



Comprehensive Annual Financial Report

Fiscal year ending June 30, 2019





Raleigh

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City of Raleigh
NORTH CAROLINA

Comprehensive Annual
Financial Report

For the Fiscal Year Ended June 30, 2019

Prepared by the Finance Department
Allison E. Bradsher
Chief Financial Officer

INTRODUCTORY SECTION

Principal Officials	I
Organization Chart.....	II
Letter of Transmittal	III
Certificate of Achievement for Excellence in Financial Reporting	XI

FINANCIAL SECTION**Report of Independent Auditor**

Management's Discussion and Analysis	MD&A-1
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Basic Financial Statements**Government-Wide Financial Statements:**

Statement of Net Position	1
Statement of Activities	2

Fund Financial Statements:

Balance Sheet – Governmental Funds.....	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	5
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	8
Statement of Net Position – Proprietary Funds	10
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	14
Statement of Cash Flows – Proprietary Funds.....	16
Statement of Fiduciary Net Position – Fiduciary Funds.....	18
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	19

Notes to the Financial Statements:

Note 1 – Summary of Significant Accounting Policies	21
Note 2 – Stewardship, Compliance, and Accountability	29
Note 3 – Detailed Notes on all Funds	30
Note 4 – Other Information.....	52

Required Supplementary Information:

Schedule of Changes in the Net OPEB Liability and Related Ratios	74
Other Post Employment Benefits – Schedule of Employer Contributions.....	75
Other Post Employment Benefits – Schedule of Investment Returns.....	76
City of Raleigh's Proportionate Share of Net Pension Liability (Asset) – Local Government Employees' Retirement System	77
City of Raleigh's Contributions - Local Government Employees' Retirement System.....	78
Law Enforcement Officers' Special Separation Allowance – Schedule of Changes in Total Pension Liability.....	79
Law Enforcement Officers' Special Separation Allowance – Schedule of Total Pension Liability as a Percentage of Covered Payroll.....	80

Combining and Individual Financial Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	85

Special Revenue Funds:

Combining Balance Sheet – Nonmajor Special Revenue Funds	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	92
Schedule of Revenues and Expenditures Compared with Budget:	
Grants Fund	94
Housing Bond Fund	95
Community Development Fund	96
Disaster Recovery Fund	97
Convention Center Financing Fund	98
Emergency Telephone System Fund	99

General Capital Projects Funds:

Combining Balance Sheet – Nonmajor Capital Projects Funds	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	106
Schedule of Revenues and Expenditures Compared with Budget:	
Street Improvement Fund	108
Street Bond Fund.....	109
Sidewalk Fund.....	110
Park Improvement Fund	111
Raleigh Union Station Fund	112
Facility Fees Fund	113
Park Bond Fund	114
Miscellaneous Capital Improvements Fund	115
Walnut Creek Amphitheater Projects Fund	116
Technology Capital Projects Fund	117
Major Public Facilities Fund.....	118

Enterprise Funds:

Schedule of Revenues and Expenditures – Budget (Modified Accrual Basis) and Actual:

Water and Sewer Fund (major fund):

Water and Sewer Operating Fund	124
Water Capital Projects Fund	126
Sewer Capital Projects Fund	127
Water and Sewer Revenue Bond Fund	128
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Water and Sewer Funds	129

Convention Center Complex Fund (major fund):

Convention Center and Performing Arts Complex Operating Fund	130
Convention Center and Performing Arts Complex Projects Fund	131
Convention Center Complex Capital Projects Fund	132
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Convention Center Funds	133

Mass Transit Fund (major fund):

Mass Transit Fund.....	134
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Mass Transit Fund	135

Stormwater Fund (major fund):

Stormwater Utility Operating Fund	136
Stormwater Utility Capital Projects Fund	137
Stormwater Utility Bond Fund	138
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Stormwater Utility Funds	139

Parking Fund (major fund):	
Parking Facilities Operating Fund	140
Parking Facilities Capital Projects Fund	141
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Parking Facilities Funds	142
Solid Waste Services Fund (major fund):	
Solid Waste Services Fund	143
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Solid Waste Services Funds	144
Internal Service Funds:	
Combining Statement of Net Position	148
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	150
Combining Statement of Cash Flows	152
Fiduciary Funds:	
Combining Statement of Net Position – Pension Trust Funds	158
Combining Statement of Changes in Plan Net Position – Pension Trust Funds	159
STATISTICAL SECTION	
Net Position by Component – Last Ten Fiscal Years	162
Changes in Net Position – Last Ten Fiscal Years	164
Fund Balances, Governmental Funds – Last Ten Fiscal Years	168
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	170
Assessed Value of Taxable Property – Last Ten Fiscal Years	172
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	173
Principal Property Taxpayers	174
Property Tax Levies and Collections – Last Ten Fiscal Years	175
Analysis of Current Tax Levy	176
Schedule of Ad Valorem Taxes Receivable	177
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	178
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	179
Direct and Overlapping Governmental Activities Debt	180
Legal Debt Margin Information – Last Ten Fiscal Years	181
Pledged Revenue Coverage – Last Ten Fiscal Years	182
Demographic and Economic Statistics – Last Ten Fiscal Years	183
Principal Employers	184
City Government Employees by Function/Department – Last Ten Fiscal Years	185
Operating Indicators by Function – Last Ten Fiscal Years	186
Capital Asset Statistics by Function – Last Ten Fiscal Years	188
SINGLE AUDIT SECTION	
Reports of Independent Auditor	
Schedule of Expenditures of Federal and State Awards	192
Schedule of Findings and Questioned Costs	



Raleigh

**INTRODUCTORY
SECTION**



Raleigh City Council 2018-2019



First row: Nicole Stewart, Nancy McFarlane, Kay Crowder, Stef Mendell
Second row: Russ Stephenson, David Cox, Richard "Dickie" Thompson, Corey Branch

Nancy McFarlane - Mayor
Richard "Dickie" Thompson - District A
David Cox - District B
Corey Branch - District C

Kay Crowder - District D
Stef Mendell - District E
Russ Stephenson - At Large
Nicole Stewart - At Large

City Administrative, Legal and Financial Staff

Ruffin L. Hall
City Manager

Tansy Hayward
Assistant City Manager

Marchell Adams-David
Assistant City Manager

James Greene, Jr.
Assistant City Manager

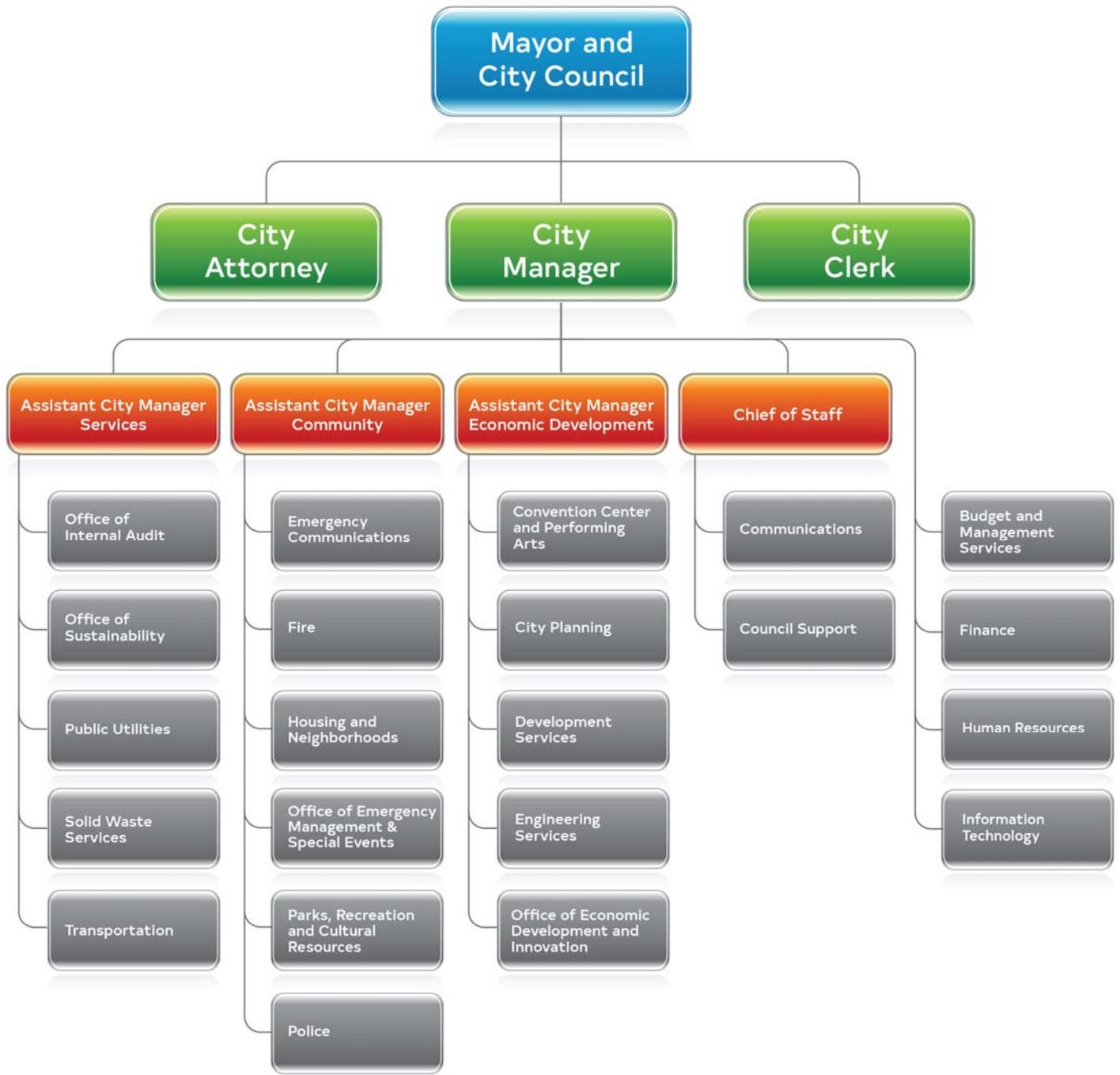
Louis Buonpane
Chief of Staff

Robin Tatum
City Attorney

Gail G. Smith
City Clerk

Allison E. Bradsher
Chief Financial Officer

City-Wide Organization Chart



October 24, 2019



To The Honorable Mayor and Members of the City Council and Citizens of the City of Raleigh, North Carolina

It is our pleasure to submit the Comprehensive Annual Financial Report of the City of Raleigh, North Carolina for the fiscal year ended June 30, 2019. State law requires that all general-purpose local governments annually publish a complete set of financial statements. The financial statements must be presented in accordance with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report complies with these requirements.

The Comprehensive Annual Financial Report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect City assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. The City's comprehensive internal control framework has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

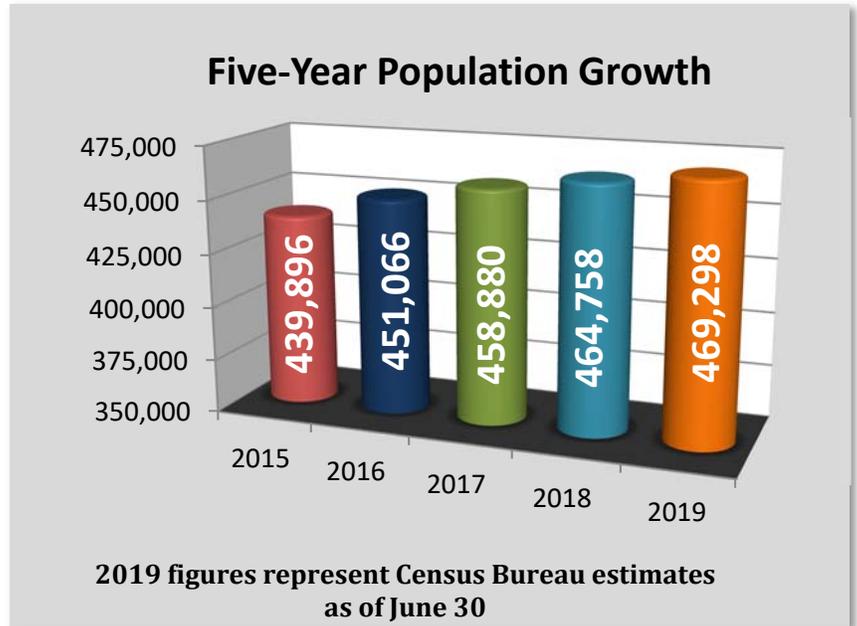
The City's financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent auditor concluded that the City's financial statements, for the fiscal year ended June 30, 2019, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the City's financial statements was further part of a broader federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These auditor reports are available in the Single Audit section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of City of Raleigh

Raleigh is situated in the heart of the state's Piedmont region, centered between the sandy Atlantic beaches and the Great Smoky Mountains. The City is both the county seat of Wake County and the capital of North Carolina; it covers an area of more than 146 square miles and has an estimated population of 469,298. Raleigh, Durham, and Chapel Hill form the Research Triangle Park (RTP), which was founded in 1959 for research, innovation, and economic development and is now the largest research park in the nation. The City is located in a metropolitan area consisting of Wake, Durham, Orange, Franklin, Chatham and Johnston counties. The cumulative population for these areas is estimated to be 1.9 million which remains unchanged from 2018 and reflects a 21.9% increase over the past 10 years.



The North Carolina General Assembly purchased land for the original site of the City. Raleigh is among the few cities in the United States that was planned and built specifically to serve as a state capital and its original boundaries were formed by North, East, West and South streets. The City was established in 1792 by an act of the General Assembly and has utilized a council-manager form of government since 1947. The Mayor and two Council members are elected at-large, and the remaining five Council members are elected from five districts within the City. The Mayor and Council members serve two-year terms and all have an equal vote. The City Council sets policies, enacts ordinances and appoints the City Manager, City Attorney and City Clerk. The City Manager is responsible to Council and administers the daily operations and programs of the City as well as management of all City employees.

The City provides the full range of governmental services, including police and fire protection, street construction and maintenance, solid waste management, water and sanitary sewer services, parks, recreation and cultural services, planning and development services, a variety of transportation and public infrastructure programs, and other traditional support activities.

The City is empowered to levy a property tax on real and certain personal properties located within its boundaries. Subject to various stipulations set by the North Carolina General Assembly, it is also empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The Annual Budget serves as the foundation of the City's financial planning and fiscal control. The City Council is required to hold public hearings on the proposed budget and to annually adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may approve budget transfers within a fund up to \$10,000, while transfers between \$10,000 and \$50,000 require approval from the City Manager or designee. Transfers greater than \$50,000 and transfers of appropriations between funds require approval of the City Council.

Economic Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Raleigh continues to be widely recognized by independent sources as one of the nation's most attractive metropolitan areas.

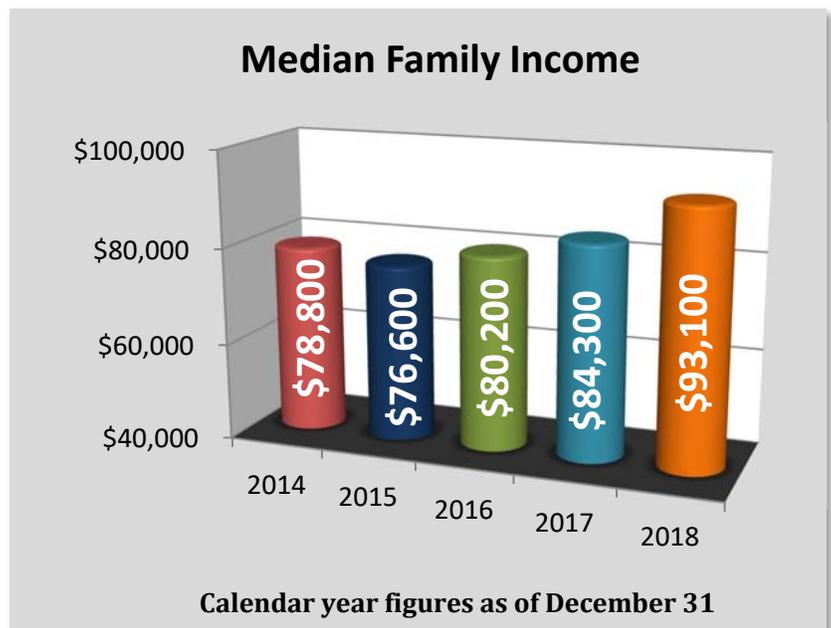
Recent accolades include:

- 2nd in the Top 100 Best Places to Live (May 2019 – Livability)
- City Museums Among Top NC Tourist Attractions (March 2019 - Carolina Publishing Associate)
- 3rd Best in Quality of Life in the World (March 2019 – NUMBEO)
- 2nd Most Family Friendly City (February 2019 - Homes)
- 8th Best City for Jobs in the U.S. (October 2018 – Glassdoor)

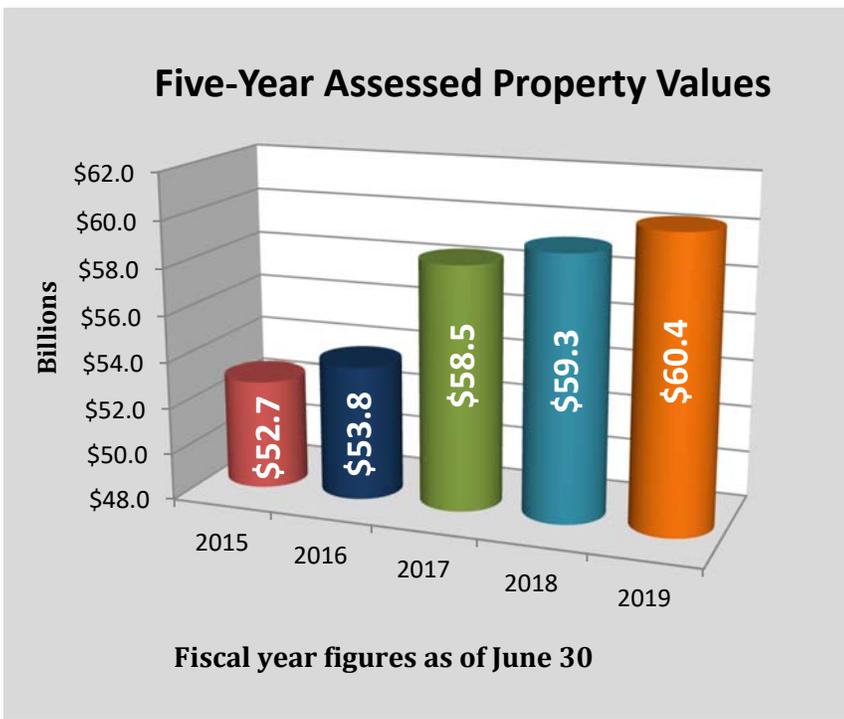
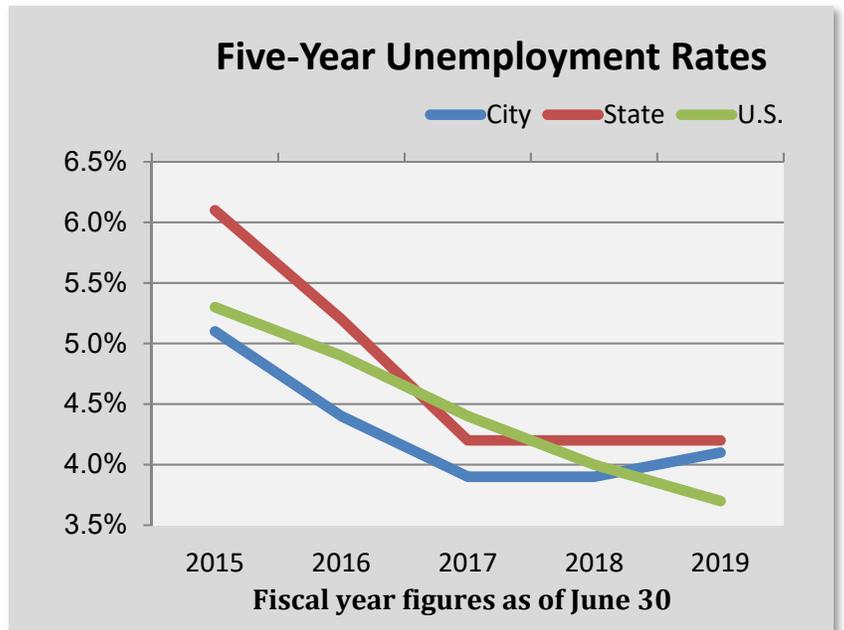
Raleigh has experienced steady growth in population and commercial activity over the past several years and remains the 41st largest city in the United States. As the capital of the state, the City derives its economic profile from a diverse combination of business and employment centers, including Federal and State government, higher education, information technology, scientific research, healthcare and retail trade.

Raleigh is the home of the principal executive, judicial and regulatory offices of State government, as well as six public and private institutions of higher education, including North Carolina State University, the largest university in North Carolina.

A thriving business environment, nationally ranked universities and outstanding health care facilities are some of the many features that attract people to the area. Specifically, downtown Raleigh has seen rapid growth in residential populations, expanding retail and continued employment opportunities. Locally, the unemployment rate at June 30, 2019 was 4.1%, which represents a slight increase from the prior year but still below the State's unemployment rate. Median family income continued an upward trend, rising to \$93,100 in calendar year 2018.



The nearby Research Triangle Park (RTP) was developed in 1959 for industrial, governmental and scientific research. Its primary objective is to attract research related institutions to the area. Its corporate residents currently consist of more than 250 organizations including International Business Machines, Cisco Systems, Fidelity Investments, GlaxoSmithKline, Wolfspeed (a Cree Company), NetApp and RTI International. RTP companies employ more than 50,000 full-time equivalent employees and contract workers. Industries such as micro-electronics, telecommunications, biotechnology, chemicals, pharmaceuticals, and environmental sciences also invest more than twice the national average in research and development at the region's universities each year.

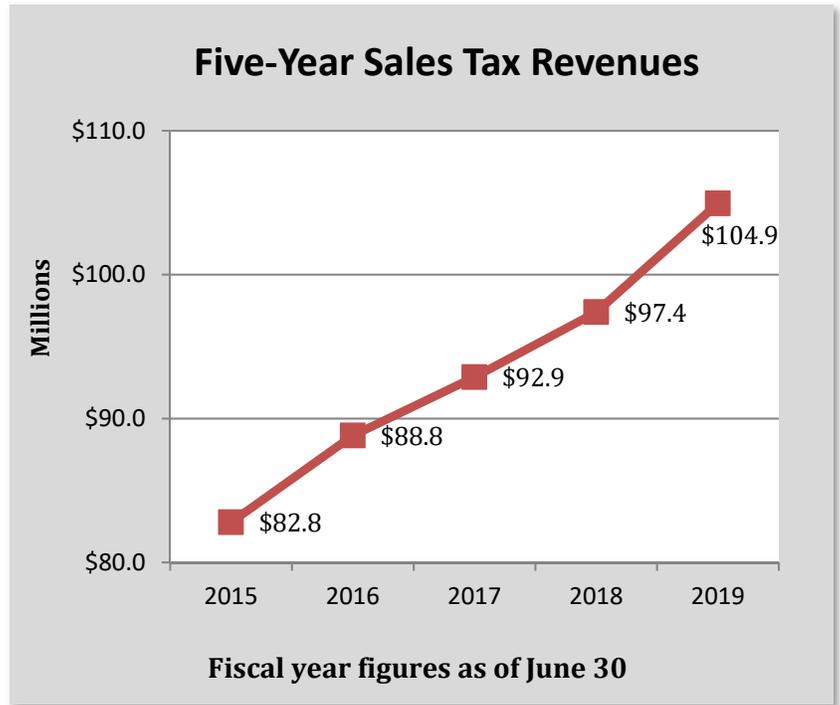


The value of construction permits remained strong at \$1.8 billion in 2019 increasing from \$1.5 billion last year. During this period, the City's taxable property base remains balanced with industrial and commercial properties which complement its residential base. Wake County properties underwent a revaluation in 2016 and the fiscal year figures reflect revised assessed values.

Retail sales for Wake County have continued to grow at a steady pace, with the City's distributions increasing by 7.8% from the previous fiscal year.

The overall economy remains strong both in the City and the region, with continued positive trends expected. The City is positioned to adapt to the rapid rate of growth it is experiencing and continues to respond effectively to citizens' needs as economic growth occurs.

Raleigh attracts over 16 million visitors annually for conferences, special events, shopping and other attractions. This experience is enhanced by facilities such as the Raleigh Convention Center Complex, Red Hat Amphitheater and Festival Site, PNC Arena, Coastal Credit Union Music Park at Walnut Creek, the Duke Energy Center for the Performing Arts, Marbles Kids Museum and IMAX Theater, numerous state museums, and major retail shopping malls. The PNC Arena is home of the Carolina Hurricanes, National Hockey League’s 2006 Stanley Cup champion, and North Carolina State University’s Wolfpack basketball team. Memorial Auditorium, at the Duke Energy Center for the Performing Arts, hosts a diversified series of plays and performances including productions of the NC Theatre and the Broadway Series South. The Duke Energy Center for the Performing Arts is the home of the North Carolina Symphony and the Carolina Ballet and features four performing arts theaters.



The City continues to recognize economic benefits from its investment in downtown and other areas of the City. The Raleigh Convention Center Complex has been met with outstanding bookings by regional, national and international conference groups, and continues to experience positive momentum. During fiscal year 2018-19, the Center held 264 events with 459,912 attendees and the Duke Energy Center for the Performing Arts held 661 events with 406,391 attendees. The Red Hat Amphitheater held 34 events in the most recent summer season and brought 115,378 attendees downtown. The Raleigh Convention Center Complex had an estimated \$49.3 million economic impact.

Major Initiatives

The City continues to invest in its vital capital infrastructure and completed several key projects and initiatives in fiscal year 2018-19. Projects continuing and those completed reflect the commitment to Citywide transportation networks, public safety, leisure services including City parks network and cultural amenities.

The Dorothea Dix Park master plan was completed following a robust public input process. Master plan highlights include public access into the park, maintaining the history and natural features of the campus, and providing the framework for a destination park for citizens of Raleigh as well as visitors. The Walnut Creek Athletic Complex renovations were completed providing nine fields with upgraded amenities to enhance patron experiences. In addition, the two new dog parks opened and upgrades were completed at the Millbrook Exchange Dog park.

The City continued its financial commitments within the community to support investment in affordable housing initiatives. A number of key projects supported include the rehabilitation of Sir Walter Apartments, construction at East College Park and completion of Wakefield Commons. In partnership with Wake County and other entities; Oak City Cares, a services hub for connecting individuals and families at risk of, or currently experiencing, homelessness held its grand opening in the spring of 2019. As a result of the City’s continued growth, resources were committed to the water and sewer infrastructure. Projects included installation of necessary infrastructure to both increase capacity as well as ensure existing lines remain in proper condition via the City’s asset management program.

The City continued to invest in transportation infrastructure to address growth needs as well as pedestrian access. Key sidewalk projects were completed on major city roads as well as pedestrian walkways at several interstate overpasses. The City continues to partner with Wake County's Transit Planning Advisory Committee (TPAC) to link regional municipalities through transportation hubs for future planning of transit needs. The City invested resources to expand information technology capabilities to maintain the integrity and security of City data and to increase productivity. The City continues to invest in energy efficient projects throughout our buildings, including lighting upgrades and updated catering facilities at the convention center. Benefits for the community were also captured with improvements to acoustics at the Performing Arts Center to improve the clarity of performances, aquatic centers, and continued playground and park improvements. In 2018-19 the first phase rollout of 200 police body worn cameras and 200 car camera systems were completed. These enhancements will yield efficiencies within the Police Department relative to evidence collection and investigations.

Long-term Financial Planning

The City seeks to consistently maintain a strong financial position as evidenced by its AAA/Aaa ratings from the three major credit rating agencies. This objective requires regular long-term planning of operating and capital requirements for its major general government and enterprise programs. In doing so, the City relies on key financial policies and procedures for managing future needs in financially responsible ways. Annually the City adopts a 10-year Capital Improvement Program (CIP) that looks ahead to plan for capital needs. Phase I encompasses the first 5 years of the CIP and addresses both project needs and financial strategy for this period. Spanning fiscal years 2019 through 2023, major areas included in Phase I are transportation, public utilities, parks recreation and cultural resources, housing, stormwater utility, technology, convention & performing arts and general public improvements. Public utilities represent the largest portion of the CIP due to the strong growth of our area and continuing infrastructure needs. Phase II of the program, spanning the second 5-year period, includes longer range projects identified as necessary for the continuation of existing service levels to the citizens of the City.

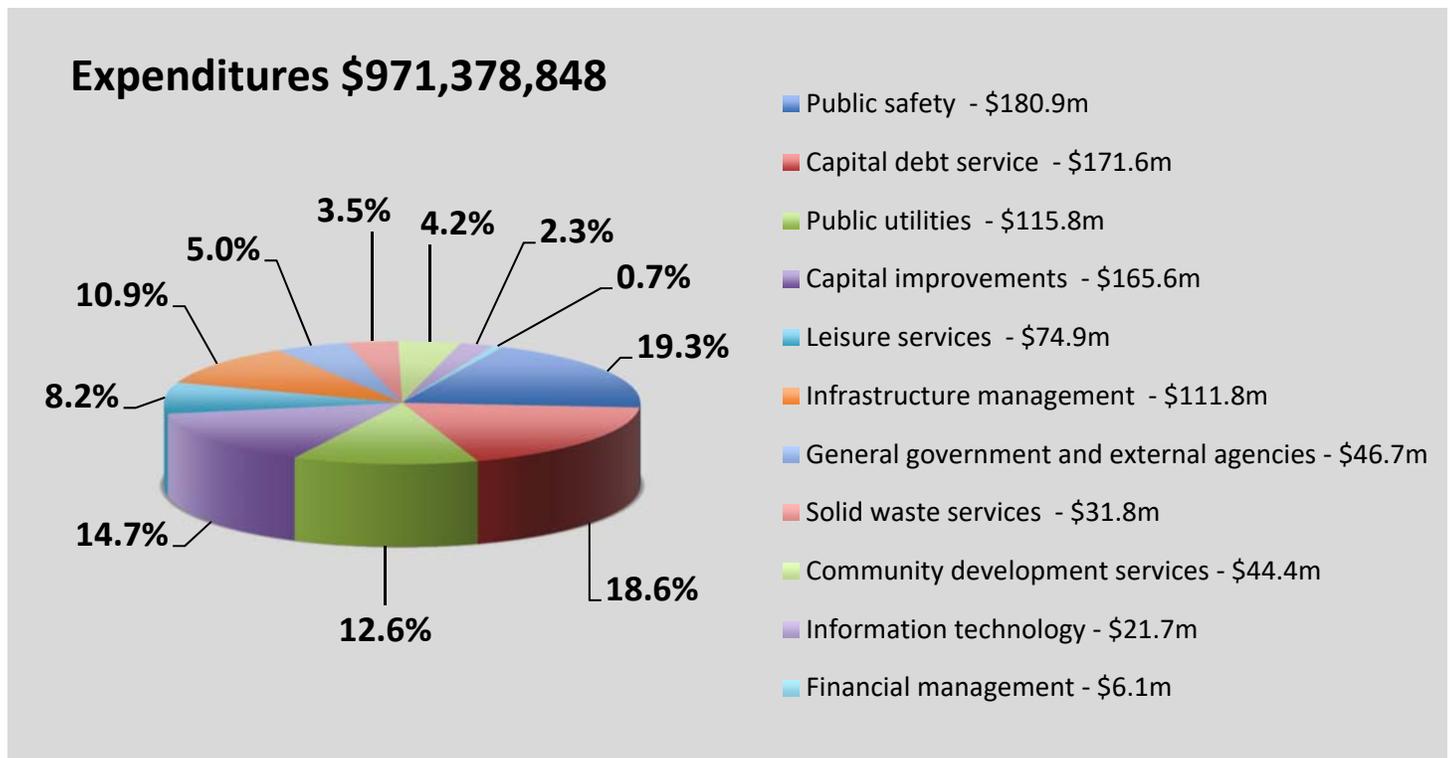
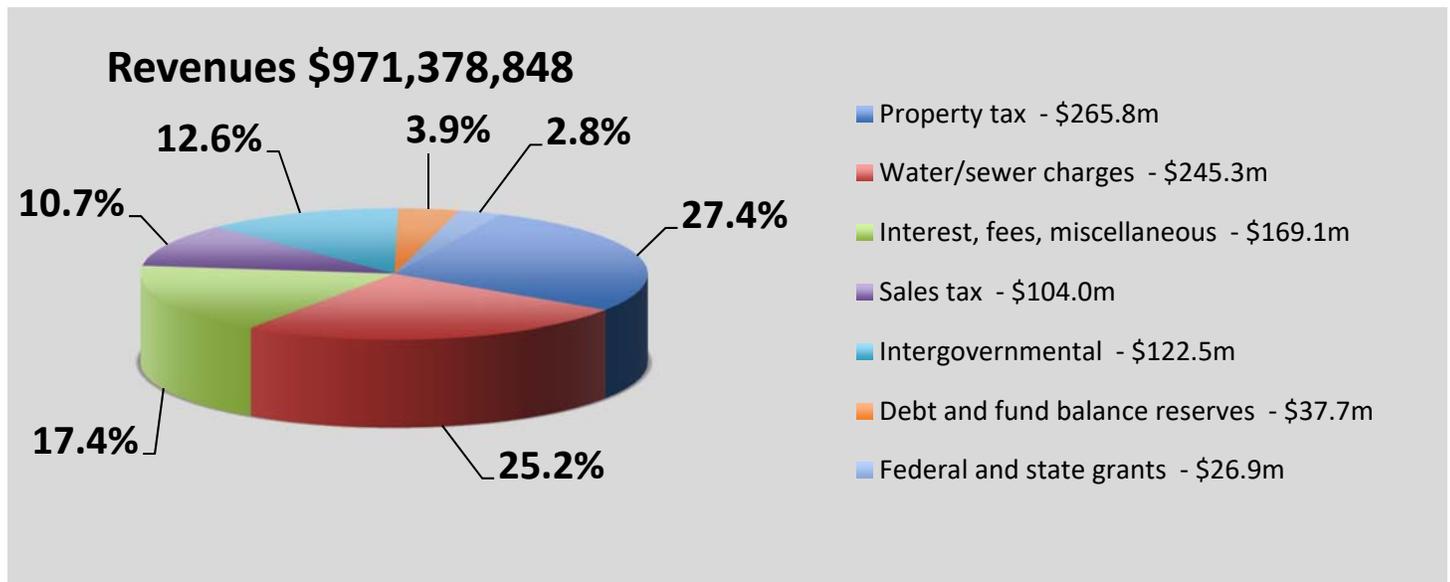
A key financial goal of the City for many years has been the maintenance of a 14.0% unassigned fund balance level in the general fund. In addition, the City can appropriate a consistent level of fund balance each year resulting from positive budget variances. These goals are met in the fiscal year 2018-19 results that are built into the 2019-20 operating budgets. Several financial models are also used in the budget process and provide a means of projecting long-term resource requirements. These include general and enterprise debt models, rate sensitivity analyses and financial proformas. Other financial practices are designed to avoid using one-time revenues to meet recurring expenditure needs and to ensure an appropriate mix of pay-as-you-go funding and long-term debt for capital needs.

General Budget Information

For the Year 2018-19

The City's Annual Budget for 2018-19, inclusive of operating and capital programs, increased by 5.7% from the prior year. The fiscal year 2018-19 property tax figure of \$265.8 million reflected a projected 5.1% increase in revenues over 2017-18 actual results of \$252.9 million. Property tax collections remain strong at 99.8% of amounts billed. The fiscal year 2018-19 sales tax budget figure of \$104.0 million reflected a projected 6.8% increase in revenues over fiscal year 2017-18 actual results of \$97.4 million. The 2018-19 budget includes an increase in revenues for water and sewer services and steady revenues for stormwater management and solid waste services. The 2018-19 operating budget remains financially strong and flexible, reflecting continued strategic investments to support a high quality of life for our community. Priorities established in the 2018-19 budget included input from the FY2019 Resident Budget Priorities Survey to include investment in public safety operations, investment in community outreach and engagement, investment in sustainability, protection of natural resources, and planning for neighborhoods and growth, investment in our greenways and parks as well as investment in human capital.

Adopted Budget 2018-19



Capital improvement budgets in fiscal year 2018-19 included new and/or continuing projects totaling \$328.5 million, including traditional project funding for transportation, utilities, parks, stormwater, housing and general public improvements.

For the Future

The fiscal year 2019-20 budget was guided by the City's Strategic Plan, the 2018 community survey, and the FY2020 Resident Budget Priorities Survey. The adopted budget strengthens the foundation in the City's workforce, operations and infrastructure.

City Council adopted the fiscal year 2019-20 Budget and fiscal years 2020 - 2024 Capital Improvement Program at the June 10, 2019 Budget Work Session. The combined capital and operating budget for the fiscal year beginning July 1, 2019 totals \$1.0 billion, which represents a 6.8% increase from the prior fiscal year's budget. The fiscal years 2020 - 2024 Capital Improvement Program totals \$2.1 billion, with \$389.0 million planned for fiscal year 2019-20. The City's capital improvement program includes major facility and equipment needs, establishes capital priorities, estimates fiscal resources, and schedules the development of funded projects.

Information on the budget can be found on the City's website, including Budget Highlights, Adopted Operating budget book, and the Adopted Capital Improvement Program book. The information is available at the link below:

<https://www.raleighnc.gov/government/content/BudgetManagement/Articles/BudgetsAndProcess.html>

Awards and Acknowledgments

The City has participated in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program since 1980. GFOA recognizes governmental units that issue their comprehensive annual financial report (CAFR) substantially in conformity with generally accepted accounting principles and all legal requirements. The City has received this award for its CAFR for thirty-eight (38) straight years since 1980.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report has been accomplished by the City's Finance Department staff. The contributions of all are invaluable and clearly reflect the high standards we have set for ourselves. The Finance Department wishes to thank all employees, as they support the strategic vision and financial well-being of the City.

It is also appropriate to thank the Mayor and members of the City Council for making possible the excellent financial position of the City through their interest and support in planning and conducting the financial affairs of the City.

Respectfully submitted,



Ruffin L. Hall • *City Manager*



Allison E. Bradsher • *Chief Financial Officer*



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Raleigh North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2018

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrill

Executive Director/CEO



FINANCIAL SECTION



Report of Independent Auditor

To the Honorable Mayor and
Members of the City Council
City of Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raleigh, North Carolina (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, other schedules, the schedule of expenditures of federal and state awards and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act, and is also not a required part of the financial statements.

The combining and individual fund statements and schedules and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and other schedules are fairly stated in all material respects in relation to all of the statements and schedules included within the financial section of the CAFR.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Raleigh, North Carolina
October 24, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Raleigh (the *City*), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

In 2018-19, the City maintained its strong financial position for both its general governmental and business-type funds. Key indicators were overall positive budget variances, increases in fund balance amounts based on operational results, growth of key general taxes and business-type revenues, and continued funding of long-term obligations such as: risk management claims, Local Governmental Employees' Retirement System (LGERS), other post-employment benefits (OPEB) and law enforcement officers' special separation allowance (LEOSSA) liabilities on an actuarial basis. The following are summary financial highlights:

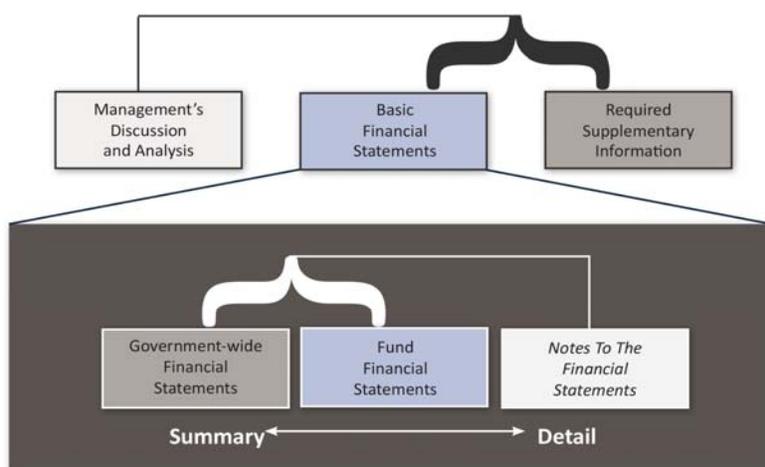
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,530.4 million (*net position*).
 - This amount represents a \$224.7 million increase in operating results from the prior year, or 9.7%
 - Of this amount, \$434.1 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$599.8 million.
 - \$380.7 million, or 63.4% is assigned for specific purposes
 - \$127.8 million for future debt service
 - \$111.0 for subsequent years' appropriation
 - \$85.4 million, or 14.2% is unassigned in the general fund and is available for spending
 - \$11.2 million, or 1.9% is considered nonspendable
 - \$117.9 million, or 19.7% is restricted by outside agencies
 - \$4.6 million, or 0.8% is committed for the law enforcement officers' special separation allowance fund
- At the end of the current fiscal year, fund balance for the general fund was \$324.2 million, a 15.0% increase over the prior year and we exceeded the City's policy associated with unassigned fund balance.
- The City entered into a new installment financing agreement of \$28.5 million for the purchase of rolling stock equipment during fiscal year 2018-19.
- The City maintained its AAA/Aaa general obligation and water and sewer bond ratings from all three major rating agencies.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City provides both an introductory and financial section in the Comprehensive Annual Financial Report (CAFR). As Figure A-1 shows, the financial section has three components – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements, as follows:
 - Governmental fund statements illustrate how general government services, such as public safety and public infrastructure, for example, were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates as a business, including the water and sewer enterprise, the convention and performing arts complex (referred to as convention center), and the operations of mass transit, stormwater management, parking facilities and solid waste services. Internal service funds are also presented within this section.
 - Fiduciary fund statements provide information about the financial relationships—for example, the retirement plan for the City's employees—in which the City acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

A-1: Components of the Financial Section



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements, specifically data related to the employee retirement systems and pension plans. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources compared to liabilities and deferred inflows of resources, with the difference between reported as *net position*. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases and decreases in net position may serve as useful indicators of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). This is intended to simplify and summarize the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities. The governmental activities of the City include general government, community development services, public infrastructure, public safety, leisure services, and economic development programs. The business-type activities of the City include water and sewer, convention center complex, mass transit, stormwater management, parking facilities and solid waste services.

The government-wide financial statements include the Walnut Creek Financing Assistance Corporation (*WCFAC, a blended component unit*), an organization formed to be the financing conduit for certain debt issuances, such as certificate of participation. The WCFAC, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 1 - 3 of this report.

Fund financial statements. Traditional users of governmental fund financial statements will find the fund financial statements presentation more familiar. However, the focus is on major funds, rather than the individual fund types. The fund financial statements provide a more detailed look at the City's most 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 City of Raleigh, like all other governmental entities in North Carolina, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as the general statutes or the City's budget ordinance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

While the focus of governmental funds is narrower than that of the government-wide financial statements, it is still useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is a major fund. Data from the other seventeen non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4 - 9 of this report.

Proprietary funds. The City 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 City uses enterprise funds to account for its water and sewer, convention center operations, parking facilities, mass transit, stormwater management operations, and solid waste services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally amongst the City's various functions. The City uses internal service funds to account for governmental and business-type activities, such as risk management, employees' health benefits trust and vehicle fleet services. The City also maintains equipment replacement funds for governmental, solid waste services and public utilities. These internal services benefit government-wide functions except for the public utilities and solid waste services equipment replacement funds, which benefit business-type functions. These services have been included within their respective predominant activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the six enterprise funds, all reported as major. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 10 - 17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 18 - 19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 72 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Raleigh's progress in funding its obligation to provide pension benefits to City employees, which includes Other Post-Employment Benefits (OPEB), Local Government Employees' Retirement System (LGERS), as well as Law Enforcement Officers' Special Separation Allowance (LEOSSA). Required supplementary information can be found on pages 73 - 80 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 81 - 159 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of a government's financial condition. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,530.4 million at the close of the most recent fiscal year, which increased by \$224.7 million from the previous fiscal year. The following table reflects the condensed Statement of Net Position:

City of Raleigh's Net Position						
<i>(in millions of dollars)</i>						
	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2019	2018	2019	2018	2019
Current and other assets	\$699.7	\$717.5	\$601.8	\$642.6	\$1,301.5	\$1,360.1
Capital assets	1,208.0	1,244.0	1,970.0	2,028.9	3,178.0	3,272.9
Total assets	1,907.7	1,961.5	2,571.8	2,671.5	4,479.5	4,633.0
Deferred outflows of resources	50.5	79.9	80.5	100.0	131.0	179.9
Total assets and deferred outflows of resources	1,958.2	2,041.4	2,652.3	2,771.5	4,610.5	4,812.9
Long-term liabilities outstanding	652.1	619.9	1,138.8	1,096.1	1,790.9	1,716.0
Net pension liabilities	227.5	249.9	67.6	75.5	295.1	325.4
Other liabilities	51.2	49.7	99.6	121.0	150.8	170.7
Total liabilities	930.8	919.5	1,306.0	1,292.6	2,236.8	2,212.1
Deferred inflows of resources	48.7	51.0	19.3	19.4	68.0	70.4
Total liabilities and deferred inflows of resources	979.5	970.5	1,325.3	1,312.0	2,304.8	2,282.5
Net investment in capital assets	695.9	726.5	937.8	1,030.6	1,633.7	1,757.1
Restricted	363.2	339.2	-	-	363.2	339.2
Unrestricted	(80.4)	5.2	389.2	428.9	308.8	434.1
Total net position	\$ 978.7	\$ 1,070.9	\$ 1,327.0	\$ 1,459.5	\$ 2,305.7	\$ 2,530.4

The 2017-18 results include the impacts of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," which recognized the full burden of the City's long-term OPEB liability. The City of Raleigh reported positive balances in all three categories of net position.

By far the largest portion of the City's net position (\$1,757.1 million or 69.4%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$339.2 million or 13.4%) represents resources that are subject to external restrictions on how they may be used. The largest portions of restricted net position are for community development projects (\$141.9 million) and capital projects (\$133.6 million). The remaining balance of unrestricted net position (\$434.1 million or 17.2%) may be used to meet the City's ongoing operations.

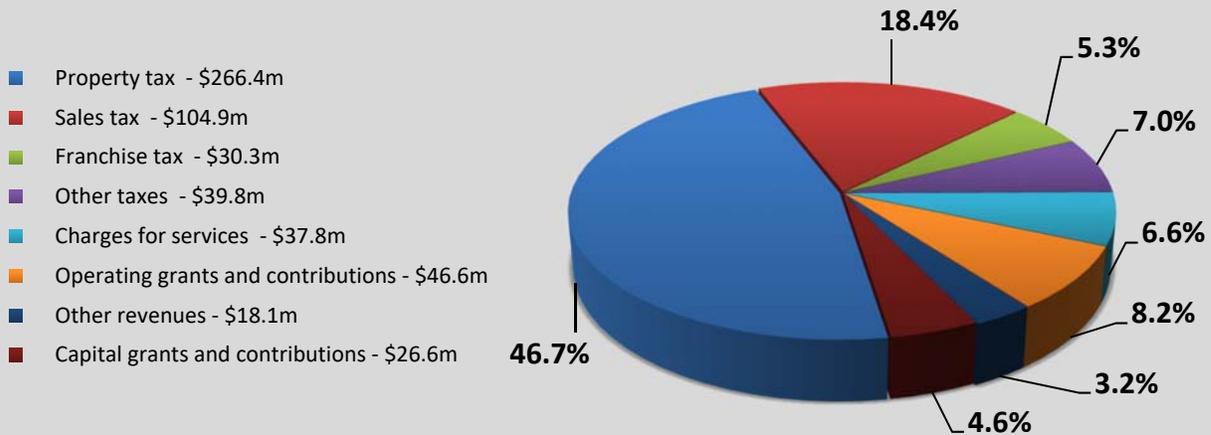
The \$224.7 million increase in net position for fiscal year 2018-19 is shown further in the table below. In addition to the City's continued investment in capital assets, growth in revenues and diligent monitoring of expenditures had positive impacts to results.

