

# Budget Work Session #1

March 30, 2026

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# Today's Agenda

**Economic and Community Context**

**FY27 Budget Process**

**Multi-Year Forecast, Projections and Expenditure Items**

**General Fund Considerations**

**Debt and Capital Funding Overview**

Next Session April 6: Capital, FY27 decision landscape, next steps

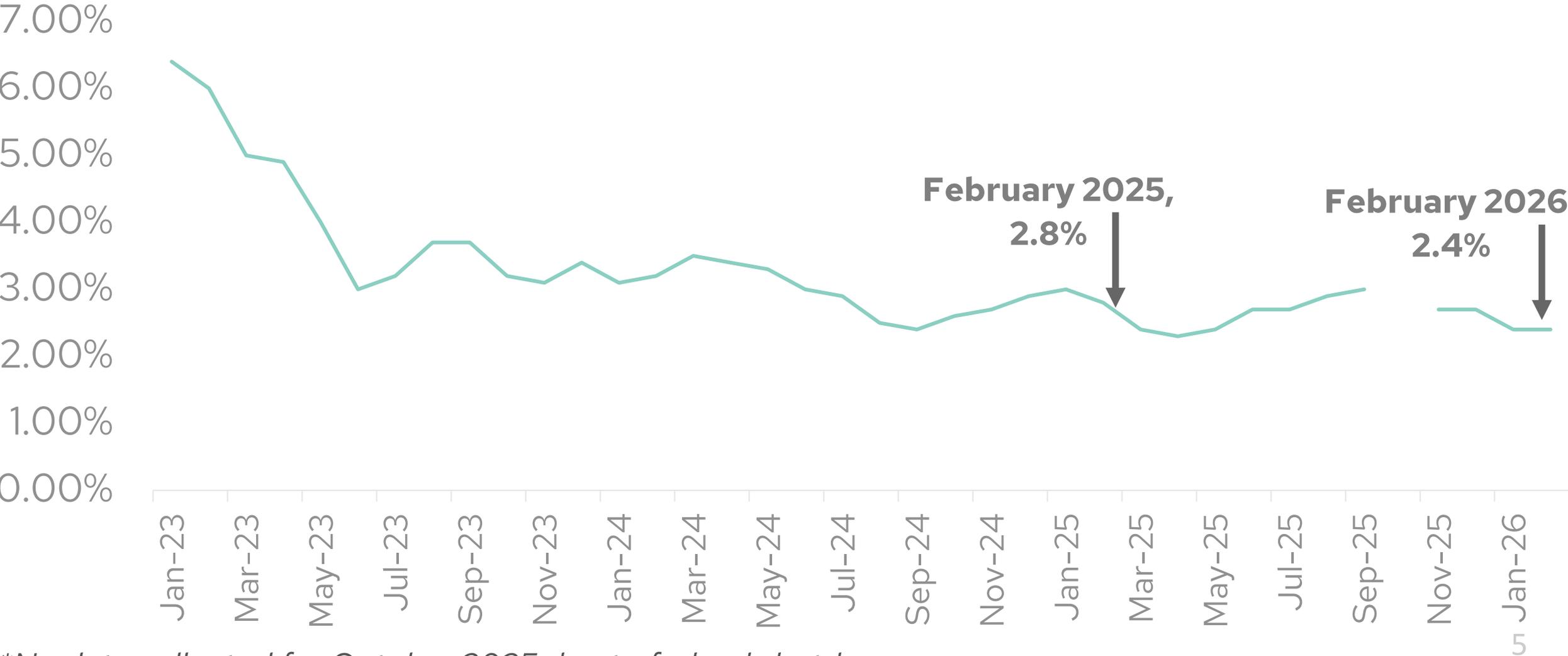


# Economic and Community Context

# Key economic observations

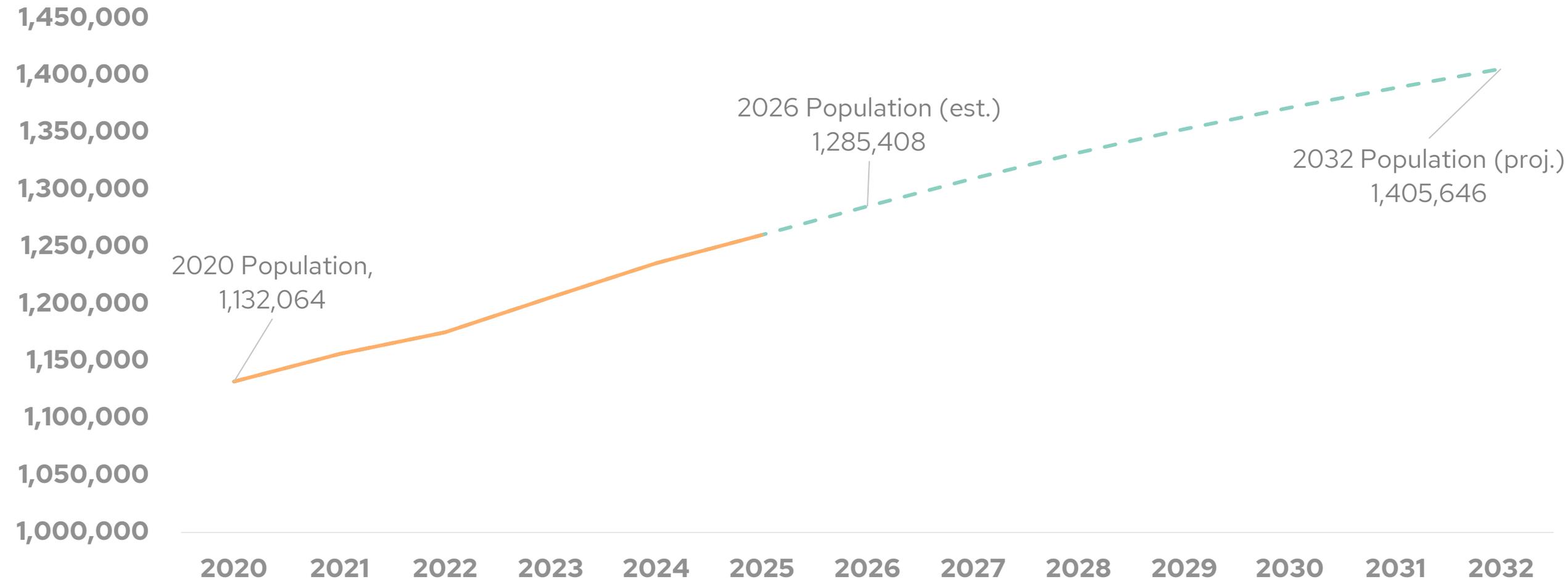
- United States tariffs still in effect
- Resilient economy in 2025, likely to maintain in 2026
- Stock market continues to be volatile based on current events
- Inflation rate 2.4% in February 2026, down 0.4% from same time last year
- Wake unemployment rate below national unemployment rate
- Wake median income trends above state and national rates

# Inflation moderated, but future uncertain due to national/world events



\*No data collected for October 2025 due to federal shutdown

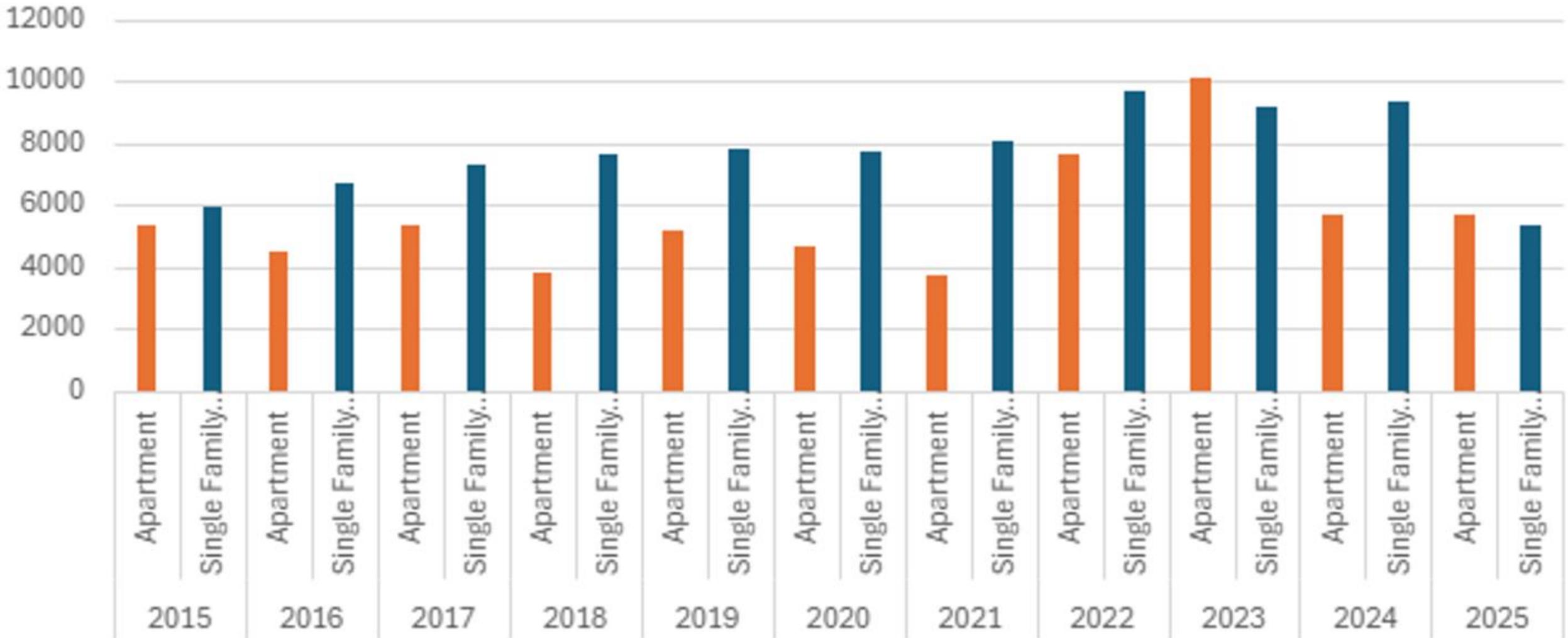
# Wake grew 14% 2020 to 2026; projected to grow 9% by 2032, adding 120,238 residents



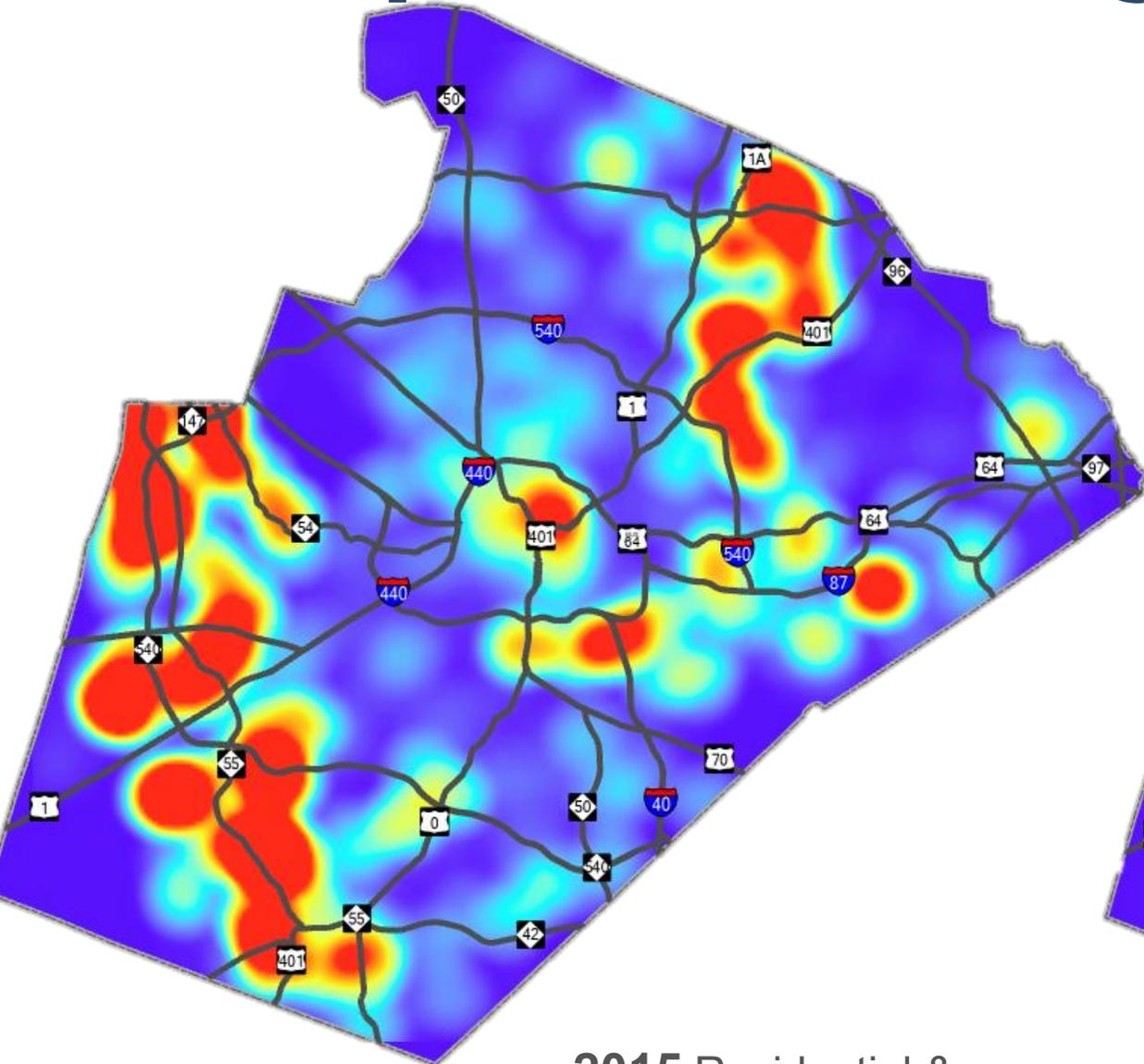
# 43% of increase in population is Over 55 between 2020 and 2024

