -                   | -                                   | 644,102                  | 644,102                  |
| Unexpended settlement funds   | -                  | -                       | 13,978,311             | -                         | -                     | -                  | -                            | -                   | -                                   | -                        | 13,978,311               |
| Register of deeds automation  | 1,491,780          | -                       | -                      | -                         | -                     | -                  | -                            | -                   | -                                   | -                        | 1,491,780                |
| Committed:  |                    |                         |                        |                           |                       |                    |                              |                     |                                     |                          |                          |
| Revaluation reserve   | 2,649,151          | -                       | -                      | -                         | -                     | -                  | -                            | -                   | -                                   | -                        | 2,649,151                |
| Non-MOA Opioid Settlement funds                                     | 331,533            | -                       | -                      | -                         | -                     | -                  | -                            | -                   | -                                   | -                        | 331,533                  |
| Future appropriations from excess ABC revenues                      | 3,867,784          | -                       | -                      | -                         | -                     | -                  | -                            | -                   | -                                   | -                        | 3,867,784                |
| Future appropriations for behavioral health                         | 65,582,294         | -                       | -                      | -                         | -                     | -                  | -                            | -                   | -                                   | -                        | 65,582,294               |
| Future appropriations for agricultural easements                    | 2,439,215          | -                       | -                      | -                         | -                     | -                  | 7,438,065                    | -                   | -                                   | -                        | 9,877,280                |
| Future appropriations for business incentive grants                 | 263,000            | -                       | -                      | -                         | -                     | -                  | -                            | -                   | -                                   | -                        | 263,000                  |
| Working capital   | 486,293,100        | -                       | -                      | -                         | -                     | -                  | -                            | -                   | -                                   | 8,857,310                | 495,150,410              |
| Assigned:   |                    |                         |                        |                           |                       |                    |                              |                     |                                     |                          |                          |
| Planned expenditures  | -                  | 43,591,194              | -                      | 9,441,515                 | 61,154                | 1,428,182          | 247,862,270                  | 12,988,394          | 80,222,839                          | 28,196,408               | 423,791,956              |
| Future capital projects   | -                  | -                       | -                      | -                         | -                     | -                  | 14,003,836                   | -                   | 13,540,492                          | 54,208,366               | 81,752,694               |
| Debt service  | -                  | -                       | -                      | -                         | -                     | 268,560,653        | -                            | -                   | -                                   | -                        | 268,560,653              |
| Unassigned  | -                  | -                       | -                      | -                         | -                     | -                  | -                            | -                   | -                                   | (3,117,786)              | (3,117,786)              |
| <b>Total fund balances</b>  | <b>687,947,090</b> | <b>47,178,473</b>       | <b>23,536,697</b>      | <b>9,441,515</b>          | <b>7,900,377</b>      | <b>292,689,153</b> | <b>362,271,024</b>           | <b>278,923,115</b>  | <b>94,014,452</b>                   | <b>107,623,250</b>       | <b>1,911,525,146</b>     |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 766,748,068     | \$ 52,815,761           | \$ 66,732,781          | \$ 95,235,164             | \$ 30,119,416         | \$ 292,736,107     | \$ 385,520,753               | \$ 303,169,063      | \$ 98,617,096                       | \$ 121,758,289           | \$ 2,213,452,498         |

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, 2025**

|  |                           |
|--|---------------------------|
| Fund balances - governmental funds   | \$ 1,911,525,146          |
| <b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>  |                           |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds less assets related to the Corporate Fleet Internal Service Fund  | 892,925,377               |
| Right-to-use lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.   |                           |
| Right-to-use at historical cost  | 60,812,550                |
| Accumulated Amortization   | (14,898,004)              |
| 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   | 58,879,185                |
| Net pension assets from the ROD Supplemental Retirement fund resulting from contributions greater than the amount of annual required contributions are not financial resources and therefore not reported in the funds   | 1,148,007                 |
| Contributions to the LGERS Pension plan, ROD Supplemental Retirement fund and Other post employment benefits in the fiscal year are deferred outflows of resources on the Statement of Net Position  | 53,443,378                |
| Long-term liabilities, including bonds payable, other post employment benefits, pension liabilities and deferred portion of advanced refundings are not due and payable in the current period and therefore are not reported in the funds.                       | (4,080,304,627)           |
| Pension related deferrals for the LGERS Pension plan, ROD Supplemental Retirement fund and the LEO Special Separation fund, as well as, deferrals related to Other post-employment benefits  | 5,349,987                 |
| Internal service funds is used by management to charge the costs of fleet and health and dental insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. | <u>34,734,706</u>         |
| Net position of governmental activities  | <u>\$ (1,076,384,295)</u> |

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

(Continued)

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund**

**For the Year Ended June 30, 2025**

|  | Major Funds          |                         |                        |                           |                       |                      |                              |                      |                                     |                      |                          |
|--|----------------------|-------------------------|------------------------|---------------------------|-----------------------|----------------------|------------------------------|----------------------|-------------------------------------|----------------------|--------------------------|
|  | General Fund         | Affordable Housing Fund | Opioid Settlement Fund | American Rescue Plan 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 |
| <b>REVENUES:</b>                       |                      |                         |                        |                           |                       |                      |                              |                      |                                     |                      |                          |
| Taxes                                  | \$1,904,708,299      | \$ -                    | \$ -                   | \$ -                      | \$ 88,979,239         | \$ -                 | \$ -                         | \$ -                 | \$ -                                | \$ 55,181,944        | \$ 2,048,869,482         |
| Intergovernmental                      | 93,893,461           | 8,360,738               | -                      | 28,296,056                | -                     | 11,982,818           | 2,586,903                    | -                    | -                                   | 21,450,971           | 166,570,947              |
| Charges for services                   | 94,933,587           | 637,364                 | 6,046,929              | 310,347                   | -                     | -                    | 107,066                      | -                    | -                                   | 4,667,128            | 106,702,421              |
| Fines and forfeitures                  | -                    | -                       | -                      | -                         | -                     | -                    | -                            | -                    | -                                   | 2,878,365            | 2,878,365                |
| Licenses and permits                   | 6,951,290            | -                       | -                      | -                         | -                     | -                    | -                            | -                    | -                                   | -                    | 6,951,290                |
| Investment earnings                    | 299,448              | 2,963                   | 802,919                | 3,013,769                 | 776,986               | 68,831,873           | -                            | 190,344              | -                                   | 2,386,158            | 76,304,460               |
| Miscellaneous                          | 101,856              | 225                     | -                      | -                         | -                     | -                    | 434,836                      | 882                  | -                                   | 14,839               | 552,638                  |
| Total Revenues                         | <u>2,100,887,941</u> | <u>9,001,290</u>        | <u>6,849,848</u>       | <u>31,620,172</u>         | <u>89,756,225</u>     | <u>80,814,691</u>    | <u>3,128,805</u>             | <u>191,226</u>       | <u>-</u>                            | <u>86,579,405</u>    | <u>2,408,829,603</u>     |
| <b>EXPENDITURES:</b>                   |                      |                         |                        |                           |                       |                      |                              |                      |                                     |                      |                          |
| Current:                               |                      |                         |                        |                           |                       |                      |                              |                      |                                     |                      |                          |
| General government                     | 84,526,901           | -                       | -                      | 28,220,651                | -                     | 2,666,093            | 31,910,390                   | -                    | -                                   | 110,821              | 147,434,856              |
| Health and human services              | 263,075,029          | 5,824,228               | 2,470,787              | -                         | -                     | -                    | 50,432,775                   | -                    | -                                   | 30,530,105           | 352,332,924              |
| Education                              | 751,298,276          | -                       | -                      | -                         | -                     | -                    | -                            | 423,159,643          | 40,553,639                          | 2,888,493            | 1,217,900,051            |
| Community and environmental services   | 63,066,481           | -                       | -                      | -                         | 80,986,615            | -                    | 19,657,831                   | -                    | -                                   | 2,619,027            | 166,329,954              |
| Public safety                          | 250,056,960          | -                       | -                      | -                         | -                     | -                    | 13,465,956                   | -                    | -                                   | 51,078,722           | 314,601,638              |
| Infrastructure                         | 73,650,931           | -                       | -                      | -                         | -                     | -                    | -                            | -                    | -                                   | 37,500               | 73,688,431               |
| Debt service:                          |                      |                         |                        |                           |                       |                      |                              |                      |                                     |                      |                          |
| Principal                              | 3,782,605            | -                       | -                      | -                         | -                     | 260,185,000          | 6,948,052                    | -                    | -                                   | 70,190               | 270,985,847              |
| Interest                               | 675,772              | -                       | -                      | -                         | -                     | 118,559,926          | 168,242                      | -                    | -                                   | 9,631                | 119,413,571              |
| Total Expenditures                     | <u>1,490,132,955</u> | <u>5,824,228</u>        | <u>2,470,787</u>       | <u>28,220,651</u>         | <u>80,986,615</u>     | <u>381,411,019</u>   | <u>122,583,246</u>           | <u>423,159,643</u>   | <u>40,553,639</u>                   | <u>87,344,489</u>    | <u>2,662,687,272</u>     |
| REVENUES OVER (UNDER) EXPENDITURES     | <u>610,754,986</u>   | <u>3,177,062</u>        | <u>4,379,061</u>       | <u>3,399,521</u>          | <u>8,769,610</u>      | <u>(300,596,328)</u> | <u>(119,454,441)</u>         | <u>(422,968,417)</u> | <u>(40,553,639)</u>                 | <u>(765,084)</u>     | <u>(253,857,669)</u>     |
| <b>OTHER FINANCING SOURCES (USES):</b> |                      |                         |                        |                           |                       |                      |                              |                      |                                     |                      |                          |
| Transfers in                           | 2,354,294            | -                       | -                      | -                         | -                     | 336,629,995          | 121,539,295                  | 67,800,000           | 4,415,000                           | 35,132,806           | 567,871,390              |
| Transfers out                          | (548,280,112)        | -                       | -                      | (2,242,075)               | (8,650,000)           | (2,925,914)          | -                            | (954,294)            | -                                   | (12,118,995)         | (575,171,390)            |
| Bonds issued                           | -                    | -                       | -                      | -                         | -                     | 45,157,799           | 41,535,606                   | 179,947,789          | 94,908,806                          | -                    | 361,550,000              |
| Bond anticipation notes issued         | -                    | -                       | -                      | -                         | -                     | -                    | -                            | 185,145,429          | 16,126,736                          | -                    | 201,272,165              |
| Refunding of bond anticipation notes   | -                    | -                       | -                      | -                         | -                     | -                    | -                            | (124,655,105)        | (15,716,726)                        | -                    | (140,371,831)            |
| Drawdown installment notes issued      | -                    | -                       | -                      | -                         | -                     | -                    | -                            | 153,061,407          | -                                   | -                    | 153,061,407              |

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

(Continued)

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund (continued)**

**For the Year Ended June 30, 2025**

|   | Major Funds           |                            |                              |                                 |                          |                       |                                    |                        |  |                            |                                |
|---|-----------------------|----------------------------|------------------------------|---------------------------------|--------------------------|-----------------------|------------------------------------|------------------------|--|----------------------------|--------------------------------|
|   | General Fund          | Affordable<br>Housing Fund | Opioid<br>Settlement<br>Fund | American<br>Rescue Plan<br>Fund | Major<br>Facilities Fund | Debt<br>Service Fund  | County Capital<br>Projects<br>Fund | School<br>Capital Fund | Wake<br>Community<br>College<br>Capital Fund | Total<br>Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
| Refunding of drawdown installment notes                   | -                     | -                          | -                            | -                               | -                        | -                     | -                                  | (252,208,143)          | -  | -                          | (252,208,143)                  |
| Limited obligation bonds issued                           | -                     | -                          | -                            | -                               | -                        | 505,797               | 10,691,088                         | 267,548,115            | -  | -                          | 278,745,000                    |
| Premiums on issuance                                      | -                     | -                          | -                            | -                               | -                        | 4,596,696             | 4,140,255                          | 41,686,124             | -  | -                          | 50,423,075                     |
| Payment to refunding escrow agent                         | -                     | -                          | -                            | -                               | -                        | (49,468,918)          | -                                  | -                      | -  | -                          | (49,468,918)                   |
| Issuance of right-to-use debt                             | 596,239               | -                          | -                            | -                               | -                        | -                     | 5,791,947                          | -                      | -  | -                          | 6,388,186                      |
| Sale of assets and materials                              | 59,897                | 28,500                     | -                            | -                               | -                        | -                     | 44,550                             | -                      | -  | 135,794                    | 268,741                        |
| Total Other Financing Sources (Uses)                      | (545,269,682)         | 28,500                     | -                            | (2,242,075)                     | (8,650,000)              | 334,495,455           | 183,742,741                        | 517,371,322            | 99,733,816                                   | 23,149,605                 | 602,359,682                    |
| <b>NET CHANGE IN FUND BALANCES</b>                        | <b>65,485,304</b>     | <b>3,205,562</b>           | <b>4,379,061</b>             | <b>1,157,446</b>                | <b>119,610</b>           | <b>33,899,127</b>     | <b>64,288,300</b>                  | <b>94,402,905</b>      | <b>59,180,177</b>                            | <b>22,384,521</b>          | <b>348,502,013</b>             |
| Fund Balances at beginning of year as previously reported | 622,461,786           | 43,972,911                 | 19,157,636                   | 8,284,069                       | 7,780,767                | 250,314,448           | 297,982,724                        | 184,520,210            | 34,834,275                                   | 85,238,729                 | 1,554,547,555                  |
| Error Correction - footnote 24                            | -                     | -                          | -                            | -                               | -                        | 8,475,578             | -                                  | -                      | -  | -                          | 8,475,578                      |
| Fund Balances at beginning of year, restated              | 622,461,786           | 43,972,911                 | 19,157,636                   | 8,284,069                       | 7,780,767                | 258,790,026           | 297,982,724                        | 184,520,210            | 34,834,275                                   | 85,238,729                 | 1,563,023,133                  |
| <b>FUND BALANCES AT END OF YEAR</b>                       | <b>\$ 687,947,090</b> | <b>\$ 47,178,473</b>       | <b>\$ 23,536,697</b>         | <b>\$ 9,441,515</b>             | <b>\$ 7,900,377</b>      | <b>\$ 292,689,153</b> | <b>\$ 362,271,024</b>              | <b>\$ 278,923,115</b>  | <b>\$ 94,014,452</b>                         | <b>\$ 107,623,250</b>      | <b>\$ 1,911,525,146</b>        |

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

(Continued)

## 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, 2025

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

|  |                       |
|--|-----------------------|
| <b>Net change in fund balances - total governmental funds</b>  | \$ 348,502,013        |
| 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.   | 77,949,096            |
| Right-to-use capital outlay expenditures which were capitalized.   | 6,388,186             |
| Amortization expense for right to use assets   | (5,502,876)           |
| Depreciation expense for the fiscal year being reported, less depreciation in Corporate Fleet Fund   | (34,859,791)          |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | (290,553,179)         |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   | (173,297)             |
| 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.  | (58,234,273)          |
| Contributions to the LGERS Pension plan, ROD Supplemental Retirement fund, LEO Separation Allowance and Other post employment benefits in the current fiscal year are not included on the Statement of Activities  | 69,509,718            |
| Internal service fund are used by management to charge the costs of the County's fleet of vehicles and the costs of health and dental insurance to individual funds. The net revenue of the internal service funds are reported within the governmental activities.  | <u>4,060,740</u>      |
| <b>Change in net position of governmental activities</b>   | <u>\$ 117,086,337</u> |

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

**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2025**

|   | Budgeted Amounts     |                      |                       | Variance with Final Budget - Positive (Negative) |
|---|----------------------|----------------------|-----------------------|--|
|   | Original             | Final                | Actual                |  |
| <b>REVENUES:</b>  |                      |                      |                       |  |
| Taxes   | \$ 1,900,306,098     | \$ 1,900,306,098     | \$ 1,904,708,299      | \$ 4,402,201                                     |
| Intergovernmental   | 78,276,628           | 79,630,214           | 93,893,461            | 14,263,247                                       |
| Charges for services  | 77,796,309           | 78,424,248           | 94,933,587            | 16,509,339                                       |
| Licenses and permits  | 6,578,480            | 6,578,480            | 6,951,290             | 372,810  |
| Investment earnings   | 200                  | 200                  | 299,448               | 299,248  |
| Miscellaneous   | 355,366              | 355,366              | 101,856               | (253,510)  |
| Total Revenues  | <u>2,063,313,081</u> | <u>2,065,294,606</u> | <u>2,100,887,941</u>  | <u>35,593,335</u>                                |
| <b>EXPENDITURES:</b>  |                      |                      |                       |  |
| Current:  |                      |                      |                       |  |
| General government  | 85,126,699           | 94,791,513           | 85,503,176            | 9,288,337  |
| Health and human services   | 298,775,874          | 300,848,044          | 264,945,668           | 35,902,376                                       |
| Education   | 751,298,276          | 751,298,276          | 751,298,276           | -  |
| Community and environmental services  | 68,852,855           | 68,815,941           | 63,752,667            | 5,063,274  |
| Public safety   | 253,974,246          | 257,099,114          | 250,731,765           | 6,367,349  |
| Infrastructure  | 79,326,050           | 79,970,123           | 73,901,403            | 6,068,720  |
| Total Expenditures  | <u>1,537,354,000</u> | <u>1,552,823,011</u> | <u>1,490,132,955</u>  | <u>62,690,056</u>                                |
| REVENUES OVER EXPENDITURES  | <u>525,959,081</u>   | <u>512,471,595</u>   | <u>610,754,986</u>    | <u>98,283,391</u>                                |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                      |                      |                       |  |
| Transfers in  | 2,354,294            | 2,354,294            | 2,354,294             | -  |
| Transfers out   | (543,659,000)        | (548,280,112)        | (548,280,112)         | -  |
| Issuance of right-to-use debt   | -                    | -                    | 596,239               | 596,239  |
| Sale of assets and materials  | 30,000               | 30,000               | 59,897                | 29,897   |
| Total Other Financing Sources (Uses)  | <u>(541,274,706)</u> | <u>(545,895,818)</u> | <u>(545,269,682)</u>  | <u>626,136</u>                                   |
| REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES   | <u>(15,315,625)</u>  | <u>(33,424,223)</u>  | <u>65,485,304</u>     | <u>98,909,527</u>                                |
| APPROPRIATED FUND BALANCE   | <u>15,315,625</u>    | <u>33,424,223</u>    | <u>-</u>              | <u>(33,424,223)</u>                              |
| REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES | <u>\$ -</u>          | <u>\$ -</u>          | <u>65,485,304</u>     | <u>\$ 65,485,304</u>                             |
| FUND BALANCE AT BEGINNING OF YEAR   |                      |                      | <u>622,461,786</u>    |  |
| FUND BALANCE AT END OF YEAR   |                      |                      | <u>\$ 687,947,090</u> |  |

