

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 6, 2026

NEW ISSUE—BOOK-ENTRY ONLY

Ratings: Moody's: Aa1
S&P: AA+
Fitch: AA+
(See "RATINGS" herein)

This Official Statement has been prepared by the County of Wake, North Carolina (the "County") to provide information on the County of Wake, North Carolina Limited Obligation Bonds, Series 2026 (the "2026 Bonds"). Selected information is presented on this cover page for the convenience of the user. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

\$18,975,000*
County of Wake, North Carolina
Limited Obligation Bonds, Series 2026
(Public Safety Facilities)

Dated: Date of Delivery

Due: May 1, as shown on the inside cover

Nature of the County's

Payment Obligation; Security:

The payment of amounts by the County with respect to the Series 2026 Bonds shall be limited to funds appropriated for that purpose by the Board of County Commissioners of the County in its discretion.

As security for the Series 2026 Bonds and all other Bonds issued under the Trust Agreement (as defined herein), the County has granted, pursuant to a deed of trust a lien of record on the Mortgaged Property (as defined herein) subject to permitted encumbrances.

THE OBLIGATION TO MAKE PAYMENTS WITH RESPECT TO THE SERIES 2026 BONDS IS NOT A GENERAL OBLIGATION OF THE COUNTY, AND THE TAXING POWER OF THE COUNTY IS NOT PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONIES DUE TO THE OWNERS OF THE SERIES 2026 BONDS.

Tax Treatment:

In the opinion of Womble Bond Dickinson (US) LLP, 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 Series 2026 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 Series 2026 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 Series 2026 Bonds will be exempt from all State of North Carolina income taxes. See "TAX TREATMENT" herein.

Redemption:

The Series 2026 Bonds are subject to optional redemption prior to maturity as described herein.

Interest Payment Dates:

November 1 and May 1 of each year, commencing November 1, 2026

Denominations:

\$5,000 or integral multiples thereof

Expected Delivery Date:

On or about April 30, 2026

Trustee:

U.S. Bank Trust Company, National Association, Charlotte, North Carolina

Bond Counsel:

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

County Attorney:

Roger Askew, Esq., Raleigh, North Carolina

Municipal Advisor:

First Tryon Advisors, Charlotte, North Carolina

Sale Date:

April 16, 2026

Sale of Bonds:

Pursuant to electronic or sealed bids in accordance with the Notice of Sale.

The date of this Official Statement is April __ 2026

*Preliminary, subject to change.

Maturity Schedule*

<u>Due May 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Initial Public Offering Yields¹</u>	<u>CUSIP⁺</u>
2027	\$1,000,000			
2028	1,000,000			
2029	1,000,000			
2030	1,000,000			
2031	1,000,000			
2032	1,000,000			
2033	1,000,000			
2034	1,000,000			
2035	1,000,000			
2036	1,000,000			
2037	1,000,000			
2038	1,000,000			
2039	1,000,000			
2040	1,000,000			
2041	995,000			
2042	995,000			
2043	995,000			
2044	995,000			
2045	995,000			

*Preliminary; subject to change.

¹Information obtained from the underwriters of the Series 2026 Bonds.

+CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2026 CUSIP Global Services. All rights reserved. The CUSIP data herein is provided solely for the convenience of reference only and neither the County, the Underwriters, nor their agents make any representation to the correctness of the CUSIP numbers either as printed on the Series 2026 Bonds or as contained herein. The CUSIP number for a specific maturity is subject to change after issuance of the Series 2026 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2026 Bonds.

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 LucasDeputy 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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized by the County or an underwriters to give any information or to make any representation, other than as contained in this Official Statement, in connection with the offering described herein, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement is submitted in connection with the sale of the Series 2026 Bonds as referred to herein, and may not be reproduced, used or relied upon, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

The electronic distribution of this Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Series 2026 Bonds described herein to the residents of any particular state and is not specifically directed to the residents of any particular state. The Series 2026 Bonds will not be offered or sold in any state unless and until they are either registered pursuant to the laws of such state, or qualified pursuant to an appropriate exemption from registration in such state.

The information set forth herein has been obtained from sources which are believed to be reliable and is in a form deemed final by the County for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)).

NEITHER THE SERIES 2026 BONDS NOR THE TRUST AGREEMENTS HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 304(A)(4) OF THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2026 BONDS AND THE TRUST AGREEMENTS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2026 BONDS AND THE TRUST AGREEMENTS HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, WILL NOT BE REGARDED AS A RECOMMENDATION THEREOF. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE OF THE SERIES 2026 BONDS SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY SINCE THE DATE HEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement, they will be furnished on request.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE SERIES 2026 BONDS	3
General	3
Redemption Provisions	3
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS	4
General	4
Payment of Bonds; Limited Obligation; Budgeting	4
Trust Agreement	4
Deed of Trust	6
Title Insurance	6
Enforceability.....	6
Additional Bonds	7
AVAILABLE SOURCES FOR PAYMENT	7
General	7
General Fund Revenues	7
THE PLAN OF FINANCE	8
ESTIMATED SOURCES AND USES OF FUNDS	8
DEBT SERVICE REQUIREMENTS.....	9
BONDHOLDERS’ RISKS	9
Insufficiency of Payments.....	9
Nonappropriation of Money to Pay Payments.....	10
Environmental Risks.....	10
Uninsured Casualty; Loss of Value	10
Value of Collateral.....	11
Bankruptcy.....	11
Cybersecurity	11
Outstanding General Obligation Debt of the County.....	12
CONTINUING DISCLOSURE	12
LEGAL MATTERS.....	14
MUNICIPAL ADVISOR.....	14
TAX TREATMENT	14
Opinion of Bond Counsel	14
Original Issue Discount.....	15
Original Issue Premium	15
Other Tax Consequences	16
LITIGATION.....	17
RATINGS	17
UNDERWRITING	17
MISCELLANEOUS	17
APPENDIX A – Information Relating to the County of Wake, North Carolina	A-1
APPENDIX B – Summary of Principal Legal Documents.....	B-1
APPENDIX C – Management Discussion and Analysis	C-1
APPENDIX D – Financial Statements of Wake County, North Carolina	D-1
APPENDIX E – Form of Opinion of Bond Counsel	E-1
APPENDIX F – Book-Entry Only System	F-1

\$18,975,000*
County of Wake, North Carolina
Limited Obligation Bonds, Series 2026
(Public Safety Facilities)

INTRODUCTION

The Official Statement, which includes the cover page and appendices, is intended to furnish information in connection with the purchase of \$18,975,000* in aggregate principal amount of County of Wake, North Carolina Limited Obligation Bonds, Series 2026 (Public Safety Facilities) (the “Series 2026 Bonds”).

This Introduction provides only certain limited information with respect to the contents of this Official Statement and is expressly qualified by the Official Statement as a whole. Prospective investors should review the full Official Statement and each of the documents summarized or described herein. This Official Statement speaks only as of its date, and the information contained herein is subject to change. Neither the delivery of this Official Statement nor the delivery of the Series 2026 Bonds shall under any circumstances create any implication that there has been no change in the County’s affairs since the date hereof.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

The Series 2026 Bonds will be issued pursuant to a Trust Agreement, dated as of April 1, 2026 (the “Trust Agreement”) and a First Supplemental Trust Agreement, dated as of April 1, 2026 (the “First Supplemental Trust Agreement” and together with the Trust Agreement, the “Trust Agreements”), each between the County and the Trustee. The proceeds of the Series 2026 Bonds, together with any other County funds, will be used to (1) finance the acquisition, construction and equipping of certain public health and safety improvements, consisting of the renovation of an annex to the County’s primary detention facility (the “Hammond Road Detention Facility Annex”), a new Emergency Medical Services Station and a new Public Safety Station (the “Project”) and (2) pay certain costs incurred in connection with the sale and issuance of the Series 2026 Bonds. See “THE PLAN OF FINANCE” herein for more detail on the Series 2026 Bonds.

Authorization. The County is issuing the Series 2026 Bonds pursuant to the provisions of Section 20 of Chapter 160A of the North Carolina General Statutes and Article 8 of Chapter 159 of the North Carolina General Statutes, each as amended, (collectively, the “Act”) and resolutions of the Board of Commissioners of the County. Each Series 2026 Bond will be an “installment contract” under the Act.

In addition, the Series 2026 Bonds received the required approval of the North Carolina Local Government Commission (the “LGC”) on April 7, 2026. The LGC is a division of the State Treasurer’s office charged with general oversight of local government finance in the State of North Carolina (the “State”). Its approval is required for substantially all bond issues and other local government financing arrangements in the State. Before approving an installment financing, the LGC must determine, among other things, that (1) the proposed financing is necessary and expedient, (2) the financing, under the

* Preliminary, subject to change.

circumstances, is preferable to a general obligation or revenue bond issue for the same purpose, and (3) the sums to fall due under the proposed financing are not excessive for the local government.

Nature of the County's Payment Obligation. The Series 2026 Bonds are limited obligations of the County and payments thereon shall be limited to funds appropriated for that purpose by the Board of Commissioners of the County in its discretion.

Security of the Series 2026 Bonds. To secure the repayment and performance by the County of its obligations under the Trust Agreement, the County will execute and deliver a Deed of Trust dated as of April 1, 2026 (the "Deed of Trust") for the benefit of the Trustee, granting a lien on the site of the Hammond Road Detention Facility Annex and all improvements and fixtures located and to be located thereon (the "Mortgaged Property"), subject only to Permitted Encumbrances (as defined in Appendix C hereto). The Hammond Road Detention Facility Annex is located in the same vicinity, but not on the same site, as the County's primary detention facility and the Deed of Trust will not encumber the site of the primary detention facility.

The Deed of Trust authorizes future obligations evidenced by Additional Bonds issued under the Trust Agreement, as described below, to be secured by the Deed of Trust, provided that the total amount of present and future obligations secured by the Deed of Trust at any one time does not exceed \$200,000,000 and such future obligations are incurred not later than 30 years from the date of the execution and delivery of the Deed of Trust.

In addition, the County has granted to the Trustee a lien on and security interest in all money held by the Trustee in the Project Fund, the Bond Fund, and the Net Proceeds Fund created under the Trust Agreement.

If a default occurs under the Trust Agreement, the Trustee can foreclose on the Mortgaged Property and apply the proceeds received as a result of any such foreclosure to the payment of the amounts due to the owners of the Bonds issued under the Trust Agreement, including the Series 2026 Bonds. NO ASSURANCE CAN BE GIVEN THAT ANY SUCH PROCEEDS WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF AND THE INTEREST ON THE SERIES 2026 BONDS. IN ADDITION, NO DEFICIENCY JUDGMENT CAN BE RENDERED AGAINST THE COUNTY IF THE PROCEEDS FROM ANY SUCH FORECLOSURE SALE (TOGETHER WITH OTHER FUNDS THAT MAY BE HELD BY THE TRUSTEE UNDER THE TRUST AGREEMENT) ARE INSUFFICIENT TO PAY THE SERIES 2026 BONDS IN FULL. THE SERIES 2026 BONDS DO NOT CONSTITUTE A PLEDGE OF THE COUNTY'S FAITH AND CREDIT AND TAXING POWER WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION.

Tax Status. See "TAX TREATMENT" herein.

Continuing Disclosure. Pursuant to the First Supplemental Trust Agreement, the County will undertake to provide continuing disclosure of certain annual financial information and operating data and certain material events. See "CONTINUING DISCLOSURE" herein.

Definitions; Document Summaries. See Appendix C for a summary of certain provisions of the Trust Agreement, the First Supplemental Trust Agreement and the Deed of Trust and for the definition of certain capitalized terms used herein. Unless otherwise indicated, capitalized terms used herein and not otherwise defined shall have the same meanings given such terms in the Trust Agreements and the Deed of Trust.

THE SERIES 2026 BONDS

General

Details of the Series 2026 Bonds. The Series 2026 Bonds will be dated the date of initial issuance, and will mature, subject to the redemption provisions described herein, on May 1 in the years and amounts set forth on the inside cover hereof. Interest on the Series 2026 Bonds will be payable on each November 1 and May 1, beginning November 1, 2026, at the rates set forth on the inside cover hereof.

Book-Entry Form. The Series 2026 Bonds will be delivered as fully registered certificates in book-entry-only form without physical delivery of certificates to the beneficial owners of the Series 2026 Bonds and will be subject to the provisions of the book-entry only system described below. Individual purchases of the Series 2026 Bonds will be made only in denominations of \$5,000 or whole multiples thereof. The Trustee will make payments of principal and interest on the Series 2026 Bonds to The Depository Trust Company, New York, New York (“DTC”), which will in turn remit such payments to its participants for subsequent distribution to the beneficial owners of the Series 2026 Bonds. See **Appendix E** hereto.

Redemption Provisions

Optional Redemption. The Series 2026 Bonds maturing on or prior to May 1, 2036 are not subject to redemption prior to their respective maturities. The Series 2026 Bonds maturing on or after May 1, 2037 are subject to redemption prior to their respective maturities, at the option of the County, from any money that may be available for such purpose, either in whole or in part on any date on or after May 1, 2036, at a redemption price equal to 100% of the principal amount of Series 2026 Bonds to be redeemed, plus accrued interest, if any, to the redemption date.

At least 45 days prior to the redemption date of any Series 2026 Bonds to be redeemed, the County shall notify the Trustee of its intention to redeem such Series 2026 Bonds. The Trustee shall send notice of redemption of any such Series 2026 Bonds to be redeemed by first-class mail, postage prepaid, at least 30 days but not more than 60 days before the redemption to all Owners of Series 2026 Bonds to be redeemed in whole or in part, but notice to DTC will be sent as permitted or required by DTC. Failure to mail any notice to any Owners of Series 2026 Bonds or any defect in such notice will not affect the validity of any proceedings for such redemption as to any other Owner to whom such notice is properly given.

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or before the redemption date of money sufficient to pay the principal of and interest on the Series 2026 Bonds to be redeemed. If such notice contains such a condition and money sufficient to pay the principal of and interest on such Series 2026 Bonds are not received by the Trustee on or prior to the redemption date, the redemption will not be made and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such money were not so received.

Selection of Series 2026 Bonds for Redemption. The Series 2026 Bonds will be redeemed only in whole multiples of \$5,000. If less than all the Series 2026 Bonds are called for redemption, the amounts of each maturity of the Series 2026 Bonds to be so redeemed will be called for redemption in the manner set forth in an Officer’s Certificate filed with the Trustee. The Trustee will notify promptly the County in writing of the Series 2026 Bonds so selected for redemption.

If less than all of the Series 2026 Bonds of any one maturity are to be called for redemption, the Trustee shall select the Series 2026 Bonds to be redeemed by lot, each \$5,000 portion of principal being counted as one Series 2026 Bond for this purpose; provided, however, that so long as the only Owner of

the Series 2026 Bonds is a Securities Depository Nominee, such selection shall be made by the Securities Depository.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS

General

The Series 2026 Bonds are payable from payments to be made by the County pursuant to the Trust Agreement and from certain other money, including certain proceeds of the sale of the Series 2026 Bonds, certain investment earnings, certain Net Proceeds, if any, and certain amounts realized from any sale or lease of the Mortgaged Property, which payments and other money have been pledged to such payment as provided in the Trust Agreement.

Payment of Bonds; Limited Obligation; Budgeting

The County shall cause to be paid, when due, the principal of (whether at maturity, by acceleration, by call for redemption or otherwise) and the premium, if any, and interest on the Series 2026 Bonds at the places, on the dates and in the manner described herein. The County shall also pay to such persons as are entitled thereto Additional Payments as shall be required for the payment of all administrative and other costs relating to the Project, any Additional Project (as defined in the Trust Agreement) or the Series 2026 Bonds, including, without limitation, (i) all expenses and compensation of the Trustee, the LGC, the provider of any credit facility or liquidity facility relating to any Series 2026 Bonds and any fiscal agents required to administer the terms of any Series 2026 Bonds (such as remarketing agents, auction agents, tender agents or paying agents); (ii) fees of auditors, accountants, attorneys or engineers; (iii) any Derivative Agreement Scheduled Payments or Derivative Agreement Additional Payments; (iv) all other necessary administrative costs of the County or to indemnify any Indemnified Party; and (v) any other payments specified as Additional Payments under a Supplemental Agreement.

The County Manager of the County (or any other officer at any time charged with the responsibility for formulating budget proposals) shall include in the budget proposals for review and consideration by the Board of Commissioners of the County in each Fiscal Year, items for all payments of principal and interest due on the Series 2026 Bonds (reasonably estimated in the case of any Series 2026 Bonds issued bearing interest at a variable interest rate) and reasonably estimated Additional Payments required for such Fiscal Year. Any such budget item shall be deleted from the applicable budget by the Board of Commissioners only by the adoption of a resolution to such effect containing a statement of its reasons therefor, which resolution shall be adopted by roll-call vote. The County shall furnish to the Trustee within 30 days of the adoption by the County of its annual budget a certificate of an Authorized Officer certifying that such annual budget includes items for all payments of principal and interest on the Series 2026 Bonds and the reasonably estimated Additional Payments for the Fiscal Year to which the annual budget relates. In addition, the County shall promptly provide to the Trustee notice of any amendments to its annual budget affecting appropriations for payments of principal and interest on the Series 2026 Bonds or Additional Payments. The County shall promptly provide notice of any Event of Nonappropriation to the Trustee, the Local Government Commission and each Rating Agency then rating any of the Outstanding Bonds.

Trust Agreement

General. Under the Trust Agreement, the County has transferred, assigned and unconditionally granted to the Trustee for the benefit of the Owners of the Series 2026 Bonds a security interest in all of its rights, title and interest in and to all amounts required to be deposited in the Bond Fund and the Net Proceeds Fund and any and all money and securities from time to time held by the Trustee under the Trust Agreement. In addition, the County has executed and delivered the Deed of Trust as security for its obligations under the Trust Agreement, granting to the Trustee a lien on the Mortgaged Property for the benefit of the Owners

of the Series 2026 Bonds. The Mortgaged Property consists of the site of the Hammond Road Detention Facility Annex. The Hammond Road Detention Facility Annex is located in the vicinity of, but not on the same site, as the County's primary detention facility. The primary detention facility is not covered by the Deed of Trust.

Release of Mortgaged Property. At any time and from time to time, so long as no Event of Default has occurred and is continuing under the Trust Agreement or the Deed of Trust, the Trustee (as beneficiary under the Deed of Trust) shall be required to release a portion of the Mortgaged Property from the lien and security interest created by the Deed of Trust when and if the following requirements have been met:

(a) there is filed with the Trustee, as beneficiary under the Deed of Trust, a certified copy of a resolution of the Board of Commissioners or an Officer's Certificate stating that the County desires the release of such portion of the Mortgaged Property, giving an adequate description of the Mortgaged Property to be released, requesting such release and providing for the payment by the County of all expenses in connection with such release;

(b) except as provided below, either (i) the estimated value of the Mortgaged Property remaining after the proposed release (as such value is evidenced as hereinafter provided) is not less than 50% of the aggregate principal amount of Series 2026 Bonds then Outstanding or (ii) the County provides for substitution other property (the "Substitute Property") that will be made subject to the lien of the Deed of Trust that has an estimated value such that the combined estimated value of the remaining Mortgaged Property and the Substitute Property immediately before the proposed substitution is not less than 50% of the aggregate principal amount of Series 2026 Bonds then Outstanding and files with the Trustee an opinion of Bond Counsel to the County to the effect that the substitution of such property is permitted by law and is permitted under the terms of the Trust Agreement and the Deed of Trust and for any Series 2026 Bonds with respect to which interest is intended to be excludable from the gross income of the owners thereof for federal or state income tax purposes, that such release and substitution will not adversely affect the exclusion of interest on such Series 2026 Bonds from the gross income of the owners thereof for federal or state income tax purposes;

(c) there is filed with the Trustee an Officer's Certificate to the effect that such release shall not prohibit the County's ingress, egress and regress to and from the remainder of the Mortgaged Property not being released and will not materially interfere with the use of the remainder of the Mortgaged Property not being released.

The estimated value of the Mortgaged Property or any Substitute Property required by (b) above will be evidenced by an Officer's Certificate as to such estimated value, and may be based on such assumptions as the Authorized Officer may deem reasonable, including, but not limited to, reliance on (i) an appraisal, (ii) the insured value of the property subject to valuation, (iii) the assessed tax valuation of the remaining Mortgaged Property, and (iv) a combination of the foregoing. If any improvements are then being installed on any portion of property that will be included in the Mortgaged Property, the estimated value of the Mortgaged Property may take into account the expected value of the Mortgaged Property following the completion of the improvements.

If the portion of the Mortgaged Property requested to be released is land on which no part of the improvements comprising the Project or supporting infrastructure is located, and the release is requested so that such land and improvements to be constructed thereon may be made subject to a new deed of trust that will secure obligations of the County incurred to finance the cost of the improvements, and the requirements of subsections (a), (b) and (c) are met with respect to the proposed release, then the land may be released from the Deed of Trust without complying with the requirements of subsection (b). The County will provide notice to each Rating Agency of the substitution or release of any of the Mortgaged Property. See **"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Summary of the Trust Agreement—Release of Mortgaged Property"** in **Appendix C** hereto.

Deed of Trust

The County will execute and deliver the Deed of Trust in connection with the issuance of the Series 2026 Bonds, as security for its obligations under the Trust Agreement. See “**THE PLAN OF FINANCE**” herein for more info on the Deed of Trust. The Deed of Trust will be duly recorded on the date of issuance of the Series 2026 Bonds and will constitute a lien of record on the Mortgaged Property. **The Mortgaged Property includes only the site of the Hammond Road Detention Facility Annex, and the real estate improvements thereon and appurtenances thereto, as more particularly described in the Deed of Trust.** The Trustee is the beneficiary under the Deed of Trust, for the benefit of the Owners, to secure payment of the Series 2026 Bonds and any Additional Bonds issued under the Trust Agreement.