	2020	2023	2024	Change 2020-2024	Net Per Day 2020-2024
Total	1,129,352	1,190,275	1,232,444	103,092	66
Under 5	67,106	67,714	69,144	2,038	1
5-17	202,049	203,023	205,154	3,105	2
18-24	100,601	103,065	111,852	11,251	7
25-54	494,493	519,485	537,172	42,679	27
55-64	130,609	137,622	140,457	9,848	6
65+	134,494	159,366	168,665	34,171	22
<b>Over 55</b>	<b>265,103</b>	<b>296,988</b>	<b>309,122</b>	<b>44,019</b>	<b>28</b>

# Residential permit volume leveled out in CY 2025

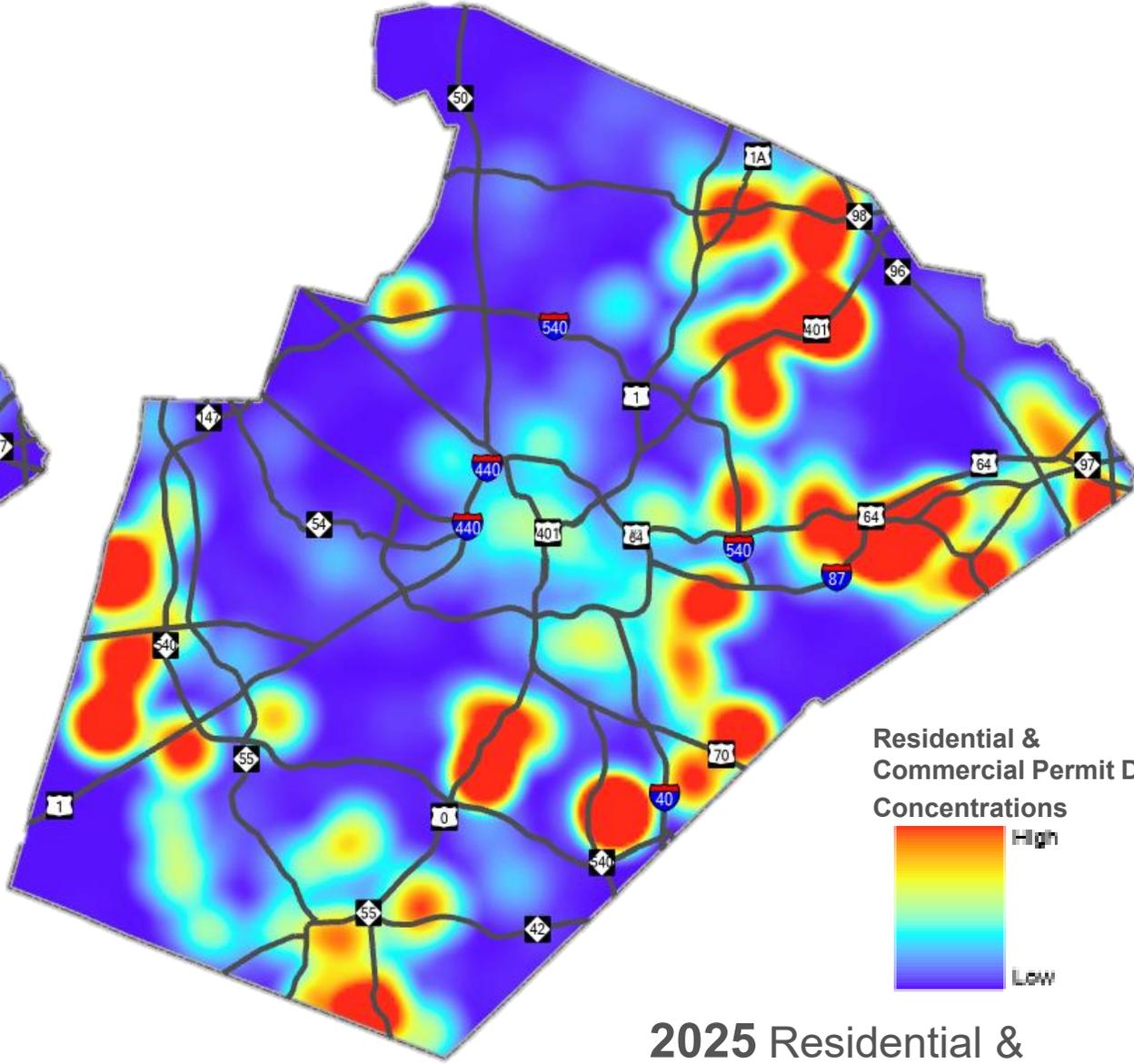


# Development shifting across County

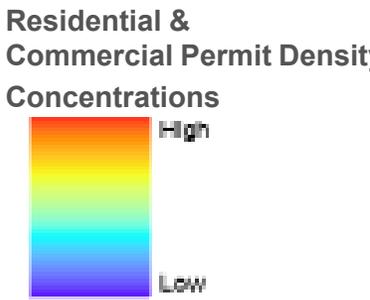


Source Wake County Planning-

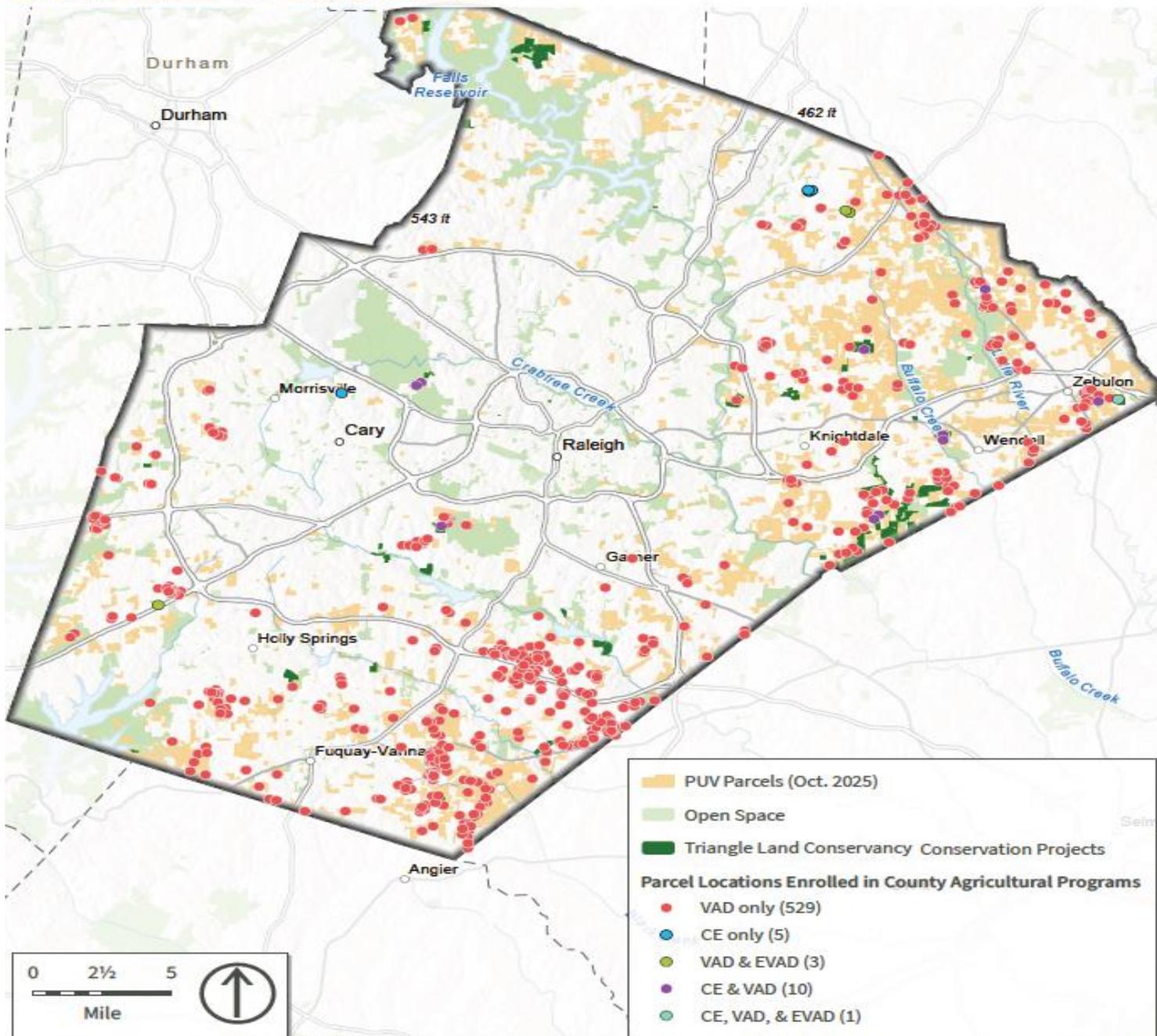
2015 Residential & Commercial Permit Density



2025 Residential & Commercial Permit Density



WAKE COUNTY LAND ENROLLED IN COUNTY AGRICULTURAL PROGRAMS  
BY PROGRAM TYPE OCTOBER 2025



# Growth and development puts pressure on rural communities

## As of October 2025:

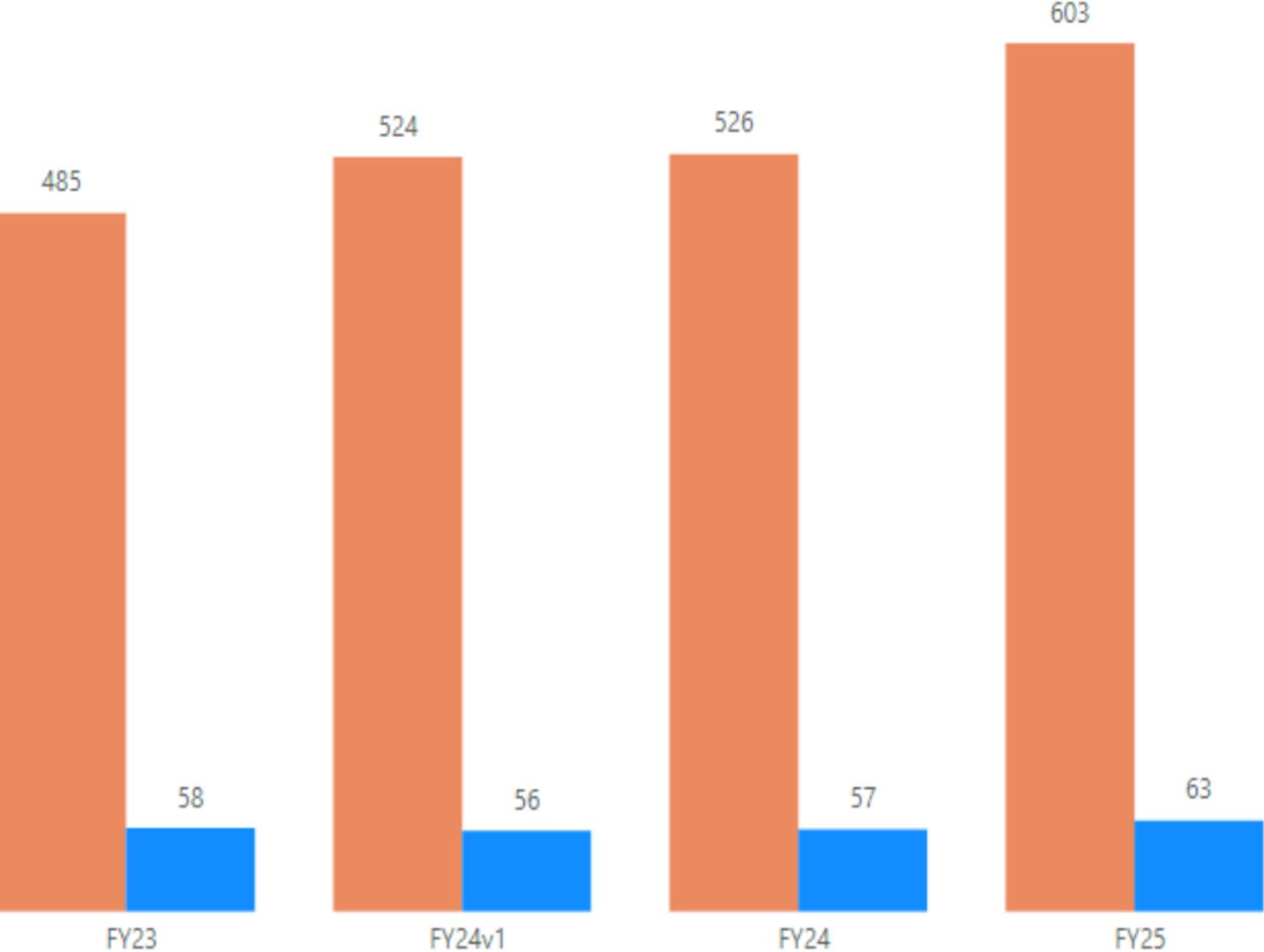
17,277 acs. enrolled in Voluntary Agricultural District (VAD)

902 acs. with a County Agricultural Conservation Easement (ACE)

40 acs. enrolled in Enhanced Voluntary Agricultural District (EVAD)

# Homeless population continues to face challenges

● Average LoT in Homelessness ● Average LoT in Shelter



# Wake community is growing and changing

- **The global economic climate is uncertain**
- **Individuals and families experience the local economy differently**
- **Challenges and opportunities of growth, housing availability and affordability, preservation of farmland, public and human safety exist simultaneously**
- **Need to consider populations to respond to service needs and priorities**



# FY27 Budget Process

# Budget planning and development process



# Wake County Strategic Plan

**Vision:** Passionate. Proactive. Purposeful.

**Mission:** Wake County provides excellent public service through collaborative, inclusive and sustainable solutions that prioritize the well-being of our community.