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

**Major Facilities Fund**  
**Statement of Revenues, Expenditures and Changes in Appropriated Fund Balance -**  
**Budget and Actual**

**For the Year Ended June 30, 2025**

|  | Budgeted Amounts |               | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|---------------|---------------|---|
|  | Original         | Final         |               |   |
| REVENUES:  |                  |               |               |   |
| Occupancy tax  | \$ 39,699,000    | \$ 44,699,000 | \$ 41,286,498 | \$ (3,412,502)  |
| Prepared food tax                                      | 47,490,000       | 48,490,000    | 47,692,741    | (797,259)   |
| Investment earnings                                    | -                | -             | 776,986       | 776,986   |
| Total Revenues   | 87,189,000       | 93,189,000    | 89,756,225    | (3,432,775)   |
| EXPENDITURES:  |                  |               |               |   |
| Raleigh hold harmless - occupancy                      | 680,000          | 680,000       | 680,000       | -   |
| Cary hold harmless - occupancy                         | 1,952,000        | 2,202,000     | 2,031,825     | 170,175   |
| Greater Raleigh Convention and Visitors Bureau         | 10,010,000       | 11,260,000    | 10,406,375    | 853,625   |
| Centennial Authority operations 7%                     | 5,168,000        | 5,483,000     | 5,259,873     | 223,127   |
| Raleigh annual distribution - \$1M                     | 1,000,000        | 1,000,000     | 1,000,000     | -   |
| Convention Center                                      | 47,653,000       | 51,210,000    | 48,691,542    | 2,518,458   |
| Lenovo Center  | 9,917,000        | 9,917,000     | 9,917,000     | -   |
| Cary sports venue                                      | 3,000,000        | 3,000,000     | 3,000,000     | -   |
| Total Expenditures                                     | 79,380,000       | 84,752,000    | 80,986,615    | 3,765,385   |
| REVENUES OVER EXPENDITURES                             | 7,809,000        | 8,437,000     | 8,769,610     | 332,610   |
| OTHER FINANCING (USES):                                |                  |               |               |   |
| Transfers out to General Fund                          | (8,650,000)      | (8,650,000)   | (8,650,000)   | -   |
| Total Other Financing (Uses)                           | (8,650,000)      | (8,650,000)   | (8,650,000)   | -   |
| APPROPRIATED FUND BALANCE                              | 841,000          | 213,000       | -             | (213,000)   |
| REVENUES (UNDER) EXPENDITURES AND OTHER FINANCING USES | \$ -             | \$ -          | 119,610       | \$ 119,610  |
| FUND BALANCE AT BEGINNING OF YEAR                      |                  |               | 7,780,767     |   |
| FUND BALANCE AT END OF YEAR                            |                  |               | \$ 7,900,377  |   |

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

**Statement of Net Position  
Proprietary Funds**

**As of June 30, 2025**

|   | Business-Type Activities         |  |                                   | Governmental              |
|---|----------------------------------|--|-----------------------------------|---------------------------|
|   | Enterprise                       |  |                                   | Activities                |
|   | Major Funds                      |  |                                   |                           |
|   | Solid Waste<br>Operating<br>Fund | South Wake<br>Landfill Partnership<br>Fund | Total Business-type<br>Activities | Internal Service<br>Funds |
| <b>ASSETS</b>                                     |                                  |  |                                   |                           |
| Current assets:                                   |                                  |  |                                   |                           |
| Cash and investments - pooled equity              | \$ 48,766,406                    | \$ -                                       | \$ 48,766,406                     | \$ 26,281,207             |
| Cash and investments - reserved                   | 7,200,900                        | 18,801,692                                 | 26,002,592                        | -                         |
| Cash and investments - cash equivalents           | -                                | 900  | 900                               | -                         |
| Taxes receivable (net)                            | 124,642                          | -  | 124,642                           | -                         |
| Accounts receivable (net)                         | 162,178                          | 4,316,515                                  | 4,478,693                         | 108,466                   |
| Intergovernmental receivable (net)                | 783,368                          | -  | 783,368                           | -                         |
| Internal balance (due from other funds)           | 70,644                           | 150,490                                    | 221,134                           | -                         |
| Prepaid expenses                                  | 1,400                            | -  | 1,400                             | 1,918,000                 |
| Inventories                                       | -                                | -  | -                                 | 45,105                    |
| Accrued interest receivable                       | 600,493                          | 208,656                                    | 809,149                           | 284,406                   |
| <b>Total current assets</b>                       | <b>57,710,031</b>                | <b>23,478,253</b>                          | <b>81,188,284</b>                 | <b>28,637,184</b>         |
| Noncurrent assets:                                |                                  |  |                                   |                           |
| Capital assets not being depreciated:             |                                  |  |                                   |                           |
| Land  | 382,327                          | -  | 382,327                           | -                         |
| Construction in progress                          | 6,733,131                        | -  | 6,733,131                         | -                         |
| Capital assets (net of accumulated depreciation): |                                  |  |                                   |                           |
| Landfills   | 2,749,413                        | -  | 2,749,413                         | -                         |
| Buildings   | 14,790,283                       | -  | 14,790,283                        | -                         |
| Machinery and equipment                           | 630,372                          | 15,179                                     | 645,551                           | 30,624                    |
| Vehicles  | -                                | -  | -                                 | 13,664,178                |
| Improvements                                      | 181,934                          | -  | 181,934                           | -                         |
| <b>Total non-current assets</b>                   | <b>25,467,460</b>                | <b>15,179</b>                              | <b>25,482,639</b>                 | <b>13,694,802</b>         |
| <b>Total assets</b>                               | <b>83,177,491</b>                | <b>23,493,432</b>                          | <b>106,670,923</b>                | <b>42,331,986</b>         |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             | <b>584,674</b>                   | <b>122,006</b>                             | <b>706,680</b>                    | <b>626,939</b>            |

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

(Continued)

**Statement of Net Position  
Proprietary Funds (continued)**

**As of June 30, 2025**

|  | Business-Type Activities                   |                                   |                           | Governmental         |
|--|--|-----------------------------------|---------------------------|----------------------|
|  | Enterprise                                 |                                   |                           | Activities           |
|  | Major Funds                                |                                   |                           |                      |
| Solid Waste<br>Operating<br>Fund         | South Wake<br>Landfill Partnership<br>Fund | Total Business-type<br>Activities | Internal Service<br>Funds |                      |
| <b>LIABILITIES</b>                       |  |                                   |                           |                      |
| Current liabilities:                     |  |                                   |                           |                      |
| Accounts payable and accrued liabilities | \$ 1,806,865                               | \$ 1,053,770                      | \$ 2,860,635              | \$ 2,205,767         |
| Due to other governmental units          | -  | 934,413                           | 934,413                   | -                    |
| Internal balances (due to other funds)   | 150,490                                    | 70,644                            | 221,134                   | -                    |
| Compensated absences                     | 85,176                                     | 15,278                            | 100,454                   | 92,000               |
| Closure/postclosure care costs           | 825,131                                    | -                                 | 825,131                   | -                    |
| Risk management liabilities              | 3,568                                      | 1,116                             | 4,684                     | 2,891,410            |
| Total current liabilities                | <u>2,871,230</u>                           | <u>2,075,221</u>                  | <u>4,946,451</u>          | <u>5,189,177</u>     |
| Noncurrent liabilities:                  |  |                                   |                           |                      |
| Net pension liability - LGERS            | 1,098,963                                  | 230,015                           | 1,328,978                 | 1,175,635            |
| Net OPEB Liability                       | 1,044,525                                  | 348,248                           | 1,392,773                 | 1,438,571            |
| Compensated absences                     | 73,162                                     | 4,909                             | 78,071                    | 55,178               |
| Construction reserves                    | -  | 13,493                            | 13,493                    | -                    |
| Closure/postclosure care costs           | 6,375,769                                  | 20,107,953                        | 26,483,722                | -                    |
| Total noncurrent liabilities             | <u>8,592,419</u>                           | <u>20,704,618</u>                 | <u>29,297,037</u>         | <u>2,669,384</u>     |
| Total liabilities                        | <u>11,463,649</u>                          | <u>22,779,839</u>                 | <u>34,243,488</u>         | <u>7,858,561</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>     | <u>255,213</u>                             | <u>84,836</u>                     | <u>340,049</u>            | <u>365,658</u>       |
| <b>NET POSITION</b>                      |  |                                   |                           |                      |
| Net investment in capital assets         | 25,467,460                                 | 15,179                            | 25,482,639                | 13,694,802           |
| Restricted:                              |  |                                   |                           |                      |
| Stabilization by state statute           | 3,627,280                                  | 735,584                           | 4,362,864                 | 4,385,050            |
| White goods                              | 7,262,209                                  | -                                 | 7,262,209                 | -                    |
| Planned expenses                         | 11,249,272                                 | -                                 | 11,249,272                | 16,654,854           |
| Unrestricted                             | 24,437,082                                 | -                                 | 24,437,082                | -                    |
| Total net position                       | <u>\$ 72,043,303</u>                       | <u>\$ 750,763</u>                 | <u>\$ 72,794,066</u>      | <u>\$ 34,734,706</u> |

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

**Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds**

**For the Year Ended June 30, 2025**

|  | Business-type Activities   |                                      |                                | Governmental Activities |
|--|----------------------------|--------------------------------------|--------------------------------|-------------------------|
|  | Enterprise                 |                                      |                                |                         |
|  | Major Funds                |                                      |                                | Internal Service Funds  |
|  | Solid Waste Operating Fund | South Wake Landfill Partnership Fund | Total Business-type Activities |                         |
| OPERATING REVENUES:                          |                            |                                      |                                |                         |
| Licenses and permits                         | \$ 9,300                   | \$ -                                 | \$ 9,300                       | \$ -                    |
| Charges for services                         | 11,049,074                 | 22,842,456                           | 33,891,530                     | 90,353,549              |
| Miscellaneous                                | 1,845,609                  | -                                    | 1,845,609                      | 2,137                   |
| Total Operating Revenues                     | 12,903,983                 | 22,842,456                           | 35,746,439                     | 90,355,686              |
| OPERATING EXPENSES:                          |                            |                                      |                                |                         |
| Cost of service                              | 13,080,510                 | 17,794,755                           | 30,875,265                     | 84,132,216              |
| Administration                               | 3,362,318                  | 980,416                              | 4,342,734                      | 5,951,910               |
| Partner rebates                              | -                          | 2,507,797                            | 2,507,797                      | -                       |
| Depreciation and amortization                | 1,060,404                  | -                                    | 1,060,404                      | 4,911,717               |
| Total Operating Expenses                     | 17,503,232                 | 21,282,968                           | 38,786,200                     | 94,995,843              |
| OPERATING INCOME (LOSS)                      | (4,599,249)                | 1,559,488                            | (3,039,761)                    | (4,640,157)             |
| NON-OPERATING REVENUES:                      |                            |                                      |                                |                         |
| Intergovernmental                            | 3,145,085                  | -                                    | 3,145,085                      | -                       |
| Investment earnings                          | 2,379,172                  | 724,959                              | 3,104,131                      | 1,020,018               |
| Sale of assets and materials                 | -                          | -                                    | -                              | 380,879                 |
| Total Non-Operating Revenues (Expenses), net | 5,524,257                  | 724,959                              | 6,249,216                      | 1,400,897               |
| INCOME BEFORE TRANSFERS                      | 925,008                    | 2,284,447                            | 3,209,455                      | (3,239,260)             |
| TRANSFERS:                                   |                            |                                      |                                |                         |
| Transfers in                                 | 2,278,801                  | -                                    | 2,278,801                      | 7,300,000               |
| Transfers out                                | -                          | (2,278,801)                          | (2,278,801)                    | -                       |
| Total Transfers                              | 2,278,801                  | (2,278,801)                          | -                              | 7,300,000               |
| CHANGE IN NET POSITION                       | 3,203,809                  | 5,646                                | 3,209,455                      | 4,060,740               |
| NET POSITION - BEGINNING OF YEAR             | 68,839,494                 | 745,117                              | 69,584,611                     | 30,673,966              |
| TOTAL NET POSITION, END OF YEAR              | \$ 72,043,303              | \$ 750,763                           | \$ 72,794,066                  | \$ 34,734,706           |

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

(Continued)

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2025**

|  | Business-type Activities         |   |                                      | Governmental           |
|--|----------------------------------|---|--------------------------------------|------------------------|
|  | Enterprise                       |   |                                      | Activities             |
|  | Major Funds                      |   |                                      |                        |
|  | Solid Waste<br>Operating<br>Fund | South Wake<br>Landfill<br>Partnership<br>Fund | Total<br>Business-type<br>Activities | Internal Service Funds |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                     |                                  |   |                                      |                        |
| Cash received from customers                                     | \$ 11,374,901                    | \$ 22,720,140                                 | \$ 34,095,041                        | \$ 90,277,179          |
| Cash payments to suppliers for goods and services                | (15,227,739)                     | (20,507,336)                                  | (35,735,075)                         | (87,365,123)           |
| Cash payments to employees for services                          | (2,320,298)                      | (497,210)                                     | (2,817,508)                          | (2,538,506)            |
| Cash received from other operating revenues                      | 1,854,909                        | -   | 1,854,909                            | 2,137                  |
| Net cash provided (used) by operating activities                 | (4,318,227)                      | 1,715,594                                     | (2,602,633)                          | 375,687                |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>          |                                  |   |                                      |                        |
| Intergovernmental revenue  | 3,155,155                        | -   | 3,155,155                            | -                      |
| Transfers in   | 6,655,801                        | -   | 6,655,801                            | 7,300,000              |
| Transfers out  | (4,377,000)                      | (2,278,801)                                   | (6,655,801)                          | -                      |
| Net cash provided (used) by noncapital financing activities      | 5,433,956                        | (2,278,801)                                   | 3,155,155                            | 7,300,000              |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b> |                                  |   |                                      |                        |
| Acquisition of capital assets                                    | (1,293,265)                      | (15,179)                                      | (1,308,444)                          | (5,313,017)            |
| Proceeds from sale of assets and materials                       | -                                | -   | -                                    | 848,675                |
| Net cash used by capital and related financing activities        | (1,293,265)                      | (15,179)                                      | (1,308,444)                          | (4,464,342)            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                     |                                  |   |                                      |                        |
| Interest received on investments                                 | 2,482,372                        | 759,216                                       | 3,241,588                            | 1,023,932              |
| Net cash provided by investing activities                        | 2,482,372                        | 759,216                                       | 3,241,588                            | 1,023,932              |
| Net increase in cash and cash equivalents                        | \$ 2,304,836                     | \$ 180,830                                    | \$ 2,485,666                         | \$ 4,235,277           |
| Cash and cash equivalents at beginning of year                   | 53,662,470                       | 18,621,762                                    | 72,284,232                           | 22,045,930             |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                  | <b>\$ 55,967,306</b>             | <b>\$ 18,802,592</b>                          | <b>\$ 74,769,898</b>                 | <b>\$ 26,281,207</b>   |

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

(Continued)

**Statement of Cash Flows  
Proprietary Funds (continued)  
For the Year Ended June 30, 2025**

|   | Business-type Activities         |   |                                      | Governmental           |
|---|----------------------------------|---|--------------------------------------|------------------------|
|   | Enterprise                       |   |                                      | Activities             |
|   | Major Funds                      |   |                                      |                        |
|   | Solid Waste<br>Operating<br>Fund | South Wake<br>Landfill<br>Partnership<br>Fund | Total<br>Business-type<br>Activities | Internal Service Funds |
| RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:             |                                  |   |                                      |                        |
| Operating income (loss)   | \$ (4,599,249)                   | \$ 1,559,488                                  | \$ (3,039,761)                       | \$ (4,640,157)         |
| Adjustments to reconcile operating income/loss to net cash provided (used) by operating activities: |                                  |   |                                      |                        |
| Depreciation and amortization   | 1,060,404                        | -   | 1,060,404                            | 4,911,717              |
| (Increase)/decrease in accounts and taxes receivables   | 325,828                          | (122,316)                                     | 203,512                              | (75,662)               |
| Decrease in inventories and prepaids  | -                                | -   | -                                    | 12,474                 |
| (Increase)/decrease in deferred outflows of resources   | 156,715                          | 27,847  | 184,562                              | (1,198)                |
| Increase/(decrease) in accounts payable, accrued liabilities and due to other governmental units    | (75,031)                         | (2,184,260)                                   | (2,259,291)                          | 165,411                |
| Increase/(decrease) in noncurrent liabilities   | (1,262,873)                      | 2,409,903                                     | 1,147,030                            | (114,553)              |
| Increase in deferred inflows of resources   | 75,979                           | 24,932  | 100,911                              | 117,655                |
| Total adjustments   | 281,022                          | 156,106                                       | 437,128                              | 5,015,844              |
| Net cash provided/(used) by operating activities  | \$ (4,318,227)                   | \$ 1,715,594                                  | \$ (2,602,633)                       | \$ 375,687             |

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

(Continued)

## Statement of Fiduciary Net Position Fiduciary Funds

As of June 30, 2025

|   | <u>Custodial Funds</u> | <u>OPEB Trust Fund</u>   |
|---|------------------------|--------------------------|
| <b>Assets</b>   |                        |                          |
| Cash and investments - pooled equity                                | \$ 392,757             | \$ -                     |
| Cash and investments - restricted                                   | -                      | 35,172,940               |
| Taxes Receivable  | 178,476                | -                        |
| Accounts receivable (net)   | <u>7,174,836</u>       | <u>-</u>                 |
| <br>Total assets  | <br><u>7,746,069</u>   | <br><u>35,172,940</u>    |
| <b>Liabilities</b>  |                        |                          |
| Accounts payable  | 576,914                | -                        |
| Due to other governmental units                                     | <u>6,735,357</u>       | <u>-</u>                 |
| <br>Total liabilities   | <br><u>7,312,271</u>   | <br><u>-</u>             |
| <b>Net Position</b>   |                        |                          |
| Restricted for individuals, organizations, and<br>other governments | 433,798                | -                        |
| Restricted for OPEB benefits  | <u>-</u>               | <u>35,172,940</u>        |
| <br>Total net position  | <br><u>\$ 433,798</u>  | <br><u>\$ 35,172,940</u> |

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

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds**

**For the Year Ended June 30, 2025**

|   | <u>Custodial Funds</u> | <u>OPEB Trust Fund</u> |
|---|------------------------|------------------------|
| Additions:  |                        |                        |
| Contributions - commissary                        | \$ 3,979,899           | \$ -                   |
| Contributions - employer                          | -                      | 8,034,851              |
| Tax collections for other governments             | 944,767,714            | -                      |
| Net investment income                             | 245,790                | 3,417,879              |
| Total additions                                   | <u>948,993,403</u>     | <u>11,452,730</u>      |
| Deductions:                                       |                        |                        |
| Benefits  | 949,003,905            | 4,822                  |
| Total deductions                                  | <u>949,003,905</u>     | <u>4,822</u>           |
| Net increase/(decrease) in fiduciary net position | <u>(10,502)</u>        | <u>11,447,908</u>      |
| Net position - beginning                          | <u>444,300</u>         | <u>23,725,032</u>      |
| Net position - ending                             | <u>\$ 433,798</u>      | <u>\$ 35,172,940</u>   |

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

(Continued)

## Notes to the Financial Statements For the Year Ended June 30, 2025

### 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, cultural-recreation, health and human services programs, affordable housing, community development, environmental services, planning and zoning, employment and training, education and general administration.