Title Insurance

In connection with the issuance of the Series 2026 Bonds, the County expects to receive a mortgagee’s title insurance policy on real property on which the Hammond Road Detention Facility Annex will be located insuring the County’s fee simple interest in said real property, subject only to Permitted Encumbrances and naming the Trustee as the insured party. The total amount of the title insurance policy insuring the County’s interest in the Mortgaged Property will be \$10,000,000, which is less than the value of the real property. Generally, a claim against a title insurance policy may only be made in an amount which is the lesser of the actual value of the real property and the amount of the title insurance policy.

Enforceability

The Trust Agreement and the Deed of Trust are subject to bankruptcy, insolvency, reorganization and other laws related to or affecting the enforcement of creditors’ rights and, to the extent that certain remedies under such instruments require or may require enforcement by a court, to such principles of equity as the court having jurisdiction may impose.

NOTWITHSTANDING ANYTHING THEREIN TO THE CONTRARY, THE DELIVERY OF THE SERIES 2026 BONDS SHALL NOT BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION. IN ADDITION, NEITHER THE SERIES 2026 BONDS NOR THE TRUST AGREEMENT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE BOARD OF COMMISSIONERS FOR ANY FISCAL YEAR IN WHICH THE SERIES 2026 BONDS ARE OUTSTANDING. IF THE COUNTY FAILS TO MAKE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE SERIES 2026 BONDS, THE TRUSTEE MAY DECLARE THE ENTIRE UNPAID PRINCIPAL OF THE SERIES 2026 BONDS TO BE IMMEDIATELY DUE AND PAYABLE AND DIRECT THE DEED OF TRUST TRUSTEE TO INSTITUTE FORECLOSURE PROCEEDINGS UNDER THE DEED OF TRUST AND PROCEED IN ACCORDANCE WITH LAW TO ATTEMPT TO DISPOSE OF THE MORTGAGED PROPERTY AND APPLY THE PROCEEDS OF SUCH DISPOSITION TOWARD ANY BALANCE OWING BY THE COUNTY ON THE SERIES 2026 BONDS. NO ASSURANCE CAN BE GIVEN THAT SUCH PROCEEDS WILL BE SUFFICIENT TO PAY ALL PRINCIPAL OF AND INTEREST ON THE SERIES 2026 BONDS. IN ADDITION, SECTION 160A-20(f) OF THE NORTH CAROLINA GENERAL STATUTES PROVIDES THAT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR BREACH OF ANY CONTRACTUAL OBLIGATION AUTHORIZED UNDER SECTION 160A-20 AND THAT THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEY DUE FROM THE COUNTY. SEE “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—SUMMARY OF THE TRUST

AGREEMENT—ACCELERATION AND ADDITIONAL REMEDIES ON DEFAULT” IN APPENDIX C HERETO.

Additional Bonds

Under the conditions described in the Trust Agreement, without the approval or consent of the Owners of the then outstanding Series 2026 Bonds, Additional Bonds may be delivered and secured on a parity with the Series 2026 Bonds to provide funds, with any other available funds, for paying (1) the cost of completion or improvement of the Project, (2) the cost of acquisition or construction of any Additional Project and (3) the cost (including financing costs) of refunding any Series 2026 Bonds or, to the extent permitted by law, indebtedness other than Series 2026 Bonds.

No Additional Bonds may be issued under the Trust Agreement unless in connection with the issuance thereof there is delivered to the Trustee an Officer’s Certificate to the effect that, following the issuance of such Additional Bonds, taking into account the estimated value of any additional property to be added to the Mortgaged Property in connection with the issuance thereof, and taking into account the expected value of the Mortgaged Property following the completion of the improvements being financing or refinanced thereby, the expected value of the Mortgaged Property will not be less than 50% of the aggregate principal amount of Series 2026 Bonds that will be Outstanding. The estimate of the value of the Mortgaged Property may be based on such estimated as the Authorized Officer delivering the Officer’s Certificate may deem reasonable, including, but not limited to, reliance on (A) an appraisal of the Mortgaged Property, (B) the insured value of the Mortgaged Property, (C) the assessed tax valuation of the Mortgaged Property, (D) the estimated cost of the improvements to be installed on the real property and (E) any combination of the foregoing. This requirement will be met by an Officer’s Certificate evidencing compliance to be filed with the Trustee before Additional Bonds can be issued. The County will provide such an Officer’s Certificate prior to the issuance of the Series 2026 Bonds. See the caption “**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—SUMMARY OF THE TRUST AGREEMENT—*Terms and Conditions for Issuance of Bonds***” in **Appendix C** hereto.

AVAILABLE SOURCES FOR PAYMENT

General

The County may pay its obligations under the Trust Agreement and First Supplemental Trust Agreement from any source of funds available to it in each year and appropriated therefor until maturity of the Series 2026 Bonds.

General Fund Revenues

The County’s general fund revenues, including transfers in, for the fiscal year ended June 30, 2025 were approximately \$2.1 billion. General fund revenues are derived from various sources, including property taxes (which accounts for approximately 75% of the total general fund revenues), sales taxes, fines and forfeitures, intergovernmental revenues, and transfers in. For the fiscal year ended June 30, 2025, the County imposed a property tax of 51.35¢ per \$100 of assessed value. A rate of 1.0¢ per \$100 of assessed value for the fiscal year ended June 30, 2025 generated approximately \$30.7 million. See **Appendix B** hereto for a description of the uses of the County’s general fund revenues for the fiscal year ended June 30, 2025. For the fiscal year ending June 30, 2026, the County imposed a property tax of 51.71¢ per \$100 of assessed value. A rate of 1.0¢ per \$100 of assessed value for the fiscal year ending June 30, 2026 is projected to generate approximately \$31.2 million. The General Statutes of North Carolina permit counties to impose property taxes of up to \$1.50 per \$100 of assessed value for certain purposes without the requirement of a voter referendum.

THE PLAN OF FINANCE

The proceeds of the Series 2026 Bonds, together with any other County funds, will be used to (1) finance a portion of the acquisition, installation, construction and equipping of the Project and (2) pay certain costs incurred in connection with the sale and issuance of the Series 2026 Bonds. The Project is comprised of three public safety related facilities: the Hammond Road Detention Facility Annex, a new County emergency medical services station and a new public safety station. Approximately \$10,000,000 of the proceeds of the Series 2026 Bonds will be expended on the cost of the Hammond Road Detention Facility Annex, which is expected to cost approximately \$18.35 million. Approximately \$4.1 million of the proceeds of the Series 2026 Bonds will be expended on the cost of the emergency medical services station, which is expected to cost approximately \$4.5 million. Approximately \$6.4 million of the proceeds of the Series 2026 Bonds will be expended on the County's share of the cost of the public safety station, which is expected to cost approximately \$9.2 million.

The Series 2026 Bonds are secured solely by the Mortgaged Property, which currently includes only the site on which the Hammond Road Detention Facility Annex will be located. The Hammond Road Detention Facility Annex is located in the vicinity of, but not on the same site as the primary detention facility of the County. The annex is a 72,457 square foot single level, stand-alone detention facility. The original facility was constructed in 1988, and a new phase of the facility was added in 2001. The annex has been unoccupied since 2013, when the last phase of the primary detention facility was opened. The improvements financed with the proceeds of the Series 2026 Bonds focuses on updates necessary to comply with North Carolina Jail Standards. At the completion of the project the Hammond Road Detention Facility Annex will provide 240 beds to serve the Detention operations.

ESTIMATED SOURCES AND USES OF FUNDS

The County estimates the sources and uses of funds for the plan of finance to be as follows:

<u>Sources:</u>	<u>Total</u>
Par Amount of 2026 Bonds	
Original Issue Premium	
County Contribution	
Total	
<u>Uses:</u>	
Deposit to Project Account	
Costs of Issuance ¹	
Total	

¹Includes legal fees, underwriters' compensation, rating agency fees, title insurance premiums, fees and expenses of the Trustee and Municipal Advisor, and miscellaneous fees and expenses. The County will pay these costs directly from County funds.

[Remainder of page left intentionally blank]

DEBT SERVICE REQUIREMENTS

The following table sets forth, for each fiscal year ending June 30, the amounts required in such fiscal year for the payment of the principal of and interest on the Series 2026 Bonds. The totals shown in the table below may not foot due to rounding.

Fiscal Year Ended June 30,	Series 2026 Bonds		Total
	Principal	Interest	
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
TOTAL			

BONDHOLDERS’ RISKS

Insufficiency of Payments

If the County fails to pay any payments on the Series 2026 Bonds as the same become due or if another event of default occurs under the Trust Agreement, the Trustee may accelerate the principal with respect to the Outstanding Bonds and any Additional Bonds, foreclose on the Mortgaged Property under the Deed of Trust; take possession of the Mortgaged Property; and attempt to dispose of it under the terms of the Deed of Trust. See “**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Summary of the Deed of Trust—Remedies of the Deed of Trust Trustee Upon Default**” in **Appendix C** hereto. THE REMEDIES AFFORDED TO THE TRUSTEE AND THE OWNERS OF THE OUTSTANDING BONDS ON A DEFAULT OR A NONAPPROPRIATION BY THE COUNTY UNDER THE TRUST AGREEMENT ARE LIMITED TO THOSE OF A SECURED PARTY UNDER THE LAWS OF THE STATE OF NORTH CAROLINA. THERE CAN BE NO ASSURANCE THAT THE MONEY AVAILABLE IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE AND THE PROCEEDS OF ANY SUCH DISPOSITION OF THE MORTGAGED PROPERTY WILL BE SUFFICIENT TO PROVIDE FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST ON THE OUTSTANDING BONDS. SECTION 160A-20(f) OF THE GENERAL STATUTES OF NORTH CAROLINA PROVIDES THAT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR ANY

AMOUNTS THAT MAY BE OWED BY THE COUNTY UNDER THE TRUST AGREEMENT, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEY OWING BY THE COUNTY UNDER THE TRUST AGREEMENT, INCLUDING FORECLOSURE UNDER THE DEEDS OF TRUST.

Nonappropriation of Money to Pay Payments

The appropriation of money to make payments pursuant to the Trust Agreement is within the sole discretion of the County's Board of Commissioners. If an Event of Nonappropriation occurs with respect to the Trust Agreement, the only sources of payment of the Series 2026 Bonds and any Additional Bonds will be the money, if any, available in the funds and accounts held by the Trustee under the Trust Agreement and the proceeds of any attempted disposition of the Mortgaged Property under the Deed of Trust. The amount of such proceeds will be affected by (1) the condition of the Mortgaged Property, (2) periodic releases of portions of the Mortgaged from the lien as provided in the Deed of Trust and Trust Agreement and (3) the occurrence of any damage, destruction or loss of the Mortgaged Property, which is not repaired or replaced and for which there are not received or appropriated money from insurance policies or condemnation awards.

Environmental Risks

A new environmental assessment of the Mortgaged Property, consisting of the Hammond Road Detention Facility Annex, in connection with the renovation thereof being financed in part with proceeds of the Series 2026 Bonds. The County has been the long-time owner of the site of the Hammond Road Detention Facility Annex. The original facility was constructed in 1988, and a new phase was added in 2001. The Detention Facility Annex has been unoccupied since 2013.

Under the Deed of Trust the County must undertake whatever environmental remediation may be required by law. For example, if any portion of the Mortgaged Property became a "Superfund site" under the Comprehensive Environmental Response, Compensation and Liability Act, the federal government may require clean-up and the County may be required to pay all or a part of such clean-up costs. If the County were unable to continue operation of any part of the Mortgaged Property because of environmental contamination of the Mortgaged Property, the value of the Mortgaged Property at foreclosure would be reduced by the cost of any clean-up. Moreover, under the Trust Agreement, the Trustee may refuse to foreclose on any portion of the Mortgaged Property affected by such environmental contamination.

Uninsured Casualty; Loss of Value

If the Mortgaged Property is damaged or destroyed by any casualty or taken by any governmental authority, the County has the option under the Trust Agreement to restore the Mortgaged Property to its condition prior to such damage, destruction or taking or to apply the Net Proceeds of any insurance policy or condemnation award to the redemption of Bonds under the Trust Agreement. If the Net Proceeds are not sufficient to redeem such Bonds, the only other source of payment of the Bonds Outstanding under the Trust Agreement will be the County's appropriation of funds therefor and proceeds of the disposition of the Mortgaged Property the amount of which may be reduced by the condition thereof. The Trust Agreement and the Deed of Trust require that certain insurance be maintained with respect to the Mortgaged Property. See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS – Trust Agreement—Release of Mortgaged Property**" and "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS – Trust Agreement—Release of Mortgaged Property**" herein. Such insurance may not, however, cover all perils to which the Mortgaged Property is subject.

Value of Collateral

No special appraisal thereof has been obtained and the amount of proceeds received through foreclosure of the County's interest in the Mortgaged Property may be affected by a number of factors, including (1) the costs and expenses in enforcing the lien and security, (2) the condition of the Mortgaged Property, (3) the occurrence of any damage, destruction, loss or theft of the Mortgaged Property which is not repaired or replaced and for which there are not received from insurance policies or appropriated money from any risk management program, (4) problems relating to the paucity of alternative uses of the facilities arising from their design, zoning restrictions, use restrictions, easements and encumbrances on the Mortgaged Property and (5) environmental problems and risks with respect to the Mortgaged Property.

The Mortgaged Property and the proceeds derived from any foreclosure sale or other disposition thereof secures all Bonds Outstanding under the Trust Agreement on a pro rata basis. Under the Trust Agreement, the Trustee may release any part of the Mortgaged Property from the lien and security interest of the Deed of Trust upon compliance with certain conditions, under certain circumstances, so long as the appraised value of the remaining Mortgaged Property is greater than 50% of the aggregate principal amount of Bonds Outstanding under the Trust Agreement. Except in connection with such a release, the County is under no obligation to maintain the value of the Mortgaged Property at any specific level. Accordingly, the proceeds derived from any foreclosure sale of the Mortgaged Property may not be sufficient to pay the amount of Bonds Outstanding under the Trust Agreement. See "**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Summary of the Trust Agreement—Insurance**" in **Appendix C**.

No representation is made as to the value of the County's interest in the Mortgaged Property in foreclosure.

Bankruptcy

Under North Carolina law, a local governmental unit such as the County may not file for bankruptcy protection without (1) the consent of the LGC and (2) the satisfaction of the requirements of §109(c) of the United States Bankruptcy Code. If the County were to initiate bankruptcy proceedings with the consent of the LGC and satisfy the requirements of 11 U.S.C. §109(c), the bankruptcy proceedings could have material and adverse effects on holders of the Series 2026 Bonds, including (a) delay in enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the County after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a plan of reorganization reducing or delaying payment of the Series 2026 Bonds. The effect of the other provisions of the United States Bankruptcy Code on the rights and remedies of the holders of the Series 2026 Bonds cannot be predicted and may be affected significantly by judicial interpretation, general principles of equity (regardless of whether considered in a proceeding in equity or at law) and considerations of public policy. Regardless of any specific adverse determinations in a bankruptcy case of the County, the fact of such a bankruptcy case could have an adverse effect on the liquidity and value of the Series 2026 Bonds.

Cybersecurity

As increased threats persist to the cybersecurity of private companies and local governments nationwide, the County has an Information Security Team, led by its Chief Information Security Officer, which continuously monitors all County systems for any incidents or attempts to access protected systems and information. The County also has extensive information and system security policies to help protect against cybersecurity threats. All employees are required to take cybersecurity training quarterly. Related policies and training material are reviewed at least annually by the Information Security Team and revised if appropriate.

Outstanding General Obligation Debt of the County

The County has general obligation bonds outstanding and intends to issue additional general obligation bonds and bond anticipation notes in the future. The County has pledged and will pledge its faith and credit and taxing power to the payment of its general obligation bonds and bond anticipation notes issued or to be issued. See the caption “**THE COUNTY--DEBT INFORMATION**” in **Appendix A** for a description of the County’s outstanding and authorized but unissued general obligation bonds and bond anticipation notes. FUNDS WHICH MAY OTHERWISE BE AVAILABLE TO MAKE PAYMENTS PURSUANT TO THE TRUST AGREEMENT MAY BE SUBJECT TO SUCH FAITH AND CREDIT PLEDGE BY THE COUNTY AND THEREFORE MAY BE REQUIRED TO BE APPLIED TO THE PAYMENT OF ITS GENERAL OBLIGATION INDEBTEDNESS.

CONTINUING DISCLOSURE

In each of the First Supplemental Trust Agreement, the County will undertake, for the benefit of the beneficial owners of Series 2026 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, commencing with the Fiscal Year ending June 30, 2026, audited financial statements of the County for such Fiscal Year, if available, or, if such audited financial statements of the County are not then available, 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, 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 the following headings “**THE COUNTY – DEBT INFORMATION**” and “**- TAX INFORMATION**” (excluding any information on underlying units) in **Appendix A** hereto 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 Series 2026 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 Series 2026 Bonds or other material events affecting the tax-exempt status of the Series 2026 Bonds;
- (7) modifications to the rights of the beneficial owners of the Series 2026 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 Series 2026 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 to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) appointment of a successor or additional Trustee or the change of name of the 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 Series 2026 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.

The County shall provide the documents referred to above to the MSRB in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The County may discharge its undertaking described above by transmitting the documents referred to above to any entity and by any method authorized or required by the U.S. Securities and Exchange Commission.

For purposes of this undertaking, “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) above. 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 issued under the Securities Exchange Act of 1934 (“*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 First Supplemental Trust Agreement will also provides that if the County fails to comply with the undertaking described above, the Trustee or any beneficial owner of the Series 2026 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 will not be an Event of Default under the Trust Agreement and will not result in any acceleration of the Series

2026 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 Series 2026 Bonds.

Pursuant to the First Supplemental Trust Agreement, the County will reserve 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 of the Series 2026 Bonds, as determined by the Trustee or bond counsel, or by the approving vote of the Owners of a majority in principal amount of the Series 2026 Bonds then Outstanding pursuant to the terms of the Trust Agreement 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, in full, of the principal of and interest on all of the Series 2026 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.

LEGAL MATTERS

Certain legal matters relating to the authorization, execution, sale and delivery of the Series 2026 Bonds are subject to the approval of Womble Bond Dickinson (US) LLP, Raleigh, North Carolina, Bond Counsel. The proposed form of the approving legal opinion of Bond Counsel is included in **Appendix D** hereto. Certain legal matters will be passed upon for the County by Roger Askew, Esq., Raleigh, North Carolina, County Attorney.

MUNICIPAL ADVISOR

First Tryon Advisors has served as Municipal Advisor (the “*Municipal Advisor*”) to the County with respect to the sale of the Series 2026 Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Series 2026 Bonds is contingent on the issuance and delivery of the Series 2026 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.

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 Series 2026 Bonds, and the timely payment of certain investment earnings to the United States Treasury, interest on the Series 2026 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 Series 2026 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 Series 2026 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 Series 2026 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 2026 Bonds maturing on May 1, ____ (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.

Original Issue Premium

The initial public offering prices of the Series 2026 Bonds (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 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 premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the premium allocable to that period and subtract such bond premium from the owner's tax basis in the Premium Bond. If the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. 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 Series 2026 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 Series 2026 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 Series 2026 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 Series 2026 Bonds.

Interest paid on tax-exempt obligations, such as the Series 2026 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 Series 2026 Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest with respect to the Series 2026 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.

LITIGATION

No litigation is now pending in any court seeking to restrain or enjoin the authorization, execution or delivery of the Series 2026 Bonds or contesting the authority of proceedings for the authorization, execution or delivery of the Series 2026 Bonds or the validity thereof, or the creation, organization, corporate existence or powers of the County, or the title of any of the present officers thereof to their respective titles or the authority or proceedings for the execution and delivery of the Trust Agreement by the County.

RATINGS

Moody's Investors Service, Inc. ("*Moody's*"), S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("*S&P*"), and Fitch Inc. ("*Fitch*") have assigned ratings of "Aa1", "AA+" and "AA+", respectively, to the Series 2026 Bonds. Such ratings reflect only the views of Moody's, S&P and Fitch, respectively, at the time the ratings were given, and neither the County nor the Underwriters make any representations as to the appropriateness of such ratings. Further explanation of the significance of such ratings may be obtained from Moody's, S&P and Fitch. The ratings are not a recommendation to buy, sell or hold the Series 2026 Bonds and should be evaluated independently. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2026 Bonds. Neither the County nor the Underwriters have undertaken any responsibility after the issuance of the Series 2026 Bonds to assure maintenance of the ratings or to oppose any such revision or withdrawal.

UNDERWRITING

The underwriters for the Series 2026 Bonds are _____.

Such underwriters have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all of the Series 2026 Bonds. If all of the Series 2026 Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, the underwriters anticipate total underwriters' compensation of \$_____. The public offering prices or yields of the Series 2026 Bonds may be changed from time to time by the underwriters.

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.