City of Raleigh's Changes in Net Position						
<i>(in millions of dollars)</i>						
	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2019	2018	2019	2018	2019
Revenues:						
Program revenues:						
Charges for services	\$ 34.6	\$ 37.8	\$ 343.0	\$ 350.0	\$ 377.6	\$ 387.8
Operating grants and contributions	41.5	46.6	11.3	9.8	52.8	56.4
Capital grants and contributions	37.6	26.6	5.9	24.8	43.5	51.4
General revenues:						
Property taxes	253.0	266.4	-	-	253.0	266.4
Other taxes	166.6	175.0	-	-	166.6	175.0
Other	7.1	18.1	4.7	17.1	11.8	35.2
Total revenues	540.4	570.5	364.9	401.7	905.3	972.2
Expenses:						
General government	54.0	55.0	-	-	54.0	55.0
Community development services	28.3	31.2	-	-	28.3	31.2
Public infrastructure	71.5	76.0	-	-	71.5	76.0
Public safety	168.7	177.8	-	-	168.7	177.8
Leisure services	62.7	65.7	-	-	62.7	65.7
Economic development programs	5.5	4.1	-	-	5.5	4.1
Interest on long-term debt	18.9	17.6	-	-	18.9	17.6
Water and sewer	-	-	169.2	175.9	169.2	175.9
Convention center complex	-	-	34.6	35.2	34.6	35.2
Mass transit	-	-	42.1	46.5	42.1	46.5
Parking facilities	-	-	13.0	13.7	13.0	13.7
Solid waste services	-	-	34.1	35.5	34.1	35.5
Stormwater management	-	-	16.6	18.0	16.6	18.0
Total expenses	409.6	427.4	309.6	324.8	719.2	752.2
Increase in net position before transfers	130.8	143.1	55.3	76.9	186.1	220.0
Transfers in (out)	(50.8)	(55.0)	50.8	55.0	-	-
Gain on the sale of property	3.5	4.1	0.8	0.6	4.3	4.7
Capital contribution	-	-	-	-	-	-
Increase in net position	83.5	92.2	106.9	132.5	190.4	224.7
Net position, beginning of year	1,078.2	978.7	1,288.5	1,327.0	2,366.7	2,305.7
Restatement	(183.0)	-	(68.4)	-	(251.4)	-
Net position, end of year	\$ 978.7	\$ 1,070.9	\$ 1,327.0	\$ 1,459.5	\$ 2,305.7	\$ 2,530.4

GOVERNMENTAL ACTIVITIES

Revenues for the City's governmental activities were \$570.5 million, while expenses were \$427.4 million. The increase in net position from operations for governmental activities (after transfers out of \$55.0 million and a gain on the sale of property of \$4.1 million) was \$92.2 million driven by an increase in taxes and intergovernmental revenues, and a continued focus on expense management.

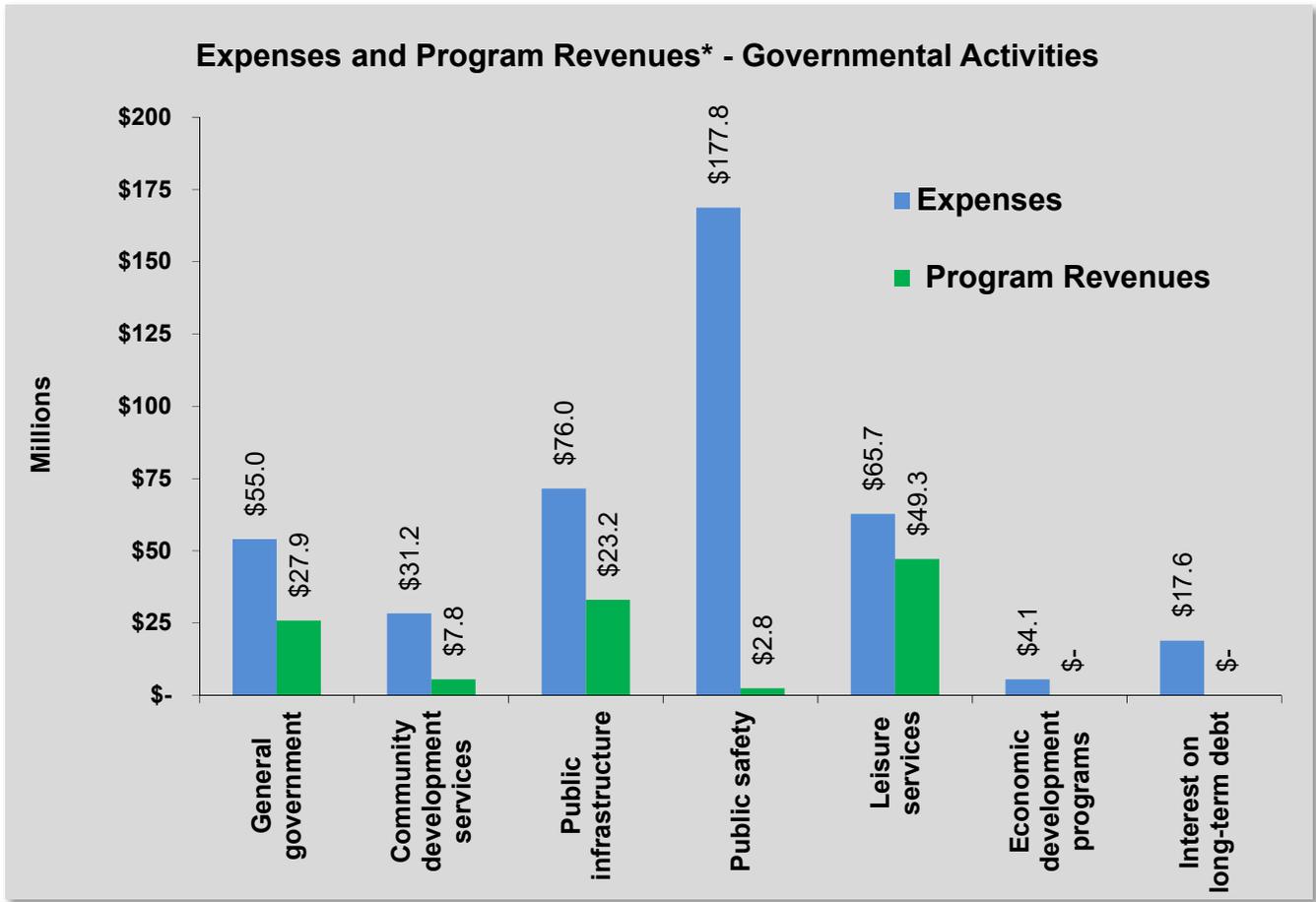
Revenues by Source - Governmental Activities - \$570.5 million



The reported results for the fiscal year for the governmental activities show that:

- The City received \$459.5 million (or 80.6%) in general revenues from taxes and other revenues:
 - Property taxes - \$266.4 million
 - Sales taxes - \$104.9 million
 - Franchise taxes - \$30.3 million
 - Other taxes - \$39.8 million
 - Other revenues - \$18.1 million
- General revenues are used to pay for the \$316.3 million net cost of governmental activities, which represents the cost of services not covered by program revenues.
- Those who directly benefited from service-fee based programs, such as ones involving parks, recreation and cultural resources and development related fees, paid \$37.8 million in charges for those services.
- Other governments and organizations subsidized certain City programs with grants and contributions totaling \$73.2 million.
 - Support from various federal and state agencies - \$42.0 million
 - Interlocal support from Wake County for debt service and other expenses on the convention center complex - \$31.2 million
- The total cost of all governmental activities this year was \$427.4 million. This cost was incurred in order to provide comprehensive municipal services to the citizens of Raleigh. These services include, but are not limited to: public safety (police, fire, emergency communication), public infrastructure (street maintenance, transportation), leisure services (parks, recreation and cultural resources), general government (city management, finance, information technology) and others. The City's four largest governmental programs represent 87.7% of the total governmental activities:
 - Public safety - 41.6%
 - Public infrastructure - 17.8%
 - Leisure services - 15.4%
 - General government - 12.9%

- As depicted on the chart below, program expenses exceed program revenues for all governmental activities. This is to be expected as other general sources of revenue such as property taxes and sales taxes received by the City are used to subsidize the gap between program expenditures and program revenues.



* Program revenues include charges for services, grant revenues and capital contributions

BUSINESS-TYPE ACTIVITIES

Revenues of the City's business-type activities were \$401.7 million, and expenses were \$324.8 million. The increase in net position from operations for business-type activities (after transfers in of \$55.0 million and a gain on the sale of property of \$0.6 million) was \$132.5 million in 2019. The following table shows the total cost and net cost or revenue for these services.

Net Cost of Business-Type Activities <i>(in millions of dollars)</i>				
	Total Cost of Services		Net (Cost) Revenue of Services	
	2018	2019	2018	2019
Water and sewer	\$ 169.2	\$ 175.9	\$ 88.0	\$ 86.0
Convention center complex	34.6	35.2	(19.9)	(18.9)
Mass transit	42.1	46.5	(22.9)	(9.2)
Parking facilities	13.0	13.7	3.2	3.1
Solid waste services	34.1	35.5	(6.3)	(6.7)
Stormwater management	16.6	18.0	8.5	5.5
Total	\$ 309.6	\$ 324.8	\$ 50.6	\$ 59.8

The largest business-type operation is the City's water and sewer utility. Water and sewer utility operations are supported by financial models to ensure both operational and capital infrastructure needs are maintained and properly funded. Water and sewer operating revenue of \$258.2 million in 2018-19 reflects an increase of 2.5% from the prior year. The increase in revenue was consistent with management's expectations and is in alignment with financial projection models. Operating expenses of \$147.0 million increased 3.1% from prior year and reflect continued due diligence on cost measures.

Convention Center Complex operations, including the Performing Arts venue, recognized \$16.4 million of operating revenues in 2018-19, an increase of 11.6% from prior year. Continued management of event offerings and diversifications of show types have generated increased revenue growth. Operating expenses of \$26.1 million increased 2.8% from 2017-18 primarily due to additional event offerings. The Convention Center Complex is partially funded by outside sources, specifically Wake County interlocal room occupancy tax as well as prepared food and beverage tax. In addition, the general fund provides a subsidy to the Performing Arts Center. Overall, operations were consistent with expectations.

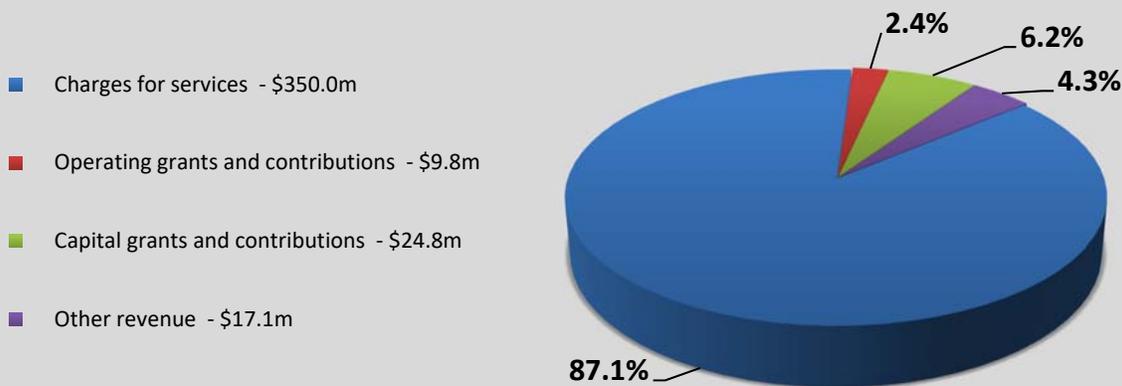
The parking facilities operations generated \$16.8 million of operating revenues in 2018-19, an increase of 3.1% from prior year. This is the result of continued growth in the downtown area and an increased demand for parking. Operating expenses of \$11.6 million increased 2.7% from 2017-18, which is consistent with expectations.

Mass transit operating revenues of \$6.1 million in 2018-19 reflects a 7.0% increase from the prior year. The main drivers of this increase are from intergovernmental revenues, both from external grant awards as well as funding from the Wake County Transit Plan that distributes the 0.5% sales tax collected within Wake County to support new and improved transit services. As expected, due to the continued implementation of the Wake County Transit Plan, operating expenses of \$46.5 million increased 10.5% compared to the prior year. The mass transit operations are subsidized by the general fund and at the federal and state level through grant funding. Overall, mass transit operations met expectations.

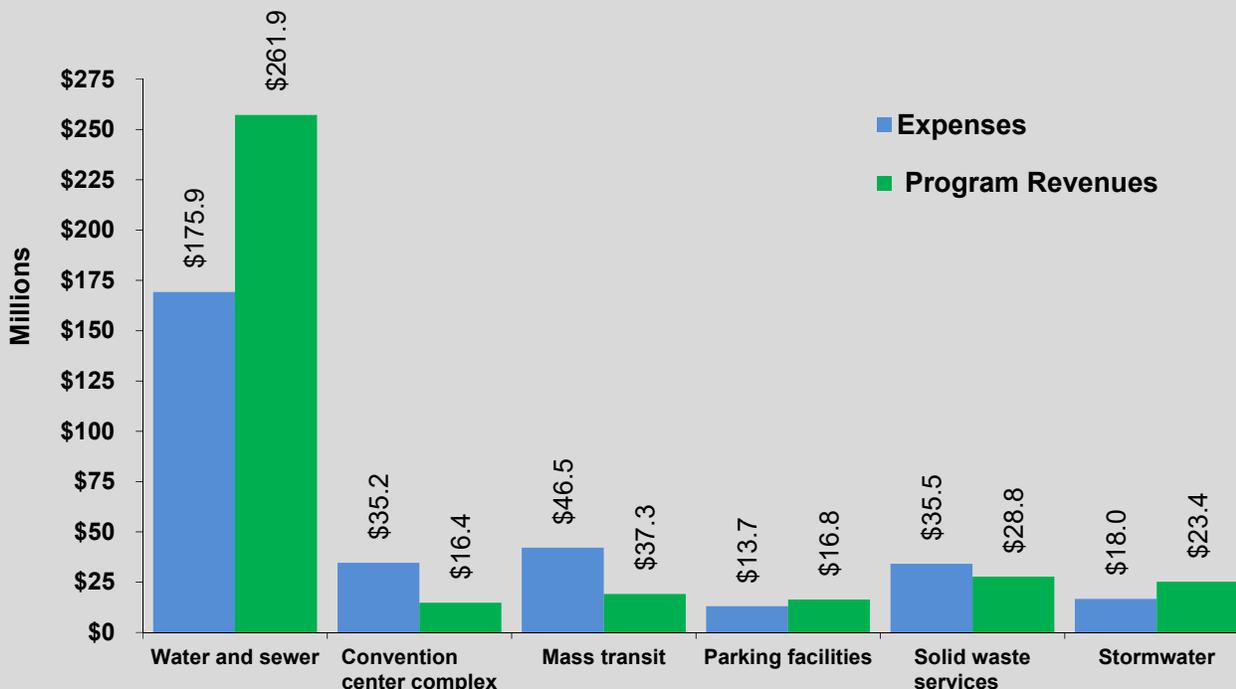
Stormwater management generated operating revenues of \$23.3 million in 2018-19, an increase of 1.3% from prior year. This is the result of continued increased stormwater needs throughout the City. Operating expenses of \$17.8 million increased 6.0% from 2017-18, which reflects additional staffing required to support increased stormwater need. Results are consistent with expectations.

Solid waste services operating revenues of \$28.3 million in 2018-19 reflects a 3.7% increase from the prior year due to continued growth from collection points within the City. Solid waste services operations are partially subsidized by the general fund. Operating expenses of \$33.9 million decreased 2.0% compared to 2017-18 due to diligent management of expenses. Overall results are in line with expectations.

Revenues by Source - Business-type Activities - \$401.7 million



Expenses and Program Revenues* - Business-type Activities



* Program revenues include charges for services, grant revenues and capital contributions

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Raleigh uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *assigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City of Raleigh's governmental funds reported combined ending fund balances of \$599.8 million, an increase of \$14.5 million or 2.5%, in comparison with the prior year. The fund balance increase in 2018-19 was the result of increased revenue and ongoing management of expenditures.

Classification of fund balance is as follows:

- Approximately 1.9% is considered to be *nonspendable*, representing the City's investment in inventories as well as loans receivable arising from community and economic development program initiatives.
- Approximately 19.7% is not available and *restricted* for:
 - State statute - \$61.3 million
 - Debt service costs and encumbrances - \$53.9 million
 - Federal program reserves - \$2.4 million
 - Public safety - \$0.3 million
- Approximately 63.4% constitutes *assigned* fund balance, which is available for spending at the government's discretion.
- Approximately 0.8% is *committed* for the law enforcement officers' separation allowance plan.
- The remaining 14.2% is *unassigned*, and represents the City's residual net resources.

Governmental Fund Balance Classification at June 30, 2019 (in millions of dollars)

	Major General Fund	Nonmajor Governmental	Total Governmental	%
Nonspendable	\$ 11.2	\$ -	\$ 11.2	1.9%
Restricted:				
State statute	61.3	-	61.3	10.2%
Debt service	-	53.9	53.9	9.0%
Federal programs	2.4	-	2.4	0.4%
Public safety	-	0.3	0.3	0.1%
	<u>63.7</u>	<u>54.2</u>	<u>117.9</u>	<u>19.7%</u>
Committed	4.6	-	4.6	0.8%
Assigned	159.3	221.4	380.7	63.4%
Unassigned	85.4	-	85.4	14.2%
Total fund balance	\$ 324.2	\$ 275.6	\$ 599.8	100.0%

The general fund is the chief operating fund of the City. The fund balance of the general fund increased by \$42.3 million during the current fiscal year. General governmental revenues exceeded the budget by \$12.7 million for the current year. Revenues were utilized for normal City programs and ongoing operations

The North Carolina Local Government Commission strongly recommends that local governments maintain an unassigned fund balance of at least 8.0% of general fund expenditures. The City's policy is to maintain an unassigned fund balance of at least 14.0% of the succeeding year's expenditure budget. Unassigned fund balance of \$85.4 million represents 16.3% of the 2019-20 general fund expenditure budget. Unassigned fund balance is the amount remaining after management's policy designations. City Council will review unassigned fund balance in excess of the internal 14.0% policy at fiscal year-end to determine, at their discretion, if they want to appropriate amounts for one-time obligations during the next budget year to support key City initiatives and projects.

Proprietary funds. The City of Raleigh's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. All enterprise funds are treated as major funds and include the water and sewer, convention and performing arts complex, mass transit, stormwater management, parking facilities and solid waste services funds. Additional discussion concerning the finances of these funds has already been addressed in the discussion of the City's business-type activities.

BUDGETARY HIGHLIGHTS

During the fiscal year, City Council approved various modifications to the original, approved budget. Generally, budget amendments fall into one of four categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once final information is available; 2) amendments made to recognize new funding amounts from external sources, such as from Federal or State grants; 3) increases in appropriations that become necessary to maintain services; and 4) amounts that are carried over from the previous year and re-designated for the subsequent year's expenditures.

General Fund. General fund revenues overall continued to increase, including the City's primary revenue streams of property tax and sales tax. General fund expenditures came in well below budget, which resulted in a positive budget variance of \$56.7 million. All expenditure functions and departments reported positive budget variances, which is a result of conservative budget practices as well as the City's cost management efforts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Raleigh's cumulative investment in capital assets for its governmental and business-type activities, as of June 30, 2019, amounts to \$3.3 billion (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, watershed protection rights, buildings and machinery, water and sewer systems, streets and sidewalks, parking decks, buses, equipment, furniture and fixtures, enterprise-wide software and general improvements. The City's investment in capital assets for the current fiscal year was \$94.9 million, a 3.0% increase over prior year.

Major capital asset investments during the fiscal year included the following:

- Construction began and/or was completed for governmental activities including a variety of street, park and building improvement projects. Total governmental projects completed and capitalized in fiscal year 2018-19 were \$60.2 million. Examples include:
 - A city-wide traffic signal systems upgrade was completed for a total capitalized cost of \$23.8 million
 - Community center improvements were completed for a total capitalized cost of \$17.8 million
 - Park improvements and park land acquisitions were completed for a total capitalized cost of \$12.4 million
 - Several technology and street projects were completed
- Governmental equipment acquisitions added \$11.5 million to the City's rolling stock inventory
- Construction in progress for all governmental activities was \$332.0 million

- Construction began and/or was completed for various enterprise operations. Total enterprise projects completed and capitalized in fiscal year 2018-19 amounted to \$24.0 million. Enterprise capital asset investments completed during the year included:
 - Water & Sewer Utility Projects:
 - Hillsborough Street and Garner Road Transmission Lines – combined \$6.4 million
 - Meter replacements - \$3.3 million
 - Big Branch Pump Station Improvements - \$1.9 million
 - Stormwater Projects:
 - Northshore Lake - \$4.0 million
 - FEMA Flood Mitigation - \$2.2 million
 - RCC Projects for various security and building upgrades – combined \$1.2 million
- Enterprise equipment acquisitions added \$10.0 million to the City's rolling stock inventory
- Construction in progress for all enterprise activities was \$561.2 million
- Annexations added \$1.9 million to streets for governmental activities and \$3.2 million to water and sewer systems for the business-type activities

Capital Assets*							
<i>(in millions of dollars)</i>							
	Governmental Activities		Business-type Activities		Total Activities		
	2018	2019	2018	2019	2018	2019	
Land	\$ 211.2	\$ 214.8	\$ 82.7	\$ 82.7	\$ 293.9	\$ 297.5	
Construction in progress	311.3	331.9	482.3	561.2	793.6	893.1	
Watershed protection rights	-	-	4.7	4.8	4.7	4.8	
Buildings and machinery	236.0	228.5	272.4	264.4	508.4	492.9	
Water and sewer systems	-	-	809.8	797.5	809.8	797.5	
Streets and sidewalks **	249.1	229.5	-	-	249.1	229.5	
Parking decks	-	-	105.7	101.7	105.7	101.7	
Buses	-	-	13.0	19.7	13.0	19.7	
Equipment	36.9	36.9	30.5	32.2	67.4	69.1	
Improvements	135.5	176.7	168.9	164.7	304.4	341.4	
Enterprise-wide software	28.0	25.7	-	-	28.0	25.7	
Total	\$ 1,208.0	\$ 1,244.0	\$ 1,970.0	\$ 2,028.9	\$ 3,178.0	\$ 3,272.9	

*Amounts shown net of accumulated depreciation

** Streets and sidewalks for business-type activities consolidated with improvements in fiscal year 2018-19

Additional information on the City's capital assets can be found on pages 32 - 34 of the notes to the financial statements of this report.

Long-term debt. At the end of the current fiscal year, the City had total general obligation bonds outstanding of \$297.4 million. The remainder of the City's debt represents revenue bonds (\$647.8 million) and installment financing agreements (\$605.3 million – installment notes, certificates of participation, limited obligation bonds, etc.) secured solely by specified revenue sources and property.

Long-Term Debt (in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Activities	
	2018	2019	2018	2019	2018	2019
General obligation bonds	\$ 323.5	\$ 297.4	\$ -	\$ -	\$ 323.5	\$ 297.4
Revenue bonds	-	-	673.8	647.8	673.8	647.8
Installment financing agreements	235.8	230.5	387.0	374.8	622.8	605.3
Total	\$ 559.3	\$ 527.9	\$ 1,060.8	\$ 1,022.6	\$ 1,620.1	\$ 1,550.5

State statute limits the amount of general obligation debt a governmental entity may issue to 8.0% of the total assessed value of taxable property. The City's outstanding net debt of \$1,207.5 million (*Legal Debt Margin Information statistical schedule*) is significantly less than the current debt limitation of \$4,833.2 million.

The City's ongoing strong financial condition is evidenced by the continuation of its highest level Aaa rating from Moody's Investors Service and AAA ratings from S&P Global and Fitch Ratings. All three of these top credit rating agencies maintain the highest rating category level on both the general obligation and public utility revenue secured bonds issued by the City. Raleigh is one of the few cities in the nation to have achieved these superior credit ratings, providing benefits such as obtaining the lowest interest costs for the City's outstanding debt issuances.

Further detailed information on the City of Raleigh's long-term debt can be found in the notes to the financial statements on pages 37 - 50 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As noted in the above discussion and analysis, the financial results for the year ended June 30, 2019 continue to reflect positive trends in the local economy. Property tax, sales tax and certain growth-related revenues are projected to continue to increase for fiscal year 2019-20 but at a moderate pace, combined with the ongoing diligent management of City expenses, the City should again meet our fund balance goals and maintain our AAA/Aaa general credit ratings. Through the following budget highlights, City management and staff remain committed to providing Raleigh citizens a high quality of service at a reasonable cost.

Highlights of the City's budget for the 2019-20 fiscal year include the following:

- The 2019-20 combined budgets for operating and capital programs total \$1,037.0 million, representing a 6.8% overall increase over the 2018-19 combined budget.

- The adopted General Fund budget for 2019-20 of \$519.0 million increased 1.9% over the prior year adopted budget.
 - The primary revenue source, property taxes, is budgeted at \$271.4 million, an increase of \$5.6 million, or 2.1% from 2018-19.
 - The 2019-20 budget for sales tax is \$106.6 million, an increase of \$2.6 million, or 2.5% from 2018-19.
- Consistent with the City's multi-year utility rate model, the budget for water and sewer charges increased 2.4% from \$245.3 million to \$251.1 million for the 2019-20 budget year. This increase is attributed to approved sewer administration adjustments.
- The 2019-20 capital budget includes new and/or continuing projects totaling \$389.0 million, including transportation, transit, parks, utilities, parking and general public facilities projects.

REQUESTS FOR INFORMATION

This report is designed to provide readers with a full accountability of the City of Raleigh's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the:

Office of the Chief Financial Officer
City of Raleigh
PO Box 590
Raleigh, North Carolina 27602
(919) 996-3215

Basic Financial Statements

The Basic Financial Statements provide a dual perspective summary overview of the financial position and operating results of the government as a whole (government-wide financial statements) and of all funds (fund financial statements). They also serve as a condensed introduction to the more detailed statements and schedules that follow.

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 509,750,531	\$ 501,354,187	\$ 1,011,104,718
Taxes receivable, net of allowance for uncollectibles of \$9,834,872	357,191	-	357,191
Assessments receivable, net of allowance for uncollectibles of \$292,884	710,261	464,122	1,174,383
Customer receivables, net of allowance for uncollectibles of \$9,528,647	30,759	29,687,922	29,718,681
Franchise tax receivable	7,556,542	-	7,556,542
Due from transit management	-	2,587,154	2,587,154
Due from other governmental agencies	15,808,001	13,802,903	29,610,904
Accrued interest receivable	2,789,311	2,684,749	5,474,060
Other receivables and assets	1,837,501	217,397	2,054,898
Sales tax receivable	32,296,713	3,558,444	35,855,157
Internal balances	12,532,662	(12,532,662)	-
Inventories	3,470,562	9,380,329	12,850,891
Loans receivable, net of allowance \$9,137,018	75,436,048	-	75,436,048
Cash and cash equivalents/investments - restricted deposits and bond proceeds	54,959,278	91,370,181	146,329,459
Capital assets:			
Land, construction in progress, watershed protection rights	546,742,857	648,718,811	1,195,461,668
Other capital assets, net of depreciation	697,242,333	1,380,178,780	2,077,421,113
Total assets	1,961,520,550	2,671,472,317	4,632,992,867
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized refunding charges	7,705,063	26,993,357	34,698,420
Pension deferrals - LEOSSA	8,251,789	-	8,251,789
Pension deferrals - LGERS	57,168,066	14,237,991	71,406,057
Pension deferrals - OPEB	6,769,008	2,545,961	9,314,969
Accumulated decrease in fair value of hedging derivatives	-	56,235,171	56,235,171
Total deferred outflows of resources	79,893,926	100,012,480	179,906,406
LIABILITIES			
Accounts payable	21,933,884	21,432,546	43,366,430
Accrued salaries and employee payroll taxes	11,430,564	1,520,131	12,950,695
Accrued interest payable	4,068,677	10,377,815	14,446,492
Sales tax payable	28,039	50,491	78,530
Loan servicing escrow	1,042,809	-	1,042,809
Due to other governmental agencies	736,698	824,425	1,561,123
Due to fiduciary funds	335,704	-	335,704
Other current liabilities	73,303	-	73,303
Escrow and other deposits payable from restricted assets	2,974,394	30,539,186	33,513,580
Reimbursable facility fees	7,034,222	-	7,034,222
Derivative instrument liability	-	56,235,171	56,235,171
Long-term liabilities:			
Due within one year	78,409,228	64,412,531	142,821,759
Due in more than one year	541,480,685	1,031,721,888	1,573,202,573
Net pension liability - LEOSSA	46,961,348	-	46,961,348
Net pension liability - LGERS	66,997,916	24,699,982	91,697,898
Net pension liability - OPEB	135,985,994	50,756,621	186,742,615
Total liabilities	919,493,465	1,292,570,787	2,212,064,252
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	1,049,203	1,473,135	2,522,338
Pension deferrals - LEOSSA	1,827,949	-	1,827,949
Pension deferrals - LGERS	1,143,912	447,062	1,590,974
Pension deferrals - OPEB	46,860,603	17,534,236	64,394,839
Prepaid taxes and assessments	100,075	-	100,075
Total deferred inflows of resources	50,981,742	19,454,433	70,436,175
NET POSITION			
Net investment in capital assets	726,471,657	1,030,539,397	1,757,011,054
Restricted for:			
Capital projects	133,641,367	-	133,641,367
Community development projects	141,916,788	-	141,916,788
Stabilization by state statute	61,322,932	-	61,322,932
Federal programs	2,392,803	-	2,392,803
Unrestricted	5,193,722	428,920,180	434,113,902
Total net position	\$ 1,070,939,269	\$ 1,459,459,577	\$ 2,530,398,846

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 54,953,789	\$ 26,141,481	\$ 1,656,560	\$ 121,901
Community development services	31,159,647	104,605	4,330,966	3,325,381
Public infrastructure	75,981,743	692,383	3,744,970	18,791,375
Public safety	177,817,507	-	2,800,950	-
Leisure services	65,733,507	10,870,400	34,100,834	4,343,506
Economic development programs	4,151,175	-	-	-
Interest and other debt service	17,560,304	-	-	-
Total governmental activities	427,357,672	37,808,869	46,634,280	26,582,163
Business-type activities:				
Water and sewer	175,882,037	258,607,838	-	3,245,756
Convention center complex	35,253,382	16,416,612	-	-
Mass transit	46,532,043	6,134,189	9,836,045	21,347,647
Parking facilities	13,699,373	16,787,336	-	-
Solid waste services	35,497,472	28,796,384	-	-
Stormwater	17,970,365	23,258,693	-	218,010
Total business-type activities	324,834,672	350,001,052	9,836,045	24,811,413
Total City of Raleigh	\$ 752,192,344	\$ 387,809,921	\$ 56,470,325	\$ 51,393,576

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Governmental activities:			
General government	\$ (27,033,847)	\$ -	\$ (27,033,847)
Community development services	(23,398,695)	-	(23,398,695)
Public infrastructure	(52,753,015)	-	(52,753,015)
Public safety	(175,016,557)	-	(175,016,557)
Leisure services	(16,418,767)	-	(16,418,767)
Economic development programs	(4,151,175)	-	(4,151,175)
Interest and other debt service	(17,560,304)	-	(17,560,304)
Total governmental activities	(316,332,360)	-	(316,332,360)
Business-type activities:			
Water and sewer	-	85,971,557	85,971,557
Convention center complex	-	(18,836,770)	(18,836,770)
Mass transit	-	(9,214,162)	(9,214,162)
Parking facilities	-	3,087,963	3,087,963
Solid waste services	-	(6,701,088)	(6,701,088)
Stormwater	-	5,506,338	5,506,338
Total business-type activities	-	59,813,838	59,813,838
Total City of Raleigh	(316,332,360)	59,813,838	(256,518,522)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	266,350,279	-	266,350,279
Local sales tax	104,943,166	-	104,943,166
Franchise tax	30,320,208	-	30,320,208
Other taxes	39,798,230	-	39,798,230
Unrestricted investment earnings	15,635,865	17,022,213	32,658,078
Gain on the sale of property	4,164,754	556,832	4,721,586
Miscellaneous	2,430,960	-	2,430,960
Total general revenues not including transfers	463,643,462	17,579,045	481,222,507
Transfers	(55,045,978)	55,045,978	-
Total general revenues and transfers	408,597,484	72,625,023	481,222,507
Change in net position	92,265,124	132,438,861	224,703,985
Net position - beginning of year	978,674,145	1,327,020,716	2,305,694,861
Net position - end of year	\$ 1,070,939,269	\$ 1,459,459,577	\$ 2,530,398,846

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

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 268,345,160	\$ 185,070,756	\$ 453,415,916
Taxes receivable, net of allowance for uncollectibles of \$9,834,872	357,191	-	357,191
Assessments receivable, net of allowance for uncollectibles of \$185,261	314,096	396,165	710,261
Customer receivables	30,759	-	30,759
Franchise taxes receivable	7,556,542	-	7,556,542
Due from other governmental agencies	3,061,889	12,746,112	15,808,001
Accrued interest receivable	2,304,972	276,241	2,581,213
Other receivables and assets	919,307	822	920,129
Sales tax receivable	30,793,068	994,836	31,787,904
Due from other funds	19,141,861	101,380	19,243,241
Inventories	2,896,165	-	2,896,165
Loans receivable, net of allowance for uncollectibles of \$9,137,019	8,300,938	67,135,110	75,436,048
Cash and cash equivalents /investments - restricted deposits and bond proceeds	57,715	36,733,814	36,791,529
Total assets	<u>\$ 344,079,663</u>	<u>\$ 303,455,236</u>	<u>\$ 647,534,899</u>
LIABILITIES			
Accounts payable	\$ 5,807,107	\$ 14,751,511	\$ 20,558,618
Accrued salaries and employee payroll taxes	11,268,141	69,717	11,337,858
Sales tax payable	16,248	6,721	22,969
Loan servicing escrow	347,367	695,442	1,042,809
Other liabilities	72,104	1,199	73,303
Due to other funds	395,573	1,384,851	1,780,424
Reimbursable facility fees	412,840	6,621,382	7,034,222
Escrow and other deposits payable from restricted assets	29,852	2,944,542	2,974,394
Due to other governmental agencies	509,953	226,745	736,698
Total liabilities	<u>18,859,185</u>	<u>26,702,110</u>	<u>45,561,295</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax receivable	357,191	-	357,191
Assessments receivable	314,096	396,165	710,261
Prepaid assessments	-	7,408	7,408
Prepaid taxes and facility fees	92,667	-	92,667
Unearned revenue	257,805	791,398	1,049,203
Total deferred inflows of resources	<u>1,021,759</u>	<u>1,194,971</u>	<u>2,216,730</u>
FUND BALANCES			
Nonspendable:			
Inventories	2,896,165	-	2,896,165
Loans receivable	8,300,938	-	8,300,938
Restricted:			
Stabilization by state statute	61,322,932	-	61,322,932
Debt service	-	53,880,005	53,880,005
Federal program reserves	2,392,803	-	2,392,803
Public safety	-	281,945	281,945
Committed:			
LEOSSA	4,615,961	-	4,615,961
Assigned:			
Subsequent year's appropriation	16,785,012	94,179,062	110,964,074
Community development	12,716,354	73,202,235	85,918,589
City projects	1,954,593	50,803,079	52,757,672
Disaster recovery	-	3,211,829	3,211,829
Debt service	127,776,210	-	127,776,210
Unassigned	85,437,751	-	85,437,751
Total fund balances	<u>324,198,719</u>	<u>275,558,155</u>	<u>599,756,874</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 344,079,663</u>	<u>\$ 303,455,236</u>	<u>\$ 647,534,899</u>

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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**
June 30, 2019

Total *fund balances* for governmental funds \$ 599,756,874

Total *net position* reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land and Construction in progress	\$	546,742,857	
Capital Assets being depreciated, net		665,429,762	
		<u>\$ 1,212,172,619</u>	1,212,172,619

The net pension assets/liabilities resulting from contributions greater than or less than the amount of annual required contributions are not financial resources and therefore are not reported in the funds.

Law Enforcement Officer's (LEOSSA)	\$	(46,961,348)	
Pensions (LGERS)		(65,215,311)	
Other Post Retirement Benefits (OPEB)		(132,288,306)	
		<u>\$ (244,464,965)</u>	(244,464,965)

The deferred outflows of resources related to pensions are not reported in the funds.

Law Enforcement Officer's (LEOSSA)	\$	8,251,789	
Pensions (LGERS)		56,131,377	
Other Post Retirement Benefits (OPEB)		6,591,332	
		<u>\$ 70,974,498</u>	70,974,498

The deferred inflows of resources related to pensions are not reported in the funds.

Law Enforcement Officer's (LEOSSA)	\$	(1,827,949)	
Pensions (LGERS)		(1,078,111)	
Other Post Retirement Benefits (OPEB)		(45,614,969)	
		<u>\$ (48,521,029)</u>	(48,521,029)

Deferred issuance costs are reported as expenditures in the funds because current financial resources are used. In the governmental activities issuance costs are recorded as a long-term asset and amortized over the life of the debt. 7,705,063

Internal service funds are used by management to charge the costs of certain activities, such as risk management, employees' health benefits, equipment replacement and vehicle fleet services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position. 35,821,535

Taxes receivable and assessments receivable, will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.

Taxes receivable	\$	357,191	
Assessments receivable		710,261	
		<u>\$ 1,067,452</u>	1,067,452

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds as these payables are long-term in nature.

General Obligation Bonds, net	\$	(340,903,711)	
Installment Financing Agreements, net		(195,981,346)	
Earned Vacation Pay		(22,682,897)	
Accrued Interest Payable		(4,004,824)	
		<u>\$ (563,572,778)</u>	(563,572,778)

Net position of governmental activities \$ 1,070,939,269

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**
For the Fiscal Year Ended June 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 266,298,568	\$ -	\$ 266,298,568
Intergovernmental	24,277,027	50,876,184	75,153,211
Project revenue (non-grant)	-	3,611,461	3,611,461
Non-governmental	-	128,888	128,888
Mutual aid reimbursements	180,276	330,303	510,579
Assessments	-	848,971	848,971
Franchise tax	30,320,208	-	30,320,208
Local sales tax	104,943,166	-	104,943,166
Licenses	14,798,050	-	14,798,050
Gain (loss) on investments	13,280,518	3,555,006	16,835,524
Inspections fees	18,317,484	-	18,317,484
Highway maintenance refunds	974,702	-	974,702
Facility fees	-	11,430,968	11,430,968
Parks and recreation fees	6,789,948	-	6,789,948
Other fees and charges	6,362,225	177,591	6,539,816
Rents	2,389,488	90,478	2,479,966
Program income	41,472	632,678	674,150
Recovery of claims	-	573,480	573,480
Donations and contributions	1,511,220	890,795	2,402,015
Miscellaneous other	1,072,500	106,717	1,179,217
Total revenues	<u>491,556,852</u>	<u>73,253,520</u>	<u>564,810,372</u>
EXPENDITURES			
Current:			
General government	49,809,509	6,444,868	56,254,377
Community development services	27,699,804	3,181,809	30,881,613
Public infrastructure	39,490,599	43,407,640	82,898,239
Public safety	174,018,201	11,838,872	185,857,073
Leisure services	52,215,241	30,619,556	82,834,797
Economic development programs	1,583,721	2,567,454	4,151,175
Debt service:			
Principal	40,823,240	-	40,823,240
Interest	19,994,515	-	19,994,515
Other debt service expenditures	647,674	-	647,674
Total expenditures	<u>406,282,504</u>	<u>98,060,199</u>	<u>504,342,703</u>
Excess (deficiency) of revenues over (under) expenditures	<u>85,274,348</u>	<u>(24,806,679)</u>	<u>60,467,669</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	10,855,107	24,422,767	35,277,874
Transfers out	(55,274,933)	(29,755,259)	(85,030,192)
Gain (loss) on sale of property	1,485,095	2,206,481	3,691,576
Total other financing sources (uses)	<u>(42,934,731)</u>	<u>(3,126,011)</u>	<u>(46,060,742)</u>
Net change in fund balances	42,339,617	(27,932,690)	14,406,927
Fund balances, beginning of year	<u>281,859,102</u>	<u>303,490,845</u>	<u>585,349,947</u>
Fund balances, end of year	<u>\$ 324,198,719</u>	<u>\$ 275,558,155</u>	<u>\$ 599,756,874</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Fiscal Year Ended June 30, 2019

Net change in *fund balances* - total governmental funds \$ 14,406,927

The change in *net position* reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlays	\$	82,582,083	
Depreciation		(49,037,569)	
		\$ 33,544,514	33,544,514

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Annexations	\$	1,937,087	
Property taxes		51,711	
Assessments		(146,383)	
Loss on sale of assets		(2,454)	
		\$ 1,839,961	1,839,961

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General obligation debt	\$	(26,170,000)	
Installment financing		(14,653,240)	
		\$ (40,823,240)	40,823,240

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 governmental funds. Changes in these expenses are shown below.

Earned vacation pay	\$	(1,228,843)	
Accrued interest expense		306,925	
Net pension expense - LEOSSA		(243,064)	
Net pension expense - LGERS		(2,499,121)	
Net pension expense - OPEB		6,319,405	
		\$ 2,655,302	2,655,302

Governmental funds report premiums on bonds issued as an other financing source. In the governmental activities bond premiums are recorded as a liability and amortized over the life of the debt. Amortization for bond issue costs, deferred refunding and premium on bonds are expenses or reduction of expenses in the governmental activities.

3,214,925

Internal service funds are used by management to charge the costs of certain activities, such as risk management, equipment replacement, and central garage to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities.

