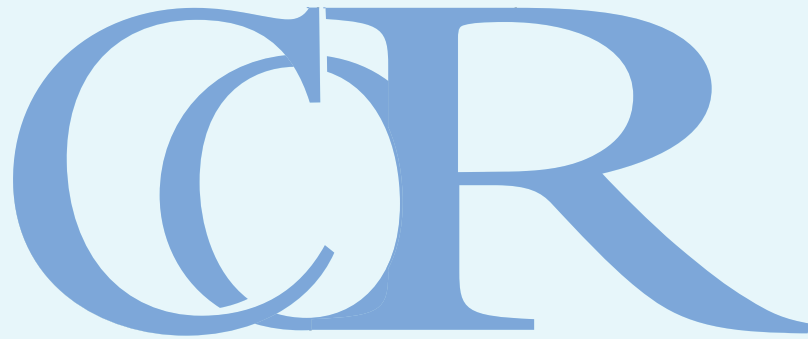


CITY OF RALEIGH, NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

CITY OF RALEIGH, NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

PREPARED BY THE FINANCE DEPARTMENT
PERRY E. JAMES, III, CHIEF FINANCIAL OFFICER



CITY OF RALEIGH

2009

INTRODUCTORY SECTION

Principal Officials	i
Organization Chart	ii
Letter of Transmittal	iii
Certificate of Achievement for Excellence in Financial Reporting	xi

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Government-Wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	4
Reconciliation of the Governmental Funds Balance Sheet	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 Balances – Budget and Actual – General Fund	8
Statement of Net Assets – Proprietary Funds	10
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	14
Statement of Cash Flows – Proprietary Funds	16
Statement of Fiduciary Net Assets – Fiduciary Funds	18
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	19
Notes to the Financial Statements	20

Required Supplementary Information

Law Enforcement Officers' Special Separation Allowance – Schedule of Funding Progress	52
Law Enforcement Officers' Special Separation Allowance – Schedule of Employer Contributions ...	53
Other Post Employment Benefits - Schedule of Funding Progress	54
Other Post Employment Benefits - Schedule of Employer Contributions	55

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet – Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	57

Special Revenue Funds

Combining Balance Sheet – Nonmajor Special Revenue Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	60
Schedule of Revenues and Expenditures Compared with Budget:	
Grants Fund	62
Housing Development Fund	63
Housing Bond Fund	64
Community Development Fund	65
Powell Bill Fund	66



Disaster Recovery Fund .....	.67
New Convention Center Financing Fund .....	.68
Wireless 911 Fund .....	.69

General Capital Projects Funds

Combining Balance Sheet – Nonmajor Capital Projects Funds .....	.70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds .....	.72
Schedule of Revenues and Expenditures Compared with Budget:	
Street Improvement Fund .....	.74
Street Bond Fund .....	.75
Sidewalk Fund .....	.76
Park Improvement Fund .....	.77
Facility Fees Fund .....	.78
Park Bond Fund .....	.79
Miscellaneous Capital Improvements Fund .....	.80
Walnut Creek Amphitheater Projects Fund .....	.81
Stormwater Projects Fund .....	.82
Technology Capital Projects Fund .....	.83
Major Public Facilities Fund .....	.84

Enterprise Funds

Combining Statement of Net Assets – Nonmajor Enterprise Funds .....	.85
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Nonmajor Enterprise Funds .....	.86
Combining Statement of Cash Flows – Nonmajor Enterprise Funds .....	.87
Schedule of Revenues and Expenditures – Budget (Modified Accrual Basis) and Actual:	
Water and Sewer Fund (major fund):	
Water and Sewer Operating Fund .....	.88
Water Capital Projects Fund .....	.90
Sewer Capital Projects Fund .....	.91
Water and Sewer Revenue Bond Fund .....	.92
Water and Sewer General Obligation Bond Fund .....	.93
Reconciliation of Modified Accrual to Full Accrual Basis Water and Sewer Funds .....	.94
Convention Center Complex Fund (major fund):	
Convention Center Complex Operating Fund .....	.95
Convention Center and Memorial Auditorium Projects Fund .....	.96
New Convention Center Complex Capital Projects Fund .....	.97
Reconciliation of Modified Accrual to Full Accrual Basis Convention Center Funds .....	.98
Parking Facilities Fund (major fund):	
Parking Facilities Operating Fund .....	.99
Parking Facilities Capital Projects Fund .....	.100
Reconciliation of Modified Accrual to Full Accrual Basis Parking Facilities Funds .....	.101
Mass Transit Fund .....	.102
Reconciliation of Modified Accrual to Full Accrual Basis Mass Transit Fund .....	.103
Stormwater Fund:	
Stormwater Utility Operating Fund .....	.104
Stormwater Utility Capital Projects Fund .....	.105
Stormwater Utility Bond Fund .....	.106
Reconciliation of Modified Accrual to Full Accrual Basis Stormwater Utility Funds .....	.107

Internal Service Funds

Combining Statement of Net Assets .....	.108
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets .....	.110
Combining Statement of Cash Flows .....	.112

Fiduciary Funds

Combining Statement of Net Assets – Pension Trust Funds	114
Combining Statement of Changes in Plan Net Assets – Pension Trust Funds	115

Other Schedules

Schedule of Long-Term Obligation Maturities and Debt Service Requirements.	116
Schedule of General Governmental Long-Term Obligations	120
Schedule of Enterprise Long-Term Obligations	122
Schedule of Internal Service Long-Term Obligations	124

STATISTICAL SECTION

Net Assets by Component – Last Eight Fiscal Years	126
Changes in Net Assets – Last Eight Fiscal Years	128
Fund Balances, Governmental Funds – Last Ten Fiscal Years	132
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	134
Assessed Value of Taxable Property – Last Ten Fiscal Years	136
Property Tax Rates – Direct and Overlapping Governments	137
Principal Property Taxpayers	138
Property Tax Levies and Collections – Last Ten Fiscal Years	139
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	140
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	141
Direct and Overlapping Governmental Activities Debt	142
Legal Debt Margin Information – Last Ten Fiscal Years	143
Pledged Revenue Coverage – Last Ten Fiscal Years`	144
Demographic and Economic Statistics – Last Ten Fiscal Years	145
Principal Employers	146
City Government Employees by Function/Department – Last Ten Fiscal Years	147
Operating Indicators by Function – Last Ten Fiscal Years	148
Capital Asset Statistics by Function – Last Ten Fiscal Years	150
Analysis of Current Tax Levy	152
Schedule of Ad Valorem Taxes Receivable	153

SINGLE AUDIT SECTION

Independent Auditors' Reports

Schedule of Expenditures of Federal and State Awards	154
Schedule of Findings and Questioned Costs	



CITY OF RALEIGH

2009



INTRODUCTORY SECTION



INTRODUCTORY SECTION

RALEIGH CITY COUNCIL - 2008-2009



First row: James P. West, Nancy McFarlane, Mary-Ann Baldwin, Charles C. Meeker
Second row: Russ Stephenson, Rodger Koopman **Third row:** Thomas Crowder, Philip R. Isley

Charles C. Meeker - MAYOR

James P. West - MAYOR PROTEM, DISTRICT C

Nancy McFarlane - DISTRICT A

Rodger Koopman - DISTRICT B

Thomas Crowder - DISTRICT D

Philip R. Isley - DISTRICT E

Mary-Ann Baldwin - AT LARGE

Russ Stephenson - AT LARGE

CITY ADMINISTRATIVE, LEGAL AND FINANCIAL STAFF



J. Russell Allen
City Manager

J. Russell Allen
CITY MANAGER

Lawrence E. Wray
ASSISTANT CITY MANAGER

Julian B. Prosser, Jr.
ASSISTANT CITY MANAGER

Daniel A. Howe
ASSISTANT CITY MANAGER

Thomas A. McCormick, Jr.
CITY ATTORNEY

Gail G. Smith
CITY CLERK

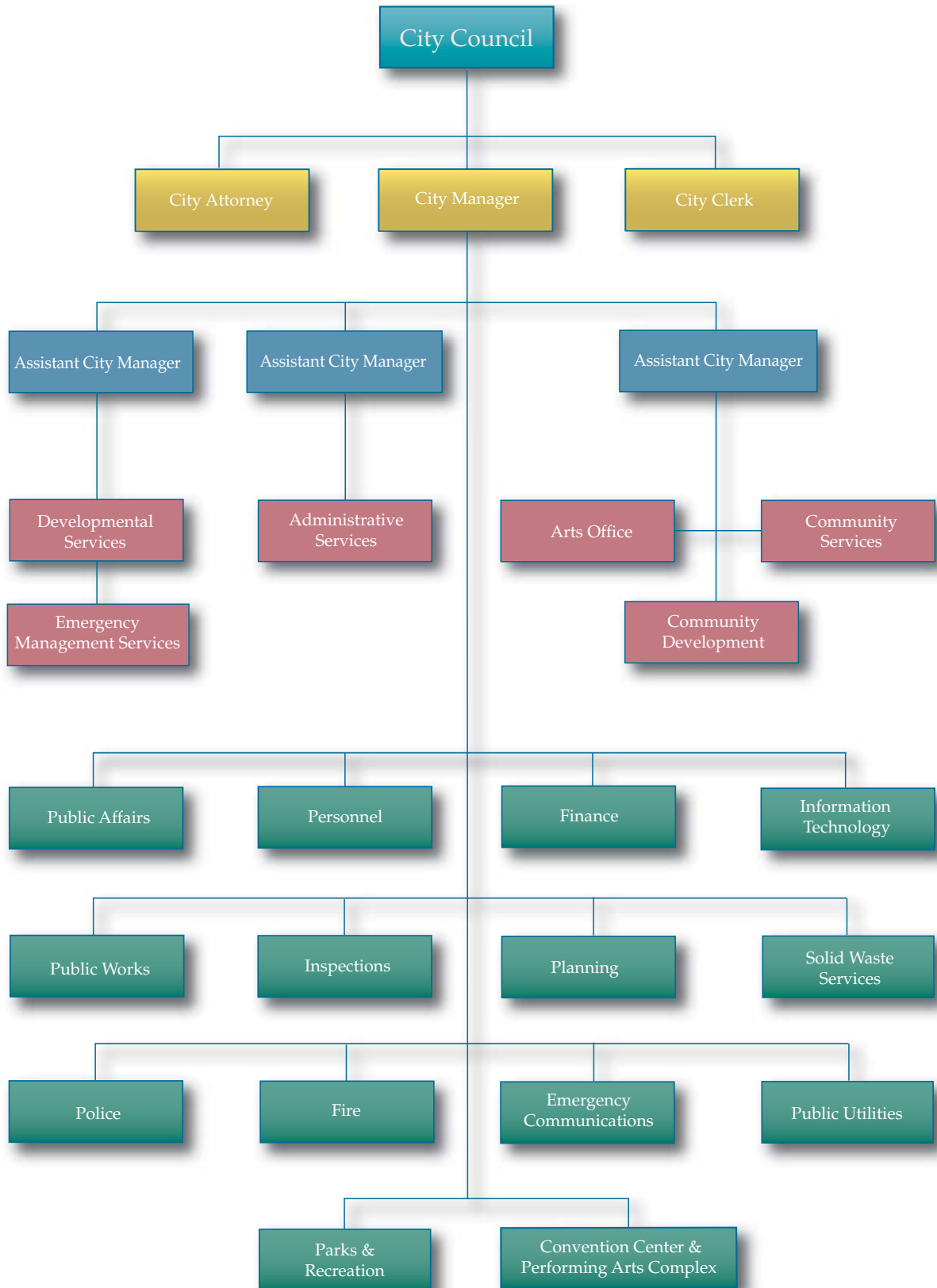
Perry E. James, III
CHIEF FINANCIAL OFFICER



Perry E. James, III
Chief Financial Officer



CITY-WIDE ORGANIZATION CHART



January 8, 2010



TO THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL AND CITIZENS OF THE CITY OF RALEIGH, NORTH CAROLINA

It is our pleasure to submit the Comprehensive Annual Financial Report of the City of Raleigh, North Carolina for the fiscal year ended June 30, 2009. State law requires that all general-purpose local governments annually publish a complete set of financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report complies with these requirements.

The Comprehensive Annual Financial Report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect City assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of the internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be 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 & Holland, 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 for the fiscal year ended June 30, 2009, are free of material misstatement. The independent auditor concluded, based upon the audit, that the City's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was 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.