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

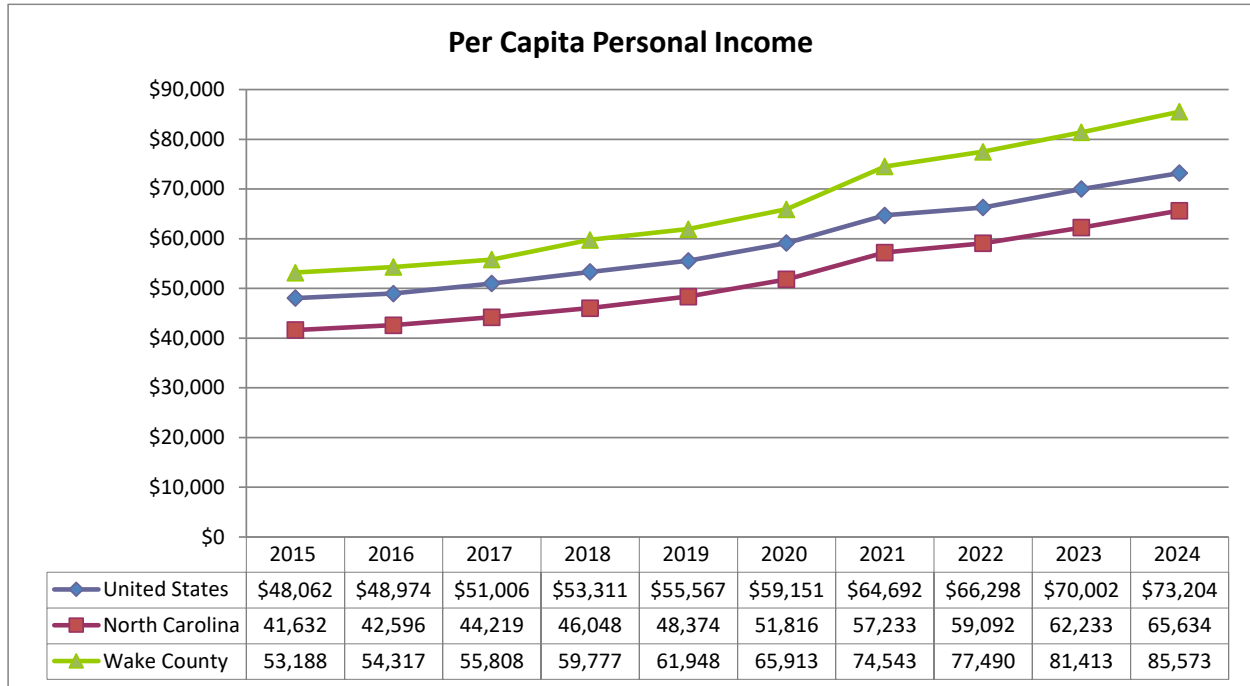
LAST TEN YEARS

<u>YEAR</u>	<u>POPULATION¹</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

[Remainder of page intentionally left blank]

¹ 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.

[Remainder of page intentionally left blank]

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:

COMPANY NAME	NUMBER OF EMPLOYEES	LOCATION (BY COUNTY)
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 ¹	-	30.93%

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

¹ 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 ¹	261	\$ 958,136,180	8,252	\$ 2,319,280,510	5,867	\$ 377,098,665	14,380	\$ 3,654,515,355
2025 ²	255	1,114,825,113	6,662	1,963,132,126	5,003	369,657,280	11,920	3,447,614,519

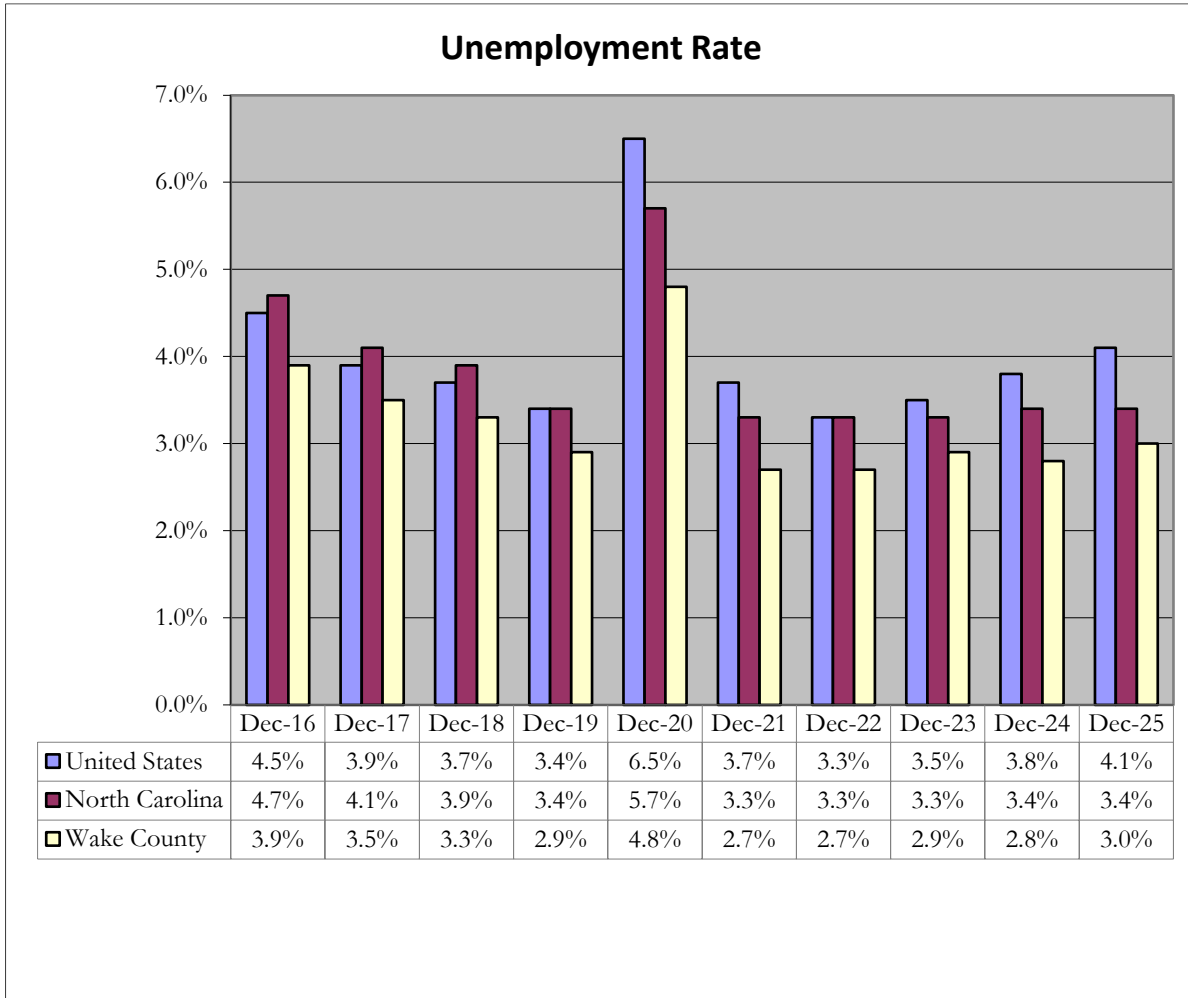
¹ Ten-month period ended October 31, 2024.

² Ten-month period ended October 31, 2025. Most recent data available.

Source: Wake County Revenue Department

[Remainder of page intentionally left blank]

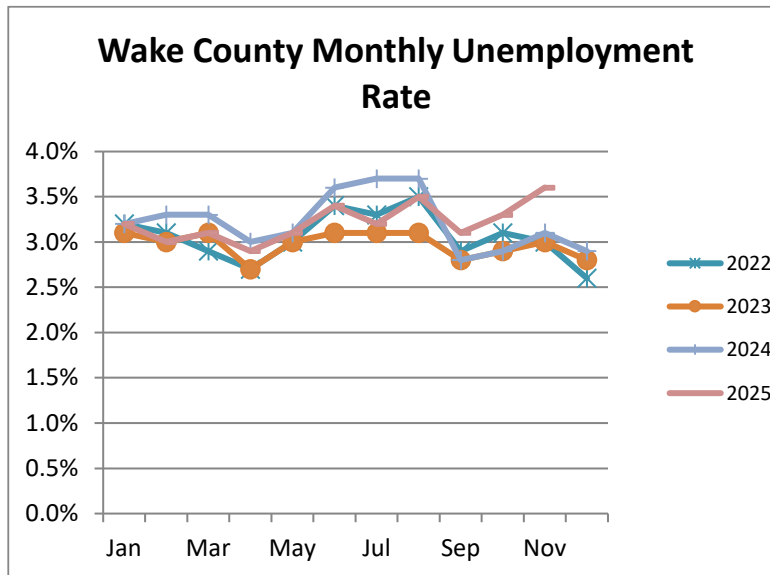
Employment. The following graph shows the unemployment rate trends for the County compared with the State and nation on a calendar year basis. The increase in unemployment rates in 2020 was due to the COVID-19 pandemic.



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

[Remainder of page intentionally left blank]

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 funded the first tranche of these projects as part of its \$39,160,000 General Obligation Library Bonds, Series 2026B (the “*Series 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 including ponds, creeks, 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 ¹	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 20th 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

¹ 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 FY 2026 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 FY 2026 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 3rd 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	<u>\$ 1,704,400,000</u>	<u>\$ 1,558,035,000</u>	<u>\$ 1,671,460,000</u>	<u>\$ 1,652,190,000</u>
General Obligation Bond				
Anticipation Notes	27,637,329	19,508,236	80,690,212	193,884,093
Total General Obligation Debt	<u>\$ 1,732,037,329</u>	<u>\$ 1,577,543,236</u>	<u>\$ 1,752,150,212</u>	<u>\$ 1,846,074,093</u>

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. As of January 1, 2026, the County had drawn and subsequently permanently financed \$124.8 million of its Public School authorization and \$6.2 million of its Wake Tech authorization. The County recently issued its \$204,015,000 General Obligation Public Improvement Bonds, Series 2026A (the “Series 2026A GO Bonds”), which refunded the County’s draws on the GO BANs through February 2026. 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 has 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).

[Remainder of page intentionally left blank]

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. Subsequent to January 1, 2026, the County issued its Series 2026A GO Bonds and Series 2026B GO Bonds.

	Criminal					Total
	Schools	Library	Wake Tech	Justice	Other ²	
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
Subtotal: GO Bonds	\$ 1,131,900,697	\$ 25,531,896	\$ 382,869,738	\$ 311,842	\$ 1,111,575,826	\$ 1,652,190,000
GO Bond Anticipation Notes ¹	176,421,682	-	17,462,411	-	-	193,884,093
Total GO Debt	\$ 1,308,322,379	\$ 25,531,896	\$ 400,332,149	\$ 311,842	\$ 1,111,575,826	\$ 1,846,074,093
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 ³	51,000	-	-	-	-	51,000
Total Installment Payment Debt	\$ 843,968,469	\$ -	\$ 69,472,531	\$ 116,745,000	\$ 62,965,000	\$ 1,093,151,000
Total Debt by Purpose	\$ 2,152,290,848	\$ 25,531,896	\$ 469,804,681	\$ 117,056,842	\$ 1,174,540,826	\$ 2,939,225,093

¹Anticipated to be refunded with proceeds of Series 2026A Bonds.

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

³Drawn as of January 1, 2026.

General Obligation Debt Ratios

At July 1	Total GO Debt	Assessed Valuation ²	Assessed Valuation	Total GO Debt to Population ³	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 ¹	295,875,217,001 ⁴	0.62%	1,229,269	\$ 1,502

¹Includes outstanding bond anticipation notes as of January 1, 2026.

² Estimated valuation for billing purposes and includes some amounts relating to prior years.

³ U.S. Census Bureau.

⁴ 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 ¹	
	Total Principal	Total Principal & Interest
2025-26 ²	\$ 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
TOTAL	\$ 1,652,190,000	\$ 2,142,028,984

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

²Does 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 ¹
Schools	11/08/22	229,805,000
Community College	11/08/22	328,535,000
Library	11/05/24	102,840,000
Total		\$ 661,180,000

¹Excludes Bond Anticipation Notes and includes the recently issued Series 2026A and Series 2026B GO Bonds.

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 ¹	Assessed Valuation as of June 30, 2025 ²	Tax Rate Per \$100 ^{2,3}	Bonds Authorized and Unissued ⁴		Total G.O. Debt at June 30, 2025 ^{2,4}		Total G.O. Debt Per Capita
				Business-Type	Governmental	Business-Type	Governmental	
Apex ⁵	71,944	\$12,486,157,966	0.3400	\$0	\$24,500,000	\$26,100,000	\$79,960,000	\$1,474
Cary ⁵	181,470	35,689,382,978	0.3250	-	100,000,000	38,611,537	180,433,464	1,207
Fuquay-Varina ⁶	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

¹ July 1, 2024 estimate of office of State Budget and Management.

² Data from audited financial statements of respective municipality.

³ Fiscal year ended June 30, 2025.

⁴ 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.

⁵ Fiscal year ended June 30, 2024.

⁶ 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.

[Remainder of page intentionally left blank]

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 Year Ending June 30	Limited Obligation Bonds ^{1,2}
2026 ²	\$ 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
Total	\$ 1,489,127,138
Principal	\$ 1,093,100,000
Interest	396,027,138
Total	\$ 1,489,127,138

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

² 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.

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.

[Remainder of page intentionally left blank]

TAX INFORMATION

General Information

Fiscal Year	Assessed Valuation ¹				
	Fiscal Year Ended or Ending June 30				
	2022	2023	2024	2025	2026 ^{5,6}
Assessment Ratio ²	100%	100%	100%	100%	100%
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 ³	3,731,411,649	3,874,946,548	4,023,270,413	4,306,352,977	4,551,106,540
Total Assessed Valuation	\$ 196,534,008,167	\$ 203,153,108,193	\$ 208,272,051,043	\$ 307,692,798,941	\$ 312,366,365,831
Rate per \$100	0.6000	0.6195	0.6570	0.5135	0.5171
Total Adjusted Levy ⁴	\$ 1,193,368,314	\$ 1,268,741,484	\$ 1,404,610,109	\$ 1,617,705,846	\$ 1,600,513,840

¹ Valuation for billing purposes and includes some amounts relating to prior years.

² Percentage of appraised value has been established by statute.

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

⁴ Represents taxes in the General Fund, the Special Tax District Fund, and NCVTS vehicle taxes.

⁵ 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).

⁶ 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% ¹	-	1,617,705,846	99.86%
2026 ²	\$ 1,301,303,845	80.32%			

¹ Collection rate of 99.86% is composite of the following collections by category:

99.59% Vehicle taxes

99.88% Real and personal property taxes

² 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.

Taxpayer	Industry	Assessed Valuation	Tax Levy	Percent of Total Assessed Valuation
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%
		\$ 8,111,569,938	\$ 41,652,912	2.95%

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

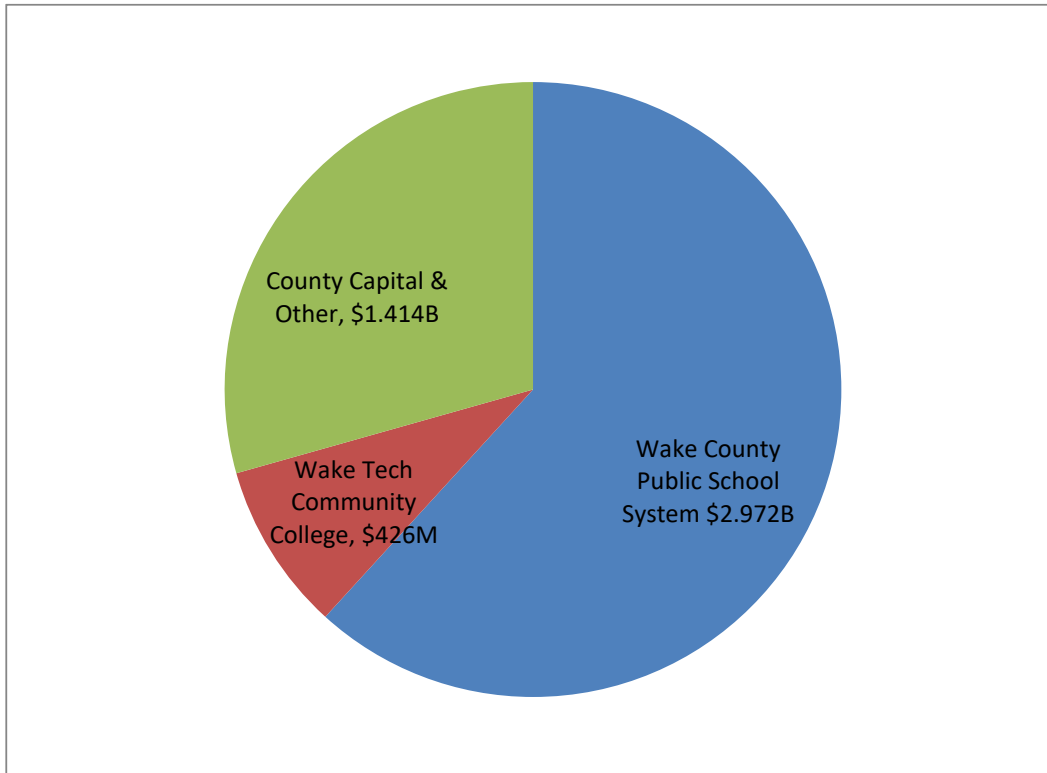
improvements. The County's \$216 million allocation was received in two tranches. The first \$108 million tranche was received May 2021, and the second \$108 million tranche was received June 2022. Total funding from the ARPA program totals \$229.6 million as of December 31, 2025, due to interest income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

[Remainder of page intentionally left blank]

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.

APPENDIX B

Summary of Principal Legal Documents

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

Brief descriptions of certain provisions of the Trust Agreement, the First Supplemental Trust Agreement and the Deed of Trust are included in this Appendix C. Such descriptions do not purport to be comprehensive or definitive; all references herein to the Trust Agreements, the First Supplemental Trust Agreement and the Deed of Trust are qualified in their entirety by reference to each such document, copies of which are available for review at the offices of the Trustee.

Definitions

The following is a summary of certain definitions set forth in the Trust Agreement, First Supplemental Trust Agreement and the Deed of Trust and used in this Official Statement.

“Additional Payments” means the additional payments required to be made by the County pursuant to the Trust Agreement.

“Additional Project” means any building, facility, fixture or other improvement financed with the proceeds of Bonds issued under the Trust Agreement, other than the Project.

“Authorized Officer” means the County Manager, the Chief Financial Officer, the Debt Manager or other person designated by the County Manager from time to time to perform the duties imposed on an Authorized Officer by the Trust Agreement pursuant to an Officer’s Certificate delivered to the Trustee for such purpose.

“Beneficiary” means U.S. Bank Trust Company, National Association, and its successors and assigns, as beneficiary under a Deed of Trust.

“Board of Commissioners” means the Board of Commissioners for the County.

“Bond” or “Bonds” means the Series 2026 Bonds and any other bonds or notes issued under the provisions of the Trust Agreement and secured on a parity with each other by the Trust Agreement.

“Bond Fund” means the fund created and designated the “County of Wake, North Carolina Limited Obligation Bonds 2026 Public Safety Facilities Trust Agreement Bond Fund” by the Trust Agreement.

“Business Day” means a day on which the Trustee, the County and the New York Stock Exchange are open for the purpose of conducting their businesses.

“County” means the County of Wake, North Carolina, a body corporate and politic and a political subdivision of the State, and any successor thereto.

“Deed of Trust” means the Deed of Trust, dated as of April 1, 2026, from the County to the Deed of Trust Trustee for the benefit of the Trustee, granting a lien on the Hammond Road Detention Facility Annex, including any amendment or supplement thereto as permitted thereby and by the Trust Agreement. In the event that the County delivers an additional deed of trust or supplements the initial deed of trust to grant a lien on additional property to secure its obligations under the Trust Agreement, the term “Deed of Trust” will include the additional deed of trust or the initial deed of trust as supplemented.

“Deed of Trust Trustee” means the trustee serving from time to time under a Deed of Trust.

“Defaulted Interest” means any interest on any Bond of any Series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date.

“Defeasance Obligations” means noncallable Government Obligations.

“Delivery Costs” means and further includes all items of expense directly or indirectly payable by or reimbursable to the County relating to the financing of a Project or an Additional Project or the refunding of any Bonds from the proceeds of the Bonds, including, but not limited to, filing and recording costs, settlement costs, printing costs, word processing costs, reproduction and binding costs, initial fees and expenses of the Trustee, bond insurance premiums, initial credit facility or liquidity facility fees, Trustee, remarketing and tender agent fees, legal fees and expenses, financing and other professional consultant fees, costs of rating agencies and costs of providing information to such rating agencies, fees for execution, transportation and safekeeping of the Bonds and charges, fees and expenses in connection with the foregoing.

“Derivative Agreement” means an interest rate swap, cap, collar, floor, forward, option, put, call or other agreement, arrangement or security however denominated, entered into by the County in order to hedge interest rate fluctuations on all or a portion of the Bonds or to provide debt management by changing the interest payments on any of the Bonds to be made by the County with a goal of achieving lower interest costs or reducing interest rate risk.

“Derivative Agreement Additional Payments” means payments required to be paid by the County under a Derivative Agreement other than Derivative Agreement Scheduled Payments, including termination payments required to be paid in connection with the early termination of a Derivative Agreement, whether voluntarily or upon the occurrence of an event of default, termination event or similar event thereunder.

“Derivative Agreement Scheduled Payments” means scheduled payments required to be paid by the County under a Derivative Agreement that are based upon a fixed or variable imputed rate on a notional amount set forth in the Derivative Agreement and which are intended by the County to correspond to interest on the underlying Bonds to which the Derivative Agreement relates.

“Event of Default” means each of those events of default set forth in the Trust Agreement and described under “SUMMARY OF THE TRUST AGREEMENT – Events of Default” below.