(4,219,745)

Change in net position of governmental activities \$ 92,265,124

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND**
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes - real & other property	\$ 246,687,932	\$ 246,729,932	\$ 247,397,331	\$ 667,399
Ad valorem taxes - vehicles	19,118,148	19,118,148	18,901,237	(216,911)
Intergovernmental	23,525,847	23,525,848	24,277,027	751,179
Franchise tax	28,141,626	28,141,626	30,320,208	2,178,582
Local sales tax	104,023,000	104,023,000	104,943,166	920,166
Licenses	15,220,000	15,220,000	14,798,050	(421,950)
Gain (loss) on investments - investment income	4,382,993	4,382,993	7,721,465	3,338,472
Gain (loss) on investments - fair value measurement	-	-	5,559,053	5,559,053
Inspection fees	18,076,078	18,076,078	18,317,484	241,406
Highway maintenance refunds	1,300,000	1,300,000	974,702	(325,298)
Parks and recreation fees	7,493,632	7,493,632	6,789,948	(703,684)
Other fees and charges	7,743,035	7,790,606	6,362,225	(1,428,381)
Reimbursements for public infrastructure support	2,075,000	2,075,000	1,237,880	(837,120)
Administrative charges	18,141,712	18,141,712	18,141,712	-
Rents	430,736	430,736	2,389,488	1,958,752
Program income	52,600	52,600	41,472	(11,128)
Donations and contributions	1,127,573	1,262,007	1,511,220	249,213
Other revenues	1,062,305	1,291,085	1,252,776	(38,309)
Proceeds from sale of property	-	-	1,485,095	1,485,095
Total revenues available for appropriation	<u>498,602,217</u>	<u>499,055,003</u>	<u>512,421,539</u>	<u>13,366,536</u>
Fund balance appropriated	<u>16,754,871</u>	<u>27,772,149</u>	<u>-</u>	<u>(27,772,149)</u>
Total revenues	<u>\$ 515,357,088</u>	<u>\$ 526,827,152</u>	<u>\$ 512,421,539</u>	<u>\$ (14,405,613)</u>
EXPENDITURES				
General government:				
City council	\$ 438,663	\$ 438,974	\$ 324,650	\$ 114,324
City clerk	675,027	692,964	601,530	91,434
City attorney	3,718,342	3,697,134	3,512,972	184,162
Special appropriations	19,389,058	19,288,468	17,653,536	1,634,932
Agency appropriations	4,633,039	5,246,227	4,308,947	937,280
City manager	3,051,171	3,220,956	2,940,128	280,828
Communications	3,628,964	3,846,047	2,956,744	889,303
Human resources	4,803,306	4,956,612	4,001,643	954,969
Budget & management services	1,750,353	1,900,196	1,267,480	632,716
Finance	6,160,176	6,312,049	5,634,349	677,700
Information technology	<u>21,697,644</u>	<u>23,582,840</u>	<u>21,142,224</u>	<u>2,440,616</u>
Total general government	<u>69,945,743</u>	<u>73,182,467</u>	<u>64,344,203</u>	<u>8,838,264</u>
Community development services:				
Planning	5,701,049	6,105,396	5,298,445	806,951
Development Services	16,210,237	16,385,583	14,660,859	1,724,724
Community services	16,163,635	16,640,210	7,740,500	8,899,710
Economic development	<u>1,861,557</u>	<u>1,752,901</u>	<u>1,583,721</u>	<u>169,180</u>
Total community development services	<u>39,936,478</u>	<u>40,884,090</u>	<u>29,283,525</u>	<u>11,600,565</u>
Public infrastructure:				
Engineering services	20,732,253	22,971,708	18,967,110	4,004,598
Transportation	<u>27,585,882</u>	<u>28,034,752</u>	<u>25,368,387</u>	<u>2,666,365</u>
Total public infrastructure	<u>48,318,135</u>	<u>51,006,460</u>	<u>44,335,497</u>	<u>6,670,963</u>
Public safety:				
Emergency communications center	10,067,106	10,114,246	8,892,946	1,221,300
Police	104,211,568	105,838,253	102,110,653	3,727,600
Fire	<u>63,726,807</u>	<u>64,935,017</u>	<u>63,014,602</u>	<u>1,920,415</u>
Total public safety	<u>\$ 178,005,481</u>	<u>\$ 180,887,516</u>	<u>\$ 174,018,201</u>	<u>\$ 6,869,315</u>

Continued

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND**

For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Leisure services:				
Parks, recreation and cultural resources	\$ 56,994,536	\$ 58,609,609	\$ 52,017,887	\$ 6,591,722
Walnut Creek Amphitheatre	250,274	250,915	197,354	53,561
Total leisure services	<u>57,244,810</u>	<u>58,860,524</u>	<u>52,215,241</u>	<u>6,645,283</u>
Debt service:				
Principal and interest	63,069,934	63,069,934	60,817,755	2,252,179
Other debt service expenditures	14,270,573	14,439,060	647,674	13,791,386
Total debt service	<u>77,340,507</u>	<u>77,508,994</u>	<u>61,465,429</u>	<u>16,043,565</u>
Total expenditures to appropriations	<u>\$ 470,791,154</u>	<u>\$ 482,330,051</u>	<u>\$ 425,662,096</u>	<u>\$ 56,667,955</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,619,063	\$ 10,855,107	\$ 10,855,107	\$ -
Transfers out	<u>(55,184,997)</u>	<u>(55,352,208)</u>	<u>(55,274,933)</u>	<u>77,275</u>
Total other financing sources (uses)	<u>\$ (44,565,934)</u>	<u>\$ (44,497,101)</u>	<u>\$ (44,419,826)</u>	<u>\$ 77,275</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	\$ 42,339,617	
Fund balance, beginning of year			<u>281,859,102</u>	
Fund balance, end of year			<u>\$ 324,198,719</u>	

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2019

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 400,824,632	\$ 30,502,338	\$ -	\$ 45,043,508
Customer receivables, net of allowance for uncollectibles of \$9,528,647	25,169,882	336,952	-	1,468,034
Assessments receivable, net of allowance for uncollectibles of \$107,623	464,122	-	-	-
Due from transit management	-	-	2,587,154	-
Due from other governmental agencies	146,368	-	12,437,441	408,126
Due from other funds	-	50,140	12,000	-
Accrued interest receivable	2,146,321	82,170	-	330,300
Other receivables and assets	187,388	20,651	-	8,179
Sales tax receivable	2,789,902	194,356	177,089	130,233
Inventories	8,901,395	-	478,934	-
Insurance deposit	-	-	-	-
Total current assets	<u>440,630,010</u>	<u>31,186,607</u>	<u>15,692,618</u>	<u>47,388,380</u>
Noncurrent assets:				
Restricted cash and cash equivalents	66,966,864	506,275	50,305	15,376,606
Capital assets:				
Land and improvements	41,536,359	20,829,848	3,994,684	5,980,458
Construction in progress	493,949,643	25,042,023	7,746,908	29,915,576
Watershed protection rights	4,780,059	-	-	-
Water and sewer systems	1,253,195,350	-	-	-
Buildings and machinery	90,607,911	271,091,201	28,102,339	-
Parking decks	-	-	-	-
Buses	-	-	48,751,103	-
Equipment	26,818,511	2,387,913	3,644,544	976,434
Furniture and fixtures	61,921	2,542,362	50,046	-
Improvements	187,195,946	31,982,297	4,164,311	66,182,806
Less accumulated depreciation	<u>(602,922,353)</u>	<u>(113,153,833)</u>	<u>(41,293,378)</u>	<u>(24,870,147)</u>
Total noncurrent assets	<u>1,562,190,211</u>	<u>241,228,086</u>	<u>55,210,862</u>	<u>93,561,733</u>
Total assets	<u>2,002,820,221</u>	<u>272,414,693</u>	<u>70,903,480</u>	<u>140,950,113</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized bond refunding charges	26,094,968	67,068	-	-
Pension deferrals - LGERS	8,213,367	1,372,982	291,003	1,368,415
Pension deferrals - OPEB	1,436,572	251,346	60,670	260,013
Accumulated decrease in fair value of hedging derivatives	25,776,667	30,458,504	-	-
Total deferred outflows of resources	<u>61,521,574</u>	<u>32,149,900</u>	<u>351,673</u>	<u>1,628,428</u>

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

Continued

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2019

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,986,618	\$ 7,476,506	\$ 495,833,602	\$ 61,855,200
Customer receivables, net of allowance for uncollectibles of \$9,528,647	1,296,430	1,416,624	29,687,922	-
Assessments receivable, net of allowance for uncollectibles of \$107,623	-	-	464,122	-
Due from transit management	-	-	2,587,154	-
Due from other governmental agencies	-	810,968	13,802,903	-
Due from other funds	459	500	63,099	398
Accrued interest receivable	35,679	90,279	2,684,749	208,098
Other receivables and assets	-	1,179	217,397	497,372
Sales tax receivable	41,785	156,688	3,490,053	577,200
Inventories	-	-	9,380,329	574,397
Insurance deposit	-	-	-	420,000
Total current assets	<u>13,360,971</u>	<u>9,952,744</u>	<u>558,211,330</u>	<u>64,132,665</u>
Noncurrent assets:				
Restricted cash and cash equivalents	67,829	-	82,967,879	26,570,051
Capital assets:				
Land and improvements	7,414,706	2,952,033	82,708,088	-
Construction in progress	4,576,514	-	561,230,664	-
Watershed protection rights	-	-	4,780,059	-
Water and sewer systems	-	-	1,253,195,350	-
Buildings and machinery	-	15,648,174	405,449,625	230,912
Parking decks	156,130,540	-	156,130,540	-
Buses	-	-	48,751,103	-
Equipment	213,095	1,336,567	35,377,064	178,857,128
Furniture and fixtures	51,382	145,893	2,851,604	-
Improvements	2,169,511	7,241,743	298,936,614	-
Less accumulated depreciation	<u>(55,546,029)</u>	<u>(7,714,627)</u>	<u>(845,500,367)</u>	<u>(122,288,221)</u>
Total noncurrent assets	<u>115,077,548</u>	<u>19,609,783</u>	<u>2,086,878,223</u>	<u>83,369,870</u>
Total assets	<u>128,438,519</u>	<u>29,562,527</u>	<u>2,645,089,553</u>	<u>147,502,535</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized bond refunding charges	522,347	308,974	26,993,357	-
Pension deferrals - LGERS	481,471	2,601,162	14,328,400	1,036,689
Pension deferrals - OPEB	82,337	455,023	2,545,961	177,676
Accumulated decrease in fair value of hedging derivatives	-	-	56,235,171	-
Total deferred outflows of resources	<u>1,086,155</u>	<u>3,365,159</u>	<u>100,102,889</u>	<u>1,214,365</u>

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

Continued

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2019

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 15,556,941	\$ 1,521,937	\$ 1,634,542	\$ 2,010,565
Sales tax payable	8,780	30,683	7,580	52
Accrued salaries and employee payroll taxes	873,118	225,034	23,766	145,192
Accrued interest payable	6,888,448	2,947,856	-	-
Claims payable and other liabilities	-	-	-	-
Due to other funds	21,630	709	11,329,031	-
Due to other governmental agencies	-	-	-	-
Landfill postclosure liability	-	-	-	-
Earned vacation pay	2,141,120	344,638	48,257	388,254
Bonds, notes and loans payable, net of unamortized premiums and discounts	30,841,385	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	4,822,225	10,153,615	-	101,738
Total current liabilities	61,153,647	15,224,472	13,043,176	2,645,801
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	674,645,062	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	55,093,256	209,385,094	-	1,424,325
Landfill postclosure liability	-	-	-	-
Escrow and other deposits payable from restricted assets	14,606,000	506,275	50,305	15,376,606
Derivative instrument liability	25,776,667	30,458,504	-	-
Earned vacation pay	1,091,721	359,235	17,809	174,402
Net pension liability - LGERS	14,242,491	2,358,749	499,788	2,232,780
Net pension liability - OPEB	29,159,005	4,722,323	911,615	4,918,090
Total noncurrent liabilities	814,614,202	247,790,180	1,479,517	24,126,203
Total liabilities	875,767,849	263,014,652	14,522,693	26,772,004
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	-	25,759	1,447,376	-
Pension deferrals - LGERS	341,911	71,856	-	-
Pension deferrals - OPEB	9,908,336	1,648,574	393,744	1,803,133
Total deferred inflows of resources	10,250,247	1,746,189	1,841,120	1,803,133
NET POSITION				
Net investment in capital assets	808,277,251	21,250,170	55,160,556	76,659,064
Unrestricted	370,046,448	18,553,582	(269,216)	37,344,340
Total net position	\$ 1,178,323,699	\$ 39,803,752	\$ 54,891,340	\$ 114,003,404

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

Continued

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2019

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 219,290	\$ 489,273	\$ 21,432,548	\$ 1,375,266
Sales tax payable	-	3,396	50,491	5,070
Accrued salaries and employee payroll taxes	36,798	216,223	1,520,131	92,706
Accrued interest payable	420,960	83,312	10,340,576	101,092
Claims payable and other liabilities	-	-	-	9,513,055
Due to other funds	6,510,250	-	17,861,620	398
Due to other governmental agencies	-	824,425	824,425	-
Landfill postclosure liability	-	986,700	986,700	-
Earned vacation pay	89,770	620,189	3,632,228	233,963
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	30,841,385	19,752,138
Contracts and other notes payable, net of unamortized premiums and discounts	4,344,588	1,478,053	20,900,219	-
Total current liabilities	<u>11,621,656</u>	<u>4,701,571</u>	<u>108,390,323</u>	<u>31,073,688</u>
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	12,321,870
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	674,645,062	41,104,820
Contracts and other notes payable, net of unamortized premiums and discounts	60,458,463	10,586,081	336,947,219	-
Landfill postclosure liability	-	3,401,353	3,401,353	-
Escrow and other deposits payable from restricted assets	-	-	30,539,186	-
Derivative instrument liability	-	-	56,235,171	-
Earned vacation pay	53,203	235,222	1,931,592	244,774
Net pension liability - LGERS	838,691	4,527,483	24,699,982	1,782,605
Net pension liability - OPEB	1,738,233	9,307,355	50,756,621	3,697,688
Total noncurrent liabilities	<u>63,088,590</u>	<u>28,057,494</u>	<u>1,179,156,186</u>	<u>59,151,757</u>
Total liabilities	<u>74,710,246</u>	<u>32,759,065</u>	<u>1,287,546,509</u>	<u>90,225,445</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	-	-	1,473,135	-
Pension deferrals - LGERS	17,791	105,912	537,470	65,801
Pension deferrals - OPEB	584,486	3,195,963	17,534,236	1,245,634
Total deferred inflows of resources	<u>602,277</u>	<u>3,301,875</u>	<u>19,544,841</u>	<u>1,311,435</u>
NET POSITION				
Net investment in capital assets	50,796,845	7,854,622	1,019,998,508	22,512,912
Unrestricted	3,415,306	(10,987,876)	418,102,584	34,667,108
Total net position	<u>\$ 54,212,151</u>	<u>\$ (3,133,254)</u>	<u>\$ 1,438,101,092</u>	<u>\$ 57,180,020</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>21,358,485</u>	
Net position of business-type activities			<u>\$ 1,459,459,577</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 fiscal year ended June 30, 2019

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
Operating revenues				
User charges	\$ 252,978,325	\$ 15,621,428	\$ 5,535,922	\$ 23,223,231
Other	5,211,177	795,184	580,691	35,462
Total operating revenues	<u>258,189,502</u>	<u>16,416,612</u>	<u>6,116,613</u>	<u>23,258,693</u>
Operating expenses				
Personnel services	48,905,164	10,076,438	1,185,062	8,981,949
Other operational expenses	59,328,812	7,897,577	15,776,995	5,584,437
Management contract charges	-	-	25,309,271	-
Claims	-	-	-	-
Premiums	-	-	-	-
Depreciation	38,758,544	8,124,729	4,236,852	3,257,677
Total operating expenses	<u>146,992,520</u>	<u>26,098,744</u>	<u>46,508,180</u>	<u>17,824,063</u>
Operating income (loss)	<u>111,196,982</u>	<u>(9,682,132)</u>	<u>(40,391,567)</u>	<u>5,434,630</u>
Nonoperating revenue (expense)				
Gain (loss) on investments	14,009,560	449,472	-	1,806,759
Subsidy income - federal and state	-	-	10,415,905	-
Subsidy income - local	-	-	6,574,528	-
Recovery of claims	-	-	-	-
Other revenues	418,336	-	17,576	-
Interest expense	(28,154,680)	(8,033,967)	-	-
Other debt service costs	(1,191,600)	(1,052,214)	-	-
Gain (loss) on sale of property	30,366	-	3,839	-
Total nonoperating revenue (expense)	<u>(14,888,018)</u>	<u>(8,636,709)</u>	<u>17,011,848</u>	<u>1,806,759</u>
Income (loss) before contributions, transfers and special items	96,308,964	(18,318,841)	(23,379,719)	7,241,389
Capital contributions	3,245,756	-	14,193,259	218,010
Transfers in	1,411,097	27,217,442	21,397,018	232,844
Transfers out	(210,930)	(34,710)	(298,793)	(480,340)
Change in net position	100,754,887	8,863,891	11,911,765	7,211,903
Net position, beginning of year	<u>1,077,568,812</u>	<u>30,939,861</u>	<u>42,979,575</u>	<u>106,791,501</u>
Net position, end of year	<u>\$ 1,178,323,699</u>	<u>\$ 39,803,752</u>	<u>\$ 54,891,340</u>	<u>\$ 114,003,404</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 fiscal year ended June 30, 2019

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
Operating revenues				
User charges	\$ 16,727,558	\$ 28,232,618	\$ 342,319,082	\$ 84,729,976
Other	59,778	106,091	6,788,383	9,392
Total operating revenues	<u>16,787,336</u>	<u>28,338,709</u>	<u>349,107,465</u>	<u>84,739,368</u>
Operating expenses				
Personnel services	2,215,229	13,529,673	84,893,515	5,806,604
Other operational expenses	5,214,219	19,487,254	113,289,294	14,205,194
Management contract charges	-	-	25,309,271	-
Claims	-	-	-	49,212,288
Premiums	-	-	-	1,861,488
Depreciation	4,186,018	919,426	59,483,246	17,174,364
Total operating expenses	<u>11,615,466</u>	<u>33,936,353</u>	<u>282,975,326</u>	<u>88,259,938</u>
Operating income (loss)	<u>5,171,870</u>	<u>(5,597,644)</u>	<u>66,132,139</u>	<u>(3,520,570)</u>
Nonoperating revenue (expense)				
Gain (loss) on investments	196,692	493,828	16,956,311	2,421,249
Subsidy income - federal and state	-	-	10,415,905	-
Subsidy income - local	-	-	6,574,528	-
Recovery of claims	-	-	-	1,488,959
Other revenues	-	457,675	893,587	-
Interest expense	(1,860,807)	(387,253)	(38,436,707)	(704,922)
Other debt service costs	(196,891)	-	(2,440,705)	-
Gain (loss) on sale of property	-	-	34,205	995,794
Total nonoperating revenue (expense)	<u>(1,861,006)</u>	<u>564,250</u>	<u>(6,002,876)</u>	<u>4,201,080</u>
Income (loss) before contributions, transfers and special items	3,310,864	(5,033,394)	60,129,263	680,510
Capital contributions	-	-	17,657,025	-
Transfers in	110,999	6,792,451	57,161,851	2,344,370
Transfers out	<u>(1,023,015)</u>	<u>(568,085)</u>	<u>(2,615,873)</u>	<u>(7,138,030)</u>
Change in net position	2,398,848	1,190,972	132,332,266	(4,113,150)
Net position, beginning of year	<u>51,813,303</u>	<u>(4,324,226)</u>		<u>61,293,170</u>
Net position, end of year	<u>\$ 54,212,151</u>	<u>\$ (3,133,254)</u>		<u>\$ 57,180,020</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>106,595</u>	
Change in net position of business-type activities			<u>\$ 132,438,861</u>	

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the fiscal year ended June 30, 2019

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 252,929,683	\$ 15,289,319	\$ 5,535,922	\$ 23,243,738
Payments to employees	(48,635,440)	(9,968,531)	(1,160,817)	(8,923,850)
Payments to suppliers and service providers	(59,175,259)	(6,438,044)	(41,280,210)	(5,673,659)
Claims paid	-	-	-	-
Premiums paid	-	-	-	-
Other receipts	5,629,513	795,184	598,267	35,462
Other payments	-	(1,052,214)	-	-
Net cash provided by (used in) operating activities	<u>150,748,497</u>	<u>(1,374,286)</u>	<u>(36,306,838)</u>	<u>8,681,691</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Insurance deposits	-	-	-	-
Operating subsidies and transfers from other funds	1,411,097	27,217,442	21,397,018	232,844
Operating subsidies and transfers to other funds	(210,930)	(34,710)	(298,793)	(480,340)
Operating grants received	-	-	16,018,881	-
Internal activity - payments from (to) other funds	21,630	(34,538)	7,089,588	(290,000)
Net cash provided by (used in) noncapital financing activities	<u>1,221,797</u>	<u>27,148,194</u>	<u>44,206,694</u>	<u>(537,496)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	(75,968,695)	(2,688,268)	(14,727,365)	(12,641,880)
Capital grants and other capital contributions	1,060,944	-	6,823,670	126,541
Proceeds from capital debt	3,244,984	-	-	-
Gain (loss) on disposal of capital assets	30,366	-	3,839	-
Intergovernmental proceeds for capital debt	-	-	-	-
Principal paid on capital debt	(27,160,840)	(9,645,735)	-	(101,738)
Interest paid on capital debt	(34,187,922)	(8,326,962)	-	-
Other debt related payments	(1,191,600)	-	-	-
Escrow deposits	(688,459)	-	-	2,210,876
Net cash provided by (used in) capital and related financing activities	<u>(134,861,222)</u>	<u>(20,660,965)</u>	<u>(7,899,856)</u>	<u>(10,406,201)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	13,442,274	427,618	-	1,718,914
Net cash provided by investing activities	<u>13,442,274</u>	<u>427,618</u>	<u>-</u>	<u>1,718,914</u>
Net increase (decrease) in cash and cash equivalents	30,551,346	5,540,561	-	(543,092)
Cash and cash equivalents - beginning of year	437,240,150	25,468,052	50,305	60,963,206
Cash and cash equivalents - end of year	<u>\$ 467,791,496</u>	<u>\$ 31,008,613</u>	<u>\$ 50,305</u>	<u>\$ 60,420,114</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 111,196,982	\$ (9,682,132)	\$ (40,391,567)	\$ 5,434,630
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	38,758,544	8,124,729	4,236,852	3,257,677
Miscellaneous nonoperating income	418,336	-	17,576	-
Miscellaneous nonoperating expense	-	(1,052,214)	-	-
Change in assets and liabilities:				
Operating receivables	126,156	662,794	(327,772)	20,507
Sales tax receivable	224,509	(3,578)	(99,210)	(64,582)
Inventories	(373,000)	-	33,052	-
Other receivables and assets	(129,715)	-	-	(7,362)
Accounts payable and other accrued liabilities	313,840	463,365	199,986	(17,278)
Landfill postclosure liability	-	-	-	-
(Increase) decrease in deferred outflows of resources - LGERS	(3,615,250)	(632,533)	(164,745)	(706,051)
Increase (decrease) in deferred inflows of resources - LGERS	(285,679)	(49,983)	-	-
Increase in pension liability - LGERS	5,400,614	944,903	228,080	977,487
(Increase) decrease in deferred outflows of resources - OPEB	(1,436,572)	(251,346)	(60,670)	(260,013)
Increase (decrease) in deferred inflows of resources - OPEB	1,016,093	177,778	42,912	183,908
Increase (decrease) in pension liability - OPEB	(956,827)	(167,408)	(40,409)	(173,182)
Escrow and other deposits	-	5,122	-	-
Earned vacation pay and other payroll liabilities	135,549	86,496	19,077	35,950
Unearned revenue	(45,083)	(279)	-	-
Total adjustments	<u>39,551,515</u>	<u>8,307,846</u>	<u>4,084,729</u>	<u>3,247,061</u>
Net cash provided by (used in) operating activities	<u>\$ 150,748,497</u>	<u>\$ (1,374,286)</u>	<u>\$ (36,306,838)</u>	<u>\$ 8,681,691</u>
Noncash investing, capital, and financing activities:				
Capital contributions from annexations and mergers	\$ 3,245,756	\$ -	\$ -	\$ -
Capital contributions from grant and assessment receivables	<u>(1,060,944)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Acquisition and construction of capital assets	<u>\$ 4,932,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the fiscal year ended June 30, 2019

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 16,512,112	\$ 28,070,474	\$ 341,581,248	\$ 84,729,976
Payments to employees	(2,197,262)	(13,484,808)	(84,370,708)	(5,760,895)
Payments to suppliers and service providers	(5,043,180)	(19,963,835)	(137,574,187)	(14,198,478)
Claims paid	-	-	-	(46,758,824)
Premiums paid	-	-	-	(1,861,488)
Other receipts	59,778	106,091	7,224,295	1,498,351
Other payments	-	-	(1,052,214)	(5,417)
Net cash provided by (used in) operating activities	<u>9,331,448</u>	<u>(5,272,078)</u>	<u>125,808,434</u>	<u>17,643,225</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Insurance deposits	-	-	-	380,000
Operating subsidies and transfers from other funds	110,999	6,792,451	57,161,851	1,844,370
Operating subsidies and transfers to other funds	(1,023,015)	(568,085)	(2,615,873)	(7,138,030)
Operating grants received	-	-	16,018,881	-
Internal activity - payments from (to) other funds	(209)	(500)	6,785,971	500,127
Net cash provided by (used in) noncapital financing activities	<u>(912,225)</u>	<u>6,223,866</u>	<u>77,350,830</u>	<u>(4,413,533)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	(351,249)	(600,801)	(106,978,258)	(18,400,892)
Capital grants and other capital contributions	-	-	8,011,155	-
Proceeds from capital debt	-	-	3,244,984	28,484,308
Gain (loss) on disposal of capital assets	-	-	34,205	995,794
Intergovernmental proceeds for capital debt	-	457,675	457,675	-
Principal paid on capital debt	(3,956,263)	(1,324,763)	(42,189,339)	(14,741,844)
Interest paid on capital debt	(2,070,381)	(533,464)	(45,118,729)	(751,918)
Other debt related payments	(196,891)	-	(1,388,491)	-
Escrow deposits	-	-	1,522,417	-
Net cash provided by (used in) capital and related financing activities	<u>(6,574,784)</u>	<u>(2,001,353)</u>	<u>(182,404,381)</u>	<u>(4,414,552)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	187,203	469,817	16,245,826	2,367,185
Net cash provided by investing activities	<u>187,203</u>	<u>469,817</u>	<u>16,245,826</u>	<u>2,367,185</u>
Net increase (decrease) in cash and cash equivalents	2,031,642	(579,748)	37,000,709	11,182,325
Cash and cash equivalents - beginning of year	10,022,805	8,056,254	541,800,772	77,242,926
Cash and cash equivalents - end of year	<u>\$ 12,054,447</u>	<u>\$ 7,476,506</u>	<u>\$ 578,801,481</u>	<u>\$ 88,425,251</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 5,171,870	\$ (5,597,644)	\$ 66,132,139	\$ (3,520,570)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	4,186,018	919,426	59,483,246	17,174,364
Miscellaneous nonoperating income	-	-	435,912	1,488,959
Miscellaneous nonoperating expense	-	-	(1,052,214)	-
Change in assets and liabilities:				
Operating receivables	(215,446)	80,784	347,023	-
Sales tax receivable	10,832	(1,886)	66,085	97,477
Inventories	-	-	(339,948)	70,859
Other receivables and assets	-	(242,928)	(380,005)	(44,195)
Accounts payable and other accrued liabilities	160,206	132,661	1,252,780	2,330,622
Landfill postclosure liability	-	(607,358)	(607,358)	-
(Increase) decrease in deferred outflows of resources - LGERS	(207,209)	(1,145,101)	(6,470,889)	(447,136)
Increase (decrease) in deferred inflows of resources - LGERS	(16,373)	(90,486)	(442,521)	(35,333)
Increase in pension liability - LGERS	309,537	1,710,602	9,571,223	667,949
(Increase) decrease in deferred outflows of resources - OPEB	(82,337)	(455,023)	(2,545,961)	(177,676)
Increase (decrease) in deferred inflows of resources - OPEB	58,238	321,839	1,800,768	125,670
Increase (decrease) in pension liability - OPEB	(54,840)	(303,067)	(1,695,733)	(118,341)
Escrow and other deposits	-	-	5,122	-
Earned vacation pay and other payroll liabilities	10,952	6,103	294,127	30,576
Unearned revenue	-	-	(45,362)	-
Total adjustments	<u>4,159,578</u>	<u>325,566</u>	<u>59,676,295</u>	<u>21,163,795</u>
Net cash provided by (used in) operating activities	<u>\$ 9,331,448</u>	<u>\$ (5,272,078)</u>	<u>\$ 125,808,434</u>	<u>\$ 17,643,225</u>
Noncash investing, capital, and financing activities:				
Capital contributions from annexations and mergers	\$ -	\$ -	\$ 3,245,756	\$ -
Capital contributions from grant and assessment receivables	\$ -	\$ -	\$ (1,060,944)	\$ -
Acquisition and construction of capital assets	<u>\$ (351,249)</u>	<u>\$ -</u>	<u>\$ 4,581,174</u>	<u>\$ -</u>

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 June 30, 2019

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 114,949,710
Accrued interest receivable	1,995
Due from other funds	335,704
Other receivables	199,716
Total assets	<u>115,487,125</u>
LIABILITIES	
Claims payable	725,000
Accounts payable	13,033
Total liabilities	<u>738,033</u>
NET POSITION	
Restricted for pensions	69,747,914
Restricted for postemployment benefits other than pensions	45,001,178
Total net pension	<u>\$ 114,749,092</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 Fiscal Year Ended June 30, 2019

	Pension Trust Funds
ADDITIONS	
Employer contributions	\$ 22,651,953
Retiree contributions	2,855,709
Interest	4,063,537
Net increase (decrease) in the fair value of investments	3,136,069
Recovery of claims	422,324
Total additions	<u>33,129,592</u>
DEDUCTIONS	
Benefits	19,425,458
Withdrawals and forfeitures	1,714,759
Investment expense	108,842
Professional services	75,587
Total deductions	<u>21,324,646</u>
Change in net position restricted for:	
Employees' retirement and other post-employment benefits	11,804,946
Net position, beginning of year	<u>102,944,146</u>
Net position, end of year	<u>\$ 114,749,092</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

The City of Raleigh (the "City") is a municipal corporation established in 1792 by the North Carolina General Assembly. The City operates under a council-manager form of government with a mayor and seven Council Members comprising the governing body.

The accounting policies of the City of Raleigh conform to generally accepted accounting principles (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 of America. All applicable GASB statements have been implemented. The accompanying financial statements present the government and its component unit, a legally separate entity for which the City is financially accountable.

The financial statements of the following organization are included in this report as a blended component unit:

Blended Component Unit. Walnut Creek Financing Assistance Corporation (WCFAC). The WCFAC is governed by a five-member board appointed by the City Council. Although it is legally separate from the City, the WCFAC is reported as if it were part of the primary government because its main purpose is to issue certificates of participation for the City. Financial transactions of the WCFAC are audited and reported through the City's annual audit. No separate financial statements are prepared.

B. Government-wide and fund financial statements

Government-Wide Statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its blended component unit. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or activity. Indirect expense allocations are not shown on the statement of activities. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as 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 liabilities of the current period. For this purpose, the City considers all revenues to be available if they are collected within 90 days after year-end, except for property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to earned vacation pay and claims and judgments, are recorded only when payment is due.

Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City because the tax is levied by Wake County and then remitted to and distributed by the State. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

The City reports the following major governmental funds:

General fund – The general fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

The City reports the following major enterprise funds:

Water and sewer fund – The water and sewer fund accounts for the user charges, fees, other resources and all costs associated with the operation of the water and sewer systems of the City.

Convention center fund – The convention center complex fund accounts for the user charges, fees, other resources and all costs associated with the operation of the convention center and performing arts center facilities of the City.

Mass transit fund – The mass transit fund accounts for the user charges, fees, federal contributions and all operating costs associated with the operation of the transit system in the City.

Stormwater fund – The stormwater fund is established to account for revenues and expenses related to stormwater management.

Parking fund – The parking facilities fund accounts for the parking fee charges and all costs associated with the operation of all parking decks and lots owned by the City.

Solid waste services fund – The solid waste services fund accounts for the revenues and expenses related to the operation of the City’s residential garbage collection and recycling programs.

Additionally, the City reports the following fund types:

Internal service funds - Account for employees’ health benefits, equipment replacement, risk management services, and vehicle fleet services provided to other departments or agencies of the City on a cost reimbursement basis.

Fiduciary funds - The pension trust funds account for the City’s contributions to a supplemental money purchase pension plan fund and other post-employment benefits.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City’s water and sewer function and various other City functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, *general revenues* include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Management of the City has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues, expenses, and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

D. Assets, liabilities, deferred outflows/inflows of resources and net position or equity

1. Deposits and investments

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. For arbitrage purposes, the City maintains separate investments of proceeds of bond issues and other tax-exempt financings. All deposits are made in designated official depositories and are secured as required by State law (G.S. 159-31). The City may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. The City may make deposits in FDIC-insured or collateralized demand accounts, certificates of deposit, or such other forms of time deposits as the North Carolina Local Government Commission may approve.

The Local Government Budget and Fiscal Control Act of North Carolina governs all investments permitted to local governments. State law (G.S. 159-30(c)) authorizes the City 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; certain repurchase agreements; and the North Carolina Capital Management Trust (NCCMT).

The City's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT – Government Portfolio, a SEC-registered (2a-7) money market mutual fund, and securities of the NCCMT – Term Portfolio are valued at fair value, which is the NCCMT's share price.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

City ad valorem taxes are billed by the Wake County Revenue Collector after July 1 of each year based upon the assessed value on property, other than motor vehicles, listed as of the prior January 1 lien date. In accordance with state law, property taxes on certain registered motor vehicles are assessed and collected throughout the year based on a staggered registration system. North Carolina Department of Revenue is responsible for the monthly billing and collections of City property taxes due on registered motor vehicles. Under the staggered registration system, property taxes become due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due.

The City Council is required to approve the tax levy no later than August 1, although this traditionally occurs in the month of June. Taxes are due on September 1 but do not begin to accrue penalties for nonpayment until the following January 5. Collections of City taxes are made by the County or State and are remitted to the City as collected.

Ad valorem taxes receivable at year-end are not considered to be available as a resource that can be used to finance the current year operations of the City and, therefore, are not susceptible to recognition as earned revenue. The amount of the recorded receivable for ad valorem taxes has been reduced by an allowance for uncollectible accounts and the net receivable is offset by unavailable revenue in an equal amount.

Other accounts receivable reported in governmental funds and which represent amounts considered measurable and available are recorded as revenue but, based on state law, are restricted in fund balance at year-end.

Any other accounts receivable which represent amounts not subject to accrual as earned revenue are recorded as assets and are offset by unavailable revenue in an equal amount. Assessments receivable have been reduced by an amount deemed to be uncollectible.

The amounts due from other governmental agencies are grants and participation agreements which are restricted for specific programs and capital projects. Program grants, primarily accounted for in the special revenue funds, are recognized as receivables and revenue in the period benefited, i.e., at the time reimbursable program costs are incurred.

Capital project grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

3. Inventories, prepaid items and assets held for resale

Inventories in the governmental, enterprise and internal service funds consist primarily of expendable supplies held for consumption. Inventories are recorded as an expenditure at the time an item is used and are carried at cost, using the first-in, first-out (FIFO) method.

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.

There are no assets held for resale at June 30, 2019.

4. Restricted assets

Certain proceeds of the City's enterprise fund revenue bonds, general obligation bonds and other long-term debt obligations as defined in Footnote F are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

5. Capital assets

Capital assets, which include property, plant, equipment, software, and infrastructure assets, (e.g. streets, sidewalks, water and sewer delivery systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All infrastructure acquired before July 1, 2001 (date of implementation of GASB 34) has been recorded by the City at historical cost if purchased or constructed or at fair market value at the date of donation. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Effective with the adoption of GASB 89 "Accounting for Interest Cost Incurred before the End of a Construction Period", the City of Raleigh no longer capitalizes interest incurred during the construction phase of projects, as these are now recognized as expenditures when incurred.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and machinery	40
Water and sewer systems	50
Streets and sidewalks	25
Major improvements	20
Software	20
Buses	10
Furniture & fixtures	5
Equipment	5-10

6. *Deferred outflows/inflows of resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has several items that meet this criterion, including: unamortized bond refunding charges, changes in the fair value of hedging derivatives for interest rate swap agreements, and pension-related deferrals for the Local Governmental Employees' Retirement System (LGERS), Law Enforcement Special Separation Allowance (LEOSSA), and Other Post-Employment Benefits (OPEB) Plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet this criterion, including: unearned revenues, prepaid taxes and assessments, property taxes receivable, and pension deferrals for LGERS, LEOSSA, and OPEB Plans.

7. *Earned vacation pay*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. An expenditure for these amounts is recognized as a result of employee resignations and retirements.

8. *Long-term obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt expenditures.

9. *Net position/fund balances*

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

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

The governmental fund types classify fund balance 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 for inventories, which are not spendable resources.

Loans receivable - portion of fund balance that is not an available resource because it represents revolving loans receivable due to the City, which are not spendable resources.

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

Restricted for stabilization by state statute - portion of fund balance restricted by State Statute [G.S.15-98(a)].

Restricted for debt service – portion of fund balance that must be used to pay City obligations.

Restricted for federal program reserves – portion of fund balance that is restricted by revenue source for federal programs.

Restricted for public safety – portion of fund balance that is restricted by revenue source for certain emergency telephone system expenditures.

Committed Fund Balance – This classification includes a portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of City of Raleigh’s City Council. The City Council, by adoption of an ordinance prior to the end of the fiscal year, commits fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Law Enforcement Officers’ Special Separation Allowance Fund - portion of fund balance committed for contributions to a defined benefit plan provided to City law enforcement officers.

Assigned Fund Balance – This classification includes a portion of fund balance that the City of Raleigh intends to use for specific purposes. The City of Raleigh City Council has designated the City Manager as the delegated Official that can “assign” portions of fund balance per the City of Raleigh’s fund balance goal policy.

Subsequent year’s appropriation – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; all budget amendments regardless of amount must be submitted to the City council for approval.

Assigned for community development – portion of fund balance the City intends to use for community development across the City.

Assigned for City projects – portion of fund balance that the City intends to use for specific projects.

Assigned for disaster recovery – portion of fund balance that the City intends to use for disaster recovery efforts.

Assigned for debt service – portion of fund balance that the City intends to use for future debt service payments.

Unassigned Fund Balance – This classification includes the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

The City of Raleigh has also adopted a minimum fund balance policy for the general fund which instructs management to conduct business of the City in such a manner that available fund balance is at least equal to or greater than 14.00% of next year's budgeted expenditures. Any portion of the general fund balance in excess of 14.00% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the City in a future budget.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Raleigh's employer contributions are recognized when due and the City of Raleigh has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS.

The City also administers a single-employer defined benefit pension plan that provides retirement benefits to the City's sworn law enforcement. This Law Enforcement Special Separation Allowance (LEOSSA) Plan is consolidated with the General Fund for reporting in compliance with GASB Statement No. 73 as it is not a defined trust. The full accrual impacts of the pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense are captured on the government-wide statements.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are determined and paid annually based on actuarial recommendations.

All investments for pensions as described above are reported at fair value.

11. Interest rate swap

The City enters into interest rate swap agreements to modify interest rates on outstanding debt. The interest rate swaps are reported in the net position statements for government-wide and proprietary funds at fair market value.

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary information

As required by the North Carolina Budget and Fiscal Control Act, the City adopts balanced budget ordinances for all funds except the trust funds which are not budgeted. The budgets shown in the financial statements reflect amounts adopted by the budget ordinances as amended and approved at the close of the day on June 30, 2019. The City adopts annual budgets prepared on the modified accrual basis for the general fund, the enterprise operating funds and the convention center financing fund. All other funds including all capital project funds and the remaining grant funds adopt project budgets.

Appropriations for funds with annual budgets lapse at the end of the budget year. Capital and grant project budget appropriations do not lapse until the completion of the project or grant. The City Council may amend the budget throughout the year for new projects or other changes to existing appropriations as are needed.

At June 30, 2019, the effect of such amendments, less eliminating transfers, was as follows:

	Original Budget	Total Amendments	Budget June 30, 2019
General Fund	\$ 517,976,218	\$ 11,706,111	\$ 529,682,329
Special Revenue Funds	152,401,647	(1,080,874)	151,320,773
General Capital Projects Funds	917,764,323	4,393,542	922,157,865
Enterprise Funds	1,436,849,671	15,317,350	1,452,167,021
Internal Service Funds	124,966,746	11,697,002	136,663,748

The appropriated budget is prepared by fund, function, and department. Appropriations are adopted at the Fund level with the exception of the General fund which is adopted at the department level and the Public Utilities Fund which is adopted at the function level. The City Manager is authorized to transfer budget amounts within a fund up to \$50,000. Transfers greater than \$50,000, all transfers between funds, and all amendments increasing total budgeted expenditures require City Council approval.

B. Deficit net position

As a result of the effects from GASB 68 and GASB 75 pension standards, two funds reflect a deficit in net position - Solid Waste Services Fund (\$3,133,254) and Vehicle Fleet Services Fund (\$4,799,719).

The City funds both the LGERS and OPEB liability based on actuarially determined contributions recommended for the pension plans.

Note 3. Detailed Notes on All Funds

A. Deposits and investments

Deposits. All of the City's deposits are either insured or collateralized by 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 City, these deposits are considered to be held by the City's agent in the City'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 City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the 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 Method depository. The City relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. It is the City's policy to utilize only the pooling method of collateralization. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that the deposits are properly secured.

At June 30, 2019, the City's bank balance in operating accounts was \$45,791,458 and the carrying amount of the City's deposits was \$41,407,522. The difference represents reconciling items such as deposits and payments in transit. Of the bank balance, \$258,089 was covered by federal depository insurance and \$45,533,369 was covered by collateral held under the Pooling Method.

Investments. At June 30, 2019, the City had the following investments and maturities:

Investment Type	Valuation Measurement		%	< 1 Year	1- 3 Years	>3 - 5 Years
	Method	Fair Value				
US Government Treasuries	Fair Value, Level 1	\$ 93,387,589	9.73%	\$ 18,114,230	\$ 67,061,328	\$ 8,212,031
US Government Agencies	Fair Value, Level 2	675,896,210	70.39%	260,206,488	415,467,249	222,473
NCCMT - Government Portfolio	Amortized Cost	71,739,216	7.47%	71,739,216	-	-
NC Municipal Bonds	Fair Value, Level 1	6,475,000	0.68%	5,281,569	1,193,431	-
Corporate Bonds	Fair Value, Level 2	3,878,239	0.40%	988,563	2,380,505	509,171
Mutual Funds	Fair Value, Level 1	55,840,670	5.82%	55,840,670	-	-
Commercial Paper	Amortized Cost	52,941,936	5.51%	52,941,936	-	-
Total City-wide investments		<u>\$ 960,158,860</u>	<u>100.00%</u>	<u>\$ 465,112,672</u>	<u>\$ 486,102,513</u>	<u>\$ 8,943,675</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 a group 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' benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits direct investment of operating funds to securities maturing no more than five years from the date of purchase. Investments shown with a maturity date greater than five years are pursuant to N.C.G.S. 147-69.2 and represent accounts holding the City's capital reserves, risk reserve funds, and Law Enforcement Officer's special separation allowance fund. Also, the City's investment policy requires purchases of securities to be laddered with staggered maturity dates to meet the operating requirements of each individual fund and cash flow requirements of the City's overall operations. Reserve funds invested by external asset managers are not required to meet liquidity needs within the short-term and may have maturities generally consistent with benchmark indices established to monitor performance of the asset managers.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The City limits 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. The City currently holds investments with long-term credit ratings as follows:

Bank	Long-term Credit Ratings		
	S & P	Moody's	Fitch
US Treasury Obligations	AA+	Aaa	AAA
US Government Agency Securities	AA+	Aaa	AAA
First National Bank (certificate of deposit)	N/A	A3	N/A
NCCMT - Government Portfolio	AAAm	N/A	N/A

Concentration of Credit Risk. The City's investment policy does not restrict the level of investment in US Treasury Obligations, US Government Agency Securities or the NCCMT, but it restricts investment in NC municipal bonds to no more than 10.00% of the total investment portfolio and commercial paper or bankers' acceptances of a single issuer to no more than 5.00% of the total investment portfolio. As of June 30, 2019, NC municipal bonds comprise 0.67% of the total investment portfolio and commercial paper is 5.51% of the total investment portfolio.

Fiduciary funds are reported on a stand-alone basis and are not presented in the government-wide statement of net position.

A summary of cash and investments at June 30, 2019 is as follows:

	Government-wide	Fiduciary	Total
Petty cash and change funds	\$ 19,005	\$ -	\$ 19,005
Deposits (checking, money market)	50,926,853	-	50,926,853
Fiduciary cash	-	114,949,710	114,949,710
Investments	960,158,860	-	960,158,860
Total cash and cash equivalents	1,011,104,718	114,949,710	1,126,054,428
Restricted deposits and bond proceeds	146,329,459	-	146,329,459
Total cash	\$ 1,157,434,177	\$ 114,949,710	\$ 1,272,383,887

Investment results shown in the financial statements are a combination of actual interest received, realized gains and losses on current year activity, and unrealized gains and losses as of the balance sheet date.

B. Capital assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	June 30, 2018	Additions	Transfers	Deletions	June 30, 2019
<u>Governmental activities</u>					
Capital assets, not being depreciated:					
Land	\$ 211,165,553	\$ 306,779	\$ 3,313,137	\$ -	\$ 214,785,469
Construction in progress	311,329,934	79,042,204	(58,405,637)	(9,113)	331,957,388
Total capital assets, not being depreciated	<u>522,495,487</u>	<u>79,348,983</u>	<u>(55,092,500)</u>	<u>(9,113)</u>	<u>546,742,857</u>
Capital assets, being depreciated:					
Buildings and machinery	310,264,310	-	-	-	310,264,310
Streets and sidewalks	764,892,549	1,940,964	970,201	-	767,803,714
Equipment	122,775,637	11,480,523	-	(2,468,072)	131,788,088
Furniture and fixtures	1,333,537	6,525	-	-	1,340,062
Improvements - general and parks	289,029,267	1,818,997	54,122,299	-	344,970,563
Software	46,851,680	-	-	-	46,851,680
Total capital assets being depreciated	<u>1,535,146,980</u>	<u>15,247,009</u>	<u>55,092,500</u>	<u>(2,468,072)</u>	<u>1,603,018,417</u>
Less accumulated depreciation for:					
Buildings and machinery	74,255,388	7,537,402	-	-	81,792,790
Streets and sidewalks	515,790,234	22,508,533	-	-	538,298,767
Equipment	85,925,915	11,480,263	-	(2,465,618)	94,940,560
Furniture and fixtures	1,315,849	13,650	-	-	1,329,499
Improvements - general and parks	153,485,718	14,769,953	-	-	168,255,671
Software	18,816,213	2,342,584	-	-	21,158,797
Total accumulated depreciation	<u>849,589,317</u>	<u>58,652,385</u>	<u>-</u>	<u>(2,465,618)</u>	<u>905,776,084</u>
Total capital assets being depreciated, net	<u>685,557,663</u>	<u>(43,405,376)</u>	<u>55,092,500</u>	<u>(2,454)</u>	<u>697,242,333</u>
Governmental activities capital assets, net	<u>\$ 1,208,053,150</u>	<u>\$ 35,943,607</u>	<u>\$ -</u>	<u>\$ (11,567)</u>	<u>\$ 1,243,985,190</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 3,726,420
Community development	7,155
Public infrastructure	30,847,216
Public safety	2,326,033
Leisure services	12,130,745
Capital assets held by certain internal service funds are charged to the various governmental functions based on the usage of the assets	<u>9,614,816</u>
Total depreciation expense - governmental activities	<u>\$ 58,652,385</u>

Annexations: The amount reported as additions for street and sidewalks includes \$1,937,087 from annexations.

	June 30, 2018	Additions	Transfers	Deletions	June 30, 2019
<u>Business-type activities</u>					
Capital assets, not being depreciated:					
Land	\$ 82,708,088	\$ -	\$ -	\$ -	\$ 82,708,088
Construction in progress	482,312,513	99,495,070	(20,525,031)	(51,888)	561,230,664
Watershed protection rights	4,756,459	23,600	-	-	4,780,059
Total capital assets, not being depreciated	<u>569,777,060</u>	<u>99,518,670</u>	<u>(20,525,031)</u>	<u>(51,888)</u>	<u>648,718,811</u>
Capital assets, being depreciated:					
Buildings and machinery	403,579,311	272,836	1,597,478	-	405,449,625
Water and sewer systems	1,239,630,141	5,007,073	8,558,136	-	1,253,195,350
Parking decks	156,130,540	-	-	-	156,130,540
Buses	38,968,469	9,782,634	-	-	48,751,103
Equipment	101,151,284	10,567,900	688,606	(1,904,495)	110,503,295
Furniture and fixtures	2,807,964	43,640	-	-	2,851,604
Improvements	288,402,661	853,142	9,680,811	-	298,936,614
Total capital assets being depreciated	<u>2,230,670,370</u>	<u>26,527,225</u>	<u>20,525,031</u>	<u>(1,904,495)</u>	<u>2,275,818,131</u>
Less accumulated depreciation for:					
Buildings and machinery	131,227,642	9,865,908	-	-	141,093,550
Water and sewer systems	429,851,538	25,816,241	-	-	455,667,779
Parking decks	50,404,039	4,069,854	-	-	54,473,893
Buses	25,970,566	3,036,946	-	-	29,007,512
Equipment	70,609,472	9,592,597	-	(1,904,495)	78,297,574
Furniture and fixtures	2,807,964	8,728	-	-	2,816,692
Improvements	119,629,831	14,652,520	-	-	134,282,351
Total accumulated depreciation	<u>830,501,052</u>	<u>67,042,794</u>	<u>-</u>	<u>(1,904,495)</u>	<u>895,639,351</u>
Total capital assets being depreciated, net	<u>1,400,169,318</u>	<u>(40,515,569)</u>	<u>20,525,031</u>	<u>-</u>	<u>1,380,178,780</u>
Business-type activities capital assets, net	<u>\$ 1,969,946,378</u>	<u>\$ 59,003,101</u>	<u>\$ -</u>	<u>\$ (51,888)</u>	<u>\$ 2,028,897,591</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Water/Sewer	\$ 38,758,544
Convention center	8,124,729
Parking	4,186,018
Mass Transit	4,236,852
Stormwater	3,257,677
Solid Waste Services	919,426
Capital assets held by certain internal service funds are charged to the various business-type activities based on the usage of the assets	7,559,548
Total depreciation expense - business-type activities	<u>\$ 67,042,794</u>

Annexations: The amount reported as additions for water and sewer systems includes \$3,245,756 from annexations.

Commitments - construction projects. At June 30, 2019, the City has \$251,570,260 in project obligations for business-type activities for construction projects in progress including encumbered amounts as follows: \$178,822,077 for water and sewer projects, \$35,835,505 for transit projects, \$29,882,221 for stormwater projects, \$6,113,763 for convention center projects and \$916,694 for parking garage projects. These obligations are fully budgeted and are financed through a variety of City available financing tools.

In addition, the City has \$179,897,979 in general government project obligations at June 30, 2019. These obligations relate to construction in progress projects including encumbered amounts for street construction, redevelopment projects and community center and park construction, and other major public facilities. These projects are fully budgeted and the funding for these governmental projects is indicated through designations of fund balance at June 30, 2019.

C. Unavailable revenue and unearned revenue

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with inflows of resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	General Fund	Nonmajor Governmental	Total
Amounts arising from cash:			
Police informant account	\$ 7,695	\$ -	\$ 7,695
Cemetery cash account	8,090	-	8,090
Cafeteria plan cash	242,020	-	242,020
Prepaid taxes and assessments	92,667	7,408	100,075
Unearned revenue	-	791,398	791,398
	<u>350,472</u>	<u>798,806</u>	<u>1,149,278</u>
Amounts not arising from cash:			
Taxes receivable	357,191	-	357,191
Assessments receivable	314,096	396,165	710,261
	<u>671,287</u>	<u>396,165</u>	<u>1,067,452</u>
Total	<u>\$ 1,021,759</u>	<u>\$ 1,194,971</u>	<u>\$ 2,216,730</u>

D. Interfund receivables, payables, and transfers

Interfund balances result from timing differences between dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances routinely clear out each month or prior to year-end.