Community Health & Wellbeing	Growth, Land Use and Environment	Inclusive Prosperity	Lifelong Learning	Safer Community Together
<ul style="list-style-type: none"><li>• Affordable housing</li><li>• Homelessness</li><li>• Healthcare and behavioral health services</li><li>• Benefits and assistance</li><li>• Veterans and veterans' families</li></ul>	<ul style="list-style-type: none"><li>• Growth and development</li><li>• Public transit</li><li>• Preservation of green space (including farms)</li><li>• Clean water</li><li>• Clean energy</li></ul>	<ul style="list-style-type: none"><li>• Low barriers to employment (including broadband, childcare, transportation, etc.)</li><li>• Employment opportunities</li><li>• High quality of life</li></ul>	<ul style="list-style-type: none"><li>• Ready to learn</li><li>• Access to quality educational opportunities</li><li>• Education-based support services</li><li>• Education-based facilities</li></ul>	<ul style="list-style-type: none"><li>• Appropriate and timely emergency response</li><li>• Recovery support networks and services</li><li>• Reduce violent crime</li></ul>

## Foundations for Service

- Maintain AAA bond ratings
- Employee satisfaction
- High-quality, fair and equitable services
- Engaging residents and gathering public input

# Fall focused on refining department business plans

Departments updated FY26-29 Business Plans:

- Integrated Strategic Plan and priorities into department business plans
- Refined business plans submitted last year; shared successes and plans for upcoming years
- Elevated changes and challenges to core service delivery
- Provided meaningful feedback, prioritization, and coordination of efforts across the organization



# Business plan reviews gathered CMO input and directed resource requests

## Deputy County Managers

- Department specific review with each DCM to understand business plan and resource assumptions for each department
- DCMs provided feedback to departments and elevated specific elements for org-wide discussion

## Organization-wide Lens

- BMS facilitated CMO-level discussion of business plans
- Collective understanding and agreement among CMO on business plans
- Identified cost escalations, commitments, or new resource requests

# Resource requests fall into one of three categories

- 1. Cost Escalations:** Requests that maintain current levels of services by addressing price changes outside of the County's control (does not include positions).
- 2. Commitments:** Requests that support efforts previously voted on and approved by the Board of Commissioners (includes funding and/or positions).
- 3. CMO-Directed:** Resource requests, approved for submittal by the County Manager, based on potential new or changing operations (or significant challenges to maintaining core operations), as indicated in department business plans (includes funding or positions).

# FY27 process designed to guide in context of multi-year forecast

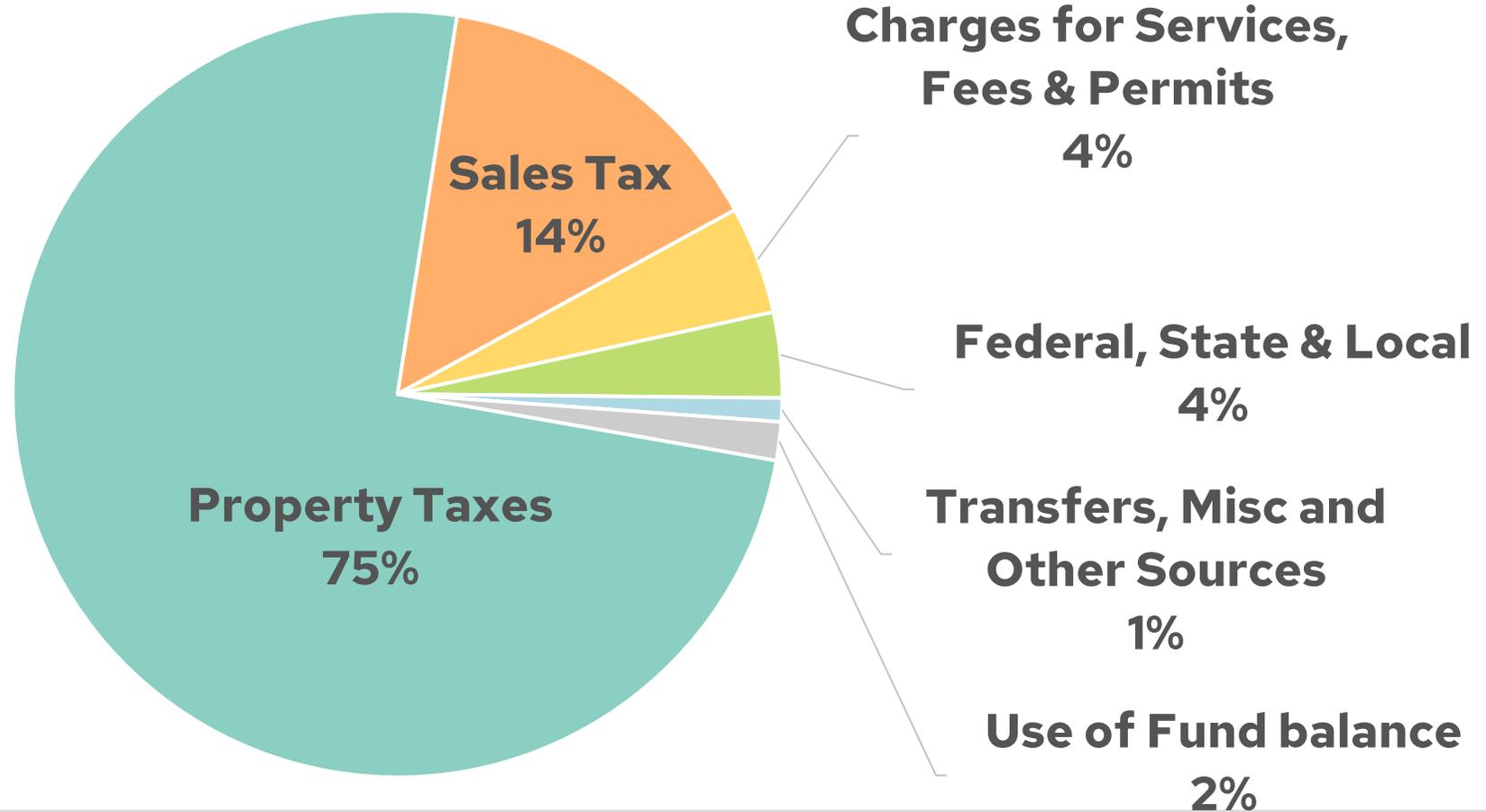
- Recognition of revenue and expenditure forecast
- Elevation of core service delivery challenges and response to changing community needs
- Identification of efforts that support the strategic plan
- Gather information that supports planning and decision-making for current year and future years



# Multi-Year Forecast, Projections and Expenditure Items

# Property and sales tax are 89% of General Fund revenue sources; \$1.9 billion of total

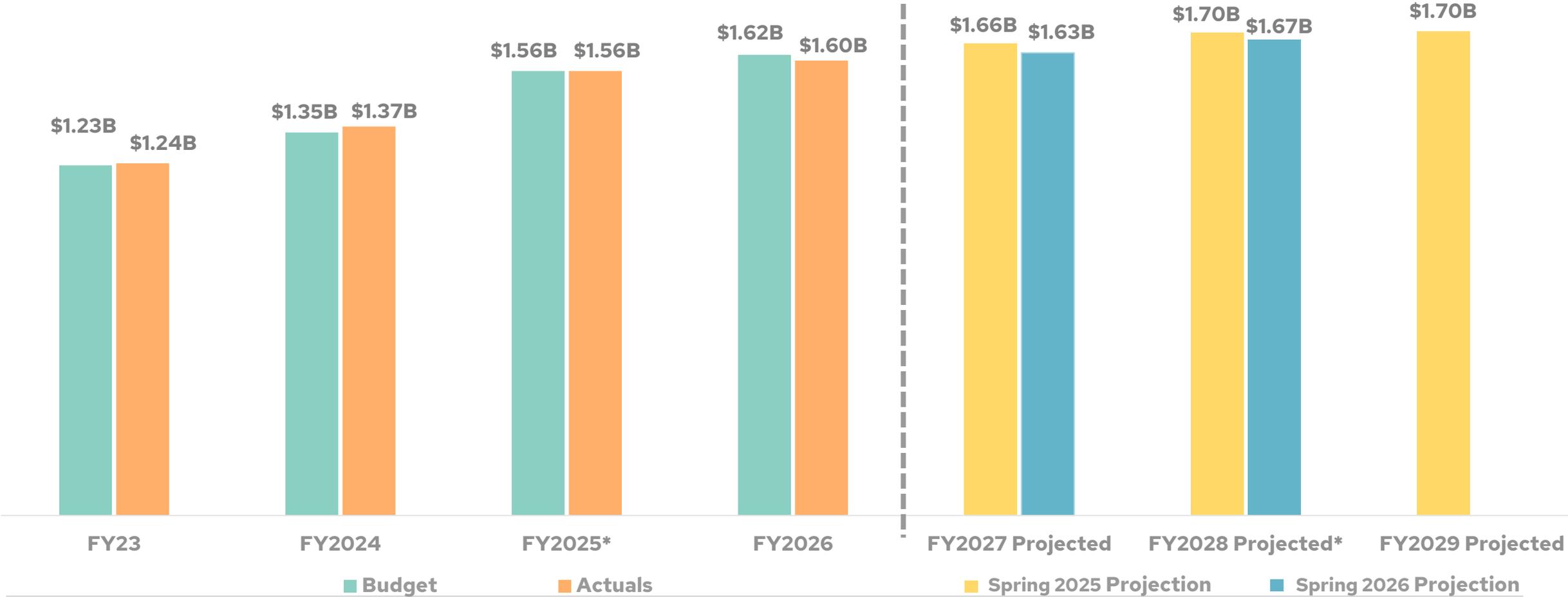
**\$2.16 billion  
FY26 General  
Fund budget**



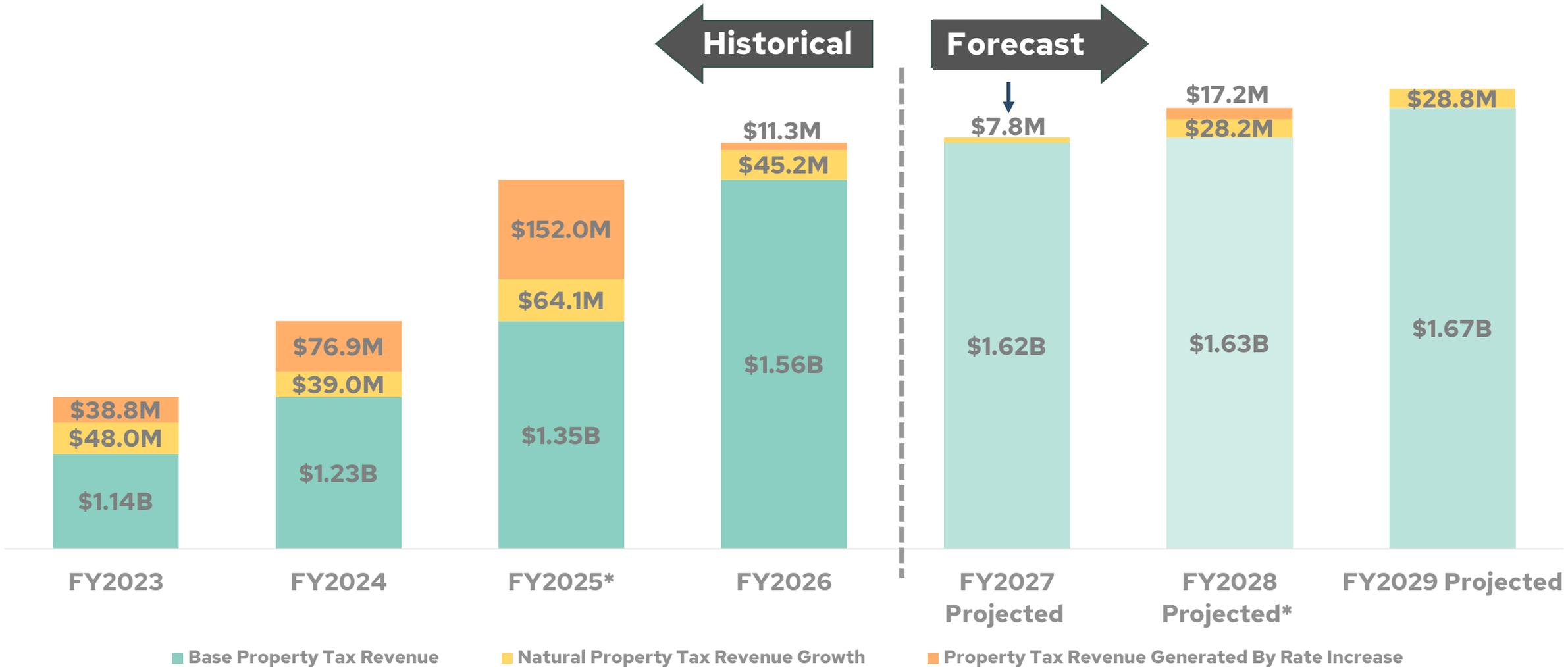
# Multi-Year Forecast: Revenue highlights