“Event of Nonappropriation” means (a) the failure by the Board of Commissioners to budget and appropriate in its budget for any Fiscal Year moneys sufficient to pay all payments of principal and interest on the Bonds (reasonably estimated in the case of any Bonds issued bearing a variable interest rate) issued under the Trust Agreement and the reasonably estimated Additional Payments coming due in such Fiscal Year or (b) the deletion by the Board of Commissioners from its duly adopted budget of any appropriation made for the purposes specified in clause (a) above. In the event that during any Fiscal Year, Additional Payments will become due and payable that were not included in the County’s current budget, and if there are no moneys available to pay such Additional Payments within sixty (60) days subsequent to the date upon which such Additional Payments are due and payable, an Event of Nonappropriation will be deemed to have occurred upon notice being given by the Trustee to the County to such effect.

“First Supplemental Trust Agreement” means the First Supplemental Trust Agreement, dated as of April 1, 2026, between the County and the Trustee, supplementing the Trust Agreement and setting

forth the terms and provisions with respect to the Series 2026 Bonds, including any amendments or supplements thereto.

“Fiscal Year” means the period commencing on the first day of July of any year and ending on the last day of June of the following year.

“Fitch” means Fitch Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, “Fitch” will be deemed to refer to any other nationally recognized securities rating agency designated by the County by notice to the Trustee.

“Government Obligations” means direct obligations of, or obligations the principal of and the interest on which are fully and unconditionally guaranteed by, the United States of America in either certificated or book-entry form, including (a) to the extent permitted by law, evidences of ownership of, or fractional undivided interests in, future interest and principal payments on such obligations and (b) to the extent permitted by law, obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended by Section 511(a) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, and commonly known as “interest strips” of the Resolution Funding Corporation.

“Interest Account” means the account in the Bond Fund created and so designated by the Trust Agreement.

“Interest Payment Date” means, with respect to any Series of Bonds, each of the interest payment dates provided for in the Supplemental Trust Agreement relating to such Series. “Interest Payment Date” means, with respect to the Series 2026 Bonds, each May 1 and November 1, beginning November 1, 2026.

“Investment Obligations” means any investments which at the time of investment are authorized by Section 159-30 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, except as may otherwise be modified in a Supplemental Trust Agreement.

“Local Government Commission” means the Local Government Commission, a division of the Department of the State Treasurer of the State.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, “Moody’s” will be deemed to refer to any other nationally recognized securities rating agency designated by the County by notice to the Trustee.

“Mortgaged Property” means the property subject to the lien created by the Deed of Trust.

“Net Proceeds” means any proceeds of insurance or taking by eminent domain or condemnation paid with respect to the Mortgaged Property remaining after payment therefrom of any expenses (including attorneys’ fees) incurred in the collection thereof.

“Net Proceeds Fund” means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

“Officer’s Certificate” means a certificate signed by an Authorized Officer.

“Outstanding” when used with reference to Bonds means, as of a particular date, all Bonds theretofore authenticated and delivered under the Trust Agreement, except:

- (a) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;
- (b) Bonds deemed to be no longer Outstanding pursuant to the Trust Agreement;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Trust Agreement;
- (d) Bonds deemed to have been paid as described under “SUMMARY OF THE TRUST AGREEMENT – Defeasance” below; and
- (e) Bonds deemed to have been purchased in accordance with the provisions of the applicable Supplemental Trust Agreement in lieu of which other Bonds have been delivered under such Supplemental Trust Agreement.

“Owner” means a Person or entity in whose name a Bond is registered in the registration books provided for in the Trust Agreement.

“Permitted Encumbrances” means and includes (a) liens for taxes, assessments and other governmental charges due but not yet payable; (b) landlord’s, warehouseman’s, carrier’s, worker’s, vendor’s, mechanic’s and materialmen’s liens and similar liens incurred in the ordinary course of business remaining undischarged for not longer than sixty (60) days from the filing thereof; (c) attachments remaining undischarged for not longer than sixty (60) days from the making thereof; (d) liens in respect of pledges or deposits under workers’ compensation laws, unemployment insurance or similar legislation and in respect of pledges or deposits to secure bids, tenders, contracts (other than contracts for the payment of money), leases or statutory obligations, or in connection with surety, appeal and similar bonds incidental to the conduct of litigation; (e) the lien created by the Deed of Trust and any lease of all or any portion of the Mortgaged Property permitted by the Trust Agreement; (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date the property subject to such encumbrance becomes Mortgaged Property and that the County certifies to the Trustee in writing will not materially impair the use of such Mortgaged Property for its intended purpose; (g) the Trust Agreement or any Supplemental Trust Agreement thereunder; and (h) any other encumbrances described in the initial policy of title insurance required by the Trust Agreement.

“Prior Bonds” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond, and for purposes of this definition, any Bond authenticated and delivered under the Trust Agreement in lieu of a lost, destroyed or stolen Bond will be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

“Principal Account” means the account in the Bond Fund created and so designated by the Trust Agreement.

“Project” means the land, buildings, facilities and other improvements identified in the Trust Agreement which are to be financed in whole or in part by the County from proceeds of the Series 2026 Bonds.

“Project Costs” means, with respect to any item or portion of a Project or any Additional Project, the contract price paid or to be paid therefor upon construction, acquisition, remodeling, improvement or

equipping thereof, in accordance with a purchase order or contract therefor. Project Costs include payment or the reimbursement of the County for the payment of the administrative, engineering, legal, financial and other costs incurred by the County in connection with the construction, acquisition, remodeling, improvement or equipping of the Project or any Additional Project, all costs incurred for the payment of interest on a Series of Bonds during the period of acquisition, construction or equipping of the Project or any Additional Project, and include all applicable sales taxes and other charges resulting from such construction, acquisition, remodeling, improvement or improvement of the Project or any Additional Project.

“Project Fund” means the fund created and designated “County of Wake, North Carolina Bonds 2026 Public Safety Facilities Trust Agreement Project Fund by the Trust Agreement.

“Rating Agency” means Fitch, Moody’s and S&P to the extent that such entity is then maintaining a rating on any of the Bonds.

“Redemption Account” means the account in the Bond Fund created and so designated by the Trust Agreement.

“Redemption Price” means, with respect to Bonds, the principal amount of such Bonds called for redemption plus the applicable premium, if any, payable upon redemption thereof.

“Regular Record Date” means, with respect to any Series of Bonds, the regular record date, if any, provided for in the Supplemental Trust Agreement relating to such Series. “Regular Record Date” means, with respect to the Series 2026 Bonds, the 15th day of the month preceding any Interest Payment Date, whether or not a Business Day.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, and its successors and assigns, and if such entity will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, “S&P” will be deemed to refer to any other nationally recognized securities rating agency designated by the County by notice to the Trustee.

“Securities Depository” means the Depository Trust Company or any other recognized securities depository selected by the County, which maintains a book-entry system in respect of a Series of Bonds, and will include any substitute for or successor to the securities depository initially acting as Securities Depository.

“Securities Depository Nominee” means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there will be registered on the registration books maintained by the Trustee the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

“Serial Bonds” means the Bonds of any Series that are stated to mature in consecutive annual installments.

“Series 2026 Project Account” means the account of the Project Fund under the Trust Agreement created and so designated by the First Supplemental Trust Agreement.

“Series 2026 Subaccount of the Interest Account” means the subaccount created and so designated by the First Supplemental Trust Agreement.

“Series 2026 Subaccount of the Principal Account” means the subaccount created and so designated by the First Supplemental Trust Agreement.

“Series 2026 Subaccount of the Redemption Account” means the subaccount created and so designated by the First Supplemental Trust Agreement.

“Sinking Fund Requirement” means, with respect to any Series of Bonds, the Sinking Fund Requirement, if any, provided in the Supplemental Trust Agreement relating to such Series.

“Special Record Date” means a date fixed by the Trustee for determining the Owner of Bonds for the payment of Defaulted Interest pursuant to the Trust Agreement.

“State” means the State of North Carolina.

“Supplemental Trust Agreement” means any supplemental trust agreement executed and delivered by the County authorizing the issuance of any particular Series of Bonds that is required to be executed and delivered by the Trust Agreement prior to the issuance of any such Series.

“Term Bonds” means the Bonds of any Series, other than Serial Bonds, that are designated as such in the Supplemental Trust Agreement for such Series.

“Trustee” means the Trustee serving as such under the Trust Agreement, whether original or successor.

SUMMARY OF THE TRUST AGREEMENT

Details of Bonds

Each Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated upon an Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) authenticated prior to the first Interest Payment Date, in which event it will bear interest from its date or such later date as is specified in the Supplemental Trust Agreement providing for its issuance; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond will bear interest from the date to which interest has been paid.

Unless otherwise provided in a Supplemental Trust Agreement, the principal of and the interest and premium, if any, on the Bonds will be payable in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. The payment of interest on each Bond will be made (a) by the Trustee on each Interest Payment Date to the person or entity appearing on the registration books of the Trustee as the Owner thereof as of the Regular Record Date by check mailed to the Owner at his address as it appears on such registration books, or (b) by such additional or alternative means as is provided in any Supplemental Trust Agreement providing for the issuance of such Bond. Payment of the principal of all Bonds will be made upon the presentation and surrender of such Bonds at the designated corporate trust office of the Trustee as the same become due and payable (whether at maturity or by redemption, acceleration or otherwise).

Any Defaulted Interest will forthwith cease to be payable to the Owner on the relevant Regular Record Date solely by virtue of such Owner having been such Owner; and such Defaulted Interest may be paid by the County, at its election in each case, as described in subsection A or B below:

A. The County may elect to make payment of any Defaulted Interest on the Bonds of any Series to the persons or entities in whose names such Bonds (or their respective Prior Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which will be fixed in the following manner. The County will notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date will be such as will enable the Trustee to comply with the next sentence hereof), and at the same time, the County will deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or will make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons or entities entitled to such Defaulted Interest as described in this paragraph. Thereupon, the Trustee will fix a Special Record Date for the payment of such Defaulted Interest which will be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee will promptly notify the County of such Special Record Date and, in the name and at the expense of the County, will cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner at his address as it appears in the registration books maintained under the Trust Agreement not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest will be paid to the persons or entities in whose names the Bonds (or their respective Prior Bonds) are registered on such Special Record Date and will no longer be payable pursuant to the Trust Agreement as described in paragraph B below.

B. The County may make payment of any Defaulted Interest on the Bonds of any Series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by

the County to the Trustee of the proposed payment pursuant to the Trust Agreement, such payment will not be deemed to be impracticable by the Trustee.

Subject to the foregoing provisions, each Bond delivered under the Trust Agreement upon transfer of or in exchange for or in lieu of any other Bond will carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond will bear interest from such date, that neither gain nor loss in interest will result from such transfer, exchange or substitution.

Exchange of Bonds

Bonds, upon surrender thereof at the designated corporate trust office of the Trustee, together with an assignment duly executed by the Owner or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, in such form as will be satisfactory to the Trustee, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity, of any denomination or denominations authorized by the Supplemental Trust Agreement pursuant to which such Bonds were issued, bearing interest at the same rate and in the same form as the Bonds surrendered for exchange.

The County will make provision for the exchange of Bonds at the designated corporate trust office of the Trustee.

Transfer and Registration of Transfer of Bonds

Unless provided to the contrary in a Supplemental Trust Agreement, and as permitted by law, the Trustee will keep books for the registration and the registration of transfer of the Bonds. The registration books will be available at all reasonable times for inspection by the County and any Owner of such Bonds and may be copied by either of the foregoing and their agents or representatives.

The transfer of any Bond may be registered only upon the books kept for the registration and registration of transfer of Bonds upon presentation thereof to the Trustee together with an assignment duly executed by the Owner or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, in such form as will be satisfactory to the Trustee. No transfer of any Bond will alter the ownership of such Bond for purposes of the Trust Agreement unless such transfer is registered with the Trustee. Upon any such registration of transfer, the County will, if necessary, execute and the Trustee will authenticate and deliver in exchange for such Bond a new Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by the Supplemental Trust Agreement pursuant to which such Bond was issued, in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds will be exchanged or the transfer of Bonds will be registered under the Trust Agreement, the County will, if necessary, execute and the Trustee will authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of the Trust Agreement. All Bonds surrendered in any such exchange or registration of transfer will forthwith be canceled by the Trustee. No service charge will be made for any registration, transfer or exchange of Bonds, but the County and the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds. Unless otherwise required by the applicable Supplemental Trust Agreement, neither the County nor the Trustee will be required (a) to issue, transfer or exchange Bonds during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of Bonds and ending at the close

of business on the day of such mailing or (b) to transfer or exchange any Bond so selected for redemption in whole or in part.

Terms and Conditions for Issuance of Bonds

Before any Bonds will be issued, the County will execute and deliver a Supplemental Trust Agreement authorizing the issuance of such Bonds, fixing the amount and the details thereof as provided in the Trust Agreement and describing in brief and general terms the purpose for issuing such Bonds. Bonds may be issued for the purpose of providing funds, with any other available funds, for paying: (a) the costs of the Project or any Additional Project, (b) the cost of completion or improvement of the Project, (c) to the extent permitted by law, the cost of acquisition or construction of any Additional Project, and (d) the cost (including financing costs) of refunding any Bonds or, to the extent permitted by law, indebtedness other than Bonds.

Unless otherwise provided in the Supplemental Trust Agreement, the Bonds of each Series will be designated “County of Wake, North Carolina Limited Obligation Bonds, Series ____” (inserting the year such Bonds are issued and any other distinctive letter or number), will be stated to mature, subject to the right of prior redemption as therein set forth, on the date or dates specified therein, in such year or years not later than forty (40) years from their date, will bear interest at a rate or rates not exceeding the maximum rate then permitted by law, will be numbered and will have such redemption provisions (subject to the provisions of the Trust Agreement), all as provided in the Supplemental Trust Agreement. Except to the extent described in the Trust Agreement, all such Bonds will be on parity with each other and will be entitled to the same benefit and security of the Trust Agreement.

Following the issuance of the Series 2026 Bonds, no Bonds may be issued under the Trust Agreement unless in connection with the issuance thereof there is delivered to the Trustee an Officer’s Certificate to the effect that, following the issuance of such additional Bonds, taking into account the estimated value of any additional property to be added to the Mortgaged Property under the Trust Agreement in connection with the issuance thereof, and taking into account the expected value of the Mortgaged Property under the Trust Agreement following the completion of the improvements being financed or refinanced thereby, the expected value of the Mortgaged Property will not be less than 50% of the aggregate principal amount of Bonds that will be Outstanding under the Trust Agreement. The estimate of the value of the Mortgaged Property may be based on such estimates as the Authorized Officer delivering the Officer’s Certificate may deem reasonable, including, but not limited to, reliance on (A) an appraisal of the Mortgaged Property, (B) the insured value of the Mortgaged Property, (C) the assessed tax valuation of the Mortgaged Property, (D) the estimated cost of the real estate and improvements to be installed on the real property, and (E) any combination of the foregoing.

When the documents mentioned in the Trust Agreement are filed with the Trustee and when the Bonds have been executed and authenticated as required by the Trust Agreement, the Trustee will deliver the Bonds at one time to or upon the order of the County for redelivery to or upon the order of the purchasers thereof, but only upon payment to the Trustee or other Persons as provided in the Supplemental Trust Agreement of the purchase price of the Bonds and the accrued interest, if any, thereon to the date of issuance. The Trustee will be entitled to conclusively rely upon the resolutions and documents set forth in the Trust Agreement as to all matters stated therein.

Except with respect to the value of the Mortgaged Property as described above, the Trust Agreement does not provide for any financial test to be met in order to issue Additional Bonds thereunder. The Deed of Trust provides that the maximum principal amount of the obligations which may be secured thereby at any one time is \$200,000,000.

Bonds Constitute Installment Contracts

Bonds issued under and pursuant to the terms of the Trust Agreement, together with the corresponding obligations under the Trust Agreement and the Deed of Trust relating thereto, will constitute installment contracts or contracts within the meaning of the Act entered into by the County for the purpose of financing the acquisition of real or personal property or the construction or repair of improvements thereon. The payment by the County of the Bonds constituting such contracts will be secured on a parity under the Trust Agreement by the lien on the Mortgaged Property created under the Deed of Trust and by the other security provided for under the Trust Agreement to the extent provided therein.

Effect of Calling for Redemption

On or before the date upon which Bonds are to be redeemed, the County will deposit with the Trustee money or Defeasance Obligations, or a combination of both, that will be sufficient to pay on the redemption date the Redemption Price of and interest accruing on the Bonds to be redeemed on such redemption date.

On the date fixed for redemption, notice having been given in the manner and under the conditions provided in the applicable Supplemental Trust Agreement, the Bonds or portions thereof called for redemption will be due and payable at the Redemption Price provided therefor, plus accrued interest to such date, and if moneys sufficient to pay the Redemption Price of the Bonds or portions thereof to be redeemed plus accrued interest thereon to the date of redemption are held by the Trustee in trust for the Owners of Bonds to be redeemed, interest on the Bonds or portions thereof called for redemption will cease to accrue; such Bonds or portions thereof will cease to be entitled to any benefits or security under the Trust Agreement or to be deemed Outstanding; and the Owners of such Bonds or portions thereof will have no rights in respect thereof except to receive payment of the Redemption Price thereof, plus accrued interest to the date of redemption.

Bonds and portions of Bonds for which irrevocable instructions to pay on one or more specified dates or to call for redemption on any one or more dates as determined by the County have been given to the Trustee in form satisfactory to it will not thereafter be deemed to be Outstanding under the Trust Agreement and will cease to be entitled to the security of or any rights under the Trust Agreement, and the Owners will have no rights in respect of the same other than to receive payment of the principal or Redemption Price thereof and accrued interest thereon, to be given notice of redemption in the manner provided in the Trust Agreement, and to the extent hereinafter described, to receive Bonds for any unredeemed portions of Bonds if money or Defeasance Obligations (that have maturity dates or redemption dates which, at the option of the holder of such Defeasance Obligations, will not be later than the date or dates on which moneys will be required to effect such payment or redemption), or a combination of both, sufficient to pay the principal or Redemption Price of such Bonds or portions thereof, together with accrued interest thereon to the date upon which such Bonds are to be paid or redeemed, are held in separate accounts by the Trustee in trust for the Owners of such Bonds.

Any Supplemental Agreement may provide that any notice of redemption, except a notice of redemption in respect of a Sinking Fund Requirement, may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed, and that if such moneys are not so received, such notice will be of no force or effect and such Bonds will not be required to be redeemed. In the event that such notice contains such a condition and moneys or Defeasance Obligations sufficient to pay the Redemption Price and interest on such Bonds are not received by the Trustee on or prior to the redemption date, the redemption will not be made and the Trustee will 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. The Supplemental Agreement may also provide for the giving of notice of insufficient money prior to the redemption date and such other provisions as the County may determine.

If less than all of an Outstanding Bond is selected for redemption, the Owner thereof or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, will present and surrender such Bond to the Trustee for payment of the principal amount thereof so called for redemption, and the redemption premium, if any, on such principal amount, and the County will, if necessary, execute and the Trustee will authenticate and deliver to or upon the order of such Owner or his attorney or legal representative, without charge, for the unredeemed portion of the principal amount of the Bond so surrendered, a new Bond of the same Series and maturity, bearing interest at the same rate and of any denomination or denominations authorized by Supplemental Trust Agreement for such Bond.

Project Fund

The Trustee will establish a special fund designated as the “County of Wake, North Carolina Limited Obligation Bonds 2026 Public Safety Facilities Trust Agreement Project Fund” and a special account therein designated the “Series 2026 Project Account.” The Trustee will keep the Series 2026 Project Account separate and apart from all other funds and moneys held by it and will administer the Series 2026 Project Account as provided in the Trust Agreement. When any new Series of Bonds is issued under the Trust Agreement, the Trustee may establish separate accounts and subaccounts within the Project Fund under the Trust Agreement to account for the proceeds of such Series of Bonds and any other funds.

The County has granted to the Trustee for the benefit of the Owners of the Series 2026 Bonds a lien on and a security interest in all monies and securities in the Series 2026 Project Account. The money in each such Account will be held by the Trustee in trust and, pending application to the payment of the Project Costs and/or Delivery Costs will, to the extent permitted by law, be subject to a lien and charge in favor of the Owners of the respective Series of Bonds issued and Outstanding and will be held for the security of such Owners, except as otherwise provided in the Trust Agreement or in any Supplemental Trust Agreement.

There will also be credited to the Project Account the proceeds of performance and labor and materials payment bonds paid to the Trustee pursuant to the Trust Agreement, all investment earnings on moneys held in the Project Account and any other funds from time to time deposited with the Trustee for such purposes.

Bond Fund

There is established the County of Wake, North Carolina Limited Obligation Bonds 2026 Public Safety Facilities Trust Agreement Bond Fund, in which there are established the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account. Such Bond Funds and the accounts and subaccounts therein will be established with and held by the Trustee.

Each Supplemental Trust Agreement will provide, to the extent applicable, for the creation of a separate subaccount within the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account with respect to each Series of Bonds, which subaccounts will bear the designation of such Series of Bonds.

The money in all of the accounts and subaccounts of the Bond Fund under the Trust Agreement will be held in trust and applied as provided in the Trust Agreement and, pending such application, the

money in the Bond Fund and the accounts and subaccounts therein will be subject to a pledge, charge and lien in favor of the Owners of the respective Series of Bonds issued and Outstanding under the Trust Agreement and for the further security of such Owners, except as otherwise provided in the Trust Agreement or in any Supplemental Trust Agreement.

A Supplemental Trust Agreement may provide for the creation of such other funds and accounts as the County may determine, for the Series of Bonds authorized by such Supplemental Trust Agreement.