The composition of interfund balances as of June 30, 2019, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 1,281,944
	Transit fund	11,328,287
	Water and sewer fund	21,630
	Parking fund	6,510,000
	Subtotal	<u>19,141,861</u>
Nonmajor governmental funds	General fund	38,869
	Nonmajor governmental funds	61,767
	Transit fund	744
	Subtotal	<u>101,380</u>
Convention center fund	Nonmajor governmental funds	41,140
	General fund	9,000
	Subtotal	<u>50,140</u>
Parking fund	Convention center fund	459
Transit fund	General fund	12,000
Solid waste services fund	Convention center fund	250
	Parking fund	250
	Subtotal	<u>500</u>
Internal service funds	Internal service funds	398
Fiduciary fund	General fund	<u>335,704</u>
	Total	<u>\$ 19,642,442</u>

The largest component of the \$19,141,861 receivables in the general fund represents interfund loans for cash deficits that were covered by the general fund and reclassified to the enterprise transit fund (\$11,328,287), as well as nonmajor governmental grants fund (\$1,211,365) and major public facilities fund (\$60,351). This reclassification occurs due to the nature of grant drawdowns and the fact the City has pre-spending authority on most grant projects. There is also an interfund outstanding loan (\$6,510,000) placed with the enterprise parking fund as part of a private-public partnership on a downtown parking deck. The balance of remaining receivables in the general fund, as well as amounts owed to the nonmajor governmental and business-type activities represent normal fiscal operations. The general fund payable (\$335,704) represents a final year-end employer contribution owed to the OPEB fund, which is a fiduciary fund.

A summary of interfund transfers for the fiscal year ended June 30, 2019 is as follows:

<u>Funds</u>	<u>General fund</u>	<u>Nonmajor governmental</u>	<u>Water and sewer</u>	<u>Solid waste services</u>	<u>Parking</u>	<u>Convention center</u>	<u>Mass transit</u>	<u>Stormwater</u>	<u>Internal service</u>	<u>Total Transfers Out</u>
General fund	\$ -	\$ 23,738,159	\$ -	\$ 6,430,000		\$ 2,833,141	\$ 21,309,263		\$ 964,370	\$ 55,274,933
Nonmajor governmen	5,459,720	-	-	62,134	-	24,153,295	-	80,110	-	29,755,259
Water and sewer	-	210,930	-	-	-	-	-	-	-	210,930
Solid waste services	-	68,085	-	-	-	-	-	-	500,000	568,085
Parking	131,000	12,015	-	-	-	-	-	-	880,000	1,023,015
Convention center	-	34,710	-	-	-	-	-	-	-	34,710
Mass transit	-	298,793	-	-	-	-	-	-	-	298,793
Stormwater	206,795	36,045	237,500	-	-	-	-	-	-	480,340
Internal service	5,057,592	24,030	1,173,597	300,317	110,999	231,006	87,755	152,734	-	7,138,030
Total Transfers In	\$ 10,855,107	\$ 24,422,767	\$ 1,411,097	\$ 6,792,451	\$ 110,999	\$ 27,217,442	\$ 21,397,018	\$ 232,844	\$ 2,344,370	\$ 94,784,095

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the general fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfer made internally in the general fund between its operating and debt service components was \$70,820,395. This transfer was eliminated as part of the consolidation of the general fund as reported in the basic financial statements.

E. Operating leases

During fiscal year 2018-19 total rental payments on noncancelable operating leases was \$6,953,840. The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2019:

<u>Fiscal Year Ending June 30</u>	<u>Lease Payments</u>
2020	\$ 6,704,864
2021	5,875,733
2022	4,573,675
2023	3,550,287
2024	2,408,085
2025 and beyond	8,896,538
	<u>\$ 32,009,182</u>

F. Long-term obligations

1. General obligation bonds

The City issues general obligation bonds to fund the acquisition and/or construction of major Parks and Recreation, Transportation and Housing Program capital needs. General obligation bonds have been issued for the governmental activities. The bonds are direct obligations and interest on the bonds is payable semi-annually. The City pledges its full faith and credit and taxing power as security for General Obligation bonds. In the event of a material default, the North Carolina Local Government Commission is vested with all of the powers of the City Council as to the levy of taxes, expenditure of money, adoption of budgets, and all other financial powers conferred by law.

General obligation bonds outstanding at June 30, 2019 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2019</u>	<u>Due Within One Year Fiscal 2019-2020</u>
<u>Governmental Activities</u>						
GO Refunding, Series 2009D	3.50% to 5.00%	7/28/2009	12/01/2020	\$ 33,640,000	\$ 4,460,000	\$ 2,800,000
GO Refunding, Series 2011A	2.50% to 5.00%	10/27/2011	9/01/2022	32,055,000	28,150,000	8,265,000
Public Improvement, Series 2012A	3.00% to 5.00%	5/15/2012	4/01/2032	9,000,000	2,550,000	300,000
Public Improvement, Series 2012B	3.00% to 5.00%	5/16/2012	4/01/2032	138,600,000	39,050,000	4,700,000
Public Improvement, Series 2014	3.00% to 3.25%	6/26/2014	6/01/2032	15,000,000	11,400,000	800,000
Street Improvement, Series 2015A	3.00% to 5.00%	6/24/2015	6/01/2034	5,050,000	4,050,000	250,000
GO Bonds, Series 2015B	3.00% to 5.00%	6/25/2015	6/01/2034	20,000,000	16,000,000	1,000,000
Housing Bonds, Series 2015C - Taxable	3.00% to 4.00%	6/25/2015	6/01/2034	10,000,000	8,000,000	500,000
General Obligation Refunding, Series 2016A	2.25% to 5.00%	3/02/2016	9/01/2030	101,850,000	101,850,000	-
General Obligation Refunding, Series 2016B	0.50% to 1.99%	3/02/2016	9/01/2022	16,255,000	15,540,000	3,605,000
Housing Bonds, Series 2016C	2.00% to 3.375%	3/02/2016	2/01/2036	6,000,000	5,100,000	300,000
Public Improvement Bonds, Series 2017	3.00% to 5.00%	2/14/2017	2/01/2037	68,000,000	61,200,000	3,400,000
Total Governmental Activities					<u>\$ 297,350,000</u>	<u>\$ 25,920,000</u>

There were no new general obligation debt issuances during fiscal year 2018-19.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 25,920,000	\$ 11,859,781
2021	24,535,000	10,777,591
2022	24,800,000	9,783,551
2023	23,490,000	8,732,246
2024	21,810,000	7,818,288
2025-2029	105,780,000	24,508,144
2030-2034	60,215,000	6,546,837
2035-2037	10,800,000	727,000
	<u>\$ 297,350,000</u>	<u>\$ 80,753,438</u>

Status of Bond Authorizations. The following represent continuing authorization of general obligation bonds, which were unsold at June 30, 2019:

Transportation - October 8, 2013	\$ 35,090,000
Parks and Recreation - November 4, 2014	63,685,000
Transportation - October 10, 2017	<u>206,700,000</u>
Total	<u>\$ 305,475,000</u>

2. *Defeased debt and refundings*

There was no refunding of general obligation debt during fiscal year 2018-19.

In prior years, the City has defeased various other 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 City's government-wide financial statements. As of June 30, 2019, the amount of defeased debt outstanding was \$75,928,127.

3. Revenue bonds

The City also issues revenue bonds to fund various water and sewer utility capital projects for the purpose of making water and sewer system improvements. The bonds are payable serially over the next 30 years.

The City pledges the net receipts of the Combined Enterprise System as security for revenue bonds. In the event of a material default, the trustee may declare the outstanding principal due and payable immediately. In addition, trustee may require the City to endorse all checks and other negotiable instruments representing receipts to the order of the trustee immediately.

Annual debt service requirements for 2018-19 were 22.10% of gross utility revenue and are expected to remain in this range.

Revenue bonds outstanding at June 30, 2019 are as follows:

	Interest	Date	Date	Amount of	Balance	Due Within
	Rates	Issued	Series	Original	Outstanding	One Year
			Matures	Issue	June 30,	Fiscal
Water and Sewer Revenue Bonds					2019	2019-2020
Water/Sewer, Series 2008A Variable Rate	4.163%	6/12/2008	3/01/2035	\$ 90,000,000	\$ 68,085,000	\$ 3,025,000
Water/Sewer, Series 2008B Variable Rate	4.163%	6/12/2008	3/01/2035	60,000,000	45,400,000	2,015,000
Water/Sewer Refunding, Series 2010A	2.25 - 5.00%	3/20/2010	3/01/2023	68,745,000	31,910,000	7,415,000
Water/Sewer, Series 2011	3.00 - 5.00%	2/10/2011	3/01/2040	10,435,000	5,460,000	2,665,000
Water/Sewer Refunding, Series 2012A	5.00%	4/05/2012	3/01/2031	31,230,000	31,230,000	-
Water/Sewer, Series 2013A	2.00 - 5.00%	5/16/2013	3/01/2043	66,895,000	61,335,000	1,495,000
Water/Sewer Refunding, Series 2013A	3.75 - 5.00%	5/16/2013	3/01/2033	112,780,000	112,780,000	-
Water/Sewer Refunding, Series 2013B, Taxable	0.65 - 2.14%	5/16/2013	3/01/2022	23,470,000	7,430,000	2,435,000
Water/Sewer Refunding, Series 2015A	3.25 - 4.00%	4/30/2015	12/01/2035	47,815,000	47,815,000	-
Water/Sewer Refunding, Series 2015B	3.00 - 5.00%	12/08/2015	12/01/2025	49,860,000	46,940,000	6,145,000
Water/Sewer, Series 2016A	3.00 - 5.00%	11/16/2016	3/01/2046	99,170,000	97,260,000	2,005,000
Water/Sewer Refunding, Series 2016B	3.00 - 5.00%	11/16/2016	3/01/2040	92,190,000	92,190,000	-
Total Water and Sewer Revenue Bonds					<u>\$ 647,835,000</u>	<u>\$ 27,200,000</u>

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2020	\$ 27,200,000	\$ 27,982,278
2021	28,365,000	26,792,480
2022	29,940,000	25,523,328
2023	28,760,000	24,151,477
2024	30,115,000	22,769,237
2025-2029	161,360,000	92,298,873
2030-2034	177,150,000	53,844,188
2035-2039	107,745,000	21,217,461
2040-2044	45,990,000	7,392,100
2045-2046	11,210,000	677,000
	<u>\$ 647,835,000</u>	<u>\$ 302,648,422</u>

A trust agreement, dated December 1, 1996 and amended by the First Amendatory Trust Agreement, dated as of April 15, 2004, authorizes and secures all outstanding revenue bonds. Certain financial covenants are contained in the trust agreement, controlled by the trustee, including the requirement that the City maintain a long-term debt service coverage ratio on all utility debt of no less than 1.00. The City was in compliance with all such covenants during the fiscal year ended June 30, 2019.

The debt service coverage ratio for the fiscal year end is as follows:

Operating revenues	\$ 258,189,502
Operating expenses	(146,992,520)
Operating income	<u>111,196,982</u>
Nonoperating revenues	19,115,115
Nonoperating expenses	<u>(29,557,210)</u>
Change in net position	100,754,887
Allowable revenue adjustments for calculation	(4,618,667)
Allowable expense adjustments for calculation	<u>72,525,824</u>
Income available for debt service	<u><u>\$ 168,662,044</u></u>
Debt service, principal and interest paid on revenue bonds and certain state loans (Parity)	\$ 61,348,759
Debt service coverage ratio	2.75

4. Other long-term obligations

Other long-term obligations include reimbursement contracts, certificates of participation, installment financing agreements, limited obligation bonds, earned vacation pay and landfill closure and postclosure costs. The total amount to be paid in the future periods including interest on certificates, installment financing agreements and other installment obligations is \$825,068,491.

The City pledges real property, such as City-owned buildings, land, and/or equipment as security for its various installment financing agreements, limited obligation bonds, certificates of participation, direct placement loans. In the event of a material default, the trustee may declare the entire unpaid principal of the bonds to be immediately due and payable. In addition, the trustee may immediately institute foreclosure proceedings to attempt to dispose of the mortgaged property and apply the proceeds towards the balance owed on the bonds.

Installment Financing Agreements. The City has previously issued \$243,425,000 in variable rate certificates of participation to finance the construction of the convention center.

This debt was sold by the Walnut Creek Financing Assistance Corporation, a blended component unit of the City, whose main purpose is to issue certificates of participation for the City. The City has remarketing and standby purchase agreements with banks related to two variable rate issues. Under these agreements, the banks will remarket any certificates for which payment is demanded. If the certificates cannot be remarketed, the banks will purchase the certificates. Interest rates may change pursuant to the terms of the debt agreements based on market conditions. The interest rates, per the remarketing agreements, cannot exceed 12.00%. The maximum interest, which cannot exceed 12.00%, required for these variable rate certificates through maturity would be \$305,034,600.

The following schedule shows the expiration dates, which can be renewed, fees paid in fiscal year 2018-19 pursuant to the terms of the debt agreements, and the swap interest rate at year-end for these issues.

<u>Issue</u>	<u>Balance June 30, 2019</u>	<u>Agreement Expiration</u>	<u>Fees Paid FY 2019</u>	<u>Interest Rate June 30, 2019</u>
2004A	\$ 55,000,000	January 5, 2022	\$ 177,357	1.87 %
2005B	\$ 148,125,000	December 1, 2020	\$ 833,857	1.87 %

The debt service requirements to maturity, for these variable rate installment financing agreements, including the converted fixed rate note, are shown below:

<u>Fiscal Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 10,035,734	\$ 8,686,935
2021	10,530,734	8,182,906
2022	10,945,734	7,773,244
2023	11,420,734	7,299,073
2024	11,900,734	6,795,684
2025-2029	67,818,932	25,646,759
2030-2034	93,194,883	9,987,680
2035-2037	1,687,244	75,958
	<u>\$ 217,534,729</u>	<u>\$ 74,448,239</u>

The City has previously entered into installment financing agreements to finance various general governmental capital projects. These debt issues carry fixed interest rates of 3.00% to 5.25% (downtown improvement projects), 1.76% (enterprise resource planning technology), and 3.00% to 4.25% (parks projects). The City also previously entered into limited obligation bonds that carry fixed coupon interest rates from 3.00% to 5.57%, and one variable rate at 1.93% at June 30, 2019, for the purpose of rehabilitating existing structures and constructing remote operations centers. Principal and interest requirements will be provided by appropriation in the year in which they become due. A detail of these debt issues is on the following page.

Installment Financing Agreements - General Governmental	Date	Date	Amount of	Balance	Due Within
	Issued	Series Matures	Original Issue	Outstanding June 30, 2019	One Year Fiscal 2019-2020
Limited Obligation Bds 2010A - BAB's portion	8/24/2010	6/01/2027	\$ 6,371,208	\$ 6,371,208	\$ -
Limited Obligation Bds 2010A - RZEDB's portion	8/24/2010	6/01/2035	15,000,000	15,000,000	-
Limited Obligation Bds 2010B - Tax Exempt portion	8/24/2010	6/01/2020	11,093,494	920,451	920,451
Limited Obligation Bds 2013A&B	10/03/2013	10/01/2038	47,595,000	41,385,000	2,070,000
Limited Obligation Bds 2013B Refunding	10/03/2013	10/01/2024	5,885,000	3,355,000	590,000
Limited Obligation Bds 2014A - CPS Fac & FS 12	8/28/2014	10/01/2039	66,715,000	56,045,000	2,665,000
Dix Park Acquisition IFA 2015	7/24/2015	7/01/2025	52,000,000	36,400,000	5,200,000
Limited Obligation Bds 2016 - Refunded 2005C COPS	2/24/2016	2/01/2020	2,245,000	545,000	545,000
Limited Obligation Bds 2016 - Refunded 2007 COPS (Fayetteville st)	2/24/2016	2/01/2027	3,031,757	2,401,475	308,910
Limited Obligation Bds 2016 - Refunded 2007 COPS (Transfer Station)	2/24/2016	2/01/2027	906,722	750,143	81,440
Limited Obligation Bds 2016 - Refunded PNC Draw Prog	2/24/2016	2/01/2036	6,438,250	5,471,375	323,050
Limited Obligation Bds 2016 - New Money	2/24/2016	2/01/2036	2,216,575	1,883,896	111,216
Limited Obligation Bds 2016A - Refunded 2009 LOBS	6/15/2016	6/01/2024	3,819,270	2,288,769	484,000
Limited Obligation Bds 2016A - Refunded 2009 LOBS	6/15/2016	6/01/2034	23,577,928	19,627,831	1,309,444
Total Installment Financing Agreements - General Governmental				\$ 192,445,148	\$ 14,608,511

Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 14,608,511	\$ 7,574,837
2021	14,046,201	7,089,700
2022	14,015,472	6,595,019
2023	13,985,620	6,101,828
2024	13,963,818	5,601,283
2025-2029	51,097,850	21,059,861
2030-2034	41,670,628	11,611,156
2035-2039	26,392,048	3,209,660
2040	2,665,000	48,303
	\$ 192,445,148	\$ 68,891,647

The City has previously entered into installment financing agreements to finance various downtown parking facilities. These agreements bear interest at rates ranging from 4.20% to 5.25% with a variable rate component for one agreement, not to exceed 15.00%, which was 2.30% at June 30, 2019. There are also two variable rate agreements that each had an interest rate of 1.85% at June 30, 2019. Principal and interest requirements will be provided by appropriation in the year in which they become due. A detail of these debt issues is as follows:

Installment Financing Agreements - Parking	Date	Date	Amount of	Balance	Due Within
	Issued	Series Matures	Original Issue	Outstanding June 30, 2019	One Year Fiscal 2019-2020
COPS 2008 - Taxable - Blount St Parking Deck	8/13/2008	8/01/2033	\$ 12,950,000	\$ 8,640,000	\$ 455,000
COPS 2009 - Taxable - Site One Parking Deck	8/12/2009	8/01/2035	24,875,000	19,780,000	865,000
Limited Obligation Bds 2013B Refunding	10/03/2013	10/01/2024	8,860,000	5,625,000	880,000
Limited Obligation Bds 2014B Refunding	11/05/2014	10/01/2034	21,370,000	18,510,000	800,000
Limited Obligation Bds 2016 - Refunded 2007 COPS	2/24/2016	02/01/2032	9,429,633	8,412,812	528,891
Limited Obligation Bds 2016A - Refunded 2009 LOBS	6/15/2016	06/01/2020	2,261,875	554,583	554,583
Total Installment Financing Agreements - Parking				\$ 61,522,395	\$ 4,083,474

Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2020	\$ 4,083,474	\$ 2,350,361
2021	3,661,382	2,200,466
2022	3,810,614	2,076,992
2023	3,961,318	2,062,198
2024	4,121,336	1,900,509
2025-2029	18,984,271	7,738,614
2030-2034	19,650,000	3,377,250
2035	3,250,000	115,700
	\$ 61,522,395	\$ 21,822,090

The City has previously issued debt associated with the Solid Waste Services function. These include certificates of participation that carry fixed interest rates of 4.00% to 5.00% (Solid Waste Transfer Station), limited obligation bonds that carry fixed coupon interest rates from 3.00% to 5.57% and a variable rate agreement that had an interest rate of 2.30% at June 30, 2019 (design and construction of remote operations center). A detail of these debt issues is as follows:

Installment Financing Agreements - Solid Waste Services	Date	Date	Amount of Original Issue	Balance	Due Within
	Issued	Series Matures		Outstanding June 30, 2019	One Year Fiscal 2019-2020
Limited Obligation Bds 2010A - Taxable	8/24/2010	06/01/2027	\$ 6,468,792	\$ 6,468,792	\$ -
Limited Obligation Bds 2010B - Tax Exempt portion	8/24/2010	06/01/2027	7,491,506	934,549	934,549
Limited Obligation Bds 2016 - Refunded 2007 COPS	2/24/2016	02/01/2027	3,626,888	3,000,571	325,759
Limited Obligation Bds 2016A - Refunded 2009 LOBS	6/15/2016	06/01/2034	1,295,928	1,078,816	71,972
Total Installment Financing Agreements - Solid Waste Services				<u>\$ 11,482,728</u>	<u>\$ 1,332,280</u>

Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2020	\$ 1,332,280	\$ 510,893
2021	1,346,682	457,951
2022	1,353,179	406,441
2023	1,367,328	348,257
2024	1,384,113	285,491
2025-2029	4,339,156	497,824
2030-2034	359,990	43,139
	<u>\$ 11,482,728</u>	<u>\$ 2,549,996</u>

The City has previously issued certificates of participation and master installment financing agreements to fund separate internal service funds for the purchase of rolling stock equipment for governmental and business-type activities. The debt issues carry fixed interest rates ranging from 0.90% to 1.87%. Principal and interest requirements for these debt issues will be provided by appropriation in the year they become due. A detail of these debt issues is as follows:

Installment Financing Agreements - Internal Service	Date	Date	Amount of Original Issue	Balance	Due Within
	Issued	Series Matures		Outstanding June 30, 2019	One Year Fiscal 2019-2020
Equipment Acquisition Project, Series 2015	06/18/2015	6/30/2020	\$ 31,850,676	\$ 6,529,792	\$ 6,529,792
Equipment Acquisition Project, Series 2017	06/27/2017	6/30/2022	42,303,111	25,842,858	8,454,454
Equipment Acquisition Project, Series 2019	06/26/2019	6/30/2024	28,484,308	28,484,308	4,767,892
Total Installment Financing Agreements - Internal Service				<u>\$ 60,856,958</u>	<u>\$ 19,752,138</u>

Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 11,700,139	\$ 640,273	\$ 8,051,999	\$ 283,302
2021	9,270,088	492,125	5,080,891	185,300
2022	9,455,495	306,716	5,183,068	97,143
2023	3,750,974	145,003	2,240,997	86,631
2024	3,831,601	62,786	2,291,706	42,002
	<u>\$ 38,008,297</u>	<u>\$ 1,646,903</u>	<u>\$ 22,848,661</u>	<u>\$ 694,378</u>

State Revolving Loans. During the current fiscal year, the City's Water and Sewer Utility enterprise received \$3,244,984 in proceeds from state revolving fund loans. These loans carry fixed interest rates of 0.00% to 2.00% and are payable over 20 years. Final amounts for these loans will be determined when the associated projects close. Repayment will begin six months after respective project completion.

The City has previously entered into state revolving loans to finance various water and sewer capital projects. These debt issues carry fixed interest rates as detailed below. Principal and interest requirements for these debt issues will be provided by appropriation in the year they become due.

The City pledges the revenues of the project or Combined Enterprise System as security for state revolving loans. In the event of a material default, the City may be required prepay the note in whole to the North Carolina Department of Environmental Quality.

The City's participation in the state revolving fund loan program is summarized below:

State Revolving Loans	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2019	Due Within One Year Fiscal 2019-2020
Water and Sewer:						
Crabtree Creek	2.60%	1/07/2000	5/01/2020	\$ 3,300,000	\$ 165,000	\$ 165,000
Rolesville Projects	2.66%	11/14/2005	5/01/2025	3,000,000	900,000	150,000
Spray Irrigation	0.00%	9/01/2010	5/01/2030	625,694	309,492	28,135
Crabtree Creek North	2.45%	7/05/2011	5/01/2033	11,094,556	6,797,684	485,549
Centennial Reuse	0.00%	5/01/2012	5/01/2033	5,125,312	2,667,332	190,524
NRWWTP 15MGD	2.00%	4/18/2013	5/01/2037	27,638,450	24,874,606	1,381,922
DE Benton Backwash	0.00%	5/18/2013	5/01/2034	7,075,847	5,507,353	367,157
Sodium Permanganate	0.00%	3/26/2015	5/01/2036	3,678,800	2,609,876	178,938
Crabtree Creek	2.00%	7/13/2015	5/01/2037	37,500,000	16,084,138	1,875,000
Water and Sewer Total State Revolving Loans					<u>\$ 59,915,481</u>	<u>\$ 4,822,225</u>

Annual maturities for Water and Sewer Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2020	\$ 4,822,225	\$ 917,605
2021	4,657,225	832,267
2022	4,657,225	751,218
2023	4,657,225	670,169
2024	4,657,225	589,121
2025-2029	19,873,897	2,297,568
2030-2034	12,298,321	948,356
2035-2037	4,292,138	165,831
	<u>\$ 59,915,481</u>	<u>\$ 7,172,135</u>

The City has previously entered into a state revolving loan program to fund lake and stream enhancements. The loan is to be repaid in annual payments over 20 years at 0.00% interest and is summarized below.

State Revolving Loans	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2019	Due Within One Year Fiscal 2019-2020
Upper Longview Restoration	0.00%	1/16/2013	5/01/2034	\$ 2,034,751	\$ 1,526,063	\$ 101,738

Annual maturities for the Stormwater Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities Principal
2020	\$ 101,738
2021	101,738
2022	101,738
2023	101,738
2024	101,737
2025-2029	508,687
2030-2034	508,687
	<u>\$ 1,526,063</u>

Earned Vacation Pay. At June 30, 2019, earned vacation pay consists of \$23,161,634 for governmental activities and \$5,563,820 for business-type activities.

Landfill Postclosure Care Costs. State and federal laws and regulations require the City to maintain a final cover over its Wilders Grove landfill site and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill was closed for waste disposal on December 31, 1997. During 2018-19 the third party cost estimate was updated for both postclosure costs and the corrective action plan (CAP) costs associated with ground water violations at the landfill identified in 2007-08 and new proposed stream bank repairs. The \$4,388,053 reported as landfill postclosure liability as of June 30, 2019 includes the CAP report cost estimate as well as the cost to perform the on-going postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to demonstrate financial assurance for postclosure care. The City is in compliance with these requirements, and, demonstrated such by completion of the local government financial assurance test submitted to NC Department of Environmental Quality – Solid Waste Section on November 29, 2018.

5. Changes in long-term liabilities

There were current year additions to installment financing agreements of \$17.8 million for governmental activities and \$10.7 million for business-type activities, which consists of financing for the City's rolling stock equipment that occurs every other year. Business-type activities also received \$3.2 million proceeds from state revolving fund loans as previously stated.

Certain internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the totals for governmental activities. At year end \$478,737 of internal service funds earned vacation pay are included as part of governmental activities.

Long-term liability governmental activity for the year ended June 30, 2019 was as follows:

	Balance			Balance	Due Within
<u>Governmental activities:</u>	June 30, 2018	Additions	Reductions	June 30, 2019	One Year
General obligation bonds	\$ 323,520,000	\$ -	\$ 26,170,000	\$ 297,350,000	\$ 25,920,000
Unamortized premiums - GO bonds	45,935,821	-	2,382,110	43,553,711	3,981,183
Installment financing agreements	235,848,138	17,829,586	23,224,280	230,453,444	26,308,650
Unamortized premiums on IFA	5,613,521	-	2,077,322	3,536,199	254,975
Earned vacation pay	21,891,259	13,701,740	12,431,365	23,161,634	12,431,365
Claims payable	19,343,033	9,371,208	6,879,316	21,834,925	9,513,055
Subtotal before pension	652,151,772	40,902,534	73,164,393	619,889,913	78,409,228
Net pension liability (LEOSSA)	45,440,181	5,184,886	3,663,719	46,961,348	-
Net pension liability (LGERS)	41,550,681	40,952,290	15,505,055	66,997,916	-
Net pension liability (OPEB)	140,494,484	13,161,908	17,670,398	135,985,994	-
Subtotal pension	227,485,346	59,299,084	36,839,172	249,945,258	-
Total governmental activities	\$ 879,637,118	\$ 100,201,618	\$ 110,003,565	\$ 869,835,171	\$ 78,409,228

Long-term liability business-type activity for the year ended June 30, 2019 is on the next page.

	Balance			Balance	
	June 30, 2018	Additions	Reductions	June 30, 2019	Due Within One Year
Business-type activities:					
<i>Water and Sewer:</i>					
Revenue bonds	\$ 673,815,000	\$ -	\$ 25,980,000	\$ 647,835,000	\$ 27,200,000
Unamortized premium - Rev. bonds	61,292,835	-	3,641,388	57,651,447	3,641,385
Installment financing agreements	61,492,722	3,244,984	4,822,225	59,915,481	4,822,225
Earned vacation pay	3,097,292	2,276,669	2,141,120	3,232,841	2,141,120
Net pension liability (LGERS)	8,841,877	7,761,282	2,360,668	14,242,491	-
Net pension liability (OPEB)	30,115,832	2,793,325	3,750,152	29,159,005	-
Subtotal Water and Sewer	838,655,558	16,076,260	42,695,553	812,036,265	37,804,730
<i>Convention Center Complex:</i>					
Installment financing agreements	227,180,464	-	9,645,735	217,534,729	10,035,734
Unamortized premiums - IFA	2,121,860	-	117,880	2,003,980	117,881
Earned vacation pay	667,620	380,891	344,638	703,873	344,638
Claims payable	1,105	-	1,105	-	-
Net pension liability (LGERS)	1,413,846	1,357,931	413,028	2,358,749	-
Net pension liability (OPEB)	4,889,731	488,727	656,135	4,722,323	-
Subtotal Convention Center Complex	236,274,626	2,227,549	11,178,521	227,323,654	10,498,253
<i>Transit:</i>					
Earned vacation pay	53,246	61,077	48,257	66,066	48,257
Net pension liability (LGERS)	271,708	327,776	99,696	499,788	-
Net pension liability (OPEB)	952,024	117,968	158,377	911,615	-
Subtotal Transit	1,276,978	506,821	306,330	1,477,469	48,257
<i>Stormwater:</i>					
Installment financing agreements	1,627,801	-	101,738	1,526,063	101,738
Earned vacation pay	524,978	425,932	388,254	562,656	388,254
Net pension liability (LGERS)	1,255,293	1,404,757	427,270	2,232,780	-
Net pension liability (OPEB)	5,091,272	505,579	678,761	4,918,090	-
Subtotal Stormwater	8,499,344	2,336,268	1,596,023	9,239,589	489,992
<i>Parking:</i>					
Installment financing agreements	65,478,658	-	3,956,263	61,522,395	4,083,474
Unamortized premiums - IFA	3,541,769	-	261,113	3,280,656	261,114
Earned vacation pay	127,622	105,121	89,770	142,973	89,770
Net pension liability (LGERS)	529,154	444,839	135,302	838,691	-
Net pension liability (OPEB)	1,793,073	160,101	214,941	1,738,233	-
Subtotal Parking	71,470,276	710,061	4,657,389	67,522,948	4,434,358
<i>Solid Waste Services:</i>					
Installment financing agreements	12,807,491	-	1,324,763	11,482,728	1,332,280
Unamortized premiums - IFA	727,178	-	145,772	581,406	145,773
Earned vacation pay	844,552	631,048	620,189	855,411	620,189
Landfill postclosure	4,995,411	-	607,358	4,388,053	986,700
Net pension liability (LGERS)	2,816,881	2,458,325	747,723	4,527,483	-
Net pension liability (OPEB)	9,610,422	884,764	1,187,831	9,307,355	-
Subtotal Solid Waste Services	31,801,935	3,974,137	4,633,636	31,142,436	3,084,942
<i>Internal Service Funds:</i>					
Installment financing agreements	18,364,744	10,654,722	6,170,805	22,848,661	8,051,999
Total business-type activities	\$ 1,206,343,461	\$ 36,485,818	\$ 71,238,257	\$ 1,171,591,022	\$ 64,412,531

6. Arbitrage

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the City must rebate to the federal government “arbitrage profits” earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2019, the City had no arbitrage liabilities.

7. Interest rate swaps

2005 Swap

The City entered into an interest rate swap agreement for the Downtown Municipal Improvement Projects Series 2005B variable rate certificates of participation effective January 20, 2005. The synthetic fixed rate swap effectively changes these variable rate demand obligations (VRDOs) to the fixed rate of 4.36%.

The certificates of participation and the related swap agreement mature on February 1, 2034. The swap notional amount of \$148,125,000 matches the variable rates certificates of participation. Beginning in February 2015, the notional value of the swap and the principal amount of the associated debt started to decline annually. Under the swap agreement, the City pays the counterparty a fixed interest payment semiannually at 4.36% of the notional amount and receives a variable interest payment equivalent to the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA). At June 30, 2019, the swap had a negative fair value to the City of \$30,458,504. This mark to market valuation was established by market quotations obtained by the counterparty, representing an estimate of the amount that would be paid for replacement transactions. As of June 30, 2019, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative’s positive fair value. At June 30, 2019, Citibank NA, the counterparty, was rated “Aa3” by Moody’s Investor’s Service, “A+” by Standard and Poor’s Ratings Services, and “A+” by Fitch Ratings. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make or being entitled to receive an unanticipated termination payment based on the market value on the date of termination. As rates vary, variable rate bond interest payments and net swap payments will vary. The principal and interest payments shown below are components of the business-type activities demand bond debt service requirements as reported on page 41.

Using rates as of June 30, 2019, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the 2005B variable rate certificates, were as follows:

Fiscal Year Ending June 30	Principal	Variable Rate Interest	Interest Rate Swaps, Net*	Total Interest
2020	\$ 9,185,000	\$ 2,814,375	\$ 3,643,875	\$ 6,458,250
2021-2025	52,955,000	11,276,595	14,600,223	25,876,818
2026-2030	66,555,000	5,754,055	7,449,987	13,204,042
2031-2034	19,430,000	944,110	1,222,374	2,166,484
Total	<u>\$ 148,125,000</u>	<u>\$ 20,789,135</u>	<u>\$ 26,916,459</u>	<u>\$ 47,705,594</u>

*Computed using 4.36% less floating rate paid to the City (1.87% at June 30, 2019) times \$188,425,000 less accumulated annual reductions.

2008 Swap

On February 9, 2006, the City entered into forward starting swap transactions with two financial institutions as related to \$150,000,000 of water and sewer revenue bonds to be issued in 2008. The City engaged the swap transactions effective June 18, 2008 in conjunction with the issue of variable rate revenue bonds. Under the swap agreements, the City pays the counterparties a fixed interest rate payment at 4.163% of the swap notional amount (\$150,000,000) and receives a variable interest rate payment equivalent to the SIFMA. At June 30, 2019, the swaps had a combined negative fair value to the City of \$25,776,667, which mitigates the City's exposure to credit risk. However, should interest rates change and the fair value of swaps become positive, the City would be exposed to credit risk in the amount of the derivatives' positive fair values. At June 30, 2019, Citibank NA, one of the counterparties, was rated "Aa3" by Moody's Investor's Service, "A+" by Standard and Poor's Ratings Services, and "A+" by Fitch Ratings. Wells Fargo Bank, N.A., the other counterparty, was rated "Aa2" by Moody's Investor's Service, "A+" by Standard and Poor's Ratings Services, and "AA-" by Fitch Ratings. The derivative contracts use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make or being entitled to receive an unanticipated termination payment based on the market value on the termination date. As rates vary, variable rate bond interest payments and net swap payments shown below are components of the business type activities revenue bond debt service requirements as reported on page 39.

Using the rates as of June 30, 2019, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the 2008 A and B variable rate bonds were as follows:

Fiscal Year Ending June 30	Principal	Variable Rate Interest	Interest Rate Swaps, Net*	Total Interest
2020	\$ 5,040,000	\$ 2,156,215	\$ 2,568,166	\$ 4,724,381
2021-2025	28,620,000	9,262,025	11,031,559	20,293,584
2026-2030	35,585,000	6,289,285	7,490,869	13,780,154
2031-2035	44,240,000	2,594,260	3,089,900	5,684,160
Total	<u>\$ 113,485,000</u>	<u>\$ 20,301,785</u>	<u>\$ 24,180,494</u>	<u>\$ 44,482,279</u>

**Computed using 4.163% less floating rate paid to the City (1.87% at June 30, 2019) times \$150,000,000 less accumulated annual reductions.*

G. Restricted assets

Cash, cash equivalents and investments are restricted in the accompanying statements as follows by fund:

	Deposits	Unspent Debt Proceeds
<u>Governmental</u>		
General Fund	\$ 29,852	\$ 27,863
Nonmajor governmental funds	2,944,542	33,789,272
Total governmental	<u>2,974,394</u>	<u>33,817,135</u>
 <u>Enterprise</u>		
Water and sewer fund	14,606,000	52,360,864
Convention center fund	506,275	-
Mass transit fund	50,305	-
Stormwater fund	15,376,606	-
Parking Fund	-	67,829
Total enterprise	<u>30,539,186</u>	<u>52,428,693</u>
 <u>Internal service funds</u>		
Governmental equipment replacement fund	-	18,167,749
Public utilities equipment replacement fund	-	4,128,403
Solid waste services equipment replacement fund	-	4,273,899
Total internal service fund	<u>-</u>	<u>26,570,051</u>
Total	<u>\$ 33,513,580</u>	<u>\$ 112,815,879</u>

Note 4. Other Information

A. Risk management and employees' health benefits

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical and dental claims for employees, retirees, and dependents.

The City protects itself from potential loss through a combination of self-insurance programs and the purchase through the private sector of commercial insurance for various primary and excess coverages. There were no significant changes in insurance coverage from the prior year, except for increased excess coverage amounts for workers' compensation and cyber security.

City insurance coverage includes workers' compensation, general liability, automobile liability, police liability, cyber liability, automobile comprehensive, real and personal property. For workers' compensation, the City self-insures the first \$1,100,000 per occurrence with excess coverage, effective July 1, 2018, that increased to \$25,000,000 per occurrence, as well as employers' liability coverage of \$1,000,000 per occurrence and in the aggregate. For liability, the City self-insures the first \$1,000,000 per occurrence, with excess coverage of \$10,000,000 in the aggregate. Effective July 1, 2019, the City increased coverage up to \$15,000,000 for cyber security liability. For property, the City self-insures the first \$100,000 per occurrence, with excess coverage up to the replacement value of \$500,000,000 per occurrence. The excess coverage includes \$100,000,000 in the aggregate for loss due to flood and \$10,000,000 annual aggregate for flood plain location losses.

The City of Raleigh, in accordance with NC General Statute §159-29, maintains a Public Official Bond on The Chief Financial Officer in the amount of \$500,000. In addition, the City purchases a Crime and Fidelity insurance policy for all other employees in the amount of \$2,000,000. City taxes are collected by the Wake and Durham County tax collectors. Wake and Durham County tax collectors are endorsed onto the City of Raleigh's Crime and Fidelity insurance policy for their collection of taxes on behalf of the City of Raleigh up to the \$2,000,000 coverage limit.

The City provides medical and dental coverage for employees and retirees. Additional premium-based dependent coverage is available at employee expense.

The City, as allowed by GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", uses internal service funds, the risk management fund and the employees' health benefits fund, to account for its risk financing activities. The claims liability total of \$21,834,925 reported for these two internal service funds at June 30, 2019, is based upon the requirements of Statement 10, which require 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. Claims liabilities reported include an estimate for claims incurred but not reported. The changes in reported claims liabilities in fiscal years 2018-19 and 2017-18 are as follows:

	2019	2018
Insurance claims payable, beginning of year	\$ 19,343,033	\$ 19,738,902
Current year claims and changes in estimates	51,704,180	39,110,003
Claim payments	(49,212,288)	(39,505,872)
Insurance claims payable, end of year	<u>\$ 21,834,925</u>	<u>\$ 19,343,033</u>

Employees' health benefits and risk management current portion of pending claims is \$9,513,055.

B. Commitments and contingent liabilities

Commitment - Enterprise Funds. In February 1972, the City entered into a raw water storage contract and joint use construction costs with the U. S. Corps of Engineers for raw water usage of up to 100 million gallons per day from Falls Lake. The City's estimated share of construction cost for the project was estimated at \$14,078,083 payable annually over 50 years beginning in 1984. The contract requires that the City pay certain capital and operating costs of the lake which are dependent upon future costs of operation. The City's fiscal year 2018-19 obligation was \$875,336. It is estimated, at this time, that the future cost to the City will not exceed \$900,000 annually and will be repaid in 2033 with a final payment of \$3,726,122.

On January 24, 2019, the Assistant Secretary for the Army for Civil Works signed a sales contract for the reallocation of an additional 17,300 acre-feet of storage in Falls Lake that equates to approximately 23.3 million gallons per day of reliable yield to the City. The City's cost for this additional water supply is \$24,062,768, along with an increased share of certain capital and operating costs of the lake. The City's fiscal year 2018-19 obligation for the reallocation was \$1,191,907. It is estimated, at this time, that the future cost to the City will not exceed \$1,300,000 annually and will be repaid in 2048.

Contingent Liabilities. Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally by the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Contingent Liabilities – Facility Fees. The City enters into Thoroughfare Facility Fee Reimbursement contracts that provide developers with contract awards based on the calculated value of the capital contributions to the City. Each contract states minimum amounts that must be paid and recorded as long-term liabilities in the City's entity-wide financial statements. The remaining liability amounts for each contract are paid based on a formula and are contingent on available funds in the facility fee reimbursement account. The total value of the contracts at June 30, 2019 was \$8,136,249. Of this amount, \$7,034,222 was recorded as a liability, and the remaining \$1,102,027 represents a contingent liability.

Contingent Liabilities – Asset Retirement Obligations. Annually, the City will conclude if internal events or external obligating events warrant a legally enforceable liability associated with retirement, disposal, or environmental remediation for any of our facilities and capital assets. The City does not deem that a legally enforceable liability associated with tangible assets has been incurred or is reasonably estimable under the guidance of GASB 83 "Certain Asset Retirement Obligations". Furthermore, the City is not aware of external obligating events such as laws and regulations, contracts, or court judgments that require reporting or would be material for disclosure.

C. Jointly governed organizations

Raleigh-Durham Airport Authority. The Raleigh-Durham Airport Authority plans and conducts 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. The authority selects the management and sets the budget and financing requirements of the airport. Each member government contributes \$12,500 annually for administration of the authority. Neither the City nor the other member governments exercise management control or are responsible for budget and financing requirements for the authority. A special airport tax district of Durham and Wake Counties was created to aid in the financing of major airport facilities and is governed by two members each from the respective county boards of commissioners. Because of its limited role in the Raleigh-Durham Airport Authority and the related special tax district, the City does not consider its participation to be a joint venture and, accordingly, further disclosure of the airport entity is not included. The authority does not meet the criteria to be included in the City's financial reporting entity.

Triangle J Council of Governments. The City is a member of the Triangle J Council of Governments, which serves a seven county region and forty-two local governments. The participating member governments established the council to coordinate various regional interests and intergovernmental funding. Each participating government appoints one delegate to the council's governing board. The City paid dues of \$127,240 to the council during the fiscal year ended June 30, 2019. The council does not meet the criteria to be included in the City's financial reporting entity.

Related organizations

The Raleigh Housing Authority. The Raleigh Housing Authority assists in providing housing for low income, elderly and disabled residents of the City. The mayor appoints all members of the authority's governing body, but the authority is not otherwise financially accountable to the City. The City has no responsibility in selecting the management of the authority. The primary revenue sources for the authority are federal grants and program revenues. Financial transactions between the City and the authority reflect contractual agreements between the parties for the provision of specific services by the authority for the City.

The City is not responsible for financing any deficits of the authority nor is it entitled to any surplus. In addition, the City does not guarantee any debt of the authority and such debt is not included in determining the City's statutory debt limit.

The Raleigh Historic Districts Commission, Inc. The Raleigh Historic Districts Commission, Inc. was formed in 1993 to exercise jurisdiction for all historic properties and historic overlay districts within Raleigh's city limits and extraterritorial jurisdiction. The commission consists of 12 members appointed by the city council. The City's accountability for the commission does not extend beyond making appointments to the commission. Revenues to support the commission come from private contributions and grants from local and state governments. In the fiscal year ended June 30, 2019 the City paid \$44,416 to the commission. The not-for-profit organization does not meet the criteria to be included in the City's financial reporting entity.

The Raleigh Parking Deck Associates, Inc. A for-profit corporation established to finance and construct a parking deck is reflected in substance through a capital lease with the City. The corporation does not meet the criteria to be included in the City's financial reporting entity.

Interlocal agreement with Wake County

Pursuant to enabling legislation in 1991, the City of Raleigh and Wake County entered into an interlocal agreement to provide for the funding of various projects and facilities from the proceeds to be realized from the levy of a county-wide room occupancy tax and a prepared food and beverage tax. The proceeds and distributions of the taxes are accounted for in a special revenue fund maintained by the County. The City, by terms of the enabling legislation, is granted specific allocations of the taxes, but has entered into the interlocal agreement requiring joint action of the City and County governing bodies to expend both the City and County allocations.

At June 30, 2019 the balance of the trust maintained by the County was \$4,646,987, which is not available to the City except for current and future projects jointly determined by the City and the County. During fiscal year 2018-19, the City received funding as follows: an annual \$1,000,000 that the City Council dedicated for continuing support of the performing arts and convention center complex; an annual \$680,000 to fund visitor-related programs and activities and \$31,150,539 to support the financing of the convention center facility. The City will continue to receive \$1,000,000 allocations that the City Council may use for any eligible purpose in the original state legislation. In addition, the City will annually receive 85% of all uncommitted interlocal tax funds for debt service and other costs related to the convention center facility.

A tri-party agreement exists between the City of Raleigh, Wake County and the Centennial Authority, a public body created by the State of North Carolina to construct and govern operations of a multi-purpose regional sports and entertainment complex, which opened in October 1999. Through the interlocal and tri-party agreements, part of the funding for this construction has been provided by the trust. Future receipts from the taxes are committed by the authority for operating support and repayment of the authority's debt.

Interlocal agreement with Transit Planning Advisory Committee (TPAC)

The City is an active member of the Transit Planning Advisory Committee (TPAC). The committee comprises members of representatives from agencies and local governments within jurisdiction in Wake County and are charged to coordinate planning and implementation aspects of the Wake County Transit Plan. TPAC was created upon adoption of the Wake County Transit Plan and an associated Interlocal Governance Agreement (ILA) by the NC Capital Areas Metropolitan Planning Organization (CAMPO) Executive Board, the GoTriangle Board of Trustees, and the Wake County Board of Commissioners. Under the ILA, CAMPO and GoTriangle are responsible for ongoing technical and financial decisions related to plan implementation. The City was reimbursed \$13,206,179 in interlocal funding from GoTriangle for fiscal year 2019 transit operating services and capital project deliverables the City accomplished as part of the Wake County Transit Plan.

Joint venture

The Greater Raleigh Convention and Visitors Bureau. The Greater Raleigh Convention and Visitors Bureau promotes and solicits business, conventions, meeting and tourism in Wake County. The bureau receives its primary revenue from a county-wide 6.00% occupancy tax and is a joint venture of the City of Raleigh and Wake County. The governing body of the bureau is a board of directors appointed by the Raleigh City Council and the Wake County Commissioners. The County is required to distribute monthly 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 City and County must fund the deficiency equally to ensure that the bureau receives its minimum distribution of \$1,000,000 in any fiscal year. There was no additional funding required of the City or County in the year ended June 30, 2019. Except for an investment in capital assets previously recorded by the City, the only equity in the fund at year-end is for encumbrances which will be expensed in the subsequent year. Based on this, no additional equity interest in the bureau is recorded at June 30, 2019. Full financial statements can be obtained from the Greater Raleigh Convention and Visitors Bureau. Contact information is at <https://www.raleighchamber.org>. The bureau does not meet the criteria to be included in the City's financial reporting entity.

D. Employee retirement systems and pension plans

North Carolina Local Government Employees' Retirement System

Plan Description. The City of Raleigh is a participating employer in the statewide Local Government 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 Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. Contact information and the full financial report may be obtained at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Raleigh 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 City of Raleigh's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 City of Raleigh were \$19,688,743 for the year ended June 30, 2019.

Refunds of Contributions. City 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, 2019, the City reported a liability of \$91,697,898 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City'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, 2018, the City's proportion was 3.87%, which was an increase of 0.16% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$25,031,156. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,146,807	\$ 474,696
Changes in assumptions	24,333,083	-
Net difference between projected and actual earnings on pension plan investments	12,587,395	-
Changes in proportion and differences between City contributions and proportionate share of contributions	650,029	1,116,278
City contributions subsequent to the measurement date	19,688,743	-
Total	\$ 71,406,057	\$ 1,590,974

* Note: The Government-Wide Statement of Net Position on pg. 1 illustrates the final LGERS activity as reflected above. There are fluctuations in deferred outflows of resources and deferred inflows of resources year to year. Based on how the City allocates the change in this activity at a fund level, adjustments were made to the Proprietary Funds Statement of Net Position for presentation purposes to adjust for the accounting nature of ending balances at the fund level. Adjustments at the fund level between the two classifications were deemed immaterial.