- Total revenues are projected to grow ~1.2% annually for an approximate total of \$78M cumulatively between FY27 and FY29
- Natural revenue growth projected to provide ~\$26M in new revenue per year over three-year projection window
- Projected tax revenues aligned with Debt Model
  - FY27 Per Penny rate estimated to be \$31.5M
  - Assumes no changes to property tax rate in FY27 or FY29
  - Assumes adoption of revenue neutral rate plus 0.5 cent increase for planned Education G.O. Bonds in FY28
  - Sales tax growth assumes sustained moderate growth

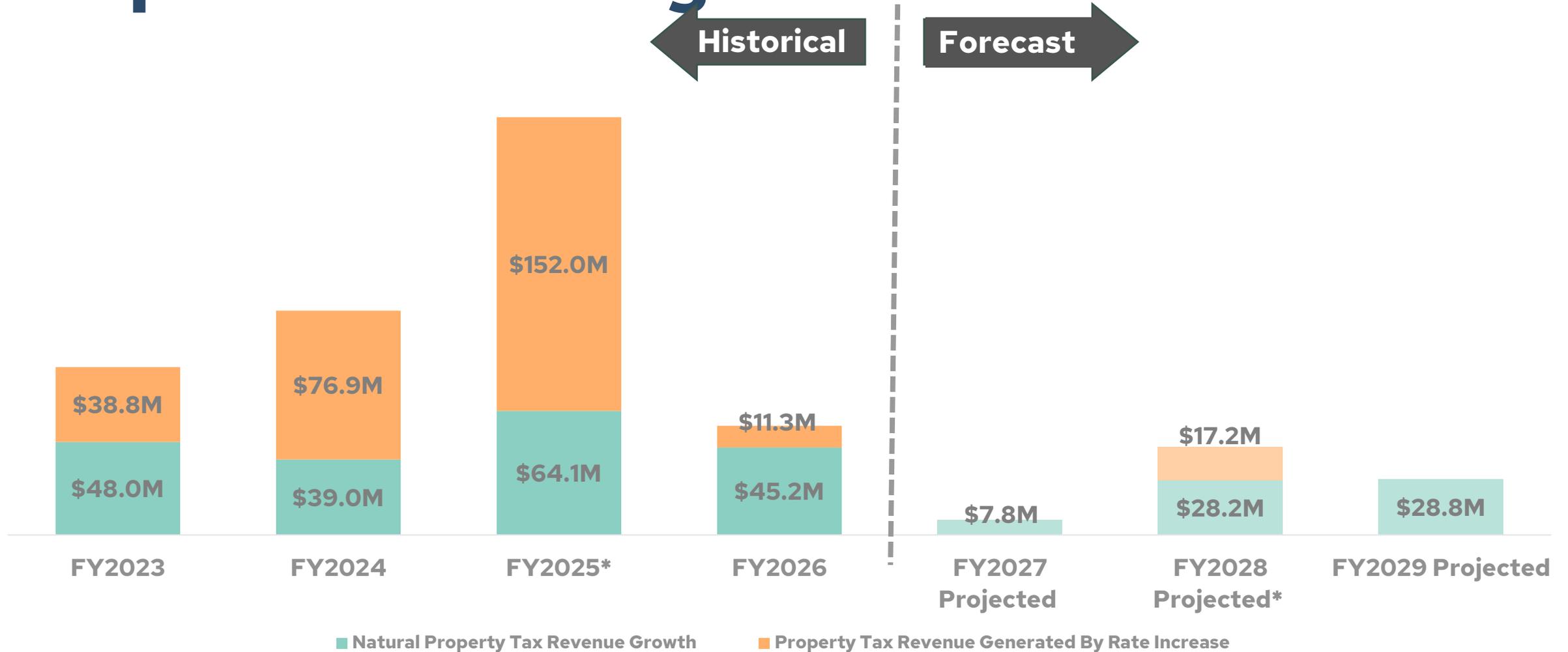
# Property Tax revenue projected to grow at slower rate due to assumptions of tax value impacts and lower tax increases



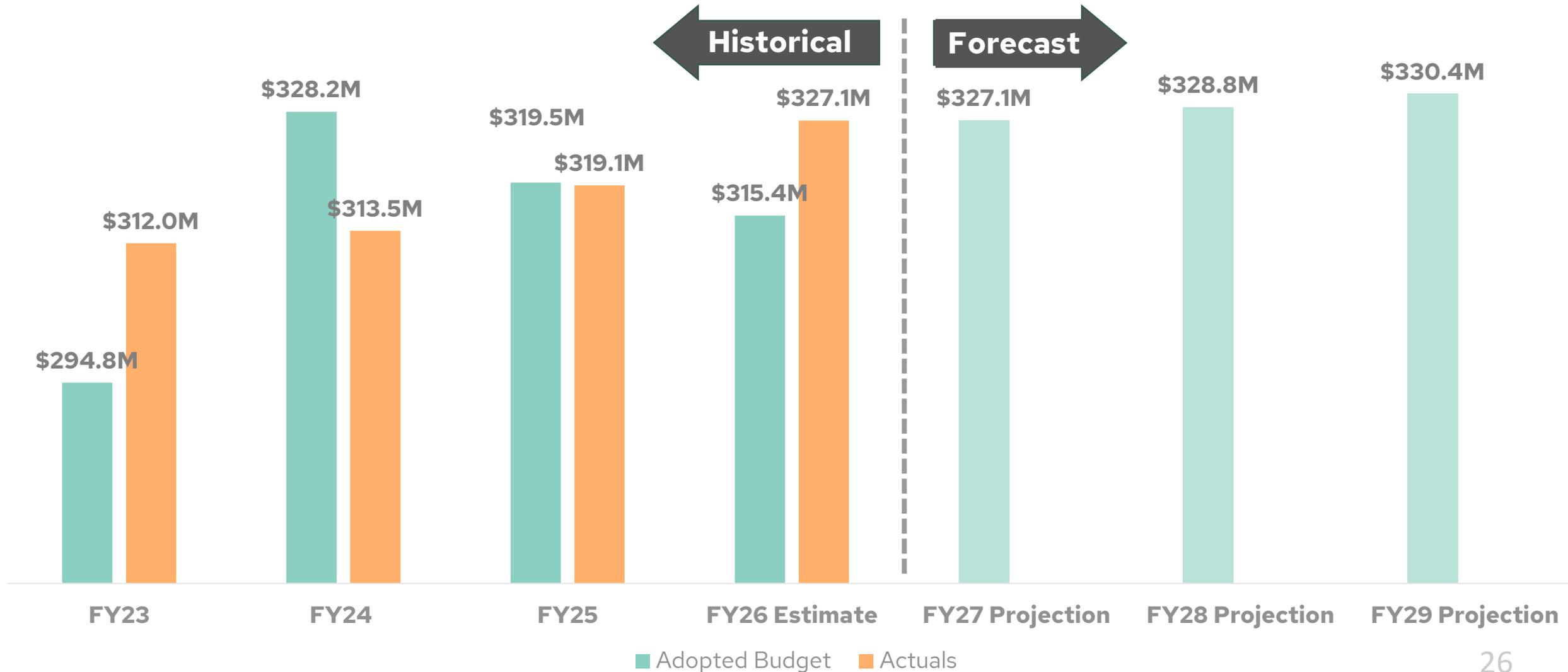
# Impacts of tax appeals, exemptions, exclusions and deferred value reduce the total taxable value



# Property tax growth from rate increases outpaced natural growth FY23-25



# FY27 Sales Tax revenue projected at FY26 levels due to data trends during last 6 months



# FY27 revenues projected to decrease by 0.4%; lower property tax and one-time use of BH FB

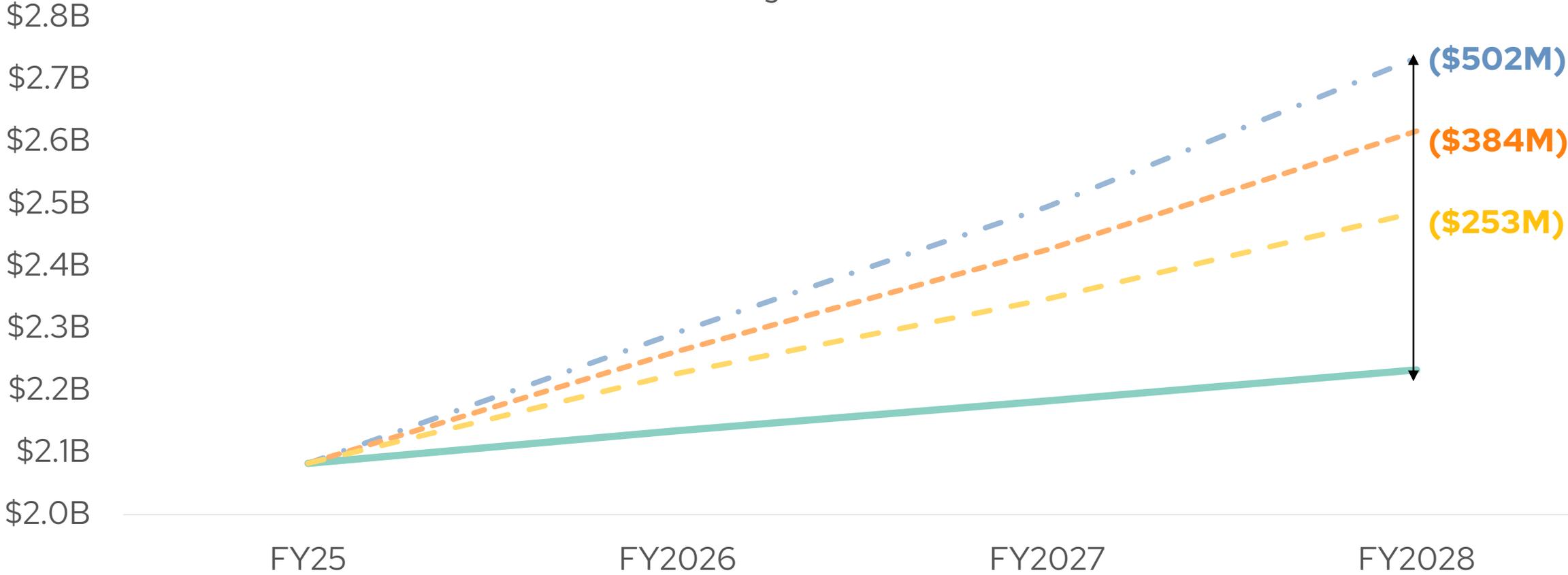
Revenue Item (in millions)	FY26 Adopted	FY27 Base Projection	\$ Change	% Change
Property Taxes	1,620.2	1,628.0	7.8	0%
Sales Taxes	315.4	327.1	11.7	4%
Intergovernmental	78.2	78.4	0.2	0%
Charges, Permits, and Fees	98.6	103.9	5.3	5%
Use of Behav. Health Fund Balance	35.1	0.0	-35.1	-100%
All Other Revenues	21.6	22.4	0.8	4%
<b>Total</b>	<b>\$2,169.1</b>	<b>\$2,159.8</b>	<b>-\$9.3</b>	<b>-0.4%</b>