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

#### A. Reporting Entity

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

##### Discretely Presented Component Unit

Wake County Board of Alcoholic Control (ABC Board)

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

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

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

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

**NOTE 1. Summary of Significant Accounting Policies (Cont.)****B. Government-wide and Fund Financial Statements (Cont.)**

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. 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.

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

In the governmental funds statements, intergovernmental revenues and charges for services of the current fiscal period are susceptible to accrual and thus counted as revenue for the current fiscal period if received within 45 days of year-end. Property taxes and investment earnings are treated as revenue for the current fiscal period if received within 30 days of year-end. With the exception of sales tax distributions, revenues collected beyond these dates are not susceptible to accrual because generally they are either not available or not measurable until received in cash. Sales tax distributions are accrued and treated as revenue for the current fiscal period if received within 90 days of year-end. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received.

**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, health and human services, public safety, environmental services, cultural and recreational services, community development, and general governmental services.

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

Opioid Settlement Fund - The Opioid Settlement Fund reports revenues derived from a number of legal settlements with pharmaceutical companies. These amounts are restricted to be spent for certain opioid abatement and remediation activities.

**NOTE 1. Summary of Significant Accounting Policies (Cont.)****C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont.)**

American Rescue Plan (ARP) Fund - The American Rescue Plan Fund (ARP) Fund is for the collection and disbursement of the State and Local Fiscal Recovery Funds from American Rescue Plan Act through the US Treasury. These funds were allocated to help governments with their continued response to the COVID-19 emergency and its economic impact. All unspent funds are due back to the US Treasury and are listed as a liability.

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

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

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

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

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

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

South Wake Landfill Partnership Fund – The South Wake Landfill Partnership Fund accounts for one Subtitle D Landfill and the East Wake Transfer Station. These facilities are operated in partnership with 11 other local governments within Wake County through an Interlocal Agreement.

Additionally, the County reports the following fund types:

Non-major special revenue funds: The County has a variety of non-major special revenue funds including: Grants Fund, Coronavirus Relief Fund, Capital Area Workforce Development Fund, Fire Tax Fund, Transportation Fund, Fines and Forfeitures Fund, and Human Services Client Fund.

Non-major capital projects funds: The County has multiple non-major capital projects funds including: Fire Capital Projects Fund, Major Facilities Capital Trust Fund, and Affordable Housing Capital Projects Fund.

Internal Service Fund – The County has two internal service funds. The Corporate Fleet Fund accounts for the fleet service needs of all County departments. The Health and Dental Fund accounts for health and dental benefits of County current employees and qualifying retirees.

Custodial Funds - Custodial funds are used to account for assets held by the County as a custodian for individuals, private organizations, other governments, and/or other funds. Custodial funds use the economic resource measurement focus. The County maintains two custodial funds: the Municipal Tax Fund, which collects and disburses the taxes for municipalities in the County and the Commissary Fund, which accounts for inmate commissary activities related to Wake County's detention centers.

**NOTE 1. Summary of Significant Accounting Policies (Cont.)****C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont.)**

OPEB Trust Fund - The OPEB Trust fund was established to accumulate resources for the purpose of offsetting the County's OPEB liability. It accounts for the County's contributions for healthcare coverage provided to qualified retirees.

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

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

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

**D. Budgetary Data Control**

In compliance with the North Carolina Local Government Budget and Fiscal Control Act, the Board of Commissioners adopts an annual budget ordinance using the modified basis of accounting for all governmental and proprietary funds except funds authorized by project ordinances. The annual budget for governmental funds and proprietary funds must be adopted no later than July 1. Custodial and OPEB trust funds are not required by State law to be budgeted. All capital project funds and special revenue funds other than the Fire District Tax fund, Major Facilities Fund, Fines and Forfeitures fund, Human Services Client fund, Transportation Fund, Solid Waste Operating fund, South Wake Partnership fund, Corporate Fleet fund, and Health and Dental fund are budgeted under project ordinances spanning more than one fiscal year and are controlled by project. Project appropriations continue until the projects are complete. The Debt Service Fund also is budgeted annually.

For those funds for which annual budgets are adopted, appropriations are budgeted and controlled on a functional basis and amended as necessary during the fiscal year. The County Manager is authorized to transfer budgeted amounts between appropriations within the same function. However, any transfer exceeding \$150,000 shall be reported to the Board of County Commissioners at the next regularly scheduled meeting. Revisions that alter the total appropriations of any fund must be approved by the Board of Commissioners. Annual appropriations lapse at the end of the budget year.

**E. Deposits and Investments**

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

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

**NOTE 1. Summary of Significant Accounting Policies (Cont.)****E. Deposits and Investments (Cont.)**

As required, the County's investments are stated at fair value as determined by quoted market prices. The NCCMT Government Portfolio and North Carolina Local Government Investment Pool (NCLGIP), are SEC-registered 2a7 external investment pools and are measured at amortized cost. 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.

**Restricted assets**

The unexpended bond proceeds of the County's general obligation bonds are classified as restricted assets - restricted cash equivalents within the governmental funds because their use is completely restricted to the purpose for which the bonds were originally issued.

**OPEB Trust Fund**

General Statute 159-30.1 allows local governments to establish an Other Post Employment Benefits (OPEB) Trust Fund managed by the staff of the Department of the State Treasurer and operated in accordance with State laws and regulations. General Statute 159-30(g) allows the County to make contributions to the Fund. The Fund is not registered with the SEC. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and longer short-term fixed income investments as detailed in General Statutes 147-69.2(b)(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by General Statute 147-69.1; the Bond Index Fund (BIF) consisting of high quality debt securities, eligible under General Statute 147-69.2(b)(1)-(6); and BlackRock's MSCI All Country World Index (ACWI) Equity Index Non-Lendable Class B Fund under General Statute 147-69.2(b)(8). Under the authority of General Statute 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

**F. Interfund Receivables and Payables**

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

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

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets 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, deposits, taxes receivable beyond period of availability, unamortized gains on debt refundings, other receivables and OPEB or pension related deferrals.

The County has deferred inflows and outflows related to the recording of changes in its net pension liability – LGERS, net pension liability – ROD, total pension liability – LEOSA, and net other postemployment benefit (OPEB) liability. Certain changes in the net pension liability and net OPEB liability are recognized as expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability and net OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses

**NOTE 1. Summary of Significant Accounting Policies (Cont.)****G. Deferred Outflows/Inflows of Resources (Cont.)**

are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability and net OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in proportion and differences between employer contributions and proportionate share of contributions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on plan investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period.

**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, 2024.

Ad valorem taxes collected within 30 days after the fiscal year end for the year ended June 30, 2025 and prior years are accrued within the funds because the amounts are considered measurable and available. The remaining ad valorem taxes receivable are not accrued, as the amount is not considered available. These taxes receivable are significantly past due and are not considered to be an available resource to finance the operations of the subsequent year. GAAP states that property taxes, which are measurable but not available, should be initially recorded as deferred inflows of resources under the modified accrual basis of accounting. The receivable amount is reduced by an allowance for uncollectible taxes and an amount equal to the net receivable is shown as deferred inflows of resources on the combined balance sheet. In addition, property taxes collected in advance of the fiscal year to which they apply are recorded as deferred inflows of resources.

**I. Allowances for Uncollectible Accounts**

Allowances for uncollectible accounts are maintained on all types of receivables that historically experience uncollectible amounts. Allowances are based on collection experience and management evaluation of the current status of existing receivables. The County monitors and re-evaluates these allowances annually.

**J. Inventories and Prepaid Expenditures**

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

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

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

**K. Capital Assets and Right-to-Use Assets**

Capital Assets

Capital assets that are purchased or constructed are recorded at historical cost. Donated capital assets received prior to July 1, 2015 are recorded at estimated market value at the time of donation. Donated capital assets received on or after July 1, 2015 are recorded at acquisition value at the time of donation. The County defines capital assets as assets with an individual cost of more than \$5,000, and an estimated useful life of more than two years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

|                                  |                |
|----------------------------------|----------------|
| Buildings                        | 40 years       |
| Vehicles and motorized equipment | 5 years        |
| Machinery and equipment          | 3-20 years     |
| Improvements                     | 40 years       |
| Computer software                | 10 years       |
| Infrastructure                   | 20-50 years    |
| Leases                           | Agreement Term |
| Subscription IT arrangements     | Agreement Term |

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

Right-to-Use Assets

The County's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the County reports a lease (only applies when the County is the lessee) or agreements where the County reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus any ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

**NOTE 1. Summary of Significant Accounting Policies (Cont.)****K. Capital Assets and Right-to-Use Assets (Cont.)**

The right-to-use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term are reported as a prepayment (asset). Such prepayments are reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives are reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount is included in the initial measurement of the subscription asset. The right to use subscription assets are amortized on a straight-line basis over the subscription term.

**L. Long-Term Debt and other long-term obligations**

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. The County has chosen to apply the Last-in, First-out (LIFO) method of flow assumption for its sick leave. A four-year lookback period was used to estimate the amount of sick leave earned and taken annually. Based on the review, it was determined that no accrual for sick leave would be needed.

**N. Opioid Settlement Funds**

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds is front loaded. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities.

The County received \$6.0 million in the current fiscal year, spent \$2.5 million, and per the MOA accounts for the amounts in a special revenue fund, the Opioid Settlement Fund (major fund).

In July 2025, Secondary Opioid Manufacturer Settlements were reached with Alvogen, Inc., Amneal Pharmaceuticals LLC, Apotex Corp., Hikma Pharmaceuticals USA, Indivior Inc., Sun Pharmaceutical Industries Inc., and Zydus Pharmaceuticals Inc. A settlement was also reached with Purdue Pharma L.P.'s bankruptcy plan for \$7.4 billion. The Secondary Settlements are subject to the terms of the existing MOA with the State.

**NOTE 1. Summary of Significant Accounting Policies (Cont.)****O. Net Position/Fund Balances**

Net position in the government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents 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. Planned expenses for proprietary funds represent encumbered funds in the subsequent fiscal year or ending fund balances of capital projects funds.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints 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 Automation– 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 White Goods - portion of fund balance that is restricted by State Statute [G.S. 105-187.20-.21 and G.S. 130A-309.80-.86] for White Goods disposal and capital needs.

Restricted for individuals, organizations or other governments - portion of fund balance restricted by the Social Security Administration for Health and Human Services Clients and fines and forfeitures that the North Carolina Constitution article IV section 7 requires Counties to remit to the public school system.

Restricted Unexpended Settlement funds - ending fund balance of the Opioid Settlement Fund to be used toward prevention and treatment of opioid addiction related to a national settlement with four pharmaceutical companies.

Restricted Planned Expenditures – portion of net position that is appropriated in the subsequent year's budget that is not already classified in restricted.

**NOTE 1. Summary of Significant Accounting Policies (Cont.)****O. Net Position/Fund Balances (Cont.)**

Restricted Net Pension Asset - portion of net position that is restricted related to the Register of Deeds net pension asset.

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

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

Committed for Non-MOA Settlement funds - the County received an opioid settlement from McKinsey & Co that was not included under the Memorandum of Understanding. These funds were recorded in the General Fund and will be appropriated later when management determines an appropriated use.

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

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

Committed for Agricultural Easements - portion of fund balance that is set aside from roll back taxes to be appropriated for agricultural conservation easements. Roll back taxes originate in the general fund then are transferred in the subsequent year to the County Capital Projects fund.

Committed for Business Incentive Grants - portion of fund balance that is committed by the Board of Commissioners from unused business incentive grants. These will be appropriated by the Board in future years as additional business incentive grants are identified..

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

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

**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 – Annually budgeted funds - portion of fund balance that is appropriated in the subsequent year's budget that is not already classified in restricted or committed. Project funds - residual amount not classified elsewhere.

Future Capital Projects – portion of fund balance in a capital project fund that has not yet been assigned to a specific project.

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

**NOTE 1. Summary of Significant Accounting Policies (Cont.)****O. Net Position/Fund Balances (Cont.)**

**Unassigned Fund Balance** – portion of fund balance that has not been restricted, committed or assigned for a specific purpose. The General Fund should be the only fund to report a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative fund balance.

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

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

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

*Operating Funds* – The County will maintain a combined General Fund and Debt Service Fund total fund balance of at least 30% of General Fund and Debt Service Fund combined revenues.

These policies are reaffirmed annually in the County's adopted budget.

**P. Defined Benefit Pension Plan and Other Post Employment Benefits Plan**

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

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. Employees hired before July 1, 2011 who retire from the North Carolina Local Government Employees' Retirement System under early, normal or disabled retirement conditions; remained continuously employed in a benefit eligible position; and were enrolled in the County's health insurance program prior to separation from the County may continue in the County's retiree health insurance program based date of hire and years of creditable service. The plan does not issue a stand-alone financial report. For purposes of measuring the net OPEB liability,

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

**P. Defined Benefit Pension Plan and Other Post Employment Benefits Plan (Cont.)**

deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County’s Post Employment Healthcare Benefits Plan and additions to/deductions from Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Q. 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 \$(4,080,304,627) difference are as follows:

|   |                           |
|---|---------------------------|
| Outstanding long-term debt payable (per Note 10)  | \$ (3,936,706,242)        |
| Less:   |                           |
| Accrued interest payable  | (33,079,776)              |
| Payable to granting agency  | (2,359,243)               |
| Arbitrage rebate payable  | (9,057,116)               |
| Risk management liabilities   | (5,591,636)               |
| Add:  |                           |
| Portion of internal service fund’s compensated absences included in Note 10   | 147,178                   |
| Portion of internal service fund’s net OPEB liability included in Note 10   | 1,438,571                 |
| Portion of internal service fund’s net pension employment benefits included in Note 10                                      | 1,175,635                 |
| Unamortized portion of deferred inflow of resources related to advanced debt refundings (to be amortized over life of debt) | <u>(96,271,998)</u>       |
| Net adjustments to reduce fund balance - total governmental funds to arrive at net position - governmental activities       | <u>\$ (4,080,304,627)</u> |

**NOTE 1. Summary of Significant Accounting Policies (Cont.)****Q. 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 reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities shows some expenses that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Specifically, these are related to pension and other postemployment benefits.

**Net change in pension and other post employment benefits expense:**

|   |                        |
|---|------------------------|
| Local Government Employee Retirement System (LGERS)   | \$ (76,636,333)        |
| Register of Deeds (ROD)                               | (370,238)              |
| Law Enforcement Special Separation Allowance (LEOSSA) | (2,715,052)            |
| Other Post Employment Benefits (OPEB)                 | 21,487,350             |
|   | <u>\$ (58,234,273)</u> |

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

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

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 provide 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 \$(290,553,179) difference are as follows:

|  |                         |
|--|-------------------------|
| Debt issued or incurred:   |                         |
| GO bonds issued  | \$ (361,550,000)        |
| GO bond anticipation notes issued  | (201,272,400)           |
| Drawdown installment financing notes issued  | (153,061,406)           |
| Limited obligation bonds issued  | (278,745,000)           |
| IT subscription payable recorded   | (6,459,469)             |
| Premiums on refunding bond issuance - GO Bonds   | (29,387,694)            |
| Premiums on refunding bond issuance - LOBs   | (21,035,382)            |
| Net change in compensated absences liability   | (1,656,034)             |
| Net change in compensated absences liability - Corporate Fleet Fund  | 23,584                  |
| Change in risk management liabilities  | (361,770)               |
| Interest expense accrual and other adjustments   | (3,578,168)             |
| Total Increases  | <u>(1,057,083,739)</u>  |
| Principal repayments:  |                         |
| General obligation debt - schools  | 157,198,000             |
| General obligation debt - community college  | 28,580,170              |
| General obligation debt - other  | 12,846,830              |
| Limited obligation bonds   | 61,560,000              |
| Installment purchase payments  | -                       |
| IT subscription payments   | 1,423,971               |
| Lease payments   | 3,051,769               |
| Refunded GO bond anticipation notes  | 140,371,831             |
| Refunded drawdown installment notes  | 252,208,143             |
| Refunded GO bonds  | 49,500,000              |
| Current year amortization of bond premiums - GO Bonds  | 36,426,166              |
| Current year amortization of bond premiums - LOB Bonds   | 12,801,221              |
| Change in deferred portion of advanced debt refundings   | 10,562,459              |
| Total Decreases  | <u>766,530,560</u>      |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ (290,553,179)</u> |

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

**Q. 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 outlay increases exceeded the book value of capital asset decreases in fiscal year being reported. The details of this \$77,949,096 difference are as follows:

|  |                      |
|--|----------------------|
| Capital Asset Increases:   |                      |
| Capitalized capital outlay expenditures  | \$ 89,739,476        |
| Less acquisitions for right to use assets  | (6,388,186)          |
| Less capitalized capital outlay for the Corporate Fleet Fund   | (5,313,016)          |
| Transfers in from construction in progress   | 10,552,315           |
| Total Increases  | <u>88,590,589</u>    |
| Capital Asset Decreases:   |                      |
| Capital asset disposals  | \$ (33,586,145)      |
| Add disposals for the Corporate Fleet Fund   | 3,888,905            |
| Decrease in construction in progress   | (10,636,955)         |
| Accumulated depreciation related to capital asset disposals  | 33,113,810           |
| Less accumulated depreciation related to capital asset disposals in the Corporate Fleet Fund   | (3,421,108)          |
| Total Decreases  | <u>(10,641,493)</u>  |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ 77,949,096</u> |

**R. Unrestricted (deficit)**

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

|                                 |                           |
|---------------------------------|---------------------------|
| School system debt              | \$ (2,346,850,893)        |
| Community college debt          | (421,647,112)             |
| All other unrestricted          | <u>528,417,938</u>        |
| Total unrestricted net position | <u>\$ (2,240,080,067)</u> |

Under North Carolina law, the County is responsible for providing capital funding for the Wake County Board of Education (School System) and Wake Technical Community College (College). The County has chosen to meet its legal obligation to provide school capital funding by using a mixture of County funds and debt. The assets funded by the County are owned, utilized, and maintained by the School System or the College. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of the school-related debt less unspent bond proceeds was \$2,087,127,048, and the outstanding balance of the community college-related debt less unspent bond proceeds was \$427,004,183. For additional information regarding the County's debt see Note 1.M. and Note 9.

