

RALEIGH, NORTH CAROLINA



# *Annual Comprehensive Financial Report*

FISCAL YEAR ENDING JUNE 30, 2022  
RALEIGH, NORTH CAROLINA







City of Raleigh  
NORTH CAROLINA

Annual Comprehensive  
Financial Report

For the Fiscal Year Ended June 30, 2022

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 .....	XIII

**FINANCIAL SECTION****Report of Independent Auditor**

<i>Management's Discussion and Analysis</i> .....	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
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 .....	20
Note 2 – Stewardship, Compliance, and Accountability .....	28
Note 3 – Detailed Notes on all Funds .....	29
Note 4 – Other Information .....	54

**Required Supplementary Information:**

Schedule of Changes in the Net OPEB Liability and Related Ratios .....	73
Other Post Employment Benefits – Schedule of Employer Contributions .....	74
Other Post Employment Benefits – Schedule of Investment Returns .....	75
City of Raleigh's Proportionate Share of Net Pension Liability (Asset) – Local Government Employees' Retirement System .....	76
City of Raleigh's Contributions - Local Government Employees' Retirement System .....	77
Law Enforcement Officers' Special Separation Allowance – Schedule of Changes in Total Pension Liability .....	78
Law Enforcement Officers' Special Separation Allowance – Schedule of Total Pension Liability as a Percentage of Covered Payroll .....	79

**Combining and Individual Financial Statements and Schedules:**

Combining Balance Sheet – Nonmajor Governmental Funds .....	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	81

**Special Revenue Funds:**

Combining Balance Sheet – Nonmajor Special Revenue Funds .....	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	84
Schedule of Revenues and Expenditures Compared with Budget:	
Grants Fund .....	86
Housing Bond Fund .....	87
Community Development Fund .....	88
State and Local Fiscal Recovery (SLFRF) Fund .....	89
Disaster Recovery Fund .....	90
Convention Center Financing Fund .....	91
Emergency Telephone System Fund .....	92

**General Capital Projects Funds:**

Combining Balance Sheet – Nonmajor Capital Projects Funds .....	93
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds .....	95
Schedule of Revenues and Expenditures Compared with Budget:	
Street Improvement Fund .....	97
Street Bond Fund .....	98
Sidewalk Fund .....	99
Park Improvement Fund .....	100
Facility Fees Fund .....	101
Park Bond Fund .....	102
Miscellaneous Capital Improvements Fund .....	103
Walnut Creek Amphitheater Projects Fund .....	104
Technology Capital Projects Fund .....	105
Major Public Facilities Fund .....	106

**Enterprise Funds:**

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

**Water and Sewer Fund (major fund):**

Water and Sewer Operating Fund .....	107
Water Capital Projects Fund .....	109
Sewer Capital Projects Fund .....	110
Water and Sewer Revenue Bond Fund .....	111
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Water and Sewer Funds .....	112

**Convention Center Complex Fund (major fund):**

Convention Center and Performing Arts Complex Operating Fund .....	113
Convention Center and Performing Arts Complex Projects Fund .....	114
Convention Center Complex Capital Projects Fund .....	115
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Convention Center Funds .....	116

**Mass Transit Fund (major fund):**

Mass Transit Fund .....	117
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Mass Transit Fund .....	118

**Stormwater Fund (major fund):**

Stormwater Utility Operating Fund .....	119
Stormwater Utility Capital Projects Fund .....	120
Stormwater Utility Bond Fund .....	121
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Stormwater Utility Funds .....	122

**Parking Fund (major fund):**

Parking Facilities Operating Fund.....	123
Parking Facilities Capital Projects Fund.....	124
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Parking Facilities Funds .....	125

**Solid Waste Services Fund (major fund):**

Solid Waste Services Fund .....	126
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Solid Waste Services Funds .....	127

**Internal Service Funds:**

Combining Statement of Net Position .....	128
Combining Statement of Revenues, Expenses and Changes in Fund Net Position .....	130
Combining Statement of Cash Flows .....	132

**Fiduciary Funds:**

Combining Fiduciary Statement of Net Position – Pension Trust Funds .....	134
Combining Statement of Changes in Fiduciary Plan Net Position – Pension Trust Funds .....	135

**STATISTICAL SECTION**

Net Position by Component – Last Ten Fiscal Years.....	136
Changes in Net Position – Last Ten Fiscal Years .....	138
Fund Balances, Governmental Funds – Last Ten Fiscal Years .....	142
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years .....	144
Assessed Value of Taxable Property – Last Ten Fiscal Years .....	146
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years.....	147
Principal Property Taxpayers.....	148
Property Tax Levies and Collections – Last Ten Fiscal Years.....	149
Analysis of Current Tax Levy .....	150
Schedule of Ad Valorem Taxes Receivable .....	151
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years .....	152
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years .....	153
Direct and Overlapping Governmental Activities Debt.....	154
Legal Debt Margin Information – Last Ten Fiscal Years .....	155
Pledged Revenue Coverage – Last Ten Fiscal Years .....	156
Demographic and Economic Statistics – Last Ten Fiscal Years .....	157
Principal Employers .....	158
City Government Employees by Function/Department – Last Ten Fiscal Years .....	159
Operating Indicators by Function – Last Ten Fiscal Years .....	160
Capital Asset Statistics by Function – Last Ten Fiscal Years.....	162

**SINGLE AUDIT SECTION****Reports of Independent Auditor**

<b>Schedule of Expenditures of Federal and State Awards .....</b>	<b>164</b>
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**Schedule of Findings and Questioned Costs**



# INTRODUCTORY SECTION

## Raleigh City Council 2021-2022



*Bottom Row: Nicole Stewart, David Cox, Stormie D. Forte, Mary-Ann Baldwin  
Top Row: Jonathan Melton, Corey Branch, Patrick Buffkin, David Knight*

Mary-Ann Baldwin – Mayor  
Patrick Buffkin – District A  
David Cox – District B  
Corey Branch – District C

Stormie D. Forte – District D  
David Knight – District E  
Jonathan Melton – At Large  
Nicole Stewart – At Large

## City Administrative, Legal and Financial Staff

**Marchell Adams-David**  
City Manager

**Tansy Hayward**  
Deputy City Manager

**Nyki Hill**  
Assistant City Manager

**Evan Raleigh**  
Assistant City Manager

**Michael Moore**  
Assistant City Manager

**Michele Mallette**  
Chief of Administrative Services

**Louis Buonpane**  
Chief of Council Services

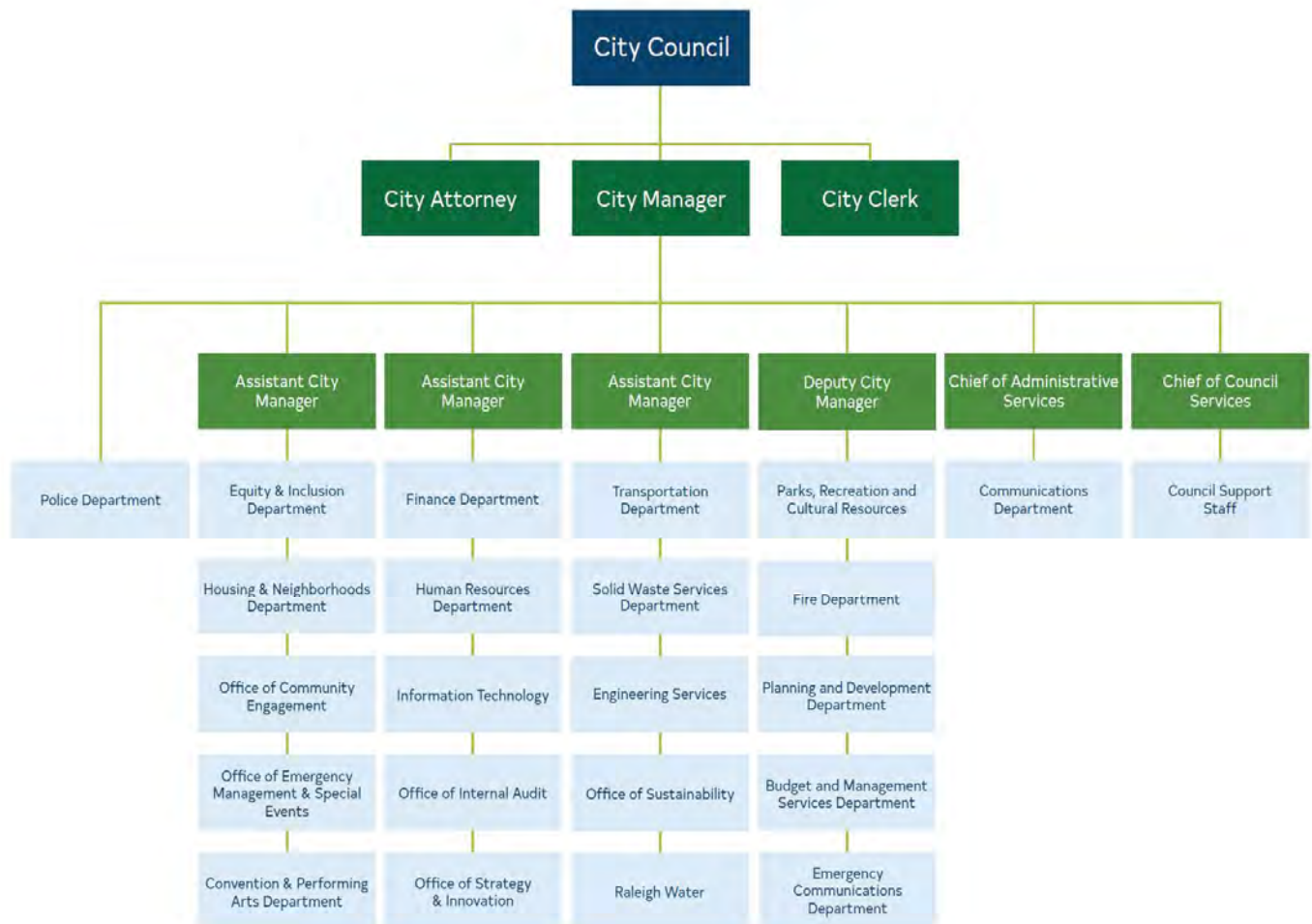
**Robin L. Tatum**  
City Attorney

**Gail G. Smith**  
City Clerk

**Allison E. Bradsher**  
Chief Financial Officer



# City of Raleigh Organization Chart



October 28, 2022



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

**I**t is our pleasure to submit the Annual Comprehensive Financial Report of the City of Raleigh, North Carolina for the fiscal year ended June 30, 2022. The City's Mission is, "To build a stable platform of evolving services for our community through which we champion positive and sustainable growth and realize visionary ideas for all." Demonstrating financial strength and prudence is core to meeting that mission and 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 responsibility for accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and results of the City, on a Government-wide and Fund basis. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that:

- Protects City assets from loss, theft, or misuse
- Compiles 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.
- Provides reasonable 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, 2022, 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.

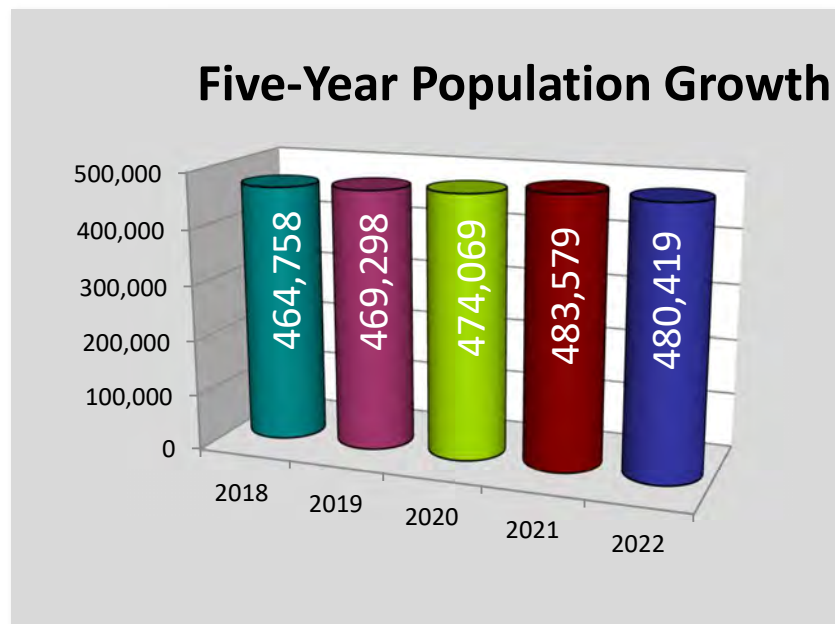
The independent audit of the City's financial statements was further part of a broader federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation 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

**R**aleigh is the second-largest city in North Carolina and remains one of the fastest growing areas in the country. Raleigh is emerging as a large city with a population of approximately 480,000. It's both the county seat of Wake County (the largest county in North Carolina) and the capital of the state. Driven by a strong economy and an outstanding quality of life, Raleigh is consistently ranked among the nation's best places to live and operate a business. Sustained population growth has created new development opportunities in Raleigh. The 2020 Census indicated that Raleigh reported an increase of over 15.5% from the 2010 Census.

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 the City Council for management and operation of city services.



The City of Raleigh has 25 Department and Offices which provide direct and internal supportive services. The City is considered a full-service city directly providing the full range of governmental services, including police, fire, and emergency dispatch; solid waste management; water and sanitary sewer services; and a variety of transportation and public infrastructure programs. The City continues to grow its efforts to support members in need in our community. New or expanded programs in FY22 included expansion planning for the ACORN (Addressing Crises through Outreach, Referrals, Networking, and Service) unit in Raleigh Police and continued a partnership with Wake County to provide rent and utility assistance to citizens facing financial hardships during the pandemic. The House Wake! program also provided two additional opportunities for legal counsel aid extended to tenants and landlords for mediation services, as well as relocation assistance based on approved circumstances. In addition, Raleigh is partnering with Campbell Law School to serve low-income Raleigh residents who are facing eviction and homelessness. The "City of Raleigh Housing Justice Project with Campbell Law School" will be a legal clinic run by lawyers and law students. The City Council also allocated an initial investment of \$1.5 Million for the pilot implementation of the Public Project Community Support Fund to offset community impacts of large public capital investments.

## Economic Conditions

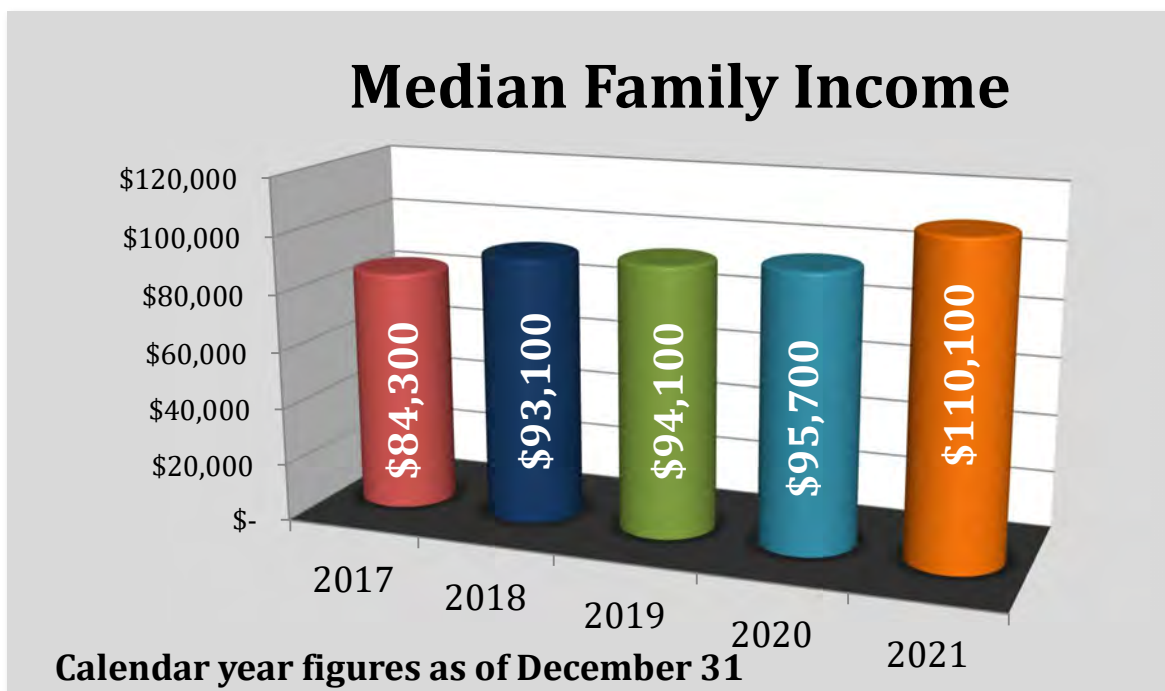
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Raleigh remains financially strong and continues to attract business development investments despite the global pandemic associated with COVID-19 which began in March 2020. The City continues to draw new people to the area, this is in large part to the diverse business environment; six public and private institutions of higher education, including North Carolina State University, the largest university in North Carolina; and outstanding health care facilities. Raleigh has a large concentration of businesses that are relatively resistant to broader economic conditions, including principal executive, judicial and regulatory offices of State government; education; and life sciences. Raleigh continues to be recognized as a City of innovation with access to a strong pipeline of talent largely due to the number of universities and colleges located in the City and nearby. In addition, Raleigh continues to perform well in the other economic vitality measures such as employment and income levels. The overall economy and surrounding region have many economic trends which indicate that Raleigh remains well positioned for the future. In addition, North Carolina's economy continually ranks as one of the best in the Country. Raleigh and the surrounding region continue to experience growth in population and commercial activity and Raleigh is now the 40<sup>th</sup> largest city in the United States. The City remains committed to adapting to the rapid rate of growth and continues to provide services in a more efficient manner, and to seek innovative and sustainable measures for improvement.

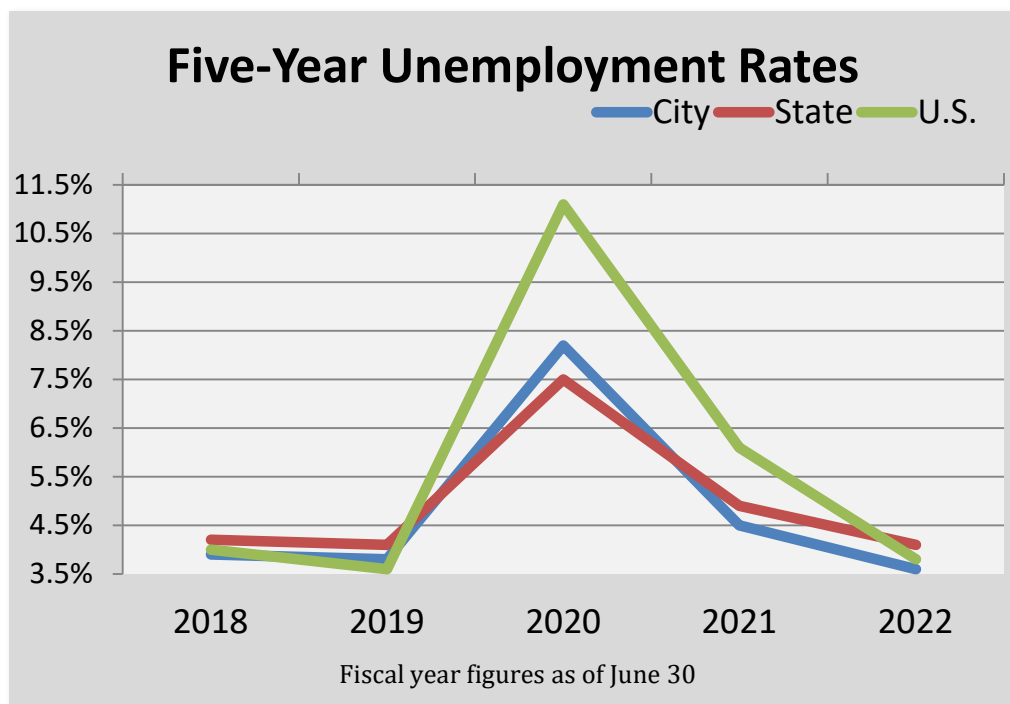
Raleigh continues to be widely recognized by independent sources as one of the nation's most attractive metropolitan areas. A few accolades received in FY22 include:

- 2nd Best Place to Live (tied with Durham) (July 2021, U.S. News & World Report)
- 10th Most Popular City for People Moving to a New Metro Area (October 2021, IndyWeek)
- 2nd in safest State Capitals (January 2022, Wallet Hub)
- 1<sup>st</sup> in best city for working women (March 2022, ApartmentList)
- Top 3 hottest job markets in America (April 2022, Wall Street Journal and Moody's Analysis)
- Top 10 Best Cities for Senior Citizens - (April 2022, Age in Place)

Median family income continued an upward trend, rising to \$110,100 in calendar year 2021, an increase of 15.0%. Locally, the unemployment rate on June 30, 2022, was 3.6%, which is improved from the prior year and lower than the U.S. rate as shown on the chart on the following page.

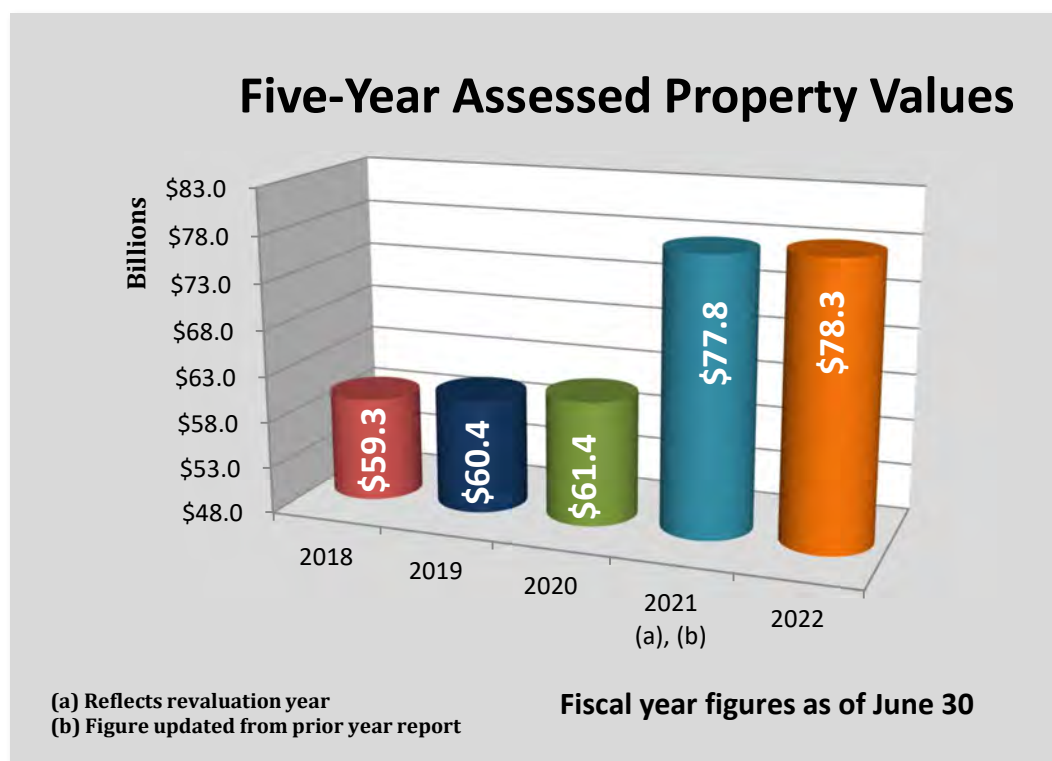


The nearby Research Triangle Park (RTP) was developed in 1959 for industrial, governmental, and scientific research. Its primary objective is to attract research related institutions to the area. Its corporate residents currently consist of more than 300 organizations including International Business Machines, Cisco Systems, Fidelity Investments, GlaxoSmithKline, Credit Suisse, WolfSpeed (a Cree Company), NetApp and RTI International. RTP companies employ more than 60,000 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 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.

In North Carolina, real estate reappraisals are required to be conducted at least once every eight years. Wake County performs reappraisals on a four-year cycle. The city's taxable property base remains balanced with industrial and commercial properties which complement its residential base. The most recent reappraisal in Wake County was effective as of January 1, 2020, and revised assessed values are reflected in the chart below. The value of construction permits increased significantly at \$2.6 billion in 2022, a \$1.1 billion or 73% growth over 2020-21. Most of the growth, \$0.9 billion was attributed to new commercial construction.





Retail sales for Wake County and Raleigh have continued to grow with the City's distribution increasing 13.3% from the previous fiscal year. The growth far exceeded the annual budget, surpassing expectations by \$25.7 million. For the past two years, sales tax collections in North Carolina have far exceeded expectations with shifts in consumer spending and the unprecedented direct stimulus support given to households during the pandemic. Inflation, occurring during the fiscal year, also led to higher sales tax collections. This revenue source is highly dependent upon consumer spending and consumer confidence.

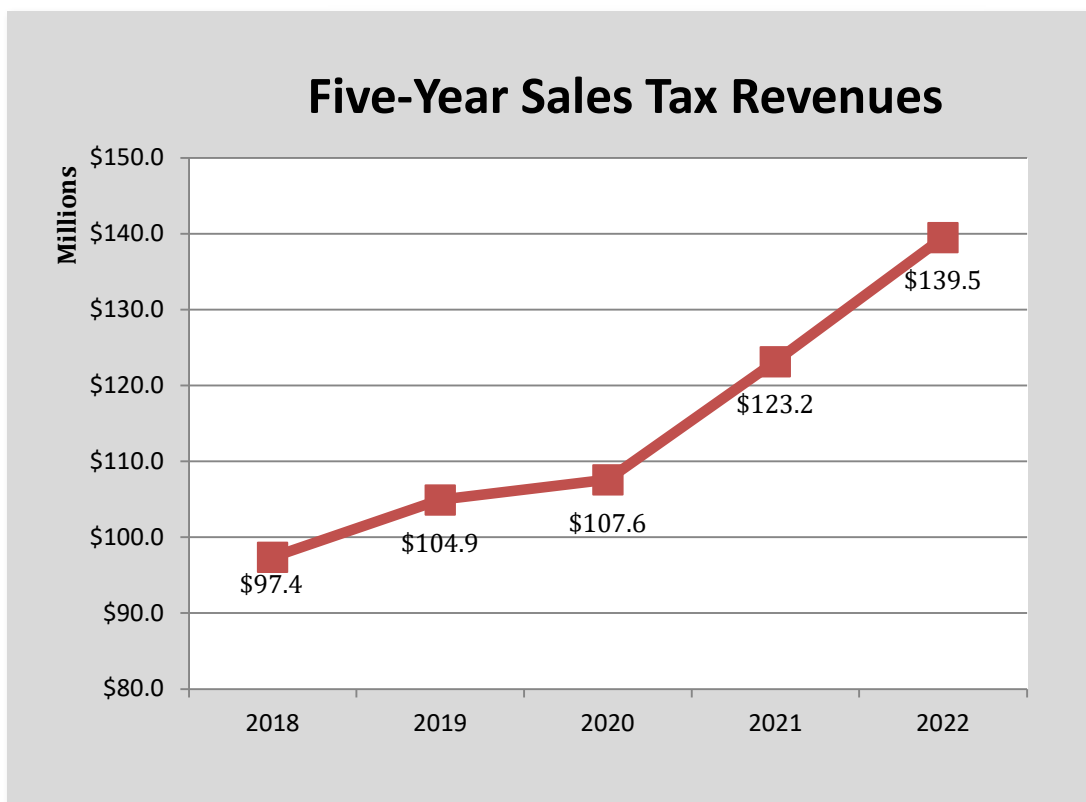
Wake County attracted 15.8 million visitors in 2021 for conferences, special events, shopping, and other attractions, which was an increase of 22% from 2020 as operations resume in the hospitality sectors with the lifting of restrictions associated with the global pandemic. The visitor figure is slightly lower than the pre-pandemic levels of 2018-19, which highlights Raleigh's strong economic recovery trajectory.

Visitor experiences are 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.

Operations at the Raleigh Convention Center and Duke Energy Center for the Performing Arts returned; however, attendance and events held were below pre-pandemic levels reported in 2018-19. To support its guests, the Raleigh Convention Center is accredited by GBAC STAR™, the cleaning industry's only outbreak prevention, response, and recovery accreditation for facilities. The Convention Center held 129 events with 243,682 attendees and the Duke Energy Center for the Performing Arts held 441 events with 236,399 attendees. In contrast, the Red Hat Amphitheater held 76 events and brought 172,067 attendees downtown which is a significant increase from pre-pandemic levels reported in 2018-19. Despite the lower pre-pandemic attendance and events at the convention center and performing arts center, the complex had an estimated \$54.8 million economic impact which is above the \$49.3 million reported in 2018-19.

The City's renewed efforts on the Convention Hotel and Downtown Development project Request for Interest (RFI) process will support continued growth and success of the Raleigh Convention Center and broader downtown tourism. The project includes two sites in the downtown core in front of the Duke Energy Performing Arts Center and adjacent to the Raleigh Convention Center. The new development will include an upscale convention hotel of 500 or more rooms and a residential/mixed-use project on the second site. The focus of the RFI remains on the hotel component which, when



developed, will allow the City to host larger conferences. This project remains a unique, once-in-a-lifetime opportunity to develop a convention center hotel and separate residential/mixed-use tower on two prime vacant lots in downtown Raleigh. Innovation, quality design and construction, and sustainability are important values to the City for this transformational project.

## Major Capital Initiatives

The City continues to make substantial progress on a number of strategic priorities which include improving infrastructure and transportation networks citywide, enhancing public safety, expanding affordable housing options, investing in activities that promote continued economic growth and prosperity, advancing sustainability initiatives, and upgrading the city's expansive park networks and cultural amenities, among many other activities.

The City boasts an award-winning park system and completed several exciting projects. One such project was the major renovation at the River Bend Park (formerly known as Perry Creek Road Park). This project included the construction of a playground, boat launch, restroom and changing facility and other associated enhancements, all of which greatly enhanced the park's appearance and usability. The completion of a federally funded playground and community garden at Fisher Street Park, part of the East College Park housing development, features a playground, basketball court, picnic shelter, seating areas, trellis swings, and other amenities. The City made improvements to a number of parks facilities including Apollo Heights Park, Optimist Community Center, Tarboro Road gymnasium, and Theatre In the Park. Improvements to these facilities include exterior paint; signage; the installation of new air conditioning and flooring.

The City remains committed to providing financial resources and to exploring and enacting new policy solutions that support its goal of enhancing the development and preservation of affordable housing. During the fiscal year, the Housing and Neighborhoods department undertook many key initiatives in pursuit of these goals including: partnering with Wake County to develop an acquisition/preservation fund, partnering with private entities to develop permanent supportive housing and housing serving chronically homeless individuals, expanding non-congregate emergency shelter capacity, and providing opportunities for transitional housing and small-scale affordable housing projects.

The City continued to invest in infrastructure to address growth and transit needs along major transit corridors. A compressed natural gas (CNG) fueling station at the GoRaleigh bus operations and maintenance facility was constructed. This infrastructure supports a transition to a CNG-fueled fleet, which will result in cleaner vehicle emissions and lower fuel costs. The City also purchased three 40-foot electric transit buses to support new bus services. The operating cost over the lifespan of an electric bus is less than a traditional diesel bus, and electric buses produce no tailpipe emissions which supports the City's strategic goal of reducing greenhouse gas emissions.

Continuing a focus on sustainability, the Transportation Department was awarded the Cleantech Impact Award for Transportation for its Titanium Enhanced Pavements pilot project. This project will reduce pollution, mitigate the urban heat island effect, and preserve pavements thus saving future taxpayer dollars. In addition, the City's Bioenergy Recovery Project is currently 50% complete and is scheduled to begin initial energy processes in the Fall of 2023. The Bio-Energy Recovery Project is a new way to manage waste byproducts at the Neuse River Resource Recovery Facility, which is the City's main wastewater treatment plant.

The City has continued to maintain its focus on improving its transportation network. An ongoing partnership with Wake County's Transit Planning Advisory Committee will enable municipalities throughout the region to broadly coordinate for future transit needs. This collaboration is buoyed by Wake County voters' approval of a tax in November of 2016 to support public transit initiatives. The plan calls for building approximately 20 miles of transit lanes along four bus rapid transit (BRT) corridors within Wake County (Wake BRT). BRT is a high-capacity bus-based transit system that delivers fast and efficient service and will include dedicated lanes, off-board fare and enhanced stations. The Wake County Transit Plan has received federal funding and will begin construction in 2023. One of the components is the New Bern Bus Rapid Transit (BRT) project. Both the Western and Southern BRT's alignments have been accepted into the project development process by the Federal Transit Administration and are under design.

## Long-term Financial Planning

The City strives to maintain a strong financial position as is evidenced by successive years receiving AAA/Aaa ratings from the three major credit rating agencies. Meeting 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 strategies for this period. Spanning fiscal years 2022 through 2026, major areas included in Phase I are transportation, public utilities, parks 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 minimum of 14.0% unassigned fund balance level in the general fund. In addition, the City seeks to appropriate a consistent level of fund balance each year resulting from positive budget variances. Both of these goals were achieved during the 2021-22 fiscal year end and are reflected in the 2022-23 operating budget. Financial models are also used in the budget process and provide a means of projecting long-term resource requirements. These tools include general and enterprise debt models, rate sensitivity analyses and financial proformas. The City's 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. As a result of the City's long-term financial planning strategy, the City remains well positioned to deliver resources needed to support critical capital needs.

## General Budget Information

### For the Year 2021-22

The Annual Budget serves as the foundation of the City's financial planning and fiscal control. The City Council is required to hold public hearing 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. Transfer greater than \$50,000 and transfer of appropriations between funds require approval of the City Council.

The City's Annual Budget for fiscal year 2021-22, inclusive of operating and capital programs, increased by 5.8% from the prior year and totals \$1.1 billion. The city manager's budget message reinforced the City's commitment to fiscal stewardship, operational efficiency, strategic investments, and effective change management. In addition, a central theme of the fiscal year 2021-2022 budget message was the City's resilience in the face of the challenges presented by the pandemic and the sense of optimism that both our organization and community were well-positioned to recover and emerge as a stronger, more unified City. The fiscal year 2021-22 property tax revenue was budgeted at \$290.0 million or 5.2% growth over fiscal year 2020-21 actual revenues of \$275.6 million. The adopted budget included a 1.78 cent tax increase that accounted for a voter approved housing bond referendum and funding dedicated to annual parks capital maintenance. Despite the more positive-than-expected revenue results, other budget assumptions reflected more conservative revenue estimates. This conservatism was as a result of continued concerns about the ongoing economic impact of the global pandemic. Some examples include:

- Property tax collection rate was lowered slightly to 99.3% of amounts billed, largely due to the pandemic



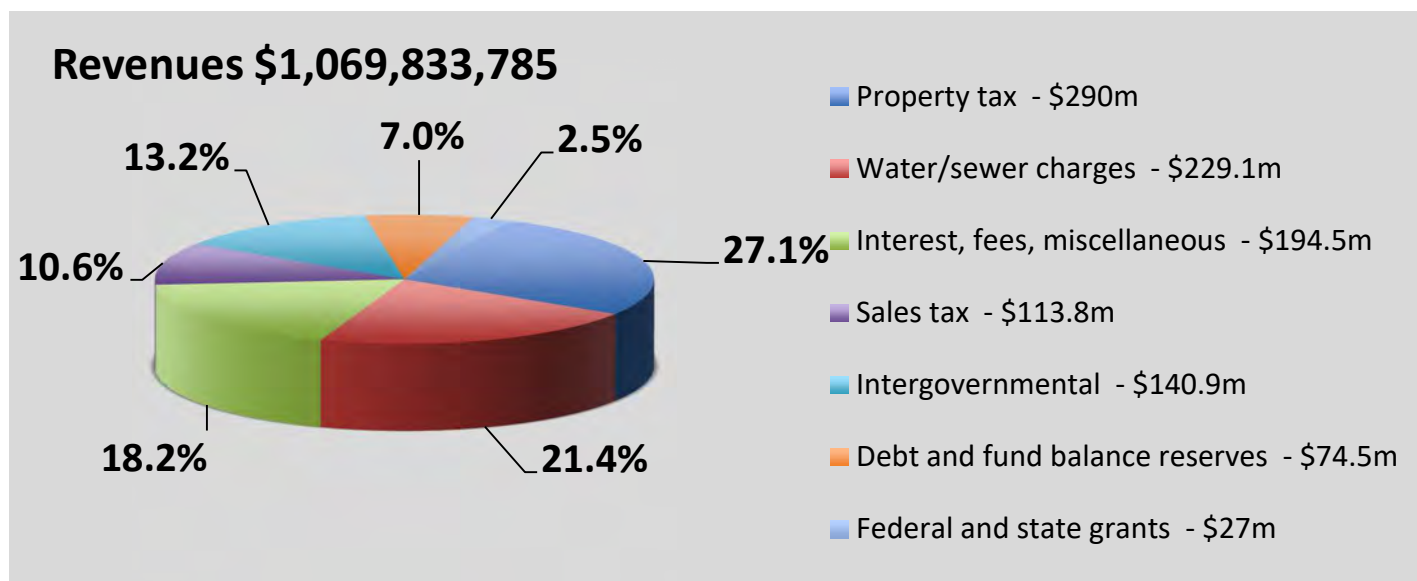
- Sales tax revenue was estimated to increase by 1.7% from the projected 2020-21 actuals based on expected growth in economic activity as the economy continues to recover from the pandemic.
- A 5.7% decrease in the utility franchise tax to accommodate for warmer winters and delinquent utility accounts
- A \$1.00 increase per month in solid waste services to maintain service levels
- Planned revenue impacts for declines in adopted parks, recreation, and cultural resources user fee revenue despite plans to reopen facilities

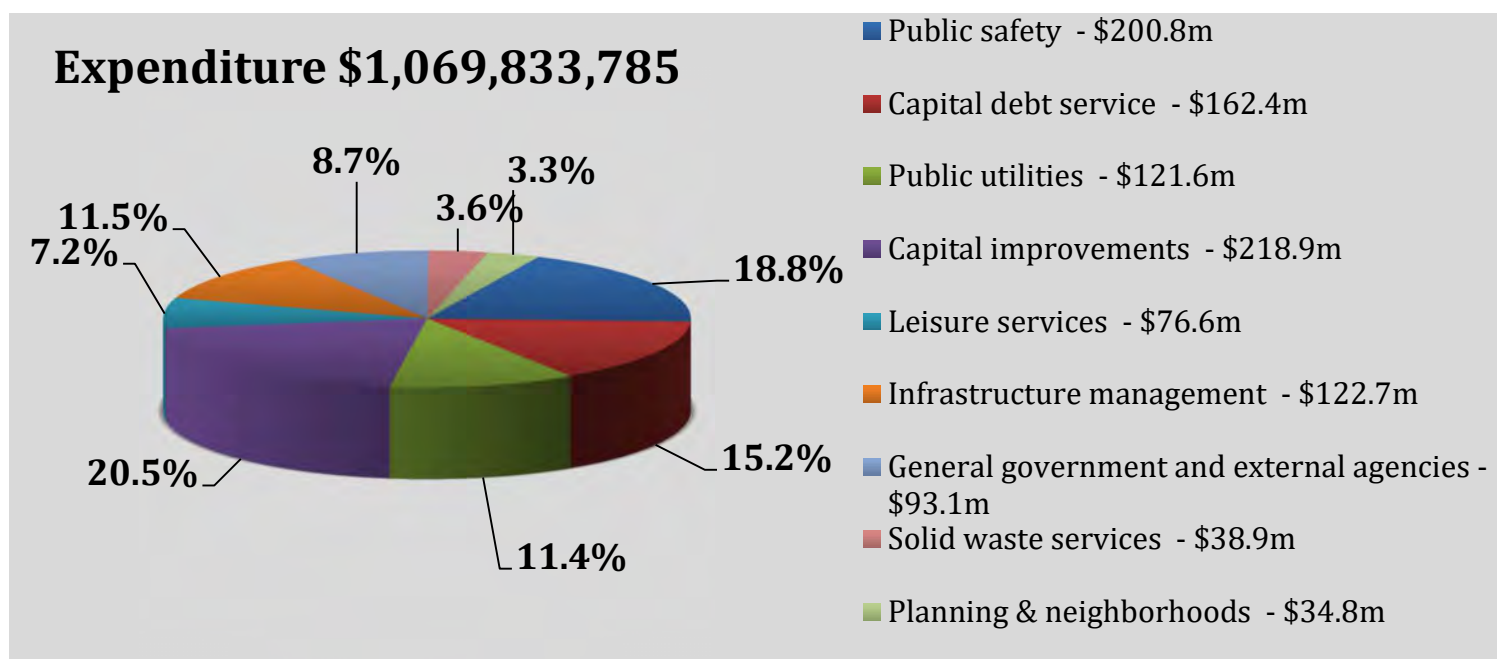
The fiscal year 2021-22 budget placed emphasis on maintaining the workforce, sustaining operations, and investing in critical infrastructure and incorporated both strategic investments and reductions intended to minimize impacts from the pandemic-induced economic downturn. The budget presented important investments that enabled the delivery of key services and amenities to the community, preserved natural resources, and maintained a balanced approach to fiscal stewardship and growth management. In summary, this budget did much to advance the City's vision of creating *A Raleigh for All*.

## Adopted Budget 2021-22

Capital improvement budgets in fiscal year 2021-22 included new and continuing projects totaling \$329.2 million, including traditional project funding for transportation, utilities, parks, stormwater, housing, and general public improvements. The full 5-year plan is balanced with anticipated funding sources with the first year of the capital budget adopted annually by ordinance. The adopted capital budget includes the first year of the 2020 Affordable Housing bond and the final year of the 2017 Transportation bond. The 2021-22 capital budget maintains the City's commitment to affordable housing and street resurfacing along with other critical water and sewer infrastructure needs which are funded by revenue bonds for the Raleigh Water department.

The breakout of revenue is shown below, and corresponding expenditures are shown on the following page.





## For the Future

The fiscal year 2022-23 budget was guided by the City's Strategic Plan and City Council's priorities and focuses on recovery and re-imagining the City's service delivery model. The budget reinforces the commitment to fiscal and environmental stewardship, operational efficiency, strategic investments, and effective change management. In addition, the fiscal year 2022-2023 budget placed a renewed emphasis on investing in major community-focused assets and initiatives and maintaining the City of Raleigh's competitiveness as an employer as is reflected in the year's budget theme, *Our Community and Our People*.

City Council adopted the fiscal year 2022-23 Budget and fiscal years 2023-2027 Capital Improvement Program at the June 13, 2022, Budget Work Session. The combined capital and operating budget for the fiscal year beginning July 1, 2022, totals \$1.14 billion, which represents a 6.8% increase from the prior fiscal year's budget. The fiscal years 2023 - 2027 Capital Improvement Program totals \$1.95 billion, with \$554 million planned for fiscal year 2022-23. The City's capital improvement program includes major facility and equipment needs, establishes capital priorities, and schedules funded projects.

The fiscal year 2022-23 budget included a 2.0 cent property tax rate increase to support increases in employee compensation and much needed operating enhancements that have been delayed or deferred during the pandemic. The adopted budget includes \$0.25 increase per month in Solid Waste Services to support increase costs associated with employee compensation, fuel, vehicle repair and maintenance and landfill fees. The adopted budget also includes a Raleigh Water 1.5% increase in the monthly base and volumetric water and sewer charges. Finally, the adopted budget includes a \$0.18 increase per Single-Family Equivalent Unit (SFEU) for stormwater. The rate increase will cover additional staff and helps to accelerate the backlog of CIP projects.

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

<https://raleighnc.gov/government/city-council-adopts-fy2023-operation-and-capital-improvement-budget>

## 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 annual comprehensive financial report substantially in conformity with generally accepted accounting principles and all legal requirements. The City has received this award for its annual comprehensive financial report for forty-one (41) straight years since 1980.