# Multi-year forecast expenditure scenarios based on FY26 growth of 4.1% over FY25 Adopted

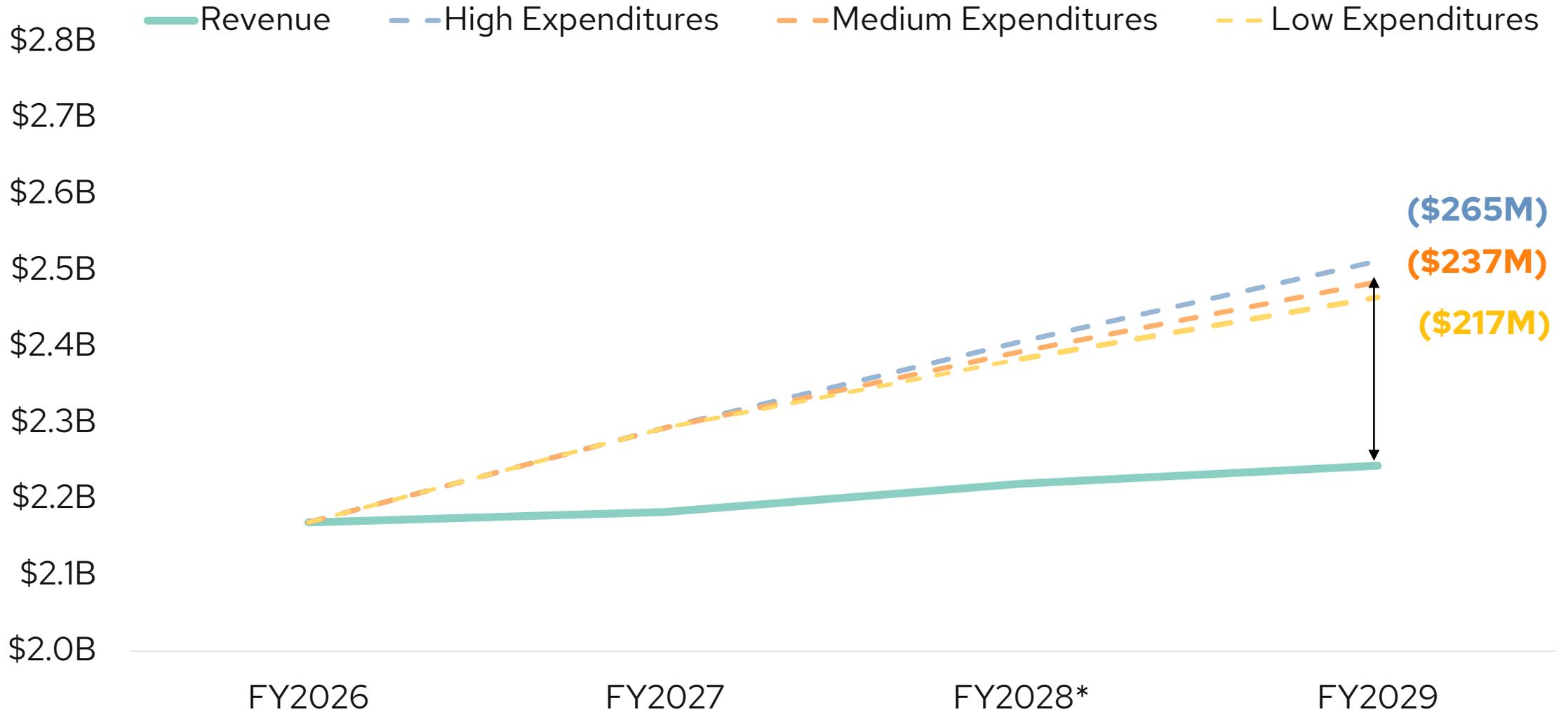
- Scenario assumptions have been revised to reflect more focused, business plan driven budget process adopted during FY26
  - Low Growth Model - Growth slower than FY26 (avg 3.7% annually)
  - Medium Growth Model - Growth similar to FY26 (avg 4.1% annually)
  - High Growth Model - Growth is faster than FY26 (avg 4.7% annually)
- Debt and Capital transfers aligned with Debt Model
- All scenarios also account for operating impact of key previous commitments (ex. opening new libraries associated with 2024 Libraries GO Bond)

# Last year's forecast included wider range between expenditure scenarios informed by FY21-25 trends

— Revenue    - · - High    - · - Medium    - · - Low



# Spring 2026 forecast range narrower, informed by FY26 budget



# CMO continuing budget review through April, preparing Recommended FY27 Budget

- Complete review of expenditure requests
  - Understand impacts and determine priorities
  - Guide decisions with a multi-year view
- Evaluate Behavioral Health fund balance and restoring recurring budget over multi-year time frame
- Contemplate repurposing authorized FTEs for operational and strategic priorities
- Refine revenue estimates for sales tax
- Examine use of one-time revenue sources for one-time items
- Consideration of property tax increase



# General Fund Considerations

# Strategic Plan, core service delivery and community interests drive funding considerations

- Through the planning and budget processes, department and CMO staff identified priorities
- Growth pressures reflective of a large growing community with complex service needs
- Implementing and achieving Strategic Plan goals while ensuring effective core service delivery

# Implementing the Strategic Plan: Community Health & Wellbeing



**\*Goal 1:** Create and preserve 2,500 affordable housing units by 2029.

- *Landlord Engagement*

**\*Goal 2:** By 2029, make homelessness rare, brief, and non-recurring by reducing the number of people experiencing unsheltered homelessness by 10% from 2024 levels.

- *Continuum of Care staffing*

**\*Goal 3:** By 2029, 5% more residents asked will indicate low barriers to healthcare and behavioral health services, such as access to providers, insurance coverage, affordability and appointment wait times.

- *Food and Lodging inspections*
- *Staffing and capacity to place children in foster care*

**\*Goal 4:** By 2029, three out of four residents asked will indicate low barriers to accessing benefits and assistance programs and resources, such as food and utilities, childcare, employment services, housing, etc.

- *Adult Protective Services staffing*

# Implementing the Strategic Plan: Growth, Land Use & Environment



**Goal 3:** Protect 1,000 acres of green space, including open space, parks, greenways, farmland, and forests by 2029.

- *Farmland Preservation staffing*

**Goal 4:** By 2029, 95% of residents asked will have easy access to clean water.

- *Well and septic repair funding assistance*
- *Onsite Water Protection staffing*

# Implementing the Strategic Plan: Inclusive Prosperity



**Goal 2:** By 2029, four out of five residents asked will say they have employment opportunities that are available and right for their needs.

- *Annualization of Workforce Development Entrepreneurship and ReEntry programs*

**Goal 3:** By 2029, nine out of ten residents asked will share that they can find and enjoy enriching experiences that support our community's high quality of life.

- *Park opening costs*

# Implementing the Strategic Plan: Lifelong Learning



**Goal 1:** By 2029, increase the number of income-eligible preschool slots by 33% to ensure all kindergartners enter school ready to learn.

- *Smart Start Pre-K and ThreeSchool*

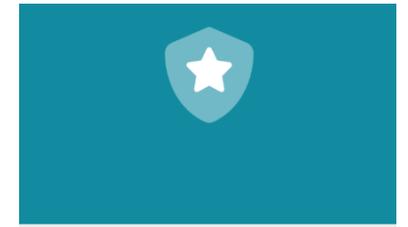
**Goal 2:** By 2029, increase by 5% the percentage of residents asked who share that they have access to quality educational opportunities.

- *Tutor.com in the libraries*

**\*Goal 4:** By 2029, three out of four residents asked will share that Wake County has high-quality education-based facilities, including schools, libraries, and other educational resources.

- *Wake Tech and WCPSS building maintenance and operations*

# Implementing the Strategic Plan: Safer Community Together



**\*Goal 1:** By 2029, 80% of all County public safety calls will receive an appropriate and timely emergency response.

- *EMS paramedics and EMTs*
- *Wake Emergency Communications funding*

**Goal 3:** By 2029, reduce the Wake County violent crime rate per 100,000 people in Wake County by 5%.

- *Forensic Services IT staffing*
- *Behavioral Health Mobile Crisis*

# Implementing the Strategic Plan: Foundations of Service



**Goal 1:** Maintain the County's AAA bond ratings through 2029.

- *Capital Improvement Program is realistic and fiscally responsible*

**\*Goal 2:** Increase overall employee satisfaction to 90% by 2029.

- *Employee compensation and benefits, including retirement system funding and health insurance*

# Continued delivery of core services and functions

## Public-facing Services

- Early voting election sites
- Detention annex staffing and operations
- Animal shelter customer service and operations
- Medicaid certification and recertification compliance

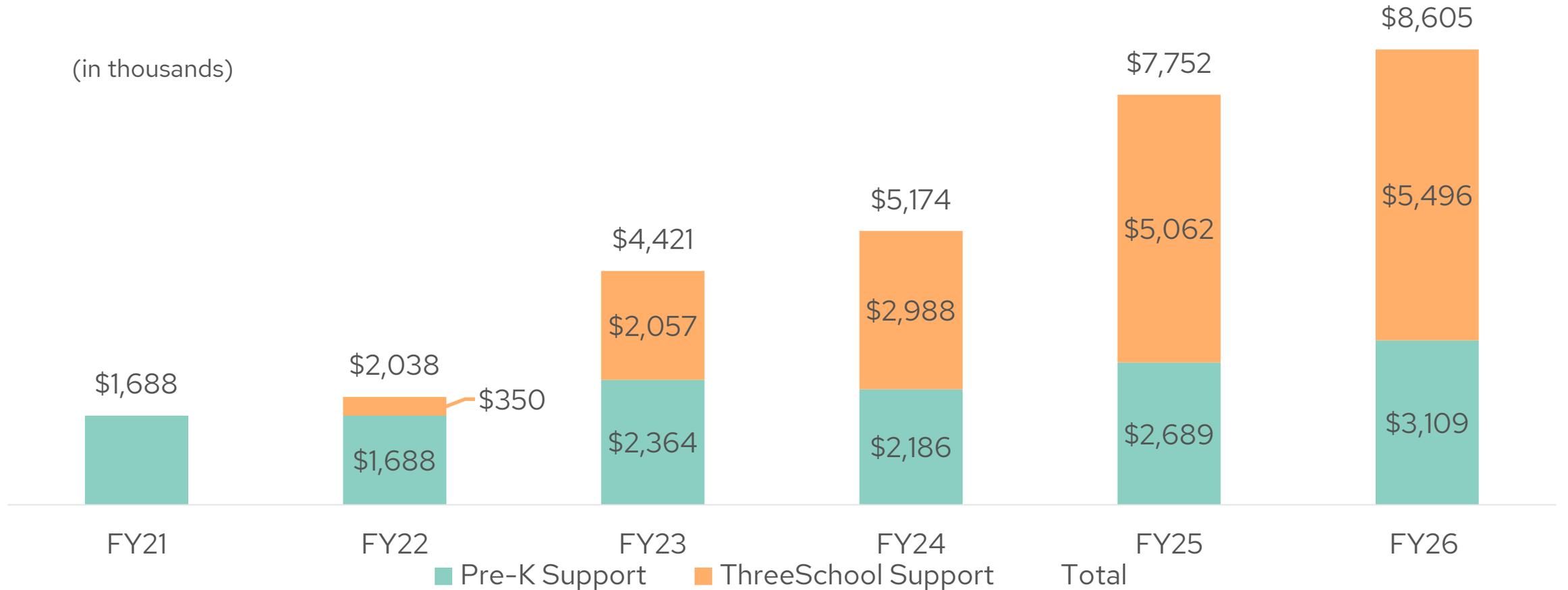
## Internal Support Services

- Software systems that support finance, budget, and HR functions
- Staffing for tax administration, appeals and audits
- Fleet, facilities, and security staffing ratios to support growing portfolio

# Education Focus

# Wake County Contribution to Smart Start

(in thousands)



# Smart Start Overview

- **Current Status**

- All 300 ThreeSchool slots funded in FY26 are filled
- All 1,532 funded slots are filled for NC Pre-K

- **FY27 Request**

- WCSS is requesting \$644K to maintain current Pre-K service levels and to increase the reimbursement rate from
- WCSS is requesting \$2.3M to add 100 Three School slots for a total of 300 and to increase the reimbursement rate

- **Smart Start presented a program update with details about their FY27 requests at the March 23 Education Committee Meeting**

# County funding responsibilities for WTCC

**Per NC general statute 115D-32, the County is responsible for:**

- **Plant Fund** - Acquisition of land; erection of all buildings; alterations and additions to buildings; purchase of motor vehicles; purchase of equipment for the maintenance of the campus; and purchase of furniture and equipment not provided for administrative and instructional purposes
- **Operation and Maintenance** - Salaries of facilities staff; payment of utilities; payment of costs related to janitorial services; payment of costs for maintenance and repair of buildings, vehicles, and equipment

# FY26 Adopted Budget for Wake Tech

Function Area	Description of Services	FY26 Funding
Institutional Support	General support services and initiatives, including: county-funded non-facilities staff, County portion of the President's salary and benefits, Launch Wake County, WakeWorks, college-wide information technology infrastructure and security	13,548,985
Academic Support	Faculty salary supplement, classroom-based technology and infrastructure	4,694,476
Plant Operations and Maintenance	Facilities staff	4,104,572
	Facilities maintenance, leases, contracts, insurance, equipment	14,137,750
	College-wide utilities	6,108,657
<b>Total Wake County Support for Wake Tech Operating – FY26</b>		<b>\$42,594,440</b>