**Note 2. Related Organizations**

## Industrial Facilities and Pollution Control Financing Authority

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

## Wake County Housing Authority

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

## Wake County Hospital System, Inc.

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

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

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

## Wake Technical Community College

Technical and vocational training beyond the secondary level is provided by Wake Technical Community College, with some financial assistance from the County. The College is part of the state-wide system of community colleges. The College has a twelve-member Board of Trustees, four of which are appointed by the County Board of Commissioners. The College is reported as a component unit of the State. The County has no responsibility for the designation of management and exercises no control over the operations of the College beyond its annual appropriation. The County has an ongoing financial responsibility for the College because of the statutory responsibilities to provide funding for the College's facilities. The County remitted \$40,939,397 to the College for operating purposes during the current year. In addition, the County made debt service payments of \$28,580,169 on general obligation bonds and \$7,232,102 on limited 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 as of June 30, 2025. Complete financial statements for the College may be obtained at their administrative offices at 9101 Fayetteville Road, Raleigh, NC 27603.

## Raleigh-Durham Airport Authority

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

## Centennial Authority

The Centennial Authority is a local political subdivision of the State of North Carolina created pursuant to Section 4, Chapter 458 of the 1995 Session Laws of North Carolina. The purpose of the Authority is to study, design, plan, construct, own, promote, finance and operate a regional facility in Wake County, North Carolina. The Authority is reported as a component unit of the State. The regional facility will consist of an arena, coliseum, or other buildings or both, where sports, fitness, health, recreational, entertainment, or cultural activities can be conducted. In addition, the County remitted \$5,259,873 for operations and \$9,917,000 for facility improvements from the occupancy and prepared food and beverage taxes for the Authority. The County does not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements as of June 30, 2025. Complete financial statements for the Authority may be obtained at their administrative offices at 1520 Blue Ridge Road, Suite 201, Raleigh, NC 27607.

## Greater Raleigh Convention and Visitors Bureau

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

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

Funding is derived from the six percent occupancy tax levied upon the rental of rooms, lodging or similar accommodations, and from a one percent prepared food and beverage tax levied on all prepared foods and beverages sold by Wake County businesses. Monthly, the County is required to distribute to the Bureau a percentage of the tax collected with a minimum aggregate annual distribution of \$1,000,000. If tax revenues are not sufficient to fully fund the Bureau's minimum annual distributions, the County and City must fund the deficiency equally to ensure that the Bureau receives its minimum distribution of \$1,000,000 in any fiscal year. At the end of each fiscal year, unexpended funds and tax collections in excess of budget, revert to the Bureau's restricted fund balance. The Bureau may make use of the restricted fund balance to supplement their yearly budget. This budget and any amendments must be approved by the Bureau's Board of Directors, the Wake County Commission and the Raleigh City Council. Any use of restricted fund balance not included in the yearly budget must be approved by the Bureau's board, Wake County Commission and Raleigh City Council. 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, 2025. 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****A. 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 \$256,464,954 and a bank balance of \$269,865,898. Of the bank balance, \$2,600,000 was covered by federal depository insurance and \$267,265,898 in interest-bearing deposits was covered by collateral held under the pooling method.

**B. Investments**

As of June 30, 2025, the County had the following investments and maturities.

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

| Investment Type                                      | Valuation Measurement Method |   | Fair Value              | Less Than 2 Years       | 2 - 3 Years | 3 - 5 Years          |
|--|------------------------------|---|-------------------------|-------------------------|-------------|----------------------|
|  |                              |   |                         |                         |             |                      |
| U.S. Government Treasuries                           | Fair Value - Level           | 1 | \$ 1,030,486,597        | \$ 997,295,380          | \$ -        | \$ 33,191,217        |
| U.S. Government Agencies                             | Fair Value - Level           | 2 | 243,434,150             | 218,661,900             | -           | 24,772,250           |
| Commercial paper                                     | Fair Value - Level           | 2 | 49,045,793              | 49,045,793              | -           | -                    |
| N.C. Capital Management Trust - Government portfolio | Fair Value - Level           | 1 | 176,983,441             | 176,983,441             | -           | -                    |
| N.C. Cooperative Liquid Assets Securities Systems    | Amortized cost               |   | 133,168,095             | 133,168,095             | -           | -                    |
| N.C. Local Government Investment Pool                | Amortized cost               |   | 81,909,731              | 81,909,731              | -           | -                    |
| Total fair value                                     |                              |   | <u>\$ 1,715,027,807</u> | <u>\$ 1,657,064,340</u> | <u>\$ -</u> | <u>\$ 57,963,467</u> |

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

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

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

*Credit Risk.* The County has no formal policy regarding credit risk but has an informal investment policy that limits the County’s investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2025, 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, AA+ by Fitch Ratings, and Aaa by Moody’s Investors Service. The County’s investments in Commercial Paper were rated A-1+ by Standard & Poor’s, P-1 by Moody’s Investors Service and F-1 or F-1+ by Fitch Ratings. The County’s investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor’s and AAA-mf by Moody’s Investors Service as of June 30, 2025. The County’s investment in the North Carolina Local Government Investment Pool carried a AAAm by Standard & Poor’s and AAAmmf by Fitch as of June 30, 2025. The County’s investments in the NC Cooperative Liquid Assets Securities System carried a credit rating of AAAm by Standard & Poor’s as of June 30, 2025.

*Concentration risk:* The County has no formal policy regarding concentration risk but has an informal investment policy that limits the amount of commercial paper and certificates of deposits to \$50 million in any one issuer’s name.

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

**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, 2025, all of the County's investments were in the County's name.

**OPEB Trust**

At June 30, 2025 the Wake County's OPEB Trust had \$35,172,940 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the Wake County's OPEB Trust was invested as follows: State Treasurer's Short Term Investment Fund (STIF) 13.13%, which is reported as cash and cash equivalents; State Treasurer's Bond Index Fund (BIF) 26.17% and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund (EIF) 60.70%.

**Level of the fair value hierarchy:** Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are measured at fair value by the custodian using Level 2 inputs. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2025, of 2.1 years. Level 2 inputs in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share.

Ownership of the BIF is determined monthly at fair value using the same Level 2 inputs as the STIF and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. The BIF, which does not have a credit rating, was valued at \$1 per unit, and had an average maturity of 8.11 years on June 30, 2025.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2025 the fair value of the funds was \$ 44.3339 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Valuation technique:** North Carolina Department of State Treasurer OPEB Trust investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

**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:

Taxes and 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 \$133,441 and \$2,897, respectively.

The loan receivable balance for the Affordable Housing fund and the American Rescue Plan fund is a collection of loans made for the purpose of housing affordability and small business loans that assisted local business during the pandemic. The entire net balance in the Affordable Housing fund of 42,570,099 and the fund balance of \$9,441,515 in the American Rescue Plan fund is considered nonspendable and it is not expected to be collected in the subsequent fiscal year.

|                              | General Fund   | Affordable Housing Fund | Opioid Settlement Fund | American Rescue Plan Fund | Major Facilities Fund | Debt Service Fund | County Capital Project Fund | School Capital Fund | Wake Tech Capital Fund | Non Major Funds | Totals         |
|------------------------------|----------------|-------------------------|------------------------|---------------------------|-----------------------|-------------------|-----------------------------|---------------------|------------------------|-----------------|----------------|
| Taxes:                       |                |                         |                        |                           |                       |                   |                             |                     |                        |                 |                |
| Property taxes               | \$ 9,562,624   | \$ -                    | \$ -                   | \$ -                      | \$ -                  | \$ -              | \$ -                        | \$ -                | \$ -                   | \$ 476,467      | \$ 10,039,091  |
| Sales                        | 77,213,901     | -                       | -                      | 58,560                    | -                     | -                 | 1,044,631                   | 9,038,290           | -                      | 22,473          | 87,377,855     |
| Prepared food & occupancy    | -              | -                       | -                      | -                         | 7,621,039             | -                 | -                           | -                   | -                      | -               | 7,621,039      |
| Accounts                     | 89,150,536     | 50,118                  | 47,589,898             | -                         | -                     | -                 | 240,402                     | 16,210,101          | 251,121                | 2,575,129       | 156,067,305    |
| Intergovernmental            | 28,891,593     | 825,524                 | -                      | -                         | -                     | 6,947,407         | 5,290,030                   | -                   | -                      | 7,158,758       | 49,113,312     |
| Special Assessments          | -              | -                       | -                      | -                         | -                     | -                 | 123,309                     | -                   | -                      | -               | 123,309        |
| Loans receivable             | -              | 48,490,171              | -                      | 45,537,094                | -                     | -                 | -                           | -                   | -                      | 2,670,341       | 96,697,606     |
| Interest                     | -              | 555                     | 205,014                | 536,230                   | 218,184               | 15,578,322        | -                           | 42,271              | -                      | 603,393         | 17,183,969     |
| Gross receivables            | 204,818,654    | 49,366,368              | 47,794,912             | 46,131,884                | 7,839,223             | 22,525,729        | 6,698,372                   | 25,290,662          | 251,121                | 13,506,561      | 424,223,486    |
| Less allowance for bad debts | (77,237,184)   | (5,970,190)             | -                      | (448,300)                 | -                     | -                 | (4,615,478)                 | -                   | -                      | (705,782)       | (88,976,934)   |
| Net total receivables        | \$ 127,581,470 | \$ 43,396,178           | \$ 47,794,912          | \$ 45,683,584             | \$ 7,839,223          | \$ 22,525,729     | \$ 2,082,894                | \$ 25,290,662       | \$ 251,121             | \$ 12,800,779   | \$ 335,246,552 |

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

|  | General Fund         | Opioid Settlement Fund | County Capital Projects Fund | Non Major Funds   | Total                |
|--|----------------------|------------------------|------------------------------|-------------------|----------------------|
| <b>Unavailable:</b>                        |                      |                        |                              |                   |                      |
| Taxes receivable                           | \$ 5,671,567         | \$ -                   | \$ -                         | \$ 247,407        | \$ 5,918,974         |
| Other receivables                          | 10,134,209           | 42,789,288             | -                            | -                 | 52,923,497           |
| <b>Total Unavailable</b>                   | <b>15,805,776</b>    | <b>42,789,288</b>      | <b>-</b>                     | <b>247,407</b>    | <b>58,842,471</b>    |
| <b>Deferred:</b>                           |                      |                        |                              |                   |                      |
| Prepaid property taxes not yet earned      | 3,157,497            | -                      | 500,615                      | 36,714            | 3,694,826            |
| Deposits on account                        | 69,358               | -                      | -                            | -                 | 69,358               |
| <b>Total Deferred</b>                      | <b>3,226,855</b>     | <b>-</b>               | <b>500,615</b>               | <b>36,714</b>     | <b>3,764,184</b>     |
| <b>Total deferred inflows of resources</b> | <b>\$ 19,032,631</b> | <b>\$ 42,789,288</b>   | <b>\$ 500,615</b>            | <b>\$ 284,121</b> | <b>\$ 62,606,655</b> |

Governmental funds report deferred inflows of resources in connection with pre-paid property taxes and 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, 2025 was as follows:

|  | Beginning<br>Balance  | Increases            | Decreases              | Ending<br>Balance     |
|--|-----------------------|----------------------|------------------------|-----------------------|
| <b>Governmental activities:</b>                        |                       |                      |                        |                       |
| Capital assets, not being depreciated/amortized:       |                       |                      |                        |                       |
| Land   | \$ 162,157,451        | \$ -                 | \$ -                   | \$ 162,157,451        |
| Construction in progress                               | 95,003,662            | 63,428,786           | (10,636,955)           | 147,795,493           |
| Intangibles  | 1,032,044             | -                    | -                      | 1,032,044             |
| Total capital assets, not being depreciated/amortized  | <u>258,193,157</u>    | <u>63,428,786</u>    | <u>(10,636,955)</u>    | <u>310,984,988</u>    |
| Capital assets, being depreciated/amortized:           |                       |                      |                        |                       |
| Buildings  | 854,642,924           | 56,380               | -                      | 854,699,304           |
| Improvements other than buildings                      | 25,195,475            | 87,245               | -                      | 25,282,720            |
| Machinery and equipment                                | 69,721,667            | 8,438,514            | (27,155,687)           | 51,004,494            |
| Vehicles and motorized equipment                       | 76,617,978            | 13,289,080           | (4,070,802)            | 85,836,256            |
| Computer Software                                      | 28,762,381            | 8,603,600            | -                      | 37,365,981            |
| Infrastructure   | 24,573,379            | -                    | -                      | 24,573,379            |
| Right-to-use lease assets                              | 49,661,057            | -                    | (2,359,656)            | 47,301,401            |
| Right-to-use IT subscriptions                          | 7,122,963             | 6,388,186            | -                      | 13,511,149            |
| Total capital assets being depreciated/amortized       | <u>1,136,297,824</u>  | <u>36,863,005</u>    | <u>(33,586,145)</u>    | <u>1,139,574,684</u>  |
| Less accumulated depreciation/amortization for:        |                       |                      |                        |                       |
| Buildings  | 321,519,608           | 21,530,294           | -                      | 343,049,902           |
| Improvements other than buildings                      | 11,701,363            | 709,249              | -                      | 12,410,612            |
| Machinery and equipment                                | 48,612,957            | 8,126,969            | (27,155,687)           | 29,584,239            |
| Vehicles and motorized equipment                       | 54,711,454            | 8,534,709            | (3,598,463)            | 59,647,700            |
| Computer software                                      | 26,647,786            | 344,161              | -                      | 26,991,947            |
| Infrastructure   | 10,916,422            | 526,123              | -                      | 11,442,545            |
| Right-to-use lease assets                              | 10,766,209            | 3,580,691            | (2,359,656)            | 11,987,244            |
| Right-to-use IT subscriptions                          | 988,574               | 1,922,186            | -                      | 2,910,760             |
| Total accumulated depreciation/amortization            | <u>485,864,373</u>    | <u>\$ 45,274,382</u> | <u>\$ (33,113,806)</u> | <u>498,024,949</u>    |
| Total capital assets, being depreciated/amortized, net | <u>650,433,451</u>    |                      |                        | <u>641,549,735</u>    |
| Governmental activities capital assets, net            | <u>\$ 908,626,608</u> |                      |                        | <u>\$ 952,534,723</u> |

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

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>    | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|
| <b>Business-type activities:</b>             |                              |                     |                     |                           |
| Capital assets, not being depreciated:       |                              |                     |                     |                           |
| Land   | \$ 382,327                   | \$ -                | \$ -                | \$ 382,327                |
| Construction in progress                     | 5,638,792                    | 1,094,339           | -                   | 6,733,131                 |
| Total capital assets, not being depreciated  | <u>6,021,119</u>             | <u>1,094,339</u>    | <u>-</u>            | <u>7,115,458</u>          |
| Capital assets, being depreciated:           |                              |                     |                     |                           |
| Landfills                                    | 35,596,682                   | -                   | -                   | 35,596,682                |
| Buildings                                    | 18,367,593                   | -                   | -                   | 18,367,593                |
| Improvements                                 | 588,688                      | -                   | -                   | 588,688                   |
| Machinery and equipment                      | 2,237,871                    | 214,107             | (509,805)           | 1,942,173                 |
| Total capital assets being depreciated       | <u>56,790,834</u>            | <u>214,107</u>      | <u>(509,805)</u>    | <u>56,495,136</u>         |
| Less accumulated depreciation for:           |                              |                     |                     |                           |
| Landfills                                    | 32,551,361                   | 295,908             | -                   | 32,847,269                |
| Buildings                                    | 3,118,711                    | 458,599             | -                   | 3,577,310                 |
| Improvements                                 | 389,438                      | 17,316              | -                   | 406,754                   |
| Machinery and equipment                      | 1,517,846                    | 288,581             | (509,805)           | 1,296,622                 |
| Total accumulated depreciation               | <u>37,577,356</u>            | <u>\$ 1,060,404</u> | <u>\$ (509,805)</u> | <u>38,127,955</u>         |
| Total capital assets, being depreciated, net | <u>19,213,478</u>            |                     |                     | <u>18,367,181</u>         |
| Business-type activities capital assets, net | <u>\$ 25,234,597</u>         |                     |                     | <u>\$ 25,482,639</u>      |

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

Depreciation and amortization expenses were charged to functions as follows:

Governmental activities:

|                                      |                  |
|--------------------------------------|------------------|
| General government                   | \$ 2,585,418     |
| Health and human services            | 5,274,129        |
| Education                            | 865,613          |
| Community and environmental services | 5,626,015        |
| Public safety                        | 23,824,193       |
| Infrastructure                       | <u>7,099,014</u> |

|   |                   |
|---|-------------------|
| Total depreciation/amortization expense - Governmental activities | <u>45,274,382</u> |
|---|-------------------|

Business-type activities:

|                                      |                  |
|--------------------------------------|------------------|
| Environmental services - solid waste | <u>1,060,404</u> |
|--------------------------------------|------------------|

|                                     |                      |
|-------------------------------------|----------------------|
| Total depreciation and amortization | <u>\$ 46,334,786</u> |
|-------------------------------------|----------------------|

As of June 30, 2025, fiscal year, the construction in progress balance for governmental activities was made up of the following projects:

**Construction in Progress:**

|                                   | <b>Expended At June<br/>30, 2025</b> |
|-----------------------------------|--------------------------------------|
| Document Management Projects      | \$ 1,382,166                         |
| Other Automation Projects         | 4,033,968                            |
| Community Services Buildings      | 583,218                              |
| Human Services Buildings          | 117,738,478                          |
| Parks and Open Space Preservation | 1,870,513                            |
| Public Safety                     | <u>22,187,150</u>                    |
|                                   | <u>\$ 147,795,493</u>                |

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

As of June 30, 2025, internal balances total \$6,978,096 in the governmental funds. This represents amounts due to the General Fund by non-major governmental funds for their share of cash and investments pooled equity in the amount of \$6,978,096. Internal balances in the business-type activities funds, as of June 30, 2025 are \$221,134. 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, 2025. Of those amounts, \$542,255 remained in governmental activities in the Government-wide Statements.