Payment of Debt Service

Subject to the limitations described in the Trust Agreement, the County will make the following payments to the Trustee in the following manner and order:

(a) At such time or times as provided in the Supplemental Trust Agreements, the County will deliver to the Trustee the amounts required by the Supplemental Trust Agreements for deposit in the appropriate subaccounts of the Interest Account, provided that if there will not be sufficient money to satisfy all such deposits, such deposits will be made to each such subaccount of the Interest Account ratably according to the amount so required to be deposited or paid.

(b) At such time or times as provided in the Supplemental Trust Agreements, the County will deliver to the Trustee the amounts required by the Supplemental Trust Agreements for deposit in the appropriate subaccounts of the Principal Account and the Sinking Fund Account, provided that if there will not be sufficient money to satisfy all such deposits, such deposits will be made to each such subaccount of the Principal Account and the Sinking Fund Account ratably according to the amount so required to be deposited or paid.

On or before the 45th day next preceding any date on which Serial Bonds are to mature or Term Bonds are to be redeemed pursuant to Sinking Fund Requirements therefor or are to mature, the County may satisfy all or a portion of its obligation to make the payments required by paragraphs (a) and (b) above by delivering to the Trustee Serial Bonds maturing or Term Bonds maturing or required to be redeemed on such date. The price paid to purchase any such Bond, including accrued interest to the date of purchase, will not exceed the principal or Redemption Price plus accrued interest to the date of purchase. Upon such delivery, the County will receive a credit against amounts required to be deposited into the Interest Account and the Principal Account or the Sinking Fund Account, as the case may be, on account of such Bonds with respect to all interest payments for the remainder of the Fiscal Year and in the amount of 100% of the principal amount of any such Serial Bonds or Term Bonds so delivered.

Application of Money in Interest Account

Not later than 10:00 A.M. on each Interest Payment Date, the date for the payment of Defaulted Interest or date upon which Bonds are to be redeemed, or on such other date as may be specified in the applicable Supplemental Trust Agreement, the Trustee will withdraw from the applicable subaccount in the Interest Account and remit or otherwise set aside the amount due and payable to the Owners as provided in the Supplemental Trust Agreements.

If there will be deposited in the applicable subaccount of the Interest Account proceeds of a Series of Bonds that are to be used to finance interest payments with respect to such Bonds as provided in a Supplemental Trust Agreement, on the date of issuance of such Series of Bonds, an Authorized Officer will deliver to the Trustee a schedule of payments to be made on Interest Payment Date from the applicable subaccount of the Interest Account for the payment of such interest.

Unless otherwise provided by a Supplemental Trust Agreement, if the County fails to deposit with the Trustee the amounts required to be deposited in the Interest Account as provided in the Trust Agreement, or if the balance in the Interest Account on the Business Day next preceding an Interest Payment Date is insufficient to pay interest becoming due on the Bonds on such Interest Payment Date, the Trustee will notify the County of the amount of the deficiency and request the County to immediately cure such deficiency.

Application of Money in Principal Account

Not later than 10:00 A.M. on each principal payment date, the Trustee will withdraw from the applicable subaccount in the Principal Account and remit or otherwise set aside the amount due and payable to the Owners as provided in the Supplemental Trust Agreements.

If on any date there is money in the Principal Account and no Serial Bonds are then Outstanding or if on any principal payment date money remains therein after the payment of the principal of Serial Bonds then due, the Trustee will withdraw such money therefrom and will apply the same in the following order: (a) deposit into the Sinking Fund Account the amount then required to be paid thereto by the County pursuant to the Trust Agreement and (b) deliver all remaining amounts to the County.

Unless otherwise provided in a Supplemental Trust Agreement, if the County fails to deposit with the Trustee the amounts required to be deposited in the Principal Account as provided in the Trust Agreement, or if the balance in the Principal Account on the Business Day next preceding a principal payment date is insufficient to pay principal coming due on the Serial Bonds on such principal payment date, the Trustee will notify the County of the amount of the deficiency and request the County to immediately cure such deficiency.

Application of Money in Sinking Fund Account

Money held for the credit of the subaccounts in the Sinking Fund Account will be applied to the retirement, purchase, redemption or payment of Term Bonds in the manner provided in the applicable Supplemental Trust Agreement. Unless otherwise provided in a Supplemental Trust Agreement, if the County fails to deposit with the Trustee the amount required to be deposited in the Sinking Fund Account as provided in the Trust Agreement, or if the balance in the Sinking Fund Account on the Business Day next preceding a sinking fund payment date is insufficient to retire Term Bonds on such date as required by a Supplemental Trust Agreement, the Trustee will notify the County of the amount of the deficiency and request the County to immediately cure such deficiency.

Application of Money in the Redemption Account

The Trustee will apply money in the Redemption Account to the purchase or redemption of Bonds as follows:

(a) If instructed to do so in writing by an Authorized Officer, the Trustee will endeavor to purchase and cancel Bonds or portions thereof, whether or not such Bonds or portions thereof are then subject to redemption, at the written direction of an Authorized Officer. The Trustee will pay the interest accrued on such Bonds or portions thereof to the date of settlement from the applicable subaccount of the Interest Account and the purchase price from the applicable subaccount of the Redemption Account.

(b) Upon the written direction of an Authorized Officer, the Trustee will call for redemption on a date permitted by the applicable Supplemental Trust Agreement such amount of Bonds or portions thereof as, with the redemption premium, if any, will exhaust the moneys then held in the applicable subaccount

of the Redemption Account as nearly as may be. The Trustee will pay the accrued interest on the Bonds or portions thereof to be redeemed to the date of redemption from the applicable subaccount of the Interest Account and the Redemption Price of such Bonds or portions thereof from the applicable subaccount of the Redemption Account.

Net Proceeds Fund

There is established with the Trustee under the Trust Agreement a special fund designated as the "County of Wake, North Carolina Limited Obligation Bonds 2026 Public Safety Facilities Trust Agreement Net Proceeds Fund" to be maintained and held in trust for the benefit of the Owners as provided in the Trust Agreement. The Trustee will deposit Net Proceeds relating to casualty and theft and title insurance in the Net Proceeds Fund promptly upon receipt thereof. The County will transfer to the Trustee for deposit in the Net Proceeds Fund any other Net Proceeds received by the County in the event of any damage, destruction, theft or taking by eminent domain or condemnation with respect to the Mortgaged Property.

The Trustee will disburse Net Proceeds for replacement or repair of the Mortgaged Property as provided in below, or transfer such proceeds to the Redemption Account upon written notification of an Authorized Officer as described below. Any balance of Net Proceeds remaining after receipt by the Trustee of an Officer's Certificate stating that any such replacement or repair has been completed will be placed into the Bond Fund and applied to the next payment of principal and interest on the Bonds. Any funds remaining in the Net Proceeds Fund after the redemption of all Bonds Outstanding, including accrued interest and payment of any applicable fees to the Trustee pursuant to the Trust Agreement or provision made therefor satisfactory to the Trustee, will be withdrawn by the Trustee and remitted to the County.

Upon receipt of a certification from a Authorized Officer that the Net Proceeds available for such purpose, together with any other funds to be provided by the County in its discretion for such purpose, are sufficient to repair or replace the Mortgaged Property to a condition substantially similar to its condition prior to the loss, casualty or other event giving rise to receipt of such Net Proceeds, the Trustee will disburse moneys in the Net Proceeds Fund to the person, firm or corporation named in the requisition as authorized by the Trust Agreement and described in paragraph (b) above. The Authorized Officer must state in the requisition with respect to each payment to be made (A) the requisition number, (B) the name and address of the person, firm or corporation to whom payment is due, (C) the amount to be paid and (D) that each obligation mentioned therein has been properly incurred, is a proper charge against the Net Proceeds Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation.

Any balance of Net Proceeds remaining after such replacement or repair has been completed will be transferred to the Bond Fund and applied to make payments of principal and interest on the Bonds as the same become due. After payment or provision for payment of all Bonds Outstanding as provided in this paragraph, any balance of Net Proceeds will be paid to the County.

If an Authorized Officer notifies the Trustee in writing that (A) the certification required by the Trust Agreement and described in the preceding paragraph cannot be made or (B) replacement or repair of the Mortgaged Property is not economically feasible or in the best interest of the County, then the Trustee, upon the written direction of the County, will promptly transfer the Net Proceeds to the Redemption Account and apply such Net Proceeds, together with any other available moneys provided by County in its discretion to the Trustee for deposit to the Redemption Account (subject to the limitation set forth below), to the redemption in whole of all of the Outstanding Bonds as provided in the Trust Agreement and the applicable Supplemental Trust Agreements; provided, however, that if any of the

Bonds are not subject to redemption at that time, then all or a portion of the amount deposited in the Redemption Account may be invested in Defeasance Obligations which, together with investment earnings thereon and any moneys not so invested, will be sufficient to pay all interest on such Bonds until their respective maturities or redemption dates and to pay the principal of and premium, if any, on such Bonds on the respective maturities or redemption dates.

If there are sufficient Net Proceeds to comply with the provisions of the Trust Agreement as described above, the County must comply with either of such provisions. However, if the certification required by the Trust Agreement and the second preceding paragraph above cannot be made and if the Net Proceeds and other funds made available by the County are insufficient to redeem all of the Bonds in whole as described in the preceding paragraph, the Trustee will apply the Net Proceeds and any other funds made available by the County in the County's discretion to the replacement and repair of the Mortgaged Property with such changes as may be necessary to cause the replacement and repair to be made from the funds available therefor; provided, however, that no change may be made that would result in a use of the Mortgaged Property different from that which existed prior to the event giving rise to the receipt of Net Proceeds.

(4) If the County and the Trustee are unable to comply with the provisions described above, the County will direct the Trustee in writing to transfer the Net Proceeds to the Redemption Account to be used to redeem in part the Bonds Outstanding pursuant to the redemption provisions of any Supplemental Trust Agreement in such manner specified in an Officer's Certificate filed with the Trustee; provided, however, that if any of the Bonds are not subject to redemption at that time, then all or a portion of the amount deposited in the Redemption Account may be invested in Defeasance Obligations which, together with investment earnings thereon and any moneys not so invested, will be sufficient to pay all interest on such Bonds until their respective maturities or redemption dates and to pay the principal of and premium, if any, on such Bonds on the respective maturities or redemption dates.

The Trustee will cooperate fully with the County, at the expense of the County, in filing any proof of loss with respect to any insurance policy maintained pursuant to the Trust Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Mortgaged Property or any item or portion thereof.

Insurance

Comprehensive General Liability. The County will maintain or cause to be maintained throughout the term of the Trust Agreement a comprehensive general liability policy or policies in protection of the County, its officers, agents and employees. Said policy will cover such losses and for such amounts and will have such deductible amounts as will be satisfactory to the Board of Commissioners and, in the judgment of the Board of Commissioners, will protect the County against losses not protected under the principles of sovereign immunity.

The net proceeds of such liability insurance will be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds will have been paid.

Workers' Compensation. The County will maintain workers' compensation insurance to insure its employees against liability for compensation under the laws now in force in the State, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof. The proceeds of such workers' compensation insurance will be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds will have been paid.

Casualty and Theft Insurance. The County will procure and maintain, throughout the term of the Trust Agreement insurance against loss or damage to any portion of the Mortgaged Property by fire and lightning, with extended coverage, and vandalism and malicious mischief insurance. Said extended coverage insurance will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. To the extent that any contractor will provide an insurance policy or certificate of insurance (naming the Trustee as an additional insured) demonstrating that the same coverage as is required by the Trust Agreement is being carried by such contractor with respect to the Mortgaged Property or any part thereof and adequately protects the interest of the County and the Trustee, the insurance provided for by the Trust Agreement will not be required with respect to the Mortgaged Property or such part thereof while the Mortgaged Property or such part thereof is so covered by such other insurance.

Such insurance will be in an amount equal to 100% of the replacement cost of the Mortgaged Property (except that such insurance may be subject to a reasonable and customary deductible clause for any one loss).

The Net Proceeds of such insurance will be deposited in the Net Proceeds Fund and applied as provided in the Trust Agreement.

Title Insurance. The County will obtain at the time of execution of the Trust Agreement a mortgagee's title insurance policy on the Mortgaged Property under the Trust Agreement insuring the County's fee simple interest in said real property, subject only to any specific exceptions to title set forth therein, in an amount of \$10,000,000. If additional real property is added to the Mortgaged Property from time to time, the County may obtain at that time a mortgagee's title insurance policy on the real property added to the Mortgaged Property insuring the County's fee simple interest in said real property, subject only to Permitted Encumbrances, in an amount to be determined by the County.

Each policy of title insurance acquired pursuant to the Trust Agreement will name the Trustee as the named insured. The Net Proceeds of such insurance will be deposited in the Net Proceeds Fund and applied as provided in the Trust Agreement.

General Insurance Provisions. The County will pay when due the premiums for all insurance policies required by the Trust Agreement.

Except as otherwise provided in the second paragraph below, all insurance policies required by the Trust Agreement will be issued by a responsible carrier authorized to do business under the laws of the State.

The Trustee will not be responsible for the sufficiency or adequacy of any insurance required in the Trust Agreement and will be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

In lieu of obtaining the policies of insurance required by the Trust Agreement, the County may adopt alternative risk management programs which it determines to be reasonable, including, without limitation, to self-insure in whole or in part, individually or in connection with other units of local government or other institutions, to participate in programs of captive insurance companies, to participate with other units of local government or other institutions in mutual or other cooperative insurance or other risk management programs, to participate in State or federal insurance programs, to take advantage of State or federal laws now or hereafter in existence limiting liability, or to establish or participate in other alternative risk management programs, all as may be reasonable and appropriate risk management by the County and that provide comparable coverages required by such sections. In addition, any insurance

coverage pursuant to the Trust Agreement (other than title insurance) may be pursuant to a program whereby the County self-insures against certain losses up to a stated loss amount, and retains excess coverage from an insurer meeting the requirements of the Trust Agreement.

The insurance coverage required under the Trust Agreement relating to casualty and theft insurance may be maintained under a blanket policy covering other properties of the County.

The County will cause to be delivered to the Trustee annually on July 1 of each year a certificate stating that the insurance policies or alternative risk management programs required or permitted by the Trust Agreement are in full force and effect.

The County will cooperate fully with the Trustee in filing any proof of loss with respect to any insurance policy maintained pursuant to the Trust Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Mortgaged Property or any portion thereof.

Security for Deposits

Any and all money deposited with the Trustee will be trust funds under the terms of the Trust Agreement, and, to the extent permitted by law will not be subject to any lien or attachment by any creditor of the County.

All money deposited with the Trustee under the Trust Agreement in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency will be continuously secured, for the benefit of the County and the Owners of Bonds, either (a) by lodging with a bank or trust company chosen by the Trustee or, if then permitted by law, by setting aside under control of the trust department of the bank or trust company holding such deposit, as collateral security, Government Obligations or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable State law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it will not be necessary for the Trustee to give security for the deposit of any money with it for the payment of the principal of or the redemption premium or the interest on any Bonds, or for the Trustee to give security for any money that will be represented by Investment Obligations purchased under the provisions of this paragraph as an investment of such money.

All money deposited with the Trustee will be credited to the particular fund, account or subaccount to which such money belongs.

Investment of Money

Money held for the credit of all funds, accounts and subaccounts will be continuously invested and reinvested by the Trustee pursuant to written instructions of the County in Investment Obligations or held as cash to the extent investment or reinvestment in Investment Obligations is not practicable. Except as provided in the Trust Agreement with respect to the disposition of investment income, the particular investments to be made and other related matters in respect of investments may, as to each Series of Bonds, be provided in the applicable Supplemental Trust Agreement.

Investment Obligations will mature or be redeemable at the option of the holder thereof not later than the respective dates when the money held for the credit of such funds, accounts and subaccounts will be required for the purposes intended.

Notwithstanding the forgoing, no Investment Obligations pertaining to any Series in any fund, account or subaccount will mature on a date beyond the latest maturity date of the respective Series of Bonds Outstanding at the time such Investment Obligations are deposited. For purposes of this paragraph, the maturity date of any repurchase agreement will be deemed to be the stated maturity date of such agreement and not the maturity dates of the underlying obligations.

An Authorized Officer or his designee will give to the Trustee written directions respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of the Trust Agreement, and the Trustee will then invest such money as so directed. The Trustee may request additional direction or authorization from the Authorized Officer or his designee in writing with respect to the proposed investment of money under the provisions of the Trust Agreement. Upon receipt of such directions, the Trustee will invest, subject to the provisions of the Trust Agreement, such money in accordance with such directions. In the absence of written investment instructions from an Authorized Officer, the Trustee will hold any funds for which it has not received investment instructions in cash, uninvested. The Trustee will have no liability for investments made in accordance with the Trust Agreement. The Trustee may conclusively presume that any investment directed by an Authorized Officer is a suitable and legal investment for the County. The Trustee may rely in good faith upon any certification from the County that any investment directed by the County constitutes an Investment Obligation within the meaning of the Trust Agreement. Although the County recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the County hereby agrees that broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered by the Trustee.

Investment Obligations acquired with money in or credited to any fund, account or subaccount established under the Trust Agreement will be deemed at all times to be part of such fund, account or subaccount. Any loss realized upon the disposition or maturity of such Investment Obligations will be charged against such funds, accounts or subaccounts. The interest accruing on any such Investment Obligations and any profit realized upon the disposition or maturity of such Investment Obligations will be credited to such funds, accounts or subaccounts.

Any such interest accruing and any such profit realized will be transferred upon the receipt thereof by the Trustee pursuant to the provisions of the Trust Agreement.

The Trustee will sell or reduce to cash a sufficient amount of such Investment Obligations whenever it is necessary to do so to provide money to make any payment from any such fund, account or subaccount. The Trustee will not be liable or responsible for any loss resulting from any such action.

Whenever a transfer of money between two or more of the funds, accounts or subaccounts established under the Trust Agreement is permitted or required, such transfer may be made as a whole or in part by transfer of one or more Investment Obligations at a value determined at the time of such transfer in accordance with the Trust Agreement, provided that the Investment Obligations transferred are those in which money of the receiving fund, account or subaccount could be invested at the date of such transfer.

For purposes of making any investment under the Trust Agreement, the Trustee may consolidate money held by it in any fund, account or subaccount with money in any other fund, account or subaccount. Transfers from any fund, account or subaccount to the credit of any other fund, account or

subaccount provided for in the Trust Agreement may be effectuated on the books and records of the Trustee and the County without any actual transfer of funds or liquidation of investments. Investment Obligations purchased with consolidated funds will be allocated to each fund, account or subaccount on a pro rata basis in accordance with the initial amount so invested from each such fund, account or subaccount and may charge its normal and customary fees for such investments. Investment Obligations purchased with consolidated funds will be allocated to each fund, account or subaccount on a pro rata basis in accordance with the initial amount so invested from each such fund, account or subaccount. Nothing in the Trust Agreement will constitute a waiver of any of the Trustee's rights as a securities intermediary under Section 25-9-206 of the General Statutes of North Carolina, as amended.

Notwithstanding anything contained in the Trust Agreement to the contrary, the Trustee will have no obligation to enter into any repurchase agreement, investment agreement or any similar agreements with respect to the investment of any monies held under the Trust Agreement unless (i) such agreement is in form and content acceptable to the Trustee in its sole discretion, (ii) any liability of the Trustee under such agreement is limited to loss occasioned by the negligence or willful misconduct of the Trustee, and (iii) the County will pay to the Trustee an additional fee established by the Trustee in accordance with its customary practices.

Unless otherwise directed by the County, Investment Obligations may be purchased by the Trustee through its own investment division, subsidiary, affiliate or other bank facilities established for such purpose.

Extension of Interest Payment

If the time for the payment of the interest on any Bond is extended, whether or not such extension is by or with the consent of the County, such interest so extended will not be entitled in case of an Event of Default under the Trust Agreement to the benefit or security of the Trust Agreement and in such case the Owner of the Bond for which the time for payment of interest was extended will be entitled only to the payment in full of the principal of all Bonds then Outstanding and of interest for which the time for payment will not have been extended.

Events of Default

Each of the following events is an Event of Default under the Trust Agreement:

(a) payment of the principal of and the redemption premium, if any, on any of the Bonds under the Trust Agreement is not made when the same are due and payable, either at maturity or by redemption or otherwise;

(b) payment of the interest on any of the Bonds under the Trust Agreement is not made when the same is due and payable;

(c) the occurrence of an Event of Nonappropriation;

(d) the occurrence of an event of default as provided in the related Deed of Trust;

(e) the occurrence of any event specified in a Supplemental Trust Agreement as being an "Event of Default" under the Trust Agreement; or

(f) receipt of written notice from any counterparty under a Derivative Agreement that the County will have failed to make any Derivative Agreement Scheduled Payment or Derivative Agreement Additional Payment within ten (10) days of the same becoming due and payable.

Acceleration

Upon the happening and continuance of any Event of Default, then and in every case the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding under the Trust Agreement will, by a notice in writing to the County, declare the principal of all the Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same will become and be immediately due and payable, anything contained in the Bonds or the Trust Agreement to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds will have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Trust Agreement or the related Deed of Trust, moneys will have accumulated in the Bond Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all the Bonds then Outstanding (except the principal of any Bonds not then due and payable by their terms and the interest accrued on such Bonds since the last interest payment date) and sufficient to satisfy the Sinking Fund Requirement, if any, for any Term Bonds then Outstanding, for then current Fiscal Year, and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the County under the Trust Agreement or under the Deed of Trust will have been paid or a sum sufficient to pay the same will have been deposited with the Trustee, and every other default actually known to the Trustee in the observance or performance of any covenant, condition, agreement or provision contained in the Bonds, the Trust Agreement (other than a default in the payment of the principal of such Bonds then due and payable only because of a declaration under this paragraph) or the Deed of Trust will have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds not then due and payable by their terms and then Outstanding under the Trust Agreement will, by written notice to the County, rescind and annul such declaration and its consequences, but no such rescission or annulment will extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Additional Remedies on Default

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee under the Trust Agreement under which the Event of Default occurs may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding under the Trust Agreement will, proceed (subject to the requirements of prior indemnification) to protect and enforce its rights and the rights of the Owners of the Bonds under applicable laws and under the Trust Agreement or the related Deed of Trust by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Trust Agreement or in aid or execution of any power granted in the Trust Agreement or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, chosen by the Trustee, will deem most effectual to protect and enforce such rights.