A Certificate of Achievement is valid for a period of one year only. The Finance Department believes that the current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and it will be submitted 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 set here at the City of Raleigh. 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,



Marchell Adams-David • *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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

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

#### **Opinions**

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, 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.

#### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 combining and individual fund statements and schedules, Schedule of Federal and State Awards (SEFSA) as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The 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 the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the *introductory* and *statistical* sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, 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 solely 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 the effectiveness of the City's 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.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The script is cursive and fluid, with the letters "Cherry" and "Bekaert" being more prominent than "LLP".

Raleigh, North Carolina  
October 28, 2022



## 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, 2022. 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

The City of Raleigh experienced a rebound in the 2021-22 fiscal year coming out of the global pandemic. The City was able to maintain its strong financial position for both its general governmental and business-type funds. Many factors contributed to the strong position including overall positive budget variances, increases in operational fund balance results, growth of key tax revenues and business-type revenues. In addition, the City continued to fund 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. Summarized financial highlights are shown below:

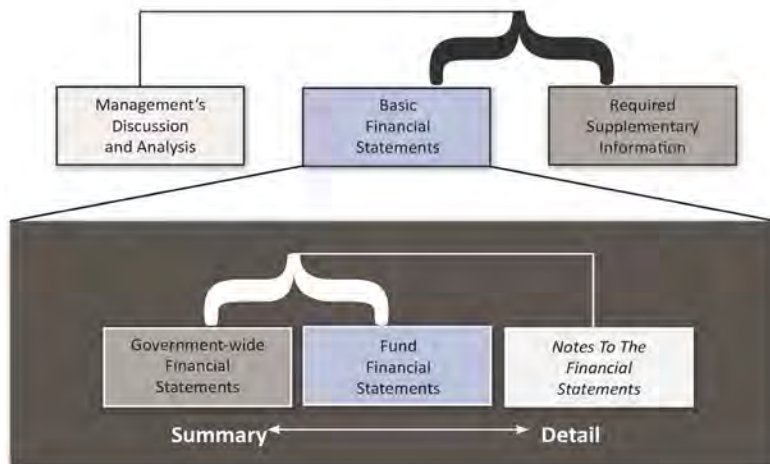
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,170.9 million (*net position*).
  - This amount represents a \$263.4 million increase in operating results from the prior year, or 9.1%
  - Of this amount, \$571.3 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors
- As of June 30, 2022, the City's governmental funds reported combined ending fund balances of \$705.9 million.
  - \$449.2 million, or 63.7% is assigned for specific purposes
    - \$174.4 million for future debt service
    - \$111.2 million for subsequent years' appropriation
  - \$107.7 million, or 15.3% is unassigned in the general fund and is available for spending
  - \$18.6 million, or 2.6% is considered nonspendable
  - \$123.1 million, or 17.4% is restricted by outside agencies
  - \$7.3 million, or 1.0% 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 \$428.8 million, a 5.8% increase over the prior year and exceeded the City's policy associated with unassigned fund balance.
- Highlights of financing activities for the City are as follows:
  - The City continued the Public Improvement Bond Anticipation Note (BAN) program pertaining to capital improvements for the City's general governmental needs. The BANs program allows for draws associated with voter general obligation bonds for up to \$163.4 million to finance capital projects for streets and parks. The BANs program also includes tax-exempt two-thirds bonds to finance capital projects for streets, parks and public safety and taxable two-thirds bonds to support housing.
  - The City continued the Revenue BAN program pertaining to water and sewer capital projects. The revenue BAN program allows for draws up to \$200.0 million to finance capital projects for the Raleigh Water enterprise operation.
  - 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 Annual Comprehensive Financial Report (ACFR). 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 1 - 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 20 - 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 - 79 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 80 - 133 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 \$3,170.9 million at the close of the most recent fiscal year, which increased by \$263.4 million from the previous fiscal year.

The following table reflects the condensed Statement of Net Position:

City of Raleigh's Net Position (in millions of dollars)						
	Governmental Activities		Business-Type Activities		Total Activities	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$834.6	\$906.1	\$681.5	\$745.6	\$1,516.1	\$1,651.7
Capital assets	1,332.1	1,378.7	2,280.9	2,489.8	3,613.0	3,868.5
<b>Total assets</b>	<b>2,166.7</b>	<b>2,284.8</b>	<b>2,962.4</b>	<b>3,235.4</b>	<b>5,129.1</b>	<b>5,520.2</b>
Deferred outflows of resources	105.4	115.3	91.2	61.7	196.6	177.0
<b>Total assets and deferred outflows of resources</b>	<b>2,272.1</b>	<b>2,400.1</b>	<b>3,053.6</b>	<b>3,297.1</b>	<b>5,325.7</b>	<b>5,697.2</b>
Long-term liabilities outstanding	655.7	644.3	1,085.5	1,145.9	1,741.2	1,790.2
Net pension liabilities	305.7	264.1	88.1	70.7	393.8	334.8
Other liabilities	98.1	120.0	128.1	128.0	226.2	248.0
<b>Total liabilities</b>	<b>1,059.5</b>	<b>1,028.4</b>	<b>1,301.7</b>	<b>1,344.6</b>	<b>2,361.2</b>	<b>2,373.0</b>
Deferred inflows of resources	41.3	104.0	15.7	49.3	57.0	153.3
<b>Total liabilities and deferred inflows of resources</b>	<b>1,100.8</b>	<b>1,132.4</b>	<b>1,317.4</b>	<b>1,393.9</b>	<b>2,418.2</b>	<b>2,526.3</b>
Net investment in capital assets	835.3	871.7	1,247.1	1,380.1	2,082.4	2,251.8
Restricted	316.0	347.8	-	-	316.0	347.8
Unrestricted	20.0	48.2	489.1	523.1	509.1	571.3
<b>Total net position</b>	<b>\$ 1,171.3</b>	<b>\$ 1,267.7</b>	<b>\$ 1,736.2</b>	<b>\$ 1,903.2</b>	<b>\$ 2,907.5</b>	<b>\$ 3,170.9</b>

By far the largest portion of the City's net position (\$2,251.8 million or 71.0%) 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.

A portion of the City's net position (\$347.8 million or 11.0%) represents resources that are subject to external restrictions on the use of these resources. The largest portions of restricted net position are for capital projects (\$137.3 million) and other purposes detailed within the notes (\$139.3 million). The remaining balance of unrestricted net position (\$571.3 million or 18.0%) may be used to meet the City's ongoing operations.

The City's results yielded a \$263.4 million increase in net position, which is an increase from the prior year as the City continued to rebound from the ongoing economic impacts of the global pandemic. The City's continued its investment in capital infrastructure, experienced growth in key revenues and continued diligent monitoring of expenditures which yielded positive fiscal impacts.

## City of Raleigh's Changes in Net Position

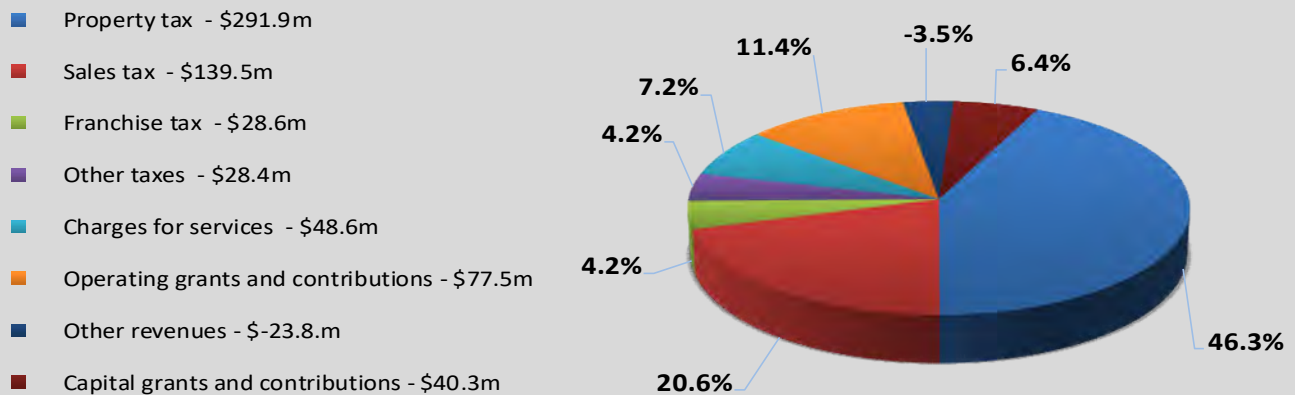
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2021	2022	2021	2022	2021	2022
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 39.3	\$ 48.6	\$ 347.5	\$ 381.4	\$ 386.8	\$ 430.0
Operating grants and contributions	38.0	77.5	18.2	45.0	56.2	122.5
Capital grants and contributions	18.3	40.3	28.3	35.7	46.6	76.0
General revenues:						
Property taxes	275.6	291.9	-	-	275.6	291.9
Other taxes	195.5	196.5	-	-	195.5	196.5
Other	20.0	(23.8)	6.6	(17.0)	26.6	(40.8)
<b>Total revenues</b>	<b>586.7</b>	<b>631.0</b>	<b>400.6</b>	<b>445.1</b>	<b>987.3</b>	<b>1,076.1</b>
<b>Expenses:</b>						
General government	64.6	86.7	-	-	64.6	86.7
Community development services	27.7	31.4	-	-	27.7	31.4
Public infrastructure	89.9	88.4	-	-	89.9	88.4
Public safety	192.4	186.6	-	-	192.4	186.6
Leisure services	64.4	64.4	-	-	64.4	64.4
Economic development programs	8.8	2.6	-	-	8.8	2.6
Interest on long-term debt	16.5	15.8	-	-	16.5	15.8
Water and sewer	-	-	185.6	186.0	185.6	186.0
Convention center complex	-	-	26.9	31.4	26.9	31.4
Mass transit	-	-	37.0	46.6	37.0	46.6
Parking facilities	-	-	12.9	12.9	12.9	12.9
Solid waste services	-	-	40.6	38.4	40.6	38.4
Stormwater management	-	-	20.5	21.5	20.5	21.5
<b>Total expenses</b>	<b>464.3</b>	<b>475.9</b>	<b>323.5</b>	<b>336.8</b>	<b>787.8</b>	<b>812.7</b>
Increase in net position before transfers	122.4	155.1	77.1	108.3	199.5	263.4
Transfers in (out)	(56.8)	(58.7)	56.8	58.7	-	-
Increase in net position	65.6	96.4	133.9	167.0	199.5	263.4
Net position, beginning of year	1,105.7	1,171.3	1,602.3	1,736.2	2,708.0	2,907.5
<b>Net position, end of year</b>	<b>\$ 1,171.3</b>	<b>\$ 1,267.7</b>	<b>\$ 1,736.2</b>	<b>\$ 1,903.2</b>	<b>\$ 2,907.5</b>	<b>\$ 3,170.9</b>

## GOVERNMENTAL ACTIVITIES

Revenues for the City's governmental activities were \$631.0 million, while expenses were \$475.9 million. The increase in net position from operations for governmental activities (after transfers out of \$56.7 million) was \$96.3 million. The current year revenue increase was driven primarily by exceptionally strong sales tax collections, property tax collections and development user fees activity, offset by unrestricted investment losses reflected in the other revenues category. The City experienced a mark to market adjustment that decreased interest earnings, however, the City will not realize the loss in interest earnings as investments are held to maturity. Current year expenses increased moderately and are in-line with expected operating increases. Transfers out slightly increased from the prior year as management continued to focus available funding to support critical business needs.

### Revenues by Source - Governmental Activities - \$631.0 million



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

- The City received \$464.6 million (or 73.6%) in general revenues from taxes and other revenues:
  - Property taxes - \$291.9 million
  - Sales taxes - \$139.5 million
  - Franchise taxes - \$28.6 million
  - Other taxes - \$28.4 million
  - Other revenues - \$(23.8) million primarily representing unrestricted investment losses
- General revenues are used to pay for the \$309.5 million net cost of governmental activities, which represents the cost of services not covered by program revenues.

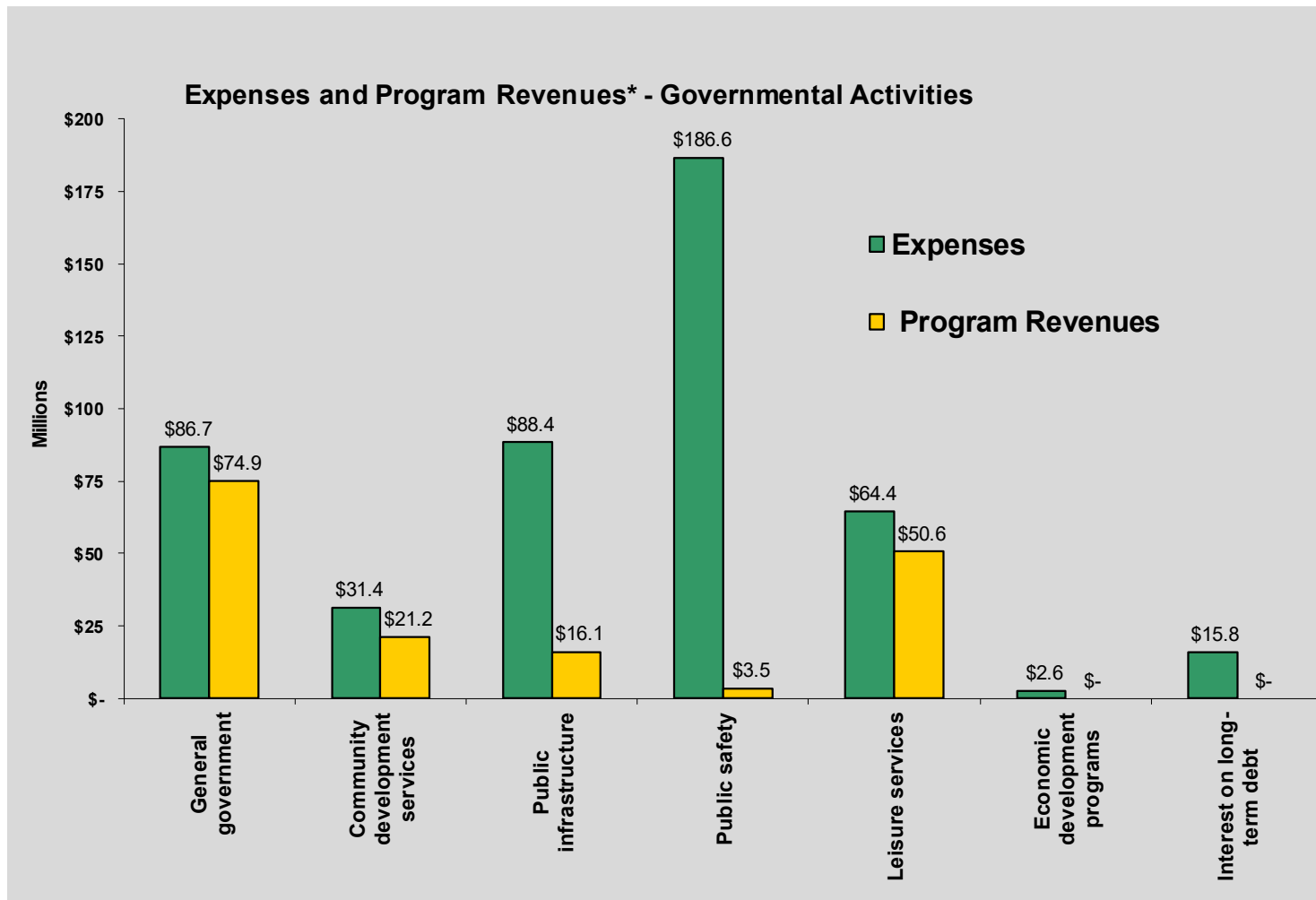


- Those who directly benefited from governmental service-fee based programs, such as ones involving parks, recreation and cultural resources and development and inspection related fees, paid \$48.6 million in charges for those services.
- Other governments and organizations subsidized certain City programs with grants and contributions totaling \$117.8 million.
  - Support from various federal and state and local agencies – \$84.8 million
  - Interlocal support from Wake County for debt service and other expenses on the convention center complex - \$33.0 million.
- The total cost of all governmental activities this year was \$475.9 million. This cost was incurred to provide comprehensive municipal services. 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), and general government (city management, finance, information technology).

The City's four largest governmental programs represent 89.5% of the total governmental activities:

- Public safety – 39.2%
- Public infrastructure –18.6%
- General government –18.2%
- Leisure services –13.5%

As depicted on the chart below, program expenses exceed program revenues for all governmental activities. This is 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 \$445.1 million, and expenses were \$336.8 million. The increase in net position from operations for business-type activities (after transfers in of \$58.7 million) was \$167.0 million.

The following table shows the total cost and net cost or revenue for these services.

Net Cost of Business-Type Activities (in millions of dollars)				
	Total Cost of Services		Net (Cost) Revenue of Services	
	2021	2022	2021	2022
Water and sewer	\$ 185.6	\$ 186.0	\$ 103.5	\$ 121.3
Convention center complex	26.9	31.4	(24.1)	(19.5)
Mass transit	37.0	46.6	(6.8)	11.4
Parking facilities	12.9	12.9	(2.2)	0.6
Solid waste services	40.6	38.4	(5.2)	(0.8)
Stormwater management	20.5	21.5	5.3	12.3
<b>Total</b>	<b>\$ 323.5</b>	<b>\$ 336.8</b>	<b>\$ 70.5</b>	<b>\$ 125.3</b>

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 \$282.6 million in 2021-22 reflects an increase of 4.3% from the prior year. The increase in revenue was consistent with management's expectations, primarily due to approved rate increases required to achieve financial investments associated with the ongoing demands of capital infrastructure improvements. Operating expenses of \$161.4 million moderately increased 1.6% from prior year and are in line with management's expectations.

An industry that continues to rebound from the pandemic nationwide is the entertainment, convention and meeting sectors. The Convention Center and Performing Arts Complex operations recognized \$11.9 million of operating revenues in 2021-22, a 340.7% increase from prior year. This dramatic increase is a result of the Complex's ability to host shows and events in a safe manner following the relaxation of mass gathering restrictions implemented during the pandemic. Although the increase was dramatic, operating revenues for the Complex did not return to pre-pandemic levels. Operating expenses of \$24.6 million increased 22.4% from 2020-21 as events and operations returned. The Convention Center Complex is partially funded by outside sources, specifically the 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. Management continues to closely monitor the enterprise operations which is on an upward trend.

The Parking enterprise also rebounded from the global pandemic and increased operating revenues over the prior year. The parking operations generated \$13.5 million of operating revenues in 2021-22, an increase of 26.2% from prior year. The demand for on-street, off-street and special event parking still has not returned to pre-pandemic levels as parking demands continued to be tempered by the utilization of hybrid remote work environments. Operating expenses of \$11.8 million remained consistent with the prior year, as management continued the monitoring of expenditures. Management continues to closely monitor the enterprise operations and residual impacts from the global pandemic.

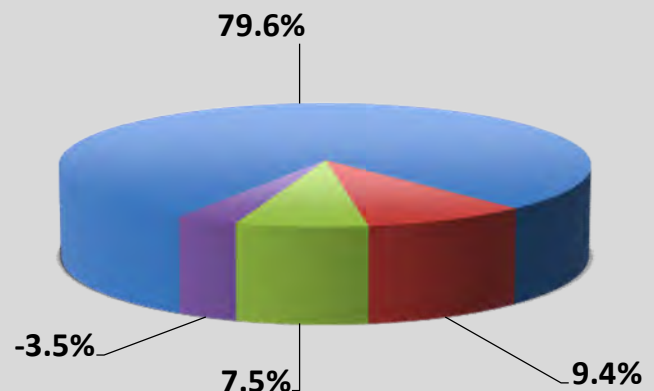
Mass transit operating revenues of \$2.1 million in 2021-22 reflects a slight increase 1.7% over the prior year as fares have continued to be suspended. Operating expenses increased to \$46.5 million, or a 25.7% increase compared to the prior year primarily due to the restoration of normalized route operating and maintenance costs. The mass transit operations are subsidized by the general fund, by federal and state grant funds as well as the Wake County Transit Plan which distributes 0.5% sales tax collected within the county to support new and improved transit services. Overall, mass transit operations met management's expectations.

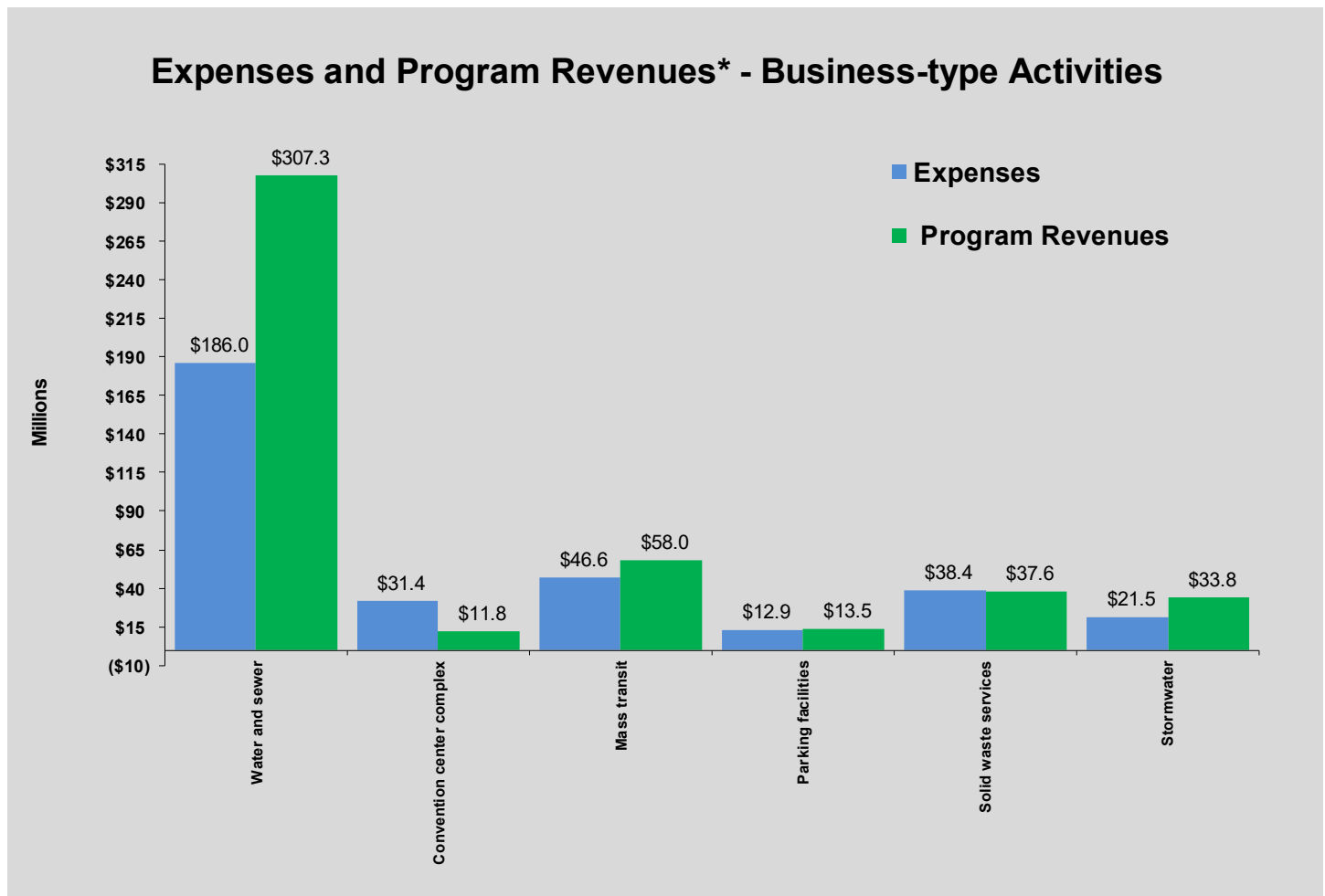
Stormwater management generated operating revenues of \$33.7 million in 2021-22, an increase of 30.6% from prior year, the result of \$1.50 per month approved rate increase implemented to support Stormwater's operating and capital improvement program. Stormwater management is deploying a long-term financial model designed to consider the future capital infrastructure needs for Raleigh. Operating expenses of \$21.5 million increased 4.9% from 2020-21, which reflects an increase in operational costs associated with the approved rate increase. Results are consistent with expectations.

Solid waste services operating revenues of \$37.1 million in 2021-22 reflects a 6.3% increase from the prior year due to an approved \$1.00 per month rate increase on residential waste collections. Solid waste services operations continue to be partially subsidized by the general fund. Operating expenses of \$39.0 million decreased slightly by 1.8% as compared to the prior year due to continued management of expenses. Overall, solid waste services results are in line with management's expectations.

### Revenues by Source - Business-type Activities - \$445.1 million

- Charges for services - \$381.4m
- Operating grants and contributions - \$45m
- Capital grants and contributions - \$35.7m
- Other revenue - \$-17m





\* 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 \$705.9 million, an increase of \$49.8 million or 7.6%, in comparison with the prior year. The fund balance increase in 2021-22 was the result of strong financial results and a continued commitment to the management of recurring expenditures.

Classification of fund balance is as follows:

- Approximately 2.6% is *nonspendable*, representing the City's investment in inventories, leases as well as loans receivable arising from community and economic development program initiatives.
- Approximately 17.4% is not available and *restricted* for:
  - State statute - \$68.5 million
  - Debt service costs - \$48.1 million
  - Federal program reserves - \$2.8 million
  - Public safety - \$3.8 million
- Approximately 63.7% constitutes *assigned* fund balance, which is available for spending at the government's discretion.
- Approximately 1.0% is *committed* for the law enforcement officers' separation allowance plan.
- The remaining 15.3% is *unassigned* and represents the City's residual net resources.

<b>Governmental Fund Balance Classification at June 30, 2022</b> <i>(in millions of dollars)</i>				
	<b>Major General Fund</b>	<b>Nonmajor Governmental</b>	<b>Total Governmental</b>	<b>%</b>
Nonspendable	\$ 18.6	\$ -	\$ 18.6	2.6%
Restricted:				
State statute	68.5	-	68.5	9.7%
Debt service	-	48.1	48.1	6.8%
Federal programs	2.2	0.6	2.8	0.4%
Public safety	-	3.8	3.8	0.5%
	70.7	52.5	123.2	17.4%
Committed	7.3	-	7.3	1.0%
Assigned	224.5	224.6	449.1	63.7%
Unassigned	107.7	-	107.7	15.3%
<b>Total fund balance</b>	<b>\$ 428.8</b>	<b>\$ 277.1</b>	<b>\$ 705.9</b>	<b>100.0%</b>

The general fund is the primary operating fund which contains the general government operations and governmental debt activities for the City. The fund balance of the general fund increased by \$23.6 million during the current fiscal year. General fund revenues exceeded the budget by \$10.8 million for the current year. Revenues were utilized for normal City programs and ongoing operations.

While North Carolina General Statute 159-8(a) defines and limits the maximum amount of fund balance that may be appropriated annually, there is no statutory minimum requirement for fund balance. Sufficient fund balance is essential to strong fiscal health and viability and is a key measure of the prudent use of financial resources and proper financial planning. 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 \$107.7 million represents 18.0% of the 2022-23 general fund adopted expenditure budget. Unassigned fund balance is the amount remaining after management's policy designations. Annually, City Council will receive the unassigned fund balance in excess of the 14.0%, referred to as general capital reserves. It is at Council discretion, as to the appropriation of the general capital reserves for non-recurring uses to support key City initiatives and projects or to maintain as reserves.

**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, largely due to higher-than-average vacancy rates, which resulted in a positive budget variance of \$58.7 million. All expenditure functions and departments reported positive budget variances, which is a result of conservative budget practices as well as the City's continued commitment towards 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, 2022, amounts to \$3.9 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, right to use leased assets, and general improvements. The City's investment in capital assets for the current fiscal year was \$255.6 million, a 7.1% 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 2020-21 were \$81.6 million. Highlights include:
  - Street and sidewalk improvements were completed for a total capitalized cost of \$45.3 million
  - General and park improvements were completed for a total capitalized cost of \$28.0 million
  - Equipment projects were completed for a total capitalized cost of \$6.7 million
- Governmental equipment acquisitions added \$9.7 million to the City's rolling stock inventory
- Construction in progress for all governmental activities was \$367.7 million
- Construction began and/or was completed for various enterprise operations. Total enterprise projects completed and capitalized in fiscal year 2022-22 amounted to \$85.3 million. Enterprise capital asset investments completed during the year included:
  - Water & Sewer Utility projects were completed totaling \$48.7 million
  - Stormwater projects were completed for \$17.8 million
  - Transit projects including facility upgrades, vehicle replacement and the CNG Refueling Station were completed for \$16.3 million
  - RCC projects for various building upgrades –for a combined \$2.5 million
- Enterprise equipment acquisitions added \$13.1 million to the City's rolling stock inventory
- Construction in progress for all enterprise activities was \$943.8 million



- Annexations added \$4.9 million to streets for governmental activities and \$17.8 million to water and sewer systems for the business-type activities

<b>Capital Assets*</b> (in millions of dollars)						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Activities</b>	
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
Land	\$ 218.9	\$ 221.2	\$ 95.1	\$ 95.5	\$ 314.0	\$ 316.7
Construction in progress	377.9	367.7	803.3	943.8	1,181.2	1,311.5
Watershed protection rights	-	-	4.8	4.8	4.8	4.8
Buildings and machinery	250.2	247.7	244.6	234.7	494.8	482.4
Water and sewer systems	-	-	807.4	842.4	807.4	842.4
Streets and sidewalks	234.3	260.2	-	-	234.3	260.2
Parking decks	-	-	93.9	89.8	93.9	89.8
Buses	-	0.4	21.6	45.2	21.6	45.6
Equipment	36.3	40.4	29.8	32.7	66.1	73.1
Improvements	193.5	205.1	180.4	199.3	373.9	404.4
Enterprise-wide software	21.0	18.7	-	-	21.0	18.7
Leases	-	17.3	-	1.7	-	19.0
<b>Total</b>	<b>1,332.1</b>	<b>1,378.7</b>	<b>2,280.9</b>	<b>2,489.9</b>	<b>3,613.0</b>	<b>3,868.6</b>

\*Amounts shown net of accumulated depreciation

Additional information on the City's capital assets can be found on pages 32-33 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 \$222.1 million. The remainder of the City's debt represents general bond anticipation notes (\$111.5 million), revenue bonds (\$574.5 million), revenue bond anticipation notes (\$154.0 million) and installment financing agreements (\$571.0 million – installment notes, certificates of participation, limited obligation bonds, etc.) secured solely by specified revenue sources and property.

<b>Long-Term Debt</b> (in millions of dollars)						
	Governmental Activities		Business-type Activities			
	2021	2022	2021	2022	2021	2022
General obligation bonds	\$ 246.9	\$ 222.1	\$ -	\$ -	\$ 246.9	\$ 222.1
Revenue bonds	-	-	607.1	574.5	607.1	574.5
Installment financing agreements	231.2	202.2	397.6	368.8	628.8	571.0
Bond anticipation notes	80.3	111.5	30.1	154.0	80.3	265.5
<b>Total</b>	<b>\$ 558.4</b>	<b>\$ 535.8</b>	<b>\$ 1,034.8</b>	<b>\$ 1,097.3</b>	<b>\$ 1,593.2</b>	<b>\$ 1,633.1</b>

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 \$1,230.4 million (*Legal Debt Margin Information statistical schedule*) is significantly less than the current debt limitation of \$6,263.6 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 - 52 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, 2022, overall were positive in many areas reflecting the strength of the local economy. As the City looks ahead to fiscal year 2022-2023, the adopted budget reinforced the City's commitment to fiscal and environmental stewardship, operational efficiency, strategic investments, and effective change management. The fiscal year 2022-23 budget included a 2.00 cent property tax rate increase reflecting City Council's commitment to increase employee compensation in order to maintain the organization's market competitiveness. Sales tax was budgeted conservatively based upon recent volatility in this revenue source and anticipated growth in economic activity. Management continues to diligently monitor spending due to the uncertainty of revenue growth and larger economic factors. These actions ensure the City is well positioned to meet fund balance goals and to maintain the AAA/Aaa general credit ratings in the future. The City was a recipient of direct allocation from the U.S. Treasury specific to the 'American Rescue Plan of 2021' and the 2022-23 adopted budget included funding key initiatives supporting City Council direction and the community to utilize the funding in impactful ways.

Through the following budget highlights, City management and staff remain committed to our Raleigh citizens and to recognizing the value of our employees.

Highlights of the City's budget for the 2022-23 fiscal year include the following:

- The 2022-23 combined budgets for operating and capital programs total \$1,144.2 million, representing a 7.0% increase from the 2021-22 combined budget.
- The adopted General Fund budget for 2022-23 of \$590.4 million increased 8.5% over the prior year adopted budget due to continued improvement in City growth in key revenues as outlined below.
  - The primary revenue source, property taxes, is budgeted at \$313.0 million, an increase of \$23.0 million, or 7.9% due to the property tax rate increases discussed above.
  - The sales tax budget was increased given continued historic collections was increased to \$130.0 million, an increase of \$16.2 million, or 14.2% from 2021-22.
- Consistent with the City's multi-year utility rate model a 1.5% rate increase was approved, the budget for water and sewer operating decreased from \$262.2 million to \$258.5 million for the 2022-23 budget year due to a decrease in annual debt service. The approved rate increase was primarily to support Raleigh water capital infrastructure improvements.
- The 2022-23 capital budget includes new and/or continuing projects totaling \$554.0 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, 2022

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 628,854,885	\$ 627,454,568	\$ 1,256,309,453
Taxes receivable, net of allowance for uncollectibles of \$10,745,910	735,531	-	735,531
Assessments receivable, net of allowance for uncollectibles of \$242,088	580,238	345,756	925,994
Customer receivables, net of allowance for uncollectibles of \$10,356,253	47,448	31,500,509	31,547,957
Franchise tax receivable	7,485,684	-	7,485,684
Lease receivable	242,752	780,333	1,023,085
Due from transit management	-	252,373	252,373
Due from other governmental agencies	27,641,628	13,805,007	41,446,635
Accrued interest receivable	2,009,411	1,311,982	3,321,393
Other receivables and assets	1,951,858	179,189	2,131,047
Sales tax receivable	41,438,784	6,328,909	47,767,693
Internal balances	9,441,826	(9,441,826)	-
Inventories	3,032,559	13,257,206	16,289,765
Loans receivable, net of allowance \$21,359,951	78,859,687	-	78,859,687
Cash and cash equivalents/investments - restricted deposits and bond proceeds	87,376,163	44,081,921	131,458,084
Lease receivable, noncurrent	16,460,441	15,655,529	32,115,970
Capital assets:			
Right to use leased assets, net of amortization	17,355,381	1,718,755	19,074,136
Land, construction in progress, watershed protection rights	588,865,041	1,044,044,498	1,632,909,539
Other capital assets, net of depreciation	772,447,765	1,444,125,082	2,216,572,847
Total assets	2,284,827,082	3,235,399,791	5,520,226,873
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized refunding charges	6,003,404	19,956,619	25,960,023
Pension deferrals - LEOSA	23,451,867	-	23,451,867
Pension deferrals - LGERS	70,667,632	12,666,513	83,334,145
Pension deferrals - OPEB	15,210,558	5,744,448	20,955,006
Accumulated decrease in fair value of hedging derivatives	-	23,340,994	23,340,994
Total deferred outflows of resources	115,333,461	61,708,574	177,042,035
<b>LIABILITIES</b>			
Accounts payable	18,379,715	51,368,501	69,748,216
Accrued salaries and employee payroll taxes	13,119,268	2,697,162	15,816,430
Accrued interest payable	4,430,839	8,170,890	12,601,729
Sales tax payable	72,193	88,896	161,089
Loan servicing escrow	607,759	-	607,759
Due to other governmental agencies	796,101	3,113,375	3,909,476
Due to fiduciary funds	161,110	-	161,110
Other current liabilities	120,530	-	120,530
Escrow and other deposits payable from restricted assets	4,242,933	39,255,983	43,498,916
Reimbursable facility fees	13,461,486	-	13,461,486
Coronavirus State & Local Fiscal Recovery Fund	64,722,020	-	64,722,020
Derivative instrument liability	-	23,340,994	23,340,994
Long-term liabilities:			
Due within one year	192,659,637	68,961,307	261,620,944
Due in more than one year	451,605,013	1,076,931,950	1,528,536,963
Net pension liability - LEOSA - Due in more than one year	73,058,509	-	73,058,509
Net pension liability - LGERS - Due in more than one year	41,359,317	14,663,712	56,023,029
Net pension liability - OPEB - Due in more than one year	149,652,461	55,980,868	205,633,329
Total liabilities	1,028,448,891	1,344,573,638	2,373,022,529
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	3,458,508	1,975,831	5,434,339
Leases	16,329,035	16,154,512	32,483,547
Pension deferrals - LEOSA	1,920,588	-	1,920,588
Pension deferrals - LGERS	60,502,389	23,209,589	83,711,978
Pension deferrals - OPEB	21,624,513	7,928,774	29,553,287
Prepaid taxes and assessments	161,742	-	161,742
Total deferred inflows of resources	103,996,775	49,268,706	153,265,481
<b>NET POSITION</b>			
Net investment in capital assets	871,723,156	1,380,134,877	2,251,858,033
Restricted for:			
Capital projects	137,255,010	-	137,255,010
Other purposes (Note 1.D.(11))	139,298,038	-	139,298,038
Stabilization by state statute	68,468,668	-	68,468,668
Federal programs	2,795,716	-	2,795,716
Unrestricted	48,174,289	523,131,144	571,305,433
Total net position	\$ 1,267,714,877	\$ 1,903,266,021	\$ 3,170,980,898

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

**STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 86,659,796	\$ 35,627,395	\$ 24,845,517	\$ 14,493,859
Community development services	31,435,855	1,722,277	14,605,606	4,852,969
Public infrastructure	88,435,818	1,483,714	3,367,453	11,269,434
Public safety	186,624,684	868,151	2,646,905	-
Leisure services	64,379,958	8,897,008	32,076,025	9,649,603
Economic development programs	2,575,658	-	-	-
Interest and other debt service	15,792,311	-	-	-
Total governmental activities	475,904,080	48,598,545	77,541,506	40,265,865
Business-type activities:				
Water and sewer	186,014,947	282,671,182	-	24,654,452
Convention center complex	31,402,414	11,859,736	-	-
Mass transit	46,554,124	2,053,860	44,883,472	11,033,192
Parking facilities	12,929,171	13,531,371	-	-
Solid waste services	38,442,055	37,603,606	-	-
Stormwater	21,494,325	33,668,257	105,577	-
Total business-type activities	336,837,036	381,388,012	44,989,049	35,687,644
Total City of Raleigh	\$ 812,741,116	\$ 429,986,557	\$ 122,530,555	\$ 75,953,509

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

**STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2022

<b>Functions/Programs</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Governmental activities:			
General government	\$ (11,693,025)	\$ -	\$ (11,693,025)
Community development services	(10,255,003)	-	(10,255,003)
Public infrastructure	(72,315,217)	-	(72,315,217)
Public safety	(183,109,628)	-	(183,109,628)
Leisure services	(13,757,322)	-	(13,757,322)
Economic development programs	(2,575,658)	-	(2,575,658)
Interest and other debt service	(15,792,311)	-	(15,792,311)
Total governmental activities	(309,498,164)	-	(309,498,164)
Business-type activities:			
Water and sewer	-	121,310,687	121,310,687
Convention center complex	-	(19,542,678)	(19,542,678)
Mass transit	-	11,416,400	11,416,400
Parking facilities	-	602,200	602,200
Solid waste services	-	(838,449)	(838,449)
Stormwater	-	12,279,509	12,279,509
Total business-type activities	-	125,227,669	125,227,669
Total City of Raleigh	(309,498,164)	125,227,669	(184,270,495)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	291,853,407	-	291,853,407
Local sales tax	139,531,718	-	139,531,718
Franchise tax	28,605,517	-	28,605,517
Other taxes	28,379,010	-	28,379,010
Unrestricted investment earnings	(27,674,286)	(17,649,521)	(45,323,807)
Gain on the sale of property	1,298,438	754,906	2,053,344
Miscellaneous	2,580,978	-	2,580,978
Total general revenues not including transfers	464,574,782	(16,894,615)	447,680,167
Transfers	(58,740,457)	58,740,457	-
Total general revenues and transfers	405,834,325	41,845,842	447,680,167
Change in net position	96,336,161	167,073,511	263,409,672
Net position - beginning of year	1,171,378,716	1,736,192,510	2,907,571,226
Net position - end of year	\$ 1,267,714,877	\$ 1,903,266,021	\$ 3,170,980,898

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

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2022

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 360,750,806	\$ 205,509,405	\$ 566,260,211
Taxes receivable, net of allowance for uncollectibles of \$10,745,910	735,531	-	735,531
Assessments receivable, net of allowance for uncollectibles of \$177,135	277,086	303,152	580,238
Lease receivable	16,703,193	-	16,703,193
Customer receivables	36,626	10,822	47,448
Franchise taxes receivable	7,466,576	19,108	7,485,684
Due from other governmental agencies	2,813,048	24,828,580	27,641,628
Accrued interest receivable	1,589,083	195,251	1,784,334
Other receivables and assets	869,580	-	869,580
Sales tax receivable	39,973,827	870,319	40,844,146
Due from other funds	18,309,930	3,037,695	21,347,625
Inventories	2,331,067	-	2,331,067
Loans receivable, net of allowance for uncollectibles of \$21,359,951	15,913,024	62,946,663	78,859,687
Cash and cash equivalents/investments - restricted deposits and bond proceeds	453,505	82,503,436	82,956,941
Total assets	<u>\$ 468,222,882</u>	<u>\$ 380,224,431</u>	<u>\$ 848,447,313</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,468,184	\$ 10,835,355	\$ 16,303,539
Accrued salaries and employee payroll taxes	12,805,957	143,294	12,949,251
Sales tax payable	16,990	43,287	60,277
Loan servicing escrow	347,367	260,392	607,759
Other liabilities	120,530	-	120,530
Due to other funds	835,968	7,133,907	7,969,875
Reimbursable facility fees	1,230,337	12,231,149	13,461,486
Escrow and other deposits payable from restricted assets	78,874	4,164,059	4,242,933
Due to other governmental agencies	511,876	284,225	796,101
Coronavirus State & Local Fiscal Recovery Fund	-	64,722,020	64,722,020
Total liabilities	<u>21,416,083</u>	<u>99,817,688</u>	<u>121,233,771</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax receivable	735,531	-	735,531
Assessments receivable	277,086	303,152	580,238
Lease revenue	16,329,035	-	16,329,035
Prepaid assessments	-	10,879	10,879
Prepaid taxes and facility fees	150,863	-	150,863
Unearned revenue	467,426	2,991,082	3,458,508
Total deferred inflows of resources	<u>17,959,941</u>	<u>3,305,113</u>	<u>21,265,054</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventories	2,331,067	-	2,331,067
Leases	374,158	-	374,158
Loans receivable	15,913,024	-	15,913,024
Restricted:			
Stabilization by state statute	68,468,668	-	68,468,668
Restricted Debt service	-	48,075,163	48,075,163
Federal program reserves	2,247,134	548,582	2,795,716
Public safety	-	3,784,960	3,784,960
Committed:			
LEOSSA	7,250,330	-	7,250,330
Assigned:			
Assigned Debt service	174,433,162	-	174,433,162
Subsequent year's appropriation	24,275,144	86,875,763	111,150,907
City projects	4,204,052	63,420,021	67,624,073
Community development	21,634,697	71,876,258	93,510,955
Disaster recovery	-	2,520,883	2,520,883
Unassigned	107,715,422	-	107,715,422
Total fund balances	<u>428,846,858</u>	<u>277,101,630</u>	<u>705,948,488</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 468,222,882</u>	<u>\$ 380,224,431</u>	<u>\$ 848,447,313</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, 2022

Total *fund balances* for governmental funds \$ 705,948,488

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	\$ 588,865,041	
Capital Assets being depreciated, net	743,646,853	
	<u>\$ 1,332,511,894</u>	1,332,511,894

Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Right to use assets at historical costs, net	<u>\$ 17,330,695</u>	17,330,695
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The net pension and OPEB liabilities resulting from contributions greater than or less than the amount of annual required contributions are not financial resources, are not due and payable in the current period and therefore are not reported in the funds.