The County’s General Fund transferred funds during fiscal year 2025 to fund debt service payments, capital improvements, economic developments, and the County match for State and federal grant programs. The \$2,686,992 transferred from the South Wake Landfill Partnership Fund serves two purposes: the \$1,493,992 to the Solid Waste Operating Fund is for expenses incurred in the Solid Waste Operating Fund on behalf of the South Wake Landfill Fund and the \$1,193,000 to the Solid Waste Capital Fund is for various capital projects including the East Wake Transfer Station wall and floor repair and South Wake Landfill gas system.

|                             | General Fund | Debt Service Fund | County Capital Projects Fund | School Capital Fund | Wake Tech Capital Fund | Other Governmental Funds | Solid Waste Operating Fund | Solid Waste Capital Fund | Health and Dental Fund | Total Transfers out |
|-----------------------------|--------------|-------------------|------------------------------|---------------------|------------------------|--------------------------|----------------------------|--------------------------|------------------------|---------------------|
| General Fund                | \$ -         | \$ 332,621,000    | \$ 119,297,220               | \$ 67,800,000       | \$ 4,415,000           | \$ 16,846,892            | \$ -                       | \$ -                     | \$ 7,300,000           | \$ 548,280,112      |
| American Rescue Plan Fund   |              |                   | 2,242,075                    |                     |                        |                          |                            |                          |                        | 2,242,075           |
| Major Facilities Fund       | 1,400,000    | -                 | -                            | -                   | -                      | 7,250,000                | -                          | -                        | -                      | 8,650,000           |
| Debt Service Fund           | -            | -                 | -                            | -                   | -                      | 2,925,914                | -                          | -                        | -                      | 2,925,914           |
| School Capital Fund         | 954,294      | -                 | -                            | -                   | -                      | -                        | -                          | -                        | -                      | 954,294             |
| Other Governmental Funds    | -            | 4,008,995         | -                            | -                   | -                      | 8,110,000                | -                          | -                        | -                      | 12,118,995          |
| South Wake Partnership Fund | -            | -                 | -                            | -                   | -                      | -                        | 1,478,333                  | 800,468                  | -                      | 2,278,801           |
| Total transfers in          | \$ 2,354,294 | \$ 336,629,995    | \$ 121,539,295               | \$ 67,800,000       | \$ 4,415,000           | \$ 35,132,806            | \$ 1,478,333               | \$ 800,468               | \$ 7,300,000           | \$ 577,450,191      |

**Note 8. Risk Management – Property, Liability, Workers’ Compensation, and Self-Insured Employee Medical Coverages**

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

The County’s group medical coverage is self-insured and administered by an outside provider. There is no lifetime limit for in-network services and no lifetime limit for out-of-network services for each covered employee/dependent’s medical costs. The cost of providing medical coverage to participating employees and dependents is charged to benefiting funds as premiums. These premiums are an estimate of expected average claims per individual. The County also provides self-insured dental coverage to employees and dependents. Premiums, insurance claims and administrative costs are accounted for in the Health & Dental Internal Service Fund.

The County is self-insured with a retention of \$1,250,000 for workers’ compensation claims and \$1,000,000 for liability claims. The County maintains commercial excess workers’ compensation and liability insurance and other insurance and bonds to cover specific risks and individuals. The County maintains a high-deductible policy for property coverage, with a deductible of \$100,000 per occurrence, and \$500,000 flood deductible per occurrence

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

in high flood hazard locations. Separate NFIP Flood Insurance is purchased for high-risk locations. 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 insurance premiums are covered by the General Fund.

The County’s coverage limits, subject to the retentions and deductibles described above, at June 30, 2025 are as follows:

| Coverage                                     | Coverage Limits                                     |
|--|---|
| Property Insurance - Building and Contents   | \$500,000,000                                       |
| Flood Insurance (non-specific locations)     | \$50,000,000  |
| NFIP Flood Insurance for high risk locations | \$500,000/location                                  |
| Earthquake                                   | \$50,000,000  |
| Workers’ Compensation                        | Statutory   |
| Employers’ Liability                         | \$2,000,000   |
| Other Liability:                             |   |
| General                                      | \$5,000,000 per occurrence/ \$5,000,000 aggregate   |
| Auto   | \$5,000,000 per accident                            |
| Public Officials/Employment Practice         | \$5,000,000 per wrongful act/ \$5,000,000 aggregate |
| Law Enforcement                              | \$5,000,000 per wrongful act/ \$5,000,000 aggregate |
| Excess                                       | \$5,000,000 per occurrence/ \$5,000,000 aggregate   |

In accordance with G.S. 159-29, County employees that have access to \$100 or more of the County’s funds at any given time are covered by a commercial crime policy with limits of \$3,000,000. The Finance Director and the Tax Collector are covered by individual fidelity bonds of \$1,000,000 and \$500,000 respectively.

The claims liability of \$11,362,730 at June 30, 2025 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The claims liability is actuarially determined and includes an estimate for claims incurred but not reported. This entire amount is accrued and reported in the government-wide statements in the applicable governmental or business-type activities. A portion of the liability is considered due and payable and is reported in the General Fund in the fund financial statements. Changes in the fund’s claims liability amount during fiscal years 2024 and 2025 are as follows:

**Note 8. Risk Management – Property, Liability, Workers’ Compensation, and Self-Insured Employee Medical Coverages (Cont.)****Changes in Claims Liability**

|  | <u>Workers’<br/>compensation</u> | <u>Property and<br/>liability</u> | <u>Self-insured<br/>group medical</u> | <u>Dental<br/>benefits</u> | <u>Total</u>         |
|--|----------------------------------|-----------------------------------|---------------------------------------|----------------------------|----------------------|
| <b>Balance, as of June 30, 2023</b>                    | \$ 3,304,298                     | \$ 4,756,249                      | \$ 3,545,000                          | \$ 94,000                  | \$ 11,699,547        |
| Claims incurred, fiscal year 2024                      | 1,148,643                        | 1,452,523                         | 59,195,354                            | 2,880,456                  | 64,676,976           |
| Payments and changes in estimates,<br>fiscal year 2024 | <u>(1,460,374)</u>               | <u>(1,367,601)</u>                | <u>(59,213,354)</u>                   | <u>(2,870,456)</u>         | <u>(64,911,785)</u>  |
| <b>Balance, as of June 30, 2024</b>                    | 2,992,567                        | 4,841,171                         | 3,527,000                             | 104,000                    | 11,464,738           |
| Claims incurred, fiscal year 2025                      | 1,238,175                        | 1,366,335                         | 70,826,914                            | 2,948,801                  | 76,380,225           |
| Payments and changes in estimates,<br>fiscal year 2025 | <u>(1,022,724)</u>               | <u>(2,047,794)</u>                | <u>(70,453,914)</u>                   | <u>(2,957,801)</u>         | <u>(76,482,233)</u>  |
| <b>Balance, as of June 30, 2025</b>                    | <u>\$ 3,208,018</u>              | <u>\$ 4,159,712</u>               | <u>\$ 3,900,000</u>                   | <u>\$ 95,000</u>           | <u>\$ 11,362,730</u> |
| <b>Amount reported in funds</b>                        | <u>\$ 1,000,000</u>              | <u>\$ 1,875,000</u>               | <u>\$ 2,800,000</u>                   | <u>\$ 80,000</u>           | <u>\$ 5,755,000</u>  |

**Note 9. Long-term Debt**Right-to-use Lease and IT Arrangements

For the year ended June 30, 2025, the financial statements include the County's leasing activity accounted for under GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The County has recorded 14 active right-to-use lease assets which are noted in the capital asset note. The right-to-use assets are amortized on a straight-line basis over the life of the related lease. The leases have payments that range from \$298 to \$1,226,360 and interest rates that range from 0.6480% to 2.4250%. As of June 30, 2025, the total combined value of the lease liability is \$38,270,975. The combined value of the right to use asset, as of June 30, 2025 of \$47,301,401 with accumulated amortization of \$11,987,244.

For the year ended June 30, 2025, the financial statements include GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

The County has recorded 6 active right-to-use IT subscription assets which are noted in the capital asset note. The right-to-use assets are amortized on a straight-line basis over the life of the related subscription. The subscriptions have payments that range from \$60,725 to \$980,450 and interest rates that range from 2.2820% to 3.451%. As of June 30, 2025, the total combined value of the subscription liability is \$9,850,825. The combined value of the right to use asset, as of June 30, 2025 of \$13,511,149 with accumulated amortization of \$2,910,760 is included within the Right-to-use IT Subscriptions.

**Note 9. Long-term Debt (Cont.)**Principal and Interest Requirements to Maturity

| <b>Fiscal Year</b> | <b>Lease Principal<br/>Payments</b> | <b>SBITA Principal<br/>Payments</b> | <b>Lease<br/>Interest Payments</b> | <b>SBITA<br/>Interest Payments</b> | <b>Total Payments</b> |
|--------------------|-------------------------------------|-------------------------------------|------------------------------------|------------------------------------|-----------------------|
| 2026               | \$ 2,608,543                        | \$ 1,383,552                        | \$ 636,429                         | \$ 293,545                         | \$ 4,537,455          |
| 2027               | 2,732,890                           | 1,997,315                           | 593,063                            | 248,819                            | 4,618,437             |
| 2028               | 2,861,001                           | 1,852,790                           | 547,580                            | 185,005                            | 4,706,900             |
| 2029               | 2,830,907                           | 1,121,171                           | 500,906                            | 132,768                            | 3,846,276             |
| 2030               | 2,853,807                           | 631,135                             | 454,094                            | 108,341                            | 4,047,377             |
| 2031-2035          | 12,932,126                          | 2,864,862                           | 1,577,810                          | 228,827                            | 17,603,625            |
| 2036-2040          | 10,899,455                          | -                                   | 523,593                            | -                                  | 11,423,048            |
| 2041-2045          | 442,660                             | -                                   | 17,249                             | -                                  | 459,909               |
| 2046-2050          | 49,610                              | -                                   | 10,391                             | -                                  | 60,001                |
| 2051-2055          | 55,996                              | -                                   | 4,003                              | -                                  | 59,999                |
| 2056-2058          | 3,980                               | -                                   | 20                                 | -                                  | 4,000                 |
| <b>Total</b>       | <b>\$ 38,270,975</b>                | <b>\$ 9,850,825</b>                 | <b>\$ 4,865,138</b>                | <b>\$ 1,197,305</b>                | <b>\$ 54,184,243</b>  |

**Note 9. Long-term Debt (Cont.)**

## General Obligation Bonds:

The general obligation bonds reported in Governmental Activities are publicly offered debt obligations collateralized by the full faith, credit and taxing power of the County. The County's general obligation outstanding are fixed rate and bear interest at rates varying from 2.00% to 5.00%. Principal and interest requirements will be provided by an appropriation in the Debt Service Fund in the year in which they become due. All general obligation bonds are publicly sold and repaid from the Debt Service Fund unless otherwise noted.

General obligation bonds serviced by the General Fund and payable at June 30, 2025 are comprised of the following:

In 2010, tax-exempt \$383,420,000 Series 2010C General Obligation Refunding Bonds were issued with maturities ranging from \$1,736 to \$47,549,174.

In 2014, tax-exempt \$345,240,000 Series 2014 General Obligation Public Improvement Bonds were issued with maturities ranging from \$578,931 to \$17,600,751.

In 2015, tax-exempt \$94,000,000 Series 2015 General Obligation Public Improvement Bonds were issued with maturities ranging from \$1,876,596 to \$3,054,255.

In 2016, tax-exempt \$162,895,000 Series 2016A General Obligation Refunding Bonds were issued with maturities ranging from \$9,340,000 to \$27,055,000.

In 2017, tax-exempt \$33,700,000 Series 2017A General Obligation Public Improvement Bonds were issued with maturities at \$1,685,000.

In 2017, tax-exempt \$82,415,000 Series 2017B General Obligation Public Improvement Bonds were issued with maturities ranging from \$4,120,000 to \$4,125,000.

In 2018, tax-exempt \$197,745,000 Series 2018A General Obligation Public Improvement Bonds were issued with maturities ranging from \$1,318,719 to \$9,129,944.

In 2019, tax-exempt \$151,055,000 Series 2019A General Obligation Public Improvement Bonds were issued with maturities ranging from \$471,350 to \$7,483,353.

In 2019, tax-exempt \$113,940,000 Series 2019B General Obligation Refunding Bonds were issued with maturities ranging from \$39,867 to \$20,964,600.

In 2019, tax-exempt \$36,860,000 Series 2019C Parks Greenways Recreation Open Space Bonds were issued with maturities at \$1,940,000.

In 2020, tax-exempt \$49,345,000 Series 2020A General Obligation Refunding Bonds were issued with maturities ranging from \$69,618 to \$5,754,414.

In 2020, tax-exempt \$14,330,000 Series 2020B General Obligation Refunding Bonds were issued with maturities ranging from \$340,000 to \$1,875,000.

In 2021, tax-exempt \$186,720,000 Series 2021 General Obligation Public Improvement And Refunding Bonds were issued with maturities ranging from \$430,223 to \$5,140,000.

In 2022, tax-exempt \$206,065,000 Series 2022A General Obligation Public Improvement Bonds were issued with maturities ranging from \$1,280,000 to \$9,565,000.

In 2022, tax-exempt \$39,705,000 Series 2022 B General Obligation Refunding Bonds were issued with maturities ranging from \$4,335,000 to \$4,645,000.

**Note 9. Long-term Debt (Cont.)**

In 2022, tax-exempt \$41,525,000 Series 2022C General Obligation Park, Greenway, Recreation and Open Space Bonds were issued with maturities ranging from \$2,185,000 to \$2,190,000.

In 2023, Tax-Exempt \$302,325,000 Series 2023A General Obligation Public Improvement Bonds were issued with maturities ranging from \$16,790,000 to \$16,805,000.

In 2023, Tax-Exempt \$74,125,000 Series 2023B General Obligation Refunding Bonds were issued with maturities ranging from \$7,935,000 to \$8,510,000.

In 2024, Tax-Exempt \$65,820,000 Series 2024A General Obligation Refunding Bonds were issued with maturities ranging from \$3,455,000 to \$3,470,000.

In 2024, Tax-Exempt \$165,055,000 Series 2024B General Obligation Refunding Bonds were issued with maturities ranging from \$15,600,000 to \$17,440,000.

In 2025, Tax-Exempt \$275,020,000 Series 2025A General Obligation Bonds were issued with maturities ranging from \$14,460,000 to \$14,480,000.

In 2025, Tax-Exempt \$41,615,000 Series 2025B General Obligation Park, Greenway, Recreation and Open Space Bonds were issued with maturities ranging from \$2,190,000 to \$2,195,000.

In 2025, Tax-Exempt \$44,915,000 Series 2025C General Obligation Refunding Bonds were issued with maturities ranging from \$4,200,000 to \$4,735,000.

**Note 9. Long-term Debt (Cont.)**

| Issue  | Closing Date | Maturity Date | Interest Rates  | Original Issue Amount   | Outstanding Amount      | Purpose   |
|--|--------------|---------------|-----------------|-------------------------|-------------------------|-----------|
| Series 2010 C General Obligation Refunding Bonds                           | 05/13/2010   | 03/1/2026     | 5.000%          | \$ 383,420,000          | \$ 17,960,000           | Refunding |
| Series 2016 A General Obligation Refunding Bonds                           | 11/1/2016    | 03/1/2026     | 5.000%          | 162,895,000             | 14,765,000              | Refunding |
| Series 2017 A General Obligation Public Improvement Bonds                  | 03/1/2017    | 03/1/2037     | 3.000% - 5.000% | 33,700,000              | 20,220,000              | New Money |
| Series 2017 B General Obligation Public Improvement Bonds                  | 03/1/2017    | 03/1/2037     | 3.000% - 5.000% | 82,415,000              | 49,440,000              | Refunding |
| Series 2018 A General Obligation Public Improvement Bonds                  | 03/8/2018    | 03/1/2037     | 3.000% - 5.000% | 197,745,000             | 124,860,000             | Refunding |
| Series 2019 A General Obligation Public Improvement Bonds                  | 01/30/2019   | 03/1/2038     | 3.000% - 5.000% | 151,055,000             | 103,350,000             | Mixed     |
| Series 2019 C Parks Greenways Recreation Open Space Bonds                  | 10/30/2019   | 11/1/2038     | 2.000% - 5.000% | 36,860,000              | 27,160,000              | New Money |
| Series 2020 A General Obligation Refunding Bonds                           | 04/29/2020   | 04/1/2029     | 5.000%          | 49,345,000              | 25,060,000              | Refunding |
| Series 2020 B General Obligation Refunding Bonds                           | 05/12/2020   | 08/1/2029     | 5.000%          | 14,330,000              | 9,010,000               | Refunding |
| Series 2021 General Obligation Public Improvement And Refunding Bonds      | 04/1/2021    | 04/1/2038     | 2.000% - 5.000% | 186,720,000             | 129,070,000             | Mixed     |
| Series 2022 A General Obligation Public Improvement Bonds                  | 03/10/2022   | 02/1/2041     | 2.500% - 5.000% | 206,065,000             | 173,525,000             | Mixed     |
| Series 2022 B General Obligation Refunding Bonds                           | 03/10/2022   | 02/1/2031     | 5.000%          | 39,705,000              | 26,275,000              | Refunding |
| Series 2022 C General Obligation Park, Greenway, Recreation and Open Space | 03/10/2022   | 02/1/2041     | 3.000% - 5.000% | 41,525,000              | 34,960,000              | New Money |
| Series 2023 A General Obligation Public Improvement Bonds                  | 04/18/2023   | 05/1/2041     | 3.750% - 5.000% | 302,325,000             | 268,715,000             | Mixed     |
| Series 2023 B General Obligation Refunding Bonds                           | 04/18/2023   | 05/1/2032     | 5.000%          | 74,125,000              | 58,125,000              | Refunding |
| Series 2024 A General Obligation Refunding Bonds                           | 06/11/2024   | 06/1/2043     | 4.000% - 5.000% | 65,820,000              | 62,360,000              | Refunding |
| Series 2024 B General Obligation Refunding Bonds                           | 06/11/2024   | 06/1/2034     | 5.00%           | 165,055,000             | 165,055,000             | Refunding |
| Series 2025 A General Obligation Refunding Bonds                           | 04/8/2025    | 04/1/2044     | 4.000% - 5.000% | 275,020,000             | 275,020,000             | Mixed     |
| Series 2025 B General Obligation Park, Greenway, Recreation and Open Space | 04/8/2025    | 04/1/2044     | 4.000% - 5.000% | 41,615,000              | 41,615,000              | New Money |
| Series 2025 C General Obligation Refunding Bonds                           | 04/8/2025    | 04/1/2035     | 5.00%           | 44,915,000              | 44,915,000              | Refunding |
| Total  |              |               |                 | <u>\$ 2,554,655,000</u> | <u>\$ 1,671,460,000</u> |           |

General Obligation Bond Anticipation Notes serviced by the General Fund and payable at June 30, 2025 are comprised of the following:

| Issue  | Closing Date | Maturity Date | Interest Rates* | Outstanding Amount   | Purpose   |
|--|--------------|---------------|-----------------|----------------------|-----------|
| Series 2023A GO BAN (Trust) - Wake County Public School System | 08/10/2023   | 04/01/2028    | Variable        | \$ 78,283,768        | New Money |
| Series 2023B GO BAN (Trust) - Community College                | 08/10/2023   | 04/01/2028    | Variable        | 2,125,037            | New Money |
| Total  |              |               |                 | <u>\$ 80,408,805</u> |           |

**Note 9. Long-term Debt (Cont.)**

## Drawdown Installment Notes:

Drawdown installment purchases are direct placement collateralized debt issued under N.C.G.S. 160A-20, the annual debt service of which is subject to annual board appropriation. Each respective debt agreement identifies property pledged as collateral and contains specific defined events of default, termination events, and acceleration clauses. If there is an event of default under a particular agreement entered into pursuant to N.C.G.S. 160A-20, the lender under such agreement may accelerate the County's payment obligation under the agreement's specific terms. As a remedy in the event of County non-payment of a particular agreement, the lender under such agreement may elect to foreclose on the collateralized property pledged under the agreement. Under N.C.G.S. 160A-20, no deficiency judgment may be rendered against the County for the breach of an agreement entered into under such statute. The taxing power of the County is not pledged directly or indirectly to secure these obligations.