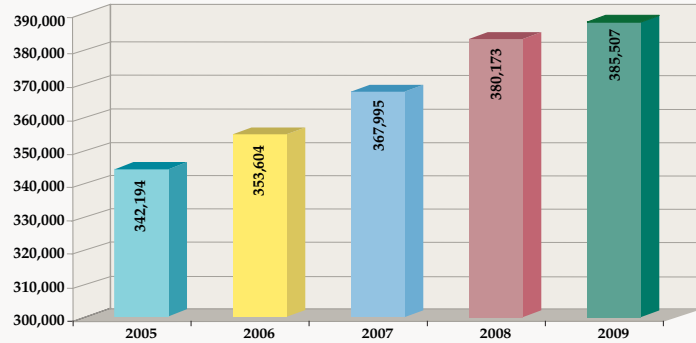
GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's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

PROFILE OF CITY OF RALEIGH

Raleigh is situated in the heart of the State of North Carolina, in a section called the Piedmont region, 150 miles from the Atlantic Ocean and 190 miles from the Great Smoky Mountains. The City, the county seat of Wake County and the capital of North Carolina,

covers an area of more than 140 square miles and has an estimated population of 385,507. The City forms one point of the Research Triangle Park developed in 1959 for industrial, governmental and scientific research, with Chapel Hill and Durham at the other two points. The City is located in a metropolitan area consisting of Wake, Durham, Orange, Franklin, Chatham and Johnston counties. The population for this area is estimated to be 1,536,000 and, in March 2009, the U.S. Census Bureau called this area the fastest growing metro in the nation.

Five-Year Population Growth



The North Carolina General Assembly purchased land for the original site of the City for the specific purpose of being the Capital of North Carolina. 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. The City Manager administers the daily operations and programs of the City through the department heads, other staff members and employees.

The City provides the full range of governmental services, including police and fire protection, street construction and maintenance, a comprehensive solid waste program, water and sanitary sewer services, parks, recreation and cultural services, a variety of transportation and public works programs, and other traditional support activities. Extended planning on the City's infrastructure needs occurs on an ongoing basis resulting in the present infrastructure being in excellent condition.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The Annual Budget serves as the foundation of the City's financial planning and control. The City Council is required to hold public hearings on the proposed budget and to 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, for transfers up to \$10,000, or the City Manager, for transfers above \$10,000 up to \$50,000 may approve transfers of appropriations within a fund. Transfers greater than \$50,000 and transfers of appropriations between funds require approval of the City Council.

ECONOMIC CONDITIONS AND OUTLOOK

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

Raleigh continues to be widely recognized by independent sources as one of the nation's most attractive metropolitan areas. *Forbes* recently placed Raleigh as the #1 Best Place for Business and Careers. *CNN Money* named Raleigh #3 in the list of Best Places to Launch a Small Business. *U.S. News & World Report*, chosen as the Editors' Pick, selected Raleigh as one of the Greenest Places to Retire. *American Style Magazine* listed Raleigh as #24 in their 2009 Top Arts Destinations, and the *Daily Beast* named Raleigh the #1 "Smartest City" in a ranking of America's cities.

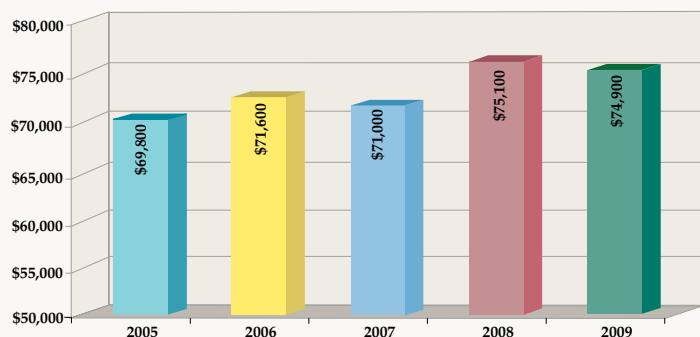
The Raleigh area's excellent business environment, its nationally ranked universities, and the outstanding health care facilities are some of the many attributes that attract people to the area. The mild climate, diverse work force and proximity to Research Triangle Park, a nationally recognized center for research and light manufacturing adjacent to the City, combine to make the City a great place to live. The City has experienced significant growth in population, land area and commercial activity for a number of years. As the Capital of the State, the City derives its economic profile from a diverse combination of business and employment centers, including State government, higher education, light manufacturing and retail trade. The City is the home of the principal executive, judicial and regulatory offices of State government, as well as six public and private institutions of higher education, including North Carolina State University, the largest university in North Carolina.

While Raleigh continues to be a vibrant city, it has not been insulated by the affects of the overall economic conditions of the national economy. Key economic factors including unemployment, median family income, retail sales and construction activity have seen similar trends in Raleigh that are occurring throughout the country. Locally unemployment at June 2009 was 7.8%, up from 4.6% in June 2008. Median family income fell slightly in 2009 to \$74,900 from \$75,100 in 2008.

Retail sales declined sharply from \$6.76 billion in 2008 to \$6.1 billion in 2009. And, as is the case nationwide, construction activity declined most dramatically. The value of construction permits fell off 53% from \$2.4 billion in 2008 to \$1.1 billion in 2009. In spite of these declining factors, the City's taxable property base remains strong. This has resulted in a balanced tax base of commercial and industrial property complementing our growing residential base. Even at the current time when national economic problems are impacting local governments, Raleigh's tax base is projected to continue to moderately increase. This, combined with other favorable revenue experience and diligent management of expenses, has allowed Raleigh to maintain a strong financial position.

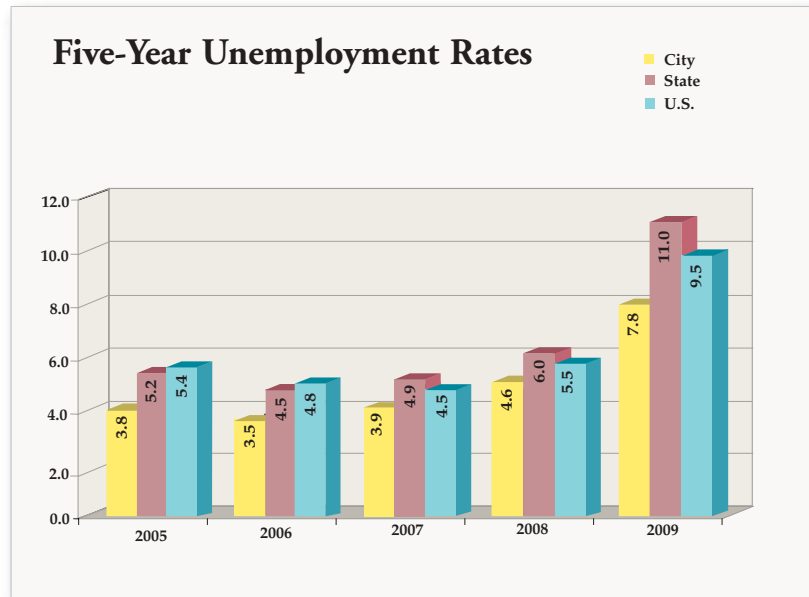
The nearby Research Triangle Park was developed in 1959 for industrial, governmental and scientific research. Its primary objective is to attract research related institutions to the area, and currently consists of

Median Family Income



approximately 170 organizations including those of International Business Machines Corporation, GlaxoSmithKline, Cisco, Research Triangle Institute, United States Environmental Protection Agency and National Institute of Environmental Health Services. The research institutions of the Park employ an estimated 42,000 employees.

Raleigh annually attracts over 10 million visitors for conferences, special events, shopping and other attractions. This experience is enhanced by facilities such as the newly opened Raleigh Convention Center, RBC Center, Walnut Creek Amphitheater, the Progress Energy Center for the Performing Arts, Marbles Museum and IMAX Theater, numerous state museums, and several major retail shopping malls. The new convention center, which opened in September 2008, greatly exceeded initial expectations by drawing 332,000 customers for 243 events in FY 2009. The RBC Center is the home of the National Hockey League 2006 Stanley Cup champion Carolina Hurricanes, and North Carolina State University's Wolfpack basketball team. Memorial Auditorium, at the Progress Energy Center for the Performing Arts, hosts a diversified slate of plays and performances including productions of the NC Theatre and the Broadway Series South. The Progress Energy Center for the Performing Arts is the home of the North Carolina Symphony and the Carolina Ballet, and provides three performing arts theaters.



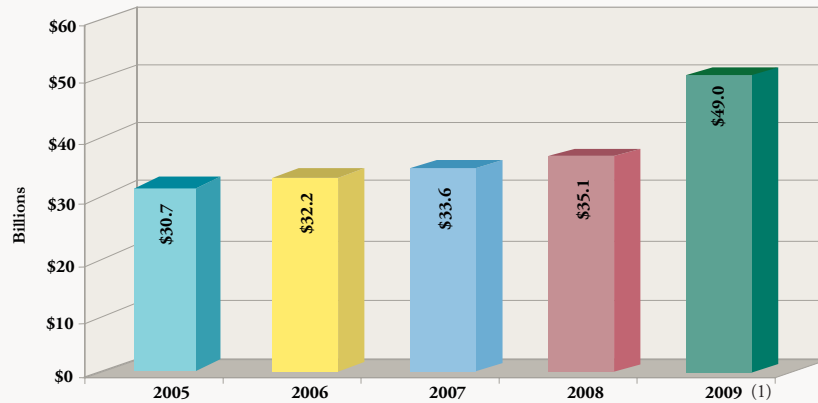
The City continues to focus efforts and investment in downtown development. As previously noted, the new Raleigh Convention Center opened in September 2008. The new convention center, with more than double the meeting space of the City's previous civic center, has been met with outstanding bookings by regional, national and international conference groups. During its ten months of operation, over 240 events were held, including 43 conventions, providing significant economic benefits to the City. A 944 space underground parking deck was constructed to serve the convention center, adjacent headquarters hotel and nearby private development. The project budgets for the convention center, the underground parking deck and the City's financial participation in the cost of the hotel were approximately \$290 million. The convention center construction cost and the City's \$20 million share of the headquarters' hotel project are funded from an interlocal agreement that allocates revenues from the county-wide 6% room occupancy tax and 1% prepared food and beverage tax. The underground parking deck is being funded by debt proceeds to be repaid by parking revenues.

Another investment in downtown development debuted in February 2009 with the launch of the R-line downtown circulator. This is a free service to connect residents and visitors to all the shopping, entertainment, restaurants and parking in the downtown's Central Business District. This circulator is served by three 40' hybrid electric Bus Rapid Transit (BRT) style buses. Two buses run every 10-12 minutes on the route, with one bus in reserve as a spare. The City chose the BRT style hybrid because it is environmentally friendly, will run quietly and it provides a distinctive look to the service.

In July 2006, the City completed phase one of the Fayetteville Street Renaissance project. This \$11.0 million project re-opened Fayetteville Street, Raleigh's main street, to vehicular traffic for the four blocks from the state capitol to the new convention center hotel. The next phase of this project was recently completed in October 2009 with the grand opening of the \$16.0 million City Plaza on the 400 block of Fayetteville Street. Also, the City Council approved funding in December 2009 for an approximate 5,000 seat outdoor amphitheater to be constructed adjacent to the new convention center. It is expected that these major projects, along with a second underground parking deck, which opened in June 2009, will continue to be catalysts in attracting new, private development to downtown Raleigh.

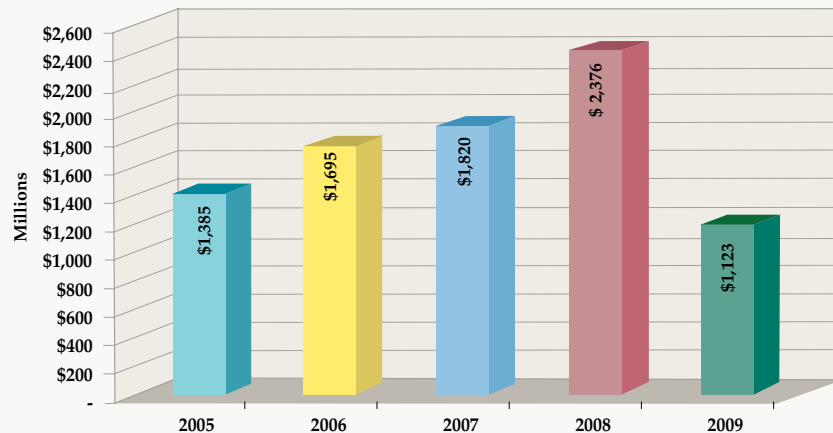
Current economic conditions have slowed growth in the tax base and our largest revenue source, property taxes. Sales tax, our second largest revenue source, is also unfavorably impacted by reduced consumer spending resulting from the impacts of the economic downturn. However, the local economy has, thus far, fared better than the overall state and national economies. The City's relatively stable employment and population base will benefit Raleigh's efforts to weather the current downturn. As noted earlier, the City is managing its budget and expects to maintain a strong financial position consistent with its financial policies.

Five-Year Assessed Property Values



(1) Reflects increase due to revaluation

Construction Activity Value of Building Permits - Commercial and Residential



LONG-TERM FINANCIAL PLANNING

The City seeks to consistently maintain a strong financial position as evidenced by its AAA/Aaa ratings from the 3 major credit rating agencies. This objective requires regular long-term planning of operating and capital requirements for its major general government and enterprise programs. In doing so, the City relies on key financial policies and procedures for dealing with future events in financially responsible ways.

Annually the City adopts a 10-year Capital Improvement Program (CIP) that looks ahead to project and plan for capital needs. Phase I encompasses the first 5 years of the CIP and addresses both project needs and financial strategy for this period. 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.