Application of Funds

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Trust Agreement relating to Events of Default shall, after payment of the costs and

expenses of the Trustee and the Deed of Trust Trustee all outstanding fees of the Trustee, and after satisfaction of all outstanding fees, costs and expenses of the Trustee and the Deed of Trust Trustee, of the Owners in declaring such Event of Default, including, to the extent permitted by law, reasonable compensation to its or their agents, attorneys and counsel, be deposited to the credit of the Bond Fund. Anything in the Trust Agreement to the contrary notwithstanding, if at any time the money in the Bond Fund under the Trust Agreement is not sufficient to pay the interest on or the principal of the Bonds as the same become due and payable (either by their terms or by acceleration of maturities), such money, together with any money then available or thereafter becoming available for such purposes (except for such money that has already been deposited in subaccounts of the Interest Account, the Principal Account or the Sinking Fund Account for a particular Series of Bonds), whether through the exercise of the remedies provided for in the Trust Agreement or otherwise, will be applied as follows:

(a) if the principal of all Series of Bonds will not have become or will not have been declared due and payable, all such money will be applied as follows:

first: to the payment to the persons entitled thereto of all installments of interest on Bonds then due and payable and all Derivative Agreement Scheduled Payments in the order in which such installments became due and payable and, if the amount available will not be sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any Bonds that will have become due and payable (other than Bonds deemed to have been paid pursuant to the provisions of the Trust Agreement), in the order of their due dates, with interest on the overdue principal at a rate equal to the rate on such Bonds, and, if the amount available will not be sufficient to pay in full all of the amounts due on the Bonds on any date, together with such interest, then to the payment ratably according to the amount of such principal due on such date, to the persons entitled thereto, without any discrimination or preference;

third: to the payment of the interest on and the principal of Bonds, to the purchase and retirement of Bonds, and to the redemption of Bonds, all in accordance with the provisions of the Trust Agreement; and

fourth: to the payment of persons entitled thereto of all Additional Payments, including Derivative Agreement Additional Payments, then due, and if the amount available will not be sufficient to pay in full all such Additional Payments, then to the payment thereof ratably according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Series of Bonds will have become or will have been declared due and payable, all such money will be applied:

first: to the payment of principal and interest then due upon such Bonds and Derivative Agreement Scheduled Payments, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; and

second: to the payment of persons entitled thereto of all Additional Payments, including Derivative Agreement Additional Payments, then due, and if the amount available will not be sufficient to

pay in full all such Additional Payments, then to the payment thereof ratably according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference.

(c) If the principal of all of the Series of Bonds will have been declared due and payable and if such declaration will thereafter have been rescinded and annulled under the provisions of the Trust Agreement, then, subject to the provisions described in paragraph (b) above in the event that the principal of all of the Series of Bonds will later become due and payable or be declared due and payable, the money then remaining in and thereafter accruing to the Bond Fund will be applied in accordance with the provisions described in paragraph (a) above.

Control of Proceedings; Restrictions Upon Action; Notice of Default

Anything in the Trust Agreement to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of Bonds at any time Outstanding under the Trust Agreement will have the right, subject to the prior indemnification of the Trustee, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Trust Agreement, provided that such direction will be in accordance with law and the provisions of the Trust Agreement.

Except as provided in the Trust Agreement, no Owner of Bonds will have any right to institute any suit, action or proceeding in equity or at law on any Bonds or for the execution of any trust under the Trust Agreement or for any other remedy thereunder unless such Owner of Bonds previously (a) has given to the Trustee written notice of the Event of Default on account of which suit, action or proceeding is to be instituted, (b) has requested the Trustee in writing to take action after the right to exercise such powers or right of action, as the case may be, will have accrued, (c) has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Trust Agreement or to institute such action, suit or proceedings in its or their name, and (d) has offered to the Trustee reasonable security and satisfactory indemnity against the costs, expenses and liabilities to be incurred therein or thereby pursuant to the provisions of the Trust Agreement, and the Trustee will have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Trust Agreement or to any other remedy under the Trust Agreement. Notwithstanding the foregoing and without complying therewith, the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding under the Trust Agreement may institute any such suit, action or proceeding in their own names for the benefit of all Owners of Bonds. It is understood and intended that, except as otherwise above provided, no one or more Owners of Bonds will have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of the Trust Agreement or to enforce any right under the Trust Agreement except in the manner provided, that all proceedings at law or in equity will be instituted, had and maintained in the manner provided in the Trust Agreement and for the benefit of all Owners of Bonds and that any individual rights of action or other right given to one or more of such Owners by law are restricted by the Trust Agreement to the rights and remedies provided therein.

The Trustee will mail to the County, the Local Government Commission and to all Owners at their addresses as they appear on the registration books written notice of the occurrence of any Event of Default within thirty (30) days after the Trustee has actual knowledge or notice that any such Event of Default will have occurred. The Trustee will not be subject to any liability to the County, the Local Government Commission or any Owner by reason of its failure to mail any such notice.

Concerning the Trustee

Prior to the occurrence of any Event of Default and after the curing of all such Events of Default that may have occurred, the Trustee will perform such duties and only such duties of the Trustee as are specifically set forth in the Trust Agreement. Upon the occurrence and during the continuation of any Event of Default, the Trustee will use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

No provision of the Trust Agreement will be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to any such Event of Default, and after the curing of any Event of Default that may have occurred:

(i) the duties and obligations of the Trustee will be determined solely by the express provisions of the Trust Agreement, and the Trustee will not be liable except for the performance of such duties and obligations of the Trustee as are specifically set forth in the Trust Agreement, and no implied covenants or obligations will be read into the Trust Agreement against the Trustee and no permissive right of the Trustee under the Trust Agreement will impose any duty on the Trustee to take such action, and

(ii) in the absence of willful misconduct on its part, the Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it conforming to the requirements of the Trust Agreement, but in the case of any such certificate or opinion which by any provision of the Trust Agreement is specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not on its face it conforms to the requirements of the Trust Agreement; and

(b) at all times, regardless of whether or not any such Event of Default will exist:

(i) the Trustee will not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it will be proved that the Trustee was negligent in ascertaining the pertinent facts,

(ii) the Trustee will not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than 25% or a majority, as the Trust Agreement will require, in aggregate principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any power conferred upon the Trustee under the Trust Agreement, and

(iii) the Trustee may act through its agents and attorneys. The Trustee may consult with counsel, and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

None of the provisions contained in the Trust Agreement will require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Trustee will be under no obligation to institute any suit or to take any remedial proceeding (including, but not limited to, the appointment of a receiver or the acceleration of the maturity date of any or all Bonds under the Trust Agreement) or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts created by the Trust Agreement or in the enforcement of any rights and powers thereunder, until it will be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees, costs and expenses and other reasonable disbursements, and against all liability including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances. The Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the County, at the request of the Trustee, will reimburse the Trustee for all costs, expenses, outlays and counsel fees, costs and expenses and other reasonable disbursements properly incurred in connection therewith. If the County will fail to make such reimbursement, the Trustee may reimburse itself from any money in its possession under the provisions of the Trust Agreement and will be entitled to a preference therefor over any Bonds Outstanding.

The Trustee will be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the County, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts under the Trust Agreement, the Trustee will have no responsibility in respect of the validity or sufficiency of the Trust Agreement, or in respect of the validity of Bonds or the due execution or issuance thereof. The Trustee will be under no obligation to see that any duties imposed upon the County or any party other than itself, or any covenants on the part of any party other than itself to be performed, whether in the Trust Agreement or in any related instrument, will be done or performed, and the Trustee will be under no obligation for failure to see that any such duties or covenants are so done or performed. The Trustee will not be deemed to have notice of any default or event of default under the Trust Agreement, except for a payment default under clauses (a) or (b) described in "SUMMARY OF THE TRUST AGREEMENT – Events of Default" above, unless it shall have received written notice describing the circumstances of such default or event of default and identifying the same as a default or event of default.

The Trustee will have no duty or responsibility to examine or review, and will have no liability for, the contents of any documents submitted or delivered to any Owner in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds; the Trustee will not be liable for any debts contracted or for damages to persons or to property injured or damaged, or for salaries or nonfulfillment of contracts, relating to the acquisition, construction or equipping of the Project or any other Additional Project; and the Trustee will have no duty to inspect or oversee the acquisition, construction or equipping of the Project or any Additional Project, or, except as provided in the Trust Agreement, to verify the accuracy of the certifications made by the County with respect to the Trustee's disbursements for Project Costs or Delivery Costs in accordance with the Trust Agreement.

Notwithstanding any provision of the Trust Agreement to the contrary, the Trustee will not be liable or responsible for any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any applicable Treasury regulations, including, without limitation, the calculation of amounts required to be paid to the United States under the provisions of Section 148 of the Code and the applicable Treasury regulations, the maximum amount which may be invested in "non-purpose obligations" as defined in the Code and the fair market value of any investments made under the Trust Agreement, and the sole obligation of the Trustee with respect to

investment of funds under the Trust Agreement will be to invest the monies received by the Trustee in accordance with the Trust Agreement pursuant to written instructions from an authorized representative of the County and to maintain appropriate records relating to the investments so made.

The Trustee will not be responsible or liable for the environmental condition or any contamination of the Mortgaged Property or any other property which secures the County's obligations under the Trust Agreement or the Bonds or for any diminution in value of any such property as a result of any contamination of the property by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee will not be liable for any claims by or on behalf of the Owners or any other person or entity arising from contamination of the Mortgaged Property or any other property which secures the County's obligations under the Trust Agreement or the Bonds by any hazardous substance, hazardous material, pollutant or contaminant, and will have no duty or obligation to assess the environmental condition of any such property or with respect to compliance of any such property under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws. Notwithstanding anything contained herein or in the Deed of Trust to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action (including but not limited to giving any direction to the Deed of Trust Trustee) which may subject the Trustee to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses (including attorney's fees, costs and expenses) which may result from such foreclosure or other action and the Trustee will not be required to take (or direct the Deed of Trust Trustee to take) such foreclosure action if it reasonably determines that the approval of a governmental regulator that cannot be obtained is necessary for such foreclosure action.

Unless the Trust Agreement, any Supplemental Trust Agreement or the Deed of Trust expressly provide that notice be given in a different manner, the Trustee agrees to accept and act upon instructions or directions sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Trustee shall have received an incumbency certificate listing persons to give such instructions or directions and containing specimen signatures of such designated persons, which certificate may be amended or supplemented to add or delete certain persons, and the instructions or directions are sent in a document in portable document format (pdf) signed by the Authorized Officer (in the case of the County) or other authorized representative of the transmitting party. The Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding that such instructions may conflict or are inconsistent with subsequent written instructions. The County agrees to assume all risks arising out of the use of such electronic methods to submit instructions or directions to the Trustee in accordance with the Trust Agreement, including, without limitation, the risk of the Trustee action on unauthorized instructions, and the risk of interception and misuse by third parties.

The Trustee will not be liable if and to the extent its performance under the Trust Agreement is prevented by reason of "force majeure." For purposes of this provision, "force majeure" means an occurrence beyond the control of the Trustee and could not have been avoided by exercising due care, including, without limitation, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar circumstances.

The Trustee will not be liable or responsible because of the failure of the County or of any of its employees or agents to make any collections or deposits or to perform any act in the Trust Agreement required of the County. The Trustee will not be responsible for the application of any of the proceeds of

Bonds or any other money deposited with it and invested, paid out, withdrawn or transferred under the Trust Agreement if such application, investment, payment, withdrawal or transfer will be made in accordance with the provisions of the Trust Agreement. The immunities and exemptions from liability of the Trustee under the Trust Agreement will extend to its directors, officers, employees and agents.

Subject to the acceptance and appointment of a successor Trustee, the Trustee may resign and thereby become discharged from the trusts created by the Trust Agreement, by notice in writing given to the County, and mailed, postage prepaid to each Owner of Bonds, not less than sixty (60) days before such resignation is to take effect, but such resignation will take effect immediately upon the appointment of a new Trustee if such new Trustee will be appointed before the time limited by such notice and will then accept the trusts under the Trust Agreement.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing (i) executed by the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding and filed with the County or (ii) executed by an Authorized Officer, so long as no Event of Default shall have occurred and be continuing, in either case filed with Trustee not less than sixty (60) days before such removal is to take effect as stated in said instrument of instruments. The Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of the Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the County or the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding.

If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the positions of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any reason, the County is required to appoint a Trustee to fill such vacancy. A successor Trustee will not be required if the Trustee shall sell or assign substantially all of its corporate trust business and the vendee or assignee shall continue in the corporate trust business, or if a transfer of the trust department of the Trustee is required by operation of law, provided that such vendee, assignee or transferee is (i) a bank or trust company within or without the County which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing, and (iii) having a combined capital, surplus and undivided profits aggregating not less than One Hundred Million Dollars (\$100,000,000). The appointment of any successor Trustee will be subject to the approval of the Local Government Commission. The County is required to mail notice of any such appointment made by it, postage prepaid, to all Owners of Bonds. At any time within sixty (60) days after any such vacancy shall have occurred, the Owners of not less than 25% in principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing, executed by such Owners and filed with the County, may nominate a successor Trustee, which the County shall appoint and which shall supersede any Trustee theretofore appointed by the County.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions within sixty (60) days of the resignation, removal or the occurrence of a vacancy in the office of Trustee in the manner herein provided, any Owner under the Trust Agreement or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any successor Trustee hereafter appointed must be (i) a bank or trust company within or without the County which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing and (iii) having a combined capital, surplus and undivided profits aggregating not less than One Hundred Million Dollars (\$100,000,000).

Supplements and Amendments Without Consent

The Trust Agreement and the Deed of Trust, and the rights and obligations of the parties thereto, may be amended or supplemented at any time by an amendment or supplement thereto without the consent of any Owners, provided that, in the opinion of the Trustee, who may rely upon a written opinion of legal counsel, such amendment or supplement will not materially adversely affect the interest of the Owners:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision in the Trust Agreement that may be inconsistent with any other provision therein, to make any other provisions with respect to matters or questions arising under the Trust Agreement or the Deed of Trust, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the Trust Agreement or the Deed of Trust, or

(b) to grant or to confer upon the Trustee, for the benefit of the Owners, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, or

(c) to add to the provisions of the Trust Agreement or the Deed of Trust other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the County in the Trust Agreement or the Deed of Trust other covenants and agreements thereafter to be observed by the County or to surrender any right or power in the Trust Agreement reserved to or conferred upon the County, or

(e) to permit the qualification of the Trust Agreement or the Deed of Trust under any federal statute now or hereafter in effect or under any state blue sky law, and, in connection therewith, if the County so determines, to add to the Trust Agreement, any Supplemental Trust Agreement or the Deed of Trust such other terms, conditions and provisions as may be permitted or required by such federal statute or blue sky law.

At least thirty (30) days prior to the execution and delivery of any such supplement or amendment for any of the purposes set forth above, the Trustee will at the written request of the County cause at the County's expense a notice of the proposed supplement or amendment to be mailed, postage prepaid to all Owners of Bonds and to each Rating Agency. Such notice will briefly set forth the nature of the proposed supplement or amendment and will state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners of Bonds. A failure on the part of the Trustee to mail the notice required by the Trust Agreement will not affect the validity of such supplement or amendment.

Supplements and Amendments With Consent

The Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding under the Trust Agreement that will be affected by a proposed supplement or amendment to the Trust Agreement or the related Deed of Trust will have the right, from time to time, anything contained in the Trust Agreement or the Deed of Trust to the contrary notwithstanding, to consent to and approve the execution and delivery of such supplement or amendment as are deemed necessary or desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Trust Agreement or the Deed of Trust; provided, however, that nothing contained in the Trust Agreement will permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bonds without the consent of the Owner of such Bond and the approval of the Local Government Commission, (b) a

reduction in the principal amount of any Bonds or the redemption premium or the rate of interest on any Bonds without the consent of the Owner of such Bond, (c) a preference or priority of any Bonds over any other Bonds without the consent of the Owners of all Bonds then Outstanding or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such supplement or amendment without the consent of the Owners of all Bonds then Outstanding. Nothing contained in the Trust Agreement, however, will be construed as making necessary the approval by Owners of Bonds of the execution and delivery of any supplement or amendment to the Trust Agreement or the Deed of Trust as described under “SUMMARY OF THE TRUST AGREEMENT – Supplements and Amendments Without Consent” above.

If at any time the County determines that it is necessary or desirable to execute and deliver any supplement or amendment to the Trust Agreement or Deed of Trust for any of the purposes of the preceding paragraph, the Trustee will at the written direction of the County cause notice of the proposed supplement or amendment to be mailed at the expense of the County, postage prepaid, to all Owners at their addresses as they appear on the registration books as of the date of mailing such notice and to each Rating Agency. Such notice will briefly set forth the nature of the proposed supplement or amendment and will state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners of Bonds. The Trustee will not, however, be subject to any liability to any Owner of Bonds by reason of its failure to cause the notice required by the Trust Agreement to be mailed, and any such failure to cause the notice required by the Trust Agreement to be mailed will not affect the validity of such supplement or amendment when consented to and approved as provided in the preceding paragraph.

Whenever, at any time within three (3) years after the date of the mailing of such notice, the County delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding under the Trust Agreement that are affected (as defined in the Trust Agreement) by a proposed supplement or amendment, which instrument or instruments will refer to the proposed supplement or amendment described in such notice and will specifically consent to and approve the execution and delivery thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the County and the Trustee, as applicable, may execute and deliver such supplement or amendment to the Trust Agreement or the Deed of Trust in substantially such form, without liability or responsibility to any Owner of Bonds whether or not such Owner will have consented thereto.

If the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding under the Trust Agreement at the time of the execution and delivery of such supplement or amendment and that are affected (as defined in the Trust Agreement) by a proposed supplement or amendment to the Trust Agreement or the Deed of Trust have consented to and approved the execution and delivery thereof as provided in the Trust Agreement, to the extent permitted by law, no Owner of Bonds will have any right to object to the execution and delivery of such supplement or amendment, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution and delivery thereof, or to enjoin or restrain the County and the Trustee, as applicable, from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Exclusion of Bonds

Bonds owned or held by or for the account of the County will not be deemed Outstanding Bonds for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in the Trust Agreement, and the County as Owner of such Bonds will not be entitled to consent or take any other action provided for in the Trust Agreement. At the time of any consent or other action taken under

the Trust Agreement, the County will furnish the Trustee an Officer's Certificate upon which the Trustee shall conclusively rely, describing all Bonds so to be excluded.

Defeasance

When:

(a) the Bonds issued under the Trust Agreement will have become due and payable in accordance with their terms or otherwise as provided in the Trust Agreement, and the whole amount of the principal and the interest and premium, if any, so due and payable upon all Bonds will be paid, and

(b) if the Bonds will not have become due and payable in accordance with their terms, the Trustee will hold, sufficient (i) money or (ii) Defeasance Obligations or a combination of (i) and (ii) of this clause (b), the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest and redemption premium, if any, on all Bonds then Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof, and there will have been delivered to the Trustee an opinion of bond counsel that such deposit of money or Defeasance Obligations will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, and

(c) if Bonds are to be called for redemption, irrevocable instructions to call the Bonds for redemption will have been given by the County to the Trustee, and

(d) sufficient funds will also have been provided or provision made for paying all other obligations payable under the Trust Agreement by the County;

then and in that case the right, title and interest of the Trustee in the funds, accounts and subaccounts mentioned in the Trust Agreement will thereupon cease, determine and become void and, upon being furnished with an opinion, in form and substance satisfactory to the Trustee, of counsel approved by the Trustee, to the effect that all conditions precedent to the release of the Trust Agreement and the Deed of Trust have been satisfied, the Trustee will release the Trust Agreement and the Deed of Trust and will execute such documents to evidence such release as may be required by such counsel, and the Trustee will turn over to the County any surplus in, and all balances remaining in, all funds, accounts and subaccounts other than money held for the redemption or payment of Bonds. If the Bonds to be paid by the moneys or Defeasance Obligations deposited with the Trustee will not be retired within six months of the date of the deposit, then in addition to the requirements set forth in (a) through (d) above, such deposit will be accompanied by a report of an independent consultant to the effect that the principal of and the interest on the Defeasance Obligations when due and payable, together with any money deposited, will provide sufficient money to pay the principal of, and the interest and redemption premium, if any, on, all Bonds then Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof. Otherwise, the Trust Agreement will be, continue and remain in full force and effect; provided, however, that (i) if the Bonds to be paid by the moneys or Defeasance Obligations deposited with the Trustee will not be retired within thirty days of the date of the deposit, then in addition to the requirements set forth in the Trust Agreement, the Trustee, within thirty (30) days after such moneys or Defeasance Obligations will have been deposited with it, will cause a notice signed by the Trustee to be mailed, postage prepaid, to all Owners of Bonds, setting forth (a) the date or dates, if any, designated for the redemption of the Bonds, (b) a description of the Defeasance Obligations so held by it, and (c) that the Trust Agreement has been released in accordance with the provisions of the Trust Agreement, and (ii) (a) the Trustee will nevertheless retain such rights, powers and privileges under the Trust Agreement as may be necessary and convenient in respect of the Bonds for the payment of the principal, interest and any premium for which such Defeasance Obligations have been deposited and (b)

the Trustee will retain such rights, powers and privileges under the Trust Agreement as may be necessary and convenient for the registration, transfer and exchange of Bonds; provided, however, that failure to mail such notice to any Owner or to the Owners, or any defect in such notice so mailed, will not affect the validity of the release of the Trust Agreement.