Law Enforcement Officer's (LEOSSA)	\$ (73,058,509)	
Pensions (LGERS)	(40,252,367)	
Other Post Retirement Benefits (OPEB)	(145,596,506)	
	<u>\$ (258,907,382)</u>	(258,907,382)

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

Law Enforcement Officer's (LEOSSA)	\$ 23,451,867	
Pensions (LGERS)	69,742,930	
Other Post Retirement Benefits (OPEB)	14,812,677	
	<u>\$ 108,007,474</u>	108,007,474

The deferred inflows of resources related to pensions and OPEB liabilities will be reported as a reduction of expense in prior years are not reported in the funds.

Law Enforcement Officer's (LEOSSA)	\$ (1,920,588)	
Pensions (LGERS)	(58,881,574)	
Other Post Retirement Benefits (OPEB)	(21,039,854)	
	<u>\$ (81,842,016)</u>	(81,842,016)

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.

6,003,404

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.

42,964,472

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	\$ 735,531	
Assessments receivable	580,238	
	<u>\$ 1,315,769</u>	1,315,769

Some liabilities 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	\$ (254,075,228)	
Installment Financing Agreements, net	(191,957,408)	
Bond Anticipation Note (BANs)	(111,461,101)	
Leases	(17,521,037)	
Earned Vacation Pay	(26,213,304)	
Accrued Interest Payable	(4,389,843)	
	<u>\$ (605,617,921)</u>	(605,617,921)

Net position of governmental activities \$ 1,267,714,877

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

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2022

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Ad valorem taxes	\$ 291,708,422	\$ -	\$ 291,708,422
Intergovernmental	21,422,923	90,945,399	112,368,322
Non-governmental	-	262,403	262,403
Assessments	-	1,657,356	1,657,356
Franchise tax	28,605,517	-	28,605,517
Local sales tax	139,531,718	-	139,531,718
Licenses	14,659,965	77,424	14,737,389
Gain (loss) on investments	(22,468,212)	(2,115,652)	(24,583,864)
Inspections fees	24,756,268	-	24,756,268
Highway maintenance refunds	1,013,479	-	1,013,479
Facility fees	-	16,464,943	16,464,943
Parks and recreation fees	5,505,113	-	5,505,113
Other fees and charges	6,596,190	7,071	6,603,261
Developer participation	-	14,686	14,686
Rents	2,201,462	155,964	2,357,426
Leases	374,158	-	374,158
Program income	5,358	1,988,553	1,993,911
Donations and contributions	1,330,311	1,709,440	3,039,751
Miscellaneous other	773,891	1,112,549	1,886,440
Total revenues	<u>516,016,563</u>	<u>112,280,136</u>	<u>628,296,699</u>
<b>EXPENDITURES</b>			
Current:			
General government	56,831,688	23,062,581	79,894,269
Community development services	25,626,802	14,082,846	39,709,648
Public infrastructure	42,632,154	59,236,591	101,868,745
Public safety	185,811,304	10,280,574	196,091,878
Leisure services	52,100,449	19,909,352	72,009,801
Economic development programs	1,408,762	1,166,896	2,575,658
Debt service:			
Principal	41,356,237	-	41,356,237
Interest	16,557,390	-	16,557,390
Other debt service expenditures	576,065	-	576,065
Total expenditures	<u>422,900,851</u>	<u>127,738,840</u>	<u>550,639,691</u>
Excess (deficiency) of revenues over (under) expenditures	<u>93,115,712</u>	<u>(15,458,704)</u>	<u>77,657,008</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,557,592	45,288,287	50,845,879
Transfers out	(75,483,874)	(35,197,901)	(110,681,775)
Issuance of debt	-	31,183,666	31,183,666
Gain (loss) on sale of property	500,771	305,136	805,907
Total other financing sources (uses)	<u>(69,425,511)</u>	<u>41,579,188</u>	<u>(27,846,323)</u>
Net change in fund balances	23,690,201	26,120,484	49,810,685
Fund balances, beginning of year	405,156,657	250,981,146	656,137,803
Fund balances, end of year	<u>\$ 428,846,858</u>	<u>\$ 277,101,630</u>	<u>\$ 705,948,488</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, 2022

Net change in *fund balances* - total governmental funds \$ 49,810,685

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	\$ 81,150,174	
Depreciation	(56,466,373)	
	<u>\$ 24,683,801</u>	24,683,801

Right to use leased asset capital outlay expenditures which were capitalized.	\$ 22,410,024	
Amortization expense for intangible assets	(5,079,329)	
	<u>\$ 17,330,695</u>	17,330,695

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

Annexations	\$ 4,944,824	
Property taxes	144,985	
Assessments	31,788	
	<u>\$ 5,121,597</u>	5,121,597

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.

Debt issued or incurred:		
Bond anticipation notes	\$ 31,183,666	
Leases	22,410,024	
Principal repayments:		
General obligation debt	(24,800,000)	
Installment financing	(16,556,237)	
Leases	(4,888,986)	
	<u>\$ 7,348,467</u>	(7,348,467)

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	\$ (104,832)	
Accrued interest expense	(1,025,277)	
Net pension expense - LEOSSA	(5,380,768)	
Net pension expense - LGERS	6,876,205	
Net expense - OPEB	5,559,431	
	<u>\$ 5,924,759</u>	5,924,759

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.

3,256,010

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.

(2,442,919)

Change in net position of governmental activities \$ 96,336,161

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, 2022

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes - real & other property	\$ 273,041,010	\$ 273,041,010	\$ 273,306,330	\$ 265,320
Ad valorem taxes - vehicles	16,965,000	16,965,000	18,402,092	1,437,092
Intergovernmental	23,049,178	23,049,178	21,422,923	(1,626,255)
Franchise tax	28,300,000	28,300,000	28,605,517	305,517
Local sales tax	113,837,600	113,837,600	139,531,718	25,694,118
Licenses	15,084,000	15,084,000	14,659,965	(424,035)
Gain (loss) on investments - investment income	3,900,000	3,900,000	6,979,680	3,079,680
Gain (loss) on investments - fair value measurement	-	-	(29,447,892)	(29,447,892)
Inspection fees	17,516,966	17,516,966	24,756,268	7,239,302
Highway maintenance refunds	900,000	900,000	1,013,479	113,479
Parks and recreation fees	4,455,041	4,530,041	5,505,113	975,072
Facility fees	-	-	-	-
Other fees and charges	5,844,404	5,844,404	6,596,190	751,786
Reimbursements for public infrastructure support	1,300,000	1,300,000	813,116	(486,884)
Administrative charges	20,692,895	20,692,895	20,692,895	-
Rents	447,290	447,290	2,201,462	1,754,172
Lease revenue	-	-	374,158	374,158
Program income	52,600	52,600	5,358	(47,242)
Mutual aid reimbursements	-	-	-	-
Donations and contributions	1,025,538	1,067,340	1,330,311	262,971
Other revenues	704,576	704,576	773,891	69,315
Proceeds from sale of property	-	-	500,771	500,771
Total revenues available for appropriation	527,116,098	527,232,900	538,023,345	10,790,445
Fund balance appropriated	23,539,343	45,020,337	-	(45,020,337)
Total revenues	\$ 550,655,441	\$ 572,253,237	\$ 538,023,345	\$ (34,229,892)
<b>EXPENDITURES</b>				
General government:				
City council	\$ 444,008	\$ 444,709	\$ 324,306	\$ 120,403
City clerk	781,988	796,355	629,418	166,937
City attorney	4,619,816	4,649,959	4,491,211	158,748
Special appropriations	22,999,006	22,652,644	20,820,672	1,831,972
Agency appropriations	3,999,191	4,834,490	3,902,918	931,572
City manager	5,551,689	5,567,590	4,833,387	734,203
Communications	3,445,085	3,398,397	3,166,478	231,919
Human resources	6,015,124	6,374,307	5,584,654	789,653
Budget & management services	1,537,210	1,502,969	793,142	709,827
Finance	6,594,875	6,742,800	6,313,653	429,147
Information technology	23,204,595	23,821,987	22,101,357	1,720,630
Total general government	79,192,587	80,786,207	72,961,196	7,825,011
Community development services:				
Planning	6,816,206	6,833,391	6,324,986	508,405
Development Services	13,882,319	14,054,906	12,799,168	1,255,738
Community services	13,438,936	13,641,668	6,502,648	7,139,020
Economic development	1,798,313	1,868,648	1,408,762	459,886
Total community development services	35,935,774	36,398,613	27,035,564	9,363,049
Public infrastructure:				
Engineering services	21,800,162	23,308,305	19,493,516	3,814,789
Transportation	30,998,284	31,848,099	28,515,141	3,332,958
Total public infrastructure	52,798,446	55,156,404	48,008,657	7,147,747
Public safety:				
Emergency communications center	11,431,533	11,273,393	9,751,688	1,521,705
Police	114,099,154	114,795,922	105,425,315	9,370,607
Fire	70,418,777	71,908,393	70,634,301	1,274,092
Total public safety	\$ 195,949,464	\$ 197,977,708	\$ 185,811,304	\$ 12,166,404

Continued

Leisure services:				
Parks, recreation and cultural resources	\$ 59,607,193	\$ 61,436,845	\$ 52,019,953	\$ 9,416,892
Walnut Creek Amphitheatre	265,280	269,176	80,496	188,680
Total leisure services	<u>59,872,473</u>	<u>61,706,021</u>	<u>52,100,449</u>	<u>9,605,572</u>
Debt service:				
Principal and interest	62,687,797	62,687,797	57,913,627	4,774,170
Other debt service expenditures	8,386,186	8,442,611	576,065	7,866,546
Total debt service	<u>71,073,983</u>	<u>71,130,408</u>	<u>58,489,692</u>	<u>12,640,716</u>
Total expenditures to appropriations	<u>\$ 494,822,727</u>	<u>\$ 503,155,361</u>	<u>\$ 444,406,862</u>	<u>\$ 58,748,499</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 6,385,998	\$ 6,385,998	\$ 5,557,592	\$ (828,406)
Transfers out	<u>(62,218,712)</u>	<u>(75,483,874)</u>	<u>(75,483,874)</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ (55,832,714)</u>	<u>\$ (69,097,876)</u>	<u>\$ (69,926,282)</u>	<u>\$ (828,406)</u>
Excess of revenues and other financing sources over				
expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	\$ 23,690,201	
Fund balance, beginning of year			<u>405,156,657</u>	
Fund balance, end of year			<u>\$ 428,846,858</u>	

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2022

	<b>Enterprise Funds</b>			
	<b>Water and Sewer Fund</b>	<b>Convention Center Complex Fund</b>	<b>Mass Transit Fund</b>	<b>Stormwater Fund</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 495,605,452	\$ 36,335,201	\$ -	\$ 45,895,611
Customer receivables, net of allowance for uncollectibles of \$10,356,253	25,972,503	202,480	-	2,266,359
Assessments receivable, net of allowance for uncollectibles of \$64,953	317,820	-	-	27,936
Lease receivable	299,757	-	-	-
Due from transit management	-	-	252,373	-
Due from other governmental agencies	-	-	13,269,457	295,450
Due from other funds	-	18,625	85,908	-
Accrued interest receivable	1,211,428	4,881	-	82,656
Other receivables and assets	103,279	63,000	867	10,458
Sales tax receivable	5,333,850	176,741	65,031	60,460
Inventories	12,673,119	-	584,087	-
Insurance deposit	-	-	-	-
Total current assets	<u>541,517,208</u>	<u>36,800,928</u>	<u>14,257,723</u>	<u>48,638,930</u>
Noncurrent assets:				
Restricted cash and cash equivalents	14,676,160	1,051,811	50,305	23,478,011
Lease receivable, non-current	3,430,267	-	-	-
Capital assets:				
Right to use leased assets, net of amortization	985,995	247,164	79,426	62,920
Land and improvements	42,603,039	32,126,089	3,994,684	6,395,895
Construction in progress	853,578,426	26,087,991	23,498,720	34,981,012
Watershed protection rights	4,780,059	-	-	-
Water and sewer systems	1,382,724,930	-	-	-
Buildings and machinery	90,607,912	271,091,201	28,102,339	426,355
Parking decks	-	-	-	-
Buses	-	-	80,386,099	-
Equipment	32,299,674	2,543,488	3,868,584	1,202,906
Furniture and fixtures	61,921	2,542,363	50,046	-
Improvements	224,349,165	40,071,010	17,389,320	91,187,876
Less accumulated depreciation	<u>(732,075,202)</u>	<u>(136,167,954)</u>	<u>(51,539,098)</u>	<u>(36,128,355)</u>
Total noncurrent assets	<u>1,918,022,346</u>	<u>239,593,163</u>	<u>105,880,425</u>	<u>121,606,620</u>
Total assets	<u>2,459,539,554</u>	<u>276,394,091</u>	<u>120,138,148</u>	<u>170,245,550</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized bond refunding charges	19,354,357	55,232	-	-
Pension deferrals - LGERS	7,313,200	1,213,296	235,259	1,163,521
Pension deferrals - OPEB	3,221,382	561,811	146,954	613,189
Accumulated decrease in fair value of hedging derivatives	<u>10,626,148</u>	<u>12,714,846</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>40,515,087</u>	<u>14,545,185</u>	<u>382,213</u>	<u>1,776,710</u>

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

*Continued*

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2022

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Parking Fund</b>	<b>Solid Waste Services Fund</b>	<b>Total</b>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 12,234,710	\$ 21,023,948	\$ 611,094,922	\$ 78,954,320
Customer receivables, net of allowance for uncollectibles of \$10,356,253	949,592	2,109,575	31,500,509	-
Assessments receivable, net of allowance for uncollectibles of \$64,953	-	-	345,756	-
Lease receivable	480,576	-	780,333	-
Due from transit management	-	-	252,373	-
Due from other governmental agencies	-	240,100	13,805,007	-
Due from other funds	-	-	104,533	-
Accrued interest receivable	13,017	-	1,311,982	225,077
Other receivables and assets	1,585	-	179,189	662,278
Sales tax receivable	34,823	78,374	5,749,279	1,174,268
Inventories	-	-	13,257,206	701,492
Insurance deposit	-	-	-	420,000
Total current assets	13,714,303	23,451,997	678,381,089	82,137,435
Noncurrent assets:				
Restricted cash and cash equivalents	1,695,280	-	40,951,567	7,549,576
Lease receivable, non-current	12,225,262	-	15,655,529	-
Capital assets:				
Right to use leased assets, net of amortization	203,285	139,965	1,718,755	24,686
Land and improvements	7,414,706	2,952,033	95,486,446	-
Construction in progress	5,631,844	-	943,777,993	-
Watershed protection rights	-	-	4,780,059	-
Water and sewer systems	-	-	1,382,724,930	-
Buildings and machinery	-	15,648,174	405,875,981	230,912
Parking decks	156,535,540	-	156,535,540	-
Buses	-	-	80,386,099	104,241
Equipment	232,861	1,335,706	41,483,219	208,423,699
Furniture and fixtures	51,382	145,892	2,851,604	-
Improvements	2,169,511	7,200,018	382,366,900	-
Less accumulated depreciation	(68,144,339)	(10,328,041)	(1,034,382,989)	(153,674,142)
Total noncurrent assets	118,015,332	17,093,747	2,520,211,633	62,658,972
Total assets	131,729,635	40,545,744	3,198,592,722	144,796,407
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized bond refunding charges	290,899	256,131	19,956,619	-
Pension deferrals - LGERS	429,160	2,312,077	12,666,513	924,702
Pension deferrals - OPEB	184,041	1,017,071	5,744,448	397,881
Accumulated decrease in fair value of hedging derivatives	-	-	23,340,994	-
Total deferred outflows of resources	904,100	3,585,279	61,708,574	1,322,583

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

*Continued*

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2022

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 40,668,149	\$ 1,277,196	\$ 1,503,217	\$ 185,012
Sales tax payable	13,409	53,782	1,434	104
Accrued salaries and employee payroll taxes	1,535,794	315,186	51,557	305,663
Accrued interest payable	5,381,800	2,365,445	645	741
Claims payable and other liabilities	-	-	-	-
Due to other funds	70,004	-	7,641,795	-
Due to other governmental agencies	-	-	-	-
Landfill postclosure liability	-	-	-	-
Earned vacation pay	2,660,567	351,296	75,488	456,886
Bonds, notes and loans payable, net of unamortized premiums and discounts	34,338,012	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	5,054,115	11,692,363	40,974	135,357
Total current liabilities	<u>89,721,850</u>	<u>16,055,268</u>	<u>9,315,110</u>	<u>1,083,763</u>
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	724,087,928	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	97,981,957	176,231,174	40,863	1,150,112
Landfill postclosure liability	-	-	-	-
Escrow and other deposits payable from restricted assets	14,675,856	1,051,811	50,305	23,478,011
Derivative instrument liability	10,626,148	12,714,846	-	-
Earned vacation pay	1,405,946	169,484	59,768	316,391
Net pension liability - LGERS	8,673,511	1,428,310	158,175	1,026,758
Net pension liability - OPEB	32,076,910	5,224,073	1,062,646	5,498,945
Total noncurrent liabilities	<u>889,528,256</u>	<u>196,819,698</u>	<u>1,371,757</u>	<u>31,470,217</u>
Total liabilities	<u>979,250,106</u>	<u>212,874,966</u>	<u>10,686,867</u>	<u>32,553,980</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	16,016	55,730	1,904,085	-
Leases	3,759,169	-	-	-
Pension deferrals - LGERS	13,024,685	2,245,341	652,893	2,516,207
Pension deferrals - OPEB	4,536,634	720,106	125,121	751,463
Total deferred inflows of resources	<u>21,336,504</u>	<u>3,021,177</u>	<u>2,682,099</u>	<u>3,267,670</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,057,808,568	50,673,047	105,748,283	96,843,140
Unrestricted	441,659,463	24,370,086	1,403,112	39,357,470
Total net position	<u>\$ 1,499,468,031</u>	<u>\$ 75,043,133</u>	<u>\$ 107,151,395</u>	<u>\$ 136,200,610</u>

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

*Continued*



**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2022

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Parking Fund</b>	<b>Solid Waste Services Fund</b>	<b>Total</b>	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 216,007	\$ 585,969	\$ 44,435,550	\$ 9,009,127
Sales tax payable	1,231	3,580	73,540	27,272
Accrued salaries and employee payroll taxes	69,523	419,439	2,697,162	170,017
Accrued interest payable	327,561	59,137	8,135,329	76,557
Claims payable and other liabilities	-	-	-	9,805,300
Due to other funds	5,931,594	-	13,643,393	-
Due to other governmental agencies	-	3,113,375	3,113,375	-
Landfill postclosure liability	-	1,630,541	1,630,541	-
Earned vacation pay	103,044	635,792	4,283,073	304,497
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	34,338,012	13,338,948
Contracts and other notes payable, net of unamortized premiums and discounts	4,254,074	950,472	22,127,355	12,286
Total current liabilities	10,903,034	7,398,305	134,477,330	32,744,004
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	13,007,440
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	724,087,928	28,476,946
Contracts and other notes payable, net of unamortized premiums and discounts	48,415,128	8,082,216	331,901,450	13,173
Landfill postclosure liability	-	2,982,694	2,982,694	-
Escrow and other deposits payable from restricted assets	-	-	39,255,983	-
Derivative instrument liability	-	-	23,340,994	-
Earned vacation pay	92,930	416,415	2,460,934	159,252
Net pension liability - LGERS	533,892	2,843,066	14,663,712	1,106,950
Net pension liability - OPEB	1,902,599	10,215,695	55,980,868	4,055,955
Total noncurrent liabilities	50,944,549	24,540,086	1,194,674,563	46,819,716
Total liabilities	61,847,583	31,938,391	1,329,151,893	79,563,720
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	-	-	1,975,831	-
Leases	12,395,343	-	16,154,512	-
Pension deferrals - LGERS	729,794	4,040,669	23,209,589	1,620,815
Pension deferrals - OPEB	280,333	1,515,117	7,928,774	584,659
Total deferred inflows of resources	13,405,470	5,555,786	49,268,706	2,205,474
<b>NET POSITION</b>				
Net investment in capital assets	53,615,052	8,317,190	1,373,005,280	20,818,146
Unrestricted	3,765,630	(1,680,344)	508,875,417	43,531,650
Total net position	\$ 57,380,682	\$ 6,636,846	\$ 1,881,880,697	\$ 64,349,796
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			21,385,324	
Net position of business-type activities			\$ 1,903,266,021	

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, 2022

	<b>Enterprise Funds</b>			
	<b>Water and Sewer Fund</b>	<b>Convention Center Complex Fund</b>	<b>Mass Transit Fund</b>	<b>Stormwater Fund</b>
<b>Operating revenues</b>				
User charges	\$ 275,944,735	\$ 11,658,136	\$ 1,846,041	\$ 33,642,995
Other	6,660,305	201,600	207,819	25,262
Total operating revenues	282,605,040	11,859,736	2,053,860	33,668,257
<b>Operating expenses</b>				
Personnel services	52,765,079	8,788,175	1,704,207	9,916,130
Other operational expenses	60,905,145	8,265,654	9,301,619	7,204,550
Management contract charges	-	-	27,026,858	-
Claims	-	-	-	-
Premiums	-	-	-	-
Amortization	444,759	-	42,133	43,572
Depreciation	47,330,784	7,564,498	8,471,925	4,329,523
Total operating expenses	161,445,767	24,618,327	46,546,742	21,493,775
<b>Operating income (loss)</b>	121,159,273	(12,758,591)	(44,492,882)	12,174,482
<b>Nonoperating revenue (expense)</b>				
Gain (loss) on investments	(16,540,292)	(50,946)	-	(932,837)
Subsidy income - federal and state	-	-	16,074,875	105,577
Subsidy income - local	-	-	28,808,597	-
Mutual aid	-	-	-	-
Recovery of claims	-	-	-	-
Other revenues	66,142	-	-	-
Interest expense	(22,563,463)	(5,901,141)	(3,983)	(4,600)
Other debt service costs	(1,374,041)	(884,965)	-	-
Gain (loss) on sale of property	144,904	2,101	(6,925)	-
Total nonoperating revenue (expense)	(40,266,750)	(6,834,951)	44,872,564	(831,860)
Income (loss) before contributions and transfers	80,892,523	(19,593,542)	379,682	11,342,622
Capital contributions	24,654,452	-	11,033,192	-
Transfers in	90,000	32,876,024	17,469,403	-
Transfers out	-	-	(378,738)	(236,668)
Change in net position	105,636,975	13,282,482	28,503,539	11,105,954
Net position, beginning of year	1,393,831,056	61,760,651	78,647,856	125,094,656
Net position, end of year	\$ 1,499,468,031	\$ 75,043,133	\$ 107,151,395	\$ 136,200,610

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, 2022

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Parking Fund</b>	<b>Solid Waste Services Fund</b>	<b>Total</b>	
<b>Operating revenues</b>				
User charges	\$ 12,994,610	\$ 37,061,373	\$ 373,147,890	\$ 93,178,592
Other	536,761	85,183	7,716,930	13,585
Total operating revenues	13,531,371	37,146,556	380,864,820	93,192,177
<b>Operating expenses</b>				
Personnel services	2,430,674	13,890,195	89,494,460	5,750,780
Other operational expenses	5,159,329	24,176,496	115,012,793	16,278,501
Management contract charges	-	-	27,026,858	-
Claims	-	-	-	48,358,267
Premiums	-	-	-	3,678,765
Amortization	33,927	61,278	625,669	-
Depreciation	4,199,437	887,050	72,783,217	18,548,708
Total operating expenses	11,823,367	39,015,019	304,942,997	92,615,021
<b>Operating income (loss)</b>	1,708,004	(1,868,463)	75,921,823	577,156
<b>Nonoperating revenue (expense)</b>				
Gain (loss) on investments	(144,279)	-	(17,668,354)	(5,187,241)
Subsidy income - federal and state	-	-	16,180,452	-
Subsidy income - local	-	-	28,808,597	-
Mutual aid	-	-	-	-
Recovery of claims	-	-	-	1,458,315
Other revenues	-	457,050	523,192	-
Interest expense	(954,894)	(254,808)	(29,682,889)	(660,814)
Other debt service costs	(151,615)	-	(2,410,621)	-
Gain (loss) on sale of property	-	-	140,080	1,107,357
Total nonoperating revenue (expense)	(1,250,788)	202,242	(4,109,543)	(3,282,383)
Income (loss) before contributions and transfers	457,216	(1,666,221)	71,812,280	(2,705,227)
Capital contributions	-	-	35,687,644	-
Transfers in	1,692,663	7,730,000	59,858,090	4,321,252
Transfers out	(380,000)	(1,655,378)	(2,650,784)	(1,692,663)
Change in net position	1,769,879	4,408,401	164,707,230	(76,638)
Net position, beginning of year	55,610,803	2,228,445		64,426,434
Net position, end of year	\$ 57,380,682	\$ 6,636,846		\$ 64,349,796
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			2,370,349	
Change in net position of business-type activities			\$ 167,077,579	

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, 2022

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 277,759,346	\$ 11,936,104	\$ 1,845,174	\$ 33,210,827
Payments to employees	(53,993,139)	(8,915,673)	(1,757,038)	(10,068,591)
Payments to suppliers and service providers	(65,225,018)	(8,315,538)	(35,643,226)	(7,222,129)
Claims paid	-	-	-	-
Premiums paid	-	-	-	-
Other receipts	6,726,447	201,600	207,819	(2,674)
Other payments	-	(884,965)	-	-
Net cash provided by (used in) operating activities	165,267,636	(5,978,472)	(35,347,271)	15,917,433
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating subsidies and transfers from other funds	90,000	32,876,024	17,469,403	-
Operating subsidies and transfers to other funds	-	-	(378,738)	(236,669)
Operating grants received	-	-	41,178,847	-
Internal activity - payments from (to) other funds	174,571	142,155	(2,951,806)	1,336
Net cash provided by (used in) noncapital financing activities	264,571	33,018,179	55,317,706	(235,333)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase and construction of capital assets	(190,033,861)	(1,826,119)	(34,508,691)	(7,080,216)
Capital grants and other capital contributions	56,608	-	14,546,108	120,577
Proceeds from capital debt	124,736,063	-	-	-
Intergovernmental proceeds for capital debt	-	-	-	-
Principal paid on capital debt	(37,057,606)	(11,063,617)	(39,722)	(101,738)
Interest paid on capital debt	(23,401,968)	(6,104,768)	(3,338)	-
Other debt related payments	(1,374,041)	-	-	-
Lease proceeds (payments)	62,822	3,511	42,133	(2,161)
Proceeds from the sale of capital assets	144,904	2,101	(6,925)	-
Escrow deposits	(325,604)	-	-	4,015,104
Net cash provided by (used in) capital and related financing activities	(127,192,683)	(18,988,892)	(19,970,435)	(3,048,434)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Gain (loss) on investments held	(16,357,271)	(50,180)	-	(919,873)
Net cash provided by investing activities	(16,357,271)	(50,180)	-	(919,873)
Net increase (decrease) in cash and cash equivalents	21,982,253	8,000,635	-	11,713,793
Cash and cash equivalents - beginning of year	488,299,359	29,386,377	50,305	57,659,830
Cash and cash equivalents - end of year	\$ 510,281,612	\$ 37,387,012	\$ 50,305	\$ 69,373,623
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 121,159,273	\$ (12,758,591)	\$ (44,492,882)	\$ 12,174,482
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	47,775,543	7,564,498	8,514,058	4,373,095
Miscellaneous nonoperating income	66,142	-	-	-
Miscellaneous nonoperating expense	-	(884,965)	-	-
Change in assets, liabilities, deferred inflows and outflows:				
Operating receivables	1,814,448	(146,545)	733,985	(460,104)
Sales tax receivable	(1,288,287)	28,899	27,572	41,989
Inventories	(2,943,825)	-	(71,902)	-
Other receivables and assets	(15,853)	-	-	(6,014)
Accounts payable and other accrued liabilities	84,519	(23,852)	(5,271)	(53,554)
Landfill postclosure liability	-	-	-	-
(Increase) decrease in deferred outflows of resources - LGERS	(605,229)	(103,702)	(16,032)	(74,909)
Increase (decrease) in deferred inflows of resources - LGERS	12,581,741	2,155,808	652,893	2,516,207
Increase (decrease) in pension liability - LGERS	(12,139,386)	(2,080,013)	(645,522)	(2,474,499)
(Increase) decrease in deferred outflows of resources - OPEB	(500,195)	(85,706)	(26,598)	(101,960)
Increase (decrease) in deferred inflows of resources - OPEB	(3,144,726)	(538,831)	(167,224)	(641,023)
Increase (decrease) in pension liability - OPEB	2,424,909	415,494	128,946	494,295
Escrow and other deposits	-	330,627	-	-
Earned vacation pay and other payroll liabilities	(17,454)	109,452	20,706	129,427
Unearned revenue	16,016	38,955	-	-
Total adjustments	44,108,363	6,780,119	9,145,611	3,742,950
Net cash provided by (used in) operating activities	\$ 165,267,636	\$ (5,978,472)	\$ (35,347,271)	\$ 15,917,432
<b>Noncash investing, capital, and financing activities:</b>				
Capital contributions from annexations and mergers	\$ 24,654,452	\$ -	\$ -	\$ -
Capital contributions from grant and assessment receivables	\$ (56,609)	\$ -	\$ -	\$ -
Acquisition and construction of capital assets	\$ 19,855,667	\$ -	\$ -	\$ -

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, 2022

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 12,741,778	\$ 37,432,210	\$ 374,925,439	\$ 93,178,592
Payments to employees	(2,482,494)	(14,148,220)	(91,365,155)	(5,918,640)
Payments to suppliers and service providers	(5,136,150)	(23,797,099)	(145,339,160)	(16,549,735)
Claims paid	-	-	-	(50,312,428)
Premiums paid	-	-	-	(3,678,765)
Other receipts	536,761	85,183	7,755,136	1,471,900
Other payments	-	-	(884,965)	(2,310)
Net cash provided by (used in) operating activities	5,659,895	(427,926)	145,091,295	18,188,614
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating subsidies and transfers from other funds	1,692,663	7,730,000	59,858,090	1,095,439
Operating subsidies and transfers to other funds	(380,000)	(1,655,378)	(2,650,785)	-
Operating grants received	-	-	41,178,847	-
Internal activity - payments from (to) other funds	192	(63,554)	(2,697,106)	1,533,288
Net cash provided by (used in) noncapital financing activities	1,312,855	6,011,068	95,689,046	2,628,727
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase and construction of capital assets	(460,100)	(61,278)	(233,970,265)	(15,354,226)
Capital grants and other capital contributions	-	-	14,723,293	-
Proceeds from capital debt	-	-	124,736,063	-
Intergovernmental proceeds for capital debt	-	457,050	457,050	-
Principal paid on capital debt	(3,810,614)	(747,414)	(52,820,711)	(21,948,348)
Interest paid on capital debt	(1,161,365)	(369,522)	(31,040,961)	(684,155)
Other debt related payments	(151,615)	-	(1,525,656)	-
Lease proceeds (payments)	(308,816)	2,229	(200,282)	(788)
Proceeds from the sale of capital assets	-	-	140,080	1,107,357
Escrow deposits	-	-	3,689,500	-
Net cash provided by (used in) capital and related financing activities	(5,892,510)	(718,935)	(175,811,889)	(36,880,160)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Gain (loss) on investments held	(142,238)	-	(17,469,562)	(5,174,344)
Net cash provided by investing activities	(142,238)	-	(17,469,562)	(5,174,344)
Net increase (decrease) in cash and cash equivalents	938,002	4,864,207	47,498,890	(21,237,163)
Cash and cash equivalents - beginning of year	12,991,988	16,159,741	604,547,600	107,741,059
Cash and cash equivalents - end of year	\$ 13,929,990	\$ 21,023,948	\$ 652,046,490	\$ 86,503,896
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,708,004	\$ (1,868,463)	\$ 75,921,823	\$ 577,156
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	4,233,364	948,328	73,408,886	18,548,708
Miscellaneous nonoperating income	-	-	66,142	1,458,315
Miscellaneous nonoperating expense	-	-	(884,965)	-
Change in assets, liabilities, deferred inflows and outflows:				
Operating receivables	(251,247)	224,301	1,914,838	-
Sales tax receivable	375	25,507	(1,163,945)	(438,623)
Inventories	-	-	(3,015,727)	(38,386)
Other receivables and assets	(1,585)	146,536	123,084	355,703
Accounts payable and other accrued liabilities	22,804	921,158	945,804	(2,106,399)
Landfill postclosure liability	-	(567,268)	(567,268)	-
(Increase) decrease in deferred outflows of resources - LGERS	(33,971)	(187,737)	(1,021,580)	(74,201)
Increase (decrease) in deferred inflows of resources - LGERS	706,213	3,902,756	22,515,618	1,542,518
Increase (decrease) in pension liability - LGERS	(681,384)	(3,765,541)	(21,786,345)	(1,488,285)
(Increase) decrease in deferred outflows of resources - OPEB	(28,075)	(155,156)	(897,690)	(61,324)
Increase (decrease) in deferred inflows of resources - OPEB	(176,513)	(975,469)	(5,643,786)	(385,542)
Increase (decrease) in pension liability - OPEB	136,110	752,188	4,351,942	297,293
Escrow and other deposits	-	-	330,627	-
Earned vacation pay and other payroll liabilities	25,800	170,934	438,865	1,681
Unearned revenue	-	-	54,971	-
Total adjustments	3,951,891	1,440,537	69,169,471	17,611,458
Net cash provided by (used in) operating activities	\$ 5,659,895	\$ (427,926)	\$ 145,091,294	\$ 18,188,614
<b>Noncash investing, capital, and financing activities:</b>				
Capital contributions from annexations and mergers	\$ -	\$ -	\$ 24,654,452	\$ -
Capital contributions from grant and assessment receivables	\$ -	\$ -	\$ (56,609)	\$ -
Acquisition and construction of capital assets	\$ (460,100)	\$ -	\$ 19,395,567	\$ -

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

**FIDUCIARY STATEMENT OF NET POSITION**  
**June 30, 2022**

	<b>Pension Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 142,600,618
Accrued interest receivable	6,682
Due from other funds	161,110
Other assets	452,776
Total assets	<u>143,221,186</u>
<b>LIABILITIES</b>	
Claims payable	1,119,000
Accounts payable	30,246
Total liabilities	<u>1,149,246</u>
<b>NET POSITION</b>	
Restricted for pensions	79,500,977
Restricted for postemployment benefits other than pensions	62,570,963
Total net pension	<u>\$ 142,071,940</u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Fiscal Year Ended June 30, 2022**

	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Employer contributions	\$ 24,589,920
Retiree contributions	3,136,458
Interest	5,317,177
Investment expense	(131,077)
Net increase (decrease) in the fair value of investments	(27,688,595)
Recovery of claims	550,080
Total additions	<u>5,773,963</u>
<b>DEDUCTIONS</b>	
Benefits and Withdrawals	28,171,622
Professional services	65,559
Total deductions	<u>28,237,181</u>
Change in net position restricted for: employees' retirement and other post-employment benefits	(22,463,218)
Net position, beginning of year	<u>164,535,158</u>
Net position, end of year	<u>\$ 142,071,940</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### JUNE 30, 2022

#### 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 three-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.

As of 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 complex 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. *Lease receivable*

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

### 4. *Inventories*

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.

### 5. *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.

### 6. *Capital assets*

Capital assets, which include land, buildings and machinery, equipment, furniture and fixtures, software, improvements and infrastructure assets including streets, sidewalks, water and sewer systems, parking decks, buses and right to use assets 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 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

## ***7. Right to use assets***

The City has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

## ***8. 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 assets 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 assets 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, leases, and pension deferrals for LGERS, LEOSSA, and OPEB Plans.

## ***9. 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.

## ***10. 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.

## ***11. 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, bond covenants, regulations of other governments or imposed by law through state statute.

Net position in governmental activities is restricted for other purposes as follows:

Public safety	\$ 3,784,960
Community development	84,917,032
Debt service - cultural and recreation	48,075,163
Disaster recovery	2,520,883
	<u>\$ 139,298,038</u>

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.

*Leases* – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not spendable resource.

**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 years 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.

## **12. 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.

### ***13. 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, 2022. 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.

The appropriated budget is prepared by fund, function, and department. Appropriations are adopted at the fund level except for the General fund which is adopted at the department level, and the Water and Sewer fund which is adopted at the function level. The adopted budget is entered into the accounting records and comparisons of actual to budget are made throughout the year. Adjustments to the original budget may become necessary to meet changing circumstances during the fiscal year. Two types of changes can occur: budget amendments and budget transfers. Such changes are required at the line-item level of the budget underlying the budget ordinance. 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.

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. However, City Council may amend these budgets throughout the year for new projects or other changes to existing appropriations as are needed. Encumbrances outstanding at year-end are reported as “reserved for encumbrances” against fund balance and are reappropriated during the subsequent year.

The accompanying Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General fund presents comparisons of the original and final budget with actual data. Since the legally adopted budget is on a basis that differs from GAAP, the actual data is similarly presented on a budgetary basis for comparison purposes.

### ***B. Deficit net position***

As a result of the effects from GASB 68, pension standards, and GASB 75, OPEB standards, one fund reflects a deficit in net position - Vehicle Fleet Services Fund (\$3,965,128).

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

As of June 30, 2022, the City's bank balance in operating accounts was \$45,549,956 and the carrying amount of the City's deposits was \$41,496,712. The difference represents reconciling items such as deposits and payments in transit. Of the bank balance, \$508,091 was covered by federal depository insurance and \$45,041,865 was covered by collateral held under the Pooling Method.

**Investments.** As of June 30, 2022, the City had the following investments and maturities:

Investment Type	Valuation		%	< 1 Year	1- 3 Years	>3 - 5 Years
	Measurement Method	Fair Value				
US Government Treasuries	Fair Value, Level 1	\$ 545,674,970	45.51%	\$ 92,258,275	\$ 281,702,955	\$ 171,713,740
US Government Agencies	Fair Value, Level 2	504,463,161	42.07%	230,174,904	234,680,400	39,607,857
NCCMT - Government Portfolio	Amortized Cost	39,619,078	3.30%	39,619,078	-	-
NC Municipal Bonds	Fair Value, Level 1	22,311,213	1.87%	8,559,646	11,425,764	2,325,803
Mutual Funds	Fair Value, Level 1	61,242,623	5.11%	61,242,623	-	-
Commercial Paper	Amortized Cost	25,670,766	2.14%	25,670,766	-	-
Total City-wide investments		\$ 1,198,981,811	100.00%	\$ 457,525,292	\$ 527,809,119	\$ 213,647,400

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.

In accordance with accounting standards, the City reports the market value of all investments at the end of every fiscal year to reflect the impact on the financial results in the unlikely event the City would have to sell all its investments at fiscal year-end market prices. The year-end market value is referred to as a "mark to market" adjustment. This adjustment is reliant upon the change in market values over the prior year. Due to the rapid increase in interest rates in the last half of fiscal year 2021-22, the City's mark to market adjustment as of June 30, 2022 will decrease unrestricted investment earning as reported on the year-end financial statements. While the City is required to report this

adjustment on the financial statements, the City will not realize this loss in interest earnings because investments are generally held until maturity to meet the City's future cash flow needs.

**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	Aaa-mf	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, 2022, NC municipal bonds comprise 1.86% of the total investment portfolio and commercial paper is 2.14% of the total investment portfolio, with no allocation to a single user above the 5% policy target.

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 as of June 30, 2022 is as follows:

	Government-wide	Fiduciary	Total
Petty cash and change funds	\$ 17,875	\$ -	\$ 17,875
Deposits (checking, money market)	57,309,767	-	57,309,767
Fiduciary cash	-	142,600,618	142,600,618
Investments	1,198,981,811	-	1,198,981,811
Total cash and cash equivalents	1,256,309,453	142,600,618	1,398,910,071
Restricted deposits and bond proceeds	131,458,084	-	131,458,084
Total cash	\$ 1,387,767,537	\$ 142,600,618	\$ 1,530,368,155

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. Lease receivable***

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City has entered into multiple governmental activities leases as lessor of office space. An initial lease receivable was recorded in the amount of \$16,968,773. For the year ended June 30, 2022, the value of the lease receivable is \$16,703,193. The leases have interest rates ranging from 0.727 – 2.583%. The value of the deferred inflows of resources for the year ended June 30, 2022 was \$16,329,035, and the City recognized lease revenue of \$639,738 during the year.

The City has entered into multiple business-type leases as lessor of parking decks. An initial lease receivable was recorded in the amount of \$13,168,102. For the year ended June 30, 2022, the value of the lease receivable is \$12,705,838. The leases have interest rates ranging from 1.991 – 2.583%. The value of the deferred inflows of resources for the year ended June 30, 2022 was \$12,395,343, and the City recognized lease revenue of \$772,759 during the year.

The City has entered into multiple business-type leases as lessor of cell towers. An initial lease receivable was recorded in the amount of \$4,097,019. For the year ended June 30, 2022, the value of the lease receivable is \$3,730,024. The leases have interest rates ranging from 0.514 – 2.844%. The value of the deferred inflows of resources for the year ended June 30, 2022 was \$3,759,169, and the City recognized lease revenue of \$337,850 during the year.

**C. Capital assets**

Capital asset activity for the year ended June 30, 2022 was as follows:

	June 30, 2021	Additions	Transfers	Deletions	June 30, 2022
<u>Governmental activities</u>					
Capital assets, not being depreciated:					
Land	\$ 218,877,834	\$ 2,330,456	\$ -	\$ -	\$ 221,208,290
Construction in progress	377,921,586	69,664,636	(79,929,471)	-	367,656,751
Total capital assets, not being depreciated	596,799,420	71,995,092	(79,929,471)	-	588,865,041
Capital assets, being depreciated:					
Buildings and machinery	347,901,999	6,094,888	-	-	353,996,887
Streets and sidewalks	818,752,048	5,406,472	45,255,085	-	869,413,605
Buses	-	459,066	-	-	459,066
Equipment	145,581,531	10,936,611	6,681,955	(2,322,813)	160,877,284
Furniture and fixtures	1,340,062	-	-	-	1,340,062
Improvements - general and parks	393,044,537	1,014,652	27,992,431	-	422,051,620
Software	46,851,680	-	-	-	46,851,680
Right to use leased assets	-	22,448,819	-	-	22,448,819
Total capital assets being depreciated	1,753,471,857	46,360,508	79,929,471	(2,322,813)	1,877,439,023
Less accumulated depreciation and amortization for:					
Buildings and machinery	97,724,646	8,560,150	-	-	106,284,796
Streets and sidewalks	584,488,061	24,726,195	-	-	609,214,256
Buses	-	45,906	-	-	45,906
Equipment	109,262,849	13,526,006	-	(2,318,092)	120,470,763
Furniture and fixtures	1,335,671	3,086	-	-	1,338,757
Improvements - general and parks	199,498,591	17,502,821	-	-	217,001,412
Software	25,843,965	2,342,584	-	-	28,186,549
Right to use leased assets	-	5,093,438	-	-	5,093,438
Total accumulated depreciation and amortization	1,018,153,783	71,800,186	-	(2,318,092)	1,087,635,877
Total capital assets being depreciated, net	735,318,074	(25,439,678)	79,929,471	(4,721)	789,803,146
Governmental activities capital assets, net	\$ 1,332,117,494	\$ 46,555,414	\$ -	\$ (4,721)	\$ 1,378,668,187

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

General government	\$ 7,331,019
Community development	320,429
Public infrastructure	35,261,710
Public safety	4,991,798
Leisure services	13,654,855
Capital assets held by certain internal service funds are charged to the various governmental functions based on the usage of the assets	10,240,375
Total depreciation and amortization - governmental activities	<u>\$ 71,800,186</u>

Annexations: The amount reported as additions for street and sidewalks includes \$4,944,824 from annexations.