Phase I of the CIP spans fiscal years 2008-09 through 2012-13. The major areas included in Phase I are transportation, public utilities, parks, housing, stormwater utility, the Neuse Basin environmental program, and general public improvements. The public utilities and transportation programs represent the largest portions of the CIP due to the strong growth of our area and the large amount of utility and transportation needs.

A key financial goal of the City for many years has been the maintenance of a 14% undesignated fund balance level in the General Fund. In addition, the City has desired to appropriate a consistent level of fund balance each year resulting from positive budget variances. These goals are met in the fiscal year 2009 results that are built into the 2009-10 operating budgets. A number of financial models are also used in the budget process and provide a means of projecting long-term resource requirements. These include general and enterprise debt models, a parking fund model, a utility rate model, rate sensitivity analyses and financing proformas. Other practices followed are designed to avoid the meeting of recurring expense needs with one-time revenue resources and to ensure an ongoing mix of pay-as-you-go funding of capital needs with long-term debt.

MAJOR INITIATIVES

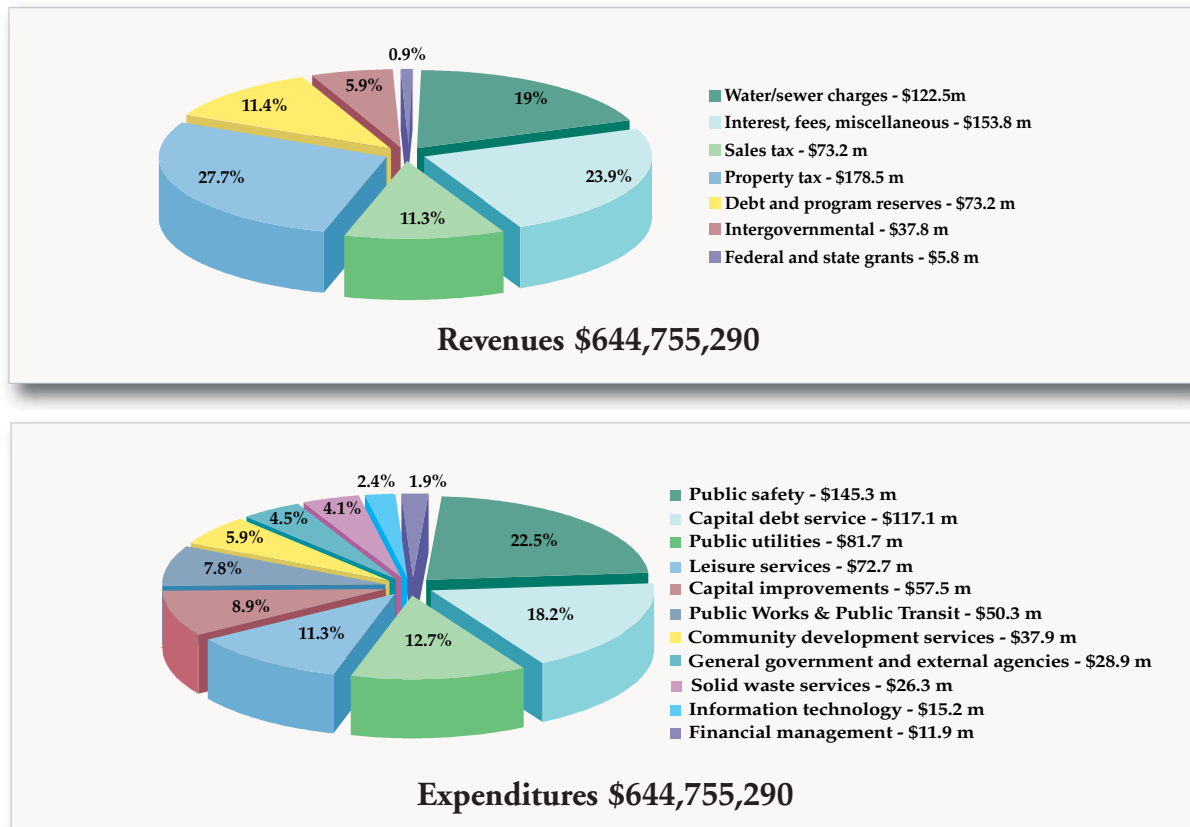
For the Year 2008-09

The City's Annual Budget for 2008-09, inclusive of operating and capital programs, grew by 15.7 percent from the prior year. Based on property revaluation, a revenue neutral tax was calculated, then increased by 4.18 cents to a property tax rate of \$.3735 per \$100 of assessed value to cover General Fund operations and capital projects debt service. Sales tax growth was projected at 4% over the 2007-08 actual receipts. Water and sewer rates were increased 15% in order to adequately maintain both parity debt covenants and the City's fund balance goals for the utilities operating fund. Other revenue budget adjustments included increased facility fees, an increase in the nutrient reduction fee and the continuation of a revenue indexing program in development services. Cost increases to existing operations included employee compensation, health insurance, other post employment benefits, the opening and operation of the new Convention Center and the development phases of an enterprise resource planning system.

Ongoing City growth, as well as new capital facilities, also required appropriate investments in new personnel resources and other operating costs that are associated with those needs.

Capital improvement budgets in 2008-09 included the programming of remaining capital expenditures associated with the 2003 Parks Bond, the 2005 Transportation and Housing Bonds, and a significant amount of general capital projects including \$284 million for components of the Clarence E. Lightner Public Safety Center and various remote operating facilities. Other key capital projects budgeted focused on transportation, stormwater, water and sewer utility infrastructure, and affordable housing.

Adopted Budget 2008-2009



During the course of 2008-09, as global economic problems began to be seen, the City initiated various cost management efforts to help ensure its AAA/Aaa quality financial position. These measures included reductions in operating expenses and delay of various general capital projects during the period of financial uncertainty.

For the Future

The fiscal year 2009-10 Annual Budget was adopted by the City Council on June 16, 2009. The combined capital and operating budget for the fiscal year beginning July 1, 2009 totals \$697,702,049, representing an 8.2% increase from the FY 2008-09 Annual Budget. The property tax rate of \$.3735 remained flat in the current year although the economy's downturn necessitated other budget reductions to manage lower projections for sales tax and various growth related revenues. A water and sewer rate increase was previously approved by Council in April 2009 and was to be implemented in two phases. Phase one was an increase of 9% implemented on May 1, 2009. The second phase of the increase was effective December 1, 2009, resulting in a combined 17% annual increase as required by the City's utility rate model.

Other major revenue components of the 2009-10 operating budget include a decrease of 3% in sales tax revenue, a 27% decrease in inspection fee revenue, a 59% decrease in facility fees and a 10% increase in intergovernmental revenues. Traditionally, sales tax revenue has increased with prior budgets, but is projected to decrease in 2009-10 due to the lingering effects of the economic downturn. Inspection fees and facilities fees have declined from historical activity levels as construction and development have been impacted by the economic conditions and the availability of financing. Franchise fees from utilities and telecommunications companies have increased in part due to updated allocations to the City as a result of audit work. The 2009-10 operating budget funds

the continuation of current operations and provides additional funding and staffing for various needs associated with the City's growth, expansion of facilities and new programs. A total of 85 vacant general fund positions were eliminated, most in operating areas directly affected by the economic reductions.

The 2009-10 capital budget includes new and/or continuing projects totaling \$410.6 million. This budget includes traditional project funding for transportation, utilities, parks, stormwater, housing and general public improvements. Fiscal year 2010 capital funding sources include traditional capital revenues such as Powell Bill funds, facility fees, capital reserves, parking operations, and other pay-as-you-go funds. The capital budget is also funded by the appropriation of previously issued bond proceeds as well as new planned long-term debt issues.

Response to Ongoing Economic Conditions

As noted throughout this transmittal letter, the declining economic conditions has impacted Raleigh in fiscal years 2009 and 2010, as it has all local governments. In 2009, in response to these conditions, the City took very proactive cost containment actions to offset expected revenue shortfalls which did in fact materialize in actual negative revenue budget variances. A soft freeze on hiring, cautionary management of all operating expenditures, and a delay in \$15 million in capital projects allowed the City to manage through 2009 positively, as evidenced by the \$23.4 million increase in the general fund. In 2010, the City is continuing this operating cost containment strategy by maintaining a flat FY 2010 general fund budget. Also, the City has resolved the 2008 credit issues resulting from \$335 million of variable rate debt that was tendered back to the City. All of this debt was successfully re-marketed in 2009 and the City continues to maintain a triple A credit rating from all three major bond rating agencies. City management and staff remain committed to providing Raleigh citizens the highest quality of essential services as Raleigh and the nation work through this economic decline to recovery, and we will maintain the financial integrity our community expects.

AWARDS AND ACKNOWLEDGMENTS

The City has participated in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program since 1980. GFOA recognizes governmental units that issue their comprehensive annual financial report (CAFR) substantially in conformity with GAAP and all legal requirements. The City has received this award for its comprehensive annual financial report for all years beginning in 1980, including the 2008 report.

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

The preparation of this report has been accomplished by the City's Finance Department staff, with assistance from the independent auditors, Cherry, Bekaert & Holland, LLP. The contributions of all are invaluable and clearly reflect the high standards we have set for ourselves.

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,



J. Russell Allen
City Manager



Perry E. James, III
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Raleigh
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



President

Executive Director



CITY OF RALEIGH

2009



FINANCIAL SECTION



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

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 then ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and the cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

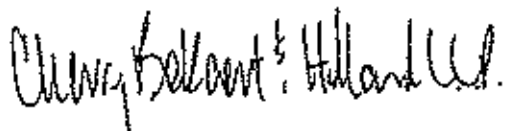
In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance and Other Post Employment Benefits are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City. The combining and individual fund statements and schedules, as well as the accompanying schedule of expenditures of Federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and, accordingly, we express no opinion on such data.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in black ink, appearing to read "Cherry Bekaert & Holland, L.L.P.", written in a cursive, stylized script.

Raleigh, North Carolina
January 8, 2010

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, 2009. 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

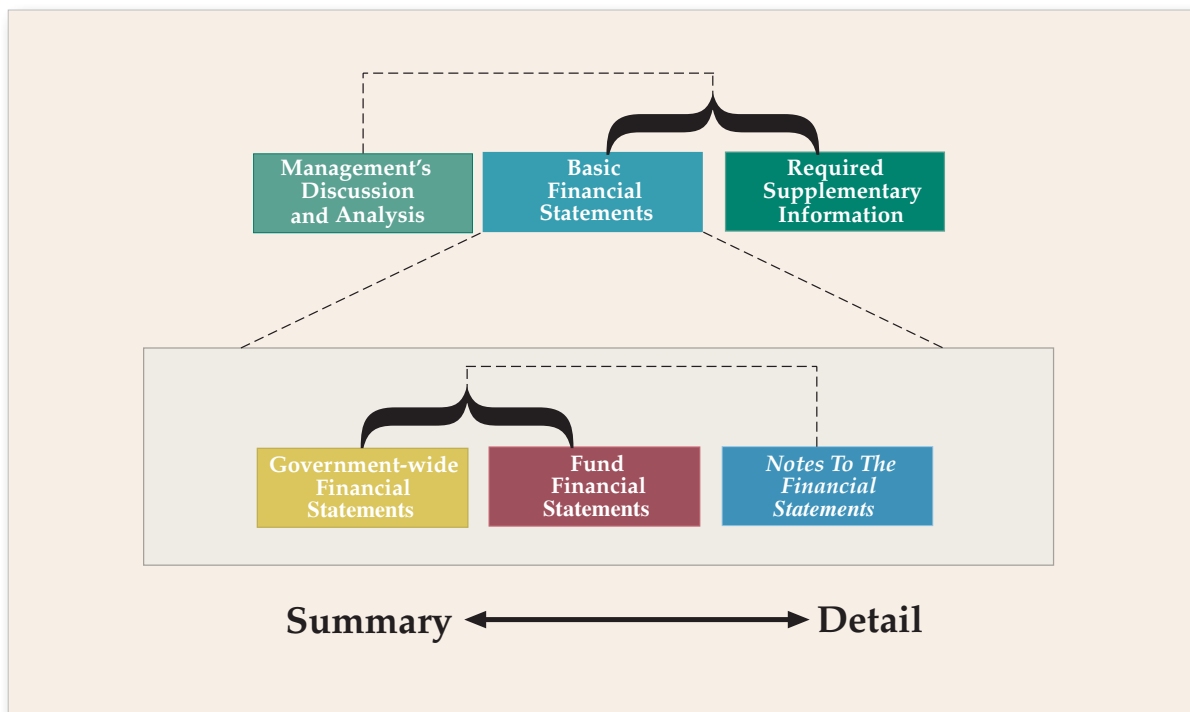
- The assets of the City of Raleigh exceeded its liabilities at the close of the most recent fiscal year by \$1.6 billion (*net assets*). This amount is a \$41.8 million increase from last year. Of this amount, \$273.8 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$336.7 million. Of this total amount, 75.9% or \$255.6 million, is *available for spending* at the government's discretion (*unreserved fund balance*). A large part of this amount is either designated or appropriated for continuing activities of the City.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$116.9 million or 37.8% of total general fund expenditures. Of that amount, \$61.5 million is undesignated and represents a traditional fund balance reserve maintained for emergencies, liquidity and overall financial strength.
- The City's total long-term obligations increased by a net of \$42.1 million during the current fiscal year. The issuance of new debt (\$108.7 million) exceeded principal repayments (\$68.1 million) by \$40.6 million. Other long-term obligations (earned vacation pay and landfill postclosure care) increased by \$1.5 million.
 - The City issued \$21.130 million in general obligation bonds for public improvements (\$11.130 million) and housing (\$10.0 million).
 - The City issued \$65.140 million in certificates of participation for the following projects: design phase for a new public safety center and four public works operations facilities (\$33.5 million), a new downtown parking deck (\$14.015 million), and rolling stock (\$17.625 million).
 - The City refunded \$19.530 million in public improvement (\$13.779 million), sewer (\$1.306 million), and parking (\$4.445 million) general obligation bonds.
 - The City made several installment purchases for land, totaling \$1,752,000.
 - The City also remarketed \$243.4 million of variable rate certificates of participation tendered back to the City in 2008.
- The City of Raleigh maintained its AAA/Aaa bond rating from all three major rating agencies.
- On a government-wide basis for governmental activities, the City had expenses net of program revenues of \$246.6 million, which were \$62.4 million less than the general revenues of \$309.0 million.
- On a government-wide basis for business-type activities, the City had expenses net of program revenues of \$33.4 million, which were \$22.8 million more than general revenues of \$10.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

These basic financial statements consist of two sections: introductory and financial. 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:
 - The governmental funds statements tell how general government services like public safety and solid waste, 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 like businesses, such as the water and sewer system, the convention center, and parking enterprise.
 - Fiduciary fund statements provide information about the financial relationships – like 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.