All money and Defeasance Obligations held by the Trustee for this purpose will be held in trust and applied to the payment, when due, of the obligations payable therewith.

Release of Mortgaged Property

At any time and from time to time, so long as no Event of Default has occurred and is continuing under the Trust Agreement or under the Deed of Trust, the Deed of Trust Trustee and the Trustee, as beneficiary under the Deed of Trust, will be required to release a portion of the Mortgaged Property from the lien and security interest created by the Deed of Trust when and if the following requirements set forth in the Trust Agreement and described below have been met:

(a) there is filed with the Trustee a certified copy of a resolution of the Board of Commissioners or an Officer's Certificate stating that the County desires the release of such portion of the Mortgaged Property, giving an adequate description of the portion of the Mortgaged Property to be released, requesting such release and providing for the payment by the County of all expenses in connection with such release;

(b) either (i) the estimated value of the Mortgaged Property remaining after the proposed release (as such value is evidenced as hereinafter provided) is not less than 50% of the aggregate principal amount of Bonds then Outstanding under the Trust Agreement or (ii) the County provides for substitution other property (the "Substitute Property") that will be made subject to the lien of the Deed of Trust that has an estimated value such that the combined estimated value of the remaining Mortgaged Property and the Substitute Property immediately before the proposed substitution or is not less than 50% of the aggregate principal amount of Bonds then Outstanding under the Trust Agreement;

(c) there is filed with the Trustee an opinion of bond counsel to the County to the effect that the substitution of such property is permitted by law and is permitted under the terms of the Trust Agreement and the Deed of Trust and for any Bonds with respect to which interest is intended to be excludable from the gross income of the owners thereof for federal or state income tax purposes, that such release and substitution will not adversely affect the exclusion of interest on such Bonds from the gross income of the owners thereof for federal or state income tax purposes; and

(d) there is filed with the Trustee an Officer's Certificate to the effect that such release will not prohibit the County's ingress, egress and regress to and from the remainder of the Mortgaged Property not being released, or materially interfere with the use of the remainder of the Mortgaged Property not being released.

The estimated value of the Mortgaged Property or any Substitute Property required by (b) will be evidenced by an Officer's Certificate as to such estimated value, and may be based on such assumptions as the Authorized Officer may deem reasonable, including, but not limited to, reliance on (i) an appraisal, (ii) the insured value of the property subject to the valuation, (iii) the assessed tax valuation of the remaining Mortgaged Property, and (iv) a combination of the foregoing. If any improvements are then being installed on any portion of property that will be included in the Mortgaged Property, the estimated value of the Mortgaged Property may take into account the expected value of the Mortgaged Property following the completion of the improvements.

The County shall provide notice to each Rating Agency of the substitution or release of any of the Mortgaged Property pursuant to the Trust Agreement.

SUMMARY OF THE FIRST SUPPLEMENTAL TRUST AGREEMENT

Establishment of Series 2026 Project Account and Bond Fund Subaccounts for the Series 2026 Bonds

The Trustee will establish a special account within the Project Fund designated as the “County of Wake, North Carolina Limited Obligation Bonds 2026 Trust Agreement Project Account” and will keep the Series 2026 Project Account separate and apart from all other funds and moneys held by it. Moneys held in the Series 2026 Project Account will be invested and disbursed as provided in the First Supplemental Trust Agreement and the Trust Agreement.

The First Supplemental Trust Agreement establishes the following subaccounts in the Bond Fund:

- (a) Series 2026 Subaccount of the Interest Account;
- (b) Series 2026 Subaccount of the Principal Account; and
- (c) Series 2026 Subaccount of the Redemption Account.

The fund, account and subaccounts mentioned above will be established with and held by the Trustee pursuant to the Trust Agreement and the First Supplemental Trust Agreement.

Payments by the County

The County will, subject to the limitations of the Trust Agreement, deposit or cause to be deposited with the Trustee the following amounts, and the Trustee will apply such amounts to the various subaccounts specified above in the following order:

(a) into the Series 2026 Subaccount of the Interest Account of the Bond Fund under the Trust Agreement, on or before the 25th day of the month preceding each Interest Payment Date, the interest payable on the Series 2026 Bonds on the following Interest Payment Date; and

(b) into the Series 2026 Subaccount of the Principal Account of the Bond Fund under the Trust Agreement, on or before the 25th day of the month preceding each May 1, the principal of all Series 2026 Bonds coming due on such May 1;

In addition, the Trustee will deposit to the Series 2026 Subaccount of the Redemption Account of the Bond Fund under the Trust Agreement all amounts as will be delivered to the Trustee by the County from time to time with instructions that such amounts be so deposited.

Application of Money in the Series 2026 Subaccount of the Redemption Account

The Trustee shall apply money in the Series 2026 Subaccount of the Redemption Account to the purchase or redemption of Series 2026 Bonds in accordance with the latest Officer’s Certificate filed with the Trustee designating the Series 2026 Bonds to be redeemed.

Modification of First Supplemental Trust Agreement Without Consent of Owners

The County may, from time to time and at any time, execute and deliver such trust agreements supplemental to the First Supplemental Trust Agreement (which supplemental trust agreements will thereafter form a part thereof) as will be substantially consistent with the terms and provisions of such First Supplemental Trust Agreement and, in the opinion of the Trustee, who may rely upon a written opinion of legal counsel, will not materially and adversely affect the interest of the Owners:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision in First Supplemental Trust Agreement that may be inconsistent with any other provision therein, to make any other provisions with respect to matters or questions arising under the First Supplemental Trust Agreement or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the First Supplemental Trust Agreement;

(b) to grant or to confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee;

(c) to add to the covenants and agreements of the County in the First Supplemental Trust Agreement other covenants and agreements thereafter to be observed by the County or to surrender any right or power reserved in the First Supplemental Trust Agreement to or conferred upon the County; or

(d) to permit the qualification of the First Supplemental Trust Agreement under any federal statute now or hereafter in effect or under any state blue sky law, and, in connection therewith, if the County so determines, to add to the First Supplemental Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or blue sky law.

At least thirty (30) days prior to the execution and delivery of any supplemental trust agreement for any of the purposes described above, the Trustee will cause at the County's expense a notice of the proposed supplemental trust agreement to be mailed first-class, postage prepaid, to all Owners of the Series 2026 Bonds and to each Rating Agency then rating the Series 2026 Bonds. Such notice will briefly set forth the nature of the proposed supplemental trust agreement and will state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners of the Series 2026 Bonds. A failure on the part of the Trustee to mail the notice described in this paragraph will not affect the validity of such supplemental trust agreement.

Modification of First Supplemental Trust Agreement With Consent of Owners

Subject to the terms and provisions contained in the First Supplemental Trust Agreement and described in this clause, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Series 2026 Bonds then outstanding under the First Supplemental Trust Agreement that will be affected, as defined in the First Supplemental Trust Agreement, by a proposed supplemental trust agreement will have the right, from time to time, anything contained in the First Supplemental Trust Agreement to the contrary notwithstanding, to consent to and approve the execution and delivery by the County and the Trustee of such supplemental trust agreement as will be deemed necessary or desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the First Supplemental Trust Agreement or in any supplemental trust agreement; provided, however, that nothing contained in the First Supplemental Trust Agreement will permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Series 2026 Bond without the consent of the Owner of such Series 2026 Bond and the approval of the Local Government Commission, (b) a reduction in the principal amount of any Series 2026 Bond or the rate of interest thereon without the consent of the Owner of such Series 2026 Bond, (c)

a preference or priority of any Series 2026 Bond over any other Series 2026 Bond without the consent of all Owners of the Series 2026 Bonds then Outstanding, or (d) a reduction in the aggregate principal amount of Series 2026 Bonds required for consent to such supplemental trust agreement without the consent of all Owners of the Series 2026 Bonds then Outstanding.

The Trustee will, at the expense of the County, such expense to be paid from any available moneys, cause notice of the proposed supplemental trust agreement to be mailed, postage prepaid, to all Owners of the Series 2026 Bonds as of the date such notice is mailed and to each Rating Agency then rating the Series 2026 Bonds. Such notice will briefly set forth the nature of the proposed supplemental trust agreement and will state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners of the Series 2026 Bonds. The Trustee will not, however, be subject to any liability to any Owner of the Series 2026 Bonds by reason of its failure to mail the notice described in this paragraph, and any such failure will not affect the validity of such supplemental trust agreement when approved and consented to as described in this paragraph.

Whenever, at any time within three (3) years after the date of the mailing of such notice, the County will deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of Series 2026 Bonds then Outstanding that are affected (as defined in First Supplemental Trust Agreement) by a proposed supplemental trust agreement, which instrument or instruments will refer to the proposed supplemental trust agreement described in such notice and will specifically consent to and approve the execution and delivery thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the County and the Trustee may execute and deliver such supplemental trust agreement in substantially such form, without liability or responsibility to any Owner, whether or not such Owner will have consented thereto.

If the Owners of not less than a majority in aggregate principal amount of the Series 2026 Bonds Outstanding at the time of the execution and delivery of such supplemental trust agreement and that are affected (as defined in First Supplemental Trust Agreement) by a proposed supplemental trust agreement have consented to and approved the execution and delivery thereof as provided in First Supplemental Trust Agreement, to the extent permitted by law, no such Owner will have any right to object to the execution and delivery of such supplemental trust agreement, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution and delivery thereof, or enjoin or restrain the County or the Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Upon the execution and delivery of any supplemental trust agreement pursuant to the provisions described above, the First Supplemental Trust Agreement will be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the applicable First Supplemental Trust Agreement of the County, the Trustee and all Owners of the Series 2026 Bonds will thereafter be determined, exercised and enforced in all respects pursuant to the provisions of the First Supplemental Trust Agreement, as so modified and amended.

SUMMARY OF THE DEED OF TRUST

Grant and Release of Easements

If no Event of Default under a Deed of Trust has occurred and will continue to exist, the County may at any time or times grant easements, licenses, rights of way and other rights or privileges in the nature of easements with respect to any part of the Mortgaged Property, and the County may release existing interests, easements, licenses, rights of way and other rights or privileges with or without

consideration, and the Beneficiary agrees that it will execute and deliver and will cause, request or direct the Deed of Trust Trustee to execute and deliver any instrument necessary or appropriate to grant or release any such interest, easement, license, right of way or other right or privilege but only upon receipt of (a) a copy of the instrument of grant or release, (b) a written application signed by the County requesting such instrument and (c) a certificate executed by the County that the grant or release (i) is not detrimental to the proper conduct of the operations of the County at the Mortgaged Property and (ii) will not impair the effective use of or interfere with the operations of the County at the Mortgaged Property and will not impair the value of the security under the Deed of Trust in contravention of the provisions thereof. The County may authorize the Wake County Board of Education to grant easements, licenses, rights of way and other rights or privileges in the nature of easements with respect to any part of the Mortgaged Property with the same effect as if the grant were made by the County.

Release of Mortgaged Property

At any time and from time to time, so long as no Event of Default has occurred and is continuing under the Trust Agreement or under the related Deed of Trust, the Deed of Trust Trustee and the Beneficiary will be required to release a portion of the Mortgaged Property from the lien and security interest created by the Deed of Trust when and if the requirements set forth in the Trust Agreement as described under “SUMMARY OF THE TRUST AGREEMENT – Release of Mortgaged Property” above have been met.

Remedies of the Deed of Trust Trustee Upon Default

If any of the following events will occur:

(a) default in the payment of principal of, premium, if any, or interest on the Bonds issued under the Trust Agreement and the expiration of any applicable grace or notice periods provided in the Bonds or the Trust Agreement;

(b) default in any payment under the Trust Agreement or any of the other terms or conditions of the Trust Agreement secured by the Deed of Trust and the expiration of any applicable grace or notice periods provided thereby;

(c) failure by the County to observe and perform any warranty, covenant, condition or agreement on the part of the County under the Deed of Trust other than as described in the Deed of Trust for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the County by the Beneficiary unless the Beneficiary will agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be reasonably corrected within the applicable period, and if corrective action is instituted by the County within the applicable period and diligently pursued, the County will have an additional period following such written notice to correct the failure; or

(d) any lien, charge or encumbrance prior to or affecting the validity of the Deed of Trust is found to exist, other than Permitted Encumbrances, or proceedings are instituted to enforce any lien, charge or encumbrance against any of said Mortgaged Property and such lien, charge or encumbrance would be prior to the lien of the Deed of Trust;

then and in any of such events (hereinafter referred to as an “Event of Default”), all payments under the related Trust Agreement will, at the option of the Beneficiary, become at once due and payable, regardless of the maturity date or other due date thereof.

Upon the occurrence of an Event of Default under a Deed of Trust:

(i) To the extent permitted by law, the Deed of Trust Trustee will have the right to enter upon the Mortgaged Property to such extent and as often as the Deed of Trust Trustee, in his sole discretion, deems necessary or desirable in order to cure any default by the County. The Deed of Trust Trustee may take possession of all or any part of the Mortgaged Property and may hold, operate and manage the same, and from time to time make all needful repairs and improvements as will be deemed expedient by the Deed of Trust Trustee; and the Deed of Trust Trustee may lease any part of the Mortgaged Property in the name of and for the account of the County, and collect, receive and sequester the rent, revenues, receipts, earnings, income, products and profits therefrom, and out of the same and from any moneys received from any receiver of any part thereof pay, and set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Deed of Trust Trustee, his agents and counsel, and any taxes and assessments and other charges prior to the lien of the Deed of Trust which the Deed of Trust Trustee may deem it proper to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of the Deed of Trust.

(ii) To the extent permitted by law, the Deed of Trust Trustee will have the right after an Event of Default to the appointment of a receiver to collect the rents and profits from the Mortgaged Property without consideration of the value of the premises or the solvency of any person liable for the payment of the amounts then owing, and all amounts collected by the receiver will, after expenses of the receivership, be applied to the payment of the obligations secured by the Deed of Trust, and the Deed of Trust Trustee, at his option, in lieu of an appointment of a receiver, will have the right to do the same. If such receiver should be appointed or if there should be a sale of the said premises, as provided below, the County, or any person in possession of the premises thereunder, as tenant or otherwise, will become a tenant at will of the receiver or of the purchaser and may be removed by a writ of ejectment, summary ejectment or other lawful remedy.

(iii) The Deed of Trust Trustee will have the right to assign to any other person, for lawful consideration, any rents, revenues, earnings, income, products and profits receivable under the Deed of Trust, provided that the proceeds of any such assignment will be applied as provided in the Deed of Trust.

(iv) The Deed of Trust Trustee is authorized and empowered to expose to sale and to sell the Mortgaged Property or such part or parts thereof or interests therein as the Deed of Trust Trustee deems prudent at public auction for cash, and upon collection of the proceeds from such sale to make and deliver a deed therefor, after first having complied with all applicable requirements of North Carolina law with respect to the exercise of powers of sale contained in Deed of Trust. The County agrees that in the event of a sale under the Deed of Trust, the Beneficiary will have the right to bid at it and to become the purchaser. The Deed of Trust Trustee may require the successful bidder at any sale to deposit immediately with the Deed of Trust Trustee cash or a certified check in an amount not to exceed five percent (5%) of his bid, provided notice of such requirement is contained in the advertisement of the sale. The bid may be rejected if the deposit is not immediately made and thereupon the next highest bidder may be declared to be the successful bidder. Such deposit will be refunded in case a resale is had; otherwise it will be applied to the purchase price. The sale of the Mortgaged Property or any part thereof or any interest therein, whether pursuant to judicial foreclosure, foreclosure under power of sale or otherwise under the Deed of Trust, will forever bar any claim with respect to the Mortgaged Property by the County.

(v) To the extent permitted by law, the Beneficiary, immediately and without additional notice and without liability therefor to the County, may do or cause to be done any or all of the following: (A) take physical possession of the Mortgaged Property; (B) exercise its right to collect the rents and profits thereof; (C) enter into contracts for the completion, repair and maintenance of the Mortgaged Property;

(D) expend any rents, income and profits derived from the Mortgaged Property for payment of any taxes, insurance premiums, assessments and charges for completion, repair and maintenance of the Mortgaged Property, preservation of the lien of the Deed of Trust and satisfaction and fulfillment of any liabilities or obligations of the County arising out of or in any way connected with the Mortgaged Property whether or not such liabilities and obligations in any way affect, or may affect, the lien of the Deed of Trust; (E) enter into leases demising the Mortgaged Property or any part thereof; (F) take such steps to protect and enforce the specific performance of any covenant, condition or agreement in the Deed of Trust or the Trust Agreement or to aid the execution of any power granted in the Deed of Trust; and (G) generally, supervise, manage, and contract with reference to the Mortgaged Property as if the Beneficiary were the equitable owner of the Mortgaged Property. The County also agrees that any of the foregoing rights and remedies of the Beneficiary may be exercised at any time independently of the exercise of any other such rights and remedies, and the Beneficiary may continue to exercise any or all such rights and remedies until the Event(s) of Default of the County are cured with the consent of the Beneficiary or until foreclosure and the conveyance of the Mortgaged Property to the high bidder or until the indebtedness secured by the Deed of Trust is otherwise satisfied or paid in full. Notwithstanding anything contained in the Deed of Trust or in the Trust Agreement to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action (including but not limited to giving any direction to the Deed of Trust Trustee) which may subject the Beneficiary to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the Beneficiary may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses (including attorney's fees, costs and expenses) which may result from such foreclosure or other action and the Beneficiary will not be required to take (or direct the Deed of Trust Trustee to take) such foreclosure action if it reasonably determines that the approval of a governmental regulator that cannot be obtained is necessary for such foreclosure action.

(vi) The Beneficiary may proceed against the fixtures referred to in the Deed of Trust as provided in and in accordance with the applicable provisions of the Uniform Commercial Code as adopted by the State of North Carolina, as amended (the "UCC") or, at its election, may proceed and may instruct the Deed of Trust Trustee to proceed as to the portion of the Mortgaged Property constituting fixtures, in accordance with its rights and remedies with respect thereto and those granted to the Deed of Trust Trustee, all as set forth in the Deed of Trust. Subject to any limitations imposed by the applicable provisions of the UCC, the Beneficiary may sell, lease, or otherwise dispose of all or any part of the fixtures, at public or private sale, for cash or on credit, as a whole or in part, and the Beneficiary may at such sale or sales purchase the fixtures or any part thereof. The proceeds of such sale, lease, collection or other disposition will be applied first to the costs and expenses of the Beneficiary incurred in connection with such sale, lease, collection or other disposition, and then to such outstanding balance due on any and all indebtedness owed to the Beneficiary. Further, the Beneficiary may require the County to assemble the fixtures, or evidence thereof, and make them reasonably available to the Beneficiary at one or more places to be designated by the Beneficiary which are reasonably convenient to the Beneficiary, and the Beneficiary may take possession of the fixtures and hold, prepare for sale, lease or other disposition and sell, lease or otherwise dispose of the fixtures. Any required notice by the Beneficiary of sale or other disposition or default, when mailed to the County at its address set forth in the Deed of Trust, will constitute reasonable notice to the County. In addition to, but not in limitation of, any of the foregoing, the Beneficiary may exercise any or all of the rights and remedies afforded to the Beneficiary by the provisions of the UCC or otherwise afforded to the Beneficiary under the Deed of Trust, with all such rights and remedies being cumulative and not alternative, and the County agrees, to the extent permitted by law, to pay the reasonable costs of collection, including, in addition to the costs and disbursements provided by statute, reasonable attorneys' fees and legal expenses which may be incurred by the

Beneficiary subject to the procedures and limitations set forth in Section 6-21.2 of the General Statutes of North Carolina, as amended.

In all such cases, the Beneficiary will have the right to direct the Deed of Trust Trustee to exercise the remedies granted under the Deed of Trust.

The County waives, to the full extent it lawfully may, the benefit of all appraisal, valuation, stay, moratorium, exemption from execution, extension and redemption laws and any statute of limitations, now or hereafter in force and all rights of marshalling in the event of the sale of the Mortgaged Property or any part thereof or any interest therein.

Application of Proceeds

The proceeds of (a) the operation and management of the Mortgaged Property pursuant to the Deed of Trust, (b) any sale of the Mortgaged Property or any interest therein, whether pursuant to judicial foreclosure, foreclosure under power of sale or otherwise, and (c) any insurance policies or eminent domain awards or other sums (other than awards or sums to which the County is entitled to under the Trust Agreement) retained by the Deed of Trust Trustee upon the occurrence of an Event of Default will be applied to pay:

First: The costs and expenses of sale, reasonable attorneys' fees actually incurred to the extent permitted by Section 6-21.2 of the General Statutes of North Carolina, as amended, the Beneficiary's fees and expenses (including attorneys' fees, costs and expenses), court costs, any other expenses or advances made or incurred in the protection of the rights of the Beneficiary or in the pursuance of any remedies under the Deed of Trust and the Deed of Trust Trustee's commission payable under the Deed of Trust;

Second: All taxes and assessments then constituting a lien against said premises other than those advertised and sold subject to;

Third: Any indebtedness or other obligation secured by the Deed of Trust and at the time due and payable (whether by acceleration or otherwise) in the manner and subject to the priority provided in the Trust Agreement; and

Fourth: The balance, if any, to the persons then entitled thereto under the Trust Agreement.