City contributions subsequent to the measurement date of \$19,688,743 reported as deferred outflows of resources related to pensions will be recognized as an increase of the net pension asset in the year ended June 30, 2020.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Pension deferrals
2020	\$ 24,091,640
2021	15,698,725
2022	2,865,169
2023	7,470,806
2024	-
Thereafter	-
	\$ 50,126,340

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Assumption Type	Parameter
Inflation	3.00 percent
Salary increases	3.50 to 8.10 percent inflating and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense including inflation

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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Fixed Income	29.00%	1.4%
Global equity	42.00%	5.3%
Real estate	8.00%	4.3%
Alternatives	8.00%	8.9%
Credit	7.00%	6.0%
Inflation protection	6.00%	4.0%
	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. 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 City's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1 % Decrease (6.00%)	Discount Rate (7.00%)	1 % Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 220,266,295	\$ 91,697,898	\$ (15,735,866)

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

Law Enforcement Supplemental Plans

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a section 401(k) defined contribution pension plan administered by the Department of State Treasurer and a board of trustees. The plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officers’ salary, and all amounts collected are vested immediately. Also, law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$4,733,309 which consisted of \$2,576,263 from the City and \$2,157,046 from the law enforcement officers.

Law Enforcement Officers’ Special Separation Allowance

Plan Description. The City administers a public employee retirement system (the “separation allowance”); a single-employer defined benefit pension plan that provides retirement benefits to the City’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 5 or more years of creditable service immediately prior to retirement. The separation allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time City law enforcement officers are covered by the separation allowance. At December 31, 2017, the separation allowance’s membership consisted of:

Retirees currently receiving benefits	159
Active plan members	738
Total membership	897

Summary of significant accounting policies:

Basis of Accounting. The City has chosen to fund the Separation Allowance based on the annual required contribution (ARC) provided by the City’s actuary. Pension expenditures are made in a separate fund which is combined with the General Fund for reporting purposes and maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73: contributions to the pension plan and earnings on those contributions are irrevocable, pension plan assets are dedicated to providing benefits to plan members, pension plan assets are legally protected from the creditors or employers.

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Assumption Type	Parameter
Inflation	2.50%
Salary increases, including wage inflation and productivity factor	3.50% - 7.35%
Discount Rate	3.64%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017. Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed \$3,900,603 or 7.82% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance plan are financed through investment earnings. The City paid \$3,700,081 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, 2019, the City reported a total pension liability of \$46,961,348. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$3,954,563.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,565,197	\$ -
Changes of assumptions	1,506,937	1,827,949
Benefit payments and administrative expenses subsequent to the measurement date	2,179,655	-
Total	\$ 8,251,789	\$ 1,827,949

The \$2,179,655 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Pension deferrals
<u>Ending June 30</u>	<u></u>
2020	\$ 1,036,613
2021	1,036,613
2022	1,070,659
2023	884,917
2024	215,383
Thereafter	-
	<u>\$ 4,244,185</u>

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the City's total pension liability calculated using the discount rate of 3.64 %, as well as what the City's total pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.64 %) or one-percentage-point higher (4.64 %) than the current rate:

	1% Decrease 2.64%	Discount Rate 3.64%	1% Increase 4.64%
Total Pension Liability	<u>\$ 50,538,759</u>	<u>\$ 46,961,348</u>	<u>\$ 43,674,629</u>

***Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance***

Beginning Balance	\$ 45,440,181
Service Cost	1,520,495
Interest on the total pension liability	1,378,023
Difference between expected and actual experience	3,966,358
Change in assumptions and other inputs	(1,679,990)
Benefit payments	(3,663,719)
Ending balance of pension liability	<u>\$ 46,961,348</u>

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Other Post-Employment Benefits (OPEB) Plan

Plan Description:

Plan Administration. The City administers a single employer defined benefit pension plan under the City of Raleigh, North Carolina OPEB Trust (“OPEB Benefit Plan”), that provides health insurance, life insurance, and Medicare supplement benefits to eligible retirees. Employees who meet any of the retirement options available through NCLGERS and retire with 15 or more years of service may continue in the City’s group health plan until age 65 when employee becomes eligible for Medicare. Medicare eligible retirees receive a Medicare supplement of \$100 per month. Dependent health coverage is available until age 65 when spouse becomes eligible for Medicare.

Plan Membership. All active full-time employees are eligible for membership. At June 30, 2018, the OPEB Benefit Plan membership consisted of:

OPEB Plan Membership	
Inactive plan members or beneficiaries currently receiving benefit payments	2,007
Inactive plan members entitled to by not yet receiving benefit payments	-
Active plan members	<u>3,952</u>
Total membership	<u><u>5,959</u></u>

Benefits Provided. The City maintains two health care coverage options – Plan A and Plan B – that offer different levels of Plan premiums, copays, and deductibles so employees and retirees may elect the enrollment option best for their needs.

The City’s group medical coverage continues with the option of limited or zero cost to the retiree, depending on coverage plan selected, until age 65 for retirees that were hired prior to June 30, 2008.

Retirees that were hired on or after June 30, 2008 will pay a maximum of 50.00% of the premium cost if they retired with 15 years of service until age 65. The percentage of premium contribution decreases by 5.00% for each additional year of service at retirement, with retirees that have 25 years of service at retirement able to continue coverage at limited or no cost.

For employees hired before July 1, 2007, spouse / dependent coverage for retirees is provided at the same cost as active members. Employees hired on or after July 1, 2007 will have to pay the entire cost for spouse / dependent coverage as a retiree.

Eligible retirees with a minimum of ten years of service are provided life insurance coverage as follows: for the first five years after retirement coverage is \$1,750; after five years of retirement coverage reduces to \$1,000. Disabled retirees receive life insurance equal to their salary at the time of disability until age 65. The City Council may amend the benefit provisions at any time. A separate stand-alone report for the OPEB Benefit Plan is not issued.

Contributions. The City pays the full cost or almost full cost of coverage, depending on coverage plan selected, for health care and life insurance benefits, and a \$100 monthly Medicare supplement for eligible retirees. The City has chosen to fund the plan benefits based on an actuarially determined annual recommended contribution. The actuarial funding calculation applies the Projected Unit Credit cost method and Level Percent of Pay amortization method. A funding recommendation is made to City Council, who evaluates this figure amongst other funding needs throughout the City when adopting the City’s annual budget. For the current year the City contributed \$17,728,081 or 7.82% of the annual covered payroll. Contributions made by retirees for dependent coverage and Medicare supplement premiums were \$2,855,709. The OPEB Benefit Plan is accounted for as a trust fund.

Basis of Accounting. Financial statements for the OPEB Benefit Plan are prepared using the accrual basis of accounting. Employer contributions are recognized when due and when the City has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the plan terms.

Investments:

Investment Policy. The OPEB Benefit Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the City's Treasury Office as given legal rights by City Council. The primary emphasis of the policy is on moderate capital growth with some focus on income, and pursuing an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The investment policy aims to refrain from dramatically shifting asset class allocations over short time spans. The portfolio is rebalanced, at a minimum, on a quarterly basis.

The following was the asset target ranges for each major asset class and other investment restrictions as of June 30, 2019 under the OPEB Benefit Plan's investment policy:

<u>Asset Class</u>	<u>Target Allocation</u>
Bond Index Fund	30.00%
Equity Index Fund	65.00%
Short Term Investment Fund	5.00%
	<u>100.00%</u>
Maximum allowable allocation to illiquid securities:	10.00%
Long-term expected real rate of return	7.00%
<u>Bond Restrictions</u>	
Bond quality rated:	BBB or better
Maximum avg. bond maturity:	10 years
Maximum individual bond maturity:	30 years
Maximum fund portion:	40.00%
Maximum security portion:	5.00%
<u>Equity Restrictions</u>	
Maximum fund portion:	15.00%
Maximum security portion:	1.50%

Rate of Return. For the year ended June 30, 2019, the annual money weighted rate of return on investments, net of investment expense was 7.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the City:

The components of the net OPEB liability of the City at June 30, 2019 were as follows:

Total OPEB liability	\$ 231,743,793
Plan fiduciary net position	45,001,178
Net OPEB liability	<u>\$ 186,742,615</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 19.42%

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases, including inflation and productivity factors	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Long-term investment rate of return, net of OPEB plan investment expense, including inflation	7.00%
Healthcare cost trend rates*	7.25% for 2018
*decreasing to an ultimate rate of 4.75% by 2028	

Mortality rates were based on the RP-2014 Healthy Annuitant base mortality tables, with adjustments for LGERS experiences and generational mortality improvements using scale MP-2015. For general employees, rates are adjusted by 115.00% (male) and 79.00% (female) for ages under 78 and by 135.00% (male) and 116.00% (female) for age 78 and older. For law enforcement officers, rates are adjusted by 104.00% (male) and 100.00% (female).

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of the biennial actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board. The remaining actuarial assumptions were based upon a review of recent plan experience and done concurrently with the June 30, 2018 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. The Plan Actuary reviewed all information provided for the OPEB investment portfolio and agreed that the long-term expected rate of return of 7.00% is reasonable.

Discount Rate (SEIR). The discount rate used to measure the total OPEB liability at June 30, 2019 was 7.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%

Active employees do not explicitly contribute to the Plan

In all years, the employer is assumed to contribute the full Actuarially Determined Contributions (ADC) to the Trust fund.

Projected assets do not include employer contributions that fund the estimated services costs of future employees

Cash flows occur mid-year

Based on these assumptions, the Plan's fiduciary net position was projected to not be depleted.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City at June 30, 2019, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	\$ 208,253,213	\$ 186,742,615	\$ 167,717,228

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were to calculate healthcare cost trend rates that are one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current healthcare cost trend rate:

	1% Decrease 6.25%	Healthcare Cost Trend Rate 7.25%	1% Increase 8.25%
Net OPEB Liability	\$ 166,214,322	\$ 186,742,615	\$ 210,545,559

Changes in Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the City reported a net OPEB liability of \$186,742,615. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing updated procedures incorporating the actuarial assumptions.

At June 30, 2019, the components of the City's net OPEB liability, measured as of June 30, 2019, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 230,591,364	\$ 37,644,526	\$ 192,946,838
Changes for the year:			
Service cost	5,822,396	-	5,822,396
Interest	15,698,439	-	15,698,439
Differences between:			
Expected and actual experience	(18,202,365)	-	(18,202,365)
Changes of assumptions	10,707,577	-	10,707,577
Contributions - employer	-	17,728,081	(17,728,081)
Net investment income	-	2,577,776	(2,577,776)
Benefit payments	(12,873,618)	(12,873,618)	-
Plan administrative expenses	-	(75,587)	75,587
Net changes	1,152,429	7,356,652	(6,204,223)
Balances at June 30, 2019	\$ 231,743,793	\$ 45,001,178	\$ 186,742,615

Changes of Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2018 actuarial valuation, the actuarial assumptions included a 7.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included an inflation assumption at 2.50%, which was consistent to prior year. The discount (SEIR) rate remained at 7.00%; however, the Municipal Bond Index Rate decreased from 3.89% on the prior measurement to 3.50% respectively at June 30, 2019. Medical claims cost and rates were changed based on most recent experience and change to the current schedule. The health care cost trends decreased from 7.75% as of the June 30, 2016 valuation to 7.25% in the June 30, 2018 valuation. The ultimate rate is also trending down from 5.00% by 2022 to 4.75% by 2028.

Other required supplementary information is included in the required supplementary financial data.

For the year ended June 30, 2019, the City recognized OPEB expense of \$8,797,403. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between:		
Expected and actual experience	\$ -	\$ 15,935,128
Changes of assumptions	9,137,551	48,270,382
Difference between projected and actual earnings on plan investments, net	177,418	189,329
Total	<u>\$ 9,314,969</u>	<u>\$ 64,394,839</u>

There were no City contributions subsequent to the measurement date for consideration.

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

Year ended June 30:	
2020	\$ (9,999,470)
2021	(9,999,470)
2022	(9,999,469)
2023	(9,936,362)
2024	(9,980,715)
Thereafter	(5,164,384)
	<u>\$ (55,079,870)</u>

Supplemental Retirement Plan – Section 401a

Plan Description. The City contributes to a Section 401a Money Purchase Pension Plan for the purpose of providing supplemental retirement benefits to general employees. This plan is a defined contribution plan and is reported as a pension trust fund. The plan is administered by the City and Branch Banking and Trust Company is the trustee and record keeper with investment options being exercised by employees.

Funding Policy. For each eligible employee who contributes a minimum of 1.50% of salary to a Section 457 Supplemental Retirement Plan, the City contributes double this percentage (to a maximum of 3.00%) into the 401a plan. During fiscal year 2018-19, the City contributed \$4,923,872 to the plan.

The 2018-19 combining financial statements for the City's pension trust funds are as follows:

COMBINING STATEMENT NET POSITION

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ASSETS			
Cash and cash equivalents	\$ 69,747,914	\$ 45,201,796	\$ 114,949,710
Accrued interest receivable	-	1,995	1,995
Due from other funds	-	335,704	335,704
Other receivables	-	199,716	199,716
Total assets	<u>69,747,914</u>	<u>45,739,211</u>	<u>115,487,125</u>
LIABILITIES			
Claims payable	-	725,000	725,000
Accounts payable	-	13,033	13,033
Total liabilities	<u>-</u>	<u>738,033</u>	<u>738,033</u>
NET POSITION			
Restricted for pensions	69,747,914	-	69,747,914
Restricted for postemployment benefits other than pensions	-	45,001,178	45,001,178
Total net position	<u>\$ 69,747,914</u>	<u>\$ 45,001,178</u>	<u>\$ 114,749,092</u>

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ADDITIONS			
Employer contributions	\$ 4,923,872	\$ 17,728,081	\$ 22,651,953
Retiree contributions	-	2,855,709	2,855,709
Interest	2,825,393	1,238,144	4,063,537
Net increase (decrease) in the fair value of investments	1,796,437	1,339,632	3,136,069
Recovery of claims	-	422,324	422,324
Total additions	<u>9,545,702</u>	<u>23,583,890</u>	<u>33,129,592</u>
DEDUCTIONS			
Benefits	3,273,807	16,151,651	19,425,458
Withdrawals and forfeitures	1,714,759	-	1,714,759
Investment expense	108,842	-	108,842
Professional services	-	75,587	75,587
Total deductions	<u>5,097,408</u>	<u>16,227,238</u>	<u>21,324,646</u>
Change in net position restricted for employees' retirement and other post-employment benefits	4,448,294	7,356,652	11,804,946
Net position, beginning of year	65,299,620	37,644,526	102,944,146
Net position, end of year	<u>\$ 69,747,914</u>	<u>\$ 45,001,178</u>	<u>\$ 114,749,092</u>

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>OPEB</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 14,146,807	\$ 4,565,197	\$ -	\$ 18,712,004
Changes of assumptions	24,333,083	1,506,937	9,137,551	34,977,571
Difference between projected and actual earnings on pension plan investments	12,587,395	-	177,418	12,764,813
Changes in proportion and differences between City contributions and proportionate share of contributions	650,029	-	-	650,029
City contributions (LGERS)/benefit payments and administration costs (LEOSSA, OPEB) subsequent to the measurement date	19,688,743	2,179,655	-	21,868,398
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 474,696	\$ -	\$ 15,935,128	\$ 16,409,824
Changes of assumptions	-	1,827,949	48,270,382	50,098,331
Difference between projected and actual earnings on plan investments, net	-	-	189,329	189,329
Changes in proportion and differences between City contributions and proportionate share of contributions	1,116,278	-	-	1,116,278

E. New pronouncements

The GASB has issued pronouncements which are effective as of the fiscal year ended June 30, 2019.

GASB Statement No. 83, "Certain Asset Retirement Obligations." This Statement is effective for periods beginning after June 15, 2018. Management has determined that the impacts of this Statement did not have a material effect on the City but did lead to expanded footnote disclosures.

GASB Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." This Statement is effective for periods beginning after June 15, 2018. Management has determined that the impacts of this Statement did not have a material effect on the City but did lead to expanded footnote disclosures.

GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement is effective for periods beginning after December 15, 2019; however, as permitted by the standard, the City moved forward with early adoption. Management has determined that the impact of this Statement is reflective of expenditure activity instead of recognizing capitalized interest. This standard was a prospective implementation, so no restatement is required.

The GASB has issued pronouncements prior to June 30, 2019, which have an effective date that may impact future presentations. Management has not currently determined what impact the implementation of the below statements may have on the financial statements of the City.

GASB Statement No. 84, "Fiduciary Activities." This Statement is effective for periods beginning after December 15, 2018.

GASB Statement No. 87, "Leases." This Statement is effective for periods beginning after December 15, 2019.

GASB Statement No. 90, "Major Equity Interests – an Amendment of GASB Statements No. 14 and No. 61. This Statement is effective for periods beginning after December 15, 2018.

F. Subsequent events

The City has evaluated events through October 24, 2019 in connection with the preparation of these financial statements, which is the date the financials were available to be issued.

Required Supplementary Information

**City of Raleigh's Schedule of Changes in the Net OPEB Liability and Related Ratios
Required Supplementary Information
Last Three Fiscal Years**

OPEB Benefits Plan

Total OPEB Liability	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service Cost	\$ 5,822,396	\$ 9,927,166	\$ 10,561,625
Interest	15,698,439	11,950,667	10,767,810
Changes of benefits terms	-	-	-
Differences between expected and actual experience	(18,202,365)	(548,349)	-
Changes of assumptions	10,707,577	(65,887,310)	(14,718,276)
Benefit payments**	<u>(12,873,618)</u>	<u>(13,274,514)</u>	<u>(13,737,352)</u>
Net change in total OPEB liability	1,152,429	(57,832,340)	(7,126,193)
Total OPEB liability - beginning	230,591,364	288,423,704	295,549,897
Total OPEB liability - ending	<u>\$ 231,743,793</u>	<u>\$ 230,591,364</u>	<u>\$ 288,423,704</u>
 Plan fiduciary net position			
Contributions - employer	\$ 17,728,081	\$ 16,539,000	\$ 14,434,837
Net investment income	2,577,776	2,651,455	3,465,384
Benefit payments*	(12,873,618)	(13,274,514)	(13,737,352)
Administrative expense	<u>(75,587)</u>	<u>(72,496)</u>	<u>(36,252)</u>
Net change in plan fiduciary net position	7,356,652	5,843,445	4,126,617
Plan fiduciary net position - beginning	37,644,526	31,801,081	27,674,464
Plan fiduciary net position - ending	<u>\$ 45,001,178</u>	<u>\$ 37,644,526</u>	<u>\$ 31,801,081</u>
City's net OPEB liability - ending	<u>\$ 186,742,615</u>	<u>\$ 192,946,838</u>	<u>\$ 256,622,623</u>
 Plan fiduciary net position as a percentage of the total OPEB liability			
Covered payroll	\$ 226,599,625	\$ 182,145,153	\$ 182,145,153
City's net OPEB liability as a percentage of covered payroll	19.42%	105.93%	140.89%

*Benefit payments are net of participant contributions

Information is not required to be presented retroactively. Data for years prior to that presented is unavailable.

**City of Raleigh's Schedule of Employer Contributions
Required Supplementary Information
Last Four Fiscal Years**

OPEB Benefits Plan

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 16,322,792	\$ 16,322,792	\$ 16,538,686	\$ 14,084,837
Contributions in relation to the actuarially determined contribution	17,728,081	16,539,000	14,434,837	13,949,558
Contribution deficiency (excess)	<u>\$ (1,405,289)</u>	<u>\$ (216,208)</u>	<u>\$ 2,103,849</u>	<u>\$ 135,279</u>
Covered payroll	\$ 226,599,625	\$ 182,145,153	\$ 182,145,153	\$ 182,145,153
Contributions as a percentage of covered payroll	7.82%	9.08%	7.92%	7.66%

Notes to schedule

Valuation Date: 6/30/2018

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay
Amortization period	21 years, closed
Asset valuation method	Market value of assets
Inflation	2.50%
Healthcare cost trend rates	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Salary increases	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Investment rate of return	7.00%

Retirement age:

In the 2017 actuarial valuation and forward, assumed life expectancies were adjusted as a result of adopting the RP-2014 Healthy Annuitant Mortality Table
In prior years, those assumptions were based on the 1994 Group Annuity Mortality table.

Mortality:

In the 2017 actuarial valuation and forward, assumed life expectancies were adjusted as a result of adopting the RP-2014 Healthy Annuitant Mortality Table
In prior years, those assumptions were based on the 1994 Group Annuity Mortality table.

Information is not required to be presented retroactively. Data for years prior to that presented is unavailable.

**City of Raleigh's Schedule of Investment Returns
Required Supplementary Information
Last Three Fiscal Years**

OPEB Benefits Plan

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	5.56%	6.85%	10.78%

Information is not required to be presented retroactively. Data for years prior to that presented is unavailable.

**City of Raleigh's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Five Fiscal Years ***

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Raleigh's proportion of the net pension liability (asset)	3.86529%	3.71006%	3.82340%	3.75642%	3.72410%
Raleigh's proportion of the net pension liability (asset)	\$ 91,697,898	\$ 56,679,440	\$ 81,145,356	\$ 16,858,648	\$ (21,863,612)
Raleigh's covered payroll	\$ 240,754,795	\$ 230,212,405	\$ 210,212,491	\$ 202,649,654	\$ 194,516,160
Raleigh's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.09%	24.62%	38.60%	8.32%	(11.24%)
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. Fiscal years 2015-2018 covered payroll amounts are restated to align to inputs for the liability calculation.

** This will be the same percentage for all participant employers in the LGERS plan.

**City of Raleigh's Contributions
Required Supplementary Information
Last Five Fiscal Years ***

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 19,688,743	\$ 18,460,693	\$ 17,046,989	\$ 14,237,418	\$ 14,479,623
Contributions in relation to the contractually required contribution	19,688,743	18,460,693	17,046,989	14,237,418	14,479,623
Contribution deficiency (excess)	<u>\$ -</u>				
Raleigh's covered payroll	\$ 248,029,917	\$ 240,754,795	\$ 230,212,405	\$ 210,212,491	\$ 202,649,654
Contributions as a percentage of covered payroll	7.94%	7.67%	7.40%	6.77%	7.15%

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

**City of Raleigh's Schedule of Changes in Total Pension Liability
Required Supplementary Information
Last Three Fiscal Years**

Law Enforcement Officers' Special Separation Allowance

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 45,440,181	\$ 41,779,030	\$ 43,129,788
Service Cost	1,520,495	1,230,644	1,367,308
Interest on the total pension liability	1,378,023	1,544,969	1,481,526
Difference between expected and actual experience	3,966,358	2,049,262	-
Change in assumptions and other inputs	(1,679,990)	2,344,123	(938,656)
Benefit payments	<u>(3,663,719)</u>	<u>(3,507,847)</u>	<u>(3,260,936)</u>
Ending balance of pension liability	<u>\$ 46,961,348</u>	<u>\$ 45,440,181</u>	<u>\$ 41,779,030</u>

**City of Raleigh's Schedule of Total Pension Liability as a Percentage of Covered Payroll
Required Supplementary Information
Last Three Fiscal Years**

Law Enforcement Officers' Special Separation Allowance

	<u>2019</u>		<u>2018</u>		<u>2017</u>
Total pension liability	\$ 46,961,348	\$	45,440,181	\$	41,779,030
Covered payroll	49,859,872		46,317,598		48,708,066
Total pension liability as a percentage of covered payroll	94.19%		98.11%		85.77%

Notes to the schedules:

The City of Raleigh has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Combining and Individual Financial Statements and Schedules

The **Combining and Individual Financial Statements and Schedules** reflect the detail level of presentation behind the basic financial statements.

Included are the following:

- Combining Statements - By Fund Type
- Individual Fund Schedules with Comparisons to Budget

Nonmajor Governmental Funds

The Nonmajor Governmental Funds statements include the combining balance sheet and combining statement of revenues, expenditures and changes in fund balance for nonmajor special revenue funds and nonmajor capital projects funds that comprise the other governmental funds column in the basic financial statements. The combining nonmajor special revenue funds statements and the combining nonmajor capital projects funds statements are detailed behind the special revenue funds and capital project funds summary pages that follow.

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2019

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 62,714,768	\$ 122,355,988	\$ 185,070,756
Assessments receivable, net of allowance for uncollectibles of \$117,704	-	396,165	396,165
Due from other funds	67,631	33,749	101,380
Due from other governmental agencies	9,730,471	3,015,641	12,746,112
Accrued interest receivable	276,241	-	276,241
Other receivables and assets	822	-	822
Sales tax receivable	156,282	838,554	994,836
Loans receivable, net of allowance for uncollectibles of \$7,449,882	67,135,110	-	67,135,110
Cash and cash equivalents/investments - restricted deposits and bond proceeds	5,463,260	31,270,554	36,733,814
Total assets	\$ 145,544,585	\$ 157,910,651	\$ 303,455,236
LIABILITIES			
Accounts payable	\$ 688,614	\$ 14,062,897	\$ 14,751,511
Accrued salaries and employee payroll taxes	69,717	-	69,717
Sales tax payable	245	6,476	6,721
Loan servicing escrow	695,442	-	695,442
Due to other funds	1,324,500	60,351	1,384,851
Reimbursable facility fees	-	6,621,382	6,621,382
Escrow and other deposits payable from restricted assets	-	2,944,542	2,944,542
Due to other governmental agencies	226,745	-	226,745
Other liabilities	1,199	-	1,199
Total liabilities	3,006,462	23,695,648	26,702,110
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	621,335	170,063	791,398
Assessments receivable	-	396,165	396,165
Prepaid assessments	-	7,408	7,408
Total deferred inflows of resources	621,335	573,636	1,194,971
FUND BALANCES			
Restricted:			
Debt service	53,880,005	-	53,880,005
Public safety	281,945	-	281,945
Assigned:			
Subsequent year's appropriation	11,340,774	82,838,288	94,179,062
City projects	-	50,803,079	50,803,079
Community development	73,202,235	-	73,202,235
Disaster recovery	3,211,829	-	3,211,829
Total fund balances	141,916,788	133,641,367	275,558,155
Total liabilities, deferred inflows of resources and fund balances	\$ 145,544,585	\$ 157,910,651	\$ 303,455,236

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 45,162,134	\$ 5,714,050	\$ 50,876,184
Project revenue (non-grant)	-	3,611,461	3,611,461
Non-governmental	88,888	40,000	128,888
Mutual aid reimbursements	330,303	-	330,303
Assessments	-	848,971	848,971
Gain (loss) on investments	1,712,136	1,842,870	3,555,006
Facility fees	-	11,430,968	11,430,968
Other fees and charges	-	177,591	177,591
Rents	90,478	-	90,478
Program income	632,678	-	632,678
Recovery of claims	573,480	-	573,480
Donations and contributions	-	890,795	890,795
Miscellaneous other	104,605	2,112	106,717
Total revenues	<u>48,694,702</u>	<u>24,558,818</u>	<u>73,253,520</u>
EXPENDITURES			
Current:			
General government	177,558	6,267,310	6,444,868
Community development services	3,181,809	-	3,181,809
Public infrastructure	5,293,517	38,114,123	43,407,640
Public safety	4,808,165	7,030,707	11,838,872
Leisure services	803,434	29,816,122	30,619,556
Economic development programs	2,567,454	-	2,567,454
Total expenditures	<u>16,831,937</u>	<u>81,228,262</u>	<u>98,060,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,862,765</u>	<u>(56,669,444)</u>	<u>(24,806,679)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	787,277	23,635,490	24,422,767
Transfers out	(24,744,324)	(5,010,935)	(29,755,259)
Gain (loss) on sale of property	2,206,481	-	2,206,481
Total other financing sources and uses	<u>(21,750,566)</u>	<u>18,624,555</u>	<u>(3,126,011)</u>
Net change in fund balances	10,112,199	(38,044,889)	(27,932,690)
Fund balances, beginning of year	131,804,589	171,686,256	303,490,845
Fund balances, end of year	<u>\$ 141,916,788</u>	<u>\$ 133,641,367</u>	<u>\$ 275,558,155</u>

Special Revenue Funds

The primary purpose of the **Special Revenue Funds** is to account for the proceeds of designated revenue sources that are restricted by law or administrative action for specific purposes. Revenue sources accounted for through the City's special revenue funds include various grant funds, housing bond funds, community development funds, a disaster recovery fund, a convention center financing fund, and an emergency telephone system fund.

Special Revenue Funds

Grants Fund (nonmajor fund)

The Grants Fund accounts for activities to which federal, state, and other aid is contributed, with the exception of capital projects, federal community development, and public transportation assistance. This fund centralizes all funding sources for these activities and provides for full budgetary accountability.

Housing Bond Fund (nonmajor fund)

The Housing Bond Fund accounts for City housing development programs which are financed by general obligation bond issues.

Community Development Fund (nonmajor fund)

The Community Development Fund accounts for United States Department of Housing and Urban Development (HUD) grant proceeds allocated to the City for community development programs.

Disaster Recovery Fund (nonmajor fund)

The Disaster Recovery Fund accounts for federal and state reimbursement for disaster recovery activities resulting from various natural disasters and the City's flood mitigation program, as well as reimbursements from mutual aid efforts.

Convention Center Financing Fund (nonmajor fund)

The Convention Center Financing Fund accounts for hotel and motel occupancy taxes collected by the County and remitted to the City per an interlocal agreement to fund the financing of the Convention Center.

Emergency Telephone System Fund (nonmajor fund)

The Emergency Telephone System Fund is used to account for 911 revenues received by the state 911 board to enhance the state's 911 system.

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2019

	Grants Fund	Housing Bond Fund	Community Development Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ 11,892,928	\$ 165,087
Due from other funds	5,864	61,767	-
Due from other governmental agencies	1,908,005	-	1,405,561
Accrued interest receivable	-	-	-
Other receivables and assets	-	-	-
Sales tax receivable	68,109	-	435
Loans receivable, net of allowance of \$7,449,882	-	36,420,329	30,714,781
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	5,463,260	-
Total assets	<u>\$ 1,981,978</u>	<u>\$ 53,838,284</u>	<u>\$ 32,285,864</u>
LIABILITIES			
Accounts payable	\$ 503,167	\$ 10,056	\$ 161,958
Accrued salaries and employee payroll taxes	46,161	-	13,449
Sales tax payable	245	-	-
Loan servicing escrow	-	-	695,442
Due to other funds	1,221,593	-	61,767
Due to other governmental agencies	-	-	226,745
Other liabilities	1,199	-	-
Total liabilities	<u>1,772,365</u>	<u>10,056</u>	<u>1,159,361</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	209,613	-	411,722
Total deferred inflows of resources	<u>209,613</u>	<u>-</u>	<u>411,722</u>
FUND BALANCES			
Restricted:			
Debt service	-	-	-
Public safety	-	-	-
Assigned:			
Subsequent year's appropriation	-	11,340,774	-
Community development	-	42,487,454	30,714,781
Disaster recovery	-	-	-
Total fund balances	<u>-</u>	<u>53,828,228</u>	<u>30,714,781</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,981,978</u>	<u>\$ 53,838,284</u>	<u>\$ 32,285,864</u>

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2019

	Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ 2,622,931	\$ 47,858,822	\$ 175,000	\$ 62,714,768
Due from other funds	-	-	-	67,631
Due from other governmental agencies	594,260	5,789,866	32,779	9,730,471
Accrued interest receivable	-	272,457	3,784	276,241
Other receivables and assets	-	-	822	822
Sales tax receivable	459	-	87,279	156,282
Loans receivable, net of allowance of \$7,449,882	-	-	-	67,135,110
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	-	-	5,463,260
Total assets	\$ 3,217,650	\$ 53,921,145	\$ 299,664	\$ 145,544,585
LIABILITIES				
Accounts payable	\$ 5,821	\$ -	\$ 7,612	\$ 688,614
Accrued salaries and employee payroll taxes	-	-	10,107	69,717
Sales tax payable	-	-	-	245
Loan servicing escrow	-	-	-	695,442
Due to other funds	-	41,140	-	1,324,500
Due to other governmental agencies	-	-	-	226,745
Other liabilities	-	-	-	1,199
Total liabilities	5,821	41,140	17,719	3,006,462
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	-	-	-	621,335
Total deferred inflows of resources	-	-	-	621,335
FUND BALANCES				
Restricted:				
Debt service	-	53,880,005	-	53,880,005
Public safety	-	-	281,945	281,945
Assigned:				
Subsequent year's appropriation	-	-	-	11,340,774
Community development	-	-	-	73,202,235
Disaster recovery	3,211,829	-	-	3,211,829
Total fund balances	3,211,829	53,880,005	281,945	141,916,788
Total liabilities, deferred inflows of resources and fund balances	\$ 3,217,650	\$ 53,921,145	\$ 299,664	\$ 145,544,585

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**
For the Fiscal Year Ended June 30, 2019

	Grants Fund	Housing Bond Fund	Community Development Fund
REVENUES			
Intergovernmental (including in-kind contributions of \$16,446)	\$ 6,954,618	\$ -	\$ 4,156,726
Non-governmental	88,888	-	-
Mutual aid reimbursements	-	-	-
Gain (loss) on investments	-	201,084	-
Rents	-	-	90,478
Program income	-	506,069	126,609
Recovery of claims	-	-	-
Miscellaneous other	-	-	104,605
Total revenues	7,043,506	707,153	4,478,418
EXPENDITURES			
Current:			
General government	9,000	-	-
Community development services	304,588	-	2,877,221
Public infrastructure	5,293,517	-	-
Public safety	1,788,392	-	-
Leisure services	203,434	-	-
Economic development programs	-	2,567,454	-
Total expenditures	7,598,931	2,567,454	2,877,221
Excess (deficiency) of revenues over (under) expenditures	(555,425)	(1,860,301)	1,601,197
OTHER FINANCING SOURCES (USES)			
Transfers in	555,425	-	231,852
Transfers out	-	(400,000)	-
Gain (loss) on sale of property	-	691,817	1,514,664
Total other financing sources and uses	555,425	291,817	1,746,516
Net change in fund balances	-	(1,568,484)	3,347,713
Fund balances, beginning of year	-	55,396,712	27,367,068
Fund balances, end of year	\$ -	\$ 53,828,228	\$ 30,714,781

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**
For the Fiscal Year Ended June 30, 2019

	Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
REVENUES				
Intergovernmental (including in-kind contributions of \$16,446)	\$ 120,000	\$ 31,150,539	\$ 2,780,251	\$ 45,162,134
Non-governmental	-	-	-	88,888
Mutual aid reimbursements	330,303	-	-	330,303
Gain (loss) on investments	-	1,490,353	20,699	1,712,136
Rents	-	-	-	90,478
Program income	-	-	-	632,678
Recovery of claims	573,480	-	-	573,480
Miscellaneous other	-	-	-	104,605
Total revenues	<u>1,023,783</u>	<u>32,640,892</u>	<u>2,800,950</u>	<u>48,694,702</u>
EXPENDITURES				
Current:				
General government	168,558	-	-	177,558
Community development services	-	-	-	3,181,809
Public infrastructure	-	-	-	5,293,517
Public safety	-	-	3,019,773	4,808,165
Leisure services	-	600,000	-	803,434
Economic development programs	-	-	-	2,567,454
Total expenditures	<u>168,558</u>	<u>600,000</u>	<u>3,019,773</u>	<u>16,831,937</u>
Excess (deficiency) of revenues over (under) expenditures	<u>855,225</u>	<u>32,040,892</u>	<u>(218,823)</u>	<u>31,862,765</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	787,277
Transfers out	(191,029)	(24,153,295)	-	(24,744,324)
Gain (loss) on sale of property	-	-	-	2,206,481
Total other financing sources and uses	<u>(191,029)</u>	<u>(24,153,295)</u>	<u>-</u>	<u>(21,750,566)</u>
Net change in fund balances	664,196	7,887,597	(218,823)	10,112,199
Fund balances, beginning of year	2,547,633	45,992,408	500,768	131,804,589
Fund balances, end of year	<u>\$ 3,211,829</u>	<u>\$ 53,880,005</u>	<u>\$ 281,945</u>	<u>\$ 141,916,788</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
GRANTS FUND**

For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
U.S. Department of Transportation Corporation for National and Community Service (including in-kind contributions of \$19,024)	\$ 7,779,496	\$ 4,874,972	\$ 12,654,468	\$ 15,502,982	\$ (2,848,514)
U.S. Department of Justice	2,183,970	229,322	2,413,292	2,615,416	(202,124)
U.S. Department of Homeland Security	(570,237)	955,348	385,111	780,694	(395,583)
U.S. Department of the Interior	782,695	624,798	1,407,493	1,432,460	(24,967)
Office of National Drug Control Policy	(4,000)	14,000	10,000	10,000	-
State of North Carolina	14,793	33,738	48,531	48,751	(220)
Wake County	152,702	135,899	288,601	288,601	-
	<u>62,093</u>	<u>86,541</u>	<u>148,634</u>	<u>188,205</u>	<u>(39,571)</u>
	10,401,512	6,954,618	17,356,130	20,867,109	(3,510,979)
Non-governmental	173,903	88,888	262,791	226,448	36,343
Total revenues	<u>10,575,415</u>	<u>7,043,506</u>	<u>17,618,921</u>	<u>21,093,557</u>	<u>(3,474,636)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	1,599,325	260,637	1,859,962	1,851,377	8,585
Mass transit fund	598,512	294,788	893,300	906,923	(13,623)
Total other financing sources	<u>2,197,837</u>	<u>555,425</u>	<u>2,753,262</u>	<u>2,758,300</u>	<u>(5,038)</u>
Total revenues and other financing sources	<u>\$ 12,773,252</u>	<u>\$ 7,598,931</u>	<u>\$ 20,372,183</u>	<u>\$ 23,851,857</u>	<u>\$ (3,479,674)</u>
EXPENDITURES					
General government	\$ 49,145	\$ 9,000	\$ 58,145	\$ 60,000	\$ (1,855)
Community development services	2,317,891	304,588	2,622,479	2,806,996	(184,517)
Public infrastructure	8,563,707	5,293,517	13,857,224	16,676,520	(2,819,296)
Public safety	1,587,988	1,788,392	3,376,380	3,834,126	(457,746)
Leisure services	254,521	203,434	457,955	474,215	(16,260)
Total expenditures	<u>12,773,252</u>	<u>7,598,931</u>	<u>20,372,183</u>	<u>23,851,857</u>	<u>(3,479,674)</u>
Total expenditures and other financing uses	<u>\$ 12,773,252</u>	<u>\$ 7,598,931</u>	<u>\$ 20,372,183</u>	<u>\$ 23,851,857</u>	<u>\$ (3,479,674)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
HOUSING BOND FUND**

For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Gain (loss) on investments	\$ -	\$ 201,084	\$ 201,084	\$ -	\$ 201,084
Program income	15,254,239	1,779,577	17,033,816	-	17,033,816
Total revenues	<u>15,254,239</u>	<u>1,980,661</u>	<u>17,234,900</u>	-	<u>17,234,900</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	2,240,000	-	2,240,000	2,240,000	-
Bonds issued	49,442,137	-	49,442,137	49,442,137	-
Gain (loss) on sale of property	3,600,278	691,817	4,292,095	-	4,292,095
Total other financing sources	<u>55,282,415</u>	<u>691,817</u>	<u>55,974,232</u>	<u>51,682,137</u>	<u>4,292,095</u>
Total revenues and other financing sources	<u>\$ 70,536,654</u>	<u>\$ 2,672,478</u>	<u>\$ 73,209,132</u>	51,682,137	<u>\$ 21,526,995</u>
Fund balance appropriated				3,784,452	
				<u>\$ 55,466,589</u>	
EXPENDITURES					
Economic development programs	\$ 16,175,655	\$ 8,097,454	\$ 24,273,109	\$ 55,066,589	\$ (30,793,480)
OTHER FINANCING USES					
Transfer to:					
General fund	-	400,000	400,000	400,000	-
Total expenditures and other financing uses	<u>\$ 16,175,655</u>	<u>\$ 8,497,454</u>	<u>\$ 24,673,109</u>	<u>\$ 55,466,589</u>	<u>\$ (30,793,480)</u>
Excess revenues and other financing sources over expenditures and other financing uses		\$ (5,824,976)			
Reconciliation: Loan treatment under GAAP					
Principal payments on loans receivable		(1,273,508)			
Issuance of loans receivable		5,530,000			
Change in fund balance		<u>\$ (1,568,484)</u>			

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
COMMUNITY DEVELOPMENT FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over</u> <u>(Under)</u> <u>Budget</u>
REVENUES					
Intergovernmental:					
US Department of HUD	\$ 54,873,322	\$ 4,156,726	\$ 59,030,048	\$ 44,314,988	\$ 14,715,060
Rents	1,568,028	90,478	1,658,506	1,279,263	379,243
Program income	12,071,320	1,094,494	13,165,814	10,093,857	3,071,957
Miscellaneous other	879,617	104,605	984,222	1,570,723	(586,501)
Total revenues	<u>69,392,287</u>	<u>5,446,303</u>	<u>74,838,590</u>	<u>57,258,831</u>	<u>17,579,759</u>
OTHER FINANCING SOURCES					
Transfers from:					
Housing development - operating	1,551,551	231,852	1,783,403	1,783,403	-
Proceeds from sale of property	2,655,110	1,514,664	4,169,774	2,861,277	1,308,497
Total other financing sources	<u>4,206,661</u>	<u>1,746,516</u>	<u>5,953,177</u>	<u>4,644,680</u>	<u>1,308,497</u>
Total revenues and other financing sources	<u>\$ 73,598,948</u>	<u>\$ 7,192,819</u>	<u>\$ 80,791,767</u>	<u>\$ 61,903,511</u>	<u>\$ 18,888,256</u>
EXPENDITURES					
Community development services	<u>\$ 46,196,079</u>	<u>\$ 7,213,500</u>	<u>\$ 53,409,579</u>	<u>\$ 61,865,276</u>	<u>\$ (8,455,697)</u>
OTHER FINANCING USES					
Transfer to:					
Technology capital projects fund	35,801	-	35,801	38,235	(2,434)
Total expenditures and other financing uses	<u>\$ 46,231,880</u>	<u>\$ 7,213,500</u>	<u>\$ 53,445,380</u>	<u>\$ 61,903,511</u>	<u>\$ (8,458,131)</u>
Excess revenues and other financing sources over expenditures and other financing uses		(20,681)			
Reconciliation: Loan treatment under GAAP					
Principal payments on loans receivable		(967,885)			
Issuance of loans receivable		4,336,279			
Change in fund balance		<u>\$ 3,347,713</u>			

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
DISASTER RECOVERY FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
Federal Emergency Management Agency	\$ 8,267,189	\$ 120,000	\$ 8,387,189	\$ 9,807,558	\$ (1,420,369)
NC Department of Transportation	80,347	-	80,347	-	80,347
Mutual aid	-	330,303	330,303	-	330,303
Recovery of claims	-	573,480	573,480	-	573,480
Total revenues	<u>8,347,536</u>	<u>1,023,783</u>	<u>9,371,319</u>	<u>9,807,558</u>	<u>(436,239)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	<u>3,350,000</u>	<u>-</u>	<u>3,350,000</u>	<u>3,350,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 11,697,536</u>	<u>\$ 1,023,783</u>	<u>\$ 12,721,319</u>	<u>\$ 13,157,558</u>	<u>\$ (436,239)</u>
EXPENDITURES					
General government	<u>\$ 5,299,903</u>	<u>\$ 168,558</u>	<u>\$ 5,468,461</u>	<u>\$ 9,116,529</u>	<u>\$ (3,648,068)</u>
OTHER FINANCING USES					
Transfers to:					
General fund	3,350,000	130,285	3,480,285	3,480,285	-
OPEB trust fund	500,000	-	500,000	500,000	-
Solid waste services fund	-	31,934	31,934	31,934	-
Stormwater services fund	-	28,810	28,810	28,810	-
	<u>3,850,000</u>	<u>191,029</u>	<u>4,041,029</u>	<u>4,041,029</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 9,149,903</u>	<u>\$ 359,587</u>	<u>\$ 9,509,490</u>	<u>\$ 13,157,558</u>	<u>\$ (3,648,068)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 CONVENTION CENTER FINANCING FUND
 For the Fiscal Year Ended June 30, 2019**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
Wake County	\$ 31,150,539	\$ 29,396,459	\$ 1,754,080
Gain (loss) on investments	1,490,353	1,367,391	122,962
Total revenues	<u>\$ 32,640,892</u>	<u>\$ 30,763,850</u>	<u>\$ 1,877,042</u>
EXPENDITURES			
Leisure services	\$ 600,000	\$ 5,687,461	\$ (5,087,461)
OTHER FINANCING USES			
Transfers to:			
Convention center complex fund	24,153,295	25,076,389	(923,094)
Total other financing uses	<u>24,153,295</u>	<u>25,076,389</u>	<u>(923,094)</u>
Total expenditures and other financing uses	<u>\$ 24,753,295</u>	<u>\$ 30,763,850</u>	<u>\$ (6,010,555)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 EMERGENCY TELEPHONE SYSTEM FUND
 For the Fiscal Year Ended June 30, 2019**

	<u>Actual</u>	<u>Budget</u>	Over (Under) Budget
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 2,780,251	\$ 2,780,180	\$ (71)
Gain (loss) on investments	20,699	-	20,699
Total revenues	<u>\$ 2,800,950</u>	<u>2,780,180</u>	<u>\$ 20,628</u>
Fund balance appropriated		313,689	
		<u>\$ 3,093,869</u>	
EXPENDITURES			
Public safety:			
Telephone	\$ 1,418,803	\$ 1,464,733	\$ (45,930)
Software maintenance	919,566	923,642	(4,076)
Hardware maintenance	3,319	6,453	(3,134)
Training	18,809	29,180	(10,371)
Functions	659,276	669,861	(10,585)
Total expenditures	<u>\$ 3,019,773</u>	<u>\$ 3,093,869</u>	<u>\$ (74,096)</u>

General Capital Projects Funds

The purpose of the **General Capital Projects Funds** are to account for the financial resources segregated for the acquisition or construction of major general capital assets and facilities. The budgets within these funds are adopted for the life of the projects. Under the project accounting concept, project expenditures, and the revenues used to fund them, are accumulated until the year the project is completed. General projects accounted for within the general capital projects funds include street projects, park improvements, Raleigh Union Station, technology projects, major public facilities and other miscellaneous capital projects.

General Capital Projects Funds

Street Improvement Fund (nonmajor fund)

The Street Improvement Fund accounts for all street improvement programs to be financed from applicable street assessment proceeds and other non-bond street improvement resources.

Street Bond Fund (nonmajor fund)

The Street Bond Fund accounts for the street construction projects financed from the general obligation street bond issues.

Sidewalk Fund (nonmajor fund)

The Sidewalk Fund accounts for capital project costs for the construction of sidewalks within the City.

Park Improvement Fund (nonmajor fund)

The Park Improvement Fund accounts for transfers from the general fund and other revenues and allocations, and all project costs in the construction of park improvements as well as park land and greenway acquisition.

Raleigh Union Station Fund (nonmajor fund)

The Raleigh Union Station Fund accounts for capital project costs for construction of the Raleigh Union Station. This fund is financed by both federal monies from the Federal Railroad Administration as well as with state match and local funding.

Facility Fees Fund (nonmajor fund)

The Facility Fees Fund accounts for facility fees collected from developers to be expended for street and park capital purposes within designated zones in the City.

Park Bond Fund (nonmajor fund)

The Park Bond Fund accounts for all bond proceeds and capital project costs related to the construction of park improvements or park land acquisition.