# FY27 Wake Tech requests: \$2.2M

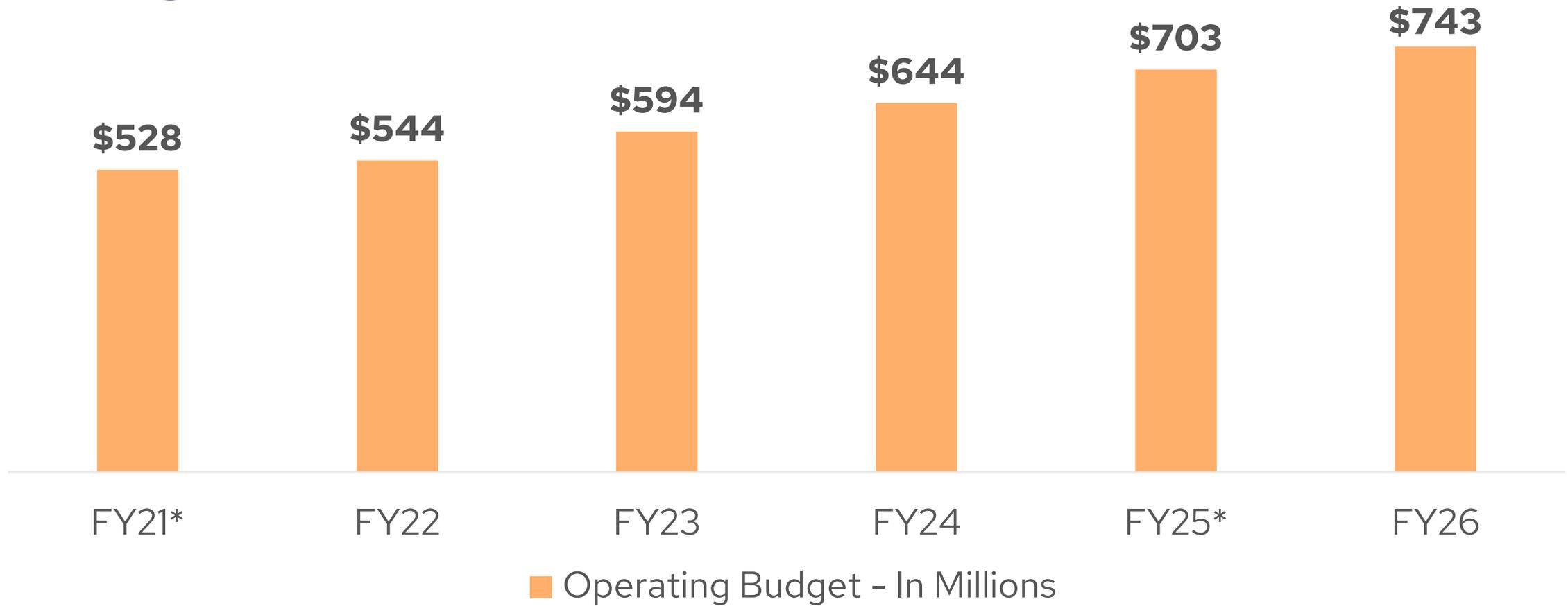
Function Area	Description of Request	FY27 Requests
Institutional Support	Pay increases for county-funded non-facilities staff (IT and general management), IT Support Analyst (1 FTE)	604,957
Academic Support	No requests for this fiscal year	-
Plant Operations and Maintenance	Market-based pay increase for facilities staff; General Facilities Technician (1 FTE), Facilities Project Manager (1 FTE)	359,949
	Facilities maintenance: Lease increases, new building costs, contract and insurance increases, outsourcing of waste management	893,868
	College-wide utilities: Utility increases	333,979
<b>Total Wake Tech Operating Requests FY2027</b>		<b>\$2,192,753</b>

# County funding responsibilities for WCPSS

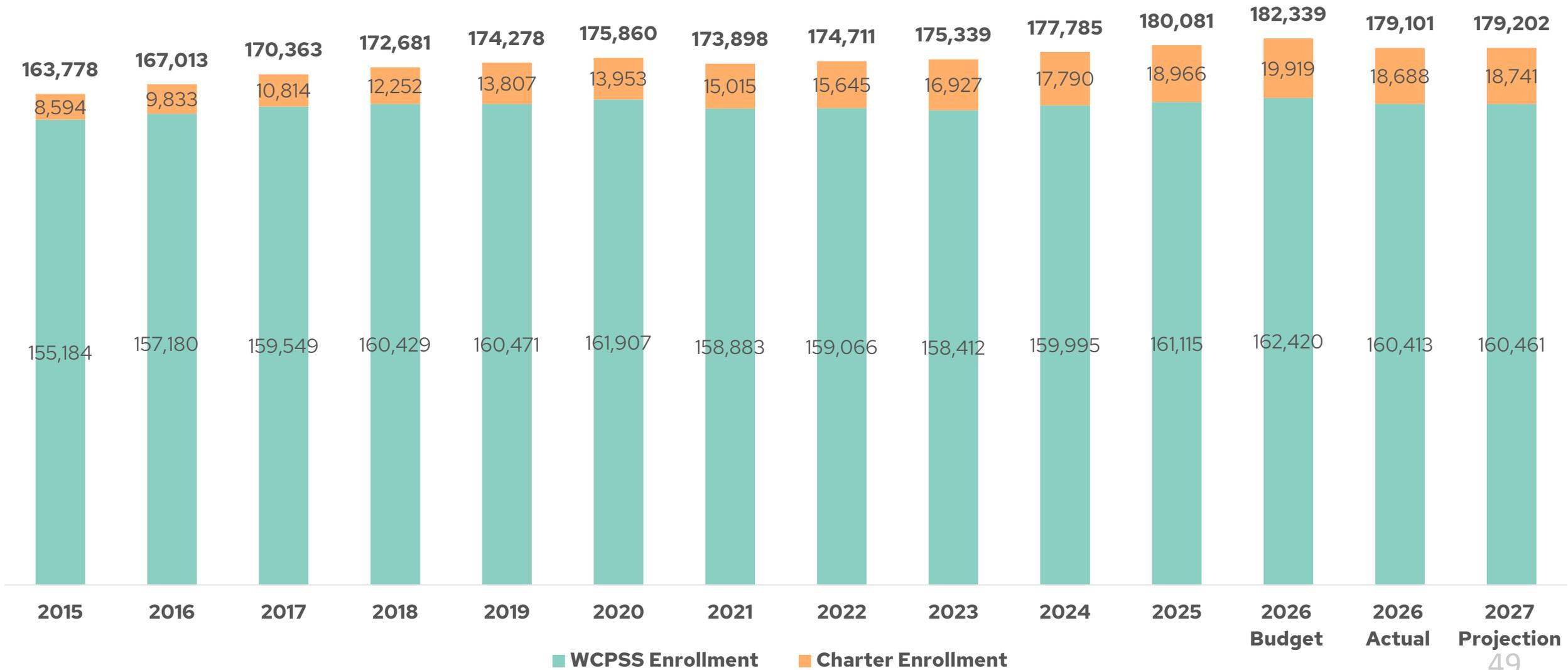
- County funding responsibilities defined in state statute
- Primary responsibilities focus on funding building construction and maintenance
- Indirect authority allows support of public-school operating expenses

Direct Delegation of Funding Authority	Indirect Delegation of Funding Authority
G.S. 115C-521: school facilities, furniture, and apparatus	G.S. 115C-431: sufficient funds for operating expenses and capital expenses each year that, when added to other financial resources available to the school unit for these purposes, all the school unit to provide all student with an opportunity to receive a sound basic education
G.S. 115C-249: buildings for bus and vehicle storage	
G.S. 115C-522(c): library, science, and computer equipment	
G.S. 115C-522(c): water supply and sanitary facilities	
G.S. 115C-524(b): keeping school buildings in good repair	
G.S. 115C-524: school maintenance and repairs	
G.S. 115C-522(c): instructional supplies and reference books	
G.S. 115C-523.1: school property insurance	
G.S. 115C-525(b): fire inspections	

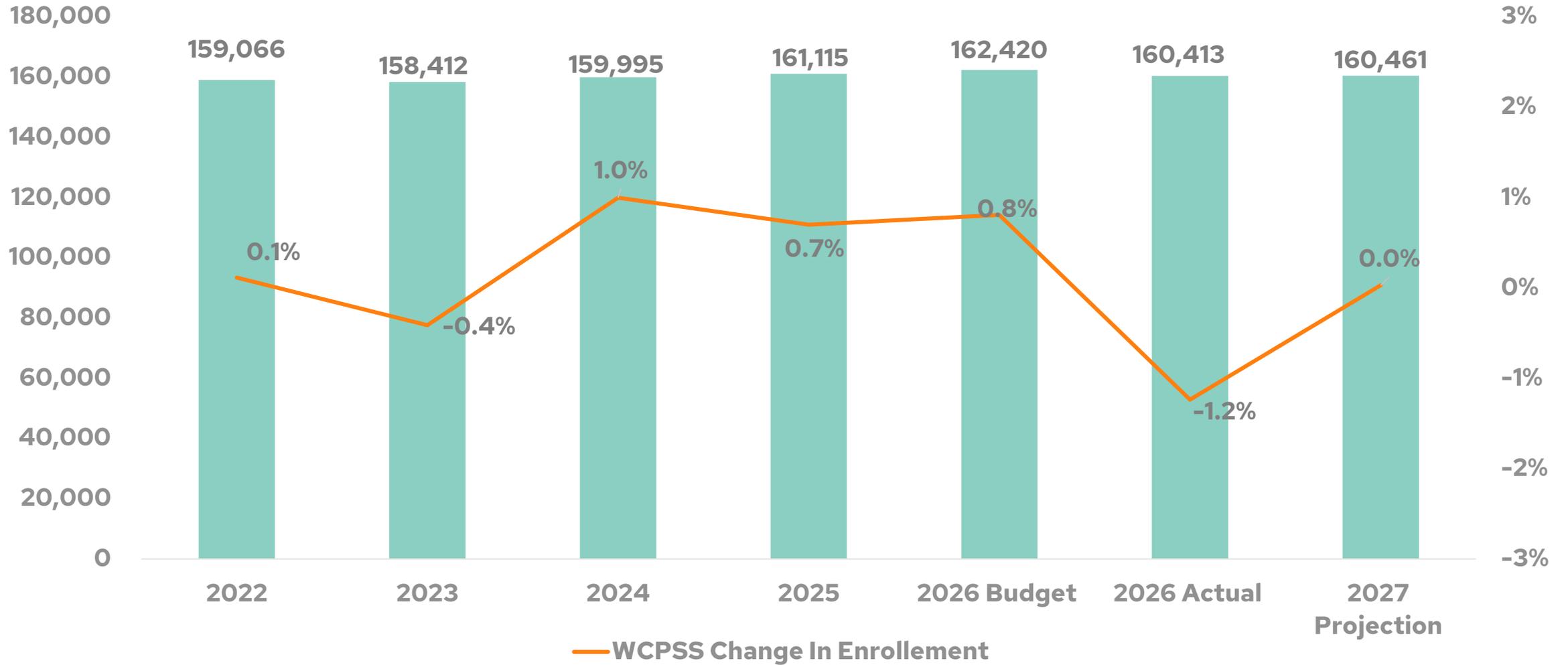
# WCPSS growth between FY21 - 26 Adopted Budgets



# WCPSS and Charter enrollment trends combined



# WCPSS enrollment trends



# WCPSS Operating Budget Request

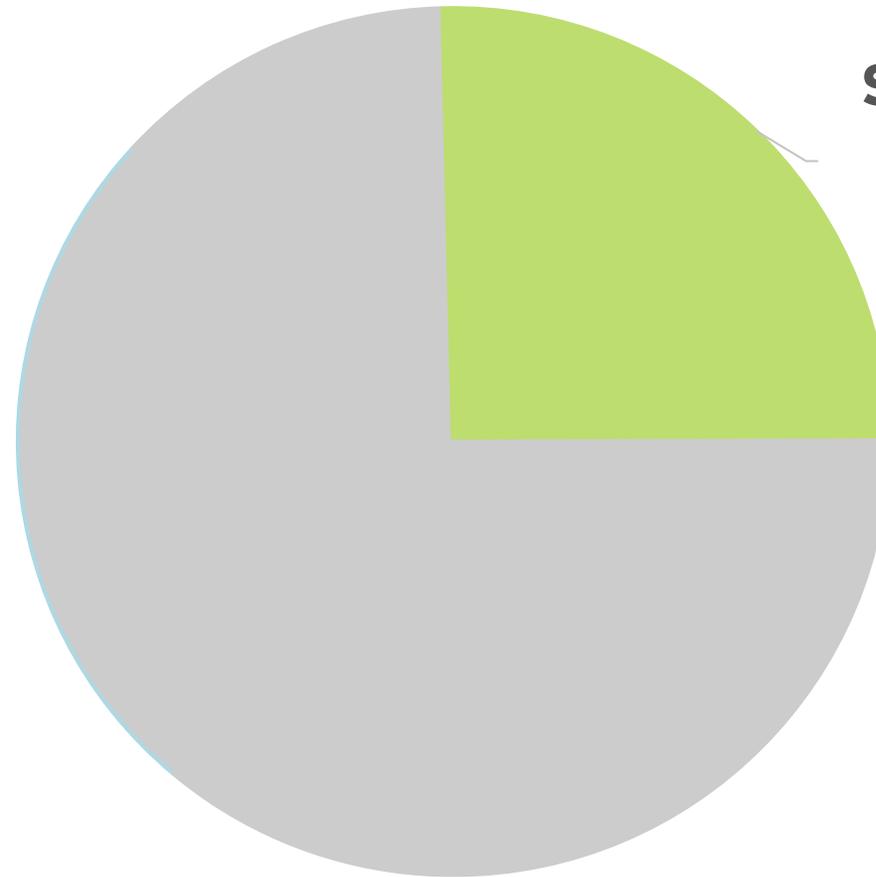
- The Superintendent's proposed budget is anticipated in the next couple of weeks
- County staff will review the proposal and requested amount
- WCPSS staff will join us at one of the May budget work sessions after David's recommended budget presentation