**Figure A-1: Components of the Financial Section
City of Raleigh Basic Financial Statements**



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. 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. 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 assets may serve as a useful indicator of whether the financial position of the City of Raleigh is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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, public safety, solid waste services, leisure services, and economic development programs. The business-type activities of the City include water and sewer, convention center complex fund, parking facilities, mass transit and stormwater management.

The government-wide financial statements include the Walnut Creek Financing Assistance Corporation (WCFAC, a *blended component unit*). 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is 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 twenty 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 considered to be a major fund. Data from the other nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

Proprietary funds. The City of Raleigh 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 and performing arts (referred to as convention center) operations, parking facilities, mass transit and stormwater management operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Raleigh uses internal service funds to account for its print services, risk management, employee's health benefits, governmental and public utilities equipment replacement and vehicle fleet services funds. All of these services predominantly benefit governmental functions except for the public utilities equipment replacement fund, which predominantly benefits business-type functions. These services have been included within their respective predominant activities in the government-wide financial statements.

Proprietary funds 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 three major enterprise funds, the water and sewer fund, the convention center fund and the parking facilities fund. Conversely, the nonmajor enterprise funds and all internal service funds are combined into single, aggregated presentations in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds and 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 - 51 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 its law enforcement officers and other post employment benefits. Required supplementary information can be found on pages 52 - 55 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise 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 56 - 113 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Raleigh, assets exceeded liabilities by \$1.6 billion at the close of the most recent fiscal year.

By far the largest portion of the City of Raleigh's net assets (\$1.2 billion or 75.4 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Raleigh uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City of Raleigh's investment in its capital assets is reported net of 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.

The following table reflects the condensed Statement of Net Assets.

Table 1: City of Raleigh's Net Assets (*in millions of dollars*)

	Governmental activities		Business-type activities		Total	
	2008	2009	2008	2009	2008	2009
Current and other assets	\$ 454.6	\$ 469.2	\$ 517.6	\$ 338.2	\$ 972.2	\$ 807.4
Capital assets	681.1	759.0	1,300.6	1,459.2	1,981.7	2,218.2
Total assets	1,135.7	1,228.2	1,818.2	1,797.4	2,953.9	3,025.6
Long-term debt outstanding	297.8	342.6	933.4	930.7	1,231.2	1,273.3
Other liabilities	67.6	77.2	95.3	73.5	162.9	150.7
Total liabilities	365.4	419.8	1,028.7	1,004.2	1,394.1	1,424.0
Invested in capital assets, net of related debt	493.8	525.2	701.2	682.1	1,195.0	1,207.3
Restricted	113.3	120.5	-	-	113.3	120.5
Unrestricted	163.2	162.7	88.3	111.1	251.5	273.8
Total net assets	\$ 770.3	\$ 808.4	\$ 789.5	\$ 793.2	\$ 1,559.8	\$ 1,601.6

An additional portion of the City's net assets (\$120.5 million or 7.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$273.8 million or 17.1 percent) may be used to meet the government's ongoing obligations to citizens and creditors.



At the end of the current fiscal year, the City of Raleigh is able to report positive balances in all three categories of net assets both for the City as a whole, as well as for its separate governmental and business-type activities.

The City's net assets increased by \$41.8 million during the current fiscal year. The following table summarizes the changes in net assets.

Table 2: City of Raleigh's Changes in Net Assets *(in millions of dollars)*

	Governmental activities		Business-type activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues:						
Program revenues:						
Charges for services	\$ 41.2	\$ 41.7	\$ 148.3	\$ 151.7	\$ 189.5	\$ 193.4
Operating grants and contributions	33.8	32.3	5.6	6.3	39.4	38.6
Capital grants and contributions	27.4	19.4	22.6	20.0	50.0	39.4
General revenues:						
Property taxes	151.7	180.5			151.7	180.5
Other taxes	114.9	114.6			114.9	114.6
Grants and contributions not restricted to specific programs	0.7				0.7	
Other	19.4	14.0	17.8	12.7	37.2	26.7
Total revenues	389.1	402.5	194.3	190.7	583.4	593.2
Expenses:						
General government	37.8	36.9			37.8	36.9
Community development services	19.8	22.3			19.8	22.3
Public works	53.7	54.5			53.7	54.5
Public safety	130.1	136.3			130.1	136.3
Solid waste services	22.4	24.4			22.4	24.4
Leisure services	45.5	49.7			45.5	49.7
Economic development programs	5.3	4.4			5.3	4.4
Interest on long-term debt	10.8	11.5			10.8	11.5
Water and sewer			124.6	136.9	124.6	136.9
Convention center			20.1	28.4	20.1	28.4
Mass transit			23.9	28.5	23.9	28.5
Parking facilities			7.1	8.9	7.1	8.9
Stormwater			8.0	8.7	8.0	8.7
Total expenses	325.4	340.0	183.7	211.4	509.1	551.4
Increase in net assets before transfers	63.7	62.5	10.6	(20.7)	74.3	41.8
Transfers	(32.4)	(24.4)	32.4	24.4	-	-
Increase in net assets	31.3	38.1	43.0	3.7	74.3	41.8
Net assets, beginning of year	739.0	770.3	741.9	789.5	1,480.9	1,559.8
Prior period adjustment	-	-	4.6	-	4.6	-
Net assets, end of year	\$ 770.3	\$ 808.4	\$ 789.5	\$ 793.2	\$ 1,559.8	\$ 1,601.6

Change in net assets. The City's total revenues were \$593.2 million. Thirty-three percent of the City's revenue comes from charges for services; another thirty percent comes from property taxes. Other taxes account for nineteen percent and most of the rest is state and federal grants and other contributions.

The total cost of all programs and services was \$551.4 million. The City's expenses cover a range of services, with twenty-five percent related to public safety (police, fire and emergency communications), twenty-five percent to utilities (water and sewer), and ten percent related to public works.

GOVERNMENTAL ACTIVITIES

Revenues for the City's governmental activities were \$402.5 million, while total expenses were \$340.0 million. The increase in net assets for governmental activities (after transfers of \$24.4 million) was \$38.1 million in 2009.

A 4.18 cents tax increase, after adjusting the revenue neutral revaluation rate, resulted in increased property tax revenues of \$28.8 million from \$151.7 million to \$180.5 million. Property taxes represent 44.8% of total governmental revenues. Other taxes, which accounted for 28.4% of total governmental revenues, decreased \$300,000 from 2008.

Revenues by Source - Governmental Activities

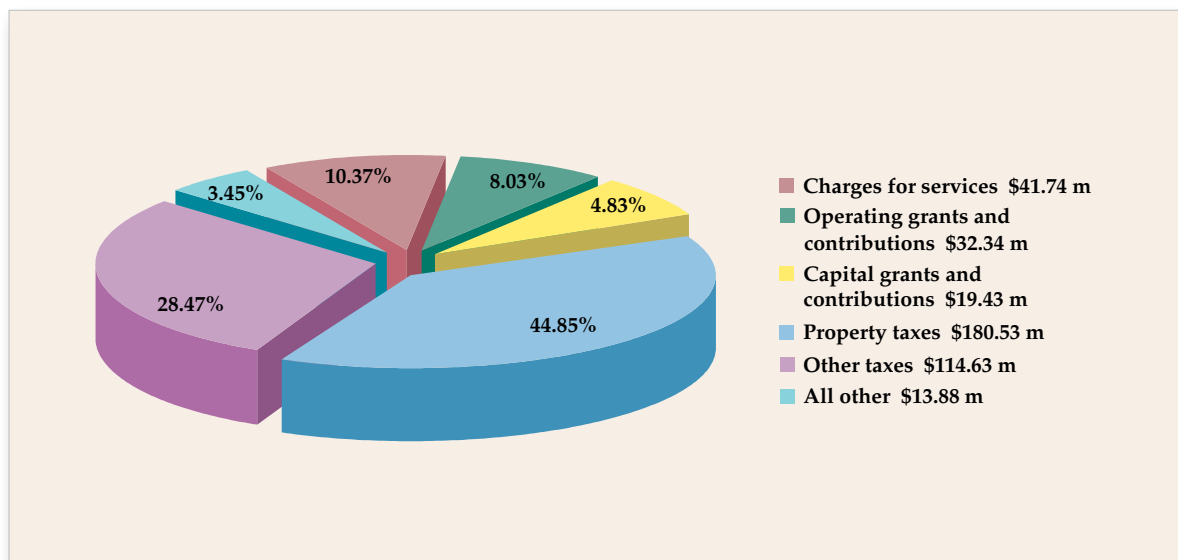


Table 3 presents the cost of each of the City's four largest governmental activities programs – public safety, public works, leisure services, and general government – as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial support provided by the City's taxpayers for these functions.

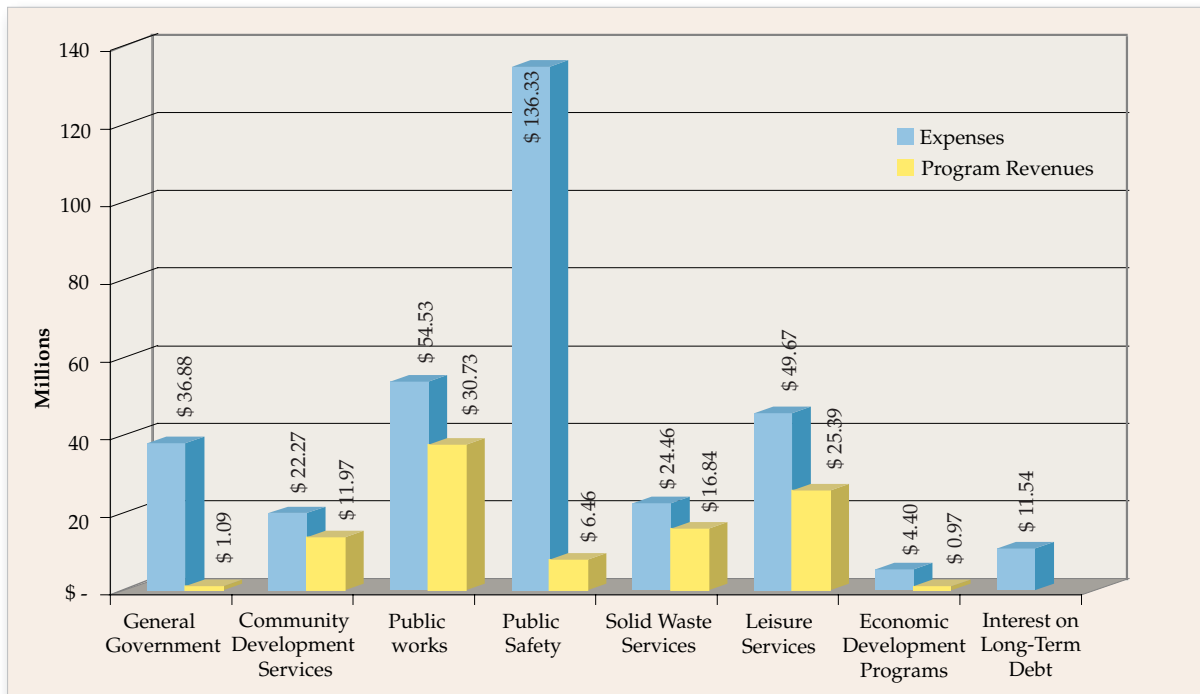
Table 3: Net Cost of City of Raleigh Governmental Programs
(in millions of dollars)

	Total Cost of Services		Net Cost of Services	
	2008	2009	2008	2009
Public safety	\$ 130.1	\$ 136.3	\$ (122.2)	\$ (129.9)
Public works	53.7	54.5	(16.2)	(23.8)
Leisure services	45.5	49.7	(19.9)	(24.3)
General government	37.8	36.9	(36.8)	(35.7)

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

- The cost of all governmental activities this year was \$340.0 million. This cost was incurred in order to provide basic municipal services to the citizens of Raleigh. These services include, but are not limited to: police, fire, solid waste services, parks and recreation, streets maintenance, inspections, planning and others.
- The amount that our taxpayers paid for these activities through property taxes was \$180.5 million.
- Those who directly benefited from service-fee based programs paid \$41.7 million in charges for services.
- Other governments and organizations subsidized certain programs with grants and contributions totaling \$51.7 million. These grants and contributions include annexations of streets and sidewalks (\$15.4 million), operating support from various federal and state agencies (\$19.6 million), interlocal support from Wake County for debt service on the convention center construction project (\$13.1 million), and other facility fees and developers' participation (\$3.7 million).
- The City received \$309.0 million in general revenues from taxes and other revenues such as interest and unrestricted grants, which was used to pay for the \$246.6 million net cost of governmental activities.
- The City's four largest governmental programs – public safety (40.0%), public works (16.0%), leisure services (14.6%), and general government (11.1%) represent 81.7% – of the total governmental activities.