The County has no outstanding Installment Financing Agreement as of June 30, 2025.

## Limited Obligation Bonds:

The limited obligation bonds reported in Governmental Activities are publicly offered debt obligations 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. These are considered collateralized debt issued under N.C.G.S. 160A-20, the annual debt service of which is subject to annual board appropriation. Each respective debt agreement identifies property pledged as collateral and contains specific defined events of default, termination events, and acceleration clauses. If there is an event of default under a particular agreement entered into pursuant to N.C.G.S. 160A-20, the lender under such agreement may accelerate the County's payment obligation under the agreement's specific terms. As a remedy in the event of County non-payment of a particular agreement, the lender under such agreement may elect to foreclose on the collateralized property pledged under the agreement. Under N.C.G.S. 160A-20, no deficiency judgment may be rendered against the County for the breach of an agreement entered into under such statute. Principal and interest requirements will be provided by an appropriation in the Debt Service Fund in the year in which they become due.

**Note 9. Long-term Debt (Cont.)**

Limited Obligation Bonds serviced by the Debt Service fund and payable at June 30, 2025 are comprised of the following:

|  |                         |
|--|-------------------------|
| In 2016, tax-exempt \$191,835,000 Series 2016 A Refunding Limited Obligation Bonds were issued with maturities ranging from \$5,000,000 to \$11,585,000. The Series 2016 A Refunding Limited Obligation Bonds were publicly sold and are repaid from the Debt Service Fund. Collateralized by the Criminal Justice Center.   | \$ 128,235,000          |
| In 2018, tax-exempt \$155,290,000 Series 2018 A Limited Obligation Bonds were issued with maturities ranging from \$74,114 to \$8,013,432. The Series 2018 A Limited Obligation Bonds were publicly sold and are repaid from the Debt Service Fund. Collateralized by Apex High School, Apex, NC.  | 106,240,000             |
| In 2019, tax-exempt \$196,805,000 Series 2019 Limited Obligation Bonds were issued with maturities ranging from \$571,970 to \$9,787,754. The Series 2019 Limited Obligation Bonds were publicly sold and are repaid from the Debt Service Fund. Collateralized by Willow Springs High School (Fuquay-Varina, NC) and Parkside Elementary School (Morrisville, NC).  | 145,005,000             |
| In 2021, tax-exempt \$302,410,000 Series 2021 Limited Obligation Bonds were issued with maturities ranging from \$4,621,958 to \$13,166,743. The Series 2021 Limited Obligation Bonds were publicly sold and are repaid from the Debt Service Fund. Collateralized by Barton Pond Elementary School (Raleigh, NC), Neuse River Middle School (Raleigh, NC) and Fuquay-Varina High School (Fuquay-Varina, NC) | 231,250,000             |
| In 2023, Tax-Exempt \$58,070,000 Series 2023 A Limited Obligation Bonds were issued with maturities ranging from \$3,225,000 to \$3,230,000. The Series 2023 A Limited Obligation Bonds were publicly sold and are repaid from the Debt Service Fund.  | 51,615,000              |
| In 2023, Tax-Exempt \$58,785,000 Series 2023 B Limited Obligation Bonds were issued with maturities ranging from \$3,265,000 to \$3,270,000. The Series 2023 B Limited Obligation Bonds were publicly sold and are repaid from the Debt Service Fund.  | 52,250,000              |
| In 2024, Tax-Exempt \$137,000,000 Series 2024 Limited Obligation Bonds were issued with maturities ranging from \$7,210,000 to \$7,215,000. The Series 2024 Limited Obligation Bonds were publicly sold and are repaid from the Debt Service Fund.   | 129,785,000             |
| In 2025, Tax-Exempt \$268,030,000 Series 2025 A Limited Obligation Bonds were issued with maturities ranging from \$14,105,000 to \$14,110,000. The Series 2025 A Limited Obligation Bonds were publicly sold and are repaid from the Debt Service Fund.   | 268,030,000             |
| In 2025, Tax-Exempt \$10,715,000 Series 2025 B Limited Obligation Bonds were issued with maturities ranging from \$560,000 to \$565,000. The Series 2025 B Limited Obligation Bonds were publicly sold and are repaid from the Debt Service Fund.  | <u>10,715,000</u>       |
| Total limited obligation bonds outstanding   | <u>\$ 1,123,125,000</u> |

**Note 9. Long-term Debt (Cont.)**

| Issue  | Closing Date | Maturity Date | Interest Rates  | Original Issue Amount   | Outstanding Amount      | Purpose   |
|--|--------------|---------------|-----------------|-------------------------|-------------------------|-----------|
| Series 2016 A Refunding Limited Obligation Bonds | 06/16/2016   | 12/01/2036    | 3.000% - 5.000% | \$ 191,835,000          | \$ 128,235,000          | Refunding |
| Series 2018 A Limited Obligation Bonds           | 06/28/2018   | 08/01/2037    | 3.000% - 5.000% | 155,290,000             | 106,240,000             | Mixed     |
| Series 2019 Limited Obligation Bonds             | 06/27/2019   | 09/01/2038    | 4.000% - 5.000% | 196,805,000             | 145,005,000             | Mixed     |
| Series 2021 Limited Obligation Bonds             | 02/18/2021   | 03/01/2038    | 3.000% - 5.000% | 302,410,000             | 231,250,000             | Refunding |
| Series 2023A Limited Obligation Bonds            | 05/10/2023   | 04/01/2041    | 5.000%          | 58,070,000              | 51,615,000              | Refunding |
| Series 2023B Limited Obligation Bonds            | 05/10/2023   | 04/01/2041    | 5.000%          | 58,785,000              | 52,250,000              | New Money |
| Series 2024 Limited Obligation Bonds             | 05/01/2024   | 05/01/2043    | 5.000%          | 137,000,000             | 129,785,000             | Refunding |
| Series 2025A Limited Obligation Bonds            | 05/01/2025   | 05/01/2044    | 5.000%          | 268,030,000             | 268,030,000             | Mixed     |
| Series 2025B Limited Obligation Bonds            | 05/01/2025   | 05/01/2044    | 5.000%          | 10,715,000              | 10,715,000              | New Money |
| Total  |              |               |                 | <u>\$ 1,378,940,000</u> | <u>\$ 1,123,125,000</u> |           |

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2025 are as follows:

| Year Ending June 30 | Principal               | Interest              | Total                   |
|---------------------|-------------------------|-----------------------|-------------------------|
| 2026                | \$ 163,790,000          | \$ 75,376,158         | \$ 239,166,158          |
| 2027                | 131,475,000             | 67,515,721            | 198,990,721             |
| 2028                | 130,010,000             | 60,935,846            | 190,945,846             |
| 2029                | 130,205,000             | 54,429,596            | 184,634,596             |
| 2030                | 124,335,000             | 47,913,971            | 172,248,971             |
| 2031-2035           | 548,130,000             | 156,406,031           | 704,536,031             |
| 2036-2040           | 336,720,000             | 56,532,433            | 393,252,433             |
| 2041-2045           | 106,795,000             | 8,490,525             | 115,285,525             |
|                     | <u>\$ 1,671,460,000</u> | <u>\$ 527,600,281</u> | <u>\$ 2,199,060,281</u> |

The annual requirements to amortize limited obligation bond debt outstanding as of June 30, 2025 are as follows:

| Year Ending June 30 | Principal               | Interest              | Total                   |
|---------------------|-------------------------|-----------------------|-------------------------|
| 2026                | \$ 76,205,000           | \$ 52,897,738         | \$ 129,102,738          |
| 2027                | 76,165,000              | 49,088,363            | 125,253,363             |
| 2028                | 76,125,000              | 45,280,988            | 121,405,988             |
| 2029                | 76,085,000              | 41,475,613            | 117,560,613             |
| 2029                | 76,090,000              | 37,671,238            | 113,761,238             |
| 2031-2035           | 378,620,000             | 133,843,105           | 512,463,105             |
| 2036-2040           | 277,055,000             | 52,774,275            | 329,829,275             |
| 2041-2045           | 86,780,000              | 9,820,000             | 96,600,000              |
|                     | <u>\$ 1,123,125,000</u> | <u>\$ 422,851,320</u> | <u>\$ 1,545,976,320</u> |

**Note 9. Long-term Debt (Cont.)**

The County is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the County may have outstanding to eight percent of the appraised value of property subject to taxation less property valued for abatement. At June 30, 2025, the statutory debt limit of the County is as follows:

|                      |                          |
|----------------------|--------------------------|
| Statutory Debt Limit | \$ 24,615,423,915        |
| Total Debt           | <u>3,866,475,604</u>     |
| Legal Debt Margin    | <u>\$ 20,748,948,311</u> |

| Purpose                                     | Date Approved | Original Authorized     | Bonds Issued            | Authorized and Unissued <sup>1,2</sup> |
|---|---------------|-------------------------|-------------------------|--|
| Schools                                     | 11/6/2018     | \$ 548,000,000          | \$ 548,000,000          | \$ -                                   |
| Community College                           | 11/6/2018     | 349,000,000             | 309,995,000             | 39,005,000                             |
| Parks, Greenways, Recreation and Open Space | 11/6/2018     | 120,000,000             | 120,000,000             | -                                      |
| Schools                                     | 11/8/2022     | 530,700,000             | 115,845,000             | 414,855,000                            |
| Community College                           | 11/8/2022     | 353,200,000             | 5,700,000               | 347,500,000                            |
| Library                                     | 11/5/2024     | 142,000,000             | -                       | 142,000,000                            |
| Total                                       |               | <u>\$ 2,042,900,000</u> | <u>\$ 1,099,540,000</u> | <u>\$ 943,360,000</u>                  |

<sup>1</sup>Excludes nominal unissued balances of prior GO authorizations for GO Refunding purposes. Under the prior GO authorizations, the County successfully issued debt and fully funded all projects or purposes intended by each respective authorization. The County does not intend to issue additional GO bonds under the remaining prior authorizations, which solely exist because of the premium-based bond structure of prior GO bond issuances related to these authorizations.

<sup>2</sup>Excludes Bond Anticipation Notes

**Defeased Debt:**

In 2025 and prior years, the County has defeased various general obligation and limited obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the County's governmentwide financial statements. As of June 30, 2025, the amount of defeased debt outstanding was \$5,775,000 for a hospital bond issue, of which the final defeasance payment will be October 1, 2026.

**Conduit Debt Obligations:**

Wake County Industrial Facilities and Pollution Control Financing Authority has used industrial revenue bonds and special purpose bonds to provide financial assistance to private businesses and non-profit organizations 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. Three series of industrial revenue bonds and special purpose bonds remain outstanding at June 30, 2025 with aggregate principal payable of \$51.9 million.

**Note 9. Long-term Debt (Cont.)**

## Current Refunding:

On April 8, 2025, the County issued \$44,915,000 par of Series 2025C general obligation refunding bonds to provide necessary resources to fund an Escrow held by US Bank such that Escrow holdings, together with other resources, allowed for the current refunding of \$49,500,000 outstanding general obligation 2015 serial bonds ("refunded bonds") on June 9, 2025. As a result, the refunded bonds are legally defeased and the liability has been removed from the governmental activities column on the County's Statement of Net Position. The current refunding was undertaken to reduce combined future debt service payments over the next ten years by \$1,530,167 and resulted in a combined net present value economic gain of \$1,157,373.

## Debt Related to Capital Activities:

Of the total Governmental Activities debt listed, only \$658,864,977 relates to assets the County holds title. Unspent cash related to the debt amounts to \$94,440,856. The general fund, enterprise fund and internal service funds are used to liquidate any pension or other post-employment benefits in fiscal year 2025.

**Note 9. Long-term Debt (Cont.)**

Long-term liability activity for the year ended June 30, 2025, was as follows:

|   | Beginning<br>Balance    | Additions               | Reductions            | Ending<br>Balance       | Due within<br>one year |
|---|-------------------------|-------------------------|-----------------------|-------------------------|------------------------|
| <b>Governmental activities:</b>             |                         |                         |                       |                         |                        |
| General obligation bonds                    | \$ 1,558,035,000        | \$ 361,550,000          | \$ 248,125,000        | \$ 1,671,460,000        | \$ 163,790,000         |
| Plus: Premiums on issuance                  | 212,729,327             | 29,387,694              | 36,426,166            | 205,690,855             | N/A                    |
| Total general obligation bonds payable      | 1,770,764,327           | 390,937,694             | 284,551,166           | 1,877,150,855           | 163,790,000            |
| Limited obligation bonds                    | 905,940,000             | 278,745,000             | 61,560,000            | 1,123,125,000           | 76,205,000             |
| Plus: Premiums on issuance                  | 162,083,172             | 21,035,382              | 12,801,221            | 170,317,333             | N/A                    |
| Total limited obligation bonds payable      | 1,068,023,172           | 299,780,382             | 74,361,221            | 1,293,442,333           | 76,205,000             |
| Direct Placement Bond Anticipation Notes    | 19,508,236              | 201,272,400             | 140,371,831           | 80,408,805              | -                      |
| Direct Placement Drawdown Installment Notes | 99,146,737              | 153,061,406             | 252,208,143           | -                       | -                      |
| Leases                                      | 41,322,744              | -                       | 3,051,769             | 38,270,975              | 2,608,543              |
| IT Subscriptions                            | 4,815,327               | 6,459,469               | 1,423,971             | 9,850,825               | 1,383,552              |
| Net OPEB Liability                          | 388,433,952             | 22,260,435              | 84,656,998            | 326,037,389             | -                      |
| Total pension liability (LEOSSA)            | 26,040,889              | 5,136,952               | 2,222,784             | 28,955,057              | 2,049,200              |
| Net pension liability (LGRS)                | 251,997,750             | 2,246,011               | -                     | 254,243,761             | -                      |
| Compensated absences (net change)           | 26,690,208              | 1,656,034               | -                     | 28,346,242              | 23,376,643             |
| Total Governmental Activities               | <u>\$ 3,696,743,342</u> | <u>\$ 1,082,810,783</u> | <u>\$ 842,847,883</u> | <u>\$ 3,936,706,242</u> | <u>\$ 269,412,938</u>  |
| <b>Business-type activities:</b>            |                         |                         |                       |                         |                        |
| Landfill                                    | \$ 25,880,169           | \$ 2,993,433            | \$ 1,564,749          | \$ 27,308,853           | \$ 825,131             |
| Net OPEB Liability                          | 1,649,652               | 91,643                  | 348,522               | 1,392,773               | -                      |
| Net pension liability (LGRS)                | 1,367,052               | -                       | 38,074                | 1,328,978               | -                      |
| Compensated absences (net change)           | 158,968                 | 19,557                  | -                     | 178,525                 | 127,678                |
| Construction Reserve                        | 13,493                  | -                       | -                     | 13,493                  | -                      |
| Total Business-type Activities              | <u>\$ 29,069,334</u>    | <u>\$ 3,104,633</u>     | <u>\$ 1,951,345</u>   | <u>\$ 30,222,622</u>    | <u>\$ 952,809</u>      |

**Note 10. Compliance Audits of Federal and State Assisted Programs**

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

**Note 11. 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement 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. Effective July 1, 2019, LEOs who complete 25 years of creditable service with 15 years as an officer are eligible to retire with partial retirement benefits. 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.

**Note 11. Multiple-Employer Pension Plan Obligations (Cont.)**

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6.00% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County’s contractually required contribution rate for the year ended June 30, 2025, was 15.04% of compensation for law enforcement officers and 13.63% 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 \$52,913,318 for the year ended June 30, 2025.

Refunds of Contributions. County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4.00% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual’s right to employer contributions, or any other benefit provided by LGERS.

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

At June 30, 2025, the County reported a liability of \$255,572,739 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing updated procedures incorporating the actuarial assumptions. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024, the County’s proportion was 3.78%, which was a decrease of -.05% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the County recognized pension expense of \$77,452,133. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows of<br/>Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ 44,786,022                             | \$ 301,123                               |
| Net difference between projected and actual earnings on pension plan investments                            | 34,744,963                                | -  |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 3,560,989                                 | 1,848,561                                |
| County contributions subsequent to the measurement date   | <u>52,913,318</u>                         | <u>-</u>                                 |
| <br>Total   | <br><u>\$ 136,005,292</u>                 | <br><u>\$ 2,149,684</u>                  |

**Note 11. Multiple-Employer Pension Plan Obligations (Cont.)**

\$52,913,318 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

|                     |    |                   |
|---------------------|----|-------------------|
| Year ended June 30: |    |                   |
| 2026                | \$ | 25,349,535        |
| 2027                |    | 51,661,810        |
| 2028                |    | 7,859,612         |
| 2029                |    | (3,928,667)       |
|                     | \$ | <u>80,942,290</u> |

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, (a) an investment rate of return of 6.50%, net of pension plan investment expense, including inflation, (b) projected salary increases ranging from 3.25% per year to 8.25% per year and (c) an inflation component of 2.50%.

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, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2025 are summarized in the following table:

**Note 11. Multiple-Employer Pension Plan Obligations (Cont.)**

| Asset Class         | Target Allocation | Long-term Expected Real Rate of Return |
|---------------------|-------------------|--|
| Fixed Income        | 33.0%             | 2.4%                                   |
| Global Equity       | 38.0%             | 6.9%                                   |
| Real Estate         | 8.0%              | 6.0%                                   |
| Alternatives        | 8.0%              | 8.6%                                   |
| Credit              | 7.0%              | 5.3%                                   |
| Inflation Sensitive | 6.0%              | 4.3%                                   |
| <br>                |                   |  |
| Total               | 100%              |  |

The information above is based on 30 year expectations developed with the consulting actuary for the 2023 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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.

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

|   | 1% Decrease<br>(5.50%) | Discount Rate<br>(6.50%) | 1% Increase<br>(7.50%) |
|---|------------------------|--------------------------|------------------------|
| County’s proportionate share of the net pension liability (asset) | \$ 452,882,377         | \$ 255,572,739           | \$ 93,258,426          |

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

**Note 11. Multiple-Employer Pension Plan Obligations (Cont.)**

**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 2025 was \$346,896,531. The County’s contributions were calculated using the base salary amount of \$385,070,586. The County made contributions amounting to \$19,253,123. Employees made voluntary contributions of \$9,382,877.

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

**Note 12. Law Enforcement Officers’ Special Separation Allowance**

Plan Description. Wake County administers a public employee retirement system (LEOSSA), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The LEOSSA is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Each local government makes benefit payments required under this plan and the plan does not issue a stand-alone financial report.

All full-time County law enforcement officers are covered by the LEOSSA. At December 31, 2023, the date of the most recent actuarial valuation, the LEOSSA’s membership consisted of:

|                             |     |
|-----------------------------|-----|
| Retirees receiving benefits | 73  |
| Active plan members         | 389 |
| Total                       | 462 |

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

The LEOSSA has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73 and does not issue a stand alone financial report.