	June 30, 2021	Additions	Transfers	Deletions	June 30, 2022
<u>Business-type activities</u>					
Capital assets, not being depreciated:					
Land	\$ 95,071,009	\$ 415,437	\$ -	\$ -	\$ 95,486,446
Construction in progress	803,346,612	224,667,539	(84,171,506)	(64,652)	943,777,993
Watershed protection rights	4,780,059	-	-	-	4,780,059
Total capital assets, not being depreciated	903,197,680	225,082,976	(84,171,506)	(64,652)	1,044,044,498
Capital assets, being depreciated:					
Buildings and machinery	405,449,625	426,356	-	-	405,875,981
Water and sewer systems	1,316,473,328	25,742,713	40,508,889	-	1,382,724,930
Parking decks	156,535,540	-	-	-	156,535,540
Buses	51,868,634	22,474,031	7,872,645	(1,829,211)	80,386,099
Equipment	121,319,815	13,812,391	-	(4,704,886)	130,427,320
Furniture and fixtures	2,851,604	-	-	-	2,851,604
Improvements	345,640,844	936,084	35,789,972	-	382,366,900
Right to use leased assets	-	2,501,788	-	-	2,501,788
Total capital assets being depreciated	2,400,139,390	65,893,363	84,171,506	(6,534,097)	2,543,670,162
Less accumulated depreciation and amortization for:					
Buildings and machinery	160,825,367	10,405,816	-	-	171,231,183
Water and sewer systems	509,107,573	31,233,135	-	-	540,340,708
Parking decks	62,633,851	4,079,979	-	-	66,713,830
Buses	30,249,878	6,736,905	-	(1,805,218)	35,181,565
Equipment	91,531,421	10,841,222	-	(4,704,886)	97,667,757
Furniture and fixtures	2,834,149	8,728	-	-	2,842,877
Improvements	165,279,607	17,785,765	-	-	183,065,372
Right to use leased assets	-	783,033	-	-	783,033
Total accumulated depreciation and amortization	1,022,461,846	81,874,583	-	(6,510,104)	1,097,826,325
Total capital assets being depreciated, net	1,377,677,544	(15,981,220)	84,171,506	(23,993)	1,445,843,837
Business-type activities capital assets, net	\$ 2,280,875,224	\$ 209,101,756	\$ -	\$ (88,645)	\$ 2,489,888,335

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

Water/Sewer	\$ 47,775,542
Convention center	7,721,863
Parking	4,233,364
Mass Transit	8,514,058
Stormwater	4,373,095
Solid Waste Services	948,328
Capital assets held by certain internal service funds are charged to the various business-type activities based on the usage of the assets	8,308,333
Total depreciation and amortization - business-type activities	<u>\$ 81,874,583</u>

Annexations: The amount reported as additions for water and sewer systems includes \$17,818,771 from annexations.

**Commitments - construction projects.** As of June 30, 2022, the City has \$592,412,540 in project obligations for business-type activities for construction projects in progress including encumbered amounts as follows: \$543,066,374 for water and sewer projects, \$29,887,291 for transit projects, \$10,991,714 for stormwater projects, \$5,358,952 for convention center projects and \$3,108,209 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 \$199,775,635 in general government project obligations as of June 30, 2022. 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 as of June 30, 2022.

#### ***D. Right to use leased assets***

The City has right to use leased assets for land, buildings and equipment which are shown above in the capital asset footnotes. The related leases are discussed in the Leases subsection of the Liabilities section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity by asset category for the primary government for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use assets				
Land	\$ -	\$ 350,413	\$ -	\$ 350,413
Buildings	-	10,959,637	-	10,959,637
Equipment	-	13,640,557	-	13,640,557
Total right to use assets	-	24,950,607	-	24,950,607
Less accumulated amortization:				
Land	-	61,042	-	61,042
Buildings	-	2,103,986	-	2,103,986
Equipment	-	3,711,443	-	3,711,443
Total accumulated amortization	-	5,876,471	-	5,876,471
Right to use assets, net of amortization	\$ -	\$ 19,074,136	\$ -	\$ 19,074,136

***E. 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	Nonmajor Governmental	Total
Amounts arising from cash:			
Police informant account	\$ 21,963	\$ -	\$ 21,963
Cemetery cash account	8,091	-	8,091
Cafeteria plan cash	433,401	-	433,401
Prepaid taxes and assessments	150,863	10,879	161,742
Unearned revenue	3,971	2,991,082	2,995,053
	<u>618,289</u>	<u>3,001,961</u>	<u>3,620,250</u>
Amounts not arising from cash:			
Taxes receivable	735,531	-	735,531
Assessments receivable	277,086	303,152	580,238
	<u>1,012,617</u>	<u>303,152</u>	<u>1,315,770</u>
Total	<u>\$ 1,630,906</u>	<u>\$ 3,305,113</u>	<u>\$ 4,936,019</u>

### *F. 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, 2022, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 4,760,107
	Mass transit fund	7,548,225
	Water and sewer fund	70,004
	Parking fund	5,931,594
	Subtotal	<u>18,309,930</u>
Nonmajor governmental funds	General fund	674,858
	Nonmajor governmental funds	2,269,267
	Mass transit fund	93,570
	Subtotal	<u>3,037,695</u>
Convention center complex fund	Nonmajor governmental funds	18,625
Mass transit fund	Nonmajor governmental funds	85,908
Fiduciary funds	General fund	161,110
	Total	<u>\$ 21,613,268</u>

The largest component of the \$18,309,930 receivables in the general fund represents an interfund loan for cash deficits that were covered by the general fund and reclassified to enterprise mass transit fund (\$7,548,225) as well as nonmajor governmental grants fund (\$4,760,107). 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 (\$5,931,594) placed with the enterprise parking fund as part of a private-public partnership on a downtown parking deck. In addition, there are small amounts owed to the nonmajor governmental and business-type activities that also represent normal fiscal operations. The general fund payable (\$161,110) represents a final year-end retiree contribution owed to the OPEB fund, which is a fiduciary fund.



A summary of interfund transfers for the fiscal year ended June 30, 2022 is as follows:

<u>Funds</u>	General fund	Nonmajor governmental	Water and Sewer	Solid Waste Services	Parking	Convention Center	Mass transit	Internal service	Total Transfers Out
General fund	\$ -	\$ 44,877,321	\$ -	\$ 7,730,000	\$ -	\$ 3,296,277	\$ 17,172,174	\$ 2,408,102	\$ 75,483,874
Nonmajor governmental	5,320,924	-	-	-	-	29,579,748	297,229	-	35,197,901
Solid waste services	-	32,228	90,000	-	-	-	-	1,533,150	1,655,378
Parking	-	-	-	-	-	-	-	380,000	380,000
Mass transit	-	378,738	-	-	-	-	-	-	378,738
Stormwater	236,668	-	-	-	-	-	-	-	236,668
Internal service	-	-	-	-	1,692,663	-	-	-	1,692,663
Total Transfers In	\$ 5,557,592	\$ 45,288,287	\$ 90,000	\$ 7,730,000	\$ 1,692,663	\$ 32,876,025	\$ 17,469,403	\$ 4,321,252	\$ 115,025,222

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 which include subsidies to solid waste services and mass transit. Additionally, transfers from the general fund to nonmajor governmental funds include budgetary authorizations to fund paygo capital projects.

The transfer made internally in the general fund between its operating and debt service components was \$64,960,480. This transfer was eliminated as part of the consolidation of the general fund as reported in the basic financial statements.

## ***G. Long-term obligations***

### ***1. Leases***

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The City has entered into multiple leases as lessee of land. An initial lease liability was recorded in the amount of \$350,413. For the year ended June 30, 2022, the value of the lease liability is \$291,891. The leases have interest rates ranging from 0.727 – 1.527%. The value of the right to use assets for the year ended June 30, 2022 was \$289,370, with accumulated amortization of \$61,043.

The City has entered into multiple leases as lessee of buildings. An initial lease liability was recorded in the amount of \$10,959,637. For the year ended June 30, 2022, the value of the lease liability is \$8,940,634. The leases have interest rates ranging from 0.514 – 1.913%. The value of the right to use assets for the year ended June 30, 2022 was \$8,855,650, with accumulated amortization of \$2,103,986.

The City has entered into multiple leases as lessee of equipment. An initial lease liability was recorded in the amount of \$13,640,557. For the year ended June 30, 2022, the value of the lease liability is \$10,077,930. The leases have interest rates ranging from 0.514 – 6.750%. The value of the right to use assets for the year ended June 30, 2022 was \$9,929,115, with accumulated amortization of \$3,711,442.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022 are shown on the next page:

Year Ending June 30	Principal Payments	Interest Payments	Total
2023	\$ 5,661,929	\$ 681,640	\$ 6,343,569
2024	4,534,655	443,282	4,977,937
2025	3,401,521	265,494	3,667,015
2026	1,882,119	127,692	2,009,811
2027	733,085	69,126	802,211
2028-2032	1,960,273	202,688	2,162,961
2033-2036	1,136,873	30,398	1,167,271
	<u>\$ 19,310,455</u>	<u>\$ 1,820,320</u>	<u>\$ 21,130,775</u>

## 2. General obligation bonds

The City issues general obligation bonds to fund the acquisition and/or construction of 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, 2022 are as follows:

Governmental Activities	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2022	Due Within One Year Fiscal 2022-2023
GO Refunding, Series 2011A	2.50% to 5.00%	10/27/2011	9/01/2022	\$ 32,055,000	\$ 3,685,000	\$ 3,685,000
Public Improvement, Series 2012A	3.00% to 5.00%	5/15/2012	4/01/2032	9,000,000	1,650,000	-
Public Improvement, Series 2012B	3.00% to 5.00%	5/16/2012	4/01/2032	138,600,000	24,950,000	-
Public Improvement, Series 2014	3.00% to 3.25%	6/26/2014	6/01/2032	15,000,000	9,000,000	800,000
Street Improvement, Series 2015A	3.00% to 5.00%	6/24/2015	6/01/2034	5,050,000	3,300,000	250,000
GO Bonds, Series 2015B	3.00% to 5.00%	6/25/2015	6/01/2034	20,000,000	13,000,000	1,000,000
Housing Bonds, Series 2015C - Taxable	3.00% to 4.00%	6/25/2015	6/01/2034	10,000,000	6,500,000	500,000
General Obligation Refunding, Series 2016A	2.25% to 5.00%	3/02/2016	9/01/2030	101,850,000	101,850,000	10,595,000
General Obligation Refunding, Series 2016B	0.50% to 1.99%	3/02/2016	9/01/2022	16,255,000	2,960,000	2,960,000
Housing Bonds, Series 2016C	2.00% to 3.375%	3/02/2016	2/01/2036	6,000,000	4,200,000	300,000
Public Improvement Bonds, Series 2017	3.00% to 5.00%	2/14/2017	2/01/2037	68,000,000	51,000,000	3,400,000
Total Governmental Activities					<u>\$ 222,095,000</u>	<u>\$ 23,490,000</u>

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2023	\$ 23,490,000	\$ 8,732,246
2024	21,810,000	7,818,288
2025	21,825,000	6,860,869
2026	21,880,000	5,827,350
2027	21,845,000	4,782,325
2028-2032	87,745,000	12,225,337
2033-2037	23,500,000	2,086,100
	<u>\$ 222,095,000</u>	<u>\$ 48,332,515</u>

## 2a. General Obligation Bond Anticipation Notes

The City has available a direct placement obligation bond anticipation note (BAN) program to finance street improvements, public improvements, parks and housing projects. BANs are short-term interest-bearing securities that are issued in advance of a larger, future bond issue. The anticipated long-term financing will be used to retire or pay off the BANs. The aggregate principal amount of the notes outstanding at any one time shall not exceed \$163,446,666. The notes are a general obligation of the City, and the city has pledged its faith and credit to the payment of the principal and interest on the notes. The notes will be replaced by permanent financing with general obligation bonds on or before the notes mature on May 1, 2023, and the BANs can be refinanced with a notice period of 30 days. The City had direct placement general obligation bond anticipation notes payable of \$111,461,101 outstanding at June 30, 2022. Interest rates are based upon market conditions.

Direct placement general obligation bond note and debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2023	111,461,101	1,539,483
	<u>\$ 111,461,101</u>	<u>\$ 1,539,483</u>

**Status of Bond Authorizations.** The following represent continuing authorization of general obligation bonds, which were unsold at June 30, 2022:

Purpose	Date of Authorization	Type of Authorization	Bonds Authorized Not Yet Issued	Bonds Authorized Not Issued/Drawn
Transportation	10/8/2013 *	Go Voted	\$ 35,090,000	\$ 35,090,000
Parks and Recreation	11/4/2014 *	Go Voted	63,685,000	63,685,000
Transportation	10/10/2017	Go Voted	206,700,000	47,225,000
Housing	4/7/2020	Go Two Thirds (non-voted)	4,700,000	4,700,000
Parks and Recreation	4/7/2020	Go Two Thirds (non-voted)	5,842,704	5,842,704
Public Safety	4/7/2020	Go Two Thirds (non-voted)	1,600,000	1,600,000
Transportation	4/7/2020	Go Two Thirds (non-voted)	5,303,962	5,303,962
Housing	11/3/2020	Go Voted	80,000,000	-
Total			<u>\$ 402,921,666</u>	<u>\$ 163,446,666</u>

Note: BANs are not considered issued from a legal perspective

\* The City extended the time period for the issuance of bonds pursuant to the bond orders from seven to ten years

### 3. Defeased debt and refundings

There was no refunding of any types of debt in fiscal year 2021-22.

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, 2022, the amount of defeased debt outstanding was \$171,827,962.

### 4. 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 2021-22 were 20.8% of gross utility revenue and are expected to remain in this range.

Revenue bonds outstanding at June 30, 2022 are as follows:

	Interest	Date	Date	Amount of	Balance	Due Within
	Rates	Issued	Series	Original	Outstanding	One Year
Water and Sewer Revenue Bonds			Matures	Issue	June 30, 2022	Fiscal 2022-2023
Water/Sewer, Series 2008A Variable Rate	4.163%	6/12/2008	3/01/2035	\$ 90,000,000	\$ 58,635,000	\$ 3,430,000
Water/Sewer, Series 2008B Variable Rate	4.163%	6/12/2008	3/01/2035	60,000,000	39,100,000	2,285,000
Water/Sewer Refunding, Series 2010A	2.25 - 5.00%	3/20/2010	3/01/2023	68,745,000	8,560,000	8,560,000
Water/Sewer, Series 2013A	2.00 - 5.00%	5/16/2013	3/01/2043	66,895,000	33,050,000	1,680,000
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	27,550,000	7,145,000
Water/Sewer, Series 2016A	3.00 - 5.00%	11/16/2016	3/01/2046	99,170,000	91,020,000	2,275,000
Water/Sewer Refunding, Series 2016B	3.00 - 5.00%	11/16/2016	3/01/2040	92,190,000	88,970,000	3,385,000
Water/Sewer Refunding, Series 2019A	1.75 - 3.24%	11/26/2019	3/01/2031	33,780,000	33,105,000	350,000
Water/Sewer Refunding, Series 2019B	1.75 - 3.24%	11/26/2019	3/01/2043	151,525,000	146,730,000	2,285,000
Total Water and Sewer Revenue Bonds					<u>\$ 574,535,000</u>	<u>\$ 31,395,000</u>

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2023	\$ 31,395,000	\$ 20,336,431
2024	32,800,000	18,901,864
2025	32,455,000	17,741,808
2026	33,650,000	16,551,013
2027	33,620,000	15,465,968
2028-2032	177,845,000	61,024,900
2033-2037	150,335,000	29,433,954
2038-2042	57,500,000	10,542,320
2043-2046	24,935,000	2,308,697
	<u>\$ 574,535,000</u>	<u>\$ 192,306,955</u>

The following schedule shows the expiration dates for the 2008A and 2008B variable rate bonds, which can be renewed, and fees paid in fiscal year 2021-22 pursuant to the terms of the debt agreements.

Issue	Balance June 30, 2022	Agreement Expiration	Fees Paid FY 2022	Rate June 30, 2022
2008A	\$ 58,635,000	January 6, 2025	\$ 165,535	0.91 %
2008B	39,100,000	March 1, 2023	215,124	0.91 %
	<u>\$ 97,735,000</u>		<u>\$ 380,658</u>	

#### 4a. Revenue Bond Anticipation Notes

The City has available a Water and Sewer direct placement revenue bond anticipation note (BAN) program to finance water and sewer projects. BANs are short-term interest-bearing securities that are issued in advance of a larger, future bond issue. The anticipated long-term financing will be used to retire or pay off the BANs. The aggregate principal amount of the notes outstanding at any one time shall not exceed \$200,000,000. The notes are payable from net revenues of the water and sewer systems. The notes do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the revenue bond orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the notes. The notes will be replaced by permanent financing with revenue bonds on or before the notes mature on May 1, 2024, and the BANs can be refinanced with a notice period of 30 days. The City had direct placement revenue bond anticipation notes payable of \$154,000,000 outstanding at June 30, 2022. Interest rates are based upon market conditions.

Direct placement revenue bond note and debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Business-Type Activities	
	Principal	Interest
2023	-	2,204,660
2024	154,000,000	1,837,217
	<u>\$ 154,000,000</u>	<u>\$ 4,041,877</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, 2022.

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

Operating revenues	\$ 282,605,040
Operating expenses	(161,445,767)
Operating income	121,159,273
Nonoperating revenues	8,415,206
Nonoperating expenses	(23,937,504)
Change in net position	105,636,975
Allowable revenue adjustments for calculation	(1,211,782)
Allowable expense adjustments for calculation	73,073,166
Income available for debt service	<u>\$ 177,498,359</u>
Debt service, principal and interest paid on	
revenue bonds and certain state loans (Parity)	\$ 60,403,324
Debt service coverage ratio	2.94

## 5. *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 \$742,814,280.

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 schedule on the following page shows the expiration dates, which can be renewed, fees paid in fiscal year 2021-22 pursuant to the terms of the debt agreements.

Issue	Balance June 30, 2022	Agreement Expiration	Fees Paid FY 2022	Rate June 30, 2022
2004A *	\$ 55,000,000	January 5, 2025	\$ 126,700	0.95 %
2005B **	119,165,000	March 1, 2023	740,364	0.91 %
	<u>\$ 174,165,000</u>		<u>\$ 867,065</u>	

\* Unhedged variable rate issuance. No associated swap

\*\* Interest rate swap

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

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2023	\$ 10,570,000	\$ 6,790,594
2024	11,050,000	6,329,742
2025	11,560,000	5,871,590
2026	12,135,000	5,333,532
2027	12,695,000	4,805,916
2028-2032	77,615,000	15,330,243
2033-2034	38,540,000	1,909,303
	<u>\$ 174,165,000</u>	<u>\$ 46,370,920</u>

The 2016 Limited Obligation Bonds related to the Convention Center were issued on 2/24/16 to fund upfit and maintenance of the facility. These bonds mature on 2/1/2036, and annual debt service requirements to maturity are shown below:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2023	\$ 850,734	\$ 508,479
2024	850,734	465,942
2025	850,734	423,405
2026	850,734	380,869
2027	850,734	338,332
2028-2032	4,227,948	1,064,015
2033-2036	3,375,908	253,193
	<u>\$ 11,857,526</u>	<u>\$ 3,434,235</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) 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 0.95% at June 30, 2022, 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:

	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2022	Due Within One Year Fiscal 2022-2023
<u>Installment Financing Agreements - General Governmental</u>					
Limited Obligation Bds 2013A&B	10/03/2013	10/01/2038	\$ 47,595,000	\$ 6,210,000	\$ 2,070,000
Limited Obligation Bds 2013B Refunding	10/03/2013	10/01/2024	5,885,000	1,625,000	555,000
Limited Obligation Bds 2014A - CPS Fac & FS 12	8/28/2014	10/01/2039	66,715,000	48,040,000	2,665,000
Dix Park Acquisition IFA 2015	7/24/2015	7/01/2025	52,000,000	20,800,000	5,200,000
Limited Obligation Bds 2016 - Refunded 2007 COPS (Fayetteville St)	2/24/2016	2/01/2027	3,031,757	1,483,113	297,669
Limited Obligation Bds 2016 - Refunded 2007 COPS (Transfer Station)	2/24/2016	2/01/2027	906,722	496,992	90,203
Limited Obligation Bds 2016 - Refunded PNC Draw Prog	2/24/2016	2/01/2036	6,438,250	4,502,225	323,050
Limited Obligation Bds 2016 - New Money	2/24/2016	2/01/2036	2,216,575	1,550,249	111,216
Limited Obligation Bds 2016A - Refunded 2009 LOBS	6/15/2016	6/01/2024	3,819,270	872,198	443,646
Limited Obligation Bds 2016A - Refunded 2009 LOBS	6/15/2016	6/01/2034	23,577,928	15,699,880	1,309,385
Limited Obligation Bds 2020A - New Money	6/18/2020	10/01/2038	36,965,000	33,270,000	1,850,000
Limited Obligation Bds 2020A - Refunded 2010A LOBs	6/18/2020	10/01/2038	17,390,974	15,176,321	1,101,569
Limited Obligation Bds 2020B - Refunded 2013A LOBs	6/18/2020	10/01/2038	33,935,000	32,740,000	535,000
Total Installment Financing Agreements - General Governmental				<u>\$ 182,465,978</u>	<u>\$ 16,551,738</u>

Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2023	\$ 16,551,738	\$ 6,895,065
2024	16,546,451	5,488,785
2025	14,057,828	4,975,315
2026	15,583,806	4,520,201
2027	10,334,966	4,104,877
2028-2032	48,908,876	13,987,146
2033-2037	39,077,313	5,985,283
2038-2040	21,405,000	807,402
	<u>\$ 182,465,978</u>	<u>\$ 46,764,074</u>

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 0.95% at June 30, 2022. There are also two variable rate agreements that each had an interest rate of 0.95% at June 30, 2022. 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:



	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2022	Due Within One Year Fiscal 2022-2023
<u>Installment Financing Agreements - Parking</u>					
COPS 2008 - Taxable - Blount St Parking Deck	8/13/2008	8/01/2033	\$ 12,950,000	\$ 7,220,000	\$ 515,000
COPS 2009 - Taxable - Site One Parking Deck	8/12/2009	8/01/2035	24,875,000	17,065,000	990,000
Limited Obligation Bds 2013B Refunding	10/03/2013	10/01/2024	8,860,000	2,920,000	950,000
Limited Obligation Bds 2014B Refunding	11/05/2014	10/01/2034	21,370,000	15,995,000	920,000
Limited Obligation Bds 2016 - Refunded 2007 COPS	2/24/2016	02/01/2032	9,429,633	6,766,925	586,318
Total Installment Financing Agreements - Parking				<u>\$ 49,966,925</u>	<u>\$ 3,961,318</u>

Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2023	\$ 3,961,317	\$ 2,037,055
2024	4,121,336	1,873,901
2025	4,313,276	1,815,351
2026	3,463,193	1,658,041
2027	3,632,803	1,480,278
2028-2032	20,240,000	4,637,400
2033-2035	10,235,000	617,937
	<u>\$ 49,966,925</u>	<u>\$ 14,119,963</u>

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 0.95% at June 30, 2022 (design and construction of remote operations center). A detail of these debt issues is as follows:

	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2022	Due Within One Year Fiscal 2022-2023
<u>Installment Financing Agreements - Solid Waste Services</u>					
Limited Obligation Bds 2016 - Refunded 2007 COPS	2/24/2016	02/01/2027	\$ 3,626,888	\$ 1,987,970	\$ 360,811
Limited Obligation Bds 2016A - Refunded 2009 LOBS	6/15/2016	06/01/2034	1,295,928	862,922	71,968
Limited Obligation Bds 2020A - Refunded 2010A LOBS	6/18/2020	06/01/2035	5,264,026	4,593,678	333,431
Total Installment Financing Agreements - Solid Waste Services				<u>\$ 7,444,570</u>	<u>\$ 766,210</u>

Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2023	\$ 766,211	\$ 392,359
2024	786,479	332,100
2025	808,162	276,185
2026	832,267	236,496
2027	856,496	195,600
2028-2032	2,138,175	562,186
2033-2035	1,256,780	90,365
	<u>\$ 7,444,570</u>	<u>\$ 2,085,291</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 0.67% to 2.18%. 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 Funds	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding	Due Within
				June 30, 2022	One Year Fiscal 2022-2023
Equipment Acquisition Project, Series 2019	06/26/2019	6/30/2024	\$ 28,484,308	\$ 12,115,278	\$ 5,991,971
Equipment Acquisition Project, Series 2021	06/17/2021	6/30/2026	37,010,400	29,700,616	7,346,977
Total Installment Financing Agreements - Internal Service				<u>\$ 41,815,894</u>	<u>\$ 13,338,948</u>

Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 6,764,439	\$ 220,183	\$ 6,594,509	\$ 195,220
2024	6,858,709	118,096	6,660,146	117,400
2025	3,045,520	35,309	4,398,615	50,999
2026	3,065,956	15,175	4,428,000	21,919
	<u>\$ 19,734,624</u>	<u>\$ 388,763</u>	<u>\$ 22,081,270</u>	<u>\$ 385,538</u>

**State Revolving Loans.** During the current fiscal year, the City's Water and Sewer Utility enterprise received \$836,063 in proceeds from state revolving fund loans. These loans carry fixed interest rates of 0.00% to 2.66% 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	Series Matures	Original Issue	June 30, 2022	Fiscal 2022-2023
Water and Sewer:						
Rolesville Projects	2.66%	11/14/2005	5/01/2025	\$ 3,000,000	\$ 450,000	\$ 150,000
Spray Irrigation	0.00%	9/01/2010	5/01/2030	625,694	225,085	28,136
Crabtree Creek North Bank Interceptor	2.45%	7/05/2011	5/01/2033	11,094,556	5,341,038	485,549
Centennial Reuse Pipeline Segment 4	0.00%	5/01/2012	5/01/2033	5,125,312	2,095,760	190,524
NRWWTP 15MGD Expansion	2.00%	4/18/2013	5/01/2037	27,638,450	20,728,839	1,381,922
DE Benton Backwash Waste Facility	0.00%	5/18/2013	5/01/2034	7,075,847	4,405,882	367,157
Sodium Permanganate Facility	0.00%	3/26/2015	5/01/2036	3,678,800	2,202,683	157,334
Crabtree Creek Improvement Phase II	2.00%	7/13/2015	5/01/2037	37,500,000	19,683,517	1,875,000
Bioenergy Recovery	0.00%	10/3/2017	5/01/2043	50,000,000	46,883,596	-
Water and Sewer Total State Revolving Loans					<u>\$ 102,016,400</u>	<u>\$ 4,635,622</u>

Annual maturities for Water and Sewer Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2023	\$ 4,635,622	\$ 1,120,169
2024	7,135,622	1,039,120
2025	7,135,622	958,072
2026	6,985,622	877,023
2027	6,985,622	799,965
2028-2032	34,871,839	2,843,943
2033-2037	22,382,854	988,996
2038-2042	11,883,597	-
	<u>\$ 102,016,400</u>	<u>\$ 8,627,288</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	Due Within One Year
					June 30, 2022	Fiscal 2022-2023
Upper Longview Restoration	0.00%	1/16/2013	5/1/2034	\$ 2,034,751	\$ 1,220,851	\$ 101,738

Annual maturities for the Stormwater Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities Principal
2023	\$ 101,738
2024	101,738
2025	101,738
2026	101,738
2027	101,738
2028-2032	508,686
2033-2034	203,475
	<u>\$ 1,220,851</u>

**Earned Vacation Pay.** At June 30, 2022, earned vacation pay consists of \$26,677,053 for governmental activities and \$6,744,007 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 \$4,613,235 reported as landfill postclosure liability as of June 30, 2022 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 24, 2020.

## 6. *Changes in long-term liabilities*

There were current year additions to general obligation bond anticipation notes of \$31.2 million and revenue bond anticipation notes of \$123.9 million, which consisted of bond anticipation notes for parks and transportation needs and water and sewer utility needs, respectively. Business-type activities also received \$0.8 million in proceeds from state revolving loans as previously stated.

The long-term liabilities arising from governmental activities including earned vacation pay and pension liabilities are liquidated from the General Fund and from the City's internal service funds which predominantly serve the governmental funds including risk management and vehicle fleet services. Long-term liabilities for these internal service funds are included as part of the totals for governmental activities. At year end governmental activities included, \$463,749 earned vacation pay, \$38,795 were issued leases and lease repayments were \$13,337 for internal service funds, as well as \$19,734,624 of installment financing agreements net of unamortized premiums are included in support of internal service funds.

Long-term liability governmental activity for the year ended June 30, 2022 was as follows:

	Balance			Balance	Due Within
<u>Governmental activities:</u>	<u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>One Year</u>
General obligation bonds	\$ 246,895,000	\$ -	\$ 24,800,000	\$ 222,095,000	\$ 23,490,000
Unamortized premiums - GO bonds	35,591,353	-	3,611,125	31,980,228	3,611,125
Bond anticipation notes - GO *	80,277,435	31,183,666	-	111,461,101	111,461,101
Installment financing agreements	231,203,133	-	29,002,531	202,200,602	23,308,360
Unamortized premiums on IFA	10,018,731	-	527,301	9,491,430	527,301
Lease liabilities	-	22,448,819	4,902,323	17,546,496	4,924,466
Earned vacation pay	26,599,666	15,609,372	15,531,985	26,677,053	15,531,984
Claims payable	25,118,523	-	2,305,783	22,812,740	9,805,300
Subtotal before pension	655,703,841	69,241,857	80,681,048	644,264,650	192,659,637
Net pension liability (LEOSSA)	69,238,341	3,820,168	-	73,058,509	-
Net pension liability (LGERS)	98,165,189	-	56,805,872	41,359,317	-
Net pension liability (OPEB)	138,305,172	11,347,289	-	149,652,461	-
Subtotal pension	305,708,702	15,167,457	56,805,872	264,070,287	-
Total governmental activities	\$ 961,412,543	\$ 84,409,314	\$ 137,486,920	\$ 908,334,937	\$ 192,659,637

\* BANs were previously consolidated with other general obligation bonds

Long-term liability business-type activity for the year ended June 30, 2022 is on the following page.

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
<b><u>Business-type activities:</u></b>					
<i>Water and Sewer:</i>					
Revenue bonds	\$ 607,065,000	\$ -	\$ 32,530,000	\$ 574,535,000	\$ 31,395,000
Unamortized premium - Rev. bonds	32,833,955	-	2,943,015	29,890,940	2,943,012
Bond anticipation notes - Revenue	30,100,000	123,900,000	-	154,000,000	-
Installment financing agreements	105,707,943	836,063	4,527,606	102,016,400	4,635,622
Lease liabilities	-	1,430,754	411,082	1,019,672	418,493
Earned vacation pay	4,083,967	2,643,113	2,660,567	4,066,513	2,660,567
Net pension liability (LGERS)	20,812,897	-	12,139,386	8,673,511	-
Net pension liability (OPEB)	29,652,001	2,424,909	-	32,076,910	-
Subtotal Water and Sewer	830,255,763	131,234,839	55,211,656	906,278,946	42,052,694
<i>Convention Center Complex:</i>					
Installment financing agreements	196,968,261	-	10,945,735	186,022,526	11,420,734
Unamortized premiums - IFA	1,768,217	-	117,881	1,650,336	117,881
Lease liabilities	-	404,530	153,855	250,675	153,748
Earned vacation pay	546,621	325,455	351,296	520,780	351,296
Net pension liability (LGERS)	3,508,323	-	2,080,013	1,428,310	-
Net pension liability (OPEB)	4,808,579	415,494	-	5,224,073	-
Subtotal Convention Center Complex	207,600,001	1,145,479	13,648,780	195,096,700	12,043,659
<i>Transit:</i>					
Lease liabilities	-	121,559	39,722	81,837	40,974
Earned vacation pay	121,808	88,936	75,488	135,256	75,488
Net pension liability (LGERS)	803,697	-	645,522	158,175	-
Net pension liability (OPEB)	933,700	128,946	-	1,062,646	-
Subtotal Transit	1,859,205	339,441	760,732	1,437,914	116,462
<i>Stormwater:</i>					
Installment financing agreements	1,322,589	-	101,738	1,220,851	101,738
Lease liabilities	-	106,491	41,873	64,618	33,619
Earned vacation pay	721,900	508,263	456,886	773,277	456,886
Net pension liability (LGERS)	3,501,257	-	2,474,499	1,026,758	-
Net pension liability (OPEB)	5,004,650	494,295	-	5,498,945	-
Subtotal Stormwater	10,550,396	1,109,049	3,074,996	8,584,449	592,243
<i>Parking:</i>					
Installment financing agreements	53,777,539	-	3,810,614	49,966,925	3,961,318
Unamortized premiums - IFA	2,758,427	-	261,114	2,497,313	261,114
Lease liabilities	-	237,211	32,247	204,964	31,642
Earned vacation pay	178,437	120,581	103,044	195,974	103,044
Net pension liability (LGERS)	1,215,276	-	681,384	533,892	-
Net pension liability (OPEB)	1,766,489	136,110	-	1,902,599	-
Subtotal Parking	59,696,168	493,902	4,888,403	55,301,667	4,357,118
<i>Solid Waste Services:</i>					
Installment financing agreements	8,191,985	-	747,415	7,444,570	766,210
Unamortized premiums - IFA	1,571,200	-	125,275	1,445,925	125,275
Lease liabilities	-	201,243	59,050	142,193	58,987
Earned vacation pay	993,061	694,938	635,792	1,052,207	635,792
Landfill postclosure	5,180,503	-	567,268	4,613,235	1,630,541
Net pension liability (LGERS)	6,608,607	-	3,765,541	2,843,066	-
Net pension liability (OPEB)	9,463,507	752,188	-	10,215,695	-
Subtotal Solid Waste Services	32,008,863	1,648,369	5,900,341	27,756,891	3,216,805
<i>Internal Service Funds:</i>					
Installment financing agreements	31,583,324	-	9,502,054	22,081,270	6,582,326
Total business-type activities	\$ 1,173,553,720	\$ 135,971,079	\$ 92,986,962	\$ 1,216,537,837	\$ 68,961,307

## 7. 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, 2022, the City had no arbitrage liabilities.

## 8. 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 \$129,260,000 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, 2022, the swap had a negative fair value to the City of \$12,714,846. 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, 2022, 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, 2022, Citibank NA, the counterparty, was rated “Aa3” by Moody’s Investor’s Service, “A+” by Standard and Poor’s Global, 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 44.

Using rates as of June 30, 2022, 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
2023	\$ 10,570,000	\$ 1,084,402	\$ 4,111,193	\$ 5,195,595
2024-2028	60,715,000	3,886,883	14,735,985	18,622,868
2029-2033	42,685,000	1,149,785	4,359,075	5,508,860
2034	5,195,000	47,275	179,228	226,503
Total	<u>\$ 119,165,000</u>	<u>\$ 6,168,345</u>	<u>\$ 23,385,481</u>	<u>\$ 29,553,826</u>

\*Computed using 4.36% less floating rate paid to the City (0.91% at June 30, 2022) 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, 2022, the swaps had a combined negative fair value to the City of \$10,626,148, 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, 2022, 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 Global, 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 42.

Using the rates as of June 30, 2022, 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
2023	\$ 5,715,000	\$ 889,389	\$ 3,179,320	\$ 4,068,709
2024-2028	32,620,000	3,619,298	12,937,994	16,557,292
2029-2033	40,550,000	1,996,904	7,138,383	9,135,287
2034-2035	18,850,000	259,168	926,454	1,185,622
Total	<u>\$ 97,735,000</u>	<u>\$ 6,764,759</u>	<u>\$ 24,182,151</u>	<u>\$ 30,946,910</u>

*\*Computed using 4.163% less floating rate paid to the City (0.91% at June 30, 2022) times \$150,000,000 less accumulated annual reductions.*



***H. 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	\$ 78,874	\$ 374,631
Nonmajor governmental funds	68,903,211	13,600,225
Total governmental	68,982,085	13,974,856
 <u>Enterprise</u>		
Water and sewer fund	14,675,855	305
Convention center fund	1,051,811	-
Mass transit fund	50,305	-
Stormwater fund	23,478,011	-
Parking Fund	-	1,695,280
Total enterprise	39,255,982	1,695,585
 <u>Internal service funds</u>		
Governmental equipment replacement fund	-	4,419,222
Public utilities equipment replacement fund	-	2,405,748
Solid waste services equipment replacement fund	-	724,606
Total internal service fund	-	7,549,576
 Total	\$ 108,238,067	\$ 23,220,017

## Note 4. Other Information

### A. Risk management and employees' health benefits

The City is exposed to various risks related to tort claims; asset damages; total loss of property; errors and omissions; cyber issues; employee injuries; natural disasters; medical and dental claims for employees, retirees, and dependents, and other various risks.

The City protects itself from potential losses through a combination of self-insurance programs and the purchase of private commercial insurance coverage for various primary and excess coverage. The City experienced some significant changes to the insurance portfolio from the prior year. While most of the insurance products remained consistent with limits, along with minimal to moderate premium increases, the City of Raleigh experienced substantial cost increases to the cyber liability and general excess liability coverages.

City insurance coverages includes asset and property coverage, which includes property contents and fine arts; automobile and general liability excess coverage, which include law enforcement liability; workers' compensation excess; cyber liability and ransom coverage; professional liability coverage for the Employee Health Center; crime and employee theft; fiduciary liability; drone liability; and other various specific policies designed to cover City seasonal functions.

For asset and property coverage, the City carries coverage up to \$500,000,000 per occurrence, with a \$100,000 deductible for property damages, \$25,000 deductible for Fine Arts damages. Automobile and General Liability excess coverage carries a self-insured retention of \$1,000,000, with excess coverage of \$10,000,000 in the aggregate. The workers' compensation program self-insured the \$1,100,000 for non-police and fire employees and \$1,500,000 for police and fire employees, with an excess policy of \$25,000,000 per occurrence, as well as employers' liability coverage of \$1,000,000 per occurrence and in the aggregate. Cyber security and liability has limits of \$10,000,000, and covers liability loss and ransom demand events.

Other various insurance coverages include crime and employee theft coverage of \$2,000,000 per occurrence and a \$25,000 deductible. This crime policy endorses Wake and Durham County tax collectors for their collection of taxes on behalf of the City. Fiduciary liability coverage of \$5,000,000 with a retention of \$25,000. Professional Liability coverage for the City's Employee Health Center of \$1,000,000 per occurrence and \$3,000,000 aggregate with a \$2,500 deductible. Drone Liability coverage provides \$1,000,000 in liability coverage per occurrence.

In accordance with NC General Statute 159-29, the City maintains a Public Official Bond on the Chief Financial Officer (CFO) in the amount of \$500,000.

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 \$22,812,740 reported for these two internal service funds as of June 30, 2022, 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 2021-22 and 2020-21 are as follows:

	2022	2021
Insurance claims payable, beginning of year	\$ 25,118,523	\$ 21,882,217
Current year claims and changes in estimates	46,052,484	53,312,952
Claim payments	(48,358,267)	(50,076,646)
Insurance claims payable, end of year	<u>\$ 22,812,740</u>	<u>\$ 25,118,523</u>

Employees' health benefits and risk management current portion of pending claims is \$9,805,300.

## ***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 2020-21 obligation was \$1,003,718. It is estimated, at this time, that the future cost to the City will not exceed \$1,100,000 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 2020-21 obligation for the reallocation was \$1,324,642. It is estimated, at this time, that the future cost to the City will not exceed \$1,500,000 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, 2022 was \$6,047,093. The full amount was recorded as a liability, and there is no contingent liability related to facility fees.

***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 \$122,839 to the council during the fiscal year ended June 30, 2022. 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, 2022 the City paid \$14,610 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, 2022 the balance of the fund maintained by the County was \$6,472,864, which is not available to the City except for current and future projects jointly determined by the City and the County. During fiscal year 2021-22, 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 \$33,020,889 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 \$40,453,665 in interlocal funding from GoTriangle for fiscal year 2022 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, 2022. 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, 2022. 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, pension plans and OPEB plan***

### ***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](http://www.osc.nc.gov).

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic 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 North Carolina 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, 2022, was 12.10% of compensation for law enforcement officers and 11.35% 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 \$30,151,927 for the year ended June 30, 2022.

**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, 2022, the City reported a liability of \$56,023,029 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 the City's proportion was 3.65%, which was a decrease of 0.11% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$22,963,450. At June 30, 2022, 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	\$ 17,822,939	\$ -
Changes in assumptions	35,196,771	-
Net difference between projected and actual earnings on pension plan investments	-	80,040,079
Changes in proportion and differences between City contributions and proportionate share of contributions	162,508	3,671,899
City contributions subsequent to the measurement date	30,151,927	-
Total	<u>\$ 83,334,145</u>	<u>\$ 83,711,978</u>

*\* 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 \$30,151,927 reported as deferred outflows of resources related to pensions will be recognized as a decrease of the net pension liability in the year ended June 30, 2023.

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
2023	\$ 3,936,052
2024	(3,133,641)
2025	(6,839,419)
2026	(24,492,752)
2027	-
Thereafter	-
	<u>\$ (30,529,760)</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Assumption Type	Parameter
Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and
Investment rate of return	6.50 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, 2020 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019.

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

The projected long-term investment return 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, 2020 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 2020 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 2.50%. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the 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 6.50%, 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 (5.50%) or one-percentage-point higher (7.50%) than the current rate:

	1 % Decrease (5.50%)	Discount Rate (6.50%)	1 % Increase (7.500%)
City's proportionate share of the net pension liability	\$ 217,476,733	\$ 56,023,029	\$ (76,843,989)

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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, 2022 were \$5,299,891, which consisted of \$2,553,639 from the City and \$2,746,252 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. As of December 31, 2020, the separation allowance's membership consisted of:

Retirees currently receiving benefits	173
Active plan members	699
Total membership	<u>872</u>

### ***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, 2020 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	3.25% - 7.75%
Discount Rate	2.25%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020. Mortality rates were based on PUB-2010 mortality tables, with adjustments for the LGERS actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

**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 \$5,167,209 or 9.20% 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 \$4,603,309 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, 2022, the City reported a total pension liability of \$73,058,509. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the City recognized pension expense of \$9,984,077.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,911,879	\$ -
Changes of assumptions	11,828,771	1,920,588
Benefit payments and administrative expenses subsequent to the measurement date	2,711,217	-
Total	\$ 23,451,867	\$ 1,920,588

The \$2,711,217 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, 2023.

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
2023	\$ 5,787,766
2024	5,118,232
2025	4,396,350
2026	3,097,138
2027	420,576
Thereafter	-
	<u>\$ 18,820,062</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 2.25 %, 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 (1.25 %) or one-percentage-point higher (3.25%) than the current rate:

	1% Decrease 1.25%	Discount Rate 2.25%	1% Increase 3.25%
Total Pension Liability	<u>\$ 78,768,447</u>	<u>\$ 73,058,509</u>	<u>\$ 67,794,257</u>

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

Beginning Balance	\$ 69,238,341
Service Cost	2,716,402
Interest on the total pension liability	1,294,167
Difference between expected and actual experience	5,953,446
Change in assumptions and other inputs	(1,777,715)
Benefit payments	<u>(4,366,132)</u>
Ending balance of pension liability	<u>\$ 73,058,509</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 experience and assumption changes are recognized over the average expected remaining service life of the plan membership at the beginning of the measurement period.

## ***Other Post-Employment Benefits (OPEB) Plan***

### ***Plan Description:***

***Plan Administration.*** The City administers a single employer defined benefit 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. The City Council may amend the benefit provisions at any time. A separate stand-alone report for the OPEB Benefit Plan is not issued.

***Plan Membership.*** All active full-time employees are eligible for membership. At June 30, 2020 (valuation date), the OPEB Benefit Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefit payments	2,083
Inactive plan members entitled to by not yet receiving benefit payments	-
Active plan members	3,946
Total membership	<u>6,029</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 covered by the retiree decreases 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.