Expenses and Program Revenues - Governmental Activities



BUSINESS-TYPE ACTIVITIES

Revenues of the City's business-type activities were \$190.7 million, and expenses were \$211.4 million. The increase in net assets for business-type activities (after transfers in of \$24.4 million) was \$3.7 million in 2009. Table 4 shows the total cost and net cost or revenue for these services.

Table 4: Net Cost of City of Raleigh Business-type Activities
(in millions of dollars)

	Total Cost of Services		Net (Cost) Revenue of Services	
	2008	2009	2008	2009
Water and sewer	\$ 124.6	\$ 136.9	\$ 2.2	\$ (15.8)
Convention center	20.1	28.4	(6.6)	(15.1)
Parking facilities	7.1	8.9	0.8	(0.4)
Mass transit	23.9	28.5	(10.1)	(8.2)
Stormwater	8.0	8.7	6.5	6.1
Total	<u>\$ 183.7</u>	<u>\$ 211.4</u>	<u>\$ (7.2)</u>	<u>\$ (33.4)</u>

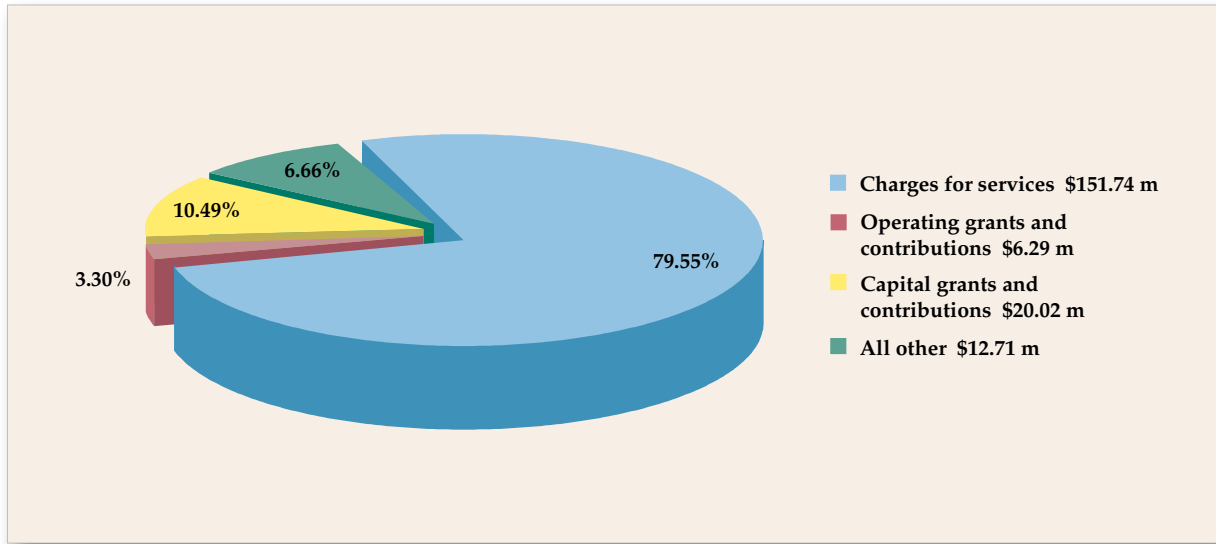
Net revenue in the water and sewer operation decreased again in 2008-09 by \$18.0 million from \$2.2 million net revenues to \$15.8 million net expenses. This decrease resulted from several factors. Operating expenses increased \$12.3 million in 2008-09 from \$124.6 million to \$136.9 million as overall growth increased our customer service base to over 170,000 customer accounts. While operating expenses increased, ongoing conservation efforts by our customers carried over from severe drought conditions in 2007 continued to slow revenue growth. Charges for services increased \$2.9 million, from \$109.4 million to \$112.3 million, during 2008-09. The combination of increased operating costs and slow revenue growth resulted in an overall decrease in net operating income of \$9.4 million. Capital contributions, primarily from annexations, decreased \$8.6 million during 2008-09 from \$17.5 million to \$8.9 million.

Our convention center activities also experienced an increase in net expenses in 2008-09 by \$8.5 million as net expenses increased from \$6.6 million to \$15.1 million. This increase in net expenses resulted from increased operating expenses of \$8.3 million in 2008-09, from \$20.1 million to \$28.4 million, as our new convention center facility opened in September 2008. In addition to increased staffing costs, the new facility increased depreciation expense by \$6.5 million. Charges for services decreased \$200,000 in 2008-09 from \$13.5 million to \$13.3 million.

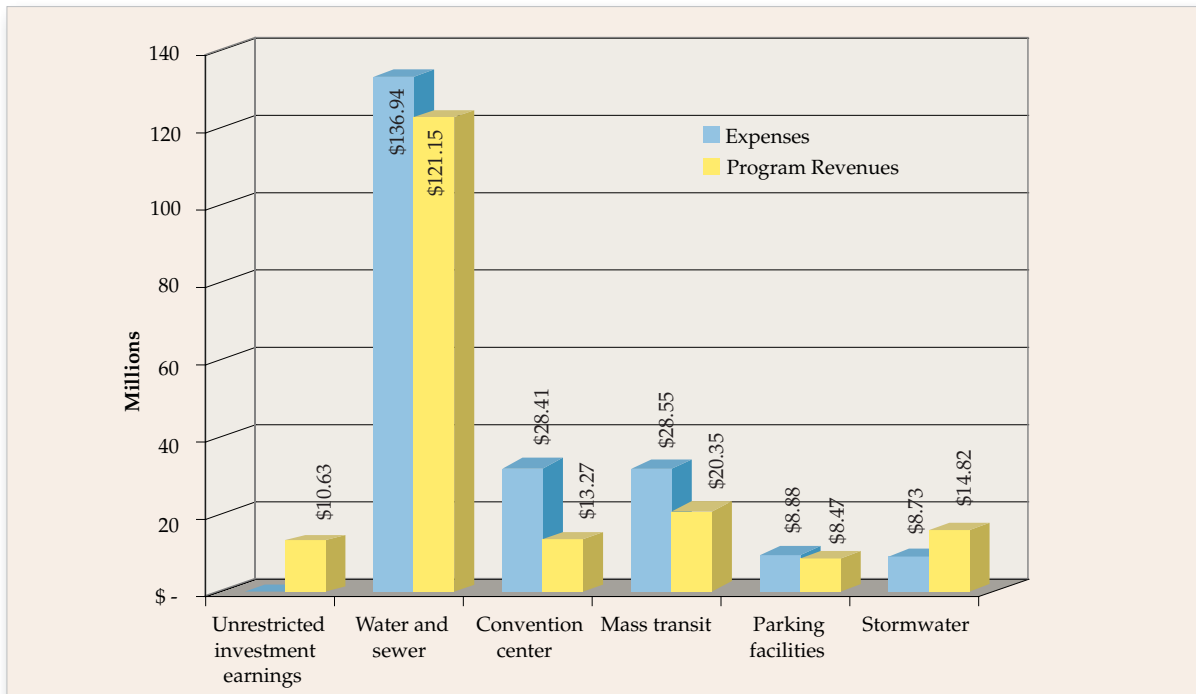
Net revenues in the parking facilities activities decreased \$1.2 million in 2008-09 from \$800,000 net revenues to \$400,000 net expenses. This increase in net expenses is primarily attributable to increased operating expenses, \$1.8 million in 2008-09, from \$7.1 million to \$8.9 million. Most of the increased operating expense comes from depreciation expense, an additional \$1.1 million in 2008-09, as we placed in service a new 900 space underground parking deck adjacent to our new convention center facility. Charges for parking services increased \$600,000 in 2008-09, from \$7.9 million to \$8.5 million.

We continue to heavily subsidize our mass transit operation, although net expenses did decrease \$1.9 million in 2008-09 from \$10.1 million to \$8.2 million. This deficit is essentially funded from governmental activities general revenues transferred to the mass transit operations. Capital grants and contributions to our mass transit operation increased \$5.8 million in 2008-09, from \$4.9 million to \$10.7 million, as we continued to upgrade our fleet through federal and state grants. Net revenues in our stormwater management activities decreased \$400,000 in 2008-09 from \$6.5 million to \$6.1 million.

Revenues by Source - Business-type Activities



Expenses and Program Revenues - Business-type Activities



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, *unreserved 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 \$336.7 million, an increase of \$800,000 in comparison with the prior year. Approximately 75.9% of this total amount (\$255.6 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$8.6 million), reserved for inventories (\$1.8 million), reserved by state statute (\$33.2 million), reserved for the new convention center project (\$35.6 million), or reserved for emergency communications equipment (\$1.8 million).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$116.9 million, while total fund balance was \$160.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 37.8 percent of total general fund expenditures, while total fund balance represents 51.9 percent of that same amount, amounts generally consistent with the prior year.

The North Carolina Local Government Commission strongly recommends that local governments maintain an undesignated fund balance of at least 8% of general fund expenditures. The City's policy is to maintain an undesignated fund balance of at least 14% of the succeeding year's expenditure budget. Undesignated fund balance is a sub classification of unreserved fund balance after consideration for management's policy designations. The City's designations of unreserved fund balance total \$55.4 million as specified on page 25 of the notes to the financial statements. This includes \$18.1 million appropriated for 2009-10. The remaining unreserved fund balance of \$61.5 million is undesignated and represents 15.3% of the 2009-10 general fund expenditure budget.

The fund balance of the City's general fund increased by \$23.4 million during the current fiscal year. Key factors in this increase are as follows:

- Overall revenues increased \$26.2 million in 2008-09. Specifically, property taxes increased \$29.0 million reflecting a 4.18 cents tax increase after adjusting for the property revaluation revenue neutral rate. Local sales tax decreased \$7.8 million reflecting the ongoing decline in retail sales locally, as well as nationally. All other revenues increased in total by \$5.0 million.
- Overall expenditures increased \$21.5 million in 2008-09.
- The resulting change in revenues over expenditures for 2008-09 was a decrease of \$4.6 million, from \$29.2 million in 2007-08 to \$33.8 million in 2008-09.
- Net other financing uses decreased \$8.2 million in 2008-09 from \$18.5 million to \$10.3 million.

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. The major enterprise funds are the water and sewer, convention center and parking facilities funds.

Net assets of the water and sewer fund at the end of the year amounted to \$619.0 million. The net assets of the water and sewer fund decreased by \$9.6 million in 2008-09 versus a \$12.8 million increase in 2007-08. This \$22.4 million decrease is attributable to a \$3.5 million decrease in operating



income, a \$8.5 million increase in net nonoperating expense, and a \$8.5 million decrease in capital contributions. Operating income continued to decrease in 2008-09 due to ongoing conservation efforts by our customers in response to severe drought conditions in 2007. The combination of slow revenue growth, increased operating costs, lower interest income, higher interest expense, and a decrease in annexations led to the overall decrease in net assets of \$9.6 million. Convention center net assets decreased \$5.5 million in 2008-09. The decrease is due primarily to increased operating expense, specifically depreciation expense, as the new 500,000 square foot convention center facility was completed and placed in service in September 2008, reflecting a full year of depreciation. Parking facilities fund net assets increased \$2.4 million primarily due to net transfers in from other funds of \$2.3 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in appropriations increasing \$10.3 million during 2008-09. Increases in expenditure budgets (\$19.5 million) and transfers to other funds budgets (\$1.8 million) exceeded increases in revenue and transfers from other funds budgets (\$11.0 million), thus resulting in the \$10.3 million increase in the budget from fund balance appropriated. The final positive budget variance was \$55.3 million. This overall positive variance resulted as follows:

- Revenues \$8.8 million negative, reflecting ongoing declines in retail sales, construction activity, and leisure spending as local sales tax revenues were \$10.7 million negative, inspection fees were \$4.0 million negative, and parks and recreation fees were \$1.2 million negative. Solid waste fees were also negative, \$2.3 million. Other revenues, such as property taxes, intergovernmental revenues, licenses and interest income netted positive budget variances of \$9.4 million.
- Expenditures \$63.3 million positive, pervasively across the board as all individual expenditure functions and departments had positive budget variances. This result reflects the City's cost management strategy to address the expected revenue budget shortfalls noted above.
- Other financing net uses \$800,000 positive, from budgeted transfers to other funds that were not made.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Raleigh's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$2.22 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and machinery, streets and sidewalks, equipment, furniture and fixtures, and improvements. The total increase in the City's investment in capital assets for the current fiscal year, \$236.5 million, was 11.9 percent (a 11.4 percent increase for governmental activities and a 12.2 percent increase for business-type activities).