Miscellaneous Capital Improvements Fund (nonmajor fund)

The Miscellaneous Capital Improvements Fund accounts for all capital improvement costs not applicable to other capital improvement programs. These improvements are financed from non-bond resources.

Walnut Creek Amphitheater Fund (nonmajor fund)

The Walnut Creek Amphitheater Fund accounts for capital projects costs of the Amphitheater financed by a portion of the Amphitheater rent.

Technology Capital Projects Fund (nonmajor fund)

The Technology Capital Projects Fund accounts for long-term technology projects as recommended by the City's technology governance process. These projects are financed partially from general fund resources.

Major Public Facilities Fund (nonmajor fund)

The Major Public Facilities Fund accounts for capital project costs for construction of new public facilities including remote operations centers for streets, parks, solid waste and public infrastructure. These projects are financed from certificates or participations debt issues.

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
 June 30, 2019

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Raleigh Union Station Fund	Facility Fees Fund
ASSETS						
Cash and cash equivalents	\$ 23,383,751	\$ 1,062,137	\$ 5,027,740	\$ 21,718,211	\$ 2,590,139	\$ 13,835,013
Assessments receivable, net of allowance for uncollectibles of \$117,704	396,165	-	-	-	-	-
Due from other funds	-	-	-	-	33,749	-
Due from other governmental agencies	1,697,256	999,631	5,031	-	313,723	-
Accrued interest receivable	-	-	-	-	-	-
Sales tax receivable	175,683	69,266	10,259	76,300	17,906	-
Cash and cash equivalents/investments - restricted deposits and bond proceeds	2,642,434	9,090,955	263,087	-	194,955	-
Total assets	<u>\$ 28,295,289</u>	<u>\$ 11,221,989</u>	<u>\$ 5,306,117</u>	<u>\$ 21,794,511</u>	<u>\$ 3,150,472</u>	<u>\$ 13,835,013</u>
LIABILITIES						
Accounts payable	\$ 3,197,800	\$ 1,025,896	\$ 131	\$ 667,920	\$ 333,095	\$ -
Accrued salaries and employee payroll taxes	-	-	-	-	-	-
Sales tax payable	371	-	-	5,685	-	-
Due to other funds	-	-	-	-	-	-
Reimbursable facility fees	-	-	-	-	-	6,621,382
Escrow and other deposits payable from restricted assets	2,642,434	-	263,087	-	-	-
Total liabilities	<u>5,840,605</u>	<u>1,025,896</u>	<u>263,218</u>	<u>673,605</u>	<u>333,095</u>	<u>6,621,382</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	102,011	-	-	7,192	60,860	-
Assessments receivable	396,165	-	-	-	-	-
Prepaid assessments	-	-	7,408	-	-	-
Total deferred inflows of resources	<u>498,176</u>	<u>-</u>	<u>7,408</u>	<u>7,192</u>	<u>60,860</u>	<u>-</u>
FUND BALANCES						
Assigned:						
Subsequent year's appropriation	17,979,963	10,196,093	5,035,491	7,363,617	2,756,517	-
City projects	3,976,545	-	-	13,750,097	-	7,213,631
Total fund balances	<u>21,956,508</u>	<u>10,196,093</u>	<u>5,035,491</u>	<u>21,113,714</u>	<u>2,756,517</u>	<u>7,213,631</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,295,289</u>	<u>\$ 11,221,989</u>	<u>\$ 5,306,117</u>	<u>\$ 21,794,511</u>	<u>\$ 3,150,472</u>	<u>\$ 13,835,013</u>

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
 June 30, 2019

	Park Bond Fund	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	Major Public Facilities Fund	Total Nonmajor Capital Projects Funds
ASSETS						
Cash and cash equivalents	\$ 664,510	\$ 40,826,330	\$ 1,648,906	\$ 11,599,251	\$ -	\$ 122,355,988
Assessments receivable, net of allowance for uncollectibles of \$117,704	-	-	-	-	-	396,165
Due from other funds	-	-	-	-	-	33,749
Due from other governmental agencies	-	-	-	-	-	3,015,641
Accrued interest receivable	-	-	-	-	-	-
Sales tax receivable	254,307	136,634	13,934	84,265	-	838,554
Cash and cash equivalents/investments - restricted deposits and bond proceeds	13,023,733	486,252	-	-	5,569,138	31,270,554
Total assets	<u>\$ 13,942,550</u>	<u>\$ 41,449,216</u>	<u>\$ 1,662,840</u>	<u>\$ 11,683,516</u>	<u>\$ 5,569,138</u>	<u>\$ 157,910,651</u>
LIABILITIES						
Accounts payable	\$ 3,834,865	\$ 1,169,087	\$ 16,983	\$ 3,491,383	\$ 325,737	\$ 14,062,897
Accrued salaries and employee payroll taxes	-	-	-	-	-	-
Sales tax payable	-	188	232	-	-	6,476
Due to other funds	-	-	-	-	60,351	60,351
Reimbursable facility fees	-	-	-	-	-	6,621,382
Escrow and other deposits payable from restricted assets	-	39,021	-	-	-	2,944,542
Total liabilities	<u>3,834,865</u>	<u>1,208,296</u>	<u>17,215</u>	<u>3,491,383</u>	<u>386,088</u>	<u>23,695,648</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	-	-	-	-	-	170,063
Assessments receivable	-	-	-	-	-	396,165
Prepaid assessments	-	-	-	-	-	7,408
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>573,636</u>
FUND BALANCES						
Assigned:						
Subsequent year's appropriation	9,370,147	20,586,973	1,357,354	8,192,133	-	82,838,288
City projects	737,538	19,653,947	288,271	-	5,183,050	50,803,079
Total fund balances	<u>10,107,685</u>	<u>40,240,920</u>	<u>1,645,625</u>	<u>8,192,133</u>	<u>5,183,050</u>	<u>133,641,367</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,942,550</u>	<u>\$ 41,449,216</u>	<u>\$ 1,662,840</u>	<u>\$ 11,683,516</u>	<u>\$ 5,569,138</u>	<u>\$ 157,910,651</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2019

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Raleigh Union Station Fund	Facility Fees Fund
REVENUES						
Intergovernmental	\$ 1,988,572	\$ 1,026,109	\$ 5,031	\$ -	\$ 2,694,338	\$ -
Non-governmental	-	-	-	40,000	-	-
Project revenue (non-grant)	-	-	-	-	3,611,461	-
Assessments	444,714	-	247,669	156,588	-	-
Gain (loss) on investments	217,400	404,032	-	136,281	97,015	-
Facility fees	-	-	-	-	-	11,430,968
Other fees and charges	-	-	-	-	-	-
Rents	-	-	-	-	-	-
Donations and contributions	-	-	-	450,000	-	-
Miscellaneous other	-	-	-	1,200	912	-
Total revenues	<u>2,650,686</u>	<u>1,430,141</u>	<u>252,700</u>	<u>784,069</u>	<u>6,403,726</u>	<u>11,430,968</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public infrastructure	14,367,681	15,432,964	807,556	-	4,411,546	-
Public safety	-	-	-	-	-	-
Leisure services	-	-	-	4,283,624	-	-
Total expenditures	<u>14,367,681</u>	<u>15,432,964</u>	<u>807,556</u>	<u>4,283,624</u>	<u>4,411,546</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,716,995)</u>	<u>(14,002,823)</u>	<u>(554,856)</u>	<u>(3,499,555)</u>	<u>1,992,180</u>	<u>11,430,968</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	12,390,400	-	-	5,375,000	80,000	-
Transfers out	-	-	-	-	(96,300)	(7,926,835)
Gain (loss) on sale of property	-	-	-	-	-	-
Total other financing sources and uses	<u>12,390,400</u>	<u>-</u>	<u>-</u>	<u>5,375,000</u>	<u>(16,300)</u>	<u>(7,926,835)</u>
Net change in fund balances	673,405	(14,002,823)	(554,856)	1,875,445	1,975,880	3,504,133
Fund balances, beginning of year	21,283,103	24,198,916	5,590,347	19,238,269	780,637	3,709,498
Fund balances, end of year	<u>\$ 21,956,508</u>	<u>\$ 10,196,093</u>	<u>\$ 5,035,491</u>	<u>\$ 21,113,714</u>	<u>\$ 2,756,517</u>	<u>\$ 7,213,631</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2019

	Park Bond Fund	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	Major Public Facilities Fund	Combining Eliminations	Total Nonmajor Capital Projects Funds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,714,050
Non-governmental	-	-	-	-	-	-	40,000
Project revenue (non-grant)	-	-	-	-	-	-	3,611,461
Assessments	-	-	-	-	-	-	848,971
Gain (loss) on investments	590,768	198,897	-	76,576	121,901	-	1,842,870
Facility fees	-	-	-	-	-	-	11,430,968
Other fees and charges	-	5,351	172,240	-	-	-	177,591
Rents	-	-	-	-	-	-	-
Donations and contributions	440,795	-	-	-	-	-	890,795
Miscellaneous other	-	-	-	-	-	-	2,112
Total revenues	1,031,563	204,248	172,240	76,576	121,901	-	24,558,818
EXPENDITURES							
Current:							
General government	-	-	-	6,267,310	-	-	6,267,310
Public infrastructure	-	2,752,264	-	-	342,112	-	38,114,123
Public safety	-	7,029,329	-	-	1,378	-	7,030,707
Leisure services	25,310,945	-	221,553	-	-	-	29,816,122
Total expenditures	25,310,945	9,781,593	221,553	6,267,310	343,490	-	81,228,262
Excess (deficiency) of revenues over (under) expenditures	(24,279,382)	(9,577,345)	(49,313)	(6,190,734)	(221,589)	-	(56,669,444)
OTHER FINANCING SOURCES (USES)							
Transfers in	250,000	6,195,000	-	3,692,490	-	(4,347,400)	23,635,490
Transfers out	-	(135,200)	-	-	(1,200,000)	4,347,400	(5,010,935)
Gain (loss) on sale of property	-	-	-	-	-	-	-
Total other financing sources and uses	250,000	6,059,800	-	3,692,490	(1,200,000)	-	18,624,555
Net change in fund balances	(24,029,382)	(3,517,545)	(49,313)	(2,498,244)	(1,421,589)	-	(38,044,889)
Fund balances, beginning of year	34,137,067	43,758,465	1,694,938	10,690,377	6,604,639	-	171,686,256
Fund balances, end of year	\$ 10,107,685	\$ 40,240,920	\$ 1,645,625	\$ 8,192,133	\$ 5,183,050	\$ -	\$ 133,641,367

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STREET IMPROVEMENT FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 30,938,935	\$ 1,988,572	\$ 32,927,507	\$ 35,335,312	\$ (2,407,805)
Other	-	-	-	537,500	(537,500)
Developer participation	334,471	-	334,471	1,312,744	(978,273)
Assessments	8,548,184	444,714	8,992,898	8,523,217	469,681
Gain (loss) on investments	1,290,941	217,400	1,508,341	6,740,230	(5,231,889)
Miscellaneous other	1,560,528	-	1,560,528	7,726,093	(6,165,565)
Total revenues	<u>42,673,059</u>	<u>2,650,686</u>	<u>45,323,745</u>	<u>60,175,096</u>	<u>(14,851,351)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	79,796,098	10,238,000	90,034,098	90,034,098	-
Street bond fund	1,496,000	-	1,496,000	1,496,000	-
Sidewalk fund	1,250,573	-	1,250,573	1,250,573	-
Facility fees fund	25,083,089	2,152,400	27,235,489	27,235,489	-
Mass transit fund	2,315,468	-	2,315,468	2,315,468	-
Total other financing sources	<u>109,941,228</u>	<u>12,390,400</u>	<u>122,331,628</u>	<u>122,331,628</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 152,614,287</u>	<u>\$ 15,041,086</u>	<u>\$ 167,655,373</u>	182,506,724	<u>\$ (14,851,351)</u>
Fund balance appropriated				6,098,839	
				<u>\$ 188,605,563</u>	
EXPENDITURES					
Public infrastructure	\$ 120,377,573	\$ 14,367,681	\$ 134,745,254	\$ 177,651,952	\$ (42,906,698)
OTHER FINANCING USES					
Transfers to:					
Grants fund	16,476	-	16,476	16,476	-
Mass transit fund	10,937,135	-	10,937,135	10,937,135	-
Total other financing uses	<u>10,953,611</u>	<u>-</u>	<u>10,953,611</u>	<u>10,953,611</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 131,331,184</u>	<u>\$ 14,367,681</u>	<u>\$ 145,698,865</u>	<u>\$ 188,605,563</u>	<u>\$ (42,906,698)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STREET BOND FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 2,294,290	\$ 1,026,109	\$ 3,320,399	\$ 4,431,934	\$ (1,111,535)
Developer participation	2,027,831	-	2,027,831	1,500,000	527,831
Gain (loss) on investments	5,115,053	404,032	5,519,085	6,777,480	(1,258,395)
Total revenues	<u>9,437,174</u>	<u>1,430,141</u>	<u>10,867,315</u>	<u>12,709,414</u>	<u>(1,842,099)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	5,124,630	-	5,124,630	5,124,630	-
Street improvement fund	5,952,559	-	5,952,559	5,952,559	-
Park improvement fund	435,344	-	435,344	435,344	-
Facility fees fund	25,834	-	25,834	25,834	-
Miscellaneous capital projects fund	336,000	-	336,000	336,000	-
Note proceeds	1,527,477	-	1,527,477	1,994,631	(467,154)
Issuance of debt	106,039,988	-	106,039,988	189,505,089	(83,465,101)
Premium on issuance of debt	1,438,100	-	1,438,100	-	1,438,100
Total other financing sources	<u>120,879,932</u>	<u>-</u>	<u>120,879,932</u>	<u>203,374,087</u>	<u>(82,494,155)</u>
Total revenues and other financing sources	<u>\$ 130,317,106</u>	<u>\$ 1,430,141</u>	<u>\$ 131,747,247</u>	216,083,501	<u>\$ (84,336,254)</u>
Fund balance appropriated				600,000	
				<u>\$ 216,683,501</u>	
EXPENDITURES					
Public infrastructure	<u>\$ 105,119,809</u>	<u>\$ 15,432,964</u>	<u>\$ 120,552,773</u>	<u>\$ 215,685,120</u>	<u>\$ (95,132,347)</u>
OTHER FINANCING USES					
Transfers to:					
Mass transit fund	402,381	-	402,381	402,381	-
Street improvement fund	596,000	-	596,000	596,000	-
Total other financing uses	<u>998,381</u>	<u>-</u>	<u>998,381</u>	<u>998,381</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 106,118,190</u>	<u>\$ 15,432,964</u>	<u>\$ 121,551,154</u>	<u>\$ 216,683,501</u>	<u>\$ (95,132,347)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
SIDEWALK FUND**

For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
North Carolina Department of Transportation	\$ 12,789	\$ 5,031	\$ 17,820	\$ 260,000	\$ (242,180)
Assessments	2,759,321	247,669	3,006,990	-	3,006,990
Miscellaneous other	-	-	-	95,234	(95,234)
Gain (loss) on investments	587,904	-	587,904	203,409	384,495
Total revenues	<u>3,360,014</u>	<u>252,700</u>	<u>3,612,714</u>	<u>558,643</u>	<u>3,054,071</u>
OTHER FINANCING SOURCES					
Transfers from:					
Facilities fees fund	930,800	-	930,800	930,800	-
General fund	6,379,187	-	6,379,187	6,379,187	-
Total other financing sources	<u>7,309,987</u>	<u>-</u>	<u>7,309,987</u>	<u>7,309,987</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 10,670,001</u>	<u>\$ 252,700</u>	<u>\$ 10,922,701</u>	7,868,630	<u>\$ 3,054,071</u>
Fund balance appropriated				1,050,000	
				<u>\$ 8,918,630</u>	
EXPENDITURES					
Public infrastructure	\$ 5,008,712	\$ 807,556	\$ 5,816,268	\$ 8,847,688	\$ (3,031,420)
OTHER FINANCING USES					
Transfers to:					
Street improvement fund	70,942	-	70,942	70,942	-
Total expenditures and other financing uses	<u>\$ 5,079,654</u>	<u>\$ 807,556</u>	<u>\$ 5,887,210</u>	<u>\$ 8,918,630</u>	<u>\$ (3,031,420)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARK IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2019**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
Wake County	\$ 1,505,605	\$ -	\$ 1,505,605	\$ 1,505,605	\$ -
US Department of the Interior	-	-	-	747,600	(747,600)
Non-governmental	-	40,000	40,000	40,000	-
Assessments	752,147	156,588	908,735	1,614,692	(705,957)
Gain (loss) on investments	-	136,281	136,281	394,812	(258,531)
Facility fees	155,577	-	155,577	-	155,577
Fees and charges	684	-	684	684	-
Donations and contributions	228,744	450,000	678,744	144,540	534,204
Miscellaneous other	490,722	1,200	491,922	1,299,768	(807,846)
Total revenues	<u>3,133,479</u>	<u>784,069</u>	<u>3,917,548</u>	<u>5,747,701</u>	<u>(1,830,153)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	22,274,682	4,425,000	26,699,682	26,699,682	-
Facility fees fund	8,450,000	950,000	9,400,000	9,400,000	-
Miscellaneous capital projects fund	410,000	-	410,000	410,000	-
Park bond fund	3,003,000	-	3,003,000	3,003,000	-
Total other financing sources	<u>34,137,682</u>	<u>5,375,000</u>	<u>39,512,682</u>	<u>39,512,682</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 37,271,161</u>	<u>\$ 6,159,069</u>	<u>\$ 43,430,230</u>	<u>45,260,383</u>	<u>\$ (1,830,153)</u>
Fund balance appropriated				1,556,000	
				<u>\$ 46,816,383</u>	
EXPENDITURES					
Leisure services	<u>\$ 17,549,774</u>	<u>\$ 4,283,624</u>	<u>\$ 21,833,398</u>	<u>\$ 46,333,265</u>	<u>\$ (24,499,867)</u>
OTHER FINANCING USES					
Transfers to:					
General fund	2,767	-	2,767	2,767	-
Park bond fund	45,007	-	45,007	45,007	-
Street bond fund	435,344	-	435,344	435,344	-
Total other financing uses	483,118	-	483,118	483,118	-
Total expenditures and other financing uses	<u>\$ 18,032,892</u>	<u>\$ 4,283,624</u>	<u>\$ 22,316,516</u>	<u>\$ 46,816,383</u>	<u>\$ (24,499,867)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
RALEIGH UNION STATION FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
Federal Railroad Authority	\$ 37,998,800	\$ -	\$ 37,998,800	\$ 37,998,800	\$ -
State of North Carolina	6,305,662	2,694,338	9,000,000	9,000,000	-
Other local	3,040,000	-	3,040,000	3,040,000	-
Project revenue (non-grant)	2,770,096	3,611,461	6,381,557	7,050,000	(668,443)
Gain (loss) on investments	178,430	97,015	275,445	-	275,445
Miscellaneous other	10,000	912	10,912	10,000	912
Total revenues	<u>50,302,988</u>	<u>6,403,726</u>	<u>56,706,714</u>	<u>57,098,800</u>	<u>(392,086)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	7,180,000	80,000	7,260,000	7,260,000	-
Street bond fund	10,644,806	-	10,644,806	10,644,806	-
Major public facilities fund	500,000	-	500,000	500,000	-
Stormwater utility capital project fund	290,000	-	290,000	290,000	-
Miscellaneous capital projects fund	523,533	-	523,533	523,533	-
Issuance of debt	5,050,000	-	5,050,000	5,050,000	-
Total other financing sources	<u>24,188,339</u>	<u>80,000</u>	<u>24,268,339</u>	<u>24,268,339</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 74,491,327</u>	<u>\$ 6,483,726</u>	<u>\$ 80,975,053</u>	<u>\$ 81,367,139</u>	<u>\$ (392,086)</u>
EXPENDITURES					
Public infrastructure	<u>\$ 73,710,690</u>	<u>\$ 4,411,546</u>	<u>\$ 78,122,236</u>	<u>\$ 81,720,839</u>	<u>\$ (3,598,603)</u>
OTHER FINANCING USES					
Transfers to:					
Stormwater utility capital project fund	-	51,300	51,300	51,300	-
Miscellaneous capital projects fund	-	45,000	45,000	45,000	-
Total other financing uses	<u>-</u>	<u>96,300</u>	<u>96,300</u>	<u>96,300</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 73,710,690</u>	<u>\$ 4,507,846</u>	<u>\$ 78,218,536</u>	<u>\$ 81,817,139</u>	<u>\$ (3,598,603)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 FACILITY FEES FUND
 For the Fiscal Year Ended June 30, 2019**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Facility fees	\$ 3,709,498	\$ 11,430,968	\$ 15,140,466	\$ 7,926,835	\$ 7,213,631
Total revenues	<u>\$ 3,709,498</u>	<u>\$ 11,430,968</u>	<u>\$ 15,140,466</u>	<u>\$ 7,926,835</u>	<u>\$ 7,213,631</u>
OTHER FINANCING USES					
Transfers to:					
General fund	\$ -	\$ 4,824,435	\$ 4,824,435	\$ 4,824,435	\$ -
Park improvement fund	-	950,000	950,000	950,000	-
Street improvement fund	-	2,152,400	2,152,400	2,152,400	-
Total other financing uses	<u>\$ -</u>	<u>\$ 7,926,835</u>	<u>\$ 7,926,835</u>	<u>\$ 7,926,835</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARK BOND FUND
For the Fiscal Year Ended June 30, 2019**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 320,312	\$ -	\$ 320,312	\$ 70,312	\$ 250,000
Other municipalities	315,440	-	315,440	-	315,440
Gain (loss) on investments	704,916	590,768	1,295,684	-	1,295,684
Donations and contributions	1,931,105	440,795	2,371,900	2,371,900	-
Miscellaneous other	315,155	-	315,155	-	315,155
Total revenues	<u>3,586,928</u>	<u>1,031,563</u>	<u>4,618,491</u>	<u>2,442,212</u>	<u>2,176,279</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	70,200	250,000	320,200	320,200	-
Issuance of debt	139,346,513	-	139,346,513	193,497,482	(54,150,969)
Premium on issuance of debt	2,781,558	-	2,781,558	2,781,558	-
Total other financing sources	<u>142,198,271</u>	<u>250,000</u>	<u>142,448,271</u>	<u>196,599,240</u>	<u>(54,150,969)</u>
Total revenues and other financing sources	<u>\$ 145,785,199</u>	<u>\$ 1,281,563</u>	<u>\$ 147,066,762</u>	199,041,452	<u>\$ (51,974,690)</u>
Fund balance appropriated				2,850,000	
				<u>\$ 201,891,452</u>	
EXPENDITURES					
Leisure services	<u>\$ 108,645,132</u>	<u>\$ 25,310,945</u>	<u>\$ 133,956,077</u>	<u>\$ 198,140,852</u>	<u>\$ (64,184,775)</u>
OTHER FINANCING USES					
Transfers to:					
Park improvement fund	3,003,000	-	3,003,000	3,750,600	(747,600)
Total expenditures and other financing uses	<u>\$ 111,648,132</u>	<u>\$ 25,310,945</u>	<u>\$ 136,959,077</u>	<u>\$ 201,891,452</u>	<u>\$ (64,932,375)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MISCELLANEOUS CAPITAL IMPROVEMENTS FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Gain (loss) on investments	\$ 1,457,193	\$ 198,897	\$ 1,656,090	\$ 1,334,808	\$ 321,282
Other fees and charges	180,388	5,351	185,739	28,184	157,555
Total revenues	<u>1,637,581</u>	<u>204,248</u>	<u>1,841,829</u>	<u>1,362,992</u>	<u>478,837</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	41,468,484	4,950,000	46,418,484	46,418,484	-
Park improvement fund	320,000	-	320,000	320,000	-
Street improvement fund	4,130,092	-	4,130,092	4,130,092	-
Technology fund	200,000	-	200,000	200,000	-
Raleigh Union Station fund	-	45,000	45,000	45,000	-
Sidewalk fund	462,806	-	462,806	462,806	-
Major public facilities fund	-	1,200,000	1,200,000	1,200,000	-
Issuance of debt	22,921,625	-	22,921,625	56,137,302	(33,215,677)
Premium on bonds	869,533	-	869,533	869,533	-
Gain (loss) on sale of property	9,488,050	-	9,488,050	7,920,843	1,567,207
Total other financing sources	<u>79,860,590</u>	<u>6,195,000</u>	<u>86,055,590</u>	<u>117,704,060</u>	<u>(31,648,470)</u>
Total revenues and other financing sources	<u>\$ 81,498,171</u>	<u>\$ 6,399,248</u>	<u>\$ 87,897,419</u>	119,067,052	<u>\$ (31,169,633)</u>
Fund balance appropriated				<u>3,046,277</u>	
				<u>\$ 122,113,329</u>	
EXPENDITURES					
General government	\$ 1,452,431	\$ -	\$ 1,452,431	\$ 3,166,059	\$ (1,713,628)
Community development	5,830,677	-	5,830,677	5,876,250	(45,573)
Public infrastructure	13,046,870	2,752,264	15,799,134	22,804,915	(7,005,781)
Public safety	16,536,418	7,029,329	23,565,747	89,257,595	(65,691,848)
Total expenditures	<u>36,866,396</u>	<u>9,781,593</u>	<u>46,647,989</u>	<u>121,104,819</u>	<u>(74,456,830)</u>
OTHER FINANCING USES					
Transfers to:					
Street bond fund	336,000	-	336,000	336,000	-
Raleigh Union Station fund	523,533	-	523,533	523,533	-
General fund	-	105,000	105,000	105,000	-
Solid waste operations fund	-	30,200	30,200	30,200	-
Grants fund	13,777	-	13,777	13,777	-
Total other financing uses	<u>873,310</u>	<u>135,200</u>	<u>1,008,510</u>	<u>1,008,510</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 37,739,706</u>	<u>\$ 9,916,793</u>	<u>\$ 47,656,499</u>	<u>\$ 122,113,329</u>	<u>\$ (74,456,830)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 WALNUT CREEK AMPHITHEATER PROJECTS FUND
 For the Fiscal Year Ended June 30, 2019**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Rents	\$ 1,925,443	\$ -	\$ 1,925,443	\$ 76,823	\$ 1,848,620
Other fees and charges	202,154	172,240	374,394	-	374,394
Total revenues	<u>\$ 2,127,597</u>	<u>\$ 172,240</u>	<u>\$ 2,299,837</u>	\$ 76,823	<u>\$ 2,223,014</u>
Fund balance appropriated				<u>1,090,000</u>	
				<u>\$ 1,166,823</u>	
EXPENDITURES					
Leisure services	<u>\$ 432,659</u>	<u>\$ 221,553</u>	<u>\$ 654,212</u>	<u>\$ 1,166,823</u>	<u>\$ (512,611)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 TECHNOLOGY CAPITAL PROJECTS FUND
 For the Fiscal Year Ended June 30, 2019**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Gain (loss) on investments	\$ 1,993,412	\$ 76,576	\$ 2,069,988	\$ -	\$ 2,069,988
OTHER FINANCING SOURCES					
Transfers from:					
Convention center complex fund	335,673	34,710	370,383	370,383	-
General fund	9,638,217	3,302,670	12,940,887	12,940,887	-
Community development fund	10,346	-	10,346	10,346	-
Mass transit fund	35,049	4,005	39,054	39,054	-
Parking fund	79,732	12,015	91,747	91,747	-
Solid waste services fund	719,501	68,085	787,586	787,586	-
Stormwater fund	623,044	36,045	659,089	659,089	-
Vehicle fleet services fund	242,680	24,030	266,710	266,710	-
Water and sewer fund	5,315,507	210,930	5,526,437	5,526,437	-
Total other financing sources	<u>16,999,749</u>	<u>3,692,490</u>	<u>20,692,239</u>	<u>20,692,239</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 18,993,161</u>	<u>\$ 3,769,066</u>	<u>\$ 22,762,227</u>	<u>\$ 20,692,239</u>	<u>\$ 2,069,988</u>
Fund balance appropriated				1,769,520	
				<u>\$ 22,461,759</u>	
EXPENDITURES					
General government	<u>\$ 8,302,784</u>	<u>\$ 6,267,310</u>	<u>\$ 14,570,094</u>	<u>\$ 22,461,759</u>	<u>\$ (7,891,665)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MAJOR PUBLIC FACILITIES FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
American Recovery and Reinvestment Act	\$ 1,174,152	\$ -	\$ 1,174,152	\$ 1,291,334	\$ (117,182)
Other local sources	1,293,625	-	1,293,625	1,293,625	-
Gain (loss) on investments	214,579	121,901	336,480	-	336,480
Total revenues	<u>2,682,356</u>	<u>121,901</u>	<u>2,804,257</u>	<u>2,584,959</u>	<u>219,298</u>
OTHER FINANCING SOURCES					
Issuance of debt	144,598,137	-	144,598,137	144,963,763	(365,626)
Premium on issuance of debt	11,985,425	-	11,985,425	11,985,425	-
Total other financing sources	<u>156,583,562</u>	<u>-</u>	<u>156,583,562</u>	<u>156,949,188</u>	<u>(365,626)</u>
Total revenues and other financing sources	<u>\$ 159,265,918</u>	<u>\$ 121,901</u>	<u>\$ 159,387,819</u>	<u>\$ 159,534,147</u>	<u>\$ (146,328)</u>
EXPENDITURES					
Public infrastructure	\$ 83,677,720	342,112	\$ 84,019,832	\$ 86,630,679	\$ (2,610,847)
Public safety	68,483,559	1,378	68,484,937	71,203,468	(2,718,531)
Total expenditures	<u>152,161,279</u>	<u>343,490</u>	<u>152,504,769</u>	<u>157,834,147</u>	<u>(5,329,378)</u>
OTHER FINANCING USES					
Transfers to:					
Raleigh Union Station fund	500,000	-	500,000	500,000	-
Miscellaneous capital projects fund	-	1,200,000	1,200,000	1,200,000	-
Total other financing uses	<u>500,000</u>	<u>1,200,000</u>	<u>1,700,000</u>	<u>1,700,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 152,661,279</u>	<u>\$ 1,543,490</u>	<u>\$ 154,204,769</u>	<u>\$ 159,534,147</u>	<u>\$ (5,329,378)</u>

Enterprise Funds

Enterprise Funds are a subclassification of the proprietary fund types and are used to account for operations:

- (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public be recovered through user charges; or,
- (b) where the governing body has decided that periodic determinations of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City's enterprise fund operations include water and sewer utility, convention center complex, mass transit, stormwater utility, parking facilities and solid waste services.

Enterprise Funds

Water and Sewer Fund (major fund)

The Water and Sewer Fund accounts for operating and capital costs associated with the City's water and sewer operations. This fund combines the Water and Sewer Operating Fund, the Water Capital Projects Fund, the Sewer Capital Projects Fund and the Water and Sewer Revenue Bond Fund.

Convention Center Complex Fund (major fund)

The Convention Center Complex Fund accounts for the operating and capital costs at the City's convention center and performing arts complex. This fund combines the Convention Center and Performing Arts Complex Operating Fund, the Convention Center and Performing Arts Projects Fund and the Convention Center Complex Capital Projects Fund.

Mass Transit Fund (major fund)

The Mass Transit Fund accounts for user charges, fees, federal contributions and all operating costs associated with the operation of the transit system in the City. This fund also accounts for all capital projects financed by transit grant proceeds.

Stormwater Utility Fund (major fund)

The Stormwater Utility Fund accounts for operating and capital costs associated with the City's stormwater management program. This fund combines the Stormwater Utility Operating Fund, the Stormwater Utility Capital Projects Fund and the Stormwater Utility Bond Fund.

Parking Facilities Fund (major fund)

The Parking Facilities Fund accounts for parking fee charges and all operating costs associated with City-owned off-street and on-street parking facilities. This fund combines the Parking Facilities Operating Fund and the Parking Facilities Capital Projects Fund.

Solid Waste Services Fund (major fund)

The Solid Waste Services Fund accounts for operating and capital costs associated with the City's residential solid waste and recycling program. This fund also accounts for the City's landfill post closure liability.

Schedule of Revenues and Expenditures - Budget (Modified Accrual Basis) and Actual Enterprise Funds

The following schedules present the results of operations for all individual enterprise funds on the modified accrual basis for comparison to the legally adopted budgets for each fund. For GAAP purposes the individual funds are consolidated into the three funds shown in basic financial statements and the two funds shown in the preceding combining financial statements. A reconciliation of the modified accrual basis to the full accrual basis (per generally accepted accounting principles) follows each schedule or group of schedules.

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER OPERATING FUND**

For the Fiscal Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Water and sewer user charges	\$ 213,730,114	\$ 211,788,597	\$ 1,941,517
Water infrastructure replacement	4,789,638	4,305,000	484,638
Sewer infrastructure replacement	13,194,850	13,000,000	194,850
Watershed protection fees	2,330,146	2,250,000	80,146
Capital facility fees	17,825,699	10,300,000	7,525,699
Other operating revenues	5,211,177	7,561,870	(2,350,693)
Total operating revenues	<u>257,081,624</u>	<u>249,205,467</u>	<u>7,876,157</u>
NONOPERATING REVENUES			
Gain (loss) on investments	7,182,522	2,784,621	4,397,901
Gain (loss) on disposal of capital assets	30,366	-	30,366
Mutual aid	69,073	-	69,073
Other nonoperating revenues	67,650	-	67,650
Total nonoperating revenues	<u>7,349,611</u>	<u>2,784,621</u>	<u>4,564,990</u>
OTHER FINANCING SOURCES			
Transfers from:			
Risk management fund	1,173,597	1,173,597	-
Stormwater fund	237,500	237,500	-
Total other financing sources	<u>1,411,097</u>	<u>1,411,097</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 265,842,332</u>	<u>253,401,185</u>	<u>\$ 12,441,147</u>
Fund balance appropriated		<u>19,586,321</u>	
		<u>\$ 272,987,506</u>	
EXPENDITURES			
Public utilities:			
Administration	\$ 9,065,094	\$ 11,417,402	\$ (2,352,308)
Capital improvements management	4,360,091	4,478,915	(118,824)
Water plant	21,900,918	25,713,806	(3,812,888)
Waste treatment plant	22,910,133	27,144,834	(4,234,701)
Utility billing	7,063,465	8,092,879	(1,029,414)
Sewer maintenance	12,397,609	14,155,848	(1,758,239)
Water distribution	11,289,231	13,238,062	(1,948,831)
Meter operations	5,316,515	6,126,329	(809,814)
	<u>94,303,056</u>	<u>110,368,075</u>	<u>(16,065,019)</u>

Continued

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER OPERATING FUND**

For the Fiscal Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
EXPENDITURES (CONTINUED)			
Special appropriations:			
Reimbursement to general fund	\$ 9,375,637	\$ 9,375,637	\$ -
Insurance and risk management charges	4,272,412	4,291,854	(19,442)
Other expenditures	548,499	9,884,221	(9,335,722)
	<u>14,196,548</u>	<u>23,551,712</u>	<u>(9,355,164)</u>
Debt service:			
Revenue bonds:			
Principal	25,980,000	25,980,000	-
Interest	29,093,590	29,376,789	(283,199)
Installment financing agreements:			
Principal	4,822,225	4,850,000	(27,775)
Interest	1,452,944	1,475,000	(22,056)
Escrow expenditures - merged systems' debt	671,295	685,000	(13,705)
Other expenditures	558,973	2,175,000	(1,616,027)
Total nonoperating expenditures	<u>62,579,027</u>	<u>64,541,789</u>	<u>(1,962,762)</u>
Total expenditures	<u>171,078,631</u>	<u>198,461,576</u>	<u>(27,382,945)</u>
OTHER FINANCING USES			
Transfers to:			
Water capital projects fund	30,265,000	30,265,000	-
Sewer capital projects fund	44,050,000	44,050,000	-
Technology capital projects fund	210,930	210,930	-
Total transfers	<u>74,525,930</u>	<u>74,525,930</u>	<u>-</u>
Total other financing uses	<u>74,525,930</u>	<u>74,525,930</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 245,604,561</u>	<u>\$ 272,987,506</u>	<u>\$ (27,382,945)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER CAPITAL PROJECTS FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Gain (loss) on investments	\$ -	\$ 1,655,950	\$ 1,655,950	\$ -	\$ 1,655,950
OTHER FINANCING SOURCES					
Transfers from:					
Water and sewer operating fund	144,619,850	30,265,000	174,884,850	173,194,955	1,689,895
Street bond fund	146,123	-	146,123	146,123	-
Total other financing sources	<u>144,765,973</u>	<u>30,265,000</u>	<u>175,030,973</u>	<u>173,341,078</u>	<u>1,689,895</u>
Total revenues and other financing sources	<u>\$ 144,765,973</u>	<u>\$ 31,920,950</u>	<u>\$ 176,686,923</u>	173,341,078	<u>\$ 3,345,845</u>
Fund balance appropriated				911,000	
				<u>\$ 174,252,078</u>	
EXPENDITURES					
Water capital projects	\$ 79,759,696	\$ 21,374,791	\$ 101,134,487	\$ 173,824,058	\$ (72,689,571)
OTHER FINANCING USES					
Transfer to:					
Public utilities equipment replacement fund	428,020	-	428,020	428,020	-
Total expenditures and other financing uses	<u>\$ 80,187,716</u>	<u>\$ 21,374,791</u>	<u>\$ 101,562,507</u>	<u>\$ 174,252,078</u>	<u>\$ (72,689,571)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SEWER CAPITAL PROJECTS FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Gain (loss) on investments	\$ -	\$ 3,421,309	\$ 3,421,309	\$ -	\$ 3,421,309
Insurance proceeds	2,220,375	-	2,220,375	-	2,220,375
Developer participation	-	281,614	281,614	-	281,614
Total revenues	<u>2,220,375</u>	<u>3,702,923</u>	<u>5,923,298</u>	<u>-</u>	<u>5,923,298</u>
OTHER FINANCING SOURCES					
Transfers from:					
Water and sewer operating fund	201,598,804	44,050,000	245,648,804	245,648,804	-
Total revenues and other financing sources	<u>\$ 203,819,179</u>	<u>\$ 47,752,923</u>	<u>\$ 251,572,102</u>	<u>\$ 245,648,804</u>	<u>\$ 5,923,298</u>
EXPENDITURES					
Sewer capital projects	<u>\$ 87,657,426</u>	<u>\$ 45,098,782</u>	<u>\$ 132,756,208</u>	<u>\$ 245,648,804</u>	<u>\$ (112,892,596)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER REVENUE BOND FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
N.C. Department of Natural Resources	\$ 60,895,746	\$ 3,244,983	\$ 64,140,729	\$ 127,093,026	\$ (62,952,297)
Gain (loss) on investments	-	1,749,779	1,749,779	-	1,749,779
Total revenues	<u>60,895,746</u>	<u>4,994,762</u>	<u>65,890,508</u>	<u>127,093,026</u>	<u>(61,202,518)</u>
OTHER FINANCING SOURCES					
Issuance of debt	<u>273,830,109</u>	-	<u>273,830,109</u>	<u>391,410,485</u>	<u>(117,580,376)</u>
Total revenues and other financing sources	<u>\$ 334,725,855</u>	<u>\$ 4,994,762</u>	<u>\$ 339,720,617</u>	518,503,511	<u>\$ (178,782,894)</u>
Fund balance appropriated				<u>1,000,000</u>	
				<u>\$ 519,503,511</u>	
EXPENDITURES					
Water capital projects	\$ 56,175,938	\$ 2,412,691	\$ 58,588,629	\$ 92,119,871	\$ (33,531,242)
Sewer capital projects	<u>205,404,773</u>	<u>11,491,302</u>	<u>216,896,075</u>	<u>427,383,640</u>	<u>(210,487,565)</u>
Total expenditures	<u>\$ 261,580,711</u>	<u>\$ 13,903,993</u>	<u>\$ 275,484,704</u>	<u>\$ 519,503,511</u>	<u>\$ (244,018,807)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER FUNDS**

For the Fiscal Year Ended June 30, 2019

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis:	
Water and sewer operating fund	\$ 265,842,332
Water capital projects fund	31,920,950
Sewer capital projects fund	47,752,923
Water and sewer revenue bond fund	<u>4,994,762</u>
Total current year expenditures and other financing uses - modified accrual basis:	
Water and sewer operating fund	(245,604,561)
Water capital projects fund	(21,374,791)
Sewer capital projects fund	(45,098,782)
Water and sewer revenue bond fund	<u>(13,903,993)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	24,528,840
Adjustments to full accrual basis:	
Amortization of deferred refunding charges	(1,608,174)
Amortization of bond premiums and discounts	3,641,388
Bond and note proceeds	(3,244,984)
Bond and note principal payments	30,802,225
Capital contributions	3,245,756
Capital outlay	80,901,119
Depreciation	(38,758,544)
Earned vacation pay expense	(135,549)
Interest expense accrual	358,643
Other escrow expenditures	38,668
Increase (decrease) in deferred outflows of resources - LGERS	3,615,250
(Increase) decrease in deferred inflows of resources - LGERS	285,679
(Increase) decrease in net pension liability - LGERS	(5,400,614)
Increase (decrease) in deferred outflows of resources - OPEB	1,436,572
(Increase) decrease in deferred inflows of resources - OPEB	(1,016,093)
(Increase) decrease in net pension liability - OPEB	956,827
Revenue accruals from receivables	<u>1,107,878</u>
Change in net position per statement of revenues, expenses and changes in fund net position	<u>\$ 100,754,887</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER AND PERFORMING ARTS COMPLEX OPERATING FUND
For the Fiscal Year Ended June 30, 2019**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
User charges:			
Convention and civic center	\$ 6,061,538	\$ 4,716,000	\$ 1,345,538
Performing arts center	6,490,281	5,832,000	658,281
Red Hat amphitheater	1,769,693	1,807,500	(37,807)
Special events	288,386	376,500	(88,114)
Total user charges	<u>14,609,898</u>	<u>12,732,000</u>	<u>1,877,898</u>
Miscellaneous Other	764,079	784,825	(20,746)
Gain (loss) on investments	449,472	17,003	432,469
Total revenues	<u>15,823,449</u>	<u>13,533,828</u>	<u>2,289,621</u>
OTHER FINANCING SOURCES			
Transfers from:			
General fund	2,821,641	2,821,641	-
Risk management fund	231,006	231,006	-
Convention center financing fund	20,944,295	21,867,389	(923,094)
Total other financing sources	<u>23,996,942</u>	<u>24,920,036</u>	<u>(923,094)</u>
Total revenues and other financing sources	<u>\$ 39,820,391</u>	<u>38,453,864</u>	<u>\$ 1,366,527</u>
Fund balance appropriated		1,360,615	
		<u>\$ 39,814,479</u>	
EXPENDITURES			
Civic and convention center	\$ 8,832,814	\$ 9,418,123	\$ (585,309)
Performing arts center	6,958,418	7,462,136	(503,718)
Red Hat amphitheater	1,776,599	2,054,914	(278,315)
Special events	326,608	525,434	(198,826)
Total operating expenditures	<u>17,894,439</u>	<u>19,460,607</u>	<u>(1,566,168)</u>
DEBT SERVICE			
Principal	9,645,735	9,645,735	-
Interest	8,326,962	9,060,039	(733,077)
Other debt service costs	1,052,214	1,138,388	(86,174)
Total debt service	<u>19,024,911</u>	<u>19,844,162</u>	<u>(819,251)</u>
OTHER FINANCING USES			
Transfers to:			
Technology capital projects fund	34,710	34,710	-
Convention and performing arts complex projects fund	475,000	475,000	-
Total other financing uses	<u>509,710</u>	<u>509,710</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 37,429,060</u>	<u>\$ 39,814,479</u>	<u>\$ (2,385,419)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION AND PERFORMING ARTS COMPLEX PROJECTS FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
OTHER FINANCING SOURCES					
Note proceeds	\$ 4,090,708	\$ -	\$ 4,090,708	\$ 4,349,017	\$ (258,309)
Bond proceeds	9,147,202	-	9,147,202	10,584,201	(1,436,999)
Premium on bonds	905,182	-	905,182	728,559	176,623
Miscellaneous revenues	631,868	-	631,868	250,000	381,868
Gain (loss) on investments	97,023	-	97,023	63,912	33,111
Donations and contributions	-	1,041,530	1,041,530	571,530	470,000
Transfers from:					
General Fund	3,020,000	11,500	3,031,500	3,031,500	-
Convention center operating fund	1,410,431	475,000	1,885,431	1,885,431	-
Miscellaneous capital projects fund	118,000	-	118,000	118,000	-
Conventer center financing fund	1,000,000	500,000	1,500,000	1,500,000	-
Total revenues and other financing sources	<u>\$ 20,420,414</u>	<u>\$ 2,028,030</u>	<u>\$ 22,448,444</u>	<u>\$ 23,082,150</u>	<u>\$ (633,706)</u>
EXPENDITURES					
Convention center and performing arts complex projects	<u>\$ 17,928,891</u>	<u>\$ 1,632,818</u>	<u>\$ 19,561,709</u>	<u>\$ 23,082,150</u>	<u>\$ (3,520,441)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER COMPLEX CAPITAL PROJECTS FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Gain (loss) on investments	\$ 530,509	\$ -	\$ 530,509	\$ -	\$ 530,509
Miscellaneous other	1,825,299	1,105	1,826,404	-	1,826,404
Total revenues	<u>2,355,808</u>	<u>1,105</u>	<u>2,356,913</u>	<u>-</u>	<u>2,356,913</u>
OTHER FINANCING SOURCES					
Transfers from:					
Convention center financing fund	<u>9,816,143</u>	<u>2,709,000</u>	<u>12,525,143</u>	<u>12,525,143</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 12,171,951</u>	<u>\$ 2,710,105</u>	<u>\$ 14,882,056</u>	12,525,143	<u>\$ 2,356,913</u>
Fund balance appropriated				764,247	
				<u>\$ 13,289,390</u>	
EXPENDITURES					
Convention center projects	<u>\$ 6,057,720</u>	<u>\$ 1,392,685</u>	<u>\$ 7,450,405</u>	<u>\$ 13,289,390</u>	<u>\$ (5,838,985)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER FUNDS**
For the Fiscal Year Ended June 30, 2019