APPENDIX C

Management Discussion and Analysis

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 (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, restated</u>	<u>Increase (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

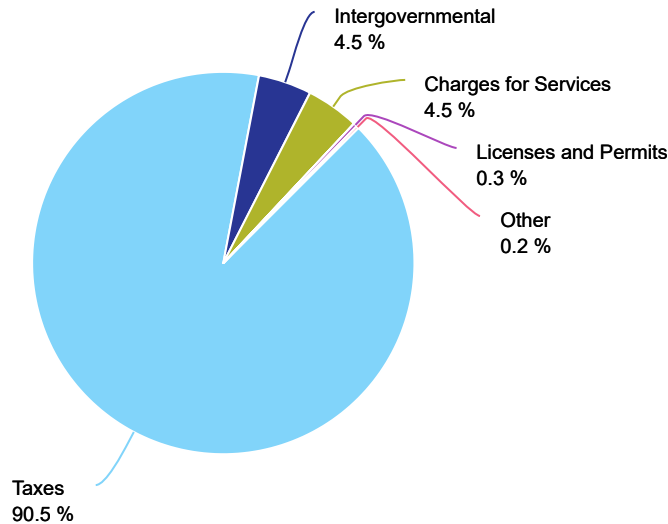
dollars over budget and the biggest factor in this increase was related to increased EMS revenue collected. Call volume for EMS remained steady and Medicaid transitions to private-payor based Medicaid resulted in an increased Medicaid fee schedule. Intergovernmental revenues were \$14.3 million more 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.

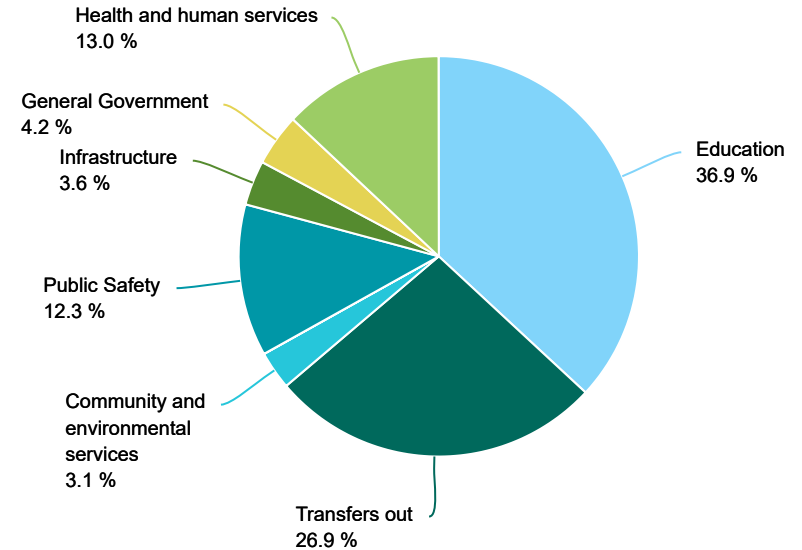
The County's general government departments' budgets were underspent by a total of \$9.3 million. Savings in the Board of Elections, Tax Administration and Finance departments were due to lapsed salaries, contract savings, and decreased bank fees due to better market rate conditions allowing the County 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
Total	<u>\$ 952,534,723</u>	<u>\$ 908,626,608</u>	<u>\$ 25,482,639</u>	<u>\$ 25,234,597</u>	<u>\$ 978,017,362</u>	<u>\$ 933,861,205</u>

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.

APPENDIX D

Financial Statements of Wake County, North Carolina

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 41st 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			Component Unit
	Governmental Activities	Business-type Activities	Total	Board of Alcoholic Control
ASSETS				
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
Total assets	3,188,695,988	106,450,389	3,295,146,377	128,948,820
DEFERRED OUTFLOWS OF RESOURCES				
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
Total deferred outflows of resources	142,112,397	706,680	142,819,077	6,881,554
LIABILITIES				
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 Board of Alcoholic Control
	Governmental Activities	Business-type Activities		
LIABILITIES, continued				
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 - LEOSSA	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
DEFERRED INFLOWS OF RESOURCES				
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
NET POSITION				
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 Board of Alcoholic Control
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
FUNCTIONS/PROGRAMS							
Primary Government:							
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)	-
Component unit:							
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
ASSETS											
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
Total assets	\$ 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
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES											
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
Total liabilities	59,768,346	5,637,288	406,796	85,793,649	22,219,039	46,954	22,749,114	24,245,948	4,602,644	13,850,918	239,320,696
DEFERRED INFLOWS OF RESOURCES	19,032,632	-	42,789,288	-	-	-	500,615	-	-	284,121	62,606,656

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)
Total fund balances	<u>687,947,090</u>	<u>47,178,473</u>	<u>23,536,697</u>	<u>9,441,515</u>	<u>7,900,377</u>	<u>292,689,153</u>	<u>362,271,024</u>	<u>278,923,115</u>	<u>94,014,452</u>	<u>107,623,250</u>	<u>1,911,525,146</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 766,748,068</u>	<u>\$ 52,815,761</u>	<u>\$ 66,732,781</u>	<u>\$ 95,235,164</u>	<u>\$ 30,119,416</u>	<u>\$ 292,736,107</u>	<u>\$ 385,520,753</u>	<u>\$ 303,169,063</u>	<u>\$ 98,617,096</u>	<u>\$ 121,758,289</u>	<u>\$ 2,213,452,498</u>

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
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds less assets related to the Corporate Fleet Internal Service Fund	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
REVENUES:											
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	2,100,887,941	9,001,290	6,849,848	31,620,172	89,756,225	80,814,691	3,128,805	191,226	-	86,579,405	2,408,829,603
EXPENDITURES:											
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	1,490,132,955	5,824,228	2,470,787	28,220,651	80,986,615	381,411,019	122,583,246	423,159,643	40,553,639	87,344,489	2,662,687,272
REVENUES OVER (UNDER) EXPENDITURES	610,754,986	3,177,062	4,379,061	3,399,521	8,769,610	(300,596,328)	(119,454,441)	(422,968,417)	(40,553,639)	(765,084)	(253,857,669)
OTHER FINANCING SOURCES (USES):											
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 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
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
NET CHANGE IN FUND BALANCES	65,485,304	3,205,562	4,379,061	1,157,446	119,610	33,899,127	64,288,300	94,402,905	59,180,177	22,384,521	348,502,013
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
FUND BALANCES AT END OF YEAR	\$ 687,947,090	\$ 47,178,473	\$ 23,536,697	\$ 9,441,515	\$ 7,900,377	\$ 292,689,153	\$ 362,271,024	\$ 278,923,115	\$ 94,014,452	\$ 107,623,250	\$ 1,911,525,146

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:

Net change in fund balances - total governmental funds	\$ 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>
Change in net position of governmental activities	<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		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
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>
EXPENDITURES:				
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>
OTHER FINANCING SOURCES (USES):				
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 Final Budget - Positive (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	<u>87,189,000</u>	<u>93,189,000</u>	<u>89,756,225</u>	<u>(3,432,775)</u>
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	<u>79,380,000</u>	<u>84,752,000</u>	<u>80,986,615</u>	<u>3,765,385</u>
REVENUES OVER EXPENDITURES	<u>7,809,000</u>	<u>8,437,000</u>	<u>8,769,610</u>	<u>332,610</u>
OTHER FINANCING (USES):				
Transfers out to General Fund	<u>(8,650,000)</u>	<u>(8,650,000)</u>	<u>(8,650,000)</u>	<u>-</u>
Total Other Financing (Uses)	<u>(8,650,000)</u>	<u>(8,650,000)</u>	<u>(8,650,000)</u>	<u>-</u>
APPROPRIATED FUND BALANCE	<u>841,000</u>	<u>213,000</u>	<u>-</u>	<u>(213,000)</u>
REVENUES (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>119,610</u>	<u>\$ 119,610</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>7,780,767</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 7,900,377</u>	

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 Operating Fund	South Wake Landfill Partnership Fund	Total Business-type Activities	Internal Service Funds
ASSETS				
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
Total current assets	57,710,031	23,478,253	81,188,284	28,637,184
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	-
Total non-current assets	25,467,460	15,179	25,482,639	13,694,802
Total assets	83,177,491	23,493,432	106,670,923	42,331,986
DEFERRED OUTFLOWS OF RESOURCES	584,674	122,006	706,680	626,939

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 Operating Fund	South Wake Landfill Partnership Fund	Total Business-type Activities	Internal Service Funds	
LIABILITIES				
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>
DEFERRED INFLOWS OF RESOURCES	<u>255,213</u>	<u>84,836</u>	<u>340,049</u>	<u>365,658</u>
NET POSITION				
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 Operating Fund	South Wake Landfill Partnership Fund	Total Business-type Activities	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
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
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
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
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
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)
CASH FLOWS FROM INVESTING ACTIVITIES:				
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
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 55,967,306	\$ 18,802,592	\$ 74,769,898	\$ 26,281,207

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 Operating Fund	South Wake Landfill Partnership Fund	Total Business-type 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>
Assets		
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>
 Total assets	 <u>7,746,069</u>	 <u>35,172,940</u>
Liabilities		
Accounts payable	576,914	-
Due to other governmental units	<u>6,735,357</u>	<u>-</u>
 Total liabilities	 <u>7,312,271</u>	 <u>-</u>
Net Position		
Restricted for individuals, organizations, and other governments	433,798	-
Restricted for OPEB benefits	<u>-</u>	<u>35,172,940</u>
 Total net position	 <u>\$ 433,798</u>	 <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 (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans, and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value. 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 (LERS)	\$ (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
Unavailable:					
Taxes receivable	\$ 5,671,567	\$ -	\$ -	\$ 247,407	\$ 5,918,974
Other receivables	10,134,209	42,789,288	-	-	52,923,497
Total Unavailable	15,805,776	42,789,288	-	247,407	58,842,471
Deferred:					
Prepaid property taxes not yet earned	3,157,497	-	500,615	36,714	3,694,826
Deposits on account	69,358	-	-	-	69,358
Total Deferred	3,226,855	-	500,615	36,714	3,764,184
Total deferred inflows of resources	\$ 19,032,631	\$ 42,789,288	\$ 500,615	\$ 284,121	\$ 62,606,655

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 Balance	Increases	Decreases	Ending Balance
Governmental activities:				
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 Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
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:

	Expended At June 30, 2025
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’ compensation</u>	<u>Property and liability</u>	<u>Self-insured group medical</u>	<u>Dental benefits</u>	<u>Total</u>
Balance, as of June 30, 2023	\$ 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, 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>
Balance, as of June 30, 2024	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, 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>
Balance, as of June 30, 2025	<u>\$ 3,208,018</u>	<u>\$ 4,159,712</u>	<u>\$ 3,900,000</u>	<u>\$ 95,000</u>	<u>\$ 11,362,730</u>
Amount reported in funds	<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 DebtRight-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

Fiscal Year	Lease Principal Payments	SBITA Principal Payments	Lease Interest Payments	SBITA Interest Payments	Total Payments
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
Total	\$ 38,270,975	\$ 9,850,825	\$ 4,865,138	\$ 1,197,305	\$ 54,184,243

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 ^{1,2}
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>

¹Excludes 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.

²Excludes 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 Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
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	<u>1,770,764,327</u>	<u>390,937,694</u>	<u>284,551,166</u>	<u>1,877,150,855</u>	<u>163,790,000</u>
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	<u>1,068,023,172</u>	<u>299,780,382</u>	<u>74,361,221</u>	<u>1,293,442,333</u>	<u>76,205,000</u>
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 (LGRERS)	251,997,750	2,246,011	-	254,243,761	-
Compensated absences (net change)	<u>26,690,208</u>	<u>1,656,034</u>	<u>-</u>	<u>28,346,242</u>	<u>23,376,643</u>
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>
Business-type activities:					
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 (LGRERS)	1,367,052	-	38,074	1,328,978	-
Compensated absences (net change)	158,968	19,557	-	178,525	127,678
Construction Reserve	<u>13,493</u>	<u>-</u>	<u>-</u>	<u>13,493</u>	<u>-</u>
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.

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 of Resources</u>	<u>Deferred Inflows of 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>
 Total	 <u>\$ 136,005,292</u>	 <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%
Total	<u>100%</u>	

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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
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 of Resources</u>	<u>Deferred Inflows of 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 (3.28%)</u>	<u>Discount Rate (4.28%)</u>	<u>1% Increase (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.

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 of Resources	Deferred Inflows 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	-
Total	\$ 643,236	\$ 20,523

\$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 (2.00%)</u>	<u>Discount Rate (3.00%)</u>	<u>1% Increase (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 Date of Retirement	Monthly Wake County Contribution Percentage		
	Prior to May 15, 1994	Date Hired 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 (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of June 30, 2024	\$ 413,808,636	\$ 23,725,032	\$ 390,083,604
Changes for the year:			
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	-	-	-
Net Changes	<u>(51,205,534)</u>	<u>11,447,908</u>	<u>(62,653,442)</u>
Balance as of June 30, 2025	<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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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
Total	<u>\$ -</u>	<u>\$ 77,873,439</u>

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	<u>(460,987)</u>
Total	<u>\$ (77,873,439)</u>

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.

	<u>Discount Rate Sensitivity</u>		
	<u>1% Decrease (4%)</u>	<u>Current (5%)</u>	<u>1% Increase (6%)</u>
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.

	<u>Health Care Cost Trend Rate Sensitivity</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
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.)

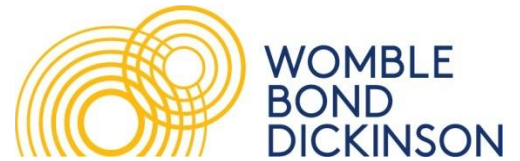
	Beginning Balance As Previously Reported	Error Correction	Beginning Balance As Restated
Government-Wide			
Governmental Activities	\$ (1,321,854,742)	\$ 128,384,110	\$ (1,193,470,632)
Total Primary Government	<u>\$ (1,321,854,742)</u>	<u>\$ 128,384,110</u>	<u>\$ (1,193,470,632)</u>
Governmental Funds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

APPENDIX E

Form of Opinion of Bond Counsel



Womble Bond Dickinson (US) LLP

555 Fayetteville Street
Suite 1100
Raleigh, NC 27601

t: 919.755.2100

f: 919.755.2150

APPENDIX E

[Proposed Form of Legal Opinion]

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”), (a) the Constitution and laws of the State of North Carolina, (b) certified copies of the proceedings of the Board of Commissioners for the County showing the adoption of a resolution authorizing the issuance by the County of its \$_____ Limited Obligation Bonds, Series 2026 (the “Bonds”) and (c) other proofs submitted relative to the sale and issuance of the Bonds. The Bonds are being issued under and pursuant to (a) a Trust Agreement, dated as of April 1, 2026 (the “Trust Agreement”), between the County and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) and (b) a First Supplemental Trust Agreement, dated as of April 1, 2026 (the “First Supplemental Trust Agreement”), between the County and the Trustee.

The Bonds are dated as of the date hereof, bear interest from their date and mature, subject to redemption prior to their maturities, as provided in the First Supplemental Trust Agreement.

The Bonds are being issued to provide funds, together with any other available funds, to (a) finance certain public health and safety improvements for the County (the “Project”) and (b) pay the fees and expenses incurred in connection with the sale and issuance of the Bonds.

The Trust Agreement provides for the issuance, under the conditions, limitations and restrictions therein set forth, of additional bonds for the purpose of providing funds, together with any other available funds, to pay (a) the cost of completion or improvement of the Project, (b) the cost of acquisition or construction of any Additional Project (as defined in the Trust Agreement), and (c) the cost (including financing costs) of refunding any Bonds (hereinafter defined) or, to the extent permitted by law, indebtedness other than Bonds. The Bonds and any additional bonds issued pursuant to the Trust Agreement are herein collectively referred to as the “Bonds.”

Womble Bond Dickinson (US) LLP is a member of Womble Bond Dickinson (International) Limited, which consists of independent and autonomous law firms providing services in the US, the UK, and elsewhere around the world. Each Womble Bond Dickinson entity is a separate legal entity and is not responsible for the acts or omissions of, nor can bind or obligate, another Womble Bond Dickinson entity. Womble Bond Dickinson (International) Limited does not practice law. Please see www.womblebonddickinson.com/us/legal-notice for further details.



As security for the payment of the Bonds and the performance of its obligations under the Trust Agreement, the County has executed and delivered a Deed of Trust, dated as of April 1, 2026 (the “Deed of Trust”), granting to the Trustee a lien on the Mortgaged Property (as defined in the Trust Agreement), subject to Permitted Encumbrances (as defined in the Trust Agreement). We have not examined the title to the Mortgaged Property and therefore express no opinion with regard to (a) the title to the Mortgaged Property, (b) the adequacy or correctness of the description of the Mortgaged Property contained in the Deed of Trust or (c) the perfection or priority of the lien or security interest created by the Deed of Trust on the Mortgaged Property. All statements made with regard to title to, and liens on, the Mortgaged Property under the Deed of Trust are based exclusively on a mortgagee title insurance policy issued by a title insurance company.

As to matters of fact material to our opinion, we have relied upon the certified proceedings and other certificates 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. The Bonds have been duly authorized, executed and delivered by the County.
2. The Trust Agreement and the First Supplemental Trust Agreement have each been duly authorized, executed and delivered by the County and, assuming due authorization, execution and delivery by the Trustee, are valid and binding agreements enforceable against the County in accordance with their respective terms.
3. The Deed of Trust has been duly authorized, executed and delivered by the County and constitutes a legal, valid and binding obligation of the County enforceable against the County in accordance with its terms.
4. The Bonds are valid and binding obligations of the County enforceable in accordance with their terms. No deficiency judgment may be rendered against the County in any action for breach of a contractual obligation with respect to the Bonds, the Trust Agreement, the First Supplemental Trust Agreement or the Deed of Trust, the remedies provided by the Trust Agreement and the Deed of Trust, including foreclosure on the Mortgaged Property under the Deed of Trust, being the sole remedies available. The taxing power of the County is not and may not be pledged in any way, directly or indirectly, to secure any payments due under the Bonds, the Trust Agreement, the First Supplemental Trust Agreement or the Deed of Trust.
5. 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 proceeds of the Bonds, 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 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.
6. 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 or North Carolina income taxation.

The rights of the owners of the Bonds and the enforceability thereof and of the Trust Agreement and the Deed of Trust 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.

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

APPENDIX F

Book-Entry Only System

Beneficial ownership interests in the Series 2026 Bonds will be available only in a book-entry system. The actual purchasers of the Series 2026 Bonds (the “*Beneficial Owners*”) will not receive physical bonds representing their interests in the Series 2026 Bonds purchased. So long as The Depository Trust Company (“*DTC*”), New York, New York, or its nominee is the registered owner of the Series 2026 Bonds, references in this Official Statement to the Owners of the Series 2026 Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners.

THE FOLLOWING DESCRIPTION OF DTC, ITS PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2026 BONDS, PAYMENT OF INTEREST AND OTHER PAYMENTS WITH RESPECT TO THE SERIES 2026 BONDS TO DTC PARTICIPANTS OR TO BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2026 BONDS AND/OR 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 Series 2026 Bonds. The Series 2026 Bonds will be 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 Series 2026 Bond in the aggregate principal amount of each maturity of the Series 2026 Bonds will be issued and deposited with DTC or its designee. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2026 BONDS, AS DTC’S PARTNERSHIP NOMINEE, REFERENCE HEREIN TO THE OWNERS OR REGISTERED OWNERS OF THE SERIES 2026 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2026 BONDS.

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, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transaction in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“*DTCC*”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation as well as by the New York Stock Exchange, Inc., the American Stock Exchange, and the National Association of Securities Dealers, Inc. 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*” and collectively with the Direct Participants, the “*Participants*”). DTC has Standard & Poor’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC’s records. The ownership

interest of each actual purchaser of the Series 2026 Bonds defined above is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 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 bonds representing their ownership interests in Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 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 Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the identities of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain 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 Participants 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 the Series 2026 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, defaults and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2026 Bonds may wish to ascertain that the nominee holding the Series 2026 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 Series 2026 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2026 Bond to be prepaid.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2026 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 the Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Because DTC is treated as the owner of the Series 2026 Bonds for substantially all purposes under the Trust Agreement, beneficial owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding or requested consents or other directions. In addition, because the identity of beneficial owners is unknown to the County or to DTC, it may be difficult to transmit information of potential interest to beneficial owners in an effective and timely manner. **Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Series 2026 Bonds that may be transmitted by or through DTC.**

Principal, and interest payments on the Series 2026 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 Participants and not of DTC (nor its nominee) or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the County's responsibility, disbursement of such payments to Direct Participants is DTC's responsibility, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants. THE COUNTY CANNOT AND DOES NOT GIVE ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

DTC may discontinue providing its services as securities depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, physical bonds are required to be printed and delivered. 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, physical bonds will be printed and delivered to DTC.

The County has no responsibility or obligation to DTC, the Direct Participants, the Indirect Participants or the beneficial owners with respect to (1) the accuracy of any records maintained by DTC or any Participant, or the maintenance of any records; (2) the payment by DTC or any Participant of any amount due to any beneficial owner in respect of the Series 2026 Bonds, or the sending of any amount due to any beneficial owner in respect to the Series 2026 Bonds, or the sending of any transaction statements; (3) the delivery or timeliness of delivery by DTC or any Participant of any notice to any beneficial owner which is required or permitted under the Trust Agreement to be given to owners; (4) the selection of the beneficial owners to receive payments upon any partial redemption of the Series 2026 Bonds; or (5) any consent given or other action taken by DTC or its nominee as the registered owner of the Series 2026 Bonds, including any action taken pursuant to an omnibus proxy.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the County believes to be reliable, but the County takes no responsibility for accuracy thereof.