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

- Land additions of \$15.7 million were made during the year. Major tracts were obtained for future construction of streets, greenways and utilities projects. Also, \$3.0 million was capitalized for the purchase of land for a new transit operations facility.
- Construction began and/or was completed for a variety of street projects, parks and greenways, and fire stations. Total construction was \$97.3 million. Construction in progress for these activities was \$56.0 million as of June 30, 2009.
- Construction began and/or was completed on additional facilities for the water and sewer operations. Total construction was \$141.8 million. Construction in progress for these activities was \$156.8 million as of June 30, 2009.

- Equipment acquisitions added \$29.8 million to the City's rolling stock inventory, including \$8.6 million in new buses.
- The new convention center facility was completed in 2009. Total construction capitalized was \$238.0 million.
- Two new parking decks, including an underground deck adjacent to the convention center facility were completed in 2009. Total construction capitalized was \$63.2 million.
- On-going investment in stormwater management (\$4.5 million) projects continued during 2008-09.
- Annexations added \$15.4 million to streets and \$7.4 million to water and sewer systems.

Table 5: City of Raleigh's Capital Assets
(net of accumulated depreciation – stated in thousands)

	Governmental activities		Business-type activities		Total	
	2008	2009	2008	2009	2008	2009
Land	\$ 139,448	\$ 148,996	\$ 69,862	\$ 72,821	\$ 209,310	\$ 221,817
Buildings and machinery	53,192	65,951	78,298	309,999	131,490	375,950
Water and sewer systems	-	-	647,725	674,169	647,725	674,169
Streets and sidewalks	347,051	351,380	-	-	347,051	351,380
Parking decks	-	-	43,036	103,433	43,036	103,433
Buses	-	-	11,697	17,436	11,697	17,436
Equipment	27,180	33,411	15,948	16,591	43,128	50,002
Furniture and fixtures	563	359	25	1,567	588	1,926
Improvements	93,965	102,968	83,293	98,957	177,258	201,925
Construction in progress	19,658	55,981	350,718	164,188	370,376	220,169
Total	<u>\$ 681,057</u>	<u>\$ 759,046</u>	<u>\$ 1,300,602</u>	<u>\$ 1,459,161</u>	<u>\$ 1,981,659</u>	<u>\$ 2,218,207</u>

Additional information on the City's capital assets can be found on pages 28 - 30 of the notes to the financial statements of this report.

Long-term debt. In August 2008, the City sold \$14.015 million in certificates of participation to purchase a downtown parking deck. These COPS mature incrementally between 2009 and 2033 with a stated interest rate of 3.9%. With other debt service fees the true interest cost is 4.479830%. This issue was rated AA-/A-1+ by Standard and Poor's.

In November 2008, the City sold \$33.5 million in certificates of participation to finance the design phase for a new public safety center and four new public works operations facilities. These COPS matured in November 2009 and carried a stated interest rate of 3.0%. Net of premium and fees, the all-in true interest cost is 1.553151%.

In March 2009, the City issued \$21.130 million in general obligation bonds for public improvements (\$11.130 million) and housing (\$10.0 million). These bonds mature serially between 2009 and 2029 bearing rates of 2.25% to 4.25% for the public improvement issue and 3.5% to 5.5% for the taxable housing issue. True interest cost is 3.5446% and 4.9208% respectively for the public improvement bonds and the taxable housing bonds. The issue was rated triple A by Moody's, Fitch, and Standard and Poor's.

Also in March 2009, the City issued \$19.53 million in general obligation public improvement refunding bonds. The bonds refund previously issued G.O. bonds for streets, parking, sewer, and parks. The refunding bonds mature serially between 2009 and 2017, with stated interest rates of 2.25% to 4.0%. True interest cost is 1.7840% and the issue was rated triple A by Moody's, Fitch, and Standard and Poor's. The economic gain to the City from this refunding was \$1,605,927.



In June 2009, the City issued certificates of participation totaling \$17.625 million for rolling stock replacement. These COPS mature serially from 2010 through 2014 and carry an interest rate of 2.785%, with a true interest cost of 2.785%.

During the year the City made two installment financing agreements for the purchase of property. These notes total \$1,752,000. One note for \$482,000 is payable in equal installments over two years at no interest. The second note, \$1,270,000, is payable in one installment in FY2010 with 3.415% interest.

Also during FY2009, the City remarketed \$243.425 million of variable rate certificates of participation which were tendered back to the City in 2008. These placements effectively secured new liquidity providers and remarketing agents for the original debt and converted \$55 million from a variable rate note to a one year fixed rate note. The City also carries two interest rate swaps to mitigate the impact of these conditions.

At the end of the current fiscal year, the City had total general obligation debt outstanding of \$190.5 million. The remainder of the City's debt represents revenue bonds (\$554.7 million) and installment financing agreements (\$489.8 million – notes, COPS, etc.) secured solely by specified revenue sources and property. The City's total liability for bonded debt and other installment financing agreements increased by \$40.7 million (3.40%) during 2008-09 as new debt issues of \$108.8 million exceeded principal repayments of \$68.1 million.

The City has other long-term obligations for earned but unused vacation pay due its employees (\$20.1 million) and landfill postclosure care costs (\$6.2 million). These obligations increased \$1.5 million from 2008 balances.

Table 6: City of Raleigh's Long-Term Debt *(stated in thousands)*

	Governmental activities		Business-type activities		Total	
	2008	2009	2008	2009	2008	2009
General obligation bonds	\$ 170,030	\$ 177,949	\$ 15,405	\$ 12,616	\$ 185,435	\$ 190,565
Revenue bonds	-	-	560,240	554,740	560,240	554,740
Installment financing agreements	104,398	139,825	344,335	349,998	448,733	489,823
Total	\$ 274,428	\$ 317,774	\$ 919,980	\$ 917,354	\$ 1,194,408	\$ 1,235,128

Subsequent to FY09 year-end, in July 2009 the City issued \$47.820 million general obligation refunding bonds. The bonds refund previously issued public improvement bonds. The refunding bonds mature serially from 2009 through 2021 with interest rates of 3.00% to 5.00%. After premiums, discounts and issue costs the all-in true interest cost is 2.648507%. This issue was rated triple A by Moody's, Fitch, and Standard and Poor's. The economic gain to the City from this refunding was \$2,424,677.

In September 2009, the City issued \$24.875 million in variable rate taxable certificates of participations for parking facilities. These COPS mature serially from 2012 to 2034 with an average coupon interest rates of 3.551% and an all-in true interest cost of 4.561561%. This issue was rated AA/A-1+ by Standard and Poor's.

Also in September 2009, the City issued \$57.665 million in general obligation public improvement bonds and \$10.0 million general obligation taxable housing bonds. These bonds mature serially from 2010 through 2030 with interest rates of 2.0% to 5.0% for the public improvement series and 3.5% to 5.3% for the taxable housing series. True interest costs are 3.594224% and 4.727012% respectively. The issue was rated triple AAA by Moody's, Fitch, and Standard and Poor's.

In October 2009, the City issued \$47.630 million in variable rate limited obligation bonds to refund previously issued parking and public improvement COPS, and to refinance the \$33.5 million one year COPS issued in November 2008. These bonds mature serially from 2010 through 2034, with an original interest rate at closing of 3.0%. The all-in true interest cost is 3.33978%. This issue was rated Aa1/P-1 by Moody's, AA+/F1+ by Fitch, and AA+/A-1+ by Standard and Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8 percent of the total assessed value of taxable property. The current debt limitation for the City is \$3.9 billion, which is significantly in excess of the City's outstanding net debt of \$860.9 million.

Raleigh continues to benefit from outstanding credit ratings as evidenced by the aforementioned placements, earning the highest general obligation credit ratings and excellent revenue bond and COPS ratings from all three major rating agencies. During 2007-08, credit risk issues of the City's liquidity providers and remarketing agents caused \$336 million in variable rate debt issues to be tendered back to the City's liquidity's banks. During FY2009 all of this debt was successfully remarketed and/or replaced.

Additional information on the City of Raleigh's long-term debt can be found in the notes to the financial statements on pages 33 – 42 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Significant factors considered in preparing the City's budget for the 2009-10 fiscal year were:

The property tax rate of \$.3735/\$100 of assessed valuation remained flat. The adopted budget projects property tax revenue at \$183.0 million. This is an increase of \$4.5 million, or 2.5%, from 2008-2009.

The economic downturn necessitated lower projections for sales tax and other growth related projections. The 2009-10 budget for sales tax projects sales tax revenues of \$70.8 million, a decrease of \$2.4 million, or 3.3% from the 2008-09 budget. Other growth related general revenues, primarily inspection fees and solid waste fees, have similarly been impacted by the economy and these have been adjusted down accordingly. Overall, the adopted general fund budget of \$401.6 million is virtually the same as the adopted 2008-09 budget. The 2009-10 operating budget continues funding of current operations, with some additional staffing for various needs associated with growth, expansion of facilities and new programs. A total of 85 vacant general fund positions were eliminated, most in operating areas directly affected by the current economy.

The City's water and sewer utility continues to recover from the financial impacts of the 2007-08 drought as our customers continue to conserve water resources. Accordingly, fee increases have been necessary in order to maintain services, system maintenance, and capital improvements. Rate increases approved by City Council in April 2009 were scheduled for a two-phase implementation in 2009-10, resulting in a combined increase of 17%.

The 2009-10 capital budget includes new and/or continuing projects totaling \$410.6 million. In addition to ongoing roads, parks, utilities and general public facilities, new major facilities continue to be programmed in the five year capital improvement plan. Specifically, construction is expected to begin in 2009-10 on a new public safety center (\$205 million) and four operations facilities for public works (\$205.5 million). It is anticipated that these projects will be funded from debt issues.

As a result of these and other factors, the 2009-10 budget was adopted with an overall combined operating and capital budget of \$696.2 million, representing a 7.9% increase over the \$644.8 million 2008-09 budget. Virtually all of this increase is in the capital budget.

Ongoing downtown development. The City continues to focus efforts and investment in downtown. The new Raleigh Convention Center opened in September 2008. The new convention center, with over 500,000 square feet of meeting space, has been met with outstanding bookings. During the first ten months of operations over 240 events were held, including 43 conventions, providing significant economic benefit to the City. Also in September 2008, a 400 room

headquarters' hotel opened. The hotel is adjacent to the new convention center and includes public meeting space funded by the contention center project budget. A 944 space underground parking deck constructed to serve the convention center, the hotel, and nearby private development opened in October 2008. The public investment in these three projects, \$310 million, is funded from an interlocal agreement that allocates revenues from the county-wide room occupancy tax and prepared food and beverage tax, and from parking revenues. In July 2006, the City completed phase one of the Fayetteville Street Renaissance Project. This \$11.0 million project re-opened Fayetteville Street, Raleigh's main street, to vehicular traffic for the four blocks from the state capitol to the new convention center hotel. The next phase of this project was completed in October 2009 with the grand opening of the \$16.0 million City Plaza on the 400 block of Fayetteville Street. Also, the City Council approved funding in December 2009 for a 5,000 seat outdoor amphitheatre to be constructed adjacent to the new convention center. These major projects, along with a second underground parking deck which opened in June 2009, will continue to attract new, private development in downtown Raleigh.

Impact of and Response to Current Economic Conditions. The declining economy continues to impact Raleigh, as it has all local governments. In 2009, in response to these declining conditions, the City took very proactive cost containment actions to offset expected revenue shortfalls with did in fact materialize as actual negative revenue budget variances. A soft hiring freeze, cautionary management of all operating expenditures, and a delay in \$15 million in capital projects allowed the City to manage through 2009 positively with a \$23.4 million increase in the general fund. In 2010, the City is continuing this operating cost containment strategy by maintaining a flat FY2010 general fund budget. The City was also impacted by the national credit crisis during 2008 as \$335 million of variable rate debt was tendered back to the City. All of this debt was successfully remarketed in 2009 and the City continues to maintain a triple A credit rating from all three major bond rating agencies. City Management and staff remain committed to providing Raleigh citizens the highest quality of essential services as Raleigh and the nation work through the economic decline to recovery, and we will maintain the financial integrity our community expects.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Raleigh's finances for all those with an interest in the government'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) 996-4930

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.