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis		
Convention center and performing arts complex operating fund	\$	39,820,391
Convention center and performing arts complex projects fund		2,028,030
Convention center complex capital projects fund		2,710,105
 Total current expenditures and other financing uses - modified accrual basis		
Convention center and performing arts complex operating fund		(37,429,060)
Convention center and performing arts complex projects fund		(1,632,818)
Convention center complex capital projects fund		<u>(1,392,685)</u>
 Excess of revenues and other financing sources over expenditures and other financing uses		4,103,963
 Adjustments to full accrual basis:		
Amortization of premiums and discounts		113,936
Bond and note principal payments		9,645,735
Capital outlay		3,003,591
Depreciation		(8,124,729)
Interest expense accrual		179,059
(Increase) decrease in deferred outflows of resources - LGERS		632,533
(Increase) decrease in deferred inflows of resources - LGERS		49,983
Increase in pension liability - LGERS		(944,903)
(Increase) decrease in deferred outflows of resources - OPEB		251,346
(Increase) decrease in deferred inflows of resources - OPEB		(177,778)
Decrease in pension liability - OPEB		167,408
Vacation expense		<u>(36,253)</u>
 Change in net position per statement of revenues, expenses and changes in net position	\$	<u>8,863,891</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Farebox	\$ -	\$ 5,214,015	\$ 5,214,015	\$ 5,439,347	\$ (225,332)
ART program fees	-	902,597	902,597	816,000	86,597
Intergovernmental revenue:					
Federal Transit Administration	22,685,282	15,986,805	38,672,087	55,170,220	(16,498,133)
State of North Carolina	565,995	2,120,094	2,686,089	3,385,261	(699,172)
Wake Transit	130,777	13,076,793	13,207,570	32,127,881	(18,920,311)
Mutual aid	-	17,576	17,576	-	17,576
Miscellaneous other	-	-	-	358,109	(358,109)
Total revenues	<u>23,382,054</u>	<u>37,317,880</u>	<u>60,699,934</u>	<u>97,296,818</u>	<u>(36,596,884)</u>
OTHER FINANCING SOURCES					
Proceeds on disposal of capital assets	-	3,839	3,839	-	3,839
Transfers from:					
General fund	-	21,309,263	21,309,263	21,309,263	-
Risk management fund	-	87,755	87,755	87,755	-
Total other financing sources	<u>-</u>	<u>21,400,857</u>	<u>21,400,857</u>	<u>21,397,018</u>	<u>3,839</u>
Total revenues and other financing sources	<u>\$ 23,382,054</u>	<u>\$ 58,718,737</u>	<u>\$ 82,100,791</u>	118,693,836	<u>\$ (36,593,045)</u>
Fund balance appropriated				1,816,155	
				<u>\$ 120,509,991</u>	
EXPENDITURES					
Mass transit operating expenditures	\$ -	\$ 19,661,909	\$ 19,661,909	\$ 21,677,895	\$ (2,015,986)
ART program operating expenditures	-	8,119,905	8,119,905	8,381,038	(261,133)
Capital grant expenditures	24,086,407	17,510,740	41,597,147	53,917,597	(12,320,450)
Wake Transit operating expenditures	-	6,565,453	6,565,453	8,881,989	(2,316,536)
Wake Transit capital expenditures	130,777	6,511,340	6,642,117	27,352,680	(20,710,563)
Total expenditures	<u>24,217,184</u>	<u>58,369,347</u>	<u>82,586,531</u>	<u>120,211,199</u>	<u>(37,624,668)</u>
OTHER FINANCING USES					
Transfers to:					
Grants fund	-	294,787	294,787	294,787	-
Technology capital projects fund	-	4,005	4,005	4,005	-
Total other financing uses	<u>-</u>	<u>298,792</u>	<u>298,792</u>	<u>298,792</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 24,217,184</u>	<u>\$ 58,668,139</u>	<u>\$ 82,885,323</u>	<u>\$ 120,509,991</u>	<u>\$ (37,624,668)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND**
For the Fiscal Year Ended June 30, 2019

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 58,718,737
Total current year expenditures and other financing uses - modified accrual basis	(58,668,139)
	<hr/>
Excess of revenues and other financing sources over expenditures and other financing uses	50,598
Adjustments to full accrual basis:	
Capital outlay	16,116,007
Depreciation	(4,236,852)
Increase (decrease) in deferred outflows of resources - LGERS	164,745
Increase in pension liability - LGERS	(228,080)
Increase (decrease) in deferred outflows of resources - OPEB	60,670
(Increase) decrease in deferred inflows of resources - OPEB	(42,912)
Increase in pension liability - OPEB	40,409
Vacation expense	(12,820)
	<hr/>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u>\$ 11,911,765</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY OPERATING FUND**
For the Fiscal Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
User charges	\$ 23,223,231	\$ 24,079,258	\$ (856,027)
Gain (loss) on investments	523,398	25,000	498,398
Miscellaneous other	17,762	50,000	(32,238)
Total revenues	<u>23,764,391</u>	<u>24,154,258</u>	<u>(389,867)</u>
OTHER FINANCING SOURCES			
Transfers from:			
Risk management fund	152,734	152,734	-
Disaster recovery fund	28,810	28,810	-
Total other financing sources	<u>181,544</u>	<u>181,544</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 23,945,935</u>	<u>\$ 24,335,802</u>	<u>\$ (389,867)</u>
Fund balance appropriated		<u>4,043,639</u>	
		<u>\$ 28,379,441</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 14,428,301</u>	<u>\$ 16,717,439</u>	<u>\$ (2,289,138)</u>
DEBT SERVICE			
Note principal	<u>101,738</u>	<u>101,738</u>	<u>-</u>
OTHER FINANCING USES			
Transfers to:			
Stormwater utility capital projects fund	11,079,924	11,079,924	-
Technology capital projects fund	36,045	36,045	-
Public utilities fund	237,500	237,500	-
General fund	206,795	206,795	-
Total other financing uses	<u>11,560,264</u>	<u>11,560,264</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 26,090,303</u>	<u>\$ 28,379,441</u>	<u>\$ (2,289,138)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2019**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
Federal Emergency Management Agency	\$ 3,119,696	\$ -	\$ 3,119,696	\$ 3,450,717	\$ (331,021)
N.C. Clean Water Management Trust	294,893	218,010	512,903	422,000	90,903
Gain (loss) on investments	4,227,499	1,283,361	5,510,860	592,585	4,918,275
Miscellaneous other	204,763	17,701	222,464	-	222,464
Total revenues	<u>7,846,851</u>	<u>1,519,072</u>	<u>9,365,923</u>	<u>4,465,302</u>	<u>4,900,621</u>
OTHER FINANCING SOURCES					
Transfer from:					
Stormwater utility operating fund	55,064,654	11,079,924	66,144,578	66,144,578	-
Raleigh Union Station capital projects fund	-	51,300	51,300	51,300	-
Total other financing sources	<u>55,064,654</u>	<u>11,131,224</u>	<u>66,195,878</u>	<u>66,195,878</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 62,911,505</u>	<u>\$ 12,650,296</u>	<u>\$ 75,561,801</u>	70,661,180	<u>\$ 4,900,621</u>
Fund balance appropriated				2,756,000	
				<u>\$ 73,417,180</u>	
EXPENDITURES					
Stormwater capital projects	<u>\$ 25,277,367</u>	<u>\$ 13,217,472</u>	<u>\$ 38,494,839</u>	<u>\$ 72,740,811</u>	<u>\$ (34,245,972)</u>
OTHER FINANCING USES					
Transfer to :					
Raleigh Union Station capital projects fund	<u>676,369</u>	<u>-</u>	<u>676,369</u>	<u>676,369</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 25,953,736</u>	<u>\$ 13,217,472</u>	<u>\$ 39,171,208</u>	<u>\$ 73,417,180</u>	<u>\$ (34,245,972)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 STORMWATER UTILITY BOND FUND
 For the Fiscal Year Ended June 30, 2019**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
OTHER FINANCING SOURCES					
Transfers from:					
Stormwater utility operating fund	\$ 251,532	\$ -	\$ 251,532	\$ 189,477	\$ 62,055
EXPENDITURES					
Stormwater capital projects	\$ 179,085	\$ -	\$ 179,085	\$ 189,477	\$ (10,392)

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY FUNDS**
For the Fiscal Year Ended June 30, 2019

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis		
Stormwater utility operating fund	\$	23,945,935
Stormwater utility capital projects fund		12,650,296
Total current year expenditures and other financing uses - modified accrual basis		
Stormwater utility operating fund		(26,090,303)
Stormwater utility capital projects fund		(13,217,472)
		<hr/>
Excess of revenues and other financing sources over expenditures and other financing uses		(2,711,544)
Adjustments to full accrual basis:		
Capital outlay		13,139,215
Depreciation		(3,257,677)
Note principal		101,738
Increase (decrease) in deferred outflows of resources - LGERS		654,344
(Increase) decrease in deferred inflows of resources - LGERS		51,707
Increase in pension liability - LGERS		(977,487)
Increase (decrease) in deferred outflows of resources - OPEB		260,013
(Increase) decrease in deferred inflows of resources - OPEB		(183,908)
Increase in pension liability - OPEB		173,182
Vacation expense		(37,680)
		<hr/>
Change in net position per statement of revenues, expenses, and changes in fund net position	\$	<u>7,211,903</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES OPERATING FUND**
For the fiscal year ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Parking fees	\$ 16,727,558	\$ 16,827,239	\$ (99,681)
Gain (loss) on investments	196,692	33,000	163,692
Miscellaneous other	59,778	15,861	43,917
Total revenues	<u>16,984,028</u>	<u>16,876,100</u>	<u>107,928</u>
OTHER FINANCING SOURCES			
Transfers from:			
Risk management fund	110,999	110,999	-
Total other financing sources	<u>110,999</u>	<u>110,999</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 17,095,027</u>	16,987,099	<u>\$ 107,928</u>
Fund balance appropriated		3,577,058	
		<u>\$ 20,564,157</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 7,407,083</u>	<u>\$ 10,734,410</u>	<u>\$ (3,327,327)</u>
DEBT SERVICE			
Note principal	3,956,262	4,535,590	(579,328)
Note interest	2,070,381	2,536,142	(465,761)
Other debt service expenditures	196,891	395,000	(198,109)
Total debt service	<u>6,223,534</u>	<u>7,466,732</u>	<u>(1,243,198)</u>
OTHER FINANCING USES			
Transfers to:			
Equipment replacement fund	880,000	880,000	-
General fund	131,000	131,000	-
Parking facilities capital projects fund	1,340,000	1,340,000	-
Technology capital projects fund	12,015	12,015	-
Total other financing uses	<u>2,363,015</u>	<u>2,363,015</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 15,993,632</u>	<u>\$ 20,564,157</u>	<u>\$ (4,570,525)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES CAPITAL PROJECTS FUND
For the fiscal year ended June 30, 2019**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
OTHER FINANCING SOURCES					
Transfer from:					
Parking facilities operating fund	\$ 5,148,706	\$ 1,340,000	\$ 6,488,706	\$ 6,488,706	\$ -
Total revenues and other financing sources	<u>\$ 5,148,706</u>	<u>\$ 1,340,000</u>	<u>\$ 6,488,706</u>	6,488,706	<u>\$ -</u>
Fund balance appropriated				1,771,329	
				<u>\$ 8,260,035</u>	
EXPENDITURES					
Parking facilities capital projects	<u>\$ 4,499,560</u>	<u>\$ 351,249</u>	<u>\$ 4,850,809</u>	<u>\$ 8,260,035</u>	<u>\$ (3,409,226)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES FUNDS**
For the fiscal year ended June 30, 2019

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis		
Parking facilities operating fund	\$	17,095,027
Parking facilities capital projects fund		1,340,000
Total current year expenditures and other financing uses - modified accrual basis		
Parking facilities operating fund		(15,993,632)
Parking facilities capital projects fund		<u>(351,249)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses		2,090,146
Adjustments to full accrual basis:		
Accrued interest expense		25,611
Amortization of bond refunding costs		(77,149)
Amortization of premiums and discounts		261,113
Bond and note principal		3,956,263
Capital outlay		351,249
Depreciation		(4,186,018)
Increase (decrease) in deferred outflows of resources - LGERS		207,209
(Increase) decrease in deferred inflows of resources - LGERS		16,373
Increase in pension liability - LGERS		(309,537)
Increase (decrease) in deferred outflows of resources - OPEB		82,337
(Increase) decrease in deferred inflows of resources - OPEB		(58,238)
Decrease in pension liability - OPEB		54,840
Vacation expense		<u>(15,351)</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	\$	<u><u>2,398,848</u></u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SOLID WASTE SERVICES FUND
For the Fiscal Year Ended June 30, 2019**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Solid waste residential collection	\$ 21,078,073	\$ 22,332,026	\$ (1,253,953)
Recycling residential collection	6,285,244	6,229,400	55,844
Yardwaste center	869,301	500,000	369,301
Gain (loss) on investments	493,828	100,000	393,828
Miscellaneous other	73,510	2,000	71,510
Total revenues	<u>28,799,956</u>	<u>29,163,426</u>	<u>(363,470)</u>
OTHER FINANCING SOURCES			
Other revenue	490,256	635,000	(144,744)
Transfer from:			
Disaster recovery fund	31,934	31,934	-
General fund	6,430,000	6,430,000	-
Miscellaneous capital project fund	30,200	30,200	-
Risk management fund	300,317	300,317	-
Total other financing sources	<u>7,282,707</u>	<u>7,427,451</u>	<u>(144,744)</u>
Total revenues and other financing sources	<u>\$ 36,082,663</u>	<u>36,590,877</u>	<u>\$ (508,214)</u>
Fund balance appropriated		4,255,894	
		<u>\$ 40,846,771</u>	
EXPENDITURES			
Administration	\$ 9,246,818	\$ 10,324,009	\$ (1,077,191)
Residential collection	17,075,203	18,731,472	(1,656,269)
Residential recycling	4,213,397	5,106,088	(892,691)
Yardwaste center	3,640,048	4,229,840	(589,792)
	<u>34,175,466</u>	<u>38,391,409</u>	<u>(4,215,943)</u>
DEBT SERVICE			
Note principal	1,324,762	1,325,513	(751)
Note interest	533,466	561,764	(28,298)
	<u>1,858,228</u>	<u>1,887,277</u>	<u>(29,049)</u>
Total expenditures	<u>36,033,694</u>	<u>40,278,686</u>	<u>(4,244,992)</u>
OTHER FINANCING USES			
Transfer to:			
SWS equipment replacement fund	500,000	500,000	-
Technology capital projects fund	68,085	68,085	-
Total other financing uses	<u>568,085</u>	<u>568,085</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 36,601,779</u>	<u>\$ 40,846,771</u>	<u>\$ (4,244,992)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SOLID WASTE SERVICES FUND
For the Fiscal Year Ended June 30, 2019**

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 36,082,663
Total current year expenditures and other financing uses - modified accrual basis	<u>36,601,779</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	(519,116)
Adjustments to full accrual basis:	
Amortization of refunding charges	(17,613)
Amortization of note premiums and discounts	145,772
Bond and note principal payments	1,324,763
Capital outlay	600,801
Depreciation	(919,426)
Interest expense accrual	18,054
Landfill closure/postclosure liability adjustment	607,356
Increase (decrease) in deferred outflows of resources - LGERS	1,145,101
(Increase) decrease in deferred inflows of resources - LGERS	90,486
(Increase) decrease in pension liability - LGERS	(1,710,602)
(Increase) decrease in deferred inflows of resources - OPEB	(321,839)
(Increase) decrease in pension liability - OPEB	303,067
Increase (decrease) in deferred outflows of resources - OPEB	455,023
Vacation expense	<u>(10,859)</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u>\$ 1,190,972</u>

Internal Service Funds

Internal Service Funds are used to account for centralized services provided on a cost-reimbursement basis. The City maintains six internal service funds for its risk management, health benefits, equipment replacement programs, and vehicle fleet services.

Internal Service Funds

Risk Management Fund

The Risk Management Fund accounts for risk management activities of the City, including premiums, claims expenses and loss reserves.

Employees' Health Benefits Fund

The Employees' Health Benefits Fund accounts for the City's and employees' contributions to a medical trust and its related costs, including claims and operating expenses.

Governmental Equipment Replacement Fund

The Governmental Equipment Replacement Fund accounts for the activities related to managing the equipment replacement program for governmental activities.

Solid Waste Services Equipment Replacement Fund

The Solid Waste Services Equipment Replacement Fund accounts for the activities related to managing the City's equipment replacement program for the City's Solid Waste Services Department.

Public Utilities Equipment Replacement Fund

The Public Utilities Equipment Replacement Fund accounts for the activities related to managing the City's equipment replacement program for the City's Public Utilities Department.

Vehicle Fleet Services Fund

The Vehicle Fleet Services Fund accounts for the activities related to the City's central garage operations.

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

June 30, 2019

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 36,423,493	\$ 15,349,098	\$ 4,211,331	\$ 669,539
Accrued interest receivable	180,754	27,344	-	-
Sales tax receivable	312	-	208,725	35,182
Other receivables	-	491,955	-	-
Due from other funds	-	-	-	127
Inventories	-	-	-	-
Insurance deposit	420,000	-	-	-
Total current assets	<u>37,024,559</u>	<u>15,868,397</u>	<u>4,420,056</u>	<u>704,848</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	18,167,749	4,273,899
Capital assets:				
Buildings and machinery	-	-	-	-
Equipment	-	-	102,482,237	37,350,922
Less: accumulated depreciation	-	-	(70,841,038)	(24,954,886)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>49,808,948</u>	<u>16,669,935</u>
Total assets	<u>37,024,559</u>	<u>15,868,397</u>	<u>54,229,004</u>	<u>17,374,783</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals - LGERS	69,883	-	-	-
Pension deferrals - OPEB	10,834	-	-	-
Total deferred outflows of resources	<u>80,717</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	10,149	350	874,110	-
Accrued salaries and employee payroll taxes	8,361	-	-	-
Accrued interest payable	-	-	63,853	19,246
Sales tax payable	-	-	1,596	-
Claims payable and other liabilities	6,751,055	2,762,000	-	-
Earned vacation pay	9,219	-	-	-
Due to other funds	-	-	398	-
Bonds, notes and loans payable	-	-	11,700,139	3,405,188
Total current liabilities	<u>6,778,784</u>	<u>2,762,350</u>	<u>12,640,096</u>	<u>3,424,434</u>
Noncurrent liabilities:				
Claims payable and other liabilities	12,321,870	-	-	-
Bonds, notes and loans payable	-	-	26,308,158	7,604,987
Net pension liability - LGERS	121,306	-	-	-
Net pension liability - OPEB	268,641	-	-	-
Earned vacation pay	20,977	-	-	-
Total noncurrent liabilities	<u>12,732,794</u>	<u>-</u>	<u>26,308,158</u>	<u>7,604,987</u>
Total liabilities	<u>19,511,578</u>	<u>2,762,350</u>	<u>38,948,254</u>	<u>11,029,421</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals - LGERS	5,156	-	-	-
Pension deferrals - OPEB	88,624	-	-	-
Total deferred inflows of resources	<u>93,780</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	-	-	11,800,651	5,659,760
Unrestricted	17,499,918	13,106,047	3,480,099	685,602
Total net position	<u>\$ 17,499,918</u>	<u>\$ 13,106,047</u>	<u>\$ 15,280,750</u>	<u>\$ 6,345,362</u>

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

June 30, 2019

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,851,046	\$ 350,693	\$ 61,855,200
Accrued interest receivable	-	-	208,098
Sales tax receivable	33,209	299,772	577,200
Other receivables	-	5,417	497,372
Due from other funds	271	-	398
Inventories	-	574,397	574,397
Insurance deposit	-	-	420,000
Total current assets	<u>4,884,526</u>	<u>1,230,279</u>	<u>64,132,665</u>
Noncurrent assets:			
Restricted cash and cash equivalents	4,128,403	-	26,570,051
Capital assets:			
Buildings and machinery	-	230,912	230,912
Equipment	37,775,310	1,248,659	178,857,128
Less: accumulated depreciation	(25,184,098)	(1,308,199)	(122,288,221)
Total noncurrent assets	<u>16,719,615</u>	<u>171,372</u>	<u>83,369,870</u>
Total assets	<u>21,604,141</u>	<u>1,401,651</u>	<u>147,502,535</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals - LGERS	-	966,806	1,036,689
Pension deferrals - OPEB	-	166,842	177,676
Total deferred outflows of resources	<u>-</u>	<u>1,133,648</u>	<u>1,214,365</u>
LIABILITIES			
Current liabilities:			
Accounts payable	-	490,657	1,375,266
Accrued salaries and employee payroll taxes	-	84,345	92,706
Accrued interest payable	17,993	-	101,092
Sales tax payable	-	3,474	5,070
Claims payable and other liabilities	-	-	9,513,055
Earned vacation pay	-	224,744	233,963
Due to other funds	-	-	398
Bonds, notes and loans payable	4,646,811	-	19,752,138
Total current liabilities	<u>4,664,804</u>	<u>803,220</u>	<u>31,073,688</u>
Noncurrent liabilities:			
Claims payable and other liabilities	-	-	12,321,870
Bonds, notes and loans payable	7,191,675	-	41,104,820
Net pension liability - LGERS	-	1,661,299	1,782,605
Net pension liability - OPEB	-	3,429,047	3,697,688
Earned vacation pay	-	223,797	244,774
Total noncurrent liabilities	<u>7,191,675</u>	<u>5,314,143</u>	<u>59,151,757</u>
Total liabilities	<u>11,856,479</u>	<u>6,117,363</u>	<u>90,225,445</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals - LGERS	-	60,645	65,801
Pension deferrals - OPEB	-	1,157,010	1,245,634
Total deferred inflows of resources	<u>-</u>	<u>1,217,655</u>	<u>1,311,435</u>
NET POSITION			
Net investment in capital assets	4,881,129	171,372	22,512,912
Unrestricted	4,866,533	(4,971,091)	34,667,108
Total net position	<u>\$ 9,747,662</u>	<u>\$ (4,799,719)</u>	<u>\$ 57,180,020</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2019

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
OPERATING REVENUES				
Charges for services - internal	\$ 8,698,971	\$ 45,531,932	\$ 8,903,831	\$ 3,269,745
Other charges	-	-	-	-
Total operating revenues	<u>8,698,971</u>	<u>45,531,932</u>	<u>8,903,831</u>	<u>3,269,745</u>
OPERATING EXPENSES				
Personnel services	465,814	-	-	-
Other operational expenses	1,056,375	4,219,859	167,605	22,676
Claims	7,406,767	41,805,521	-	-
Premiums	1,861,488	-	-	-
Depreciation	-	-	9,584,410	3,985,347
Total operating expenses	<u>10,790,444</u>	<u>46,025,380</u>	<u>9,752,015</u>	<u>4,008,023</u>
Operating income (loss)	<u>(2,091,473)</u>	<u>(493,448)</u>	<u>(848,184)</u>	<u>(738,278)</u>
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on investments	1,917,327	310,657	127,363	37,613
Recovery of claims	388,447	918,468	179,579	-
Interest expense	-	-	(439,964)	(138,290)
Gain (loss) on sale of property	-	-	468,086	221,428
Total nonoperating revenues (expenses)	<u>2,305,774</u>	<u>1,229,125</u>	<u>335,064</u>	<u>120,751</u>
Income (loss) before transfers	214,301	735,677	(513,120)	(617,527)
Transfers in	-	-	1,844,370	500,000
Transfers out	<u>(7,114,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(6,899,699)	735,677	1,331,250	(117,527)
Net position, beginning of year	24,399,617	12,370,370	13,949,500	6,462,889
Net position, end of year	<u>\$ 17,499,918</u>	<u>\$ 13,106,047</u>	<u>\$ 15,280,750</u>	<u>\$ 6,345,362</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2019

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
OPERATING REVENUES			
Charges for services - internal	\$ 4,769,043	\$ 13,556,454	\$ 84,729,976
Other charges	-	9,392	9,392
Total operating revenues	<u>4,769,043</u>	<u>13,565,846</u>	<u>84,739,368</u>
OPERATING EXPENSES			
Personnel services	-	5,340,790	5,806,604
Other operational expenses	74,711	8,663,968	14,205,194
Claims	-	-	49,212,288
Premiums	-	-	1,861,488
Depreciation	3,574,201	30,406	17,174,364
Total operating expenses	<u>3,648,912</u>	<u>14,035,164</u>	<u>88,259,938</u>
Operating income (loss)	<u>1,120,131</u>	<u>(469,318)</u>	<u>(3,520,570)</u>
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on investments	28,289	-	2,421,249
Recovery of claims	2,465	-	1,488,959
Interest expense	(126,668)	-	(704,922)
Gain (loss) on sale of property	298,734	7,546	995,794
Total nonoperating revenues (expenses)	<u>202,820</u>	<u>7,546</u>	<u>4,201,080</u>
Income (loss) before transfers	1,322,951	(461,772)	680,510
Transfers in	-	-	2,344,370
Transfers out	<u>-</u>	<u>(24,030)</u>	<u>(7,138,030)</u>
Change in net position	1,322,951	(485,802)	(4,113,150)
Net position, beginning of year	8,424,711	(4,313,917)	61,293,170
Net position, end of year	<u>\$ 9,747,662</u>	<u>\$ (4,799,719)</u>	<u>\$ 57,180,020</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2019

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 8,698,971	\$ 45,531,932	\$ 8,903,831	\$ 3,269,745
Payments to employees	(463,164)	-	-	-
Payments to suppliers and service providers	(1,083,996)	(4,219,859)	(83,688)	(35,945)
Claims paid	(5,810,875)	(40,947,949)	-	-
Premiums paid	(1,861,488)	-	-	-
Other receipts	388,447	918,468	179,579	-
Other payments	-	-	-	-
Net cash provided by (used in) operating activities	<u>(132,105)</u>	<u>1,282,592</u>	<u>8,999,722</u>	<u>3,233,800</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Insurance deposits	380,000	-	-	-
Operating subsidies and transfers from other funds	-	-	1,844,370	-
Operating subsidies and transfers to other funds	(7,114,000)	-	-	-
Internal activity - payments from (to) other funds	-	-	398	500,000
Net cash provided by (used in) noncapital financing activities	<u>(6,734,000)</u>	<u>-</u>	<u>1,844,768</u>	<u>500,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	-	-	(9,481,715)	(4,275,215)
Proceeds from capital debt	-	-	17,829,587	4,917,475
Principal paid on capital debt	-	-	(8,571,040)	(2,539,178)
Interest paid on capital debt	-	-	(468,586)	(146,979)
Proceeds from sale of property	-	-	468,086	221,428
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(223,668)</u>	<u>(1,822,469)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	1,873,151	300,896	127,363	37,486
Net cash provided by (used in) investing activities	<u>1,873,151</u>	<u>300,896</u>	<u>127,363</u>	<u>37,486</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>(4,992,954)</u>	<u>1,583,488</u>	<u>10,748,185</u>	<u>1,948,817</u>
Cash and cash equivalents/investments				
Beginning of year	41,416,447	13,765,610	11,630,895	2,994,621
End of year	<u>\$ 36,423,493</u>	<u>\$ 15,349,098</u>	<u>\$ 22,379,080</u>	<u>\$ 4,943,438</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (2,091,473)	\$ (493,448)	\$ (848,184)	\$ (738,278)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	9,584,410	3,985,347
Miscellaneous nonoperating income	388,447	918,468	179,579	-
Change in assets and liabilities:				
Sales tax receivable	34	-	81,510	(13,269)
Inventories	-	-	-	-
Other receivables and assets	-	(38,778)	-	-
Accounts payable and other accrued liabilities	1,568,237	896,350	2,407	-
(Increase) decrease in deferred outflows of resources - LGERS	(27,265)	-	-	-
Increase (decrease) in deferred inflows of resources - LGERS	(2,155)	-	-	-
Increase (decrease) in pension liability - LGERS	40,728	-	-	-
(Increase) decrease in deferred outflows of resources - OPEB	(10,834)	-	-	-
Increase (decrease) in deferred inflows of resources - OPEB	7,663	-	-	-
Increase (decrease) in pension liability - OPEB	(7,216)	-	-	-
Earned vacation pay and other payroll liabilities	1,729	-	-	-
Total adjustments	<u>1,959,368</u>	<u>1,776,040</u>	<u>9,847,906</u>	<u>3,972,078</u>
Net cash provided by (used in) operating activities	<u>\$ (132,105)</u>	<u>\$ 1,282,592</u>	<u>\$ 8,999,722</u>	<u>\$ 3,233,800</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2019

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 4,769,043	\$ 13,556,454	\$ 84,729,976
Payments to employees	-	(5,297,731)	(5,760,895)
Payments to suppliers and service providers	(58,690)	(8,716,300)	(14,198,478)
Claims paid	-	-	(46,758,824)
Premiums paid	-	-	(1,861,488)
Other receipts	2,465	9,392	1,498,351
Other payments	-	(5,417)	(5,417)
Net cash provided by (used in) operating activities	<u>4,712,818</u>	<u>(453,602)</u>	<u>17,643,225</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Insurance deposits	-	-	380,000
Operating subsidies and transfers from other funds	-	-	1,844,370
Operating subsidies and transfers to other funds	-	(24,030)	(7,138,030)
Internal activity - payments from (to) other funds	(271)	-	500,127
Net cash provided by (used in) noncapital financing activities	<u>(271)</u>	<u>(24,030)</u>	<u>(4,413,533)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	(4,611,745)	(32,217)	(18,400,892)
Proceeds from capital debt	5,737,246	-	28,484,308
Principal paid on capital debt	(3,631,626)	-	(14,741,844)
Interest paid on capital debt	(136,353)	-	(751,918)
Proceeds from sale of property	298,734	7,546	995,794
Net cash provided by (used in) capital and related financing activities	<u>(2,343,744)</u>	<u>(24,671)</u>	<u>(4,414,552)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Gain (loss) on investments held	28,289	-	2,367,185
Net cash provided by (used in) investing activities	<u>28,289</u>	<u>-</u>	<u>2,367,185</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>2,397,092</u>	<u>(502,303)</u>	<u>11,182,325</u>
Cash and cash equivalents/investments			
Beginning of year	6,582,357	852,996	77,242,926
End of year	<u>\$ 8,979,449</u>	<u>\$ 350,693</u>	<u>\$ 88,425,251</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 1,120,131	\$ (469,318)	\$ (3,520,570)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	3,574,201	30,406	17,174,364
Miscellaneous nonoperating income	2,465	-	1,488,959
Change in assets and liabilities:			
Sales tax receivable	16,021	13,181	97,477
Inventories	-	70,859	70,859
Other receivables and assets	-	(5,417)	(44,195)
Accounts payable and other accrued liabilities	-	(136,372)	2,330,622
(Increase) decrease in deferred outflows of resources - LGERS	-	(419,871)	(447,136)
Increase (decrease) in deferred inflows of resources - LGERS	-	(33,178)	(35,333)
Increase (decrease) in pension liability - LGERS	-	627,221	667,949
(Increase) decrease in deferred outflows of resources - OPEB	-	(166,842)	(177,676)
Increase (decrease) in deferred inflows of resources - OPEB	-	118,007	125,670
Increase (decrease) in pension liability - OPEB	-	(111,125)	(118,341)
Earned vacation pay and other payroll liabilities	-	28,847	30,576
Total adjustments	<u>3,592,687</u>	<u>15,716</u>	<u>21,163,795</u>
Net cash provided by (used in) operating activities	<u>\$ 4,712,818</u>	<u>\$ (453,602)</u>	<u>\$ 17,643,225</u>

Fiduciary Funds

The **Fiduciary Funds** are used to account for resources received and held by the City as the trustee or for which the City acts as agent. These funds are expended or invested in accordance with agreements or applicable prescribed procedures.

The City's fiduciary funds include two pension trust funds, which account for activities of the City's general supplemental retirement plan and other post employment benefits.

Fiduciary Funds

Supplemental Money Purchase Pension Plan Fund

The Supplemental Money Purchase Pension Plan Fund accounts for the City's contributions to the City of Raleigh Money Purchase Pension Plan, a Section 401a plan established to provide supplemental retirement benefits to eligible general government employees. Plan assets are held by the City through a third party in a fiduciary capacity.

Other Post Employment Benefits Fund

The Other Post Employment Benefits Fund accounts for the City's contributions and retirees' contributions to health, life insurance, and Medicare supplement benefits provided to eligible retirees.

COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
 June 30, 2019

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ASSETS			
Cash and cash equivalents	\$ 69,747,914	\$ 45,201,796	\$ 114,949,710
Accrued interest receivable	-	1,995	1,995
Due from other funds	-	335,704	335,704
Other receivables	-	199,716	199,716
Total assets	69,747,914	45,739,211	115,487,125
LIABILITIES			
Claims payable	-	725,000	725,000
Accounts payable	-	13,033	13,033
Total liabilities	-	738,033	738,033
NET POSITION			
Restricted for pensions	69,747,914	-	69,747,914
Restricted for postemployment benefits other than pensions	-	45,001,178	45,001,178
Total net position	\$ 69,747,914	\$ 45,001,178	\$ 114,749,092

**COMBINING STATEMENT OF CHANGES
IN PLAN NET POSITION
PENSION TRUST FUNDS**
For the Fiscal Year Ended June 30, 2019

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ADDITIONS			
Employer contributions	\$ 4,923,872	\$ 17,728,081	\$ 22,651,953
Retiree contributions	-	2,855,709	2,855,709
Interest	2,825,393	1,238,144	4,063,537
Net increase (decrease) in the fair value of investments	1,796,437	1,339,632	3,136,069
Recovery of claims	-	422,324	422,324
Total additions	<u>9,545,702</u>	<u>23,583,890</u>	<u>33,129,592</u>
DEDUCTIONS			
Benefits	3,273,807	16,151,651	19,425,458
Withdrawals and forfeitures	1,714,759	-	1,714,759
Investment expense	108,842	-	108,842
Professional services	-	75,587	75,587
Total deductions	<u>5,097,408</u>	<u>16,227,238</u>	<u>21,324,646</u>
Change in net position restricted for employees' retirement and other post-employment benefits	4,448,294	7,356,652	11,804,946
Net position, beginning of year	<u>65,299,620</u>	<u>37,644,526</u>	<u>102,944,146</u>
Net position, end of year	<u>\$ 69,747,914</u>	<u>\$ 45,001,178</u>	<u>\$ 114,749,092</u>



STATISTICAL SECTION

The *Statistical Section* presents detailed information on financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall health.



Statistical Schedules

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed overtime.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	\$ 559,035	\$ 574,134	\$ 563,336	\$ 570,848	\$ 568,329
Restricted	112,849	203,561	294,462	264,363	285,736
Unrestricted	135,746	61,324	7,234	89,096	101,746
Total governmental activities net position	807,630	839,019	865,032	924,307	955,811
Business-type activities					
Net investment in capital assets	682,642	692,069	703,484	717,882	730,664
Unrestricted	124,426	147,898	175,696	213,088	261,284
Total business-type activities net position	807,068	839,967	879,180	930,970	991,948
Total government					
Net investment in capital assets	1,241,677	1,266,203	1,266,820	1,288,730	1,298,993
Restricted	112,849	203,561	294,462	264,363	285,736
Unrestricted	260,172	209,222	182,930	302,184	363,030
Total government net position	\$ 1,614,698	\$ 1,678,986	\$ 1,744,212	\$ 1,855,277	\$ 1,947,759

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets	\$ 601,802	\$ 597,711	\$ 656,258	\$ 695,890	\$ 726,472
Restricted	315,650	346,933	382,018	363,161	339,274
Unrestricted	68,728	107,327	39,911	(80,377)	5,194
Total governmental activities net position	986,180	1,051,971	1,078,187	978,674	1,070,940
Business-type activities					
Net investment in capital assets	763,249	798,997	855,401	937,859	1,030,539
Unrestricted	318,455	374,419	433,114	389,162	428,920
Total business-type activities net position	1,081,704	1,173,416	1,288,515	1,327,021	1,459,459
Total government					
Net investment in capital assets	1,365,051	1,396,708	1,511,659	1,633,749	1,757,011
Restricted	315,650	346,933	382,018	363,161	339,274
Unrestricted	387,183	481,746	473,025	308,785	434,114
Total government net position	\$ 2,067,884	\$ 2,225,387	\$ 2,366,702	\$ 2,305,695	\$ 2,530,399

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government	\$ 51,866	\$ 57,866	\$ 52,370	\$ 39,185	\$ 40,754
Community development services	25,247	25,695	25,031	25,084	23,193
Public infrastructure	44,084	42,207	51,828	48,525	57,944
Public safety	143,480	145,189	141,602	142,121	155,623
Solid waste services (2)	23,769	24,453	23,621	-	-
Leisure services	53,314	56,473	60,265	56,160	61,695
Economic development programs	4,375	5,710	5,656	4,601	7,930
Interest on long-term debt	13,516	14,401	11,043	14,816	16,646
Total governmental activities expenses	359,651	371,994	371,416	330,492	363,785
Business-type activities:					
Water and sewer	129,034	134,033	133,804	135,146	144,960
Convention center	33,889	35,130	34,106	34,058	33,861
Mass transit	28,724	30,358	34,769	33,766	35,387
Parking facilities	11,307	12,043	11,699	11,826	11,782
Solid waste services (3)	-	-	-	27,919	30,482
Stormwater (1)	10,249	9,980	10,583	11,209	10,444
Total business-type activities	213,203	221,544	224,961	253,924	266,916
Total government expenses	\$ 572,854	\$ 593,538	\$ 596,377	\$ 584,416	\$ 630,701
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ -	\$ 16,362	\$ 9,293	\$ 9,906	\$ 10,775
Community development services	13,417	7,637	5,326	5,316	7,398
Public infrastructure	4,592	7,792	8,308	10,607	8,667
Public safety	2,862	337	337	333	285
Solid waste services (2)	16,600	18,472	18,054	-	-
Leisure services	11,924	17,843	20,199	19,252	15,822
Economic development programs	981	906	277	53	128
Operating grants and contributions	11,913	40,557	41,706	35,942	32,434
Capital grants and contributions	29,968	18,211	17,210	20,887	8,689
Total governmental activities program revenues	92,257	128,117	120,710	102,296	84,198
Business-type activities:					
Charges for services:					
Water and sewer	137,228	150,648	171,221	186,969	197,947
Convention center	12,394	11,857	12,490	12,231	12,950
Mass transit	4,466	5,001	5,216	5,194	5,441
Parking facilities	7,815	10,288	10,838	10,772	12,330
Solid waste services	-	-	-	19,515	22,162
Stormwater	14,213	15,657	15,521	16,025	16,972
Operating grants and contributions	5,245	3,438	7,505	9,328	6,757
Capital grants and contributions	12,198	21,108	6,032	7,139	3,831
Total business-type activities program revenues	193,559	217,997	228,823	267,173	278,390
Total government program revenues	\$ 285,816	\$ 346,114	\$ 349,533	\$ 369,469	\$ 362,588
Net (expense)/revenue:					
Governmental activities	\$ (267,394)	\$ (243,877)	\$ (250,706)	\$ (228,196)	\$ (279,587)
Business-type activities	(19,644)	(3,547)	3,862	13,249	11,474
Total government net expense	\$ (287,038)	\$ (247,424)	\$ (246,844)	\$ (214,947)	\$ (268,113)

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
Expenses					
Governmental activities:					
General government	\$ 37,368	\$ 46,408	\$ 47,446	\$ 53,954	\$ 54,954
Community development services	22,867	20,081	30,613	28,276	31,160
Public infrastructure	50,719	58,186	69,785	71,552	75,982
Public safety	147,887	156,680	167,155	168,747	177,817
Solid waste services (2)	-	-	-	-	-
Leisure services	63,835	66,795	63,483	62,672	65,734
Economic development programs	4,868	6,979	3,331	5,474	4,151
Interest on long-term debt	18,735	20,876	19,302	18,931	17,560
Total governmental activities expenses	346,279	376,005	401,115	409,606	427,358
Business-type activities:					
Water and sewer	146,919	152,921	162,002	169,217	175,882
Convention center	33,886	34,702	34,158	34,628	35,253
Mass transit	37,854	38,180	41,319	42,091	46,532
Parking facilities	11,456	12,404	12,506	12,989	13,699
Solid waste services (2)	28,450	32,330	30,683	34,051	35,498
Stormwater (1)	12,205	13,346	15,131	16,648	17,970
Total business-type activities	270,770	283,883	295,799	309,624	324,834
Total government expenses	\$ 617,049	\$ 659,888	\$ 696,914	\$ 719,230	\$ 752,192
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 14,697	\$ 13,564	\$ 21,427	\$ 22,895	\$ 26,142
Community development services	1,902	1,346	1,485	273	105
Public infrastructure	12,950	11,004	9,466	1,102	693
Public safety	448	458	414	-	-
Solid waste services (2)	-	-	-	-	-
Leisure services	16,189	17,187	12,073	10,368	10,870
Economic development programs	2	-	-	-	-
Operating grants and contributions	35,296	39,775	37,526	41,502	46,634
Capital grants and contributions	10,080	11,843	26,459	37,632	26,582
Total governmental activities program revenues	91,564	95,177	108,850	113,772	111,026
Business-type activities:					
Charges for services:					
Water and sewer	213,298	228,211	240,163	255,568	258,608
Convention center	13,342	13,785	15,085	14,736	16,417
Mass transit	7,356	7,118	6,720	5,707	6,134
Parking facilities	13,417	15,022	15,784	16,259	16,787
Solid waste services	24,170	26,104	27,281	27,709	28,796
Stormwater	17,459	17,939	22,725	23,043	23,259
Operating grants and contributions	9,029	7,685	12,332	11,272	9,836
Capital grants and contributions	13,688	4,835	9,923	5,910	24,811
Total business-type activities program revenues	311,759	320,699	350,013	360,204	384,648
Total government program revenues	\$ 403,323	\$ 415,876	\$ 458,863	\$ 473,976	\$ 495,674
Net (expense)/revenue:					
Governmental activities	\$ (254,715)	\$ (280,828)	\$ (292,265)	\$ (295,834)	\$ (316,332)
Business-type activities	40,989	36,816	54,214	50,580	59,814
Total government net expense	\$ (213,726)	\$ (244,012)	\$ (238,051)	\$ (245,254)	\$ (256,518)

Continued

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
General Revenues and Change in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 184,697	\$ 186,379	\$ 189,422	\$ 195,568	\$ 203,513
Local sales tax	58,651	61,776	67,828	71,115	76,004
Franchise tax	22,500	22,634	21,190	21,313	21,944
Other taxes	5,473	13,937	11,875	11,517	23,216
Privilege license tax	19,098	7,166	7,663	7,949	7,512
Investment earnings	1,703	5,280	946	1,204	5,045
Miscellaneous	5,659	11,182	11,982	20,416	13,821
Transfers	(31,144)	(32,231)	(34,186)	(41,210)	(46,235)
Gain on sale of property	-	-	-	-	6,271
Capital contributions	-	-	-	-	-
Total governmental activities	<u>266,637</u>	<u>276,123</u>	<u>276,720</u>	<u>287,872</u>	<u>311,091</u>
Business-type activities:					
Investment earnings	2,379	3,357	1,165	253	3,269
Transfers	31,144	32,231	34,186	41,210	46,235
Gain on the sale of property	-	-	-	-	-
Capital contributions	-	-	-	-	-
Total business-type activities	<u>33,523</u>	<u>35,588</u>	<u>35,351</u>	<u>41,463</u>	<u>49,504</u>
Total government general revenues	<u>\$ 300,160</u>	<u>\$ 311,711</u>	<u>\$ 312,071</u>	<u>\$ 329,335</u>	<u>\$ 360,595</u>
Change in Net Position					
Governmental activities	\$ (757)	\$ 32,246	\$ 26,014	\$ 59,676	\$ 31,504
Business-type activities	13,879	32,041	39,213	54,712	60,978
Total government change in net position	<u>\$ 13,122</u>	<u>\$ 64,287</u>	<u>\$ 65,227</u>	<u>\$ 114,388</u>	<u>\$ 92,482</u>

Notes:

- (1) The City converted the Stormwater Projects fund into the enterprise Stormwater Utility fund effective FY11.
- (2) The City began reporting the solid waste services operations as an enterprise fund effective FY13. Prior to that, the operations were included as part of the City's general fund.

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
General Revenues and Change in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 214,288	\$ 227,723	\$ 243,511	\$ 252,991	\$ 266,350
Local sales tax	82,864	88,837	92,879	97,394	104,943
Franchise tax	28,552	29,311	28,699	29,425	30,320
Other taxes	20,124	21,526	30,341	39,794	39,798
Privilege license tax	4,282	93	-	-	-
Investment earnings	2,288	3,257	4,501	5,000	15,636
Miscellaneous	18,191	16,293	12,280	2,116	2,431
Transfers	(54,858)	(51,072)	(55,334)	(50,803)	(55,046)
Gain on sale of property	256	7,574	4,196	3,455	4,165
Capital contributions	-	-	(2,723)	-	-
Total governmental activities	315,987	343,542	358,350	379,372	408,597
Business-type activities:					
Investment earnings	2,029	3,824	3,032	4,723	17,022
Transfers	54,858	51,072	54,984	50,803	55,046
Gain on the sale of property	-	-	145	769	557
Capital contributions	-	-	2,723	-	-
Total business-type activities	56,887	54,896	60,884	56,295	72,625
Total government general revenues	\$ 372,874	\$ 398,438	\$ 419,234	\$ 435,667	\$ 481,222
Change in Net Position					
Governmental activities	\$ 61,272	\$ 62,714	\$ 66,085	\$ 83,538	\$ 92,265
Business-type activities	97,876	91,712	115,098	106,875	132,439
Total government change in net position	\$ 159,148	\$ 154,426	\$ 181,183	\$ 190,413	\$ 224,704

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
General fund					
Reserved	\$ 49,722	\$ -	\$ -	\$ -	\$ -
Unreserved	116,162	-	-	-	-
Nonspendable	-	3,090	3,415	3,020	3,153
Restricted	-	40,783	43,367	40,302	46,800
Committed	-	-	66,317	68,466	67,776
Assigned	-	72,987	34,305	35,446	35,870
Unassigned	-	58,176	62,813	67,990	73,080
Total general fund	<u>\$ 165,884</u>	<u>\$ 175,036</u>	<u>\$ 210,217</u>	<u>\$ 215,224</u>	<u>\$ 226,679</u>
All other governmental funds					
Reserved	\$ 36,105	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	127,157	-	-	-	-
Capital projects funds	7,027	-	-	-	-
Nonspendable	-	-	-	-	11,625
Restricted	-	36,177	35,793	37,031	40,478
Assigned	-	123,024	215,302	187,964	186,832
Total all other governmental funds	<u>\$ 170,289</u>	<u>\$ 159,201</u>	<u>\$ 251,095</u>	<u>\$ 224,995</u>	<u>\$ 238,935</u>

Notes:

2010 and earlier amounts have not been restated for the implementation of GASB Statement 54.

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
General fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	3,976	4,762	4,823	8,277	11,197
Restricted	54,396	55,361	56,389	59,670	63,716
Committed	-	2,898	3,924	4,088	4,616
Assigned	108,058	120,418	132,624	135,791	159,232
Unassigned	83,397	84,784	76,757	74,033	85,438
Total general fund	<u>\$ 249,827</u>	<u>\$ 268,223</u>	<u>\$ 274,517</u>	<u>\$ 281,859</u>	<u>\$ 324,199</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	69,510	72,920	72,483	-	-
Restricted	38,360	41,491	43,056	46,493	54,162
Assigned	215,969	176,675	210,091	256,998	221,396
Total all other governmental funds	<u>\$ 323,839</u>	<u>\$ 291,086</u>	<u>\$ 325,630</u>	<u>\$ 303,491</u>	<u>\$ 275,558</u>

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues					
Ad valorem taxes	\$ 184,930	\$ 186,625	\$ 189,486	\$ 195,392	\$ 204,623
Intergovernmental	64,174	87,156	85,624	85,143	76,861
Project revenue (non-grant)	-	-	-	-	-
Non-governmental	-	-	-	-	42
Mutual aid reimbursements	-	-	-	-	-
Developer participation	15	2,313	510	57	164
Assessments	493	562	1,336	1,124	1,119
Franchise tax (4)	-	-	-	-	-
Local sales tax	58,651	61,776	67,828	71,115	76,004
Licenses	19,098	19,671	21,050	21,280	24,906
Gain (loss) on investments	3,853	5,000	1,683	1	4,588
Inspection fees	7,408	7,164	7,695	9,291	10,830
Highway maintenance refunds	1,242	786	772	1,125	899
Facility fees	4,084	7,310	6,632	9,571	7,663
Parks and recreation fees (5)	-	-	-	-	-
Other fees and charges	30,995	32,429	37,175	18,900	15,495
Rents	437	514	787	649	548
Program income	2,188	2,536	2,619	2,340	2,384
Recovery of claims	-	-	-	-	-
Donations and contributions (6)	-	-	-	-	-
Other revenues	2,149	1,589	1,831	2,467	1,916
Miscellaneous	2,022	1,024	745	875	284
Total revenues	381,739	416,455	425,773	419,330	428,326
Expenditures					
General government	34,791	42,096	38,709	36,724	38,112
Community development services	25,421	25,332	25,268	25,388	23,364
Public works	21,762	24,723	23,143	22,215	26,022
Public infrastructure	-	-	-	-	-
Public safety	143,173	145,251	144,448	144,463	148,450
Solid waste services (2)	24,043	24,949	24,556	-	-
Leisure services	43,973	49,415	54,355	50,023	53,898
Economic development programs	4,375	5,710	5,656	2,312	7,931
Other expenditures	-	3	402	2,290	-
Capital outlay	94,470	73,332	78,785	66,279	92,753
Debt service					
Principal	20,717	26,900	26,699	30,371	30,203
Interest	13,195	13,494	12,601	15,841	17,316
Other debt service expenditures	335	572	652	436	333
Total expenditures	426,255	431,777	435,274	396,342	438,382
Other financing sources (uses)					
Transfers in	23,253	26,759	27,185	32,982	43,554
Transfers out	(52,146)	(60,307)	(56,101)	(77,063)	(88,499)
Proceeds from sale of property	177	-	-	-	6,271
Bonds issuance	109,550	46,430	147,600	-	-
Premium on bonds issued	6,405	1,360	17,765	-	73,377
Premium on refunding bond issued	-	-	5,331	-	4,490
Refunding bonds issuance	52,197	-	33,925	-	5,885
Payments to escrow agent	(95,418)	-	(39,129)	-	(9,626)
Total other financing sources (uses)	44,018	14,242	136,576	(44,081)	35,452
Net change in fund balances	\$ (498)	\$ (1,080)	\$ 127,075	\$ (21,093)	\$ 25,396
Debt service as a percentage of noncapital expenditures (1)	9.95%	11.17%	10.74%	13.97%	13.53%

- (1) Capital outlay component of ratio calculation included as follows:
2010-2019 - capital outlay as per reconciliation of statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities
- (2) The City began reporting the solid waste services operations as an enterprise fund effective FY13. Prior to that, the operations were included as part of the City's general fund.
- (3) Public works changed to public infrastructure in FY 2017 as part of a City-wide department reorganization effort.