Employees that retire under disability retirement conditions and have 5 years of service with the City at the time of retirement are eligible to continue coverage in the City's health care plan until age 65. Disability retirees pay limited or zero cost, depending on coverage plan selected, regardless of the date of hire of that retiree.

For employees hired before July 1, 2007, spouse / dependent coverage for retirees is provided at the retiree rate. Employees hired on or after July 1, 2007 pay the full cost for spouse / dependent coverage.

The City provides employees retiring under early or normal retirement conditions with life insurance coverage in the amount of \$1,750 for the first 5 years after retirement. The life insurance coverage reduces to \$1,000 after 5 years but is paid for the lifetime of the retiree. The City provides employees retiring under disability retirement with life insurance coverage equal to their salary if they have at least 5 years of service with the City at the time of retirement. Disability retirees with 5- 10 years of service age out of life insurance coverage at age 65. For disability retirees with 10 years of service or more, life insurance coverage reduces to \$1,750 at age 65 and further reduces to \$1,000 at age 70 but remains for the lifetime of the retiree.

***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 \$19,742,031 or 8.09% of the annual covered payroll. Contributions made by retirees for dependent coverage and Medicare supplement premiums were \$3,136,458. 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, 2022 under the OPEB Benefit Plan's investment policy:

<b>Asset Class</b>	<b>Target Allocation</b>
Fixed Income (Bonds)	30.00%
Equity Index Fund (Stocks)	65.00%
Short Term Investments (Cash Equiv)	5.00%
	<u>100.00%</u>
Long-term expected real rate of return	7.00%

**Rate of Return.** For the year ended June 30, 2022, 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, 2022 were as follows:

Total OPEB liability	\$ 268,204,292
Plan fiduciary net position	<u>62,570,963</u>
Net OPEB liability	<u>\$ 205,633,329</u>
Plan fiduciary net position as a percentage of the total OPEB liability	23.33%

**Actuarial Assumptions.** The total OPEB liability was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, as shown on the following page:

Inflation	2.50%
Salary increases, including inflation and productivity factors	
General employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law enforcement officers	3.25% - 7.90%
Long-term investment rate of return, net of OPEB	
plan investment expense, including inflation	7.00%
Healthcare cost trend rates*	7.00% for 2020
*decreasing to an ultimate rate of 4.50% by 2026	

Mortality rates were based on the Pub-2010 base mortality rates as projected from 2010 using generational mortality improvement with scale MP-2019. Rates for males are set forward 2 years and use 96% of rates under age 81 then blended to 100% at age 85 and beyond. Rates for females are 100% of rates under age 92 then blended to 110% at age 94 and beyond. For law enforcement officers, rates for males and females are set forward 1 year, and use 97% of rates for all ages.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by the LGERS Board. The remaining actuarial assumptions were based upon a review of recent plan experience and performed concurrently with the June 30, 2020 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, 2022 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, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 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 using the payroll growth assumptions 3.25%
- 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. The employer is assumed to have the ability and willingness to make benefit payments from its own resources for all periods in the projection.
- 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, 2022, 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	<u>\$ 229,875,469</u>	<u>\$ 205,633,329</u>	<u>\$ 184,172,978</u>

***Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates.*** The following presents the net OPEB liability of the City at June 30, 2022, 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 (6.00%) or one-percentage-point higher (8.00%) than the current healthcare cost trend rate:

	1% Decrease 6.00%	Healthcare Cost Trend Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	<u>\$ 180,278,656</u>	<u>\$ 205,633,329</u>	<u>\$ 235,009,398</u>



**Changes in Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** At June 30, 2022, the City reported a net OPEB liability of \$205,633,329. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing updated procedures incorporating the actuarial assumptions.

At June 30, 2022, the components of the City's net OPEB liability were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 260,364,370	\$ 70,430,272	\$ 189,934,098
Changes for the year:			
Service cost	5,787,313	-	5,787,313
Interest	17,613,375	-	17,613,375
Change in benefit terms	-	-	-
Differences between:			
Expected and actual experience	2,229,569	-	2,229,569
Changes of assumptions	-	-	-
Contributions - employer	-	19,742,031	(19,742,031)
Net investment income	-	(9,745,446)	9,745,446
Benefit payments	(17,790,335)	(17,790,335)	-
Plan administrative expenses	-	(65,559)	65,559
Net changes	7,839,922	(7,859,309)	15,699,231
Balances at June 30, 2022	\$ 268,204,292	\$ 62,570,963	\$ 205,633,329

**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, 2020 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 increased from 2.16% on the prior measurement to 3.54% respectively at June 30, 2022. Medical claims cost and rates were changed based on most recent experience and change to the current schedule. The health care cost trend rate is 7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2026.

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$11,843,492. At June 30, 2022, 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
Differences between:		
Expected and actual experience	\$ 9,512,788	\$ 7,708,297
Changes of assumptions	6,240,662	21,844,990
Difference between projected and actual earnings on plan investments, net	5,201,556	-
Total	<u>\$ 20,955,006</u>	<u>\$ 29,553,287</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:	
2023	\$ (6,564,631)
2024	(6,608,983)
2025	(1,830,455)
2026	5,471,280
2027	835,101
Thereafter	99,407
	<u>\$ (8,598,281)</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 Ascensus 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 2021-22, the City contributed \$4,847,889 to the plan.

At June 30, 2022, 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>
Pension Expense	\$ 22,963,450	\$ 9,984,077
Pension Liability	56,023,029	73,058,509
Portionate share of the net pension liability	3.65305%	N/A

**Deferred Outflows of Resources**

Differences between expected and actual experience	\$ 17,822,939	\$ 8,911,879
Changes of assumptions	35,196,771	11,828,771
Difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions	162,508	-
City contributions (LGERS)/benefit payments and administration costs (LEOSSA, OPEB) subsequent to the measurement date	30,151,927	2,711,217

**Deferred Inflows of Resources**

Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	1,920,588
Difference between projected and actual earnings on plan investments, net	80,040,079	-
Changes in proportion and differences between City contributions and proportionate share of contributions	3,671,899	-

### ***E. Change in accounting principles***

The Governmental Accounting Standards Board (GASB) has issued pronouncements which are effective as of the fiscal year ended June 30, 2022.

During the fiscal year, the City implemented GASB Statement No. 87, "Leases." This statement establishes a single model for lease accounting.

During the fiscal year, the City implemented, Implementation Guide No. 2019-3, "Leases." This implementation guide assisted with the City's implementation of GASB Statement No. 87 "Leases."

Certain GASB pronouncements which are effective as of for the fiscal year ended June 30, 2022 but not have an material impact on the City's financial statements including:

GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32."

GASB Statement No. 93, "Replacement of Interbank Offered Rates."

GASB Statement No. 92, "Omnibus 2020."

### ***F. New pronouncements***

The GASB has issued pronouncements prior to June 30, 2022, 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. 91, "Conduit Debt Obligations." Revised effective date (\*) starting with fiscal years ending December 31, 2022.

GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this Statement will take effect for starting with fiscal years ending June 30, 2023.

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of this Statement will take effect starting with fiscal years ending June 30, 2023.

\* Due to the global COVID-19 pandemic, grace periods were announced extending effective dates to finalize implementation of pronouncements, but earlier application is encouraged.

### ***G. Subsequent events***

The City has evaluated events through October 28, 2022, 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 Six Fiscal Years**

**OPEB Benefits Plan**

<b>Total OPEB Liability</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Service Cost	\$ 5,787,313	\$ 6,359,717	\$ 5,693,047	\$ 5,822,396	\$ 9,927,166	\$ 10,561,625
Interest	17,613,375	16,431,054	15,721,881	15,698,439	11,950,667	10,767,810
Changes of benefits terms	-	-	(5,634)	-	-	-
Differences between expected and actual experience	2,229,569	8,106,917	3,772,689	(18,202,365)	(548,349)	-
Changes of assumptions	-	2,660,475	-	10,707,577	(65,887,310)	(14,718,276)
Benefit payments*	(17,790,335)	(15,582,717)	(14,536,852)	(12,873,618)	(13,274,514)	(13,737,352)
<b>Net change in total OPEB liability</b>	<b>7,839,922</b>	<b>17,975,446</b>	<b>10,645,131</b>	<b>1,152,429</b>	<b>(57,832,340)</b>	<b>(7,126,193)</b>
<b>Total OPEB liability - beginning</b>	<b>260,364,370</b>	<b>242,388,924</b>	<b>231,743,793</b>	<b>230,591,364</b>	<b>288,423,704</b>	<b>295,549,897</b>
<b>Total OPEB liability - ending</b>	<b>\$ 268,204,292</b>	<b>\$ 260,364,370</b>	<b>\$ 242,388,924</b>	<b>\$ 231,743,793</b>	<b>\$ 230,591,364</b>	<b>\$ 288,423,704</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 19,742,031	\$ 19,662,858	\$ 18,021,414	\$ 17,728,081	\$ 16,539,000	\$ 14,434,837
Net investment income (loss)	(9,745,446)	14,926,938	3,078,357	2,577,776	2,651,455	3,465,384
Benefit payments*	(17,790,335)	(15,582,717)	(14,536,852)	(12,873,618)	(13,274,514)	(13,737,352)
Administrative expense	(65,559)	(64,871)	(76,033)	(75,587)	(72,496)	(36,252)
<b>Net change in plan fiduciary net position</b>	<b>(7,859,309)</b>	<b>18,942,208</b>	<b>6,486,886</b>	<b>7,356,652</b>	<b>5,843,445</b>	<b>4,126,617</b>
<b>Plan fiduciary net position - beginning</b>	<b>70,430,272</b>	<b>51,488,064</b>	<b>45,001,178</b>	<b>37,644,526</b>	<b>31,801,081</b>	<b>27,674,464</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 62,570,963</b>	<b>\$ 70,430,272</b>	<b>\$ 51,488,064</b>	<b>\$ 45,001,178</b>	<b>\$ 37,644,526</b>	<b>\$ 31,801,081</b>
<b>City's net OPEB liability - ending</b>	<b>\$ 205,633,329</b>	<b>\$ 189,934,098</b>	<b>\$ 190,900,860</b>	<b>\$ 186,742,615</b>	<b>\$ 192,946,838</b>	<b>\$ 256,622,623</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>23.33%</b>	<b>27.05%</b>	<b>21.24%</b>	<b>19.42%</b>	<b>16.33%</b>	<b>11.03%</b>
<b>Covered payroll</b>	<b>\$ 243,880,708</b>	<b>\$ 243,880,708</b>	<b>\$ 226,599,625</b>	<b>\$ 226,599,625</b>	<b>\$ 182,145,153</b>	<b>\$ 182,145,153</b>
<b>City's net OPEB liability as a percentage of covered payroll</b>	<b>84.32%</b>	<b>77.88%</b>	<b>84.25%</b>	<b>82.41%</b>	<b>105.93%</b>	<b>140.89%</b>

\*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 Seven Fiscal Years**

**OPEB Benefits Plan**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Actuarially determined contribution	\$ 17,877,136	\$ 17,877,136	\$ 16,322,792	\$ 16,322,792	\$ 16,322,792	\$ 16,538,686	\$ 14,084,837
Contributions in relation to the actuarially determined contribution	19,742,031	19,662,858	18,021,414	17,728,081	16,539,000	14,434,837	13,949,558
Contribution deficiency (excess)	<u>\$ (1,864,895)</u>	<u>\$ (1,785,722)</u>	<u>\$ (1,698,622)</u>	<u>\$ (1,405,289)</u>	<u>\$ (216,208)</u>	<u>\$ 2,103,849</u>	<u>\$ 135,279</u>
Covered payroll	\$ 243,880,708	\$ 243,880,708	\$ 226,599,625	\$ 226,599,625	\$ 182,145,153	\$ 182,145,153	\$ 182,145,153
Contributions as a percentage of covered payroll	8.09%	8.06%	7.95%	7.82%	9.08%	7.92%	7.66%

**Notes to schedule**

Valuation Date: 6/30/2020

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 dollar payments
Amortization period	19 years
Asset valuation method	Market value of assets
Inflation	2.50%
Healthcare cost trend rates	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2026
Salary increases	
General Employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law Enforcement Officers	3.25% - 7.90%
Investment rate of return	7.00%

Retirement age:

In the 2020 actuarial valuation and forward, assumed life expectancies were adjusted as a result of an actuarial experience study for the period of January 1, 2015 through December 31, 2019, adopted by the LGERS Board. In prior years, those assumptions were based on the RP-2014 Healthy Annuitant Mortality table.

Mortality:

In the 2020 actuarial valuation and forward, assumed life expectancies were adjusted as a result of adopting the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019. In prior years, those assumptions were based on the RP-2014 Healthy 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 Six Fiscal Years**  
**OPEB Benefits Plan**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	-15.68%	21.10%	5.83%	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 Eight Fiscal Years \***

**Local Government Employees' Retirement System**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Raleigh's proportion of the net pension liability (asset)	3.65305%	3.76712%	3.87861%	3.86529%	3.71006%
Raleigh's proportion of the net pension liability (asset)	\$ 56,023,029	\$ 134,615,246	\$ 105,921,814	\$ 91,697,898	\$ 56,679,440
Raleigh's covered payroll	\$ 259,136,863	\$ 258,413,079	\$ 248,029,917	\$ 240,754,795	\$ 230,212,405
Raleigh's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.62%	52.09%	42.71%	38.09%	24.62%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%
	<b>2017</b>	<b>2016</b>	<b>2015</b>		
Raleigh's proportion of the net pension liability (asset)	3.82340%	3.75642%	3.72410%		
Raleigh's proportion of the net pension liability (asset)	\$ 81,145,356	\$ 16,858,648	\$ (21,863,612)		
Raleigh's covered payroll	\$ 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	38.60%	8.32%	( 11.24%)		
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%		

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

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

**Local Government Employees' Retirement System**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 30,151,927	\$ 26,995,729	\$ 23,648,570	\$ 19,688,743	\$ 18,460,693
Contributions in relation to the contractually required contribution	30,151,927	26,995,729	23,648,570	19,688,743	18,460,693
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Raleigh's covered payroll	\$ 259,136,863	\$ 258,415,966	\$ 258,413,079	\$ 248,029,917	\$ 240,754,795
Contributions as a percentage of covered payroll	11.64%	10.45%	9.15%	7.94%	7.67%

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 17,046,989	\$ 14,237,418	\$ 14,479,623
Contributions in relation to the contractually required contribution	17,046,989	14,237,418	14,479,623
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Raleigh's covered payroll	\$ 230,212,405	\$ 210,212,491	\$ 202,649,654
Contributions as a percentage of covered payroll	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 Six Fiscal Years**

**Law Enforcement Officers' Special Separation Allowance**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning Balance	\$ 69,238,341	\$ 51,515,552	\$ 46,961,348	\$ 45,440,181	\$ 41,779,030	\$ 43,129,788
Service Cost	2,716,402	1,622,424	1,491,697	1,520,495	1,230,644	1,367,308
Interest on the total pension liability	1,294,167	1,615,343	1,642,038	1,378,023	1,544,969	1,481,526
Difference between expected and actual experience	5,953,446	1,605,202	3,712,191	3,966,358	2,049,262	-
Change in assumptions and other inputs	(1,777,715)	16,810,150	1,409,124	(1,679,990)	2,344,123	(938,656)
Benefit payments	(4,366,132)	(3,930,330)	(3,700,846)	(3,663,719)	(3,507,847)	(3,260,936)
Ending balance of pension liability	<u>\$ 73,058,509</u>	<u>\$ 69,238,341</u>	<u>\$ 51,515,552</u>	<u>\$ 46,961,348</u>	<u>\$ 45,440,181</u>	<u>\$ 41,779,030</u>

**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.

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

**Law Enforcement Officers' Special Separation Allowance**

	<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>
Total pension liability	\$ 73,058,509	\$	69,238,341	\$	51,515,552	\$	46,961,348	\$	45,440,181	\$	41,779,030
Covered-employee payroll	56,146,941		53,414,221		53,106,703		49,859,872		46,317,598		48,708,066
Total pension liability as a percentage of covered-employee payroll	130.12%		129.63%		97.00%		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
- Other Schedules - Debt

## 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, 2022

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 67,536,908	\$ 137,972,497	\$ 205,509,405
Assessments receivable, net of allowance for uncollectibles of \$98,598	-	303,152	303,152
Customer receivables	10,822	-	10,822
Franchise taxes receivable	-	19,108	19,108
Due from other governmental agencies	20,723,191	4,105,389	24,828,580
Accrued interest receivable	195,251	-	195,251
Sales tax receivable	204,287	666,032	870,319
Due from other funds	1,422,437	1,615,258	3,037,695
Loans receivable, net of allowance for uncollectibles of \$15,044,000	62,946,663	-	62,946,663
Cash and cash equivalents/investments - restricted deposits and bond proceeds	64,722,020	17,781,416	82,503,436
Total assets	<u>\$ 217,761,579</u>	<u>\$ 162,462,852</u>	<u>\$ 380,224,431</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 4,162,974	\$ 6,672,381	\$ 10,835,355
Accrued salaries and employee payroll taxes	143,294	-	143,294
Sales tax payable	13,863	29,424	43,287
Loan servicing escrow	260,392	-	260,392
Due to other funds	5,518,649	1,615,258	7,133,907
Reimbursable facility fees	-	12,231,149	12,231,149
Escrow and other deposits payable from restricted assets	-	4,164,059	4,164,059
Due to other governmental agencies	284,225	-	284,225
Coronavirus State & Local Fiscal Recovery Fund	64,722,020	-	64,722,020
Total liabilities	<u>75,105,417</u>	<u>24,712,271</u>	<u>99,817,688</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Assessments receivable	-	303,152	303,152
Prepaid assessments	-	10,879	10,879
Unearned revenue	2,809,542	181,540	2,991,082
Total deferred inflows of resources	<u>2,809,542</u>	<u>495,571</u>	<u>3,305,113</u>
<b>FUND BALANCES</b>			
Restricted:			
Restricted debt service	48,075,163	-	48,075,163
Federal program reserves	548,582	-	548,582
Public safety	3,784,960	-	3,784,960
Assigned:			
Subsequent year's appropriation	13,040,774	73,834,989	86,875,763
City projects	-	63,420,021	63,420,021
Community development	71,876,258	-	71,876,258
Disaster recovery	2,520,883	-	2,520,883
Total fund balances	<u>139,846,620</u>	<u>137,255,010</u>	<u>277,101,630</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 217,761,579</u>	<u>\$ 162,462,852</u>	<u>\$ 380,224,431</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2022**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Intergovernmental	\$ 88,157,453	\$ 2,787,946	\$ 90,945,399
Non-governmental	262,403	-	262,403
Assessments	-	1,657,356	1,657,356
Licenses	-	77,424	77,424
Gain (loss) on investments	(2,131,310)	15,658	(2,115,652)
Facility fees	-	16,464,943	16,464,943
Other fees and charges	-	7,071	7,071
Developer participation	-	14,686	14,686
Rents	155,964	-	155,964
Program income	1,988,553	-	1,988,553
Donations and contributions	-	1,709,440	1,709,440
Miscellaneous other	1,011,349	101,200	1,112,549
Total revenues	<u>89,444,412</u>	<u>22,835,724</u>	<u>112,280,136</u>
<b>EXPENDITURES</b>			
Current:			
General government	22,118,289	944,292	23,062,581
Community development services	14,082,846	-	14,082,846
Public infrastructure	14,831,186	44,405,405	59,236,591
Public safety	3,003,312	7,277,262	10,280,574
Leisure services	859,941	19,049,411	19,909,352
Economic development programs	1,166,896	-	1,166,896
Total expenditures	<u>56,062,470</u>	<u>71,676,370</u>	<u>127,738,840</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,381,942</u>	<u>(48,840,646)</u>	<u>(15,458,704)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,441,155	39,847,132	45,288,287
Transfers out	(29,979,747)	(5,218,154)	(35,197,901)
Issuance of debt	-	31,183,666	31,183,666
Gain (loss) on sale of property	305,136	-	305,136
Total other financing sources (uses)	<u>(24,233,456)</u>	<u>65,812,644</u>	<u>41,579,188</u>
Net change in fund balances	9,148,486	16,971,998	26,120,484
Fund balances, beginning of year	130,698,134	120,283,012	250,981,146
Fund balances, end of year	<u>\$ 139,846,620</u>	<u>\$ 137,255,010</u>	<u>\$ 277,101,630</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 state and local fiscal recovery fund (SLFRF), 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.

### **State and Local Fiscal Recovery fund (SLFRF) (nonmajor fund)**

The State and Local Fiscal Recovery fund (SLFRF) accounts for United States Department of the Treasury direct grant proceeds to be spent for purposes authorized under applicable regulations, such as community assistance, small business and hospitality support, revenue replacement to maintain critical services, housing and homelessness, community health, transit and infrastructure.

### **Disaster Recovery Fund (nonmajor fund)**

The Disaster Recovery Fund accounts for federal and state reimbursement for disaster recovery activities resulting from various natural disasters, the City's flood mitigation program, and pandemics or other emergency response events.

### **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, 2022

	<b>Grants Fund</b>	<b>Housing Bond Fund</b>	<b>Community Development Fund</b>	<b>State &amp; Local Fiscal Recovery (SLFRF) Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 21,987,981	\$ 365,048	\$ 632,490
Customer receivables	-	-	-	-
Due from other governmental agencies	7,496,431	-	1,056,377	-
Accrued interest receivable	-	-	-	-
Sales tax receivable	56,419	1,690	7,368	673
Due from other funds	771,087	-	-	-
Loans receivable, net of allowance for uncollectibles of \$15,044,000	-	32,879,349	30,067,314	-
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	-	-	64,722,020
Total assets	<u>\$ 8,323,937</u>	<u>\$ 54,869,020</u>	<u>\$ 31,496,107</u>	<u>\$ 65,355,183</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 569,143	\$ 19,302	\$ 413,558	\$ 80,571
Accrued salaries and employee payroll taxes	117,519	-	22,200	3,575
Sales tax payable	7,753	-	5,410	435
Loan servicing escrow	-	-	260,392	-
Due to other funds	5,262,988	-	-	-
Due to other governmental agencies	-	-	284,225	-
Coronavirus State & Local Fiscal Recovery Fund	-	-	-	64,722,020
Total liabilities	<u>5,957,403</u>	<u>19,302</u>	<u>985,785</u>	<u>64,806,601</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	2,366,534	-	443,008	-
Total deferred inflows of resources	<u>2,366,534</u>	<u>-</u>	<u>443,008</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted:				
Restricted debt service	-	-	-	-
Federal program reserves	-	-	-	548,582
Public safety	-	-	-	-
Assigned:				
Subsequent year's appropriation	-	13,040,774	-	-
Community development	-	41,808,944	30,067,314	-
Disaster recovery	-	-	-	-
Total fund balances	<u>-</u>	<u>54,849,718</u>	<u>30,067,314</u>	<u>548,582</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,323,937</u>	<u>\$ 54,869,020</u>	<u>\$ 31,496,107</u>	<u>\$ 65,355,183</u>

**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
June 30, 2022

	<b>Disaster Recovery Fund</b>	<b>Convention Center Financing Fund</b>	<b>Emergency Telephone System Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 247,310	\$ 41,113,067	\$ 3,191,012	\$ 67,536,908
Customer receivables	-	10,822	-	10,822
Due from other governmental agencies	5,350,841	6,776,925	42,617	20,723,191
Accrued interest receivable	-	192,974	2,277	195,251
Sales tax receivable	-	-	138,137	204,287
Due from other funds	-	-	651,350	1,422,437
Loans receivable, net of allowance for uncollectibles of \$15,044,000	-	-	-	62,946,663
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	-	-	64,722,020
Total assets	<u>\$ 5,598,151</u>	<u>\$ 48,093,788</u>	<u>\$ 4,025,393</u>	<u>\$ 217,761,579</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,077,268	\$ -	\$ 3,132	\$ 4,162,974
Accrued salaries and employee payroll taxes	-	-	-	143,294
Sales tax payable	-	-	265	13,863
Loan servicing escrow	-	-	-	260,392
Due to other funds	-	18,625	237,036	5,518,649
Due to other governmental agencies	-	-	-	284,225
Coronavirus State & Local Fiscal Recovery Fund	-	-	-	64,722,020
Total liabilities	<u>3,077,268</u>	<u>18,625</u>	<u>240,433</u>	<u>75,105,417</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	-	-	-	2,809,542
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,809,542</u>
<b>FUND BALANCES</b>				
Restricted:				
Restricted debt service	-	48,075,163	-	48,075,163
Federal program reserves	-	-	-	548,582
Public safety	-	-	3,784,960	3,784,960
Assigned:				
Subsequent year's appropriation	-	-	-	13,040,774
Community development	-	-	-	71,876,258
Disaster recovery	2,520,883	-	-	2,520,883
Total fund balances	<u>2,520,883</u>	<u>48,075,163</u>	<u>3,784,960</u>	<u>139,846,620</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,598,151</u>	<u>\$ 48,093,788</u>	<u>\$ 4,025,393</u>	<u>\$ 217,761,579</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended June 30, 2022**

	<b>Grants Fund</b>	<b>Housing Bond Fund</b>	<b>Community Development Fund</b>	<b>State &amp; Local Fiscal Recovery (SLFRF) Fund</b>
<b>REVENUES</b>				
Intergovernmental (including in-kind contributions of \$9,732)	\$ 16,515,494	\$ -	\$ 5,971,970	\$ 8,570,345
Non-governmental	262,403	-	-	-
Gain (loss) on investments	-	767	-	71,474
Rents	-	155,964	-	-
Program income	-	1,436,434	75,393	476,726
Miscellaneous other	-	75,425	-	-
Total revenues	<u>16,777,897</u>	<u>1,668,590</u>	<u>6,047,363</u>	<u>9,118,545</u>
<b>EXPENDITURES</b>				
Current:				
General government	14,000	-	-	647,449
Community development services	254,665	-	5,912,823	7,915,358
Public infrastructure	14,831,186	-	-	-
Public safety	536,186	-	-	-
Leisure services	252,403	-	-	7,538
Economic development programs	-	1,166,896	-	-
Total expenditures	<u>15,888,440</u>	<u>1,166,896</u>	<u>5,912,823</u>	<u>8,570,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>889,457</u>	<u>501,694</u>	<u>134,540</u>	<u>548,200</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,789,805	-	-	-
Transfers out	(5,679,262)	(400,000)	-	-
Gain (loss) on sale of property	-	80,000	225,136	-
Total other financing sources (uses)	<u>(889,457)</u>	<u>(320,000)</u>	<u>225,136</u>	<u>-</u>
Net change in fund balances	-	181,694	359,676	548,200
Fund balances, beginning of year	-	54,668,024	29,707,638	382
Fund balances, end of year	<u>\$ -</u>	<u>\$ 54,849,718</u>	<u>\$ 30,067,314</u>	<u>\$ 548,582</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended June 30, 2022**

	<b>Disaster Recovery Fund</b>	<b>Convention Center Financing Fund</b>	<b>Emergency Telephone System Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>REVENUES</b>				
Intergovernmental (including in-kind contributions of \$9,732)	\$ 21,406,142	\$ 33,020,889	\$ 2,672,613	\$ 88,157,453
Non-governmental	-	-	-	262,403
Gain (loss) on investments	-	(2,177,843)	(25,708)	(2,131,310)
Rents	-	-	-	155,964
Program income	-	-	-	1,988,553
Miscellaneous other	-	67,774	868,150	1,011,349
Total revenues	<u>21,406,142</u>	<u>30,910,820</u>	<u>3,515,055</u>	<u>89,444,412</u>
<b>EXPENDITURES</b>				
Current:				
General government	21,456,840	-	-	22,118,289
Community development services	-	-	-	14,082,846
Public infrastructure	-	-	-	14,831,186
Public safety	-	-	2,467,126	3,003,312
Leisure services	-	600,000	-	859,941
Economic development programs	-	-	-	1,166,896
Total expenditures	<u>21,456,840</u>	<u>600,000</u>	<u>2,467,126</u>	<u>56,062,470</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,698)</u>	<u>30,310,820</u>	<u>1,047,929</u>	<u>33,381,942</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	651,350	5,441,155
Transfers out	-	(23,900,485)	-	(29,979,747)
Gain (loss) on sale of property	-	-	-	305,136
Total other financing sources (uses)	<u>-</u>	<u>(23,900,485)</u>	<u>651,350</u>	<u>(24,233,456)</u>
Net change in fund balances	(50,698)	6,410,335	1,699,279	9,148,486
Fund balances, beginning of year	<u>2,571,581</u>	<u>41,664,828</u>	<u>2,085,681</u>	<u>130,698,134</u>
Fund balances, end of year	<u>\$ 2,520,883</u>	<u>\$ 48,075,163</u>	<u>\$ 3,784,960</u>	<u>\$ 139,846,620</u>

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

For the Fiscal Year Ended June 30, 2022

	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>					
Intergovernmental:					
U.S. Department of Transportation Corporation for National and in-kind contributions of \$7,943)	\$ 17,475,473	\$ 9,774,643	\$ 27,250,116	\$ 35,516,606	\$ (8,266,490)
U.S. Department of Justice	442,230	179,399	621,629	2,834,335	(2,212,706)
Environmental Protection Agency	88,280	459,960	548,240	231,801	316,439
U.S. Small Business Association	-	374,825	374,825	397,000	(22,175)
U.S. Department of Homeland Security	-	5,679,262	5,679,262	5,679,262	-
Office of National Drug Control Policy	-	-	-	26,226	(26,226)
State of North Carolina	3,570	20,022	23,592	48,323	(24,731)
Wake County	-	27,383	27,383	445,365	(417,982)
	104,191	-	104,191	-	104,191
	18,113,744	16,515,494	34,629,238	45,178,918	(10,549,680)
Non-governmental	2,211,393	262,403	2,473,796	2,170,366	303,430
Total revenues	20,325,137	16,777,897	37,103,034	47,349,284	(10,246,250)
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
General fund	4,502,556	4,378,839	8,881,395	10,743,421	(1,862,026)
Mass transit fund	663,833	378,738	1,042,571	1,665,590	(623,019)
Solid waste services	199,000	32,228	231,228	199,000	32,228
Miscellaneous capital projects fund	-	-	-	20,000	(20,000)
Total other financing sources	5,365,389	4,789,805	10,155,194	12,628,011	(2,472,817)
Total revenues and other financing sources	<u>\$ 25,690,526</u>	<u>\$ 21,567,702</u>	<u>\$ 47,258,228</u>	<u>\$ 59,977,295</u>	<u>\$ (12,719,067)</u>
<b>EXPENDITURES</b>					
General government	\$ -	\$ 14,000	\$ 14,000	10,000	\$ 4,000
Community development services	2,573,450	254,665	2,828,115	3,271,712	(443,597)
Public infrastructure	22,517,911	14,831,186	37,349,097	48,277,711	(10,928,614)
Public safety	348,778	536,186	884,964	1,321,016	(436,052)
Leisure services	250,387	252,403	502,790	1,417,594	(914,804)
Economic development	-	-	-	-	-
Total expenditures	25,690,526	15,888,440	41,578,966	54,298,033	(12,719,067)
<b>OTHER FINANCING USES</b>					
Transfers to:					
Convention center operating fund	-	5,679,262	5,679,262	5,679,262	-
	-	5,679,262	5,679,262	5,679,262	-
Total other financing sources					
Total expenditures and other financing uses	<u>\$ 25,690,526</u>	<u>\$ 21,567,702</u>	<u>\$ 47,258,228</u>	<u>\$ 59,977,295</u>	<u>\$ (12,719,067)</u>

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

For the Fiscal Year Ended June 30, 2022

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>					
Gain (loss) on investments	\$ 1,323,684	\$ 767	\$ 1,324,451	\$ -	\$ 1,324,451
Rents	455,012	155,964	610,976	630,000	(19,024)
Program income	20,739,754	4,450,743	25,190,497	7,261,455	17,929,042
Recovery of claims	135,219	-	135,219	83,846	51,373
Miscellaneous other	375,208	75,425	450,633	441,000	9,633
Total revenues	<u>23,028,877</u>	<u>4,682,899</u>	<u>27,711,776</u>	<u>8,416,301</u>	<u>19,295,475</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
General fund	1,500,000	-	1,500,000	1,500,000	-
Housing development fund	740,000	-	740,000	740,000	-
Bonds issued	54,142,137	-	54,142,137	78,942,137	(24,800,000)
Gain (loss) on sale of property	4,874,751	80,000	4,954,751	1,978,893	2,975,858
Total other financing sources	<u>61,256,888</u>	<u>80,000</u>	<u>61,336,888</u>	<u>83,161,030</u>	<u>(21,824,142)</u>
Total revenues and other financing sources	<u>\$ 84,285,765</u>	<u>\$ 4,762,899</u>	<u>\$ 89,048,664</u>	91,577,331	<u>\$ (2,528,667)</u>
Fund balance appropriated				<u>\$ 91,577,331</u>	
<b>EXPENDITURES</b>					
Economic development programs	<u>\$ 31,626,168</u>	<u>\$ 2,739,449</u>	<u>\$ 34,365,617</u>	<u>\$ 88,236,331</u>	<u>\$ (53,870,714)</u>
<b>OTHER FINANCING USES</b>					
Transfer to housing bond fund					
Transfer to:					
Housing development fund	141,000	-	141,000	141,000	-
Debt service fund	<u>2,800,000</u>	<u>400,000</u>	<u>3,200,000</u>	<u>3,200,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 34,567,168</u>	<u>\$ 3,139,449</u>	<u>\$ 37,706,617</u>	<u>\$ 91,577,331</u>	<u>\$ (53,870,714)</u>
Excess revenues and other financing sources over expenditures and other financing uses		\$ 1,623,450			
Reconciliation: Loan treatment under GAAP					
Principal payments on loans receivable		(3,014,309)			
Issuance of loans receivable		1,572,553			
Change in fund balance		<u>\$ 181,694</u>			



**SCHEDULE OF REVENUES AND EXPENDITURES  
COMPARED WITH BUDGET  
COMMUNITY DEVELOPMENT FUND  
For the Fiscal Year Ended June 30, 2022**

	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>					
Intergovernmental:					
US Department of HUD	\$ 71,762,867	\$ 5,971,970	\$ 77,734,837	\$ 73,155,637	\$ 4,579,200
Rents	1,756,491	-	1,756,491	1,329,663	426,828
Program income	14,725,108	1,060,370	15,785,478	12,374,668	3,410,810
Miscellaneous other	1,029,789	-	1,029,789	1,616,290	(586,501)
Total revenues	<u>89,274,255</u>	<u>7,032,340</u>	<u>96,306,595</u>	<u>88,476,258</u>	<u>7,830,337</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
Housing development - operating	1,783,403	-	1,783,403	1,783,403	-
Proceeds from sale of property	5,317,431	225,136	5,542,567	4,198,329	1,344,238
Total other financing sources	<u>7,100,834</u>	<u>225,136</u>	<u>7,325,970</u>	<u>5,981,732</u>	<u>1,344,238</u>
Total revenues and other financing sources	<u>\$ 96,375,089</u>	<u>\$ 7,257,476</u>	<u>\$ 103,632,565</u>	<u>\$ 94,457,990</u>	<u>\$ 9,174,575</u>
<b>EXPENDITURES</b>					
Community development services	<u>\$ 66,631,650</u>	<u>\$ 6,790,749</u>	<u>\$ 73,422,399</u>	<u>\$ 94,419,755</u>	<u>\$ (20,997,356)</u>
<b>OTHER FINANCING USES</b>					
Transfer to housing bond fund					
Transfer to:					
Technology capital projects fund	<u>35,801</u>	<u>-</u>	<u>35,801</u>	<u>38,235</u>	<u>(2,434)</u>
Total expenditures and other financing uses	<u>\$ 66,667,451</u>	<u>\$ 6,790,749</u>	<u>\$ 73,458,200</u>	<u>\$ 94,457,990</u>	<u>\$ (20,999,790)</u>
Excess revenues and other financing sources over expenditures and other financing uses		466,727			
Reconciliation: Loan treatment under GAAP					
Principal payments on loans receivable		(984,977)			
Issuance of loans receivable		877,926			
Change in fund balance		<u>\$ 359,676</u>			

**SCHEDULE OF REVENUES AND EXPENDITURES  
 COMPARED WITH BUDGET  
 STATE AND LOCAL FISCAL RECOVERY FUND (SLFRF)  
 For the Fiscal Year Ended June 30, 2022**

	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>					
Intergovernmental:					
US Department of Treasury	\$ -	\$ 8,570,345	\$ 8,570,345	\$ 36,412,410	\$ (27,842,065)
Program income		476,726	476,726	-	476,726
Gain (loss) on investments	382	71,474	71,856	-	71,856
Total revenues	<u>\$ 382</u>	<u>\$ 9,118,545</u>	<u>\$ 9,118,927</u>	<u>\$ 36,412,410</u>	<u>\$ (27,293,483)</u>
<b>EXPENDITURES</b>					
General government	\$ -	\$ 647,449	\$ 647,449	\$ 17,474,910	\$ (16,827,461)
Community development services	-	7,915,358	7,915,358	10,937,500	(3,022,142)
Economic development	-	-	-	5,750,000	(5,750,000)
Public safety	-	-	-	2,000,000	(2,000,000)
Leisure services	-	7,538	7,538	250,000	(242,462)
Total expenditures	<u>\$ -</u>	<u>\$ 8,570,345</u>	<u>\$ 8,570,345</u>	<u>\$ 36,412,410</u>	<u>\$ (27,842,065)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
COMPARED WITH BUDGET  
DISASTER RECOVERY FUND  
For the Fiscal Year Ended June 30, 2022**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>					
Intergovernmental:					
Federal Emergency Management Agency	\$ 8,988,627	\$ 137,162	\$ 9,125,789	\$ 12,749,614	\$ (3,623,825)
US Department of Treasury	4,228,391	21,268,980	25,497,371	25,612,354	(114,983)
NC Department of Transportation	80,347	-	80,347	-	80,347
Mutual aid	330,303	-	330,303	191,028	139,275
Recovery of claims	573,480	-	573,480	-	573,480
Total revenues	<u>14,201,148</u>	<u>21,406,142</u>	<u>35,607,290</u>	<u>38,552,996</u>	<u>(2,945,706)</u>
<b>OTHER FINANCING SOURCES</b>					
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>\$ 17,551,148</u>	<u>\$ 21,406,142</u>	<u>\$ 38,957,290</u>	<u>\$ 41,902,996</u>	<u>\$ (2,945,706)</u>
<b>EXPENDITURES</b>					
General government	<u>\$ 10,938,538</u>	<u>\$ 21,456,840</u>	<u>\$ 32,395,378</u>	<u>\$ 37,861,967</u>	<u>\$ (5,466,589)</u>
<b>OTHER FINANCING USES</b>					
Transfers to:					
General fund	3,480,285	-	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>4,041,029</u>	<u>-</u>	<u>4,041,029</u>	<u>4,041,029</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 14,979,567</u>	<u>\$ 21,456,840</u>	<u>\$ 36,436,407</u>	<u>\$ 41,902,996</u>	<u>\$ (5,466,589)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
COMPARED WITH BUDGET  
CONVENTION CENTER FINANCING FUND  
For the Fiscal Year Ended June 30, 2022**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>			
Intergovernmental:			
Wake County	\$ 33,020,889	\$ 19,230,004	\$ 13,790,885
Miscellaneous other	67,774	-	67,774
Gain (loss) on investments	(2,177,843)	1,089,430	(3,267,273)
Total revenues	<u>\$ 30,910,820</u>	<u>20,319,434</u>	<u>\$ 10,591,386</u>
Fund balance appropriated		5,930,518	
		<u>\$ 26,249,952</u>	
<b>EXPENDITURES</b>			
Leisure services	\$ 600,000	\$ 600,000	\$ -
<b>OTHER FINANCING USES</b>			
Transfers to:			
Convention center complex fund	23,900,485	25,649,952	(1,749,467)
Total other financing uses	<u>23,900,485</u>	<u>25,649,952</u>	<u>(1,749,467)</u>
Total expenditures and other financing uses	<u>\$ 24,500,485</u>	<u>\$ 26,249,952</u>	<u>\$ (1,749,467)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
COMPARED WITH BUDGET  
EMERGENCY TELEPHONE SYSTEM FUND  
For the Fiscal Year Ended June 30, 2022**

	<b>Actual</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Intergovernmental:			
State of North Carolina	\$ 2,672,613	\$ 2,672,613	\$ -
Wake County	868,150	868,151	(1)
Gain (loss) on investments	(25,708)	5,890	(31,598)
Total revenues	<u>3,515,055</u>	<u>3,546,654</u>	<u>(31,599)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers from:			
General fund	<u>651,350</u>	<u>-</u>	<u>651,350</u>
Total revenues and other financing sources	<u>\$ 4,166,405</u>	<u>3,546,654</u>	<u>\$ 619,751</u>
Fund balance appropriated		<u>200,000</u>	
		<u>\$ 3,746,654</u>	
<b>EXPENDITURES</b>			
Public safety:			
Telephone	\$ 816,393	\$ 1,541,017	\$ (724,624)
Software maintenance	1,383,963	1,887,117	(503,154)
Hardware maintenance	7,733	40,908	(33,175)
Training	14,888	27,612	(12,724)
Functions	<u>244,149</u>	<u>-</u>	<u>244,149</u>
Total expenditures	<u>2,467,126</u>	<u>3,496,654</u>	<u>(1,029,528)</u>
<b>OTHER FINANCING USES</b>			
Transfers to:			
General fund	<u>-</u>	<u>250,000</u>	<u>(250,000)</u>
Total expenditures and other financing uses	<u>\$ 2,467,126</u>	<u>\$ 3,746,654</u>	<u>\$ (1,279,528)</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, 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.

**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. With the Raleigh Union Station project completed, the fund is presented as part of the Miscellaneous Capital Project Fund for reporting purposes only.