# Debt and Capital Funding Overview

# Transfers to Debt and Capital are 25% of the FY26 budget

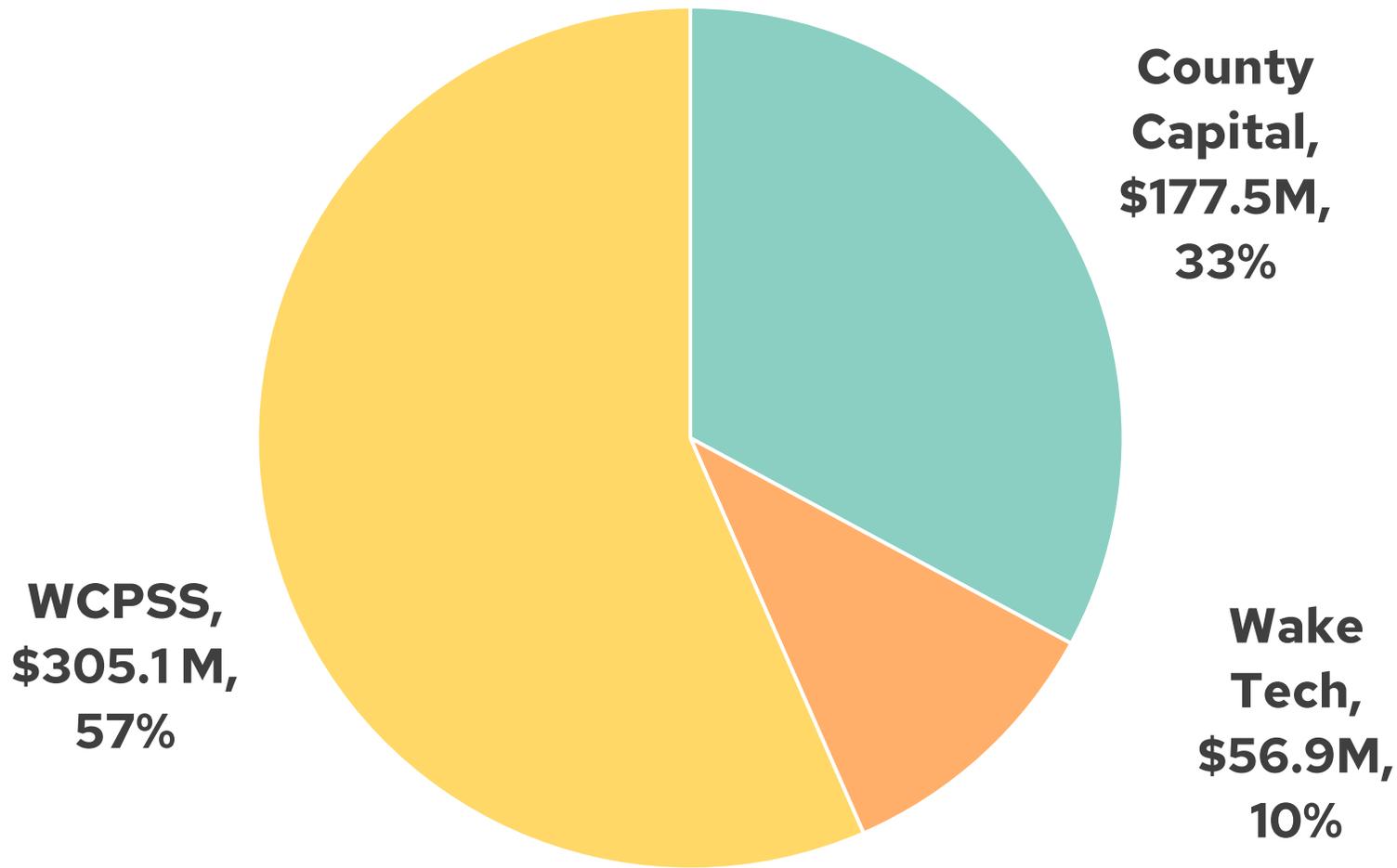
Wake County dedicates a portion of the property tax and applicable sales tax to support the debt and capital programs for WCPSS, Wake Tech, and County



**Transfers to Debt and Capital, \$539.6M, 25%**

15.00 cents of 51.71 cents of the property tax rate

# 67% of FY26 debt and capital funding supports WCPSS and Wake Tech; 33% County



# Proposed Education capital funding for FY2027-FY2033

- **WCPSS proposed capital funding \$2.9 billion**
  - Joint Facilities CORE Team has reached consensus on proposed 7-yr CIP
  - Proposed 7-yr CIP continues through validation process at WCPSS
  - Projected Nov 2026 bond of \$680 million (2-yr funding; FY2028-FY2029)
- **WTCC proposed capital funding \$440 million**
  - Projected Nov 2026 bond of \$149.1 million (4-yr funding; FY2028-FY2031)
- **Tax impact of projected \$829.1 million combined education bonds on Nov 2026 ballot is estimated to be .50 cents (to be levied FY2028)**

# Proposed County capital funding for FY2027-FY2033

- **Libraries**

- Voters authorized \$142 million bond in Nov 2024 (6-year bond)
- Tax impact of 2024 bond was .25 cents levied in FY2026
- First GO bonds being issued April 2026 to provide \$43 million for projects

- **Public Health & Social Services Facilities (Paygo)**

- Projected funding \$35 million

- **EMS Master Plan (Debt and Paygo)**

- Projected funding \$85 million (dedicated and co-locate stations)

# Proposed County capital funding for FY2027-FY2033

- **Other County Facilities Planned (Debt and Paygo)**
  - Detention Center Expansion \$175 to \$200 million
  - Animal Shelter \$20 million (plus \$40 million prior funding)
  - Decedent Storage Facility \$49 million (plus \$3 million prior funding)
  - Wake County Office Park \$200 to \$285 million
  - Wake County Justice Center 6<sup>th</sup> Floor Expansion \$16 million
- **Fire Tax District Master Plan (Debt)**
  - Projected funding \$58 million comprised of:
    - Fire Stations \$41 million (co-locate stations)
    - Fire Trucks \$17 million
  - Fire Tax repays Debt Fund for its allocation of County issued debt

<b>Capital Program:</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>	<b>FY2030</b>	<b>FY2031</b>	<b>FY2032</b>	<b>FY2033</b>
<b>DEBT</b>							
WCPSS	\$ 348,371,019	\$ 336,363,007	\$ 343,636,993	\$ 340,193,187	\$ 362,027,093	\$ 322,213,024	\$ 329,306,798
WTCC	86,365,000	37,275,000	37,425,000	37,700,000	36,700,000	93,975,000	92,975,000
Library		60,316,000			38,594,000		
County Facilities	185,261,000	274,800,000	93,936,000				
EMS Facilities	13,360,000	12,000,000	18,000,000				17,000,000
Fire Facilities & Equip		2,004,000	12,881,000	9,229,000	10,700,000	19,159,000	4,408,000
DEBT Total	\$ 633,357,019	\$ 722,758,007	\$ 505,878,993	\$ 387,122,187	\$ 448,021,093	\$ 435,347,024	\$ 443,689,798
<b>PAYGO</b>							
WCPSS	\$ 72,200,000	\$ 74,727,000	\$ 77,603,990	\$ 80,009,713	\$ 82,690,039	\$ 84,922,670	\$ 87,385,427
WTCC	4,915,000					6,500,000	6,500,000
Public Health & Social Services Facilities	11,514,000	400,000	893,000	9,870,000	838,000	11,470,000	
County Facilities - Minor Reno & Maint	24,917,000	25,415,000	25,923,000	26,441,000	26,970,000	27,509,000	28,059,000
County Facilities & Other County Projects	74,263,000	68,696,000	54,592,000	57,376,000	54,694,000	62,637,000	56,259,000
PAYGO Total	\$ 187,809,000	\$ 169,238,000	\$ 159,011,990	\$ 173,696,713	\$ 165,192,039	\$ 193,038,670	\$ 178,203,427
<b>TOTAL FUNDING</b>	\$ 821,166,019	\$ 891,996,007	\$ 664,890,983	\$ 560,818,900	\$ 613,213,131	\$ 628,385,693	\$ 621,893,225
<b>Tax Increase for Capital</b>	<b>.50 cents</b>		<b>TBD</b>				

Legend:

2022 WTCC 4-yr Bond

2024 Library 6-yr Bond

Future WCPSS 2-yr Bond

Future WTCC 4-yr Bond

# Planned future GO bond referenda

<b>Ballot Timing</b>	<b>Nov 2026</b>	<b>Nov 2027</b>	<b>Nov 2028</b>	<b>Nov 2029</b>	<b>Nov 2030</b>	<b>Nov 2031</b>	<b>Nov 2032</b>	<b>Nov 2033</b>
WCPSS	Bond Referenda 2-yr Bond for FY2028-FY2029				Bond Referenda 2-yr Bond for FY2032-FY2033			
WTCC	Bond Referenda 4-yr Bond for FY2028-FY2031				Bond Referenda 4-yr Bond FY2032-FY2035			
Libraries								
PGROS								

**GO Bond Questions**

2

2

**Total Amount  
GO Bond Questions**

\$829.1M

TBD

**Tax Levy Required  
for GO Bonds**

<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>	<b>FY2030</b>	<b>FY2031</b>	<b>FY2032</b>	<b>FY2033</b>	<b>FY2034</b>
	.50 cents for Bonds on Nov 2026 Ballot				TBD for Bonds on Nov 2030 Ballot		

# Discussion and Questions



# Next Session

# April 6 Work Session Preview

- **Capital programs and projects**
- **Operating and capital connection highlights**
- **FY27 funding and decision-making landscape**
- **What to expect through June**

# Discussion and Questions



# Appendix

# Board of Commissioners' Priority Strategic Plan

## Goals for FY27 Budget Development

1) Community Health and Wellbeing Goal 1: Create and preserve 2,500 **affordable housing** units by 2029.

2) Growth, Land Use and Environment Goal 1: Between 2024 and 2029, 97% of **growth and development** will be directed toward cities and towns that provide municipal services, transportation, and utilities.

3) Community Health and Wellbeing Goal 2: By 2029, make **homelessness** rare, brief, and non-recurring by reducing the number of people experiencing unsheltered homelessness by 10% from 2024 levels.

4) Community Health and Wellbeing Goal 4: By 2029, three out of four residents asked will indicate low barriers to accessing **benefits and assistance programs** and resources, such as food and utilities, childcare, employment services, housing, etc.

5) Community Health and Wellbeing Goal 3: By 2029, 5% more residents asked will indicate low barriers to **healthcare and behavioral health** services, such as access to providers, insurance coverage, affordability and appointment wait times.

6) Lifelong Learning Goal 4: By 2029, three out of four residents asked will share that Wake County has high-quality **education-based facilities**, including schools, libraries, and other educational resources.

7) Safer Community Together Goal 1: By 2029, 80% of all County **public safety** calls will receive an appropriate and timely emergency response.

8) Foundations of Service Goal 2: Increase overall **employee satisfaction** to 90% by 2029.

*As of September 23, 2025*

# Charges and fees based on cost recovery or statutory limits

Revenue Item (in millions)	FY26 Adopted	FY27 Base Projection	\$ Change	% Change
EMS Billing	47.0	52.9	5.9	13%
Medicaid/Medicare/Client Fees	12.9	12.8	(0.1)	(1%)
Planning and Permitting	9.1	8.9	(0.2)	(2%)
Recording/ROD	4.8	4.9	0.1	3%
Sheriff Fees	0.2	0.1	(0.0)	(18%)
Public Safety Communications Reimbursements	2.0	2.0	0.0	0%
HS Reimbursements	1.1	1.1	0.0	0%
Other Fees and Charges	21.4	21.1	-0.4	(2%)
<b>Total</b>	<b>\$98.6</b>	<b>\$103.9</b>	<b>\$5.3</b>	<b>5%</b>

**WAKE.GOV** Note: Departments conduct regular, periodic fee review for cost recovery

# Long-term permanent debt types

## General Obligation Bonds (GO)

- Voter and Board authorized
- 20-year repayment on avg.
- Lowest cost permanent debt
- Backed by the full faith and credit and taxing authority of Wake County
- Example: County parks

## Limited Obligation Bonds (LOBs)

- Board authorized
- 20-year repayment on avg.
- Slightly higher cost than GO
- Backed by assets being purchased or constructed (i.e., collateral is required)
- Example: WCJC building

# Past GO referenda results

Referendum	Purpose	Bond (\$ millions)	Tax Increase (cents)	Approved (Yes/No)	% Voter Approval	% Turnout of Registered
1993 June	Libraries	10	-	Yes	56%	19%
	Parks	10	-	Yes	51%	
	Wake Tech	30	-	Yes	51%	
	Schools	200	-	Yes	56%	
1996 June	Schools	250	-	Yes	79%	14%
1999 June	Schools	650	13.00	No	35%	25%
2000 November	Open Space	15	-	Yes	77%	69%
	Public Safety	20	-	Yes	58%	
	Schools	500	-	Yes	78%	
2003 October	Libraries	35	-	Yes	68%	21%
	Schools	450	-	Yes	64%	
2004 November	Open Space	26	-	Yes	74%	78%
	Wake Tech	40	-	Yes	75%	
2006 November	Schools	970	2.70	Yes	53%	41%
2007 October	Libraries	45	0.30	Yes	70%	11%
	Open Space	50	0.30	Yes	71%	
	Wake Tech	92	0.75	Yes	68%	
2012 November	Wake Tech	200	-	Yes	73%	75%
2013 October	Schools	810	4.40	Yes	58%	15%
2018 November	Schools	548	2.30	Yes	67%	57%
	Wake Tech	349	1.15	Yes	65%	
	PGROS	120	0.35	Yes	68%	
2022 November	Schools	530.7	0.60	Yes	71%	54%
	Wake Tech	353.2	0.40	Yes	70%	
2024 November	Libraries	142	0.25	Yes	56%	72%