**Note 12. Law Enforcement Officers’ Special Separation Allowance (Cont.)**

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2023 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, (a) projected salary increases ranging from 3.25% to 7.75%, (b) discount rate of 4.28% and (c) an inflation component of 2.50%.

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

Mortality rates are based on the Pub 2010 mortality tables projected forward from 2010 using generational improvement with scale MP-2019.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the LEOSA are financed by through investment earnings. The County paid \$1,686,701 as benefits came due for the reporting period.

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

At June 30, 2025, the County reported a total pension liability of \$28,955,057. The total pension liability was measured as of December 31, 2024, based on a December 31, 2023 actuarial valuation. The total pension liability was rolled forward to December 31, 2024 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the County recognized pension expense of \$3,598,213. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows of<br/>Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ 4,137,307                              | \$ 1,055,850                             |
| Changes in assumptions                              | 1,074,773                                 | 2,298,173                                |
| County contributions subsequent to measurement date | <u>958,469</u>                            | <u>-</u>                                 |
| Total   | <u>\$ 6,170,549</u>                       | <u>\$ 3,354,023</u>                      |

**Note 12. Law Enforcement Officers' Special Separation Allowance (Cont.)**

\$958,469 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|                     |                     |
|---------------------|---------------------|
| Year ended June 30: |                     |
| 2026                | \$ 1,024,210        |
| 2027                | (108,225)           |
| 2028                | 280,678             |
| 2029                | 558,904             |
| 2030                | 102,490             |
|                     | <u>\$ 1,858,057</u> |

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 4.28%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.28%) or 1-percentage-point higher (5.28%) than the current rate.

|                         | <u>1% Decrease<br/>(3.28%)</u> | <u>Discount Rate<br/>(4.28%)</u> | <u>1% Increase<br/>(5.28%)</u> |
|-------------------------|--------------------------------|----------------------------------|--------------------------------|
| Total pension liability | 30,927,385                     | 28,955,057                       | 27,138,990                     |

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

|  |                      |
|--|----------------------|
| Total Pension Liability as of December 31, 2023      | \$ 26,040,889        |
| Changes for the year:                                |                      |
| Service Cost   | 928,212              |
| Interest   | 1,007,902            |
| Difference between expected and actuarial experience | 3,200,838            |
| Changes of assumptions and other inputs              | (536,083)            |
| Benefits payments                                    | (1,686,701)          |
| Net changes  | <u>2,914,168</u>     |
| Total Pension Liability as of December 31, 2024      | <u>\$ 28,955,057</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 4.00% at December 31, 2023 to 4.28% at December 31, 2024. The assumed inflation rate remained consistent with the prior year at 2.50%, while real wage growth decreased from 1.00% to .75%.

**Note 12. Law Enforcement Officers' Special Separation Allowance (Cont.)**

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

**Note 13. Register of Deeds' Supplemental Pension Fund**

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by G.S. 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$90,909 for the year ended June 30, 2025.

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

At June 30, 2025, the County reported an asset of \$1,148,007 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2024, the County's proportion was 9.96%, which was a net decrease of (0.34%) from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the County recognized pension expense of \$370,197. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Note 13. Register of Deeds' Supplemental Pension Fund (Cont.)**

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ 25,206                         | \$ 20,523                        |
| Net difference between projected and actual earnings on pension plan investments                            | 443,342                           | -                                |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 83,779                            | -                                |
| County contributions subsequent to the measurement date   | 90,909                            | -                                |
| <b>Total</b>  | <b>\$ 643,236</b>                 | <b>\$ 20,523</b>                 |

\$90,909 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, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: |                   |
|---------------------|-------------------|
| 2026                | \$ 279,301        |
| 2027                | 210,659           |
| 2028                | 40,249            |
| 2029                | 1,595             |
|                     | <u>\$ 531,804</u> |

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, (a) an investment rate of return of 3.00%, net of pension plan investment expense, including inflation, (b) projected salary increases ranging from 3.25% per year to 8.25% per year and (c) an inflation component of 2.50%.

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, 2023 valuation were based on the results of an actuarial experience study for the period through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement. The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2025 is 0.90%.

**Note 13. Register of Deeds' Supplemental Pension Fund (Cont.)**

The information above is based on 30-year expectations developed with the consulting actuary for the 2023 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (2.00%) or 1-percentage-point higher (4.00%) than the current rate:

|   | <u>1% Decrease<br/>(2.00%)</u> | <u>Discount Rate<br/>(3.00%)</u> | <u>1% Increase<br/>(4.00%)</u> |
|---|--------------------------------|----------------------------------|--------------------------------|
| County's proportionate share of the net pension liability (asset) | \$ (760,655)                   | \$ (1,148,007)                   | \$ (1,474,286)                 |

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

**Note 14. Total Expense, Liabilities (Assets), and Deferred Outflows and Inflows of Resources of Related Pensions**

Following is information related to the proportionate share and pension expense for all pension plans:

|  | <u>LGERS</u>       | <u>LEOSSA</u>    | <u>RODSPF</u>  | <u>Total</u>       |
|--|--------------------|------------------|----------------|--------------------|
| Pension Expense  | \$ 77,452,133      | \$ 3,598,213     | \$ 370,197     | \$ 81,420,543      |
| Pension Liability (Asset)  | 255,572,739        | 28,955,057       | (1,148,007)    | 283,379,789        |
| Proportionate share of the pension liability   | 3.79%              | N/A              | 9.96%          |                    |
| Deferred Outflows of Resources:  |                    |                  |                |                    |
| Differences between expected and actual experience   | 44,786,022         | 4,137,307        | 25,206         | 48,948,535         |
| Changes in assumptions   | -                  | 1,074,773        | -              | 1,074,773          |
| Net difference between projected and actual earnings on pension plan investments                     | 34,744,963         | -                | 443,342        | 35,188,305         |
| Changes in proportion and differences between contributions and proportionate share of contributions | 3,560,989          | -                | 83,779         | 3,644,768          |
| Benefit payments and administrative costs paid subsequent to the measurement date                    | 52,913,318         | 958,469          | 90,909         | 53,962,696         |
| Total Deferred Outflows of Resources   | <u>136,005,292</u> | <u>6,170,549</u> | <u>643,236</u> | <u>142,819,077</u> |
| Deferred Inflows of Resources:   |                    |                  |                |                    |
| Differences between expected and actual experience   | 301,123            | 1,055,850        | 20,523         | 1,377,496          |
| Changes in assumptions   | -                  | 2,298,173        | -              | 2,298,173          |
| Changes in proportion and differences between contributions and proportionate share of contributions | 1,848,561          | -                | -              | 1,848,561          |
| Total Deferred Inflows of Resources  | <u>2,149,684</u>   | <u>3,354,023</u> | <u>20,523</u>  | <u>5,524,230</u>   |

**Note 15. Post-Employment Benefits**

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

Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2025, the County made contributions of \$156,488.

**Note 16. Other Post-Employment Benefits (OPEB)**

Plan Description. In addition to providing pension benefits, Wake County has elected to provide healthcare benefits, as a single-employer defined benefit plan to retirees of the County. Employees hired before July 1, 2011 who retire from the North Carolina Local Government Employees' Retirement System under early, normal or disabled retirement conditions; remained continuously employed in a benefit eligible position; and were enrolled in the County's health insurance program prior to separation from the County may continue in the County's retiree health insurance program based date of hire and years of creditable service as described in the table below. The plan does not issue a stand-alone financial report.

| Years of Wake County Service at<br>Date of Retirement | Monthly Wake County Contribution Percentage |   |  |
|---|---|---|--|
|   | Prior to May 15, 1994                       | Date Hired<br>Between May 15, 1994 - April 15, 1997 | Between April 15, 1997 - June 30, 2011 |
| Less than 5   | Not Eligible                                | Not Eligible  | Not Eligible                           |
| 5-10 years  | -%  | Not Eligible  | Not Eligible                           |
| 10-19 years   | 100%  | 50%   | Not Eligible                           |
| 20 or more  | 100%  | 100%  | 100%                                   |

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. Medicare-eligible retirees are allowed to remain in the plan but must enroll in Medicare Parts A and B.

**Note 16. Other Post-Employment Benefits (OPEB) (Cont.)**

Membership in the plan included the following at June 30, 2023, the date of the latest actuarial valuation:

|                             |       |
|-----------------------------|-------|
| Retirees receiving benefits | 1,399 |
| Active plan members         | 1,298 |
| Total                       | 2,697 |

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. Contributions to the OPEB Trust fund are made according to an adopted policy. This policy includes three components of funding which will contribute at least \$3.0 million annually to the trust fund through the annual budget process, as well as, additional funding components based on positive annual financial performance and savings on debt refundings.

Investment Policy Wake County’s policy regarding the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. The County has established a trust and invested through the State of North Carolina’s Ancillary Government Participant Investment Program (AGPIP). Through the AGPIP, the trust is invested in North Carolina OPEB Short-term, Blackrock Index fund and North Carolina Fixed Income. Target Allocations are as follows:

| <u>Asset Class</u>         | <u>Target Allocation</u> |
|----------------------------|--------------------------|
| Bond Index Fund            | 30.00%                   |
| Equity Index Fund          | 55.00%                   |
| Short Term Investment Fund | 15.00%                   |
| Total                      | 100.00%                  |

Rate of Return The long term expected real rate of return is 4.00%

The components of the net OPEB liability of the County at June 30, 2025, were as follows:

|   |                |
|---|----------------|
| Total OPEB liability  | \$ 362,603,102 |
| Plan fiduciary net position   | 35,172,940     |
| County’s net OPEB liability   | 327,430,162    |
| Plan Fiduciary net position as a percentage of the total OPEB liability | 9.70%          |

Actuarial assumptions and other inputs The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurements unless other specified. The actuarial assumptions included a wage inflation rate of 3.25%, salary increases from 3.25% to 8.41%, discount rate of 3.93% and health care cost trends of 7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033 for Pre-Medicare and 5.125% for 2023 decreasing to an ultimate rate of 4.50% by 2026 for Medicare.

**Note 16. Other Post-Employment Benefits (OPEB) (Cont.)**

This discount rate being used is the single equivalent rate comprising the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer blended with the long term rate of return through 2029, when the fiduciary net position is expected to be fully depleted.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

*Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits.*

At June 30, 2025, the County reported a total OPEB liability of \$362,603,102. The total OPEB liability was measured as of June 30, 2025 and was determined by an actuarial valuation June 30, 2023. For the year ended June 30, 2025, the County recognized negative OPEB revenue of \$21,678,119.

At June 30, 2025, the components of the net OPEB liability of the County, measured as of June 30, 2025, were as follows:

|   | Total OPEB Liability<br>(a) | Plan Fiduciary Net<br>Position (b) | Net OPEB Liability<br>(a)-(b) |
|---|-----------------------------|------------------------------------|-------------------------------|
| <b>Balances as of June 30, 2024</b>               | \$ 413,808,636              | \$ 23,725,032                      | \$ 390,083,604                |
| <b>Changes for the year:</b>                      |                             |                                    |                               |
| Service Cost at the end of the year               | 6,207,492                   | -                                  | 6,207,492                     |
| Interest on TOL and cash flows                    | 16,144,586                  | -                                  | 16,144,586                    |
| Change in benefit terms                           | -                           | -                                  | -                             |
| Difference between expected and actual experience | (3,916,364)                 | -                                  | (3,916,364)                   |
| Changes in assumptions or other inputs            | (61,467,120)                | -                                  | (61,467,120)                  |
| Contributions - employer*                         | -                           | 16,208,979                         | (16,208,979)                  |
| Contributions - non-employer                      | -                           | -                                  | -                             |
| Net investment income                             | -                           | 3,413,057                          | (3,413,057)                   |
| Benefit payments                                  | (8,174,128)                 | (8,174,128)                        | -                             |
| Plan administrative expenses*                     | -                           | -                                  | -                             |
| Other   | -                           | -                                  | -                             |
| <b>Net Changes</b>                                | <u>(51,205,534)</u>         | <u>11,447,908</u>                  | <u>(62,653,442)</u>           |
| <b>Balance as of June 30, 2025</b>                | <u>\$ 362,603,102</u>       | <u>\$ 35,172,940</u>               | <u>\$ 327,430,162</u>         |

\*Includes payments made outside the trust.

**Note 16. Other Post-Employment Benefits (OPEB) (Cont.)**

At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience                      | \$ -                                      | \$ 24,637,254                            |
| Changes of assumptions or other inputs                                  | -   | 50,137,691                               |
| Net difference between projected and actual earnings on plan investment | -   | 3,098,494                                |
| <b>Total</b>  | <b>\$ -</b>                               | <b>\$ 77,873,439</b>                     |

Changes in assumptions and other inputs reflect a change in the discount rate from 3.94% to 5.00%.

Amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| Year ended June 30: |                        |
|---------------------|------------------------|
| 2026                | \$ (42,405,931)        |
| 2027                | (27,416,298)           |
| 2028                | (7,590,223)            |
| 2029                | (460,987)              |
| <b>Total</b>        | <b>\$ (77,873,439)</b> |

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.00% ) or 1-percentage point higher (6.00%) than the current discount rate.

|                    | <b>Discount Rate Sensitivity</b> |                         |                             |
|--------------------|----------------------------------|-------------------------|-----------------------------|
|                    | <b>1% Decrease<br/>(4%)</b>      | <b>Current<br/>(5%)</b> | <b>1% Increase<br/>(6%)</b> |
| Net OPEB Liability | \$ 386,091,738                   | \$ 327,430,162          | \$ 280,422,135              |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current health care cost rates.

|                    | <b>Health Care Cost Trend Rate Sensitivity</b> |                |                    |
|--------------------|--|----------------|--------------------|
|                    | <b>1% Decrease</b>                             | <b>Current</b> | <b>1% Increase</b> |
| Net OPEB Liability | \$ 272,890,898                                 | \$ 327,430,162 | \$ 396,086,606     |

**Note 17. 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, 2025.

**Note 18. Closure and Postclosure Landfill Costs**

The County owns six solid waste landfills which are accounted for in the Solid Waste Operating Fund and the South Wake Landfill Partnership Fund. State and federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The current estimate of closure and postclosure maintenance and monitoring costs is approximately \$44.7 million, which includes the North Carolina Department of Environmental Quality's Potential Assessment and Corrective Action (PACA). The PACA represents an additional contingency amount of \$5.7 million required by the State of North Carolina. The landfill closure and postclosure liability of \$27,308,853 is included as a separate line item under the noncurrent liabilities in the Solid Waste Operating Fund and the South Wake Landfill Partnership Fund at June 30, 2025. The liability represents a cumulative amount reported to date based on the following facilities.

The North Wake Unlined Landfill and the Feltonville Unlined Landfill have been closed for approximately 27 and 20 years, respectively, and no additional closure costs are expected at these facilities. The County is currently responsible for monitoring these sites for an additional 3 years and 10 years for post-closure care, respectively. The County continues to monitor groundwater conditions at the site. The County was required to develop a corrective action plan which included recommendations to remediation by air sparging by Monitored Natural Attenuation. In addition, enhanced anaerobic bioremediation is being implemented at the site. The estimates of the costs associated with the corrective action plan are included in the post-closure estimates for these facilities.

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

The North Wake Subtitle Design Facility has been closed for approximately 17 years and no additional closure costs are expected at this facility. During calendar year 2015, the County took over operations of the North Wake landfill gas-to-energy (LFGTE) system, which was previously operated by an outside party. In doing so, the County has assumed operation and maintenance costs associated with the flare, gas wells and other system components. These associated costs have been added to the post-closure costs for the remaining post-closure period. The County will continue to monitor this facility for post-closure care for an additional 13 years.

The South Wake Subtitle Design Facility began operations in February 2008 and is in its second phase of five total phases. It is estimated to be at 36.58% capacity. During fiscal year 2018, Phase 1 reached capacity and was partially closed. In July 2015, the landfill began placing waste in the new 28-acre cell (Phase 2A). The County is currently placing waste in Phase 2B. Closure and postclosure costs related to Phase 2B have been included in this year's estimates. The entire landfill is estimated to close June 2048. The County will recognize the remaining estimated cost of closure and post-closure care costs of \$11.6 million as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**Note 19. Pollution Remediation Liability**

During fiscal year 2010, the County received notification from the North Carolina Department of Environment Quality (NCDEQ) regarding post closure activities associated with the closed East Wake Landfill. Groundwater contamination and other volatile compounds have been detected at levels above the State groundwater standards. NCDEQ issued a Facility Compliance Inspection Report requiring the County to implement corrective action to address five deficiencies. The County has completed the necessary corrective action in addressing all of the deficiencies. The property is divided into four areas. Areas A, B & C are managed under the jurisdiction of the Inactive Hazardous Site Pre-Regulatory Landfill Unit (PRLF), and the County has ceased all voluntary environmental assessment activities pertaining to these areas. Area D remains under the regulations of NCDEQ Solid Waste Section and is managed and paid for by the County. The County completed all work related to Area D in September 2015, and Area D now is compliant with NCDEQ Solid Waste post-closure monitoring requirements. At this time, the County is managing the necessary monitoring on an annual budgetary basis and does not anticipate the needs for additional reserves to be set aside. This will be continued to be monitored as required by NCDEQ. At June 30, 2025, no pollution remediation liabilities were included in accounts payable and accrued liabilities in the Solid Waste Capital Project Fund.

**Note 20. 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:             | \$ 687,947,090 |
| Less:  |                |
| Inventories                                    | 456,599        |
| Prepaid expenditures                           | 547,764        |
| Noncurrent receivable                          | 12,083         |
| Stabilization by state statute                 | 124,012,787    |
| Register of deeds automation                   | 1,491,780      |
| Revaluation reserve                            | 2,649,151      |
| Non-MOU settlement funds                       | 331,533        |
| Future appropriations from excess ABC revenues | 3,867,784      |
| Future appropriations for behavioral health    | 65,582,294     |
| Agricultural easements                         | 2,439,215      |
| Business incentive grants                      | 263,000        |
| Working capital                                | 486,293,100    |
| Remaining fund balance                         | <u>\$ -</u>    |

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

**Note 20. Fund Balance (Cont.)**

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, 2025 are as follows:

| Major Funds  |                         |                        |                           |                              |                     | Nonmajor Funds           |
|--------------|-------------------------|------------------------|---------------------------|------------------------------|---------------------|--------------------------|
| General Fund | Affordable Housing Fund | Opioid Settlement Fund | American Rescue Plan Fund | County Capital Projects Fund | School Capital Fund | Other Governmental Funds |
| \$ 5,271,080 | \$ 2,761,200            | \$ 4,552,762           | \$ 37,303,556             | \$ 90,883,959                | \$ 240,644,059      | \$ 16,017,754            |

**Note 21. Stewardship, Compliance, and Accountability**

The Transportation Fund closed fiscal year June 30, 2025 with a negative fund balance of \$3,117,786. This shortfall is primarily due to the timing of revenues compared to expenditures. Several reimbursement contracts provide funding several months in arrears, and these revenues do not meet the criteria for accrual under the County’s accounting policies. Management continues to closely monitor the fund and the timing of revenue receipts.