**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, 2022

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Facility Fees Fund	Park Bond Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 26,164,104	\$ 3,186,953	\$2,460,200	\$ 21,450,198	\$ 33,269,720	\$ 9,180,650
Assessments receivable, net of allowance for uncollectibles of \$98,598	303,152	-	-	-	-	-
Franchise taxes receivable	-	-	-	-	-	-
Due from other governmental agencies	2,243,517	170,771	157,020	1,534,081	-	-
Sales tax receivable	63,964	67,785	15,505	131,192	-	172,961
Due from other funds	1,615,258	-	-	-	-	-
Cash and cash equivalents/investments - restricted deposits and bond proceeds	3,904,807	1,746,432	242,120	-	-	764,186
Total assets	<u>\$ 34,294,802</u>	<u>\$ 5,171,941</u>	<u>\$2,874,845</u>	<u>\$ 23,115,471</u>	<u>\$ 33,269,720</u>	<u>\$ 10,117,797</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,855,773	\$ 417,675	\$ 457	\$ 1,391,014	\$ -	\$ 553,065
Sales tax payable	13,560	6,565	-	-	-	-
Due to other funds	-	1,615,258	-	-	-	-
Reimbursable facility fees	-	-	-	-	12,231,149	-
Escrow and other deposits payable from restricted assets	3,904,807	-	242,120	-	-	-
Total liabilities	<u>6,774,140</u>	<u>2,039,498</u>	<u>242,577</u>	<u>1,391,014</u>	<u>12,231,149</u>	<u>553,065</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Assessments receivable	303,152	-	-	-	-	-
Prepaid assessments	-	-	10,879	-	-	-
Unearned revenue	117,088	-	-	3,592	-	-
Total deferred inflows of resources	<u>420,240</u>	<u>-</u>	<u>10,879</u>	<u>3,592</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Assigned:						
Subsequent year's appropriation	17,910,525	3,132,443	2,621,389	8,473,878	-	13,499
City projects	9,189,897	-	-	13,246,987	21,038,571	9,551,233
Total fund balances	<u>27,100,422</u>	<u>3,132,443</u>	<u>2,621,389</u>	<u>21,720,865</u>	<u>21,038,571</u>	<u>9,564,732</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,294,802</u>	<u>\$ 5,171,941</u>	<u>\$2,874,845</u>	<u>\$ 23,115,471</u>	<u>\$ 33,269,720</u>	<u>\$ 10,117,797</u>



**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
June 30, 2022

	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	Major Public Facilities Fund	Combining Eliminations	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 34,275,724	\$ 1,354,351	\$ 6,630,597	\$ -	\$ -	\$ 137,972,497
Assessments receivable, net of allowance for uncollectibles of \$98,598	-	-	-	-	-	303,152
Franchise taxes receivable	19,108	-	-	-	-	19,108
Due from other governmental agencies	-	-	-	-	-	4,105,389
Sales tax receivable	177,394	739	36,492	-	-	666,032
Due from other funds	-	-	-	-	-	1,615,258
Cash and cash equivalents/investments - restricted deposits and bond proceeds	11,123,871	-	-	-	-	17,781,416
Total assets	<u>\$ 45,596,097</u>	<u>\$ 1,355,090</u>	<u>\$ 6,667,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,462,852</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,379,794	\$ 2,689	\$ 71,914	\$ -	\$ -	\$ 6,672,381
Sales tax payable	9,299	-	-	-	-	29,424
Due to other funds	-	-	-	-	-	1,615,258
Reimbursable facility fees	-	-	-	-	-	12,231,149
Escrow and other deposits payable from restricted assets	17,132	-	-	-	-	4,164,059
Total liabilities	<u>1,406,225</u>	<u>2,689</u>	<u>71,914</u>	<u>-</u>	<u>-</u>	<u>24,712,271</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Assessments receivable	-	-	-	-	-	303,152
Prepaid assessments	-	-	-	-	-	10,879
Unearned revenue	60,860	-	-	-	-	181,540
Total deferred inflows of resources	<u>60,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>495,571</u>
<b>FUND BALANCES</b>						
Assigned:						
Subsequent year's appropriation	33,735,679	1,352,401	6,595,175	-	-	73,834,989
City projects	10,393,333	-	-	-	-	63,420,021
Total fund balances	<u>44,129,012</u>	<u>1,352,401</u>	<u>6,595,175</u>	<u>-</u>	<u>-</u>	<u>137,255,010</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 45,596,097</u>	<u>\$ 1,355,090</u>	<u>\$ 6,667,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,462,852</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
For the Fiscal Year Ended June 30, 2022

	<b>Street Improvement Fund</b>	<b>Street Bond Fund</b>	<b>Sidewalk Fund</b>	<b>Park Improvement Fund</b>	<b>Facility Fees Fund</b>	<b>Park Bond Fund</b>
<b>REVENUES</b>						
Intergovernmental	\$ 808,245	\$ 170,771	\$ 212,715	\$ 1,532,549	\$ -	\$ -
Assessments	1,469,218	-	14,496	173,642	-	-
Franchise tax	-	-	-	-	-	-
Licenses	-	-	-	-	-	-
Gain (loss) on investments	-	3,150	-	-	-	1,338
Facility fees	-	-	-	81,358	16,383,585	-
Other fees and charges	-	-	-	-	-	-
Developer participation	-	14,686	-	-	-	-
Donations and contributions	-	-	-	10,000	-	1,699,440
Miscellaneous other	-	-	-	1,200	-	-
Total revenues	<u>2,277,463</u>	<u>188,607</u>	<u>227,211</u>	<u>1,798,749</u>	<u>16,383,585</u>	<u>1,700,778</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Community development services	-	-	-	-	-	-
Public infrastructure	15,149,736	22,119,356	1,160,163	-	-	-
Public safety	-	-	-	-	-	-
Leisure services	-	-	-	7,911,188	-	11,086,967
Total expenditures	<u>15,149,736</u>	<u>22,119,356</u>	<u>1,160,163</u>	<u>7,911,188</u>	<u>-</u>	<u>11,086,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,872,273)</u>	<u>(21,930,749)</u>	<u>(932,952)</u>	<u>(6,112,439)</u>	<u>16,383,585</u>	<u>(9,386,189)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	19,740,620	-	-	11,359,824	-	12,000,000
Transfers out	-	(3,652,029)	-	-	(7,520,924)	(1,480,012)
Issuance of debt	-	23,228,877	-	-	-	7,954,789
Total other financing sources (uses)	<u>19,740,620</u>	<u>19,576,848</u>	<u>-</u>	<u>11,359,824</u>	<u>(7,520,924)</u>	<u>18,474,777</u>
Net change in fund balances	6,868,347	(2,353,901)	(932,952)	5,247,385	8,862,661	9,088,588
Fund balances, beginning of year	<u>20,232,075</u>	<u>5,486,344</u>	<u>3,554,341</u>	<u>16,473,480</u>	<u>12,175,910</u>	<u>476,144</u>
Fund balances, end of year	<u>\$ 27,100,422</u>	<u>\$ 3,132,443</u>	<u>\$ 2,621,389</u>	<u>\$ 21,720,865</u>	<u>\$ 21,038,571</u>	<u>\$ 9,564,732</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
For the Fiscal Year Ended June 30, 2022

	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	Major Public Facilities Fund	Combining Eliminations	Total Nonmajor Capital Projects Funds
<b>REVENUES</b>						
Intergovernmental	\$ 63,666	\$ -	\$ -	\$ -	\$ -	\$ 2,787,946
Assessments	-	-	-	-	-	1,657,356
Franchise tax	-	-	-	-	-	-
Licenses	77,424	-	-	-	-	77,424
Gain (loss) on investments	11,170	-	-	-	-	15,658
Facility fees	-	-	-	-	-	16,464,943
Other fees and charges	7,071	-	-	-	-	7,071
Developer participation	-	-	-	-	-	14,686
Donations and contributions	-	-	-	-	-	1,709,440
Miscellaneous other	100,000	-	-	-	-	101,200
Total revenues	259,331	-	-	-	-	22,835,724
<b>EXPENDITURES</b>						
Current:						
General government	108,015	-	836,277	-	-	944,292
Community development services	-	-	-	-	-	-
Public infrastructure	5,976,150	-	-	-	-	44,405,405
Public safety	7,277,262	-	-	-	-	7,277,262
Leisure services	-	51,256	-	-	-	19,049,411
Total expenditures	13,361,427	51,256	836,277	-	-	71,676,370
Excess (deficiency) of revenues over (under) expenditures	(13,102,096)	(51,256)	(836,277)	-	-	(48,840,646)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	3,984,037	-	414,000	-	(7,651,349)	39,847,132
Transfers out	(70,000)	-	-	(146,538)	7,651,349	(5,218,154)
Issuance of debt	-	-	-	-	-	31,183,666
Total other financing sources (uses)	3,914,037	-	414,000	(146,538)	-	65,812,644
Net change in fund balances	(9,188,059)	(51,256)	(422,277)	(146,538)	-	16,971,998
Fund balances, beginning of year	53,317,071	1,403,657	7,017,452	146,538	-	120,283,012
Fund balances, end of year	\$ 44,129,012	\$ 1,352,401	\$ 6,595,175	\$ -	\$ -	\$ 137,255,010

**SCHEDULE OF REVENUES AND EXPENDITURES  
COMPARED WITH BUDGET  
STREET IMPROVEMENT FUND  
For the Fiscal Year Ended June 30, 2022**

	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>					
Intergovernmental:					
State of North Carolina	\$ 17,513,021	\$ 808,245	\$ 18,321,266	\$ 30,704,203	\$ (12,382,937)
Other	-	-	-	537,500	(537,500)
Developer participation	-	-	-	1,312,744	(1,312,744)
Assessments	-	1,469,218	1,469,218	5,383,091	(3,913,873)
Gain (loss) on investments	-	-	-	2,169,190	(2,169,190)
Inspections	-	-	-	2,200,000	(2,200,000)
Miscellaneous other	-	-	-	6,160,788	(6,160,788)
Total revenues	<u>17,513,021</u>	<u>2,277,463</u>	<u>19,790,484</u>	<u>48,467,516</u>	<u>(28,677,032)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
General fund	78,765,512	14,865,820	93,631,332	79,630,512	14,000,820
Street bond fund	1,233,300	3,354,800	4,588,100	1,496,000	3,092,100
Sidewalk fund	1,184,583	-	1,184,583	1,250,573	(65,990)
Facility fees fund	<u>28,286,919</u>	<u>1,500,000</u>	<u>29,786,919</u>	<u>24,877,609</u>	<u>4,909,310</u>
Total other financing sources	<u>109,470,314</u>	<u>19,720,620</u>	<u>129,190,934</u>	<u>107,254,694</u>	<u>21,936,240</u>
Total revenues and other financing sources	<u>\$ 126,983,335</u>	<u>\$ 21,998,083</u>	<u>\$ 148,981,418</u>	155,722,210	<u>\$ (6,740,792)</u>
Fund balance appropriated				<u>6,289,399</u>	
				<u>\$ 162,011,609</u>	
<b>EXPENDITURES</b>					
Public infrastructure	<u>\$ 105,615,404</u>	<u>\$ 15,149,736</u>	<u>\$ 120,765,140</u>	<u>\$ 160,875,753</u>	<u>\$ (40,110,613)</u>
<b>OTHER FINANCING USES</b>					
Transfers to:					
Grants fund	16,476	-	16,476	16,476	-
Streets fund	9,355	-	9,355	9,355	-
Mass transit fund	<u>1,110,025</u>	<u>-</u>	<u>1,110,025</u>	<u>1,110,025</u>	<u>-</u>
Total other financing uses	<u>1,135,856</u>	<u>-</u>	<u>1,135,856</u>	<u>1,135,856</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 106,751,260</u>	<u>\$ 15,149,736</u>	<u>\$ 121,900,996</u>	<u>\$ 162,011,609</u>	<u>\$ (40,110,613)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
COMPARED WITH BUDGET  
STREET BOND FUND  
For the Fiscal Year Ended June 30, 2022**

	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>					
Intergovernmental:					
State of North Carolina	\$ 4,034,785	\$ 170,771	\$ 4,205,556	\$ 1,592,270	\$ 2,613,286
Developer participation	3,685,072	14,686	3,699,758	1,500,000	2,199,758
Gain (loss) on investments	4,702,365	3,150	4,705,515	1,952,295	2,753,220
Total revenues	12,422,222	188,607	12,610,829	5,044,565	7,566,264
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
General fund	3,444,166	-	3,444,166	3,444,166	-
Street improvement fund	4,248,286	-	4,248,286	4,248,286	-
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	128,929,148	23,228,877	152,158,025	324,462,288	(172,304,263)
Premium on issuance of debt	-	-	-	-	-
Total other financing sources	138,510,911	23,228,877	161,739,788	334,511,205	(172,771,417)
Total revenues and other financing sources	\$ 150,933,133	\$ 23,417,484	\$ 174,350,617	339,555,770	\$ (165,205,153)
Fund balance appropriated				1,212,000	
				<u>\$ 340,767,770</u>	
<b>EXPENDITURES</b>					
Public infrastructure	\$ 144,697,809	\$ 22,119,356	\$ 166,817,165	\$ 336,366,761	\$ (169,549,596)
<b>OTHER FINANCING USES</b>					
Transfers to:					
Mass transit fund	219,000	297,229	516,229	516,229	-
Street improvement fund	529,980	3,354,800	3,884,780	3,884,780	-
Total other financing uses	748,980	3,652,029	4,401,009	4,401,009	-
Total expenditures and other financing uses	\$ 145,446,789	\$ 25,771,385	\$ 171,218,174	\$ 340,767,770	\$ (169,549,596)

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

For the Fiscal Year Ended June 30, 2022

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>					
Intergovernmental:					
North Carolina Department of Transportation	\$ 21,896	\$ 212,715	\$ 234,611	\$ 162,409	\$ 72,202
Assessments	2,797,803	14,496	2,812,299	-	2,812,299
Gain (loss) on investments	573,310	-	573,310	-	573,310
Total revenues	<u>3,393,009</u>	<u>227,211</u>	<u>3,620,220</u>	<u>162,409</u>	<u>3,457,811</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
Facilities fees fund	930,800	-	930,800	930,800	-
General fund	<u>6,379,187</u>	<u>-</u>	<u>6,379,187</u>	<u>6,379,187</u>	<u>-</u>
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>\$ 10,702,996</u>	<u>\$ 227,211</u>	<u>\$ 10,930,207</u>	<u>7,472,396</u>	<u>\$ 3,457,811</u>
Fund balance appropriated				<u>1,050,000</u>	
				<u>\$ 8,522,396</u>	
<b>EXPENDITURES</b>					
Public infrastructure	<u>\$ 7,119,713</u>	<u>\$ 1,160,163</u>	<u>\$ 8,279,876</u>	<u>\$ 8,493,454</u>	<u>\$ (213,578)</u>
<b>OTHER FINANCING USES</b>					
Transfers to:					
Street improvement fund	<u>28,942</u>	<u>-</u>	<u>28,942</u>	<u>28,942</u>	<u>-</u>
Total other financing uses	<u>28,942</u>	<u>-</u>	<u>28,942</u>	<u>28,942</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 7,148,655</u>	<u>\$ 1,160,163</u>	<u>\$ 8,308,818</u>	<u>\$ 8,522,396</u>	<u>\$ (213,578)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
COMPARED WITH BUDGET  
PARK IMPROVEMENT FUND  
For the Fiscal Year Ended June 30, 2022**

	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>					
Intergovernmental:					
State grants	\$ -	\$ -	\$ -	\$ 200,000	\$ (200,000)
US Department of the Interior	55,132	1,532,549	1,587,681	4,442,770	(2,855,089)
Non-governmental	40,000	-	40,000	40,000	-
Assessments	839,457	173,641	1,013,098	686,882	326,216
Gain (loss) on investments	136,281	-	136,281	316,349	(180,068)
Facility fees	230,908	81,358	312,266	-	312,266
Donations and contributions	382,151	10,000	392,151	100,000	292,151
Miscellaneous other	495,486	1,200	496,686	748,753	(252,067)
Total revenues	<u>2,179,415</u>	<u>1,798,748</u>	<u>3,978,163</u>	<u>6,534,754</u>	<u>(2,556,591)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
General fund	22,740,405	8,729,812	31,470,217	31,470,217	-
Facility fees fund	7,100,000	1,100,000	8,200,000	8,200,000	-
Miscellaneous capital projects fund	-	50,000	50,000	50,000	-
Risk management fund	100,555	-	100,555	100,555	-
Street bond fund	43,579	-	43,579	43,579	-
Park bond fund	3,203,000	1,480,012	4,683,012	4,683,012	-
Total other financing sources	<u>33,187,539</u>	<u>11,359,824</u>	<u>44,547,363</u>	<u>44,547,363</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 35,366,954</u>	<u>\$ 13,158,572</u>	<u>\$ 48,525,526</u>	51,082,117	<u>\$ (2,556,591)</u>
Fund balance appropriated				<u>1,556,000</u>	
				<u>\$ 52,638,117</u>	
<b>EXPENDITURES</b>					
Leisure services	<u>\$ 18,410,356</u>	<u>\$ 7,911,188</u>	<u>\$ 26,321,544</u>	<u>\$ 52,154,999</u>	<u>\$ (25,833,455)</u>
<b>OTHER FINANCING USES</b>					
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>\$ 18,893,474</u>	<u>\$ 7,911,188</u>	<u>\$ 26,804,662</u>	<u>\$ 52,638,117</u>	<u>\$ (25,833,455)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
COMPARED WITH BUDGET  
FACILITY FEES FUND  
For the Fiscal Year Ended June 30, 2022**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>					
Facility fees	\$ 12,175,910	\$ 16,383,585	\$ 28,559,495	\$ 7,520,924	\$ 21,038,571
Fund balance appropriated				-	
				<u>\$ 7,520,924</u>	
<b>OTHER FINANCING USES</b>					
Transfers to:					
General fund	\$ -	\$ 4,920,924	\$ 4,920,924	\$ 4,920,924	\$ -
Street improvement fund	<u>-</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Total other financing uses	<u>\$ -</u>	<u>\$ 7,520,924</u>	<u>\$ 7,520,924</u>	<u>\$ 7,520,924</u>	<u>\$ -</u>



**SCHEDULE OF REVENUES AND EXPENDITURES  
COMPARED WITH BUDGET  
PARK BOND FUND  
For the Fiscal Year Ended June 30, 2022**

	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>					
Intergovernmental:					
State of North Carolina	\$ -	\$ -	\$ -	\$ 225,000	\$ (225,000)
Gain (loss) on investments	-	1,338	1,338	-	1,338
Donations and contributions	4,076,659	1,699,440	5,776,099	4,871,098	905,001
Miscellaneous other	315,155	-	315,155	450,000	(134,845)
Total revenues	<u>4,391,814</u>	<u>1,700,778</u>	<u>6,092,592</u>	<u>5,546,098</u>	<u>546,494</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
General fund	320,200	12,000,000	12,320,200	12,320,200	-
Issuance of debt	119,054,267	7,954,789	127,009,056	153,283,837	(26,274,781)
Premium on issuance of debt	2,781,558	-	2,781,558	2,781,558	-
Total other financing sources	<u>122,156,025</u>	<u>19,954,789</u>	<u>142,110,814</u>	<u>168,385,595</u>	<u>(26,274,781)</u>
Total revenues and other financing sources	<u>\$ 126,547,839</u>	<u>\$ 21,655,567</u>	<u>\$ 148,203,406</u>	173,931,693	<u>\$ (25,728,287)</u>
Fund balance appropriated				<u>2,850,000</u>	
				<u>\$ 176,781,693</u>	
<b>EXPENDITURES</b>					
Leisure services	<u>\$ 115,453,769</u>	<u>\$ 11,086,967</u>	<u>\$ 126,540,736</u>	<u>\$ 172,098,681</u>	<u>\$ (45,557,945)</u>
<b>OTHER FINANCING USES</b>					
Transfers to:					
Park improvement fund	<u>3,203,000</u>	<u>1,480,012</u>	<u>4,683,012</u>	<u>4,683,012</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 118,656,769</u>	<u>\$ 12,566,979</u>	<u>\$ 131,223,748</u>	<u>\$ 176,781,693</u>	<u>\$ (45,557,945)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
COMPARED WITH BUDGET  
MISCELLANEOUS CAPITAL IMPROVEMENTS FUND  
For the Fiscal Year Ended June 30, 2022**

	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>					
Intergovernmental:					
Other local	\$ 63,664	\$ 63,666	\$ 127,330	\$ 127,330	\$ -
Project revenue (non-grant)	500,000	-	500,000	500,000	-
Gain (loss) on investments	-	11,170	11,170	581,674	(570,504)
Other fees and charges	-	7,071	7,071	-	7,071
Licenses	-	77,424	77,424	160,000	(82,576)
Miscellaneous other	-	100,000	100,000	188,222	(88,222)
Total revenues	563,664	259,331	822,995	1,557,226	(734,231)
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
General fund	44,493,177	3,837,500	48,330,677	48,330,677	-
Street bond fund	7,934,806	-	7,934,806	7,934,806	-
Raleigh Union Station fund	45,000	-	45,000	45,000	-
Major public facilities fund	2,574,165	146,537	2,720,702	2,720,702	-
Issuance of debt	61,118,576	-	61,118,576	66,916,139	(5,797,563)
Premium on bonds	-	-	-	869,533	(869,533)
Gain (loss) on sale of property	7,953,298	-	7,953,298	6,035,156	1,918,142
Total other financing sources	124,119,022	3,984,037	128,103,059	132,852,013	(4,748,954)
Total revenues and other financing sources	<u>\$ 124,682,686</u>	<u>\$ 4,243,368</u>	<u>\$ 128,926,054</u>	134,409,239	<u>\$ (5,483,185)</u>
Fund balance appropriated				17,747,920	
				<u>\$ 152,157,159</u>	
<b>EXPENDITURES</b>					
General government	\$ 9,676	\$ 108,015	\$ 117,691	\$ 1,982,374	\$ (1,864,683)
Community development	5,856,828	-	5,856,828	5,876,250	(19,422)
Public infrastructure	25,394,487	5,976,150	31,370,637	56,486,320	(25,115,683)
Public safety	40,033,147	7,277,262	47,310,409	87,670,738	(40,360,329)
Total expenditures	71,294,138	13,361,427	84,655,565	152,015,682	(67,360,117)
<b>OTHER FINANCING USES</b>					
Transfers to:					
Street bond fund	-	20,000	20,000	20,000	-
Park bond fund	37,700	50,000	87,700	87,700	-
Grants fund	33,777	-	33,777	33,777	-
Total other financing uses	71,477	70,000	141,477	141,477	-
Total expenditures and other financing uses	<u>\$ 71,365,615</u>	<u>\$ 13,431,427</u>	<u>\$ 84,797,042</u>	<u>\$ 152,157,159</u>	<u>\$ (67,360,117)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
 COMPARED WITH BUDGET  
 WALNUT CREEK AMPHITHEATER PROJECTS FUND  
 For the Fiscal Year Ended June 30, 2022**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>					
Rents	\$ 1,719,282	\$ -	\$ 1,719,282	\$ 67,362	\$ 1,651,920
Other fees and charges	374,394	-	374,394	-	374,394
Total revenues	<u>\$ 2,093,676</u>	<u>\$ -</u>	<u>\$ 2,093,676</u>	67,362	<u>\$ 2,026,314</u>
Fund balance appropriated				1,090,000	
				<u>\$ 1,157,362</u>	
<b>EXPENDITURES</b>					
Leisure services	<u>\$ 690,019</u>	<u>\$ 51,256</u>	<u>\$ 741,275</u>	<u>\$ 1,157,362</u>	<u>\$ (416,087)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
COMPARED WITH BUDGET  
TECHNOLOGY CAPITAL PROJECTS FUND  
For the Fiscal Year Ended June 30, 2022**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>					
Gain (loss) on investments	\$ 2,129,859	\$ -	\$ 2,129,859	\$ -	\$ 2,129,859
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
Convention center complex fund	312,865	-	312,865	312,865	-
General fund	11,891,395	414,000	12,305,395	12,305,395	-
Mass transit fund	32,852	-	32,852	32,852	-
Parking fund	84,223	-	84,223	84,223	-
Solid waste services fund	577,144	-	577,144	577,144	-
Stormwater fund	529,642	-	529,642	529,642	-
Vehicle fleet services fund	240,347	-	240,347	240,347	-
Water and sewer fund	4,032,135	-	4,032,135	4,032,135	-
Total other financing sources	17,700,603	414,000	18,114,603	18,114,603	-
Total revenues and other financing sources	\$ 19,830,462	\$ 414,000	\$ 20,244,462	18,114,603	\$ 2,129,859
Fund balance appropriated				1,573,240	
				<u>\$ 19,687,843</u>	
<b>EXPENDITURES</b>					
General government	\$ 12,813,010	\$ 836,277	\$ 13,649,287	\$ 19,687,843	\$ (6,038,556)

**SCHEDULE OF REVENUES AND EXPENDITURES  
COMPARED WITH BUDGET  
MAJOR PUBLIC FACILITIES FUND  
For the Fiscal Year Ended June 30, 2022**

	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>					
Intergovernmental:					
American Recovery and Reinvestment Act	\$ 119,218	\$ -	\$ 119,218	\$ 119,218	\$ -
Gain (loss) on investments	83,239	-	83,239	-	83,239
Total revenues	<u>202,457</u>	<u>-</u>	<u>202,457</u>	<u>119,218</u>	<u>83,239</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
Issuance of debt	54,190,771	-	54,190,771	54,732,070	(541,299)
Premium on issuance of debt	5,849,718	-	5,849,718	5,849,718	-
Total other financing sources	<u>60,040,489</u>	<u>-</u>	<u>60,040,489</u>	<u>60,581,788</u>	<u>(541,299)</u>
Total revenues and other financing sources	<u>\$ 60,242,946</u>	<u>\$ -</u>	<u>\$ 60,242,946</u>	<u>\$ 60,701,006</u>	<u>\$ (458,060)</u>
<b>EXPENDITURES</b>					
Public infrastructure	\$ 56,408,781	\$ -	\$ 56,408,781	\$ 56,806,625	\$ (397,844)
Total expenditures	<u>56,408,781</u>	<u>-</u>	<u>56,408,781</u>	<u>56,806,625</u>	<u>(397,844)</u>
<b>OTHER FINANCING USES</b>					
Transfers to:					
Raleigh Union Station fund	500,000	-	500,000	500,000	-
Debt Service fund	2,313,462	-	2,313,462	2,313,462	-
Miscellaneous capital projects fund	874,165	146,538	1,020,703	1,080,919	(60,216)
SWS Debt Service fund	-	-	-	-	-
Total other financing uses	<u>3,687,627</u>	<u>146,538</u>	<u>3,834,165</u>	<u>3,894,381</u>	<u>(60,216)</u>
Total expenditures and other financing uses	<u>\$ 60,096,408</u>	<u>\$ 146,538</u>	<u>\$ 60,242,946</u>	<u>\$ 60,701,006</u>	<u>\$ (458,060)</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, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>			
Water and sewer user charges	\$ 228,972,084	\$ 230,843,572	\$ (1,871,488)
Water infrastructure replacement	4,961,467	5,000,000	(38,533)
Sewer infrastructure replacement	13,656,746	13,600,000	56,746
Watershed protection fees	2,491,810	2,250,000	241,810
Capital facility fees	25,862,629	16,100,000	9,762,629
Other operating revenues	5,531,898	4,380,268	1,151,630
Total operating revenues	<u>281,476,634</u>	<u>272,173,840</u>	<u>9,302,794</u>
<b>NONOPERATING REVENUES</b>			
Gain (loss) on investments	(16,540,291)	3,012,763	(19,553,054)
Gain (loss) on disposal of capital assets	144,904	-	144,904
Other nonoperating revenues	66,142	30,000	36,142
Total nonoperating revenues	<u>(16,329,245)</u>	<u>3,042,763</u>	<u>(19,372,008)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfer from:			
Solid waste services fund	90,000	90,000	-
Lease liabilities issued	1,430,754	1,430,754	-
Total other financing sources	<u>1,520,754</u>	<u>1,520,754</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 266,668,143</u>	<u>276,737,357</u>	<u>\$ (10,069,214)</u>
Fund balance appropriated		<u>34,246,854</u>	
		<u>\$ 310,984,211</u>	
<b>EXPENDITURES</b>			
<b>Public utilities:</b>			
Administration	\$ 9,408,696	\$ 12,357,958	\$ (2,949,262)
Capital improvements management	5,221,276	5,452,700	(231,424)
Water plant	22,846,617	28,162,182	(5,315,565)
Waste treatment plant	25,148,016	29,838,849	(4,690,833)
Utility billing	8,717,201	10,669,644	(1,952,443)
Sewer maintenance	12,805,319	15,207,125	(2,401,806)
Water distribution	12,378,456	13,839,123	(1,460,667)
Meter operations	3,311,739	6,463,185	(3,151,446)
	<u>99,837,320</u>	<u>121,990,766</u>	<u>(22,153,446)</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, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>EXPENDITURES (CONTINUED)</b>			
<b>Special appropriations:</b>			
Reimbursement to general fund	\$ 10,403,478	\$ 10,403,478	\$ -
Insurance and risk management charges	4,828,551	4,863,551	(35,000)
Other expenditures	428,578	5,261,476	(4,832,898)
	<u>15,660,607</u>	<u>20,528,505</u>	<u>(4,867,898)</u>
<b>Debt service:</b>			
Leases:			
Principal	411,082	411,082	
Interest	56,251	56,251	
Revenue bonds:			
Principal	32,530,000	32,530,000	-
Interest	22,144,500	22,144,500	-
Installment financing agreements:			
Principal	4,527,606	4,700,000	(172,394)
Interest	1,201,218	1,201,218	-
Escrow expenditures - merged systems' debt	886,028	886,028	-
Other expenditures	515,023	520,861	(5,838)
Total nonoperating expenditures	<u>62,271,708</u>	<u>62,449,940</u>	<u>(178,232)</u>
Total expenditures	<u>177,769,635</u>	<u>204,969,211</u>	<u>(27,199,576)</u>
<b>OTHER FINANCING USES</b>			
Transfers to:			
Water capital projects fund	32,155,000	32,155,000	-
Sewer capital projects fund	73,860,000	73,860,000	-
Solid waster services operating fund	-	-	-
Total other financing uses	<u>106,015,000</u>	<u>106,015,000</u>	<u>-</u>
 Total expenditures and other financing uses	 <u>\$ 283,784,635</u>	 <u>\$ 310,984,211</u>	 <u>\$ (27,199,576)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
WATER CAPITAL PROJECTS FUND  
For the Fiscal Year Ended June 30, 2022**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
Water and sewer operating fund	\$ 237,682,596	\$ 32,155,000	\$ 269,837,596	\$ 265,993,443	\$ 3,844,153
Street bond fund	146,123	-	146,123	146,123	-
Total other financing sources	<u>237,828,719</u>	<u>32,155,000</u>	<u>269,983,719</u>	<u>266,139,566</u>	<u>3,844,153</u>
Total revenues and other financing sources	<u>\$ 237,828,719</u>	<u>\$ 32,155,000</u>	<u>\$ 269,983,719</u>	266,139,566	<u>\$ 3,844,153</u>
Fund balance appropriated				<u>2,564,877</u>	
				<u>\$ 268,704,443</u>	
<b>EXPENDITURES</b>					
Water capital projects	<u>\$ 129,559,819</u>	<u>\$ 25,822,803</u>	<u>\$ 155,382,622</u>	<u>\$ 268,276,423</u>	<u>\$ (112,893,801)</u>
<b>OTHER FINANCING USES</b>					
Transfer to:					
Public utilities equipment replacement fund	<u>428,020</u>	<u>-</u>	<u>428,020</u>	<u>428,020</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 129,987,839</u>	<u>\$ 25,822,803</u>	<u>\$ 155,810,642</u>	<u>\$ 268,704,443</u>	<u>\$ (112,893,801)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
SEWER CAPITAL PROJECTS FUND**  
For the Fiscal Year Ended June 30, 2022

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
Water and sewer operating fund	<u>\$ 349,189,689</u>	<u>\$ 73,860,000</u>	<u>\$ 423,049,689</u>	<u>\$ 411,402,402</u>	<u>\$ 11,647,287</u>
Fund balance appropriated				<u>10,690,000</u>	
				<u>\$ 422,092,402</u>	
<b>EXPENDITURES</b>					
Sewer capital projects	<u>\$ 183,438,430</u>	<u>\$ 42,976,527</u>	<u>\$ 226,414,957</u>	<u>\$ 422,092,402</u>	<u>\$ (195,677,445)</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, 2022**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>					
Intergovernmental:					
N.C. Department of Natural Resources	\$ 112,683,415	\$ 836,063	\$ 113,519,478	\$ 120,367,719	\$ (6,848,241)
Other	-	16,054	16,054	-	16,054
Total revenues	<u>112,683,415</u>	<u>852,117</u>	<u>113,535,532</u>	<u>120,367,719</u>	<u>(6,832,187)</u>
<b>OTHER FINANCING SOURCES</b>					
Issuance of debt	266,494,398	123,900,000	390,394,398	721,774,138	(331,379,740)
Total revenues and other financing sources	<u>\$ 379,177,813</u>	<u>\$ 124,752,117</u>	<u>\$ 503,929,930</u>	842,141,857	<u>\$ (338,211,927)</u>
Fund balance appropriated				<u>1,000,000</u>	
				<u>\$ 843,141,857</u>	
<b>EXPENDITURES</b>					
Water capital projects	\$ 69,072,829	\$ 9,494,102	\$ 78,566,931	\$ 188,486,676	\$ (109,919,745)
Sewer capital projects	315,986,600	131,013,227	446,999,827	654,655,181	(207,655,354)
Total expenditures	<u>\$ 385,059,429</u>	<u>\$ 140,507,329</u>	<u>\$ 525,566,758</u>	<u>\$ 843,141,857</u>	<u>\$ (317,575,099)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
WATER AND SEWER FUNDS  
For the Fiscal Year Ended June 30, 2022**

**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	\$ 266,668,143
Water capital projects fund	32,155,000
Sewer capital projects fund	73,860,000
Water and sewer revenue bond fund	<u>124,752,117</u>

Total current year expenditures and other financing

uses - modified accrual basis:

Water and sewer operating fund	(283,784,635)
Water capital projects fund	(25,822,803)
Sewer capital projects fund	(42,976,527)
Water and sewer revenue bond fund	<u>(140,507,329)</u>

Excess of revenues and other financing sources over  
expenditures and other financing uses

4,343,966

Adjustments to full accrual basis:

Amortization of deferred refunding charges	(1,852,077)
Amortization of bond premiums and discounts	2,943,014
Bond and note proceeds	(124,736,063)
Bond and note principal payments	37,057,606
Lease proceeds	(29,146)
Lease principal payments	411,082
Capital contributions	24,365,197
Capital outlay	209,734,023
Depreciation and amortization	(47,775,543)
Interest expense accrual	(225,425)
Vacation expense	17,455
Increase (decrease) in deferred outflows of resources - LGERS	605,229
(Increase) decrease in deferred inflows of resources - LGERS	(12,581,741)
(Increase) decrease in net pension liability - LGERS	12,139,386
Increase (decrease) in deferred outflows of resources - OPEB	500,195
(Increase) decrease in deferred inflows of resources - OPEB	3,144,726
(Increase) decrease in net pension liability - OPEB	<u>(2,424,909)</u>

Change in net position per statement of revenues, expenses and  
changes in fund net position

\$ 105,636,975

**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, 2022**

	<b>Actual</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
User charges:			
Convention and civic center	\$ 4,365,946	\$ 2,558,000	\$ 1,807,946
Performing arts center	5,198,811	3,415,500	1,783,311
Red Hat amphitheater	2,329,000	1,290,500	1,038,500
Special events	168,908	246,210	(77,302)
Total user charges	<u>12,062,665</u>	<u>7,510,210</u>	<u>4,552,455</u>
Miscellaneous Other	183,701	3,209,364	(3,025,663)
Gain (loss) on investments	(50,946)	11,969	(62,915)
Total revenues	<u>12,195,420</u>	<u>10,731,543</u>	<u>1,463,877</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers from:			
General fund	3,296,277	3,296,277	-
Grants fund	5,679,262	5,679,262	-
Convention center financing fund	<u>20,650,485</u>	<u>22,399,952</u>	<u>(1,749,467)</u>
Total other financing sources	<u>29,626,024</u>	<u>31,375,491</u>	<u>(1,749,467)</u>
Total revenues and other financing sources	<u>\$ 41,821,444</u>	<u>42,107,034</u>	<u>\$ (285,590)</u>
Fund balance appropriated		<u>7,592,647</u>	
		<u>\$ 49,699,681</u>	
<b>EXPENDITURES</b>			
Civic and convention center	\$ 8,846,167	\$ 10,894,118	\$ (2,047,951)
Performing arts center	5,908,307	13,670,395	(7,762,088)
Red Hat amphitheater	2,640,520	4,583,200	(1,942,680)
Special events	168,936	391,033	(222,097)
Total operating expenditures	<u>17,563,930</u>	<u>29,538,746</u>	<u>(11,974,816)</u>
<b>DEBT SERVICE</b>			
Principal	11,099,589	11,099,589	-
Interest	6,222,651	7,772,846	(1,550,195)
Other debt service costs	884,965	1,288,500	(403,535)
Total debt service	<u>18,207,205</u>	<u>20,160,935</u>	<u>(1,953,730)</u>
Total expenditures and other financing uses	<u>\$ 35,771,135</u>	<u>\$ 49,699,681</u>	<u>\$ (13,928,546)</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, 2022**

	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>OTHER FINANCING SOURCES</b>					
Note proceeds	\$ 4,090,708	\$ -	\$ 4,090,708	\$ 4,349,017	\$ (258,309)
Bond proceeds	9,147,202	-	9,147,202	10,584,202	(1,437,000)
Premium on bonds	905,182	-	905,182	557,465	347,717
Miscellaneous revenues	1,259,094	-	1,259,094	-	1,259,094
Gain (loss) on investments	-	-	-	11,961	(11,961)
Donations and contributions	840,346	20,000	860,346	571,530	288,816
Transfers from:					
General Fund	2,661,500	-	2,661,500	2,661,500	-
Walnut Creek Amphitheater fund	1,105,000	-	1,105,000	1,105,000	-
Miscellaneous capital projects fund	-	-	-	-	-
Convention center financing fund	3,000,000	750,000	3,750,000	3,750,000	-
Total revenues and other financing sources	<u>\$ 25,684,032</u>	<u>\$ 770,000</u>	<u>\$ 26,454,032</u>	<u>\$ 26,265,675</u>	<u>\$ 188,357</u>
<b>EXPENDITURES</b>					
Convention center and performing arts complex projects	<u>\$ 21,623,442</u>	<u>\$ 862,192</u>	<u>\$ 22,485,634</u>	<u>\$ 26,265,675</u>	<u>\$ (3,780,041)</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, 2022

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
Convention center financing fund	<u>\$ 15,023,045</u>	<u>\$ 2,500,000</u>	<u>\$ 17,523,045</u>	<u>\$ 14,586,891</u>	<u>\$ 2,936,154</u>
Fund balance appropriated				<u>764,247</u>	
				<u>\$ 15,351,138</u>	
<b>EXPENDITURES</b>					
Convention center projects	<u>\$ 5,633,910</u>	<u>\$ 963,782</u>	<u>\$ 6,597,692</u>	<u>\$ 15,351,138</u>	<u>\$ (8,753,446)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET (MODIFIED ACCRUAL BASIS ) AND ACTUAL  
CONVENTION CENTER FUNDS  
For the Fiscal Year Ended June 30, 2022**

**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	\$ 41,821,444
Convention center and performing arts complex projects fund	770,000
Convention center complex capital projects fund	2,500,000
 Total current expenditures and other financing uses - modified accrual basis	
Convention center and performing arts complex operating fund	(35,771,135)
Convention center and performing arts complex projects fund	(862,192)
Convention center complex capital projects fund	<u>(963,782)</u>
 Deficiency of revenues and other financing sources under expenditures and other financing uses	7,494,335
 Adjustments to full accrual basis:	
Amortization of deferred refunding charges	(3,945)
Amortization of premiums and discounts	117,881
Bond and note principal payments	10,945,734
Lease principal payments	153,855
Capital outlay	1,826,118
Depreciation and amortization	(7,721,863)
Interest expense accrual	207,575
Increase (decrease) in deferred outflows of resources - LGERS	103,702
(Increase) decrease in deferred inflows of resources - LGERS	(2,155,808)
(Increase) decrease in pension liability - LGERS	2,080,013
Increase (decrease) in deferred outflows of resources - OPEB	85,706
(Increase) decrease in deferred inflows of resources - OPEB	538,830
(Increase) decrease in pension liability - OPEB	(415,494)
Vacation expense	<u>25,843</u>
 Change in net position per statement of revenues, expenses and changes in net position	<u>\$ 13,282,482</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
MASS TRANSIT FUND  
For the Fiscal Year Ended June 30, 2022**

	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>					
Farebox	\$ -	\$ 1,795,445	\$ 1,795,445	\$ 1,560,057	\$ 235,388
ART program fees	-	50,596	50,596	-	50,596
Intergovernmental revenue:					
Federal Transit Administration	46,700,394	13,406,632	60,107,026	75,229,915	(15,122,889)
State of North Carolina	1,021,723	3,041,187	4,062,910	3,041,187	1,021,723
City of Raleigh	242,920	-	242,920	1,845,695	(1,602,775)
Wake Transit	31,141,101	39,841,789	70,982,890	159,557,324	(88,574,434)
NC DENR	200,000	-	200,000	-	200,000
Miscellaneous other	-	329,377	329,377	355,000	(25,623)
Total revenues	<u>79,306,138</u>	<u>58,465,026</u>	<u>137,771,164</u>	<u>241,589,178</u>	<u>(103,818,014)</u>
<b>OTHER FINANCING SOURCES</b>					
Gain (loss) on disposal of capital assets	-	17,068	17,068	-	17,068
Transfers from:					
General fund	1,474,596	17,172,174	18,646,770	22,909,123	(4,262,353)
Street bond fund	219,000	297,229	516,229	516,229	-
Street improvement fund	-	-	-	914,429	(914,429)
Total other financing sources	<u>1,693,596</u>	<u>17,486,471</u>	<u>19,180,067</u>	<u>24,339,781</u>	<u>(5,159,714)</u>
Total revenues and other financing sources	<u>\$ 80,999,734</u>	<u>\$ 75,951,497</u>	<u>\$ 156,951,231</u>	<u>265,928,959</u>	<u>\$ (108,977,728)</u>
Fund balance appropriated				<u>3,980,237</u>	
				<u>\$ 269,909,196</u>	
<b>EXPENDITURES</b>					
Mass transit operating expenditures	\$ -	\$ 16,529,358	\$ 16,529,358	\$ 16,574,618	\$ (45,260)
ART program operating expenditures	-	9,755,824	9,755,824	11,247,451	(1,491,627)
Capital grant expenditures	55,759,258	23,268,956	79,028,214	163,627,278	(84,599,064)
Wake Transit operating expenditures	-	10,954,576	10,954,576	12,994,706	(2,040,130)
Wake Transit capital expenditures	29,368,099	11,040,892	40,408,991	65,083,067	(24,674,076)
Interest expense	-	3,338	3,338	3,338	-
Total expenditures	<u>85,127,357</u>	<u>71,552,944</u>	<u>156,680,301</u>	<u>269,530,458</u>	<u>(112,850,157)</u>
<b>OTHER FINANCING USES</b>					
Transfers to:					
Grants fund	-	378,738	378,738	378,738	-
Total expenditures and other financing uses	<u>\$ 85,127,357</u>	<u>\$ 71,931,682</u>	<u>\$ 157,059,039</u>	<u>\$ 269,909,196</u>	<u>\$ (112,850,157)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
MASS TRANSIT FUND  
For the Fiscal Year Ended June 30, 2022**

**RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:**

Total current year revenues and other financing sources - modified accrual basis	\$ 75,951,497
Total current year expenditures and other financing uses - modified accrual basis	<u>(71,931,682)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	4,019,815
Adjustments to full accrual basis:	
Capital outlay	32,898,617
Depreciation and amortization	(8,514,058)
Interest expense accrual	(645)
Lease principal payments	39,722
Increase (decrease) in deferred outflows of resources - LGERS	16,032
(Increase) decrease in pension liability - LGERS	645,521
Increase (decrease) in deferred outflows of resources - OPEB	26,598
(Increase) decrease in deferred inflows of resources - OPEB	167,224
(Increase) decrease in pension liability - OPEB	(128,946)
Vacation expense	<u>(13,448)</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u>\$ 28,503,539</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
STORMWATER UTILITY OPERATING FUND  
For the Fiscal Year Ended June 30, 2022**

	<b>Actual</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
User charges	\$ 33,561,997	\$ 32,101,638	\$ 1,460,359
Gain (loss) on investments	(932,837)	184,184	(1,117,021)
Miscellaneous other	25,262	50,000	(24,738)
Total revenues	<u>32,654,422</u>	<u>32,335,822</u>	<u>318,600</u>
<b>OTHER FINANCING SOURCES</b>			
Lease liabilities issued	106,491	106,491	-
Total other financing sources	<u>106,491</u>	<u>106,491</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 32,760,913</u>	<u>32,442,313</u>	<u>\$ 318,600</u>
Fund balance appropriated		332,739	
		<u>\$ 32,775,052</u>	
<b>EXPENDITURES</b>			
Operating expenditures	<u>\$ 17,525,563</u>	<u>\$ 21,897,913</u>	<u>\$ (4,372,350)</u>
<b>DEBT SERVICE</b>			
Note principal	101,738	101,738	-
Lease principal	41,873	41,873	-
Lease interest	3,860	3,860	-
Total Debt Service	<u>147,471</u>	<u>147,471</u>	<u>-</u>
<b>OTHER FINANCING USES</b>			
Transfers to:			
Stormwater utility capital projects fund	10,493,000	10,493,000	-
General fund	236,668	236,668	-
Total other financing uses	<u>10,729,668</u>	<u>10,729,668</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 28,402,702</u>	<u>\$ 32,775,052</u>	<u>\$ (4,372,350)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
STORMWATER UTILITY CAPITAL PROJECTS FUND  
For the Fiscal Year Ended June 30, 2022**