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
Revenues					
Ad valorem taxes	\$ 215,042	\$ 227,934	\$ 243,503	\$ 252,969	\$ 266,299
Intergovernmental	87,900	94,840	104,716	83,871	75,153
Project revenue (non-grant)	-	-	3,650	2,092	3,611
Non-governmental	80	3	46	128	129
Mutual aid reimbursements (8)	-	-	-	-	511
Developer participation	-	-	-	-	-
Assessments	1,270	1,294	1,427	1,349	849
Franchise tax (4)	-	-	-	29,425	30,320
Local sales tax	82,864	88,837	92,879	97,394	104,943
Licenses	19,506	14,772	15,087	14,910	14,798
Gain (loss) on investments	2,851	4,614	3,810	5,434	16,836
Inspection fees	12,416	12,757	12,250	16,664	18,317
Highway maintenance refunds	1,393	857	1,148	1,079	975
Facility fees	11,990	9,891	8,235	9,627	11,431
Parks and recreation fees (5)	-	-	-	6,368	6,790
Other fees and charges	15,488	16,087	16,869	7,028	6,540
Rents	857	719	763	2,475	2,480
Program income	1,180	902	878	1,346	674
Recovery of claims (8)	-	-	-	-	573
Donations and contributions (6)	-	-	-	3,700	2,402
Other revenues	2,941	2,987	2,567	1,230	1,179
Miscellaneous	-	-	-	-	-
Total revenues	455,778	476,494	507,828	537,089	564,810
Expenditures					
General government	40,352	46,090	45,825	52,700	56,254
Community development services	23,067	19,952	30,421	30,529	30,882
Public works	81,695	75,675	-	-	-
Public infrastructure (3)	-	-	114,548	103,318	82,898
Public safety	185,497	188,839	169,281	179,130	185,857
Solid waste services (2)	-	-	-	-	-
Leisure services	79,384	118,035	67,667	65,968	82,835
Economic development programs	4,868	6,979	3,331	5,474	4,151
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	31,726	34,400	40,092	43,399	40,823
Interest	19,602	21,362	21,201	21,488	19,995
Other debt service expenditures	597	746	921	326	648
Total expenditures	466,788	512,078	493,287	502,332	504,343
Other financing sources (uses)					
Transfers in	35,916	40,338	52,318	42,617	35,278
Transfers out	(87,878)	(90,990)	(103,992)	(95,019)	(85,030)
Proceeds from sale of property	256	7,574	4,196	2,848	3,692
Bonds issuance	-	-	68,000	-	-
Premium on bonds issued	103,231	335	5,775	-	-
Premium on refunding bond issued	8,507	-	-	-	-
Refunding bonds issuance	-	60,892	-	-	-
Payments to escrow agent	-	-	-	-	-
Total other financing sources (uses)	60,032	18,149	26,297	(49,554)	(46,060)
Net change in fund balances	\$ 49,022	\$ (17,435)	\$ 40,838	\$ (14,797)	\$ 14,407
Debt service as a percentage of noncapital expenditures (1)	14.68%	15.39%	15.69%	15.57% (8)	14.42%

(4) (5) (6) For better transparency, The City broke out franchise tax (4), parks and recreation fees (5) and donations and contributions (6) into separate lines on the appropriate statements starting FY18. Prior to that, they were included in miscellaneous and other revenues.

(7) The ratio is restated to account for a correction in the calculation for final reported capital outlay in 2018.

(8) Activity relates to disaster recovery efforts. Claims recovery for Raleigh events, and mutual aid reimbursements for assistance provided to other regions.

**ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**
(in thousands of dollars)

Fiscal Year	Real Property	Personal Property	Corporate Excess	Total Taxable Assessed Value	Property Tax Rate (Per \$100 Assessed Value)
2010	\$ 43,901,186	\$ 5,303,143	\$ 687,150	\$ 49,891,479	0.3735
2011	44,147,844	5,260,838	654,892	50,063,574	0.3735
2012	44,414,047	5,467,141	659,756	50,540,944	0.3735
2013	44,786,140	5,752,586	655,403	51,194,129	0.3826
2014	45,123,087	6,855,399	719,248	52,697,734	0.3826
2015	45,837,276	6,170,996	717,557	52,725,829	0.4038
2016	46,568,861	6,350,280	806,368	53,725,509	0.4210
2017	50,892,976	6,752,840	819,339	58,465,155 (1)	0.4183
2018	51,426,935	6,927,715	840,898	59,195,548	0.4253
2019	52,407,240	7,157,611	849,900	60,414,751	0.4382

Notes:

(1) Increase due to revaluation of property every eight years.

This schedule does not include valuations on property owned by the State of North Carolina, United States Government, charitable institutions, etc., not subject to taxation.

Assessed valuations are established at 100% of estimated market value for real property and 100% of actual value for personal property.

Source:

Wake County Tax Administrator

**PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(PER \$100 OF ASSESSED VALUE)**

Fiscal Year	City Rate	Wake County Rate	Total
2010	0.3735	0.5340	0.9075
2011	0.3735	0.5340	0.9075
2012	0.3735	0.5340	0.9075
2013	0.3826	0.5340	0.9166
2014	0.3826	0.5340	0.9166
2015	0.4038	0.5780	0.9818
2016	0.4210	0.6145	1.0355
2017	(1) 0.4183	0.6005	1.0188
2018	0.4253	0.6150	1.0403
2019	0.4382	0.6544	1.0926

Note:

(1) Tax rate decrease due to revaluation.

Source:

Wake County Tax Administrator

Other Tax Data:

Property taxes are listed and assessed as of January 1, and the collections are first budgeted for the fiscal year beginning the next July 1.

There is a State statutory tax rated limit of \$1.50 per hundred dollars valuation for operating expenses, but no limitation on the rate of tax which may be levied for debt service.

The City has no financial responsibility for any part of the public school system. The school budget is approved and funded by the Wake County Board of Commissioners with revenues derived from County, State and Federal governments.

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(amounts expressed in thousands)

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Progress, Inc.	\$ 398,532	1	0.66%	\$ 325,259	2	0.65%
CVM Holdings LLC	390,207	2	0.65%	334,451	1	0.67%
Highwoods Realty LP	346,224	3	0.57%	203,826	3	0.41%
First Citizens Bank & Trust Co.	233,788	4	0.39%	152,458	5	0.31%
Mid America Apartments LP	228,397	5	0.38%	-	-	-
State Employees Credit Union	197,642	6	0.33%	-	-	-
G&I VIII TTC LLC	148,836	7	0.25%	141,028	6	0.28%
LSREF3 Bravo (Raleigh) LLC	145,463	8	0.24%	-	-	-
North Hills Owner LLC	138,665	9	0.23%	140,457	7	0.28%
Columbia Cameron Village LLC	124,655	10	0.21%	110,590	10	0.22%
Triangle Town Center LLC	-	-	-	195,033	4	0.39%
Bellsouth	-	-	-	136,023	8	0.27%
Highwoods DLF Forum LLC	-	-	-	115,437	9	0.23%
Totals	<u>\$ 2,352,409</u>		<u>3.91%</u>	<u>\$ 1,854,562</u>		<u>3.71%</u>

Note:

Above taxable assessed valuations are as of January 1, 2018 and 2009 respectively, and the associated tax levies were due in the fiscal years ended June 30, 2019 and 2010 respectively.

Source:

Wake County website, Statistics and Reports and 2010 City of Raleigh CAFR.

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**
(amounts expressed in thousands)

Fiscal Year Ended June 30	Original Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2010	\$ 187,901	\$ 185,225	98.58%	\$ 2,133	\$ 187,358	99.71%
2011	188,777	186,280	98.68%	4,912	191,192	101.28%
2012	190,578	188,329	98.82%	6,344	194,673	102.15%
2013	197,617	195,117	98.73%	6,885	202,002	102.22%
2014	203,033	201,842	99.41%	7,094	208,936	102.91%
2015	212,617	211,668	99.55%	8,170	219,838	103.40%
2016	227,479	225,261	99.02%	14,323	239,584	105.32%
2017	243,201	241,145	99.15%	(25,271)	215,874	88.76%
2018	252,877	250,734	99.15%	199,789	450,523	178.16%
2019	266,178	263,654	99.05%	-	263,654 (1)	99.05%

Note:

(1) Reconciliation to revenues per general fund financial statements:

Total collected as per above	\$ 263,654
Penalties collected	450
Prior year collections in current year	268
Special districts	1,927
	<u>1,927</u>
Ad valorem taxes collected per general fund financial statements	<u>\$ 266,299</u>

ANALYSIS OF CURRENT TAX LEVY**CITY - WIDE LEVY**

For the Fiscal Year Ended June 30, 2019

	City - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 59,427,784,737	.4382	\$ 260,376,959	\$ 245,640,474	\$ 14,736,485
Registered motor vehicles taxed at prior year's rate	986,965,859	.4253	4,164,752	-	4,164,752
	<u>60,414,750,596</u>		<u>264,541,711</u>	<u>245,640,474</u>	<u>18,901,237</u>
Discoveries:					
Prior years' taxes	111,268,555	(1)	418,622	418,622	-
Total property valuation	<u>\$ 60,526,019,151</u>				
Deferred and waived			1,276,495	1,276,495	-
Penalty			449,043	449,043	-
Rebates			(507,379)	(507,379)	-
Net levy			266,178,492	247,277,255	18,901,237
Uncollected taxes at June 30, 2019			(380,255)	(380,255)	-
Current year's taxes collected			<u>\$ 265,798,237</u>	<u>\$ 246,897,000</u>	<u>\$ 18,901,237</u>
Current levy collection percentage			<u>99.85%</u>	<u>99.85%</u>	<u>100.00%</u>

Note:

(1) Taxes levied on discovered properties of prior periods at tax rates applicable to those periods.

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

June 30, 2019

Fiscal Year Ended June 30	Taxes Receivable June 30, 2018	Additions	Collections and Other Reductions	Taxes Receivable June 30, 2019
				(1)
2010 & prior	\$ 3,964,696	\$ -	\$ 6,060	\$ 3,958,636
2011	475,060	-	2,912	472,148
2012	255,253	-	4,202	251,051
2013	248,033	-	4,159	243,874
2014	229,666	-	5,154	224,512
2015	256,542	-	7,806	248,736
2016	176,227	-	14,268	161,959
2017	544,797	-	24,587	520,210
2018	324,623	-	199,789	124,834
2019	-	266,695,852	266,209,908	485,944
TOTALS	<u>\$ 6,474,897</u>	<u>\$ 266,695,852</u>	<u>\$ 266,478,845</u>	<u>\$ 6,691,904</u>
			(2)	

Notes:

(1) Ad valorem taxes receivable only; does not include vehicle tag fee receivable (\$3,500,159)

(2) Reconciliation to revenues collected:

Collections and other reductions per above	\$ 266,478,845
Late list penalties collected	(125,409)
Penalties collected	449,043
Prior year levy adjustments	3,468
Rebates and waived taxes	(507,379)
Ad valorem taxes collected per general fund financial statements	<u>\$ 266,298,568</u>

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**
(amounts expressed in thousands)

Fiscal Year	Governmental Activities		Business-type Activities			Total Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Installment Financing Agreements	General Obligation Bonds	Water and Sewer Revenue Bonds	Installment Financing Agreements			
2010	\$ 230,567	\$ 120,967	\$ 10,574	\$ 546,250	\$ 361,869	1,270,227	8.21%	3,239.69
2011	213,916	161,229	8,569	643,725	352,794	1,380,233	8.41%	3,417.33
2012	344,046	142,883	6,679	629,750	342,932	1,466,290	8.35%	3,567.62
2013 (3)	351,612	139,903	5,118	727,382	369,471	1,593,486	8.16%	3,765.51
2014 (3)	343,739	162,224	3,467	708,895	389,116	1,607,441	(2)	3,723.12
2015 (3)	363,605	230,467	1,771	687,136	408,636	1,691,615	(2)	3,845.49
2016 (3)	351,863	266,013	386	664,085	417,537	1,699,884	(2)	3,768.59
2017 (3)	399,236	270,251	-	761,470	420,100	1,851,057	(2)	4,033.86
2018 (3)	369,456	241,462	-	735,108	393,343	1,739,369	(2)	3,742.51
2019 (3)	340,904	233,990	-	705,486	380,696	1,661,076	(2)	3,539.49

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

- (1) See the Schedule of Demographic and Economic Statistics on page 183 for personal income and population data.
- (2) Personal income data unavailable after 2013.
- (3) Amounts shown are net of premiums, discounts, and adjustments. Certain non-debt long term liabilities are excluded here, but are included in long term liabilities on page 1 and in the notes to the financial statements. A reconciliation to page 1 is below:

	Governmental Activities		Business-type Activities	
General obligation bonds	\$	340,904	\$	-
Revenue bonds		-		705,486
Installment financing agreements		233,990		380,696
Earned vacation payable		23,161		5,564
Landfill postclosure costs		-		4,388
Claims Payable		21,835		-
	\$	<u>619,890</u>	\$	<u>1,096,134</u>

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	General Bonded Debt		Net Bonded Debt		Percentage Actual Taxable Value of Property	Per Capita Bonded Debt	
	(1)	(2)	(3)	General		Net	
2010	\$ 241,140	\$ 235,030	0.48%	\$ 615	\$ 599		
2011	222,485	217,758	0.44%	551	539		
2012	350,725	345,852	0.69%	853	841		
2013	327,775	324,002	0.64%	775	766		
2014	320,200	317,188	0.61%	742	735		
2015	(5) 363,605	361,578	0.69%	755	751		
2016	(5) 351,863	350,558	0.65%	675	672		
2017	(5) 399,236	398,219	0.60%	761	759		
2018	(5) 369,456	368,703	0.62%	696	694		
2019	(5) 340,904	340,295	0.56%	726	725		

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

- (1) Total includes all general obligation bonded debt.
- (2) Represents gross bonded debt less allowable statutory deductions.
- (3) See Assessed Value of Taxable Property schedule on page 172 for property value data.
- (4) See Demographic and Economic Statistics schedule on page 183 for population data.
- (5) Amounts shown here are net of premiums, discounts and adjustments.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2019

(amounts expressed in thousands)

	<u>Bonded Debt</u>	<u>Percentage Applicable to City</u>	<u>City's Share of Debt</u>
Direct Debt - City of Raleigh (1)	\$ 489,795	100.00%	\$ 489,795
Overlapping Debt: (2)			
Wake County Debt (3)	<u>1,727,510</u>	40.65% (4)	<u>702,205</u>
Total Direct and Overlapping Debt	<u>\$ 2,217,305</u>		<u>\$ 1,192,000</u>

Notes:

- (1) This total includes all governmental activities debt.
- (2) Overlapping debt does not include the debt of the Special Airport Tax District of Durham and Wake Counties as these bonds are payable by the Airport Authority out of airport revenues.
- (3) This total includes \$1,421,230,484 of Wake County School Bonds.
- (4) Percentage of direct and overlapping debt is based on June 30, 2019 assessed valuation of the City of Raleigh (\$60,414,750,597) as compared to the June 30, 2019 assessed valuation of Wake County (\$148,627,572,143).

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year Ended June 30	Debt Limit	Less: Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2010	\$ 3,991,318	\$ 836,465	\$ 3,154,853	20.96%
2011	4,005,086	850,380	3,154,706	21.23%
2012	4,043,155	867,667	3,175,488	21.46%
2013	4,095,530	867,668	3,227,862	21.19%
2014	4,225,446	974,216	3,251,230	23.06%
2015	4,218,066	1,134,703	3,083,363	26.90%
2016	4,298,041	1,139,717	3,158,324	26.52%
2017	4,677,212	1,124,420	3,552,792	24.04%
2018	4,735,644	1,251,042	3,484,602	26.42%
2019	4,833,180	1,207,499	3,625,681	24.98%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	\$ 60,414,751
Debt limit (8% of assessed value)	4,833,180
Debt applicable to limit:	
General Obligation bonds	297,350
GO bonds authorized not issued	305,475
Other outstanding debt	605,283
Less: Statutory deductions	
Uncollected special assessments levied for local improvements for which gross debt incurred to the extent to be applied to the payment of such gross debt	(609)
Total net debt applicable to limit	<u>1,207,499</u>
Legal debt margin	<u>\$ 3,625,681</u>

**PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Gross Revenues (1)	15% of CY Unrestricted Net Position	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage Ratios		
					Principal	Interest	Total	Net	With 15%	Covenanted Coverage
Parity Debt Service Coverage (2)										
2010	\$ 140,145,189	\$ 11,314,260	\$ 83,225,164	\$ 56,920,025	\$ 6,735,000	\$ 20,960,438	\$ 27,695,438	2.06	2.46	1.20
2011	153,349,630	14,913,980	86,210,412	67,139,218	10,865,000	24,822,751	35,687,751	1.88	2.30	1.20
2012	173,365,019	19,133,381	90,783,309	82,581,710	11,800,000	24,608,629	36,408,629	2.27	2.79	1.20
2013	187,414,283	24,812,247	89,197,234	98,217,049	12,895,000	23,870,470	36,765,470	2.67	3.35	1.20
2014	201,259,452	30,659,474	91,027,389	110,232,063	15,715,000	26,127,278	41,842,278	2.63	3.37	1.20
2015	214,997,564	37,843,467	89,725,721	125,271,843	19,445,000	27,004,803	46,449,803	2.70	3.51	1.20
2016	231,560,704	46,008,826	91,722,046	139,838,658	22,155,000	28,966,854	51,121,854	2.74	3.64	1.20
2017	243,174,781	52,018,440	99,896,408	143,278,373	22,860,000	26,348,958	49,208,958	2.91	3.97	1.20
2018	259,719,422	50,142,853	100,287,101	159,432,321	23,130,000	30,070,063	53,200,063	3.00	3.94	1.20
2019	272,685,950	55,506,967	104,023,906	168,662,044	25,980,000	29,093,590	55,073,590	3.06	4.07	1.20
Parity and Subordinate Debt Service Coverage (3)										
2010	\$ 140,145,189		\$ 83,225,164	\$ 56,920,025	\$ 9,529,491	\$ 21,594,268	\$ 31,123,759	1.83		1.00
2011	153,349,630		86,210,412	67,139,218	13,675,025	25,351,895	39,026,920	1.72		1.00
2012	173,365,019		90,783,309	82,581,710	14,011,829	25,037,720	39,049,549	2.11		1.00
2013	187,414,283		89,197,234	98,217,049	15,072,689	24,215,588	39,288,277	2.50		1.00
2014	201,259,452		91,027,389	110,232,063	18,549,105	26,729,341	45,278,446	2.43		1.00
2015	214,997,564		89,725,721	125,271,843	22,480,320	27,388,673	49,868,993	2.51		1.00
2016	231,560,704		91,722,046	139,838,658	25,223,884	29,315,460	54,539,344	2.56		1.00
2017	243,174,781		99,896,408	143,278,373	24,926,658	26,630,347	51,557,005	2.78		1.00
2018	259,719,422		100,287,101	159,432,321	28,287,396	32,092,890	60,380,286	2.64		1.00
2019	272,685,950		104,023,906	168,662,044	30,802,225	30,546,534	61,348,759	2.75		1.00

Notes:

- (1) Water and sewer user charges and other utility revenues are pledged revenues; operating expenses are exclusive of depreciation and interest expense.
- (2) Parity debt service includes interest and principal of revenue bonds.
- (3) Parity and subordinate debt service includes interest and principal of revenue bonds, State loans, and water and sewer general obligation bonds. Certain other debt paid within the Utility Fund is not subject to legal coverage requirements, and is not included above.
- (4) The schedule was updated in 2019 to change certain prior period amounts for consistency in reporting.

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Personal Income (expressed in thousands)	Per Capita Personal Income	School Enrollment ADM	Unemployment Rate %
	(1)	(2)	(2)	(3)	(4)
2010	392,083	\$ 15,479,045	\$ 39,479	145,040	8.3
2011	403,892	16,410,536	40,631	148,470	9.9
2012	411,000	17,553,399	42,709	152,474	9.4
2013	423,179	18,597,448	43,947	156,073	7.4
2014	431,746	21,035,913	46,636	159,984	5.1
2015	439,896	21,295,805	48,411	161,027	5.0
2016	451,066	22,753,573	50,444	164,429	4.3
2017	458,880	24,065,503	52,444	169,436	3.6
2018	464,758	Unavailable	Unavailable	170,202	3.6
2019	469,298	Unavailable	Unavailable	171,158	4.1

Sources:

- (1) Census Population Estimates Program for 2011, 2013-2019
City of Raleigh Planning Department - estimate for other years.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis.
Per capita income for the Raleigh-Cary MSA.
Updated 2017 info as released. Data for 2018 and 2019 are unavailable.
- (3) North Carolina Department of Public Instruction, Information Analysis and Reporting.
ADM = Average daily membership - (final ADM). Includes eighteen charter schools.
- (4) North Carolina Employment Security Commission.
Estimated percentage of local unemployment as of June 30, 2019.
- (5) Population, school enrollment and unemployment data is reported as of June 30.
Personal income data is reported as of December 31.

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of North Carolina	24,083	1	9.47%	24,739	1	12.85%
North Carolina State University	9,159	2	3.60%	7,500	3	3.90%
Wake Med Health and Hospitals	9,150	3	3.60%	7,100	4	3.69%
Wake County Public School System	8,500	4	3.34%	16,755	2	8.70%
UNC Rex Healthcare	5,580	5	2.19%	4,400	5	2.29%
City of Raleigh	4,279	6	1.68%	3,844	6	2.00%
Wake County	3,874	7	1.52%	3,744	7	1.94%
NC DHHS	3,743	8	1.47%	-	-	-
Duke Energy Progress	2,800	9	1.10%	2,500	8	1.30%
Wake Technical Community College	2,109	10	0.83%	-	-	-
Bojangles	-	-	-	2,050	9	1.06%
Waste Industries	-	-	-	2,000	10	1.04%
Total	73,277		28.80%	74,632		38.77%

Notes:

City-wide employment as of June 30, 2019: 254,391

City-wide employment as of June 30, 2010: 192,509

Duke Energy Progress was Progress Energy Inc. in 2010.

Source:

Wake County Economic Development

NC Office of State Human Resources

NC Employment Security Commission (Laus City Wide Employment)

City Budget Office

Various Area Employers

**CITY GOVERNMENT EMPLOYEES BY FUNCTION/DEPARTMENT
LAST TEN FISCAL YEARS**

Function	Employees as of June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Policy & Management Services										
General Government	94	131	88	90	105	103	109	111	111	111
Human Resources	25	25	25	29	30	30	31	33	34	34
Administrative Services (2)	25	-	-	-	-	-	-	-	-	-
Finance (4)	127	112	111	65	61	61	65	63	63	62
Information Technology (7)	77	78	79	78	78	81	80	81	90	90
Community Development Services										
Public Infrastructure (1) (6)	416	395	397	403	430	445	586	597	627	628
Planning & Development Services (3)	42	60	200	203	169	191	195	210	215	218
Inspections	121	97	-	-	-	-	-	-	-	-
Community Services	18	18	18	18	18	-	-	-	-	-
Community Development	23	23	23	23	23	-	-	-	-	-
Housing and Neighborhood preservation	-	-	-	-	-	-	-	-	-	-
Housing and Neighborhoods (5)	-	-	-	-	-	73	76	76	76	79
Public Safety										
Police	892	882	879	876	890	898	902	904	906	901
Fire	568	575	575	577	607	609	611	621	621	621
Emergency Communications	102	102	109	115	115	115	127	129	129	129
Solid Waste Services										
	223	211	204	200	202	204	208	210	213	210
Public Utilities (4)										
	570	586	586	642	632	640	652	656	659	663
Leisure Services										
Convention Center	109	108	104	104	104	104	104	107	109	116
Parks & Recreation	401	408	428	443	472	495	417	420	423	429
Total	3,833	3,811	3,826	3,866	3,936	4,049	4,163	4,218	4,276	4,291

Notes:

Numbers presented are authorized positions.

(1) Includes Central Engineering, Construction Management, Transit, Parking, Vehicle Fleet Services and Stormwater through 2016.

(2) Administrative Services was dissolved and employees moved to City Manager's and Budget & Management Services Department.

(3) Planning and Development Services consists of Planning, Inspections and the Office of Development Services.

(4) Utility Billing employees moved from Finance to the Public Utilities Department - 2013.

(5) Housing and Neighborhoods was formed to include Community Development, Community Services and Housing & Neighborhood Preservation - 2015.

(6) Public Works changed to Public Infrastructure to include Engineering Services and Transportation - 2017.

(7) Changed name to Information Technology from Information Services - 2017.

Source:

Various city departments and the City Budget Office's Performance Indicators document.

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year				
	2010	2011	2012	2013	2014
Community Development Services					
Inspections:					
Permits issued (all trade types)	45,000	47,723	39,144	95,547	105,105
Construction - inspections requested (2)	93,844	77,000	88,640	-	-
Community Development:					
New housing units constructed	9	17	25	7	21
Homeownership loans provided	81	39	60	43	55
Rehabilitation loans provided	27	13	24	13	50
Public Infrastructure					
Asphalt failures repaired	2,068	5,000	1,906	4,000	5,544
Drainage structures repaired/maintained/inspected	461	1,000	594	505	1,120
Police					
Physical arrests and citations	116,481	115,361	92,387	88,321	98,857
Traffic accidents investigated	18,439	19,328	19,810	20,283	21,189
Fire					
Emergency responses	22,278	22,790	21,912	21,951	23,119
Fire calls answered	1,167	1,489	1,354	1,077	1,133
Emergency Communications					
911 calls processed	497,778	454,223	475,453	608,770	580,465
Solid Waste					
Refuse collected (tons)	87,562	85,217	84,700	84,582	87,068
Recyclables collected (tons)	20,104	22,370	23,890	26,040	26,176
Water					
Number of consumers	167,307	167,746	170,353	171,123	174,010
Average daily consumption (millions of gallons per day)	49.00	52.00	53.50	52.00	47.90
Maximum daily flow (millions of gallons per day)	71.36	68.71	70.13	68.93	61.10
Wastewater					
Average daily sewage treatment (millions of gallons per day)	42.50	45.70	44.10	45.60	45.40
Maximum daily flow (millions of gallons per day)	88.01	78.94	59.23	72.63	83.53
Leisure Services					
Convention center events	641	649	576	601	726
Event attendance	489,446	460,012	537,804	355,012	766,107
Parks and recreation programs	11,249	11,233	12,717	13,062	13,204
Registrants	138,568	136,489	142,965	151,545	158,257
Attendance at parks & recreation facilities (millions)	4.1	4.0	4.0	4.3	4.3

Notes:

- (1) Numbers represent estimates.
- (2) Change in reporting measure beginning in 2014 for 2013. Combined construction inspections with permits issued (all trade and types).
- (3) Parks and Recreation changed reporting measure in 2015 to no longer include attendance at facilities.
- (4) Infrastructure reports changed reporting measure starting in 2019 to include inspections of drainage structures as well.

Source:

Various city departments and the City Budget Office's Performance Indicators document.

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year				
	2015	2016	2017	2018	2019
Community Development Services					
Inspections:					
Permits issued (all trade types)	107,628	117,340	123,119	118,368	119,149
Construction - inspections requested (2)	-	-	-	-	-
Community Development:					
New housing units constructed	14	18	5	18	28
Homeownership loans provided	85	66	32	38	61
Rehabilitation loans provided	55	42	29	36	30
Public Infrastructure					
Asphalt failures repaired	5,000	5,800	4,257	3,213 (1)	5,157
Drainage structures (4) repaired/maintained/inspected	1,200	2,721	2,176	3,857	22,804
Police					
Physical arrests and citations	86,498	75,157	68,214	60,095	52,784
Traffic accidents investigated	21,706	27,566	27,621	25,016	25,937
Fire					
Emergency responses	24,349	39,301	40,891	40,465	42,174
Fire calls answered	1,192	1,079	1,188	1,071	896
Emergency Communications					
911 calls processed	597,245	611,047	574,315	622,515 (1)	553,997
Solid Waste					
Refuse collected (tons)	91,786	98,028	94,252	94,800 (1)	92,524
Recyclables collected (tons)	27,584	28,239	28,412	28,690 (1)	27,966
Water					
Number of consumers	176,918	191,479	195,681	198,984	204,377
Average daily consumption (millions of gallons per day)	47.30	49.00	55.78	49.75	49.06
Maximum daily flow (millions of gallons per day)	67.88	62.00	62.59	63.40	69.18
Wastewater					
Average daily sewage treatment (millions of gallons per day)	48.19	50.00	50.11	48.76	48.96
Maximum daily flow (millions of gallons per day)	68.03	89.00	101.09	64.49	101.08
Leisure Services					
Convention center events	705	912	917	924	927
Event attendance	768,501	973,038	1,346,883	1,375,964	1,197,309
Parks and recreation programs	13,170	11,810	13,088	13,343	13,389
Registrants	158,500	148,194	105,102	114,270	113,587
Attendance at parks & recreation (3) facilities (millions)	-	-	-	3.1	2.9

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year				
	2010	2011	2012	2013	2014
Public safety					
Police stations	7	6	6	6	6
Fire stations	27	27	27	27	27
Highways and streets					
Streets (miles)	1,293	1,296	1,306	1,310	1,342
Streetlights (1)	34,003	33,067	33,914	34,323	34,567
Signalized intersections	518	540	552	550	615
Leisure services					
Number of major parks	78	78	77	85	85
Parks acreage	9,399	9,451	9,494	9,846	9,846
Aquatic facilities	8	8	8	9	9
Community centers (staffed and unstaffed)	35	35	34	47	47
Water					
Water mains (miles)	1,902	1,931	2,508	2,515	2,226
Sewers					
Sanitary sewers (miles)	1,803	1,819	2,612	2,620	2,281

Notes:

Capital asset indicators are not available for the general government function.

- (1) Streetlights for 2011-2019 are reported as actuals; prior years are estimated.
 (2) Major parks measure was re-evaluated in 2017.

Source:

Various city departments and Budget Office.

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year				
	2015	2016	2017	2018	2019
Public safety					
Police stations	6	6	6	6	6
Fire stations	28	28	28	29	29
Highways and streets					
Streets (miles)	1,358	1,357	1,366	1,369	1,369
Streetlights (1)	34,749	34,891	35,038	35,228	35,527
Signalized intersections	619	620	620	625	625
Leisure services					
Number of major parks (2)	86	86	112	197	197
Parks acreage	10,194	9,893	9,893	10,124	10,126
Aquatic facilities	9	9	9	8	8
Community centers (staffed and unstaffed)	47	49	49	49	49
Water					
Water mains (miles)	2,245	2,355	2,496	2,521	2,602
Sewers					
Sanitary sewers (miles)	2,297	2,300	2,569	2,616	2,649



SINGLE AUDIT SECTION

The Single Audit Section contains schedules, exhibits and auditor reports reflecting federal, state and other participation in various projects and programs of the City as required by the Title 2 United States Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the North Carolina state Single Audit Implementation Act, and the American Recovery and Reinvestment Act.



**Report of Independent Auditor on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor and
Members of the City Council
City of Raleigh, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Raleigh, North Carolina (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 24, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Berkant" followed by a stylized flourish.

Raleigh, North Carolina
October 24, 2019

**Report of Independent Auditor on Compliance for Each Major Federal Program
and on Internal Control over Compliance in Accordance with OMB Uniform Guidance
and the State Single Audit Implementation Act**

To the Honorable Mayor and
Members of the City Council
City of Raleigh, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the City of Raleigh, North Carolina (the “City”), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2019. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal and State Award Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 24, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Raleigh, North Carolina
October 24, 2019

**Report of Independent Auditor on Compliance for Each Major State Program
and on Internal Control over Compliance in Accordance with the Uniform Guidance
and the State Single Audit Implementation Act**

To the Honorable Mayor and
Members of the City Council
City of Raleigh, North Carolina

Report on Compliance for Each Major State Program

We have audited the City of Raleigh, North Carolina (the “City”), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City’s major state programs for the year ended June 30, 2019. The City’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the *State Single Audit Implementation Act*. Those standards, the Uniform Guidance and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City’s internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program, on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 24, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Raleigh, North Carolina
October 24, 2019

Single Audit Schedules

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (I)
EXPENDITURES OF FEDERAL AWARDS:						
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>						
Direct Programs: Federal Transit Administration:						
Federal Transit Cluster:						
Federal Transit Cap & Maint 2016	20.507	NC-2017-010-00	\$ 24,767	\$ 50,328	\$ -	\$ (44,141)
Federal Transit Cap & Maint 2017	20.507	NC-2017-041-00	575,731	16,440	-	127,492
Federal Transit Cap & Maint 2018	20.507	NC-2018-040-00	4,382,632	78,948	-	615,974
Federal Transit Cap & Maint 2019	20.507	NC-2019-059-00	5,915,512	-	-	1,117,800
STPDA Moore Square & ADA	20.507	NC-95-X084-00	418,260	102,090	-	2,474
CNG Fueling Station 2018	20.507	TBD	1,365,372	-	-	-
CNG Fueling Station 2018	20.507	NC-2019-026-00	735,053	-	-	-
Computer Aided Dispatch 2018	20.507	NC-2017-046-00	127,977	-	-	31,994
Hybrid Buses (CMAQ)	20.507	NC-2017-054-00	1,299,097	-	-	324,774
Bus Replacement (5339)	20.507	TBD	407,596	50,949	-	50,950
Planning Assistance - Section 9 (5307)	20.507	NC-90-X638	156,897	-	-	39,723
Planning Assistance - Section 9 (5307)	20.507	18-08-101	145,928	-	-	36,483
Total Federal Transit Cluster			15,556,822	298,755	-	2,303,523
Transit Services Programs Cluster:						
Enhanced Mobility	20.513	NC-16-X013-00	63,443	-	-	7,809
Enhanced Mobility	20.513	NC-2016-035-00	154,808	-	154,808	-
Enhanced Mobility	20.513	NC-2017-055-00	516,554	-	516,554	-
Total Transit Services Programs Cluster			734,805	-	671,362	7,809
Planning Assistance - Section 9 (5303)	20.505	19-08-101	691,070	37,400	-	135,367
Direct Programs: Federal Railroad Administration:						
Highway Planning and Construction Cluster:						
Raleigh Union Station - Phase I	20.933	FR-TII-0020-13-01-01	-	1,756,902	-	-
Raleigh Union Station - Phase I Terminal Building	20.933	FR-TII-0028-14-01-02	-	-	-	491,139
Subtotal Highway Planning and Construction Cluster			-	1,756,902	-	491,139
Total Direct Programs U.S. Department of Transportation			16,982,697	2,093,057	671,362	2,937,838
Passed-Through North Carolina Department of Transportation - Federal Highway Administration:						
Highway Planning and Construction Cluster:						
Lake Dam Road Project	20.205	BRSTP-0520 (053)	991,015	-	-	247,754
Trailwood Bridge Improvements	20.205	STPDA 0505 (71)	792,454	-	-	346,053
Capital BikeShare Phase I	20.205	CMAQ 0520 (056)	1,046,118	-	-	261,530
New Bern Ave Pedestrian Improvements	20.205	CMAQ 0505 (074)	40,125	-	-	80,008
State Planning & Research Funds	20.205	WBS48232.3.1, WBS48232.3.13	320,000	80,000	-	-
Section 104(f) PL	20.205	WBS48269.1.13	697,888	-	-	174,472
Section 104(f) STPDA	20.205	WBS48275.1.6	1,322,583	-	-	408,454
Subtotal Highway Planning and Construction Cluster			5,210,183	80,000	-	1,518,271
Total Highway Planning and Construction Cluster			5,210,183	1,836,902	-	2,009,410
Passed-Through North Carolina Department of Transportation - National Highway Traffic Safety Administration:						
Highway Safety Cluster:						
Bikesafe Coordinator 2017	20.616	M9MT-18-16-03	2,743	-	-	-
Bikesafe Coordinator 2018	20.616	NC-19-03-05	2,191	-	-	-
DWI Squad	20.616	MSHVE-18-15-04	25,804	-	-	77,413
Total Highway Safety Cluster			30,738	-	-	77,413
Total Passed-Through North Carolina Department of Transportation			5,240,921	80,000	-	1,595,684
Total U.S. Department of Transportation			22,223,618	2,173,057	671,362	4,533,522
<u>CORPORATION FOR NATIONAL SERVICE</u>						
Direct Programs: Foster Grandparent /Senior Companion Cluster:						
Foster Grandparent Program	94.011	17SFSNC003	212,876	-	-	91,712
Total Corporation for National Service			212,876	-	-	91,712
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>						
Direct Programs: CDBG Entitlement Grant Cluster:						
Community Development Block Grant - Entitlement	14.218	B16MC370009	97,907	-	-	-
Community Development Block Grant - Entitlement	14.218	B17MC370009	1,299,352	-	25,334	-
Community Development Block Grant - Entitlement	14.218	B18MC370009	1,014,256	-	251,961	-
Total CDBG Entitlement Grant Cluster			2,411,515	-	277,295	-
Direct Programs: HOME						
HOME Investment Partnerships Program	14.239	M14-MC370206	650,221	-	-	143,966
HOME Investment Partnerships Program	14.239	M15-MC370206	562,905	-	-	124,633
HOME Investment Partnerships Program	14.239	M16-MC370206	69,409	-	-	15,368
HOME Investment Partnerships Program	14.239	M17-MC370206	910	-	-	201
HOME Investment Partnerships Program	14.239	M18-MC370206	115,108	-	-	25,486
Total Direct Programs HOME			1,398,553	-	-	309,654
Direct Programs: ESG Grant						
Emergency Solutions Grant Program	14.231	E17MC370009	85,352	-	85,352	-
Emergency Solutions Grant Program	14.231	E18MC370009	184,654	-	184,654	-
Total Direct Programs ESG			270,006	-	270,006	-
Total U.S. Department of Housing and Urban Development			4,080,074	-	547,301	309,654
<u>U.S. DEPARTMENT OF THE INTERIOR</u>						
Passed-Through N.C. Department of Natural and Cultural Resources:						
Raleigh Architectural Survey Update	15.904	N/A	-	-	-	9,000
Total Passed-Through N.C. Department of Natural and Cultural Resources			-	-	-	9,000
Total U.S. Department of the Interior			-	-	-	9,000

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (I)
U.S. DEPARTMENT OF JUSTICE						
Direct Programs:						
JAG Cluster:						
Edward Byrne Memorial Justice Assistance (JAG) 2015	16.738	2015-DJ-BX-1012	36,054	-	13,536	-
Edward Byrne Memorial Justice Assistance (JAG) 2016	16.738	2016-DJ-BX-1066	72,624	-	42,523	-
Edward Byrne Memorial Justice Assistance (JAG) 2017	16.738	2017-DJ-BX-0816	5,182	-	-	-
Total JAG Cluster			113,860	-	56,059	-
Direct Programs:						
Body-Worn Camera Implementation Program	16.835	2016-BC-BX-K100	419,233	-	-	422,254
Equitable Sharing	16.922	2018	267,121	-	-	-
Total Direct Programs U.S. Department of Justice			686,354	-	-	422,254
Total U.S. Department of Justice			800,214	-	56,059	422,254
ENVIRONMENTAL PROTECTION AGENCY						
Passed-Through N.C. Department of Environmental Quality - Capitalization Grants for Clean Water State Revolving Funds:						
Neuse River WWTP Phase III	66.458	CS-370419-18	1,398,536	-	-	-
Crabtree Creek Wastewater Conveyance	66.458	CS370419-19	1,846,447	-	-	-
Total Clean Water State Revolving Funds			3,244,983	-	-	-
Total Passed-Through N.C. Department of Environmental Quality			3,244,983	-	-	-
Total Environmental Protection Agency			3,244,983	-	-	-
U.S. DEPARTMENT OF HOMELAND SECURITY						
Direct Programs: FEMA						
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2015-FH-00076	548,542	-	-	-
Total Direct Programs FEMA			548,542	-	-	-
Passed-Through N.C. Department of Public Safety - FEMA:						
Tornado 2011	97.036	FEMA-1969-DR-NC	55,166	-	-	-
Hurricane Matthew 2016	97.036	FEMA-4285-DR-NC	1,129,496	-	-	-
Hurricane Florence 2018	97.036	FEMA-4393-DR-NC	25,397	-	-	-
Total Passed-Through N.C. Department of Public Safety - FEMA			1,210,059	-	-	-
Passed-Through N.C. Department of Public Safety - FEMA: Homeland Security Cluster:						
USAR	97.067	EMW-2017-SS-00085-S01	33,535	-	-	-
Portable X-Ray System	97.067	EMW-2018-SS-00053	42,720	-	-	-
Total Homeland Security Cluster			76,255	-	-	-
Total Passed-Through N.C. Department of Public Safety - FEMA			1,286,314	-	-	-
Total U.S. Department of Homeland Security			1,834,856	-	-	-
OFFICE OF NATIONAL DRUG CONTROL POLICY						
Passed-Through Durham County: High Intensity Drug Trafficking Area (HIDTA) 2018						
	95.001	G18GA0004A	34,201	-	-	5,248
Total Office of National Drug Control and Policy			34,201	-	-	5,248
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 32,430,822	\$ 2,173,057	\$ 1,274,722	\$ 5,371,390
EXPENDITURES OF STATE AWARDS:						
N.C. DEPARTMENT OF TRANSPORTATION						
Direct Programs: Division of Highways: Powell Bill						
		WBS32570	\$ -	\$ 10,760,267	\$ -	\$ -
Direct Programs: Public Transportation Division: Public Transportation Maint Asst Prog						
		18-SM-013	-	1,997,112	-	-
Total Direct Programs N.C. Department of Transportation			-	12,757,379	-	-
Passed-Through Triangle J Council of Governments: Transportation Demand Management Grant						
		TDMRAL19	-	91,537	-	93,344
Total Passed-Through Triangle J Council of Governments			-	91,537	-	93,344
Total N.C. Department of Transportation			-	12,848,916	-	93,344
N.C. DEPARTMENT OF NATURAL & CULTURAL RESOURCES						
Passed-Through Clean Water Management Trust Fund: Millbrook Exchange CWMTF						
	N/A	2016-1006	-	131,720	-	32,930
Upper Durant Lake CWMTF						
	N/A	2017-807	-	86,290	-	36,981
Total N.C. Department of Natural & Cultural Resources			-	218,010	-	69,911
N.C. DEPARTMENT OF PUBLIC SAFETY						
Direct Programs: Fire Regional Response Team						
		RRT42019	-	60,645	-	-
Total Direct Programs N.C. Department of Public Safety			-	60,645	-	-
Passed-Through Wake County: Juvenile Crime Prevention Council						
		2018	-	-	-	(3,708)
		2019	-	93,350	-	24,905
Total Passed-Through Wake County			-	93,350	-	21,197
Total N.C. Department of Public Safety			-	153,995	-	21,197
TOTAL EXPENDITURES OF STATE AWARDS			\$ -	\$ 13,220,921	\$ -	\$ 184,452
TOTAL EXPENDITURES ALL AWARDS			\$ 32,430,822	\$ 15,393,978	\$ 1,274,722	\$ 5,555,842

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the Federal and State grant activity of the City of Raleigh under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Raleigh, it is not intended to present the financial position, changes in net assets or cash flows of the City of Raleigh.

Note 2: Summary of Significant Accounting Policies

The Schedule of Expenditures of Federal and State Awards is prepared on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

The City of Raleigh has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Powell Bill expenditures as reported above represent eligible expenditures reported to the North Carolina Department of Transportation for the fiscal year ending June 30, 2019. The City is required to report annually to the North Carolina Department of Transportation on the accumulated unexpended Powell Bill funds. Unexpended Powell Bill funds are accounted for and maintained within various City funds. The total unexpended balance on-hand at June 30, 2019 is \$-0-

Where allowed by grant agreement, prior year expenditures that have not been previously tested may be included in the Schedule of Awards at June 30, 2019. Generally, this occurs when grants are awarded after the related project or program has started incurring expenses and retroactive reimbursement is allowed per the funding agreement or when corrections are made due to previous year(s) omissions.

Negative current year expenditures represent adjustments to previously reported balances for grant projects completed during FY18.

Note 3: Loan Balances

The City of Raleigh had the following loan balances outstanding at June 30, 2019 for which the grantor/pass-through grantor has still imposed continuing compliance requirements. The loan balance outstanding is included in the federal expenditures presented in the schedule. For each program, the outstanding loan balance may differ from expenditures presented in the schedule above due to timing of cash receipts.

Program Name	CFDA Number	Pass-through Grantor's Number	Amount Outstanding
SRF Neuse River WWTP Phase II Revolving Loan	66.458	CS-370419-18	\$ 24,874,605
SRF Crabtree Creek Wastewater Conveyance Revolving Loan	66.458	CS-370419-19	\$ 16,084,138

(1) Represents City of Raleigh matching and awards from local governments.

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes none reported
- Noncompliance material to financial statements noted? _____ yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes none reported
- Noncompliance material to federal awards? _____ yes no

Type of auditor’s report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516 (a)? _____ yes no

Identification of major federal programs:

CFDA Numbers

20.507
20.513
66.458
14.239

Names of Federal Program or Cluster

Federal Transit Cluster
Transit Services Programs Cluster
Clean Water State Revolving Fund Cluster
Home Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 972,925

Auditee qualified as low-risk auditee? yes _____ no

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditor’s Results (continued)

State Awards

Internal control over major state programs:

Material weakness(es) identified? _____ yes no

• Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes none reported

Noncompliance material to state awards? _____ yes no

Type of auditor’s report issued on compliance for major state programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Implementation Act*? _____ yes no

Identification of major state programs:

Names of State Program or Cluster

Powell Bill

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

None

IV – State Award Findings and Questioned Costs

None

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

Section V – Summary Schedule of Prior Audit Findings

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

Finding 2018-001
Nonmaterial Noncompliance – Reporting

Status: Corrected

Finding 2018-002
Nonmaterial Noncompliance – Subrecipient Monitoring

Status: Corrected

IV – State Award Findings and Questioned Costs

Finding 2018-003
Significant Deficiency

Status: Corrected





Raleigh

CITY OF RALEIGH

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