**Note 22. 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 23. Discretely Presented Component Unit Disclosure****A. Deposits**

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

At June 30, 2025, the Board's deposits had a carrying amount of \$40,176,417 and a bank balance of \$40,094,029. All of the bank balance was either insured by federal depository insurance or collateralized under the pooling method.

**B. 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 \$50,000, 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.

**Note 24. Error Correction**

During fiscal year 2025, an adjustment was made related to the arbitrage payable in the Debt Service Fund. It was determined \$8,475,578 in recorded as a liability in the Debt Service fund should have only been recorded in the Governmental Activities in the Government-wide Statements. As indicated in the table below, the fund balance for the Debt Service Fund increased by \$8,475,578, There is no impact to the Government-wide Statements.

An adjustment was also made in the Government-wide Statements to correct the calculation of deferred gains from advanced refundings of debt. It was discovered that some of the County's refunded debt was mistakenly included in this calculation, specifically, debt that was not refunded and held in escrow. Instead, that portion of the debt was used to pay off bond anticipation notes and installment financing notes, which do not qualify for the deferred gain treatment. As indicated in the table below, the beginning net position for the Government-wide Statements increased by \$128,384,110.

**Note 24. Error Correction (Cont.)**

|                                 | Beginning Balance As<br>Previously Reported | Error Correction      | Beginning Balance As<br>Restated |
|---------------------------------|---|-----------------------|----------------------------------|
| <b>Government-Wide</b>          |   |                       |                                  |
| Governmental Activities         | \$ (1,321,854,742)                          | \$ 128,384,110        | \$ (1,193,470,632)               |
| <b>Total Primary Government</b> | <u>\$ (1,321,854,742)</u>                   | <u>\$ 128,384,110</u> | <u>\$ (1,193,470,632)</u>        |
| <b>Governmental Funds</b>       |   |                       |                                  |
| Major Funds:                    |   |                       |                                  |
| Debt Service Fund               | \$ 250,314,448                              | \$ 8,475,578          | \$ 258,790,026                   |
| <b>Total Governmental Funds</b> | <u>\$ 250,314,448</u>                       | <u>\$ 8,475,578</u>   | <u>\$ 258,790,026</u>            |

**Note 25. Subsequent Events**

In August 2025, the County issued \$172,975,000 of General Obligation Community College Bond Anticipation Notes and a \$703,647,000 Installment Financing Agreement for Schools. These issuances are part of the County's Draw Program and have been anticipated in the County's Debt and Capital Model. These debt sources will fund Community College and School capital projects through fiscal year 2027.

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The following financial statements have been compiled from the audited financial statements of the County for the fiscal years ended June 30, 2025, 2024, and 2023.

County of Wake, North Carolina  
**Balance Sheet**  
**General Fund**  
As of June 30, 2025, 2024 and 2023

|  | 2025                  | 2024                  | 2023                  |
|--|-----------------------|-----------------------|-----------------------|
| <b>Assets</b>  |                       |                       |                       |
| Cash and investments - pooled equity                                       | \$ 625,839,554        | \$ 559,002,500        | \$ 527,312,497        |
| Cash and investments - cash equivalents                                    | 1,203,654             | 1,229,804             | 1,116,438             |
| Cash and investments - restricted  | 4,140,931             | 6,696,254             | 6,860,403             |
| Taxes receivable (net)   | 82,888,312            | 77,339,252            | 74,713,597            |
| Accounts receivable (net)  | 15,872,035            | 15,083,071            | 13,472,230            |
| Intergovernmental receivable (net)   | 28,821,123            | 31,118,524            | 29,743,601            |
| Accrued interest receivable  | -                     | 20,481                | 39,431                |
| Internal balances (due from other funds)                                   | 6,978,096             | 5,780,966             | 6,068,713             |
| Prepaid expenditures   | 547,764               | 705,229               | 546,614               |
| Inventories  | 456,599               | 534,459               | 597,547               |
| Total assets   | \$ 766,748,068        | \$ 697,510,540        | \$ 660,471,071        |
| <br><b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>    |                       |                       |                       |
| <b>Liabilities</b>   |                       |                       |                       |
| Accounts payable and accrued liabilities                                   | \$ 59,373,053         | \$ 58,788,424         | \$ 51,924,177         |
| Due to other governmental units  | 395,293               | 822,974               | 3,045,199             |
| Total liabilities  | 59,768,346            | 59,611,398            | 54,969,376            |
| <br><b>Deferred Inflows of Resources</b>                                   | 19,032,632            | 15,437,356            | 13,815,472            |
| <br><b>Fund Balances</b>   |                       |                       |                       |
| Non-spendable:   |                       |                       |                       |
| Inventories  | 456,599               | 534,459               | 597,547               |
| Prepaid expenditures   | 547,764               | 705,229               | 546,614               |
| Noncurrent receivable  | 12,083                | 14,196                | 27,787                |
| Restricted:  |                       |                       |                       |
| Stabilization by state statute   | 124,012,787           | 125,481,898           | 128,586,068           |
| Register of deeds automation   | 1,491,780             | 1,427,549             | 1,396,641             |
| Committed:   |                       |                       |                       |
| Revaluation reserve  | 2,649,151             | 2,033,065             | 2,228,122             |
| Non-MOA opioid settlement funds  | 331,533               | -                     | -                     |
| LEO Separation Allowance   |                       | 3,235,640             | 3,235,640             |
| Future appropriations from local ABC revenues                              | 3,867,784             | 4,697,784             | 18,090,214            |
| Future appropriations for behavioral health                                | 65,582,294            | 52,736,197            | 31,506,680            |
| Future appropriations for agricultural easements                           | 2,439,215             | -                     | -                     |
| Future appropriations for business incentive grants                        | 263,000               | -                     | -                     |
| Future appropriations for health and human services                        | -                     | -                     | 680,000               |
| Working capital  | 486,293,100           | 427,952,549           | 404,790,910           |
| Assigned:  |                       |                       |                       |
| Agricultural easement  | -                     | 3,643,220             | -                     |
| Total fund balances  | 687,947,090           | 622,461,786           | 591,686,223           |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 766,748,068</b> | <b>\$ 697,510,540</b> | <b>\$ 660,471,071</b> |

The accompanying notes are an 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, 2025, 2024 and 2023

|  | 2025             | 2024             | 2023             |
|--|------------------|------------------|------------------|
| <b>Revenues</b>                                  |                  |                  |                  |
| Taxes  | \$ 1,904,708,299 | \$ 1,703,443,287 | \$ 1,571,659,072 |
| Intergovernmental                                | 93,893,461       | 89,724,478       | 88,231,409       |
| Charges for services                             | 94,933,587       | 84,177,372       | 72,453,319       |
| Licenses and permits                             | 6,951,290        | 7,365,864        | 5,448,058        |
| Investment earnings                              | 299,448          | 477,862          | 311,366          |
| Miscellaneous                                    | 101,856          | 388,852          | 395,649          |
| Total Revenues                                   | 2,100,887,941    | 1,885,577,715    | 1,738,498,873    |
| <b>Expenditures</b>                              |                  |                  |                  |
| General government                               | 84,526,901       | 73,782,667       | 75,603,212       |
| Health and human services                        | 263,075,029      | 226,769,973      | 203,428,864      |
| Education  | 751,298,276      | 682,525,264      | 628,388,458      |
| Community development and environmental services | 63,066,481       | 68,472,283       | 64,531,673       |
| Public safety                                    | 250,056,960      | 218,302,156      | 188,378,541      |
| Infrastructure                                   | 73,650,931       | 66,077,057       | 60,429,576       |
| Debt service:                                    |                  |                  |                  |
| Principal  | 3,782,605        | 2,479,467        | 2,547,343        |
| Interest   | 675,772          | 2,130            | 5,125            |
| Total Expenditures                               | 1,490,132,955    | 1,338,410,997    | 1,223,312,792    |
| Revenues Over Expenditures                       | 610,754,986      | 547,166,718      | 515,186,081      |
| <b>Other Financing Sources (Uses)</b>            |                  |                  |                  |
| Transfers from other funds:                      |                  |                  |                  |
| Special Revenue Fund                             | 1,400,000        | 1,400,000        | 1,400,000        |
| Capital Projects Fund                            | 954,294          | 945,215          | 935,944          |
| Transfers to other funds:                        |                  |                  |                  |
| Special Revenue Fund                             | (268,316)        | (878,894)        | (199,966)        |
| Capital Projects Fund                            | (208,090,796)    | (149,982,645)    | (142,277,000)    |
| Debt Service Fund                                | (332,621,000)    | (355,469,768)    | (334,421,000)    |
| Internal Services Fund                           | (7,300,000)      | (13,126,973)     | (12,646,744)     |
| Capital leases proceeds                          | -                | -                | 281,255          |
| Issuance of right-to-use debt                    | 596,239          | 690,502          | -                |
| Sale of assets and materials                     | 59,897           | 31,408           | 53,591           |
| Total Other Financing Uses                       | (545,269,682)    | (516,391,155)    | (486,873,920)    |
| Net change in fund balances                      | 65,485,304       | 30,775,563       | 28,312,161       |
| Fund balances, beginning of year                 | 622,461,786      | 591,686,223      | 563,374,062      |
| Fund balances, end of year                       | \$ 687,947,090   | \$ 622,461,786   | \$ 591,686,223   |

The accompanying notes are an integral part of these financial statements

County of Wake, North Carolina  
**Balance Sheet**  
**Debt Service Fund**  
As of June 30, 2025, 2024 and 2023

|  | 2025                  | 2024                  | 2023                  |
|--|-----------------------|-----------------------|-----------------------|
| <b>Assets</b>                              |                       |                       |                       |
| Cash and investments - pooled equity       | \$ 244,575,319        | \$ 212,075,318        | \$ 164,500,429        |
| Cash and investments - restricted          | 25,460,470            | 21,178,117            | 9,212,960             |
| Intergovernmental receivable (net)         | 6,947,407             | 9,601,164             | 6,818,938             |
| Accrued interest receivable                | 15,578,322            | 15,993,706            | 7,903,948             |
| Prepaid expenditures                       | 174,589               | 314,714               | 135,202               |
| Total assets                               | \$ 292,736,107        | \$ 259,163,019        | \$ 188,571,477        |
| <b>Liabilities</b>                         |                       |                       |                       |
| Accounts payable and accrued liabilities   | \$ 46,954             | \$ 8,848,571          | \$ 1,514,408          |
| Total liabilities                          | 46,954                | 8,848,571             | 1,514,408             |
| <b>Fund balances</b>                       |                       |                       |                       |
| Non-spendable:                             |                       |                       |                       |
| Prepaid expenditures                       | 174,589               | 314,714               | 135,202               |
| Restricted:                                |                       |                       |                       |
| Stabilization by state statute             | 22,525,729            | 25,594,870            | 14,722,886            |
| Assigned:                                  |                       |                       |                       |
| Planned expenditures                       | 1,428,182             | -                     | -                     |
| Debt service                               | 268,560,653           | 224,404,864           | 172,198,981           |
| Total fund balances                        | 292,689,153           | 250,314,448           | 187,057,069           |
| <b>Total liabilities and fund balances</b> | <b>\$ 292,736,107</b> | <b>\$ 259,163,019</b> | <b>\$ 188,571,477</b> |

The accompanying notes are an 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, 2025, 2024 and 2023

|   | 2025           | 2024           | 2023           |
|---|----------------|----------------|----------------|
| <b>Revenues</b>                               |                |                |                |
| Intergovernmental                             | \$ 11,982,818  | \$ 11,309,334  | \$ 11,735,413  |
| Charges for services                          | -              | -              | 4,252          |
| Investment earnings                           | 68,831,873     | 69,838,046     | 41,331,831     |
| Miscellaneous                                 | -              | 579            | 24,174         |
| Total Revenues                                | 80,814,691     | 81,147,959     | 53,095,670     |
| <b>Expenditures</b>                           |                |                |                |
| Current:                                      |                |                |                |
| General government                            | 2,666,093      | 2,397,847      | 2,459,393      |
| Debt service:                                 |                |                |                |
| Principal                                     | 260,185,000    | 249,880,000    | 317,258,115    |
| Interest and other fees                       | 118,559,926    | 117,929,206    | 107,183,831    |
| Total Expenditures                            | 381,411,019    | 370,207,053    | 426,901,339    |
| Revenues Under Expenditures                   | (300,596,328)  | (289,059,094)  | (373,805,669)  |
| <b>Other Financing Sources (Uses)</b>         |                |                |                |
| Transfer from other funds:                    |                |                |                |
| General Fund                                  | 332,621,000    | 355,469,768    | 334,421,000    |
| Special revenue funds                         | 4,008,995      | 1,880,687      | 1,747,533      |
| Transfer to other funds:                      |                |                |                |
| Capital project funds                         | (2,925,914)    | (5,664,000)    | (1,662,000)    |
| Bonds issued                                  | 45,157,799     | 165,176,055    | -              |
| Refunding bonds issued                        |                | -              | 74,504,180     |
| Payment to refunding escrow agent             | (49,468,918)   | (182,549,690)  | -              |
| Limited obligation bonds issued               | 505,797        | 272,355        | 308,970        |
| Premiums on issuance                          | 4,596,696      | 17,731,298     | 9,604,165      |
| Total Other Financing Sources                 | 334,495,455    | 352,316,473    | 418,923,848    |
| Net change in fund balances                   | 33,899,127     | 63,257,379     | 45,118,179     |
| Fund balances, beginning of year              | 250,314,448    | 187,057,069    | 141,938,890    |
| Prior period adjustment                       | 8,475,578      | -              | -              |
| Fund balances, beginning of year, as restated | 258,790,026    | 187,057,069    | 141,938,890    |
| Fund balances, end of year                    | \$ 292,689,153 | \$ 250,314,448 | \$ 187,057,069 |

The accompanying notes are an integral part of these financial statements

## **Note to the Compiled Financial Statements**

### **Prior Period Adjustment**

**Debt Service Fund** – During fiscal year 2025, an adjustment was made related to the arbitrage payable in the Debt Service Fund. It was determined \$8,475,578 recorded as a liability should have only been recorded in the Governmental Activities in the Government-wide Statements. As a result, the fund balance for the Debt Service Fund increased by \$8,475,578.

The following financial statements have been compiled from the budget ordinance and related amendments of the County for the fiscal year ending June 30, 2026.

County of Wake  
**Compiled Budget - General and Debt Service Funds**  
**For the Fiscal Year Ending June 30, 2026**  
As of November 30, 2025

|  | <b>General</b>   | <b>Debt<br/>Service</b> |
|--|------------------|-------------------------|
| <b>Estimated Revenues</b>  |                  |                         |
| Taxes  | \$ 1,952,935,398 | \$ -                    |
| Intergovernmental  | 78,548,927       | 10,000,000              |
| Charges for services   | 91,083,716       | -                       |
| Licenses and permits   | 8,197,018        | -                       |
| Investment earnings  | 200              | -                       |
| Miscellaneous  | 362,422          | 32,665,606              |
| Total estimated revenues   | 2,131,127,681    | 42,665,606              |
| <br><b>Appropriations</b>  |                  |                         |
| General government   | 92,257,952       | 2,044,675               |
| Health and human services  | 310,472,688      | -                       |
| Education  | 793,709,220      | -                       |
| Community development and environmental services                               | 72,538,384       | -                       |
| Public safety  | 257,994,563      | -                       |
| Infrastructure   | 84,052,229       | -                       |
| Debt service:  |                  |                         |
| Principal  | 22,995           | 241,071,347             |
| Interest and other fees  | 2,360            | 136,570,548             |
| Total appropriations   | 1,611,050,391    | 379,686,570             |
| <br>Estimated revenues over (under) appropriations                             | 520,077,290      | (337,020,964)           |
| <br><b>Other financing sources (uses)</b>                                      |                  |                         |
| Transfers from other funds:  |                  |                         |
| General fund   | -                | 342,639,000             |
| Capital project funds  | 963,164          | -                       |
| Special revenue funds  | 1,400,000        | 1,814,212               |
| Transfers to other funds:  |                  |                         |
| Debt service funds   | (342,639,000)    | -                       |
| Capital project funds  | (227,166,000)    | (8,860,430)             |
| Internal service funds   | (9,484,813)      | -                       |
| Appropriated fund balance  | 56,849,359       | 1,428,182               |
| Total other financing sources (uses)   | (520,077,290)    | 337,020,964             |
| <br>Estimated revenues and other sources over<br>appropriations and other uses | \$ -             | \$ -                    |

Compiled by the staff of the Wake County Finance Department



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## APPENDIX E

[Proposed Form of Legal Opinion for the Series 2026A Bonds]

April \_\_, 2026

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 \$204,015,000 General Obligation Public Improvement Bonds, Series 2026A, dated their date of delivery (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; however, interest on the Bonds

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held by certain corporations is included in the computation of “adjusted financial statement income” for purposes of the federal alternative minimum tax imposed on such 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.



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[Proposed Form of Legal Opinion for the Series 2026B Bonds]

April \_\_, 2026

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 \$39,160,000 General Obligation Library Bonds, Series 2026B, dated their date of delivery (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; however, interest on the Bonds

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held by certain corporations is included in the computation of “adjusted financial statement income” for purposes of the federal alternative minimum tax imposed on such 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.

**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.

### **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 net amount of excise taxes collected 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 municipalities 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: 20.47 percent of malt beverage tax revenue, 49.44 percent of unfortified wine tax revenue and 18 percent of fortified wine tax revenue. A municipality 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 at retail in a municipality located in a county in which the sale of such beverage is otherwise prohibited, only the municipality receives a portion of the amount distributed.

The State levies a tax on the gross receipts derived from the sale of electricity at the combined general rate prescribed by statute. The State distributes 44 percent of the net proceeds of such tax to municipalities, less certain administration costs. Each municipalities' share is calculated pursuant to a formula provided by statute.

The State levies a sales tax on the gross receipts derived from providing telecommunications and ancillary services at the statutorily prescribed combined general rate. Each quarter, the State distributes to municipalities 18.7 percent of the net proceeds from that quarter, minus \$2,620,948.

The State levies a tax on the gross receipts derived from the sale of piped natural gas at the combined general rate. The State distributes quarterly 20 percent of the net proceeds of such tax to municipalities, less certain administration costs. Each municipalities' share is calculated pursuant to a formula provided by statute, with certain "gas cities" eligible for an increase to their shares provided that certain requirements are met.

All cities and counties receive shares of three State sales taxes on video programming service and telecommunications service revenues pursuant to a formula provided by statute. The revenue to be distributed includes 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. Before the distribution of such net proceeds is made, certain cities or counties may receive supplemental public, educational or governmental access channel ("PEG Channel") support funds from such net proceeds, provided that certain requirements are met.

### **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.

**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 (the “DTC”), a New York corporation, 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 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 (the “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 (the “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 (the “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](http://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.