	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>					
Intergovernmental:					
Federal Emergency Management Agency	\$ 1,047,296	\$ -	\$ 1,047,296	\$ 1,378,317	\$ (331,021)
N.C. Clean Water Management Trust	594,509	105,577	700,086	1,626,554	(926,468)
Gain (loss) on investments	6,234,938	-	6,234,938	1,804,000	4,430,938
Miscellaneous other	231,463	80,999	312,462	136,014	176,448
Total revenues	<u>8,108,206</u>	<u>186,576</u>	<u>8,294,782</u>	<u>4,944,885</u>	<u>3,349,897</u>
<b>OTHER FINANCING SOURCES</b>					
Transfer from:					
Stormwater utility operating fund	67,626,629	10,493,000	78,119,629	76,102,564	2,017,065
Raleigh Union Station capital projects fund	51,300	-	51,300	51,300	-
Total other financing sources	<u>67,677,929</u>	<u>10,493,000</u>	<u>78,170,929</u>	<u>76,153,864</u>	<u>2,017,065</u>
Total revenues and other financing sources	<u>\$ 75,786,135</u>	<u>\$ 10,679,576</u>	<u>\$ 86,465,711</u>	81,098,749	<u>\$ 5,366,962</u>
Fund balance appropriated				<u>2,756,000</u>	
				<u>\$ 83,854,749</u>	
<b>EXPENDITURES</b>					
Stormwater capital projects	<u>\$ 49,523,772</u>	<u>\$ 5,968,077</u>	<u>\$ 55,491,849</u>	<u>\$ 83,468,380</u>	<u>\$ (27,976,531)</u>
<b>OTHER FINANCING USES</b>					
Transfer to :					
Raleigh union station capital projects fund	<u>386,369</u>	<u>-</u>	<u>386,369</u>	<u>386,369</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 49,910,141</u>	<u>\$ 5,968,077</u>	<u>\$ 55,878,218</u>	<u>\$ 83,854,749</u>	<u>\$ (27,976,531)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
STORMWATER UTILITY BOND FUND**  
For the Fiscal Year Ended June 30, 2022

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
Stormwater utility operating fund	\$ 82,945	\$ -	\$ 82,945	\$ 20,890	\$ 62,055
<b>EXPENDITURES</b>					
Stormwater capital projects	\$ 20,890	\$ -	\$ 20,890	\$ 20,890	\$ -

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
STORMWATER UTILITY FUNDS  
For the Fiscal Year Ended June 30, 2022**

**RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:**

Total current year revenues and other financing sources - modified accrual basis		
Stormwater utility operating fund	\$	32,760,913
Stormwater utility capital projects fund		10,679,576
Stormwater utility bond fund		-
Total current year expenditures and other financing uses - modified accrual basis		
Stormwater utility operating fund		(28,402,702)
Stormwater utility capital projects fund		(5,968,077)
Stormwater utility bond fund		-
Deficiency of revenues and other financing sources under expenditures and other financing uses		9,069,710
Adjustments to full accrual basis:		
Capital outlay		6,035,961
Depreciation and amortization		(4,373,095)
Note principal		101,738
Interest expense accrual		(743)
Lease principal payments		41,873
Increase (decrease) in deferred outflows of resources - LGERS		74,909
(Increase) decrease in deferred inflows of resources - LGERS		(2,516,207)
(Increase) decrease in pension liability - LGERS		2,474,499
Increase (decrease) in deferred outflows of resources - OPEB		101,960
(Increase) decrease in deferred inflows of resources - OPEB		641,023
(Increase) decrease in pension liability - OPEB		(494,295)
Vacation expense		(51,379)
Change in net position per statement of revenues, expenses, and changes in fund net position	\$	11,105,954



**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
PARKING FACILITIES OPERATING FUND  
For the fiscal year ended June 30, 2022**

	<b>Actual</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Parking fees	\$ 12,994,611	\$ 12,166,799	\$ 827,812
Gain (loss) on investments	(146,896)	79,470	(226,366)
Miscellaneous other	463,477	208,700	254,777
Total revenues	<u>\$ 13,311,192</u>	<u>12,454,969</u>	<u>\$ 856,223</u>
Fund balance appropriated		4,613,497	
		<u>\$ 17,068,466</u>	
<b>EXPENDITURES</b>			
Operating expenditures	<u>\$ 7,887,299</u>	<u>\$ 9,796,453</u>	<u>\$ (1,909,154)</u>
<b>DEBT SERVICE</b>			
Note principal	3,842,861	3,811,114	31,747
Note interest	1,161,365	2,077,493	(916,128)
Other debt service expenditures	151,616	240,000	(88,384)
Total debt service	<u>5,155,842</u>	<u>6,128,607</u>	<u>(972,765)</u>
<b>OTHER FINANCING USES</b>			
Transfers to:			
Equipment replacement fund	380,000	380,000	-
General debt service fund	-	578,406	(578,406)
Parking facilities capital projects fund	185,000	185,000	-
Total other financing uses	<u>565,000</u>	<u>1,143,406</u>	<u>(578,406)</u>
Total expenditures and other financing uses	<u>\$ 13,608,141</u>	<u>\$ 17,068,466</u>	<u>\$ (3,460,325)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
PARKING FACILITIES CAPITAL PROJECTS FUND  
For the fiscal year ended June 30, 2022**

	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total</b>	<b>Budget</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>					
Gain (loss) on investments	\$ -	\$ 2,617	\$ 2,617	\$ -	\$ 2,617
Developer participation	-	-	-	-	-
Miscellaneous income	-	-	-	-	-
Total revenues	-	2,617	2,617	-	2,617
<b>OTHER FINANCING SOURCES</b>					
Parking facilities operating fund	\$ 4,229,725	\$ 185,000	\$ 4,414,725	\$ 7,747,429	\$ (3,332,704)
Equipment replacement fund	-	1,692,663	1,692,663	-	1,692,663
Total other financing sources	4,229,725	1,877,663	6,107,388	7,747,429	(1,640,041)
Total revenue and other financing sources	4,229,725	1,880,280	6,110,005	7,747,429	(1,637,424)
Fund balance appropriated				3,176,829	
				<u>\$ 10,924,258</u>	
<b>EXPENDITURES</b>					
Parking facilities capital projects	\$ 5,302,532	\$ 426,172	\$ 5,728,704	\$ 10,924,258	\$ (5,195,554)

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
PARKING FACILITIES FUNDS  
For the fiscal year ended June 30, 2022**

**RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:**

Total current year revenues and other financing

sources - modified accrual basis

Parking facilities operating fund \$ 13,311,192

Parking facilities capital projects fund 1,880,280

Total current year expenditures and other financing

uses - modified accrual basis

Parking facilities operating fund (13,608,141)

Parking facilities capital projects fund (426,172)

Excess of revenues and other financing sources over

expenditures and other financing uses 1,157,159

Adjustments to full accrual basis:

Accrued interest expense 22,506

Amortization of bond refunding costs (77,149)

Amortization of premiums and discounts 261,114

Bond and note principal 3,810,614

Lease proceeds (payments) 308,816

Capital outlay 426,172

Depreciation and amortization (4,199,437)

Increase (decrease) in deferred outflows of resources - LGERS 33,971

(Increase) decrease in deferred inflows of resources - LGERS (706,213)

Increase (decrease) in pension liability - LGERS 681,384

Increase (decrease) in deferred outflows of resources - OPEB 28,075

(Increase) decrease in deferred inflows of resources - OPEB 176,513

Increase (decrease) in pension liability - OPEB (136,110)

Vacation expense (17,536)

Change in net position per statement of revenues, expenses, and

changes in fund net position \$ 1,769,879

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
SOLID WASTE SERVICES FUND  
For the Fiscal Year Ended June 30, 2022**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>			
Solid waste residential collection	\$ 24,200,672	\$ 22,988,895	\$ 1,211,777
Recycling residential collection	11,990,765	12,065,967	(75,202)
Yardwaste center	869,936	650,000	219,936
Miscellaneous other	-	200	(200)
Total revenues	<u>37,061,373</u>	<u>35,705,062</u>	<u>1,356,311</u>
<b>OTHER FINANCING SOURCES</b>			
Other revenue	542,233	70,000	472,233
Transfer from:			
General fund	<u>7,730,000</u>	<u>7,730,000</u>	<u>-</u>
Total other financing sources	<u>8,272,233</u>	<u>7,800,000</u>	<u>472,233</u>
Total revenues and other financing sources	<u>\$ 45,333,606</u>	<u>43,505,062</u>	<u>\$ 1,828,544</u>
Fund balance appropriated		<u>7,114,922</u>	
		<u>\$ 50,619,984</u>	
<b>EXPENDITURES</b>			
Administration	\$ 9,883,057	\$ 10,501,373	\$ (618,316)
Residential collection	6,247,866	6,810,645	(562,779)
Residential recycling	18,606,636	23,165,263	(4,558,627)
Yardwaste center	<u>4,332,849</u>	<u>7,356,911</u>	<u>(3,024,062)</u>
	<u>39,070,408</u>	<u>47,834,192</u>	<u>(8,763,784)</u>
<b>DEBT SERVICE</b>			
Note principal	747,414	747,715	(301)
Note interest	<u>361,936</u>	<u>382,699</u>	<u>(20,763)</u>
	<u>1,109,350</u>	<u>1,130,414</u>	<u>(21,064)</u>
Total expenditures	<u>40,179,758</u>	<u>48,964,606</u>	<u>(8,784,848)</u>
<b>OTHER FINANCING USES</b>			
Transfers to:			
Grants fund	32,228	32,228	-
Public Utilities fund	90,000	90,000	-
Equipment replacement fund	<u>1,533,150</u>	<u>1,533,150</u>	<u>-</u>
Total other financing uses	<u>1,655,378</u>	<u>1,655,378</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 41,835,136</u>	<u>\$ 50,619,984</u>	<u>\$ (8,784,848)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
SOLID WASTE SERVICES FUND  
For the Fiscal Year Ended June 30, 2022**

**RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:**

Total current year revenues and other financing sources - modified accrual basis	\$ 45,333,606
Total current year expenditures and other financing uses - modified accrual basis	<u>(41,835,136)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	3,498,470
Adjustments to full accrual basis:	
Amortization of refunding charges	(17,614)
Amortization of note premiums and discounts	125,276
Bond and note principal payments	747,414
Lease principal payments	59,050
Depreciation and amortization	(948,328)
Interest expense accrual	7,052
Landfill closure/postclosure liability adjustment	567,268
Increase (decrease) in deferred outflows of resources - LGERS	187,737
(Increase) decrease in deferred inflows of resources - LGERS	(3,902,756)
(Increase) decrease in pension liability - LGERS	3,765,541
Increase (decrease) in deferred outflows of resources - OPEB	155,156
(Increase) decrease in deferred inflows of resources - OPEB	975,469
(Increase) decrease in pension liability - OPEB	(752,188)
Vacation expense	<u>(59,146)</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u>\$ 4,408,401</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, 2022

	<b>Risk Management Fund</b>	<b>Employees' Health Benefits Fund</b>	<b>Governmental Equipment Replacement Fund</b>	<b>Solid Waste Services Equipment Replacement Fund</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 34,719,417	\$ 20,464,181	\$ 5,557,098	\$ 10,634,045
Accrued interest receivable	212,220	12,857	-	-
Other receivables and assets	-	653,512	-	-
Sales tax receivable	351	-	224,881	505,994
Inventories	-	-	-	-
Insurance deposit	420,000	-	-	-
Total current assets	<u>35,351,988</u>	<u>21,130,550</u>	<u>5,781,979</u>	<u>11,140,039</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	4,419,222	724,606
Capital assets:				
Buildings and machinery	-	-	-	-
Buses	-	-	104,241	-
Equipment	-	-	118,365,291	47,009,562
Right to use leased assets, net of amortization	3,873	-	-	-
Less accumulated depreciation	-	-	(89,832,258)	(30,400,831)
Total noncurrent assets	<u>3,873</u>	<u>-</u>	<u>33,056,496</u>	<u>17,333,337</u>
Total assets	<u>35,355,861</u>	<u>21,130,550</u>	<u>38,838,475</u>	<u>28,473,376</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals - LGERS	63,894	-	-	-
Pension deferrals - OPEB	24,955	-	-	-
Total deferred outflows of resources	<u>88,849</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	119,641	3,805	1,113,547	6,553,157
Sales tax payable	-	-	8,067	15,209
Accrued salaries and employee payroll taxes	13,476	-	-	-
Accrued interest payable	46	-	40,690	20,425
Claims payable and other liabilities	6,333,300	3,472,000	-	-
Earned vacation pay	17,840	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	6,756,622	3,945,821
Contracts and other notes payable, net of unamortized premiums and discounts	1,544	-	-	-
Total current liabilities	<u>6,485,847</u>	<u>3,475,805</u>	<u>7,918,926</u>	<u>10,534,612</u>
Noncurrent liabilities:				
Claims payable and other liabilities	13,007,440	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	12,978,002	9,916,507
Contracts and other notes payable, net of unamortized premiums and discounts	2,576	-	-	-
Earned vacation pay	-	-	-	-
Net pension liability - LGERS	63,270	-	-	-
Net pension liability - OPEB	293,850	-	-	-
Total noncurrent liabilities	<u>13,367,136</u>	<u>-</u>	<u>12,978,002</u>	<u>9,916,507</u>
Total liabilities	<u>19,852,983</u>	<u>3,475,805</u>	<u>20,896,928</u>	<u>20,451,119</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals - LGERS	117,426	-	-	-
Pension deferrals - OPEB	43,959	-	-	-
Total deferred inflows of resources	<u>161,385</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	(247)	-	13,321,872	3,471,009
Unrestricted	15,430,589	17,654,745	4,619,675	4,551,248
Total net position	<u>\$ 15,430,342</u>	<u>\$ 17,654,745</u>	<u>\$ 17,941,547</u>	<u>\$ 8,022,257</u>



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

June 30, 2022

	<b>Public Utilities Equipment Replacement Fund</b>	<b>Vehicle Fleet Services Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,725,601	\$ 1,853,978	\$ 78,954,320
Accrued interest receivable	-	-	225,077
Other receivables and assets	-	8,766	662,278
Sales tax receivable	73,636	369,406	1,174,268
Inventories	-	701,492	701,492
Insurance deposit	-	-	420,000
Total current assets	5,799,237	2,933,642	82,137,435
Noncurrent assets:			
Restricted cash and cash equivalents	2,405,748	-	7,549,576
Capital assets:			
Buildings and machinery	-	230,912	230,912
Buses	-	-	104,241
Equipment	41,934,539	1,114,307	208,423,699
Right to use leased assets, net of amortization	-	20,813	24,686
Less accumulated depreciation	(32,259,472)	(1,181,581)	(153,674,142)
Total noncurrent assets	12,080,815	184,451	62,658,972
Total assets	17,880,052	3,118,093	144,796,407
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals - LGERS	-	860,808	924,702
Pension deferrals - OPEB	-	372,926	397,881
Total deferred outflows of resources	-	1,233,734	1,322,583
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	379,794	839,183	9,009,127
Sales tax payable	147	3,849	27,272
Accrued salaries and employee payroll taxes	-	156,541	170,017
Accrued interest payable	15,136	260	76,557
Claims payable and other liabilities	-	-	9,805,300
Earned vacation pay	-	286,657	304,497
Bonds, notes and loans payable, net of unamortized premiums and discounts	2,636,505	-	13,338,948
Contracts and other notes payable, net of unamortized premiums and discounts	-	10,742	12,286
Total current liabilities	3,031,582	1,297,232	32,744,004
Noncurrent liabilities:			
Claims payable and other liabilities	-	-	13,007,440
Bonds, notes and loans payable, net of unamortized premiums and discounts	5,582,437	-	28,476,946
Contracts and other notes payable, net of unamortized premiums and discounts	-	10,597	13,173
Earned vacation pay	-	159,252	159,252
Net pension liability - LGERS	-	1,043,680	1,106,950
Net pension liability - OPEB	-	3,762,105	4,055,955
Total noncurrent liabilities	5,582,437	4,975,634	46,819,716
Total liabilities	8,614,019	6,272,866	79,563,720
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals - LGERS	-	1,503,389	1,620,815
Pension deferrals - OPEB	-	540,700	584,659
Total deferred inflows of resources	-	2,044,089	2,205,474
<b>NET POSITION</b>			
Net investment in capital assets	3,861,873	163,639	20,818,146
Unrestricted	5,404,160	(4,128,767)	43,531,650
Total net position	\$ 9,266,033	\$ (3,965,128)	\$ 64,349,796

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2022**

	<b>Risk Management Fund</b>	<b>Employees' Health Benefits Fund</b>	<b>Governmental Equipment Replacement Fund</b>	<b>Solid Waste Services Equipment Replacement Fund</b>
<b>Operating revenues</b>				
User charges				
Charges for services - internal	\$ 9,716,597	\$ 49,316,339	\$ 8,240,408	\$ 5,586,128
Other	-	-	-	-
Total operating revenues	9,716,597	49,316,339	8,240,408	5,586,128
<b>Operating expenses</b>				
Personnel services	398,790	-	-	-
Other operational expenses	1,086,328	4,103,353	159,295	16,000
Claims	2,246,011	46,112,256	-	-
Premiums	3,678,765	-	-	-
Depreciation	-	-	10,207,771	4,586,259
Total operating expenses	7,409,894	50,215,609	10,367,066	4,602,259
<b>Operating income (loss)</b>	2,306,703	(899,270)	(2,126,658)	983,869
<b>Nonoperating revenue (expense)</b>				
Gain (loss) on investments	(5,251,772)	26,311	19,387	13,043
Recovery of claims	100,679	1,313,642	42,134	-
Interest expense	(293)	-	(367,075)	(166,681)
Gain (loss) on sale of property	-	-	492,531	357,661
Total nonoperating revenue (expense)	(5,151,386)	1,339,953	186,977	204,023
Income (loss) before contributions and transfers	(2,844,683)	440,683	(1,939,681)	1,187,892
Transfers in	-	-	2,788,102	1,533,150
Transfers out	-	-	(1,692,663)	-
Change in net position	(2,844,683)	440,683	(844,242)	2,721,042
Net position, beginning of year	18,275,025	17,214,062	18,785,789	5,301,215
Net position, end of year	\$ 15,430,342	\$ 17,654,745	\$ 17,941,547	\$ 8,022,257

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2022**

	<b>Public Utilities Equipment Replacement Fund</b>	<b>Vehicle Fleet Services Fund</b>	<b>Total</b>
<b>Operating revenues</b>			
User charges			
Charges for services - internal	\$ 3,231,017	\$ 17,088,103	\$ 93,178,592
Other	-	13,585	13,585
Total operating revenues	3,231,017	17,101,688	93,192,177
<b>Operating expenses</b>			
Personnel services	-	5,351,990	5,750,780
Other operational expenses	35,125	10,878,400	16,278,501
Claims	-	-	48,358,267
Premiums	-	-	3,678,765
Depreciation	3,722,074	32,604	18,548,708
Total operating expenses	3,757,199	16,262,994	92,615,021
<b>Operating income (loss)</b>	(526,182)	838,694	577,156
<b>Nonoperating revenue (expense)</b>			
Gain (loss) on investments	5,790	-	(5,187,241)
Recovery of claims	1,860	-	1,458,315
Interest expense	(125,191)	(1,574)	(660,814)
Gain (loss) on sale of property	257,165	-	1,107,357
Total nonoperating revenue (expense)	139,624	(1,574)	(3,282,383)
Income (loss) before contributions and transfers	(386,558)	837,120	(2,705,227)
Transfers in	-	-	4,321,252
Transfers out	-	-	(1,692,663)
Change in net position	(386,558)	837,120	(76,638)
Net position, beginning of year	9,652,591	(4,802,248)	64,426,434
Net position, end of year	\$ 9,266,033	\$ (3,965,128)	\$ 64,349,796

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2022

	<b>Risk Management Fund</b>	<b>Employees' Health Benefits Fund</b>	<b>Governmental Equipment Replacement Fund</b>	<b>Solid Waste Services Equipment Replacement Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 9,716,597	\$ 49,316,339	\$ 8,240,408	\$ 5,586,128
Payments to employees	(424,281)	-	-	-
Payments to suppliers and service providers	(1,082,916)	(4,103,335)	(195,067)	(408,972)
Claims paid	(5,111,794)	(45,200,634)	-	-
Premiums paid	(3,678,765)	-	-	-
Other receipts	100,679	1,313,642	42,134	-
Other payments	-	-	-	-
Net cash provided by (used in) operating activities	<u>(480,480)</u>	<u>1,326,012</u>	<u>8,087,475</u>	<u>5,177,156</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating subsidies and transfers from other funds	-	-	1,095,439	-
Internal activity - payments from (to) other funds	-	-	(750,000)	2,283,150
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>345,439</u>	<u>2,283,150</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase and construction of capital assets	-	-	(9,023,671)	(4,596,122)
Principal paid on capital debt	-	-	(12,446,294)	(5,680,387)
Interest paid on capital debt	-	-	(388,787)	(166,643)
Lease proceeds (payments)	-	-	-	-
Proceeds from the sale of capital assets	-	-	492,531	357,661
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(21,366,221)</u>	<u>(10,085,491)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Gain (loss) on investments held	<u>(5,226,161)</u>	<u>13,597</u>	<u>19,387</u>	<u>13,043</u>
Net cash provided by (used in) investing activities	<u>(5,226,161)</u>	<u>13,597</u>	<u>19,387</u>	<u>13,043</u>
Net increase (decrease) in cash and cash equivalents	(5,706,641)	1,339,609	(12,913,920)	(2,612,142)
Cash and cash equivalents - beginning of year	40,426,058	19,124,572	22,890,240	13,970,793
Cash and cash equivalents - end of year	<u>\$ 34,719,417</u>	<u>\$ 20,464,181</u>	<u>\$ 9,976,320</u>	<u>\$ 11,358,651</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 2,306,703	\$ (899,270)	\$ (2,126,658)	\$ 983,869
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	10,207,771	4,586,259
Miscellaneous nonoperating income	100,679	1,313,642	42,134	-
Change in assets, liabilities, deferred inflows and outflows:				
Sales tax receivable	(35)	18	(43,717)	(408,181)
Inventories	-	-	-	-
Other receivables and assets	-	358,013	-	-
Accounts payable and other accrued liabilities	(2,862,336)	553,609	7,945	15,209
(Increase) decrease in deferred outflows of resources - LGERS	(5,364)	-	-	-
Increase (decrease) in deferred inflows of resources - LGERS	111,508	-	-	-
Increase (decrease) in pension liability - LGERS	(107,587)	-	-	-
(Increase) decrease in deferred outflows of resources - OPEB	(4,433)	-	-	-
Increase (decrease) in deferred inflows of resources - OPEB	(27,870)	-	-	-
Increase (decrease) in pension liability - OPEB	21,491	-	-	-
Earned vacation pay and other payroll liabilities	(13,236)	-	-	-
Total adjustments	<u>(2,787,183)</u>	<u>2,225,282</u>	<u>10,214,133</u>	<u>4,193,287</u>
Net cash provided by (used in) operating activities	<u>\$ (480,480)</u>	<u>\$ 1,326,012</u>	<u>\$ 8,087,475</u>	<u>\$ 5,177,156</u>

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2022

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 3,231,017	\$ 17,088,103	\$ 93,178,592
Payments to employees	-	(5,494,359)	(5,918,640)
Payments to suppliers and service providers	(1,545)	(10,757,900)	(16,549,735)
Claims paid	-	-	(50,312,428)
Premiums paid	-	-	(3,678,765)
Other receipts	1,860	13,585	1,471,900
Other payments	-	(2,310)	(2,310)
Net cash provided by (used in) operating activities	<u>3,231,332</u>	<u>847,119</u>	<u>18,188,614</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating subsidies and transfers from other funds	-	-	1,095,439
Internal activity - payments from (to) other funds	-	138	1,533,288
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>138</u>	<u>2,628,727</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase and construction of capital assets	(1,706,298)	(28,135)	(15,354,226)
Principal paid on capital debt	(3,821,667)	-	(21,948,348)
Interest paid on capital debt	(128,725)	-	(684,155)
Lease proceeds (payments)	-	(788)	(788)
Proceeds from the sale of capital assets	257,165	-	1,107,357
Net cash provided by (used in) capital and related financing activities	<u>(5,399,525)</u>	<u>(28,923)</u>	<u>(36,880,160)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Gain (loss) on investments held	5,790	-	(5,174,344)
Net cash provided by (used in) investing activities	<u>5,790</u>	<u>-</u>	<u>(5,174,344)</u>
Net increase (decrease) in cash and cash equivalents	(2,162,403)	818,334	(21,237,163)
Cash and cash equivalents - beginning of year	10,293,752	1,035,644	107,741,059
Cash and cash equivalents - end of year	<u>\$ 8,131,349</u>	<u>\$ 1,853,978</u>	<u>\$ 86,503,896</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (526,182)	\$ 838,694	\$ 577,156
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	3,722,074	32,604	18,548,708
Miscellaneous nonoperating income	1,860	-	1,458,315
Change in assets, liabilities, deferred inflows and outflows:			
Sales tax receivable	33,433	(20,141)	(438,623)
Inventories	-	(38,386)	(38,386)
Other receivables and assets	-	(2,310)	355,703
Accounts payable and other accrued liabilities	147	179,027	(2,106,399)
(Increase) decrease in deferred outflows of resources - LGERS	-	(68,837)	(74,201)
Increase (decrease) in deferred inflows of resources - LGERS	-	1,431,010	1,542,518
Increase (decrease) in pension liability - LGERS	-	(1,380,698)	(1,488,285)
(Increase) decrease in deferred outflows of resources - OPEB	-	(56,891)	(61,324)
Increase (decrease) in deferred inflows of resources - OPEB	-	(357,672)	(385,542)
Increase (decrease) in pension liability - OPEB	-	275,802	297,293
Earned vacation pay and other payroll liabilities	-	14,917	1,681
Total adjustments	<u>3,757,514</u>	<u>8,425</u>	<u>17,611,458</u>
Net cash provided by (used in) operating activities	<u>\$ 3,231,332</u>	<u>\$ 847,119</u>	<u>\$ 18,188,614</u>

## Fiduciary Funds

The **Fiduciary Funds** are used to account for resources received and held by the City as the trustee. 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 FIDUCIARY STATEMENT OF NET POSITION**  
**June 30, 2022**

	<b>Supplemental Money Purchase Pension Plan</b>	<b>Other Post Employment Benefits Trust</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 79,500,977	\$ 63,099,641
Accrued interest receivable	-	6,682
Due from other funds	-	161,110
Other assets	-	452,776
Total assets	<u>79,500,977</u>	<u>63,720,209</u>
<b>LIABILITIES</b>		
Claims payable	-	1,119,000
Accounts payable	-	30,246
Total liabilities	<u>-</u>	<u>1,149,246</u>
<b>NET POSITION</b>		
Restricted for pensions	79,500,977	-
Restricted for postemployment benefits other than pensions	-	62,570,963
Total net position	<u>\$ 79,500,977</u>	<u>\$ 62,570,963</u>



**COMBINING STATEMENT OF CHANGES  
IN FIDUCIARY NET POSITION**  
For the Fiscal Year Ended June 30, 2022

	<b>Supplemental Money Purchase Pension Plan</b>	<b>Other Post Employment Benefits Trust</b>
<b>ADDITIONS</b>		
Employer contributions	\$ 4,847,889	\$ 19,742,031
Retiree contributions	-	3,136,458
Interest	1,271,526	4,045,651
Investment expense	(131,077)	-
Net increase (decrease) in the fair value of investments	(13,897,498)	(13,791,097)
Recovery of claims	-	550,080
Total additions	<u>(7,909,160)</u>	<u>13,683,123</u>
<b>DEDUCTIONS</b>		
Benefits and withdrawals	6,694,749	21,476,873
Professional services	-	65,559
Total deductions	<u>6,694,749</u>	<u>21,542,432</u>
Change in net position restricted for employees' retirement and other post-employment benefits	(14,603,909)	(7,859,309)
Net position, beginning of year	94,104,886	70,430,272
Net position, end of year	<u>\$ 79,500,977</u>	<u>\$ 62,570,963</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 Annual Comprehensive 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, property taxes.

### **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)

	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	\$ 570,848	\$ 568,329	\$ 601,802	\$ 597,711	\$ 656,258
Restricted	264,363	285,736	315,650	346,933	382,018
Unrestricted	89,096	101,746	68,728	107,327	39,911
Total governmental activities net position	924,307	955,811	986,180	1,051,971	1,078,187
Business-type activities					
Net investment in capital assets	717,882	730,664	763,249	798,997	855,401
Unrestricted	213,088	261,284	318,455	374,419	433,114
Total business-type activities net position	930,970	991,948	1,081,704	1,173,416	1,288,515
Total government					
Net investment in capital assets	1,288,730	1,298,993	1,365,051	1,396,708	1,511,659
Restricted	264,363	285,736	315,650	346,933	382,018
Unrestricted	302,184	363,030	387,183	481,746	473,025
Total government net position	\$ 1,855,277	\$ 1,947,759	\$ 2,067,884	\$ 2,225,387	\$ 2,366,702

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

	2018	2019	2020	2021	2022
Governmental activities					
Net investment in capital assets	\$ 695,890	\$ 726,472	\$ 753,431	\$ 835,295	\$ 871,723
Restricted	363,161	339,274	346,843	316,075	347,818
Unrestricted	(80,377)	5,194	5,424	20,009	48,174
Total governmental activities net position	<u>978,674</u>	<u>1,070,940</u>	<u>1,105,698</u>	<u>1,171,379</u>	<u>1,267,715</u>
Business-type activities					
Net investment in capital assets	937,859	1,030,539	1,135,617	1,247,085	1,380,135
Unrestricted	<u>389,162</u>	<u>428,920</u>	<u>466,638</u>	<u>489,107</u>	<u>523,131</u>
Total business-type activities net position	<u>1,327,021</u>	<u>1,459,459</u>	<u>1,602,255</u>	<u>1,736,192</u>	<u>1,903,266</u>
Total government					
Net investment in capital assets	1,633,749	1,757,011	1,889,048	2,082,380	2,251,858
Restricted	363,161	339,274	346,843	316,075	347,818
Unrestricted	<u>308,785</u>	<u>434,114</u>	<u>472,062</u>	<u>509,116</u>	<u>571,305</u>
Total government net position	<u>\$ 2,305,695</u>	<u>\$ 2,530,399</u>	<u>\$ 2,707,953</u>	<u>\$ 2,907,571</u>	<u>\$ 3,170,981</u>

# **CHANGES IN NET POSITION LAST TEN FISCAL YEARS**

(accrual basis of accounting)

(amounts expressed in thousands)

	2013	2014	2015	2016	2017
<b>Expenses</b>					
Governmental activities:					
General government	\$ 39,185	\$ 40,754	\$ 37,368	\$ 46,408	\$ 47,446
Community development services	25,084	23,193	22,867	20,081	30,613
Public infrastructure	48,525	57,944	50,719	58,186	69,785
Public safety	142,121	155,623	147,887	156,680	167,155
Leisure services	56,160	61,695	63,835	66,795	63,483
Economic development programs	4,601	7,930	4,868	6,979	3,331
Interest on long-term debt	14,816	16,646	18,735	20,876	19,302
Total governmental activities expenses	330,492	363,785	346,279	376,005	401,115
Business-type activities:					
Water and sewer	135,146	144,960	146,919	152,921	162,002
Convention center	34,058	33,861	33,886	34,702	34,158
Mass transit	33,766	35,387	37,854	38,180	41,319
Parking facilities	11,826	11,782	11,456	12,404	12,506
Solid waste services	27,919	30,482	28,450	32,330	30,683
Stormwater	11,209	10,444	12,205	13,346	15,131
Total business-type activities	253,924	266,916	270,770	283,883	295,799
Total government expenses	\$ 584,416	\$ 630,701	\$ 617,049	\$ 659,888	\$ 696,914
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 9,906	\$ 10,775	\$ 14,697	\$ 13,564	\$ 21,427
Community development services	5,316	7,398	1,902	1,346	1,485
Public infrastructure	10,607	8,667	12,950	11,004	9,466
Public safety	333	285	448	458	414
Leisure services	19,252	15,822	16,189	17,187	12,073
Economic development programs	53	128	2	-	-
Operating grants and contributions	35,942	32,434	35,296	39,775	37,526
Capital grants and contributions	20,887	8,689	10,080	11,843	26,459
Total governmental activities program revenues	102,296	84,198	91,564	95,177	108,850
Business-type activities:					
Charges for services:					
Water and sewer	186,969	197,947	213,298	228,211	240,163
Convention center	12,231	12,950	13,342	13,785	15,085
Mass transit	5,194	5,441	7,356	7,118	6,720
Parking facilities	10,772	12,330	13,417	15,022	15,784
Solid waste services	19,515	22,162	24,170	26,104	27,281
Stormwater	16,025	16,972	17,459	17,939	22,725
Operating grants and contributions	9,328	6,757	9,029	7,685	12,332
Capital grants and contributions	7,139	3,831	13,688	4,835	9,923
Total business-type activities program revenues	267,173	278,390	311,759	320,699	350,013
Total government program revenues	\$ 369,469	\$ 362,588	\$ 403,323	\$ 415,876	\$ 458,863
<b>Net (expense)/revenue:</b>					
Governmental activities	\$ (228,196)	\$ (279,587)	\$ (254,715)	\$ (280,828)	\$ (292,265)
Business-type activities	13,249	11,474	40,989	36,816	54,214
Total government net expense	\$ (214,947)	\$ (268,113)	\$ (213,726)	\$ (244,012)	\$ (238,051)

# **CHANGES IN NET POSITION LAST TEN FISCAL YEARS**

(accrual basis of accounting)

(amounts expressed in thousands)

	2018	2019	2020	2021	2022
<b>Expenses</b>					
Governmental activities:					
General government	\$ 53,954	\$ 54,954	\$ 63,137	\$ 64,614	\$ 86,660
Community development services	28,276	31,160	38,915	27,679	31,436
Public infrastructure	71,552	75,982	79,107	89,897	88,436
Public safety	168,747	177,817	191,128	192,409	186,625
Leisure services	62,672	65,734	67,911	64,369	64,380
Economic development programs	5,474	4,151	3,152	8,817	2,575
Interest on long-term debt	18,931	17,560	16,228	16,381	15,792
Total governmental activities expenses	409,606	427,358	459,578	464,166	475,904
Business-type activities:					
Water and sewer	169,217	175,882	182,430	185,584	186,015
Convention center	34,628	35,253	35,596	26,887	31,403
Mass transit	42,091	46,532	46,972	37,000	46,554
Parking facilities	12,989	13,699	13,754	12,900	12,929
Solid waste services	34,051	35,498	38,118	40,574	38,442
Stormwater	16,648	17,970	19,527	20,527	21,494
Total business-type activities	309,624	324,834	336,397	323,472	336,837
Total government expenses	\$ 719,230	\$ 752,192	\$ 795,975	\$ 787,638	\$ 812,741
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 22,895	\$ 26,142	\$ 26,927	\$ 29,645	\$ 35,627
Community development services	273	105	840	3,154	1,722
Public infrastructure	1,102	693	1,163	1,963	1,484
Public safety	-	-	-	-	868
Leisure services	10,368	10,870	6,037	4,533	8,897
Economic development programs	-	-	-	-	-
Operating grants and contributions	41,502	46,634	40,779	37,950	77,542
Capital grants and contributions	37,632	26,582	19,116	18,283	40,266
Total governmental activities program revenues	113,772	111,026	94,862	95,528	166,406
Business-type activities:					
Charges for services:					
Water and sewer	255,568	258,608	264,036	271,043	282,671
Convention center	14,736	16,417	12,396	2,745	11,860
Mass transit	5,707	6,134	4,812	1,794	2,054
Parking facilities	16,259	16,787	14,470	10,734	13,531
Solid waste services	27,709	28,796	30,939	35,371	37,604
Stormwater	23,043	23,259	23,555	25,779	33,668
Operating grants and contributions	11,272	9,836	15,829	18,167	44,989
Capital grants and contributions	5,910	24,811	26,842	28,305	35,688
Total business-type activities program revenues	360,204	384,648	392,879	393,938	462,065
Total government program revenues	\$ 473,976	\$ 495,674	\$ 487,741	\$ 489,466	\$ 628,471
<b>Net (expense)/revenue:</b>					
Governmental activities	\$ (295,834)	\$ (316,332)	\$ (364,716)	\$ (368,638)	\$ (309,498)
Business-type activities	50,580	59,814	56,482	70,466	125,228
Total government net expense	\$ (245,254)	\$ (256,518)	\$ (308,234)	\$ (298,172)	\$ (184,270)

*Continued*

# **CHANGES IN NET POSITION** **LAST TEN FISCAL YEARS**

(accrual basis of accounting)

(amounts expressed in thousands)

	2013	2014	2015	2016	2017
<b>General Revenues and Change in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 195,568	\$ 203,513	\$ 214,288	\$ 227,723	\$ 243,511
Local sales tax	71,115	76,004	82,864	88,837	92,879
Franchise tax	21,313	21,944	28,552	29,311	28,699
Other taxes	11,517	23,216	20,124	21,526	30,341
Privilege license tax	7,949	7,512	4,282	93	-
Investment earnings	1,204	5,045	2,288	3,257	4,501
Miscellaneous	20,416	13,821	18,191	16,293	12,280
Transfers	(41,210)	(46,235)	(54,858)	(51,072)	(55,334)
Gain on sale of property	-	6,271	256	7,574	4,196
Capital contributions	-	-	-	-	(2,723)
Total governmental activities	<u>287,872</u>	<u>311,091</u>	<u>315,987</u>	<u>343,542</u>	<u>358,350</u>
Business-type activities:					
Investment earnings	253	3,269	2,029	3,824	3,032
Transfers	41,210	46,235	54,858	51,072	54,984
Gain on the sale of property	-	-	-	-	145
Capital contributions	-	-	-	-	2,723
Total business-type activities	<u>41,463</u>	<u>49,504</u>	<u>56,887</u>	<u>54,896</u>	<u>60,884</u>
Total government general revenues	<u>\$ 329,335</u>	<u>\$ 360,595</u>	<u>\$ 372,874</u>	<u>\$ 398,438</u>	<u>\$ 419,234</u>
 <b>Change in Net Position</b>					
Governmental activities	\$ 59,676	\$ 31,504	\$ 61,272	\$ 62,714	\$ 66,085
Business-type activities	54,712	60,978	97,876	91,712	115,098
Total government change in net position	<u>\$ 114,388</u>	<u>\$ 92,482</u>	<u>\$ 159,148</u>	<u>\$ 154,426</u>	<u>\$ 181,183</u>



**CHANGES IN NET POSITION****LAST TEN FISCAL YEARS**

(accrual basis of accounting)

(amounts expressed in thousands)

	2018	2019	2020	2021	2022
<b>General Revenues and Change in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 252,991	\$ 266,350	\$ 271,131	\$ 275,575	\$ 291,853
Local sales tax	97,394	104,943	107,581	123,182	139,532
Franchise tax	29,425	30,320	28,865	28,598	28,605
Other taxes	39,794	39,798	38,273	43,728	28,379
Privilege license tax	-	-	-	-	-
Investment earnings	5,000	15,636	17,907	17,305	(27,674)
Miscellaneous	2,116	2,431	1,627	672	2,581
Transfers	(50,803)	(55,046)	(67,795)	(56,752)	(58,740)
Gain on sale of property	3,455	4,165	1,886	2,011	1,298
Capital contributions	-	-	-	-	-
Total governmental activities	<u>379,372</u>	<u>408,597</u>	<u>399,475</u>	<u>434,319</u>	<u>405,834</u>
Business-type activities:					
Investment earnings	4,723	17,022	17,671	6,045	(17,649)
Transfers	50,803	55,046	67,795	56,752	58,740
Gain on the sale of property	769	557	847	674	755
Capital contributions	-	-	-	-	-
Total business-type activities	<u>56,295</u>	<u>72,625</u>	<u>86,313</u>	<u>63,471</u>	<u>41,846</u>
Total government general revenues	<u>\$ 435,667</u>	<u>\$ 481,222</u>	<u>\$ 485,788</u>	<u>\$ 497,790</u>	<u>\$ 447,680</u>
 <b>Change in Net Position</b>					
Governmental activities	\$ 83,538	\$ 92,265	\$ 34,759	\$ 65,681	\$ 96,336
Business-type activities	106,875	132,439	142,795	133,937	167,074
Total government change in net position	<u>\$ 190,413</u>	<u>\$ 224,704</u>	<u>\$ 177,554</u>	<u>\$ 199,618</u>	<u>\$ 263,410</u>

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

	2013	2014	2015	2016	2017
General fund					
Nonspendable	\$ 3,020	\$ 3,153	\$ 3,976	\$ 4,762	\$ 4,823
Restricted	40,302	46,800	54,396	55,361	56,389
Committed	68,466	67,776	-	2,898	3,924
Assigned	35,446	35,870	108,058	120,418	132,624
Unassigned	67,990	73,080	83,397	84,784	76,757
Total general fund	<u>\$ 215,224</u>	<u>\$ 226,679</u>	<u>\$ 249,827</u>	<u>\$ 268,223</u>	<u>\$ 274,517</u>
 All other governmental funds					
Nonspendable	\$ -	\$ 11,625	\$ 69,510	\$ 72,920	\$ 72,483
Restricted	37,031	40,478	38,360	41,491	43,056
Assigned	187,964	186,832	215,969	176,675	210,091
Total all other governmental funds	<u>\$ 224,995</u>	<u>\$ 238,935</u>	<u>\$ 323,839</u>	<u>\$ 291,086</u>	<u>\$ 325,630</u>

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

	2018	2019	2020	2021	2022
General fund					
Nonspendable	\$ 8,277	\$ 11,197	\$ 13,833	\$ 13,704	\$ 18,618
Restricted	59,670	63,716	58,985	65,114	70,716
Committed	4,088	4,616	5,535	7,815	7,250
Assigned	135,791	159,232	178,586	214,304	224,547
Unassigned	74,033	85,438	91,731	104,220	107,716
Total general fund	<u>\$ 281,859</u>	<u>\$ 324,199</u>	<u>\$ 348,670</u>	<u>\$ 405,157</u>	<u>\$ 428,847</u>
 All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	46,493	54,162	46,669	37,820	52,409
Assigned	256,998	221,396	241,189	213,161	224,693
Total all other governmental funds	<u>\$ 303,491</u>	<u>\$ 275,558</u>	<u>\$ 287,858</u>	<u>\$ 250,981</u>	<u>\$ 277,102</u>

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS****LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2013	2014	2015	2016	2017
<b>Revenues</b>					
Ad valorem taxes	\$ 195,392	\$ 204,623	\$ 215,042	\$ 227,934	\$ 243,503
Intergovernmental	85,143	76,861	87,900	94,840	104,716
Project revenue (non-grant)	-	-	-	-	3,650
Non-governmental	-	42	80	3	46
Mutual aid reimbursements	-	-	-	-	-
Developer participation	57	164	-	-	-
Assessments	1,124	1,119	1,270	1,294	1,427
Franchise tax (3)	-	-	-	-	-
Local sales tax	71,115	76,004	82,864	88,837	92,879
Licenses	21,280	24,906	19,506	14,772	15,087
Gain (loss) on investments	1	4,588	2,851	4,614	3,810
Inspection fees	9,291	10,830	12,416	12,757	12,250
Highway maintenance refunds	1,125	899	1,393	857	1,148
Facility fees	9,571	7,663	11,990	9,891	8,235
Parks and recreation fees (4)	-	-	-	-	-
Other fees and charges	18,900	15,495	15,488	16,087	16,869
Rents	649	548	857	719	763
Leases	-	-	-	-	-
Program income	2,340	2,384	1,180	902	878
Recovery of claims	-	-	-	-	-
Donations and contributions (5)	-	-	-	-	-
Other revenues	2,467	1,916	2,941	2,987	2,567
Miscellaneous	875	284	-	-	-
Total revenues	419,330	438,382	455,778	476,494	507,828
<b>Expenditures</b>					
General government	36,724	38,112	40,352	46,090	45,825
Community development services	25,388	23,364	23,067	19,952	30,421
Public works (2)	22,215	26,022	81,695	75,675	-
Public infrastructure	-	-	-	-	114,548
Public safety	144,463	148,450	185,497	188,839	169,281
Leisure services	50,023	53,898	79,384	118,035	67,667
Economic development programs	2,312	7,931	4,868	6,979	3,331
Other expenditures	2,290	-	-	-	-
Capital outlay	66,279	92,753	-	-	-
Debt service					
Principal	30,371	30,203	31,726	34,400	40,092
Interest	15,841	17,316	19,602	21,362	21,201
Other debt service expenditures	436	333	597	746	921
Total expenditures	396,342	438,382	466,788	512,078	493,287
<b>Other financing sources (uses)</b>					
Transfers in	32,982	43,554	35,916	40,338	52,318
Transfers out	(77,063)	(88,499)	(87,878)	(90,990)	(103,992)
Proceeds from sale of property	-	6,271	256	7,574	4,196
Bonds issuance	-	-	-	-	68,000
Premium on bonds issued	-	73,377	103,231	335	5,775
Premium on refunding bond issued	-	4,490	8,507	-	-
Refunding bonds issuance	-	5,885	-	60,892	-
Payments to escrow agent	-	(9,626)	-	-	-
Total other financing sources (uses)	(44,081)	35,452	60,032	18,149	26,297
Net change in fund balances	\$ (21,093)	\$ (402,930)	\$ 49,022	\$ (17,435)	\$ 40,838
Debt service as a percentage of noncapital expenditures (1)	13.97%	13.53%	14.68%	15.39%	15.69%

(1) Capital outlay component of ratio calculation included as follows:

FY13 -FY22 - capital outlay as per reconciliation of statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities

(2) Public works changed to public infrastructure in FY17 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)

	2018	2019	2020	2021	2022
<b>Revenues</b>					
Ad valorem taxes	\$ 252,969	\$ 266,299	\$ 270,851	\$ 275,622	\$ 291,708
Intergovernmental	83,871	75,153	68,420	67,625	112,368
Project revenue (non-grant)	2,092	3,611	192	-	-
Non-governmental	128	129	-	105	262
Mutual aid reimbursements	-	511	11	14	-
Developer participation	-	-	20	1,657	15
Assessments	1,349	849	1,257	2,139	1,657
Franchise tax (3)	29,425	30,320	28,865	28,599	28,606
Local sales tax	97,394	104,943	107,581	123,182	139,532
Licenses	14,910	14,798	14,360	15,120	14,737
Gain (loss) on investments	5,434	16,836	17,392	11,849	(24,584)
Inspection fees	16,664	18,317	16,499	19,350	24,756
Highway maintenance refunds	1,079	975	1,185	1,008	1,014
Facility fees	9,627	11,431	9,602	11,439	16,465
Parks and recreation fees (4)	6,368	6,790	3,779	2,952	5,505
Other fees and charges	7,028	6,540	5,292	3,982	6,603
Rents	2,475	2,480	1,992	764	2,358
Leases	-	-	-	-	374
Program income	1,346	674	983	3,203	1,994
Recovery of claims	-	573	84	51	-
Donations and contributions (5)	3,700	2,402	1,759	2,320	3,040
Other revenues	1,230	1,179	1,493	1,030	1,887
Miscellaneous	-	-	-	-	-
Total revenues	537,089	564,810	551,617	572,011	628,297
<b>Expenditures</b>					
General government	52,700	56,254	57,765	59,526	79,894
Community development services	30,529	30,882	38,343	31,344	39,710
Public works (2)	-	-	-	-	-
Public infrastructure	103,318	82,898	85,574	105,279	101,869
Public safety	179,130	185,857	202,243	197,868	196,092
Leisure services	65,968	82,835	81,743	76,577	72,010
Economic development programs	5,474	4,151	3,152	8,817	2,576
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	43,399	40,823	40,529	41,304	41,356
Interest	21,488	19,995	18,937	18,067	16,557
Other debt service expenditures	326	648	1,036 (6)	1,023	576
Total expenditures	502,332	504,343	529,322	539,805	550,640
<b>Other financing sources (uses)</b>					
Transfers in	42,617	35,278	30,897	21,003	50,846
Transfers out	(95,019)	(85,030)	(96,697)	(80,063)	(110,682)
Proceeds from sale of property	2,848	3,692	1,287	937	806
Bonds issuance	-	-	72,162	45,527	31,184
Premium on bonds issued	-	-	6,381	-	-
Premium on refunding bond issued	-	-	5,426 (6)	-	-
Refunding bonds issuance	-	-	56,590 (6)	-	-
Payments to escrow agent	-	-	(61,570) (6)	-	-
Total other financing sources (uses)	(49,554)	(46,060)	14,476	(12,596)	(27,846)
Net change in fund balances	\$ (14,797)	\$ 14,407	\$ 36,771	\$ 19,610	\$ 49,811
Debt service as a percentage of noncapital expenditures (1)	15.57%	14.42%	13.51%	13.39%	12.34%

(3) (4) (5) For improved 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.