# Debt model definition

- **Excel based financial tool utilized for complex analysis**
  - Guide and inform County decisions in development of rolling 7-year CIP
  - Determine viability & affordability in capital planning
  - Understand current & future tax impacts in capital planning
  - Gauge impacts & opportunity costs of different capital funding scenarios
  - Measure current & projected future performance of key policy metrics
  - Ensure AAA ratings are maintained
- **Includes base assumptions which are monitored & adjusted annually as necessary**
- **Ongoing update of Model inputs through year**
  - Annual budget development; completion of Annual Report; debt issuances

# Revenue assumptions in debt model

Prior - FY2026 Budget Development	FY2026	FY2027	FY2028*	FY2029	FY2030*	FY2031	FY2032*	FY2033
Property Tax Rate - Total (¢ per \$100 value)	51.60	51.60	48.77	48.77	46.42	46.42	44.20	Outside of FY26- FY32 CIP
Property Tax Rate - Dedicated for Capital	15.00	15.00	14.53	14.53	13.83	13.83	13.17	
Property Tax Rate - Dedicated for Operating	36.60	36.60	34.24	34.24	32.59	32.59	31.03	
Property Tax Valuation Growth	2.00%	2.00%	9.50%	2.00%	7.00%	2.00%	7.00%	
Property Tax Collection	99.75%	99.65%	99.65%	99.65%	99.65%	99.65%	99.65%	
Sales Tax Growth	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
Investment Earnings	3.75%	3.25%	2.50%	2.50%	2.50%	2.50%	2.50%	
Tax Increase - Dedicated for Capital	.25 cents for Capital (Nov 2024 bond)		.50 cents for Capital (Nov 2026 bonds)					
			<i>*revaluation yr</i>		<i>*revaluation yr</i>		<i>*revaluation yr</i>	

Current - FY2027 Budget Development	FY2026	FY2027	FY2028*	FY2029	FY2030*	FY2031	FY2032*	FY2033
Property Tax Rate - Total (¢ per \$100 value)	51.71	51.71	48.53	48.53	46.19	46.19	44.98	44.98
Property Tax Rate - Dedicated for Capital	15.00	15.00	14.43	14.43	13.73	13.73	14.08	14.08
Property Tax Rate - Dedicated for Operating	36.71	36.71	34.10	34.10	32.46	32.46	30.90	30.90
Property Tax Valuation Growth	2.00%	2.00%	9.50%	2.00%	7.00%	2.00%	7.00%	2.00%
Property Tax Collection	99.75%	99.75%	99.65%	99.65%	99.65%	99.65%	99.65%	99.65%
Sales Tax Growth	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Investment Earnings	3.75%	3.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Tax Increase - Dedicated for Capital	.25 cents for Capital (Nov 2024 bond)		.50 cents for Capital (Nov 2026 bonds)					
			<i>*revaluation yr</i>		<i>*revaluation yr</i>		<i>*revaluation yr</i>	

Changes noted in Red

# Expenditure assumptions in debt model

Prior - FY2026 Budget Development	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
GO Draw Prog - Variable Rate (Short term debt)	3.66%	3.07%	2.48%	2.48%	2.48%	2.48%	2.48%	Outside of FY26- FY32 CIP
GO Bonds - Fixed Rate (Long term debt)	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	
GO Bonds - Amortization Term (Yrs)	19	19	19	19	19	19	19	
LOBs Draw Prog - Variable Rate (Short term debt)	3.66%	3.07%	2.48%	2.48%	2.48%	2.48%	2.48%	
LOBs - Fixed Rate (Long term debt)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
LOBs - Amortization Term (Yrs)	19	19	19	19	19	19	19	

Current - FY2027 Budget Development	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
GO Draw Prog - Variable Rate (Short term debt)	3.66%	3.07%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%
GO Bonds - Fixed Rate (Long term debt)	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
GO Bonds - Amortization Term (Yrs)	19	19	19	19	20	20	20	20
LOBs Draw Prog - Variable Rate (Short term debt)	3.66%	3.07%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%
LOBs - Fixed Rate (Long term debt)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
LOBs - Amortization Term (Yrs)	19	19	19	19	20	20	20	20

*Changes noted in Red*

# Policy measures remain at desired levels

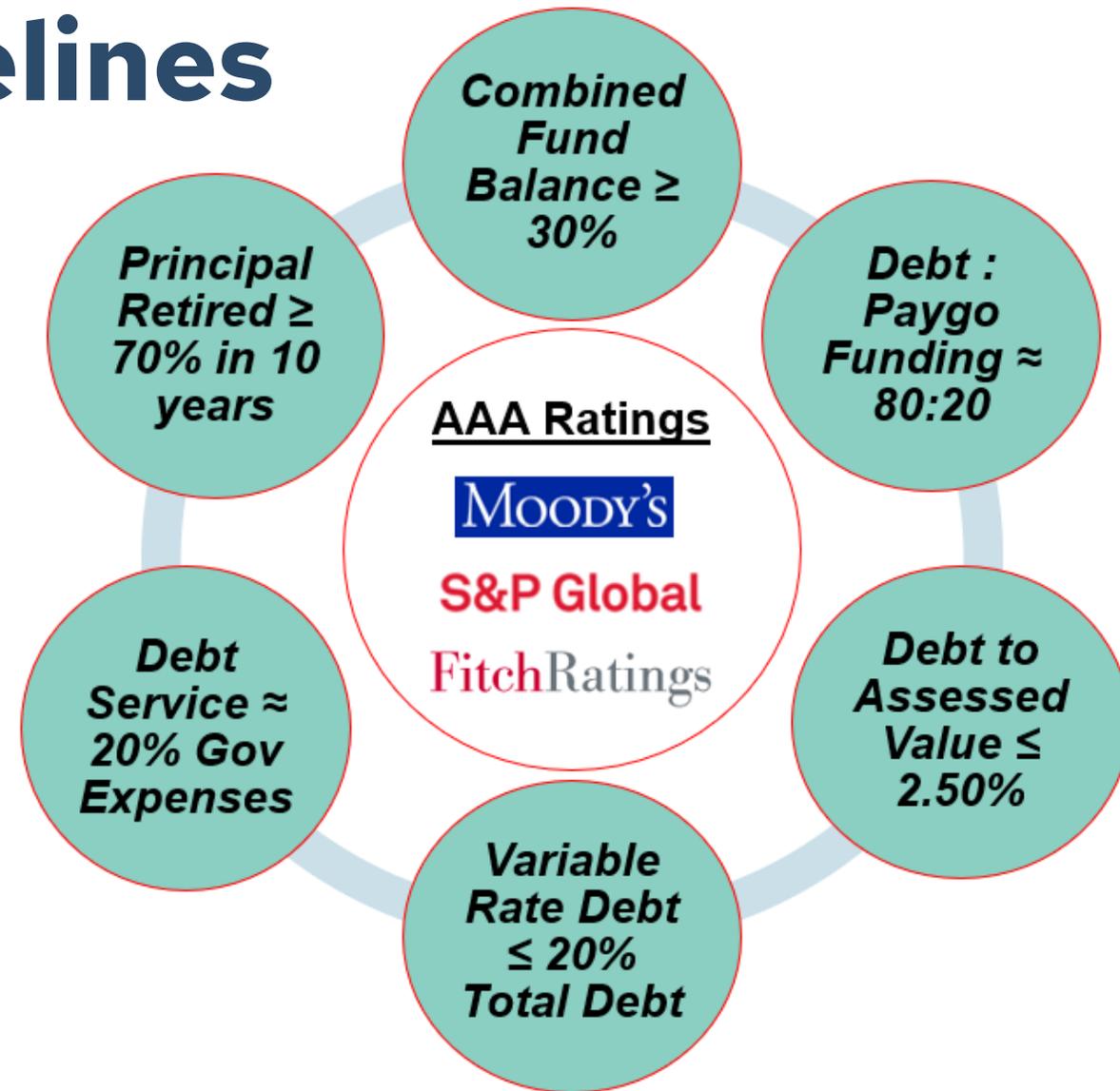
Prior - FY2026 Budget Development	Goal	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
Fund Balance Ratio	≥ 30%	37%	39%	39%	39%	38%	36%	33%	<b>Outside of FY26- FY32 CIP</b>
% Debt Paid in 10 Years	≥ 70%	71%	70%	71%	71%	72%	73%	74%	
Debt Ratio for Capital Funding	Strive for 80%	73%	80%	76%	74%	72%	74%	72%	
Debt / Assessed Value Ratio	≤ 1.75%	0.99%	1.14%	1.12%	1.14%	1.08%	1.09%	1.03%	
Debt Service as % Total Expenditures	Strive for ≤ 20%	15%	16%	18%	19%	19%	20%	20%	

Current - FY2027 Budget Development	Goal	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
Fund Balance Ratio	≥ 30%	42%	44%	44%	43%	40%	37%	34%	32%
% Debt Paid in 10 Years	≥ 70%	73%	71%	70%	70%	71%	72%	72%	73%
Debt Ratio for Capital Funding	Strive for 80%	72%	77%	81%	76%	69%	73%	69%	71%
Debt / Assessed Value Ratio	≤ 1.75%	0.93%	1.11%	1.15%	1.21%	1.14%	1.15%	1.08%	1.08%
Debt Service as % Total Expenditures	Strive for ≤ 20%	15%	15%	17%	19%	20%	20%	20%	20%

# Debt policies & guidelines

## Integral to County's success

- Goal: maintain AAA ratings
- Rating agency criteria provides framework for County policy
- Clear bounds of operation for rolling 7-yr CIP development
- Policy & metrics frequently benchmarked against peers



# Debt policies and guidelines

- **Fund balance minimum**

- Combined fund balance of County's General Fund and Debt Service Fund will equal at least 30% of current fiscal year revenues
- Answers the Question: How much cash liquidity should County maintain?
- Can weather the unknown – drop in Revenues or increase in Expenses
- Can continue to meet obligations early in the Fiscal Year prior to County receiving majority of property tax revenues (Nov-Dec)

# Debt policies and guidelines

- **Total debt maximum**

- County will manage its debt to no more than 2.5% of total assessed valuation
- Answers the Question: What should be maximum debt load of County?
- Ensures citizens are not faced with undo tax burden
- Actively manage to stricter 1.75% threshold

# Debt policies and guidelines

- **Debt repayment minimum**

- County will maintain repayment of 70% of its outstanding debt within 10 years
- Answers the Question: To what extent is timely debt repayment a priority of the County?
- Currently model for 19-year amortization of bonds
- Issue debt with level principal repayment structure
- Allows for acceleration of payoff and minimizes interest costs

# Debt policies and guidelines

- **Variable rate debt maximum**
  - County's variable rate debt will not exceed 20% of its total debt portfolio
  - Answers the Question: What is County's comfort level for variable rate risk exposure?
  - Mitigates risk inherent with variable rate debt which is subject to market fluctuation
  - Ensures taxpayers do not pay disproportionate amount of variable rate interest costs

# Debt policies and guidelines

- **Desired debt service maximum**
  - County strives to cap its debt service expense to 20% or less of total Gov expenditures
  - Answers the Question: How much of County resources are committed to debt service?
  - Ensures County not burdened with massive debt service relative to total expenditures
  - Ensures judicious and appropriate use of debt as a tool to fund major capital needs

# Debt policies and guidelines

- **Desired Debt / PAYGO (cash) funding ratio for capital**
  - County strives to maintain an 80/20 ratio of debt/cash funding for its major capital needs
  - Answers the Question: What is optimal ratio of debt/cash funding for capital?
  - Maintaining cash provides flexibility and helps prop up other policy metrics (fund balance)
  - Helps manage debt loads by committing cash funding to certain appropriate capital needs

# Debt policies and guidelines

- **Timing of capital project appropriation for WCPSS & WTCC**
  - County will appropriate debt for WCPSS & WTCC capital projects only after debt proceeds have been secured
  - Answers the Question: When is the optimal timing to allow project spending to begin in debt funded capital projects of WCPSS & WTCC?
  - Protects against unnecessary draining of cash balances early in the Fiscal Year when liquidity is needed prior to County receiving majority of property tax revenues (Nov-Dec)
  - Should a market correction occur within the debt market, thus delaying the timing of a debt sale, County would be protected against prolonged and sizeable unreimbursed expenditures

# Debt policies and guidelines

- **Use of construction financing**

- aka, “Draw Programs”; “Bond Anticipation Notes”; “BANs”
- County will utilize short-term construction financings as the initial, temporary funding source for capital needs of WCPSS and WTCC, so long as such construction financing tools are market-available to County and so long as benefits and advantages persist in County’s use of such construction financing tools
- Answers the Question: Is County maximizing use of available short-term debt instruments for its benefit?
- Near-term debt service costs are reduced thereby delaying and/or minimizing necessary tax increases; allows debt service to be commensurate to project spending in early years of major projects; helps County better mitigate potential for arbitrage on bond proceeds



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