CITY OF RALEIGH

2009

STATEMENT OF NET ASSETS

June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 304,654,747	\$ 112,049,545	\$ 416,704,292
Taxes receivable, net of allowance for uncollectibles of \$8,343,176	2,516,139	-	2,516,139
Assessments receivable, net of allowance for uncollectibles of \$93,648	1,303,914	1,471,691	2,775,605
Customer receivables, net of allowance for uncollectibles of \$4,483,029	1,399,378	19,633,951	21,033,329
Due from other governmental agencies	5,803,223	3,768,612	9,571,835
Accrued interest receivable	3,436,839	2,108,617	5,545,456
Other receivables and assets	10,629,367	1,780,942	12,410,309
Sales tax receivable	18,459,806	5,181,084	23,640,890
Internal balances	2,237,486	(2,237,486)	-
Inventories	2,499,685	6,609,832	9,109,517
Deferred charges	70,209	2,792,318	2,862,527
Loans receivable	50,171,051	-	50,171,051
Cash and cash equivalents/investments - restricted deposits and bond proceeds	63,709,957	185,086,483	248,796,440
Net pension assets	2,299,028	-	2,299,028
Capital assets:			
Land and construction in progress	204,976,657	237,008,353	441,985,010
Other capital assets, net of depreciation	554,070,081	1,222,153,130	1,776,223,211
Total assets	1,228,237,567	1,797,407,072	3,025,644,639
LIABILITIES			
Accounts payable	18,848,390	28,397,173	47,245,563
Arbitrage rebate payable	714,797	33,403	748,200
Accrued salaries and employee payroll taxes	5,920,204	1,017,468	6,937,672
Employee taxes and related withholdings	1,040,452	-	1,040,452
Accrued interest payable	3,622,303	11,086,589	14,708,892
Rehabilitation loans escrow	899,715	-	899,715
Reimbursable facility fees	4,827,783	-	4,827,783
Claims payable and other liabilities:			
Due within one year	33,928,700	-	33,928,700
Due in more than one year	2,067,734	-	2,067,734
Deferred contributions from other funds	-	1,437,650	1,437,650
Due to pension trust funds	1,867,639	-	1,867,639
Unearned revenue	3,289,529	185,294	3,474,823
Escrow and other deposits payable from restricted assets	-	31,307,839	31,307,839
Long-term liabilities:			
Due within one year	75,934,458	24,124,811	100,059,269
Due in more than one year	266,660,524	906,570,715	1,173,231,239
Net OPEB pension liability	227,948	56,987	284,935
Total liabilities	419,850,176	1,004,217,929	1,424,068,105
NET ASSETS			
Invested in capital assets, net of related debt	525,177,221	682,122,936	1,207,300,157
Restricted for:			
Capital projects	64,377,467	-	64,377,467
Community development projects	56,139,452	-	56,139,452
Unrestricted	162,693,251	111,066,207	273,759,458
Total net assets	\$ 808,387,391	\$ 793,189,143	\$ 1,601,576,534

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



STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 36,884,177	\$ 854,019	\$ 297,309	\$ -
Community development services	22,269,118	8,042,255	3,932,740	-
Public works	54,529,639	3,040,415	11,213,796	16,471,733
Public safety	136,330,976	3,247,540	1,867,802	1,349,643
Solid waste services	24,459,864	16,840,014	-	-
Leisure services	49,674,014	8,748,922	15,026,212	1,612,854
Economic development programs	4,399,376	966,178	-	-
Interest on long-term debt	11,540,509	-	-	-
Total governmental activities	340,087,673	41,739,343	32,337,859	19,434,230
Business-type activities:				
Water and sewer	136,935,293	112,279,508	-	8,868,200
Convention center	28,408,795	13,269,053	-	-
Mass transit	28,552,554	3,313,946	6,281,088	10,753,369
Parking facilities	8,873,648	8,467,319	-	-
Stormwater	8,727,954	14,412,787	-	402,917
Total business-type activities	211,498,244	151,742,613	6,281,088	20,024,486
Total City of Raleigh	\$ 551,585,917	\$ 193,481,956	\$ 38,618,947	\$ 39,458,716

General revenues:

Taxes:

Property taxes, levied for general purpose

Local sales tax

Franchise tax

Other taxes

Privilege license tax

Unrestricted investment earnings

Miscellaneous

Transfers

Gain on the Sale of Land

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (35,732,849)		\$ (35,732,849)
(10,294,123)		(10,294,123)
(23,803,695)		(23,803,695)
(129,865,991)		(129,865,991)
(7,619,850)		(7,619,850)
(24,286,026)		(24,286,026)
(3,433,198)		(3,433,198)
(11,540,509)		(11,540,509)
<u>(246,576,241)</u>		<u>(246,576,241)</u>
	\$ (15,787,585)	(15,787,585)
	(15,139,742)	(15,139,742)
	(8,204,151)	(8,204,151)
	(406,329)	(406,329)
	6,087,750	6,087,750
	<u>(33,450,057)</u>	<u>(33,450,057)</u>
<u>(246,576,241)</u>	<u>(33,450,057)</u>	<u>(280,026,298)</u>
180,533,696	-	180,533,696
62,442,229	-	62,442,229
23,437,704	-	23,437,704
9,119,107	-	9,119,107
19,626,687	-	19,626,687
10,632,116	10,632,367	21,264,483
3,249,614	-	3,249,614
(24,422,744)	24,422,744	-
-	2,075,000	2,075,000
<u>284,618,409</u>	<u>37,130,111</u>	<u>321,748,520</u>
38,042,168	3,680,054	41,722,222
770,345,223	789,509,089	1,559,854,312
<u>\$ 808,387,391</u>	<u>\$ 793,189,143</u>	<u>\$ 1,601,576,534</u>

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 139,718,143	\$ 134,584,632	\$ 274,302,775
Taxes receivable, net of allowance for uncollectibles of \$8,343,176	2,516,139	-	2,516,139
Assessments receivable, net of allowance for uncollectibles of \$16,191	307,623	996,291	1,303,914
Customer receivables, net of allowance for uncollectibles of \$516,594	1,399,378	-	1,399,378
Due from other governmental agencies	281,537	5,521,686	5,803,223
Accrued interest receivable	1,677,399	1,478,317	3,155,716
Other receivables and assets	8,725,392	-	8,725,392
Sales tax receivable	17,156,899	824,080	17,980,979
Due from other funds	2,262,720	-	2,262,720
Inventories	1,847,087	-	1,847,087
Other assets	1,503,975	-	1,503,975
Loans receivable	34,758	50,136,293	50,171,051
Cash and cash equivalents/investments - restricted deposits and bond proceeds	3,885	55,165,829	55,169,714
Total assets	\$ 177,434,935	\$ 248,707,128	\$ 426,142,063
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,927,030	\$ 12,640,743	\$ 16,567,773
Accrued salaries and employee payroll taxes	5,764,855	67,317	5,832,172
Employee taxes and related withholdings	1,040,452	-	1,040,452
Loan servicing escrow	-	899,715	899,715
Reimbursable facility fees	-	4,827,783	4,827,783
Other liabilities	552,605	531,290	1,083,895
Due to other funds	793,311	1,144,767	1,938,078
Deferred revenue	2,858,520	51,132,585	53,991,105
Unearned revenue	1,950,488	1,339,041	3,289,529
Total liabilities	16,887,261	72,583,241	89,470,502
Fund balances:			
Reserved for inventories	1,847,087	-	1,847,087
Reserved by state statute	33,172,947	-	33,172,947
Reserved for encumbrances	8,627,214	-	8,627,214
Reserved for debt service	-	35,573,188	35,573,188
Reserved for wireless 911	-	1,788,165	1,788,165
Unreserved, reported in:			
General fund	116,900,426	-	116,900,426
Special revenue funds	-	11,917,481	11,917,481
Capital projects funds	-	126,845,053	126,845,053
Total fund balances	160,547,674	176,123,887	336,671,561
Total liabilities and fund balances	\$ 177,434,935	\$ 248,707,128	\$ 426,142,063

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 ASSETS**

June 30, 2009

Total *fund balances* for governmental funds \$ 336,671,561

Total *net assets* reported for governmental activities in the statement of net assets 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 - \$204,976,657; capital assets being depreciated, net - \$526,662,344). 731,639,001

The net pension assets / liabilities resulting from contributions greater than or less than the of annual required contributions are not financial resources and therefore are not reported in the funds. 2,071,080

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. 70,209

Internal service funds are used by management to charge the costs of certain activities, such as print services, risk management, health benefits, equipment replacement and central garage to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets. 2,588,779

Taxes receivable - \$2,516,139, and assessments receivable - \$1,303,914 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 revenue in the funds. 3,820,053

Loans receivable - \$50,171,051, a long-term asset, is not available to pay for current expenditures and, therefore is deferred in the funds. 50,171,051

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (General obligation bonds- \$178,576,061 - net of deferred refunding and issuance premium, notes payable - \$112,538,194; earned vacation pay - \$17,162,712; landfill postclosure costs - \$6,170,310; arbitrage payable - \$612,859; and accrued interest payable - \$3,584,207). (318,644,343)

Net assets of governmental activities \$ 808,387,391

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, 2009**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 180,362,146	\$ -	\$ 180,362,146
Intergovernmental	33,077,076	32,737,568	65,814,644
Developer participation	-	141,048	141,048
Assessments	-	526,553	526,553
Local sales tax	62,442,229	-	62,442,229
Licenses	19,626,687	-	19,626,687
Interest on investments	4,619,691	5,144,130	9,763,821
Inspection fees	8,517,388	-	8,517,388
Highway maintenance refunds	1,104,239	-	1,104,239
Facility fees	-	4,040,535	4,040,535
Other fees and charges	30,975,035	-	30,975,035
Rents	-	374,077	374,077
Program income	-	2,690,771	2,690,771
Other revenues	2,409,808	-	2,409,808
Miscellaneous other	-	3,461,287	3,461,287
Total revenues	<u>343,134,299</u>	<u>49,115,969</u>	<u>392,250,268</u>
EXPENDITURES			
Current:			
General government	35,748,740	249,077	35,997,817
Community development services	20,115,332	6,536,860	26,652,192
Public works	20,839,078	1,214,580	22,053,658
Public safety	135,338,425	1,455,635	136,794,060
Solid waste services	25,090,910	-	25,090,910
Leisure services	41,698,498	374,086	42,072,584
Economic development programs	-	4,399,375	4,399,375
Other expenditures	-	36,028	36,028
Capital outlay	1,775,772	99,721,505	101,497,277
Debt service:			
Principal	20,125,245	-	20,125,245
Interest	10,020,857	-	10,020,857
Bond issue costs	335,412	-	335,412
Total expenditures	<u>311,088,269</u>	<u>113,987,146</u>	<u>425,075,415</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,046,030</u>	<u>(64,871,177)</u>	<u>(32,825,147)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	18,391,161	18,428,593	36,819,754
Transfers out	(28,755,299)	(31,236,155)	(59,991,454)
Bonds issued	-	21,130,000	21,130,000
Capital related debt issued	1,775,772	-	1,775,772
Certificates of participation issued	-	33,375,000	33,375,000
Premium on refunding bonds issued	504,565	475,264	979,829
Refunding bonds issued	13,778,980	-	13,778,980
Payment to refunded bond escrow agent	(14,283,545)	-	(14,283,545)
Total other financing sources (uses)	<u>(8,588,366)</u>	<u>42,172,702</u>	<u>33,584,336</u>
Net change in fund balances	23,457,664	(22,698,475)	759,189
Fund balance - beginning	137,090,010	198,822,362	335,912,372
Fund balance - ending	<u>\$ 160,547,674</u>	<u>\$ 176,123,887</u>	<u>\$ 336,671,561</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, 2009

The change in *net assets* reported for governmental activities in the statement of activities are different because:

Net change in <i>fund balances</i> - total governmental funds	\$ 759,189
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 (\$95,852,019) exceeded depreciation (\$36,646,055) in the current period.	59,205,964
Net change in net pension assets/liabilities.	813,415
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Annexations - \$15,387,802; Property taxes - \$171,550; Assessments - \$(82,535)).	15,476,817
Governmental funds report cash repayments of loan principal as revenues because they provide current financial resources. However, the statement of activities does not report these repayments as revenues because they are a reduction of loans receivable.	(2,391,036)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds (\$70,184,753) exceeded repayments (\$33,855,232).	
Debt issued or incurred:	
General obligation bonds issued	34,908,981
Installment financing	35,275,772
Principal repayments:	
General obligation debt	(26,989,751)
Installment financing	(6,865,481)
Net adjustment	\$ 36,329,521
	(36,329,521)
Some expenditures reported in the governmental funds are not reported as expenses in the statement of activities. Expenditures made for loans are not expenses (\$4,007,446). They reduce cash and increase loans receivable.	4,007,446
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. (Change in earned vacation pay - \$(1,338,598), change in accrued interest expense - \$(981,031), change in landfill postclosure liability - \$103,125, and arbitrage payable (612,859)).	(2,829,363)
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.	(235,205)
Internal service funds are used by management to charge the costs of certain activities, such as print services, 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.	(435,538)
Change in net assets of governmental activities	\$ 38,042,168