(6) Adjusted to show the refunding of bonds issued and payment to bond refunding escrow agent in FY20.

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

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Corporate Excess</b>	<b>Total Taxable Assessed Value</b>	<b>Property Tax Rate (Per \$100 Assessed Value)</b>
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
2020	53,331,994	7,253,926	855,757	61,441,676	0.4382
2021	69,010,673	7,892,835	859,113	77,762,621 (1)	0.3552
2022	69,143,646	8,132,646	1,019,206	78,295,498	0.3730

**Notes:**

(1) Increase due to revaluation of property every four 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)**

<b>Fiscal Year</b>		<b>City Rate</b>	<b>Wake County Rate</b>	<b>Total</b>
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
2020		0.4382	0.7207	1.1589
2021	(1)	0.3552	0.6000	0.9552
2022		0.3730	0.6000 (2)	0.9730

**Note:**

(1) Tax rate decreased due to revaluation.

(2) County rate is for Wake County only. A small section of the City of Raleigh is located in Durham County where the county rate is 0.7772.

**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	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Progress, Inc.	\$ 523,942	1	0.67%	\$ 299,795	2	0.59%
Highwoods Realty LP	494,724	2	0.63%	237,822	3	0.46%
CVM Holdings LLC	402,048	3	0.51%	334,451	1	0.65%
Mid America Apartments LP	287,843	4	0.37%	-	-	-
First Citizens Bank & Trust Co.	286,400	5	0.37%	175,559	5	0.34%
State Employees Credit Union	259,802	6	0.33%	121,816	9	0.24%
North Hills Owner LP	157,537	7	0.20%	-	-	-
HRLP Fayetteville LP	147,596	8	0.19%	-	-	-
Columbia Cameron Village LLC	142,058	9	0.18%	-	-	-
MLC Automotive	137,991	10	0.18%	-	-	-
General Parts Inc.	-	-	-	193,633	4	0.38%
Triangle Town Center LLC	-	-	-	173,177	6	0.34%
G&I VI LTD PTNRP	-	-	-	141,419	7	0.28%
NHM Owner-1 LLC	-	-	-	133,250	8	0.26%
Highwoods DLF Forum LLC	-	-	-	116,429	10	0.23%
Totals	<u>\$ 2,839,941</u>		<u>3.63%</u>	<u>\$ 1,927,351</u>		<u>3.77%</u>

**Note:**

Above taxable assessed valuations are as of January 1, 2021 and 2012 respectively, and the associated tax levies were due in the fiscal year ended June 30, 2022 and 2013 respectively.

**Source:**

Wake County website, Statistics and Reports and 2013 City of Raleigh ACFR.



**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
2013	\$ 197,617	\$ 195,117	98.73%	\$ 2,366	\$ 197,483	99.93%
2014	203,033	201,842	99.41%	561	202,403	99.69%
2015	212,617	211,668	99.55%	282	211,950	99.69%
2016	227,479	225,261	99.02%	134	225,395	99.08%
2017	243,201	241,145	99.15%	(37)	241,108	99.14%
2018	252,877	250,734	99.15%	238	250,972	99.25%
2019	266,178	263,654	99.05%	309	263,963	99.17%
2020	271,048	267,946	98.86%	582	268,528	99.07%
2021	275,554	272,426	98.86%	(398)	272,028	98.72%
2022	291,972	289,350	99.10%	-	289,350 (1)	99.10%

**Note:**

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

Total collected as per above	\$ 289,350
Penalties collected	549
Prior year collections in current year	(348)
Special districts	2,157
	<u>2,157</u>
Ad valorem taxes collected per general fund financial statements	<u>\$ 291,708</u>

Collection in Subsequent Years updated to remove interest and fees previously reported

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

For the Fiscal Year Ended June 30, 2022

	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	\$ 76,891,219,023	\$ .3730	\$ 286,804,320	\$ 272,664,753	\$ 14,139,567
Registered motor vehicles taxed at prior year's rate	1,200,035,149	.3552	4,262,525	-	4,262,525
	<u>78,091,254,172</u>		<u>291,066,845</u>	<u>272,664,753</u>	<u>18,402,092</u>
Discoveries:					
Prior years' taxes	204,243,603	(1)	696,722	696,722	-
Total property valuation	<u>\$ 78,295,497,775</u>				
Deferred and waived			1,580,766	1,580,766	-
Penalty			549,408	549,408	-
Rebates			<u>(1,922,025)</u>	<u>(1,922,025)</u>	<u>-</u>
Net levy			291,971,716	273,569,624	18,402,092
Uncollected taxes at June 30, 2022			<u>(491,178)</u>	<u>(491,178)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 291,480,538</u>	<u>\$ 273,078,446</u>	<u>\$ 18,402,092</u>
Current levy collection percentage			<u>99.83%</u>	<u>99.82%</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, 2022**

<b>Fiscal Year Ended June 30</b>	<b>Taxes Receivable June 30, 2021</b>	<b>Additions</b>	<b>Collections and Other Reductions</b>	<b>Taxes Receivable June 30, 2022</b>
				(1)
2013 & prior	\$ 4,896,627	\$ -	\$ 7,875	\$ 4,888,752
2014	216,577	-	2,722	213,855
2015	243,394	-	1,791	241,603
2016	151,660	-	1,006	150,654
2017	499,479	-	(31,932)	531,411
2018	60,078	-	(26,956)	87,034
2019	173,561	-	(3,237)	176,798
2020	445,480	-	98,752	346,728
2021	401,191	-	(203,544)	604,735
2022	-	294,234,118	293,633,857	600,261
<b>TOTALS</b>	<b>\$</b>	<b>\$ 294,234,118</b>	<b>\$ 293,480,334</b>	<b>\$ 7,841,831</b>
			(2)	

**Notes:**

- (1) Ad valorem taxes receivable only; does not include vehicle tag fee receivable (\$3,660,479).  
 (2) Reconciliation to revenues collected:

Collections and other reductions per above	\$ 293,480,334
Late list penalties collected-Wake County	(198,596)
Penalties collected	549,408
Prior year levy adjustments	(200,699)
Rebates and waived taxes	(1,922,025)
	<u>\$ 291,708,422</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	General Bond Anticipation Notes	Installment Financing Agreements	General Obligation Bonds	Water and Sewer Revenue Bonds	Revenue Bond Anticipation Notes	Installment Financing Agreements			
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	7.64%	3,723.12
2015	(3) 363,605	-	230,467	1,771	687,136	-	408,636	1,691,615	7.94%	3,845.49
2016	(3) 351,863	-	266,013	386	664,085	-	417,537	1,699,884	7.47%	3,768.59
2017	(3) 399,236	-	270,251	-	761,470	-	420,100	1,851,057	7.69%	4,033.86
2018	(3) 369,456	-	241,462	-	735,108	-	393,343	1,739,369	6.80%	3,742.51
2019	(3) 340,904	-	233,990	-	705,486	-	380,696	1,661,076	6.12%	3,539.48
2020	(3) 311,002	(4) 34,751	252,646	-	673,166	-	370,917	1,642,482	5.69%	3,464.42
2021	(3) 282,486	80,278	241,222	-	639,899	30,100	403,649	1,677,635	(2)	3,469.06
2022	(3) 254,075	111,461	211,692	0	604,425	154,000	374,346	1,709,999	(2)	3,559.53

**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 schedule for personal income and population data.

(2) Personal income data unavailable

(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:

(4) General Bond Anticipation Notes presented separately from General Obligation Bonds.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General obligation bonds	\$ 254,075	\$ -
Revenue bonds	-	604,425
Bond anticipation notes	111,461	154,000
Installment financing agreements	211,692	374,346
Earned vacation payable	26,677	6,744
Landfill postclosure costs	-	4,613
Claims Payable	22,813	-
	<u>\$ 626,718</u>	<u>\$ 1,144,128</u>

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

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	General		Net	Percentage	Per Capita	
	Bonded		Bonded	Actual Taxable	Bonded Debt	
	Debt		Debt	Value of	General	Net
	(1)		(2)	(3)	(4)	
2013	\$	327,775	\$ 324,002	0.64%	\$ 775	\$ 766
2014		320,200	317,188	0.61%	742	735
2015		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
2020	(5)	345,753	345,244	0.56%	729	728
2021	(5)	362,764	362,357	0.47%	750	749
2022	(5)	365,536	365,129	0.47%	761	760

**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, including bond anticipation notes.

(2) Represents gross bonded debt less allowable statutory deductions.

(3) See Assessed Value of Taxable Property statistical schedule for property value data.

(4) See Demographic and Economic Statistics statistical schedule for population data.

(5) Amounts shown here are net of premiums, discounts and adjustments.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT****As of June 30, 2022****(amounts expressed in thousands)**

	<b>Bonded Debt</b>	<b>Percentage Applicable to City</b>	<b>City's Share of Debt</b>
Direct Debt - City of Raleigh (1)	\$ 577,228	100.00%	\$ 577,228
Overlapping Debt: (2)			
Wake County Debt (3)	1,595,065	0.04% (4)	645
Total Direct and Overlapping Debt	<u>\$ 2,172,293</u>		<u>\$ 577,873</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 \$1,235,390,929 of Wake County School Bonds.
- (4) Percentage of direct and overlapping debt is based on June 30, 2022 assessed valuation of the City of Raleigh (\$78,295,497,776) as compared to the June 30, 2022 assessed valuation of Wake County (\$193,625,550,070).

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

<b>Fiscal Year Ended June 30</b>	<b>Debt Limit</b>	<b>Less: Total Net Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</b>
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%
2020	4,915,334	1,212,052	3,703,282	24.66%
2021	6,221,010	1,266,748	4,954,262	20.36%
2022	6,263,640	1,230,383	5,033,257	19.64%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 78,295,498
Debt limit (8% of assessed value)	6,263,640
Debt applicable to limit:	
General Obligation bonds	222,095
GO bonds authorized not issued	402,922
Other outstanding debt	605,773
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	(407)
Total net debt applicable to limit	<u>1,230,383</u>
Legal debt margin	<u>\$ 5,033,257</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)											
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	49,208,958	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	
2020	278,601,167	62,174,287	114,994,110	163,607,057	27,540,000	26,959,007	54,499,007	3.00	4.14	1.20	
2021	279,331,751	65,431,229	111,235,970	168,095,781	30,905,000	23,353,545	54,258,545	3.10	(4) 4.30	1.20	
2022	289,808,464	66,248,919	112,310,105	177,498,359	32,530,000	22,144,500	54,674,500	3.25	(4) 4.46	1.20	
Parity and Subordinate Debt Service Coverage (3)											
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	
2020	278,601,167		114,994,110	163,607,057	32,362,225	28,326,612	60,688,837	2.70		1.00	
2021	279,331,751		111,235,970	168,095,781	35,562,225	24,635,812	60,198,037	2.79	(4)	1.00	
2022	289,808,464		112,310,105	177,498,359	37,057,606	23,345,718	60,403,324	2.94	(4)	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) Pledged revenue coverage calculation updated prospectively in fiscal year 2020-21 to exclude fair market value adjustments on investments and net pension and OPEB expense.



## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b> (expressed in thousands)	<b>Per Capita Personal Income</b>	<b>School Enrollment ADM</b>	<b>Unemployment Rate %</b>
	<b>(1)</b>	<b>(2)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
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	25,582,604	55,045	170,202	3.6
2019	469,298	27,149,359	57,851	171,158	4.1
2020	474,069	28,863,217	60,884	172,292	8.2
2021	483,579	Unavailable	Unavailable	172,965	4.5
2022	480,419	Unavailable	Unavailable	174,599	3.6

### Sources:

- (1) U.S. Census City and Town Population Estimates for 2013-2019  
2020 Census and 1-Year Estimate for 2021  
Population estimate from worldpopulationreview.com for 2022.
- (2) U.S. Bureau of Economic Analysis  
Per capita income for the Raleigh-Cary MSA.  
Updated 2020 info as released. Data for 2021 and 2022 are unavailable.
- (3) North Carolina Department of Public Instruction, Information Analysis and Reporting.  
ADM = Average daily membership - (final ADM). Includes all Wake County charter schools.  
2021 figure has been updated to reflect consistency of data source
- (4) North Carolina Department of Commerce - Labor and Economic Analysis Division  
Estimated percentage of labor force unemployed in Raleigh, not seasonally adjusted
- (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**

<b>Employer</b>	<b>2022*</b>			<b>2013*</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
State of North Carolina	24,083	1	9.73%	24,739	1	11.92%
Wake County Public School System	17,000	2	6.87%	17,572	2	8.47%
Wake Med Health and Hospitals	9,773	3	3.95%	7,607	4	3.66%
North Carolina State University	9,019	4	3.64%	7,730	3	3.72%
UNC Rex Healthcare	6,900	5	2.79%	4,800	5	2.31%
Wake County	4,389	6	1.77%	4,272	6	2.06%
City of Raleigh	4,304	7	1.74%	3,866	7	1.86%
Conduent Business Services	3,487	8	1.41%	-	-	-
Duke Energy Progress	2,800	9	1.13%	2,500	8	1.20%
First Citizens Bank	2,400	10	0.97%	-	-	-
Affiliated Computer Services	-	-	-	2,300	9	1.11%
Fidelity Investments	-	-	-	2,200	10	1.06%
Total	<u>84,155</u>		<u>34.01%</u>	<u>77,586</u>		<u>37.37%</u>

**Notes:**

City-wide employment as of June 30, 2022: 247,437

City-wide employment as of June 30, 2013: 207,571

\* Data unavailable for current year. Data from previous year has been used and restated to include only Raleigh based employers.

**Source:**

Wake County Economic Development

NC Employment Security Commission (Laus City Wide Employment)

## OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year				
	2013	2014	2015	2016	2017
Community Development Services					
Inspections and Permits (all trade types)	95,547	105,105	107,628	117,340	123,119
Community Development:					
New housing units constructed	7	21	14	18	5
Homeownership loans provided	43	55	85	66	32
Rehabilitation loans provided	13	50	55	42	29
Public Infrastructure					
Asphalt failures repaired	4,000	5,544	5,000	5,800	4,257
Drainage structures repaired/maintained/inspected	505	1,120	1,200	2,721	2,176
Police					
Physical arrests and citations	88,321	98,857	86,498	75,157	68,214
Traffic accidents investigated	20,283	21,189	21,706	27,566	27,621
Fire					
Emergency responses	21,951	23,119	24,349	39,301	40,891
Fire calls answered	1,077	1,133	1,192	1,079	1,188
Emergency Communications					
911 calls processed	608,770	580,465	597,245	611,047	574,315
Solid Waste					
Refuse collected (tons)	84,582	87,068	91,786	98,028	94,252
Recyclables collected (tons)	26,040	26,176	27,584	28,239	28,412
Water					
Number of consumers	171,123	174,010	176,918	191,479	195,681
Average daily consumption (millions of gallons per day)	52.00	47.90	47.30	49.00	55.78
Maximum daily flow (millions of gallons per day)	68.93	61.10	67.88	62.00	62.59
Wastewater					
Average daily sewage treatment (millions of gallons per day)	45.60	45.40	48.19	50.00	50.11
Maximum daily flow (millions of gallons per day)	72.63	83.53	68.03	89.00	101.09
Leisure Services					
Convention center events	601	726	705	912	917
Event attendance	355,012	766,107	768,501	973,038	1,346,883
Parks and recreation programs	13,062	13,204	13,170	11,810	13,088
Registrants	151,545	158,257	158,500	148,194	105,102
Attendance at parks & recreation (2) facilities (millions)	4.3	4.3	-	-	-

### Notes:

- (1) Numbers represent estimates.
- (2) Parks and Recreation changed reporting measure in years 2015 to 2017 to not include attendance at facilities.
- (3) Infrastructure reports changed reporting measure starting in 2019 to include inspections of drainage structures as well.
- (4) Change in reporting measure from count to feet beginning in 2020. Further change to reporting from feet to tons to align with industry standards beginning in 2022.
- (5) Number represents NRRRF, SCRRF, and LCRRF beginning 2020. Prior to 2020, this number only included NRRRF.
- (6) Global COVID-19 pandemic forced pass closures of public venues, and led to significant cancellations.
- (7) Changed to reflect fiscal year operating indicators from fiscal year 2018 through 2020
- (8) 2021 figure has been updated to reflect figures reported within the Letter of Transmittal

### Source:

Various city departments and the Budget and Management Services Department's Performance Indicators document.

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

Function	Fiscal Year				
	2018	2019	2020	2021	2022
Community Development Services					
Inspections and Permits (all trade types)	118,368	119,149	97,012	102,476	136,709
Community Development:					
New housing units constructed	18	28	19	21	8
Homeownership loans provided	38	61	62	59	16
Rehabilitation loans provided	36	30	29	23	16
Public Infrastructure					
Asphalt failures repaired	3,213 (1)	5,157	96,921 (4)	54,041	21,949 (4)
Drainage structures (3) repaired/maintained/inspected	3,857	22,804	8,596	6,982	23,942
Police					
Physical arrests and citations	60,095	52,784	33,297	30,604	36,883
Traffic accidents investigated	25,016	25,937	31,425	26,984	22,046
Fire					
Emergency responses	40,518	42,173	43,782 (8)	43,980	51,293
Fire calls answered	1,138	896	1,048	1,028	1,209
Emergency Communications					
911 calls processed	622,515 (1)	553,997	535,000 (1)	515,516	545,929
Solid Waste					
Refuse collected (tons)	94,800 (1)	92,524	92,600 (1)	100,490	97,437
Recyclables collected (tons)	28,690 (1)	27,966	27,970 (1)	30,205	27,915
Water					
Number of consumers	198,984	204,377	207,596	211,910	216,651
Average daily consumption (millions of gallons per day)	49.75	49.06	51.44	51.32	53.56
Maximum daily flow (millions of gallons per day)	63.40	69.18	67.40	67.99	69.49
Wastewater					
Average daily sewage treatment (millions of gallons per day)	48.76	48.96	50.23 (5)	52.65	48.93
Maximum daily flow (millions of gallons per day)	64.49	101.08	116.63 (5)	84.49	76.58
Leisure Services					
Convention center events	924	927	622 (6)	119 (8)	646
Event attendance	1,375,964	1,197,309	552,870 (6)	35,758 (6)	652,148
Parks and recreation programs	13,343	13,389	12,915	17,602	9,741
Registrants	114,270	113,587	69,072 (6)	75,380 (6)	91,889
Attendance at parks & recreation (2) facilities (millions)	3.1	2.9	1.5 (6)	0.8 (6)	1.4

## CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Public safety</b>					
Police stations	6	6	6	6	6
Fire stations	27	27	28	28	28
<b>Highways and streets</b>					
Streets (miles) - City (2)	1,055	1,076	1,087	1,092	1,094
Streets (miles) - State (2)	268	268	265	265	272
Streetlights	34,323	34,567	34,749	34,891	35,038
Signalized intersections	550	615	619	620	620
<b>Leisure services</b>					
Number of major parks	85	85	86	86	112
Parks acreage	9,846	9,846	10,194	9,893	9,893
Aquatic facilities	9	9	9	9	9
Community centers (staffed and unstaffed)	47	47	47	49	49
<b>Water</b>					
Water mains (miles)	2,515	2,226	2,245	2,355	2,496
<b>Sewers</b>					
Sanitary sewers (miles)	2,620	2,281	2,297	2,300	2,569

### Notes:

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

(1) Major parks measure was re-evaluated in 2017.

(2) Schedule restated to separately display City owned and maintained street miles from NC State-owned street miles within City limits. The City occasionally performs sidewalk repairs, ADA ramp repairs, pothole repairs, and other capital work conducted on NCDOT right-of-ways. General maintenance conducted on NCDOT-owned assets (traffic signals, signs, pavement markings) within City limits is reimbursable. Please note that only City-owned streets are included in the annual Powell Bill report.

### Source:

Various city departments and the Budget and Management Services Department

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

<b>Function</b>	<b>Fiscal Year</b>				
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Public safety</b>					
Police stations	6	6	6	6	6
Fire stations	29	29	29	29	29
<b>Highways and streets</b>					
Streets (miles) - City (2)	1,100	1,104	1,115	1,123	1,132
Streets (miles) - State (2)	269	265	270	269	272
Streetlights	35,228	35,527	35,681	36,192	36,640
Signalized intersections	625	625	635	647	661
<b>Leisure services</b>					
Number of major parks (1)	197	197	199	199	199
Parks acreage	10,124	10,126	10,130	10,018	10,054
Aquatic facilities	8	8	8	8	8
Community centers (staffed and unstaffed)	49	49	38	49	49
<b>Water</b>					
Water mains (miles)	2,521	2,602	2,658	2,719	2,769
<b>Sewers</b>					
Sanitary sewers (miles)	2,616	2,649	2,690	2,723	2,771

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

Function	Employees as of June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Policy &amp; Management Services</b>										
General Government	90	105	103	109	111	111	111	132	132	135
Human Resources	29	30	30	31	33	34	34	34	32	34
Finance	65	61	61	65	63	63	62	62	62	62
Information Technology (5)	78	78	81	80	81	90	90	90	90	90
<b>Community Development Services</b>										
Public Infrastructure (1) (4)	403	430	445	586	597	627	628	654	654	669
Planning & Development Services (2)	203	169	191	195	210	215	218	193	193	193
Community Services	18	18	-	-	-	-	-	-	-	-
Community Development	23	23	-	-	-	-	-	-	-	-
Housing and Neighborhoods (3)	-	-	73	76	76	76	79	70	70	74
<b>Public Safety</b>										
Police	876	890	898	902	904	906	901	901	901	908
Fire	577	607	609	611	621	621	621	621	621	626
Emergency Communications	115	115	115	127	129	129	129	129	129	129
<b>Solid Waste Services</b>	200	202	204	208	210	213	210	210	210	210
<b>Public Utilities</b>	642	632	640	652	656	659	663	663	663	663
<b>Leisure Services</b>										
Convention Center	104	104	104	104	107	109	116	116	116	116
Parks & Recreation	443	472	495	417	420	423	429	429	429	435
<b>Total</b>	<u>3,866</u>	<u>3,936</u>	<u>4,049</u>	<u>4,163</u>	<u>4,218</u>	<u>4,276</u>	<u>4,291</u>	<u>4,304</u>	<u>4,302</u>	<u>4,344</u>

## **Notes:**

Numbers presented are authorized positions.

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

(2) Planning and Development Services reorganized in 2020 to revert back to a previous design of divisions.

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

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

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

## **Source:**

City of Raleigh Adopted Budget - Position Summary



# 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, 2022, 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 28, 2022.

**Report on 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") as a basis for designing 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 or significant deficiencies may exist that were not identified.

**Report on 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 on the financial statement. 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 Bekaert LLP". The script is cursive and fluid, with the letters "Cherry" and "Bekaert" being more prominent than "LLP".

Raleigh, North Carolina  
October 28, 2022

**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**

***Opinion on Each Major Federal Program***

We have audited the City of Raleigh, North Carolina (the “City”), compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

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*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the *Auditor’s Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City’s federal programs.

***Auditor’s Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal

control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### **Report on Schedule of Expenditures of Federal and State Awards 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 28, 2022, 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.

*Cherry Bekaert LLP*

Raleigh, North Carolina  
October 28, 2022

**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**

***Opinion on 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, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major State Program***

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. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the *Auditor’s Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City’s state programs.

***Auditor’s Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City’s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### **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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 28, 2022, 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.

*Cherry Bekaert LLP*

Raleigh, North Carolina  
October 28, 2022



# Single Audit Schedules

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Assistance Listing Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (1)
<b>EXPENDITURES OF FEDERAL AWARDS:</b>						
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Direct Programs: Federal Transit Administration:						
Federal Transit Cluster:						
Federal Transit Cap & Maint 2015	20.507	NC-90-X593-00	\$ 800,781	\$ -	\$ -	\$ 200,195
Federal Transit Cap & Maint 2017	20.507	NC-2017-041-00	153,594	-	-	38,400
Federal Transit Cap & Maint 2019	20.507	NC-2019-059-00	(3) 1,416,613	-	-	(871,089)
Federal Transit Cap & Maint 2020 (SG1)	20.507	NC-2020-039-00	(3) 1,077,026	-	-	(923,819)
(4) Federal Transit Cap & Maint 2021 - GoRaleigh Operations (SG3)	20.507	NC-2021-047-00	784,106	-	-	196,026
(4) Federal Transit Cap & Maint 2021 - GoAccess Operations (SG3)	20.507	NC-2021-047-00	412,654	-	-	382,994
Computer Aided Dispatch 2018	20.507	NC-2017-046-00	118,133	-	-	29,533
(4) Buses and Bus Facilities (5339) (SG2)	20.507	NC-2021-040-00	190,467	-	-	98,566
(4) Low or No Emissions Bus (5339) (SG2)	20.507	NC-2021-040-00	(2) 1,654,480	-	-	413,621
Planning Assistance - Section 9 (5307)	20.507	18-08-101	17,955	-	-	4,489
(4) Planning Assistance - Section 9 (5307) (SG1)	20.507	NC-2021-047-00	100,354	-	-	25,088
Transit Signal Priority Capital Blvd - LAPP Funding	20.507	NC-2019-033-00	89,544	-	-	22,386
(4) Navaho Dr Sidewalk (SG1)	20.507	NC-2020-039-00	30,414	-	-	7,603
CARES Act 2020 Operating Assistance	20.507	NC-2020-047-01	5,329,813	-	-	-
CARES Act 2020-Poole Road Park and Ride	20.507	NC-2020-047-01	455,000	-	-	-
CARES Act 2020-Planning Assistance	20.507	NC-2020-047-01	59,767	-	-	-
(4) SE Raleigh Bus Shelter Sites 2019 (SG3)	20.507	NC-2021-047-00	485,726	-	-	121,431
(4) LAPP Bus Stop Improvements 2020 (SG 3)	20.507	NC-2021-047-00	12,275	-	-	3,069
Total Federal Transit Cluster			13,188,702	-	-	(251,507)
Transit Services Programs Cluster:						
Enhanced Mobility 2017	20.513	NC-2016-035-00	(3) 15,395	-	15,395	(15,245)
Enhanced Mobility 2018	20.513	NC-2017-055-00	(3) 21,729	-	21,729	(21,729)
Enhanced Mobility 2020	20.513	NC-2019-045-00	65,380	-	65,380	-
Enhanced Mobility 2021	20.513	NC-2022-053-00	125,186	-	125,186	-
Total Transit Services Programs Cluster			227,690	-	227,690	(36,974)
Total Direct Programs U.S. Department of Transportation			13,416,392	-	227,690	(288,481)
Passed-Through North Carolina Department of Transportation - Federal Highway Administration:						
Highway Planning and Construction Cluster:						
Blue Ridge Road Bike/Ped Improvements LAPP	20.205	CMAQ 0520 (123)	369,035	-	-	104,087
Crabtree Creek Greenway (West)	20.205	CMAQ 0520 (057)	618,726	-	-	1,201,056
Walnut Creek Greenway	20.205	CMAQ 0520 (058)	166,223	-	-	81,871
Gorman Street Connector	20.205	CMAQ 0520 (120)	383,486	-	-	193,439
Section 104(f) PL	20.205	WBS49599-1.4	1,100,363	-	-	322,729
Section 104(f) STPIDA	20.205	WBS50245-1.3	1,213,017	-	-	359,909
Total Highway Planning and Construction Cluster			3,850,850	-	-	2,263,081
Passed-Through North Carolina Department of Transportation - National Highway Traffic Safety Administration:						
Highway Safety Cluster:						
Governor's Highway Safety Program 2021	20.616	2000057833	12,227	-	-	-
Total Highway Safety Cluster			12,227	-	-	-
Total Passed-Through North Carolina Department of Transportation			3,863,077	-	-	2,263,091
<b>Total U.S. Department of Transportation</b>			<b>17,279,469</b>	<b>-</b>	<b>227,690</b>	<b>1,974,610</b>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>						
Direct Programs: Foster Grandparent / Senior Companion Cluster:						
Foster Grandparent Program	94.011	20SFSNC002 (21)	(3) 30,362	-	-	(30,362)
Foster Grandparent Program	94.011	20SFSNC002 (22)	200,590	-	-	54,076
<b>Total Corporation for National and Community Service</b>			<b>230,952</b>	<b>-</b>	<b>-</b>	<b>23,714</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Direct Programs: CDBG Entitlement Grant Cluster:						
Community Development Block Grant - Entitlement	14.218	B19MC370009	461,515	-	50,512	-
Community Development Block Grant - Entitlement	14.218	B20MC370009	117,053	-	114,358	-
Community Development Block Grant - Entitlement	14.218	B21MC370009	926,715	-	480,416	-
Community Development Block Grant - Entitlement	14.218	B20MW370009	1,584,618	-	1,584,618	-
Total CDBG Entitlement Grant Cluster			3,089,901	-	2,229,904	-
Direct Programs: HOME						
HOME Investment Partnerships Program	14.239	M20-MC370206	76,201	-	-	-
HOME Investment Partnerships Program	14.239	M21-MC370206	65,417	-	-	-
Total Direct Programs HOME			141,618	-	-	-
Direct Programs: ESG Grant						
Emergency Solutions Grant Program	14.231	E20MW370009	2,580,923	-	2,580,923	-
Emergency Solutions Grant Program	14.231	E21MC370009	246,992	-	246,992	-
Total Direct Programs ESG			2,827,915	-	2,827,915	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>6,059,434</b>	<b>-</b>	<b>5,057,819</b>	<b>-</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Assistance Listing Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (1)
<b>U.S. DEPARTMENT OF THE INTERIOR</b>						
Passed-Through N.C. Department of Natural and Cultural Resources:						
National Park Service - LWCF for John Chavis Memorial Park Improvements	15.916	LWCF 37-01052	747,600	-	-	747,600
Survey of African American Resources	15.904	2021	2,000	-	-	2,000
Total Passed-Through N.C. Department of Natural and Cultural Resources			749,600	-	-	749,600
<b>Total U.S. Department of the Interior</b>			<b>749,600</b>	<b>-</b>	<b>-</b>	<b>749,600</b>
<b>U.S. SMALL BUSINESS ASSOCIATION</b>						
Direct Programs:						
Shuttered Venue Operators Grants (SVOG): Performing Arts Complex	59.075	SBAHQ21SV007389.2	3,932,252	-	-	-
Shuttered Venue Operators Grants (SVOG): Red Hat Amphitheater	59.075	SBAHQ21SV007459.2	1,747,010	-	-	-
<b>Total Direct Programs U.S. Small Business Association</b>			<b>5,679,262</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Direct Programs:						
JAG Cluster:						
Edward Byrne Memorial Justice Assistance (JAG) 2019	16.738	2019-DJ-BX-0706	58,370	-	-	-
Edward Byrne Memorial Justice Assistance (JAG) 2020	16.738	2020-DJ-BX-0928	46,095	-	-	-
Total JAG Cluster			104,465	-	-	-
Direct Programs:						
Equitable Sharing	16.022	2022	495,107	-	-	-
Coronavirus Emergency Supplemental Funding (2020 CESF)	16.034	2020-VD-BX-1474	212,586	-	-	-
Bureau of Justice Assistance (BJA) 2020	16.607	2022	32,995	-	-	-
2021 Community Policing Development (CDP) De-Escalation Training Solicitation	16.710	15JCOPS-21-GG-02439-SPPS	19,713	-	-	-
Total Direct Programs U.S. Department of Justice			760,401	-	-	-
<b>Total U.S. Department of Justice</b>			<b>864,866</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Assistance Listing Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (1)
<b>ENVIRONMENTAL PROTECTION AGENCY</b>						
Passed-Through N.C. Department of Environmental Quality -						
Capitalization Grants for Clean Water State Revolving Funds:						
Craibtree Creek Wastewater Conveyance	66.458	CS370419-19	836,063	-	-	-
Total Clean Water State Revolving Funds			836,063	-	-	-
<b>Total Environmental Protection Agency</b>			<b>836,063</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
Passed-Through N.C. Department of Public Safety - FEMA:						
Hurricane Matthew 2016	97.036	FEMA-4285-DR-NC	212,551	-	-	-
COVID-19 Pandemic 2020	97.036	FEMA-4487-DR-NC	256,745	-	-	-
Total Passed-Through N.C. Department of Public Safety - FEMA			469,296	-	-	-
<b>Total U.S. Department of Homeland Security</b>			<b>469,296</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>U.S. DEPARTMENT OF TREASURY</b>						
Direct Programs:						
Emergency Rental Assistance Program 1	21.023	20-0150-0-1-806	12,191,711	-	12,191,711	-
Emergency Rental Assistance Program 2	21.023	20-0150-0-1-806	9,077,268	-	9,077,268	-
State & Local Fiscal Recovery	21.027	YDYNCFYAgNH4	8,570,345	-	499,499	-
Total Direct Programs U.S. Department of Treasury			29,839,324	-	21,768,478	-
<b>Total U.S. Department of Treasury</b>			<b>29,839,324</b>	<b>-</b>	<b>21,768,478</b>	<b>-</b>
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>						
Passed-Through Durham County:						
High Intensity Drug Trafficking Area (HIDTA) 2021	95.001	G21GA0004A	20,022	-	-	-
<b>Total Office of National Drug Control and Policy</b>			<b>20,022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 62,028,288</b>	<b>\$ -</b>	<b>\$ 27,053,987</b>	<b>\$ 2,747,924</b>

The notes to the Schedule of Expenditures of Federal and State Financial Awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Assistance Listing Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (1)
<b>EXPENDITURES OF STATE AWARDS:</b>						
<u><b>N.C. DEPARTMENT OF TRANSPORTATION</b></u>						
Direct Programs: Division of Highways:						
Powell Bill	N/A	WBS32570	\$ -	\$ 7,160,857	\$ -	\$ -
Public Transportation Maint Asst Prog	N/A	18-SM-013	-	3,041,187	-	-
Total Direct Programs N.C. Department of Transportation			-	10,202,044	-	-
Passed-Through Triangle J Council of Governments:						
Transportation Demand Management Grant 2022	N/A	TDMRAL22		69,883	-	69,883
Total Passed-Through Triangle J Council of Governments			-	69,883	-	69,883
<b>Total N.C. Department of Transportation</b>			-	<b>10,271,927</b>	-	<b>69,883</b>
<u><b>N.C. DEPARTMENT OF ENVIRONMENTAL QUALITY</b></u>						
Direct Programs:						
Walnut Creek Wetland Park Subsurface Gravel Wetland Project	N/A	Contract CW18358	(3) -	105,577	-	105,577
NC Community Waste Reduction & Recycling	N/A	2020-S187	-	1,924	-	(199)
Total N.C. Department of Environmental Quality			-	107,501	-	105,378
<u><b>N.C. DEPARTMENT OF NATURAL &amp; CULTURAL RESOURCES</b></u>						
Passed-Through Clean Water Management Trust Fund:						
Millbrook Exchange CWMTF	N/A	2016-1006	-	-	-	-
<b>Total N.C. Department of Natural &amp; Cultural Resources</b>			-	-	-	-
<u><b>N.C. DEPARTMENT OF PUBLIC SAFETY</b></u>						
Direct Programs:						
Fire Regional Response Team (RRT)	N/A	RRT42022	-	56,204	-	-
Total Direct Programs N.C. Department of Public Safety			-	56,204	-	-
Passed-Through Wake County:						
Juvenile Crime Prevention Council	N/A	2020	-	-	-	-
Juvenile Crime Prevention Council	N/A	2021	-	4,164	-	14,400
Total Passed-Through Wake County			-	4,164	-	14,400
<b>Total N.C. Department of Public Safety</b>			-	<b>60,368</b>	-	<b>14,400</b>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b>\$ -</b>	<b>\$ 10,439,796</b>	<b>\$ -</b>	<b>\$ 189,661</b>
<b>TOTAL EXPENDITURES ALL AWARDS</b>			<b>\$ 62,028,288</b>	<b>\$ 10,439,796</b>	<b>\$ 27,053,987</b>	<b>\$ 2,937,585</b>

The notes to the Schedule of Expenditures of Federal and State Financial Awards are an integral part of this schedule.

**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, 2022. 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, 2022. 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, 2022 is \$-0-.

Local dollars represent City of Raleigh matching as well as awards from local governments. **(1)**

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, 2022. 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. **(2)**

Negative current year expenditures represent adjustments to previously reported balances for grant projects completed during FY 2022, awards newly executed or amended, or scope changes identified in FY 2022, which adjusted prior year anticipated allocations between federal, state, and local components. **(3)**

Projects grouped under a "Supergrant" award, FTA Multi-Source Flex and Formula Funding to include Section 5307 and LAPP funding, but are bifurcated in schedule above for project & scope tracking. Each project line lists the unique grant number to associate back to the FTA Award identification. Cumulative fiscal activities reported below. **(4)**

Grant Number		Federal	State	Local
NC-2020-039-00	(SG1)	1,107,440	-	(916,216)
NC-2021-040-00	(SG2)	1,844,947	-	512,187
NC-2021-047-00	(SG3)	1,795,115	-	728,608

**Note 3: Loan Balances**

The City of Raleigh had the following loan balances outstanding at June 30, 2022 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	\$ 20,728,839
SRF Crabtree Creek Wastewater Conveyance Revolving Loan	66.458	CS-370419-19	\$ 19,683,517
SRF Bioenergy Recovery Revolving Loan	66.458	CS-370419-20	\$ 46,883,596

**CITY OF RALEIGH, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2022

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**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      X   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported
- Noncompliance material to federal awards? \_\_\_\_\_ yes      X   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      X   no

Identification of major federal programs:

**ALN Numbers**

20.500-CL  
21.027  
21.023  
59.075

**Names of Federal Program or Cluster**

Federal Transit Cluster  
Coronavirus State and Local Fiscal Recovery Funds  
Emergency Rental Assistance Program  
Shuttered Venue Operators Grant Program

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ 1,860,849

Auditee qualified as low-risk auditee?

  X   yes    \_\_\_\_\_ no

**CITY OF RALEIGH, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

YEAR ENDED JUNE 30, 2022

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**Section I – Summary of Auditor's Results (continued)**

**State Awards**

Internal control over major state programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   none
- Significant deficiency(ies) identified that are not  
considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported
- Noncompliance material to state awards? \_\_\_\_\_ yes      X   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      X   no

Identification of major state programs:

**Names of State Program or Cluster**

Powell Bill

**Section II – Financial Statement Findings**

*None*

**Section III – Federal Award Findings and Questioned Costs**

*None*

**Section IV – State Award Findings and Questioned Costs**

*None*

**CITY OF RALEIGH, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2022*

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**Section V – Summary Schedule of Prior Audit Findings**

**Financial Statement Findings**

None

**Federal Award Findings and Questioned Costs**

None

**State Award Findings and Questioned Costs**

None





Raleigh

CITY OF RALEIGH

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