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, 2009

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 178,535,380	\$ 178,725,921	\$ 180,362,146	\$ 1,636,225
Intergovernmental	26,906,393	28,896,907	33,077,076	4,180,169
Local sales tax	73,162,311	73,162,311	62,442,229	(10,720,082)
Licenses	17,405,000	17,405,000	19,626,687	2,221,687
Interest on investments	3,324,000	3,324,000	4,619,691	1,295,691
Inspection fees	12,298,528	12,507,788	8,517,388	(3,990,400)
Highway maintenance refunds	1,295,000	1,295,000	1,104,239	(190,761)
Solid waste fees	18,764,221	18,903,221	16,570,896	(2,332,325)
Parks and recreation fees	8,089,900	8,301,046	7,118,495	(1,182,551)
Other fees and charges	7,522,844	8,025,762	7,285,644	(740,118)
Other revenues	623,500	1,447,138	2,409,808	962,670
Total revenues	347,927,077	351,994,094	343,134,299	(8,859,795)
EXPENDITURES				
General government:				
City council	189,022	193,188	164,002	29,186
City clerk	550,792	582,792	497,281	85,511
City attorney	2,173,100	2,173,100	1,968,196	204,904
Special appropriations	12,344,431	13,041,666	11,469,259	1,572,407
Agency appropriations	3,532,327	4,200,042	3,369,546	830,496
City manager	2,822,181	2,799,886	2,434,793	365,093
Public affairs office	1,738,729	1,837,424	1,528,090	309,334
Arts office	275,989	279,429	258,618	20,811
Personnel	3,212,963	3,598,053	3,126,989	471,064
Administrative service	1,766,507	1,811,969	1,676,471	135,498
Finance	11,951,783	12,204,485	10,586,440	1,618,045
Information technology	15,201,604	16,339,574	13,849,604	2,489,970
Total general government	55,759,428	59,061,608	50,929,289	8,132,319
Community development services:				
Planning	4,446,155	4,922,456	4,200,922	721,534
Inspections	12,190,423	12,644,892	11,124,502	1,520,390
Community services	2,160,455	2,046,149	1,567,890	478,259
Economic development	1,249,353	3,678,049	3,222,018	456,031
Total community development services	20,046,386	23,291,546	20,115,332	3,176,214
Public works:				
Central engineering	19,490,657	19,796,202	17,544,290	2,251,912
Transportation	9,543,020	9,432,044	8,368,108	1,063,936
Total public works	29,033,677	29,228,246	25,912,398	3,315,848

Continued

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, 2009

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
Public safety:				
Emergency communications center	\$ 8,736,203	\$ 9,311,140	\$ 7,837,714	\$ 1,473,426
Police	87,588,890	90,328,162	79,698,024	10,630,138
Fire	49,069,651	49,839,611	47,852,687	1,986,924
Total public safety	145,394,744	149,478,913	135,388,425	14,090,488
Solid waste services	26,327,891	27,422,158	25,090,910	2,331,248
Leisure services:				
Parks and recreation	42,561,315	43,523,986	38,040,188	5,483,798
Continuing recreation activities	6,672,679	6,978,015	3,658,310	3,319,705
Total leisure services	49,233,994	50,502,001	41,698,498	8,803,503
Other expenditures:				
Capital outlay - installment note obligations	1,775,772	1,775,772	1,775,772	-
Total other expenditures	1,775,772	1,775,772	1,775,772	-
Debt service:				
Principal and interest	47,287,711	53,524,365	30,146,102	23,378,263
Other debt service expenditures	458,000	579,708	335,412	244,296
Total debt service	47,745,711	54,104,073	30,481,514	23,622,559
Total expenditures before charge-out	375,317,603	394,864,317	331,392,138	63,472,179
Less: administrative costs charged to other funds	20,454,424	20,454,424	20,303,869	(150,555)
Total expenditures	354,863,179	374,409,893	311,088,269	63,321,624
Excess (deficiency) of revenues over expenditures	(6,936,102)	(22,415,799)	32,046,030	54,461,829
OTHER FINANCING SOURCES (USES)				
Transfers in	11,846,790	18,776,404	18,391,161	(385,243)
Transfers out	(28,145,654)	(29,939,053)	(28,755,299)	1,183,754
Capital related debt issued	1,775,772	1,775,772	1,775,772	-
Refunding bonds issued	-	13,778,980	13,778,980	-
Premium on refunding bonds	-	504,565	504,565	-
Payment to refunded bond escrow agent	-	(14,283,545)	(14,283,545)	-
Total other financing sources (uses)	(14,523,092)	(9,386,877)	(8,588,366)	798,511
Net changes in fund balance	\$ (21,459,194)	\$ (31,802,676)	23,457,664	\$ 55,260,340
Fund balance appropriated	\$ 21,459,194	\$ 31,802,676		
Fund balance - beginning of year			137,090,010	
Fund balance - end of year			\$ 160,547,674	

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Enterprise Funds		
	Water and Sewer Fund	Convention Center Fund	Parking Facilities Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 50,888,067	\$ 13,460,710	\$ 10,222,057
Customer receivables, net of allowance for uncollectibles of \$3,966,435	18,074,406	-	500,617
Assessments receivable, net of allowance for uncollectibles of \$77,457	1,471,691	-	-
Due from other governmental agencies	919,000	-	-
Accrued interest receivable	1,387,259	171,261	114,844
Other receivables and assets	95,215	1,039,051	646,675
Sales tax receivable	4,401,977	604,386	25,013
Due from other funds	-	-	375,000
Inventories	6,218,878	-	-
Insurance deposit	-	-	-
Deferred charges	855,563	1,610,509	326,246
Total current assets	<u>84,312,056</u>	<u>16,885,917</u>	<u>12,210,452</u>
Noncurrent assets:			
Restricted cash and cash equivalents	173,805,290	57,418	3,162,951
Capital assets:			
Land and improvements	39,551,352	20,829,848	8,009,900
Construction in progress	156,777,603	-	278,033
Water and sewer systems	888,013,735	-	-
Buildings and machinery	86,997,580	265,059,044	-
Parking decks	-	-	121,123,859
Buses	-	-	-
Equipment	18,942,534	1,658,114	247,586
Furniture and fixtures	62,873	2,304,091	-
Improvements	91,296,087	26,064,032	376,252
Less accumulated depreciation	(267,831,102)	(29,718,242)	(18,149,033)
Total noncurrent assets	<u>1,187,615,952</u>	<u>286,254,305</u>	<u>115,049,548</u>
Total assets	<u>1,271,928,008</u>	<u>303,140,222</u>	<u>127,260,000</u>

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Enterprise Funds		
	Other Nonmajor Enterprise	Total	Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 36,432,645	\$ 111,003,479	\$ 31,398,038
Customer receivables, net of allowance for uncollectibles of \$3,966,435	1,058,928	19,633,951	-
Assessments receivable, net of allowance for uncollectibles of \$77,457	-	1,471,691	-
Due from other governmental agencies	2,849,612	3,768,612	-
Accrued interest receivable	424,080	2,097,444	292,296
Other receivables and assets	-	1,780,941	-
Sales tax receivable	87,139	5,118,515	541,397
Due from other funds	-	375,000	-
Inventories	390,954	6,609,832	652,598
Insurance deposit	-	-	400,000
Deferred charges	-	2,792,318	-
Total current assets	41,243,358	154,651,783	33,284,329
Noncurrent assets:			
Restricted cash and cash equivalents	6,215,300	183,240,959	10,385,767
Capital assets:			
Land and improvements	4,428,617	72,819,717	-
Construction in progress	7,133,000	164,188,636	-
Water and sewer systems	-	888,013,735	-
Buildings and machinery	3,798,718	355,855,342	230,912
Parking decks	-	121,123,859	-
Buses	30,275,968	30,275,968	-
Equipment	1,990,989	22,839,223	96,153,655
Furniture and fixtures	50,046	2,417,010	5,636
Improvements	9,003,086	126,739,457	-
Less accumulated depreciation	(17,848,291)	(333,546,668)	(60,547,262)
Total noncurrent assets	45,047,433	1,633,967,238	46,228,708
Total assets	86,290,791	1,788,619,021	79,513,037

Continued

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Enterprise Funds		
	Water and Sewer Fund	Convention Center Fund	Parking Facilities Fund
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 21,606,038	\$ 2,842,352	\$ 328,782
Arbitrage rebate payable	112	-	-
Accrued salaries and employee payroll taxes	688,389	208,499	22,593
Accrued interest payable	6,662,340	3,528,129	887,184
Claims payable and other liabilities	-	-	-
Deferred contributions from other funds	-	-	-
Due to other funds	-	396,811	-
Unearned revenue	154,488	30,806	-
Bonds, notes and loans payable	8,005,040	-	772,746
Unamortized premium (discount)	929,959	363,291	48,388
Deferred refunding - bonds payable	(315,717)	-	(21,201)
Contracts and other notes payable	7,013,826	-	2,820,000
Deferred refunding - contracts payable	-	-	(42,158)
Total current liabilities	<u>44,744,475</u>	<u>7,369,888</u>	<u>4,816,334</u>
Noncurrent liabilities:			
Bonds, notes and loans payable	554,905,927	243,425,000	3,672,536
Unamortized premium (discount)	12,935,340	-	594,702
Deferred refunding - bonds payable	(3,636,819)	-	(117,806)
Contracts and other notes payable	16,945,180	-	72,280,000
Deferred refunding - contracts payable	-	-	(41,771)
Escrow and other deposits payable			
from restricted assets	25,092,539	-	-
Earned vacation pay	1,857,758	497,634	51,383
Net OPEB pension liability	56,987	-	-
Total noncurrent liabilities	<u>608,156,912</u>	<u>243,922,634</u>	<u>76,439,044</u>
Total liabilities	<u>652,901,387</u>	<u>251,292,522</u>	<u>81,255,378</u>
NET ASSETS			
Invested in capital assets, net of related debt	565,740,677	42,466,014	35,084,112
Unrestricted	53,285,944	9,381,686	10,920,510
Total net assets	<u>\$ 619,026,621</u>	<u>\$ 51,847,700</u>	<u>\$ 46,004,622</u>

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Enterprise Funds		
	Other Nonmajor Enterprise	Total	Internal Service Funds
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 3,618,437	\$ 28,395,609	\$ 2,282,181
Arbitrage rebate payable	-	112	135,229
Accrued salaries and employee payroll taxes	97,987	1,017,468	88,032
Accrued interest payable	-	11,077,653	47,032
Claims payable and other liabilities	-	-	34,912,539
Deferred contributions from other funds	1,437,650	1,437,650	-
Due to other funds	1,096,142	1,492,953	1,074,328
Unearned revenue	-	185,294	-
Bonds, notes and loans payable	-	8,777,786	13,026,943
Unamortized premium (discount)	-	1,341,638	-
Deferred refunding - bonds payable	-	(336,918)	-
Contracts and other notes payable	-	9,833,826	-
Deferred refunding - contracts payable	-	(42,158)	-
Total current liabilities	<u>6,250,216</u>	<u>63,180,913</u>	<u>51,566,284</u>
Noncurrent liabilities:			
Bonds, notes and loans payable	-	802,003,463	22,354,086
Unamortized premium (discount)	-	13,530,042	-
Deferred refunding - bonds payable	-	(3,754,625)	-
Contracts and other notes payable	-	89,225,180	-
Deferred refunding - contracts payable	-	(41,771)	-
Escrow and other deposits payable from restricted assets	6,215,300	31,307,839	-
Earned vacation pay	238,056	2,644,831	280,908
Net OPEB pension liability	-	56,987	-
Total noncurrent liabilities	<u>6,453,356</u>	<u>934,971,946</u>	<u>22,634,994</u>
Total liabilities	<u>12,703,572</u>	<u>998,152,859</u>	<u>74,201,278</u>
NET ASSETS			
Invested in capital assets, net of related debt	38,832,133	682,122,936	10,847,679
Unrestricted	34,755,086	108,343,226	(5,535,920)
Total net assets	<u>\$ 73,587,219</u>	<u>790,466,162</u>	<u>\$ 5,311,759</u>

Adjustment to reflect the consolidation
of internal service fund activities
related to enterprise funds.

2,722,981

Net assets of business-type activities

\$ 793,189,143

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Enterprise Funds	
	Water and Sewer Fund	Convention Center Fund
Operating revenues		
User charges	\$ 106,989,478	\$ 12,659,504
Charges for services - internal	-	-
Other	5,140,731	250,000
Total operating revenues	<u>112,130,209</u>	<u>12,909,504</u>
Operating expenses		
Administration	4,771,275	-
Other facility operating costs	-	18,460,162
Water supply and treatment	26,056,403	-
Sewer system and treatment	22,818,847	-
Warehousing, maintenance and construction	18,461,892	-
Other services	7,176,821	-
Non-departmental charges	8,693,886	-
Management contract charges	-	-
Claims	-	-
Premiums	-	-
Depreciation	27,145,124	8,454,981
Other	-	-
Total operating expenses	<u>115,124,248</u>	<u>26,915,143</u>
Operating income (loss)	<u>(2,994,039)</u>	<u>(14,005,639)</u>
Nonoperating revenue (expense)		
Interest on investments	8,147,031	744,722
Subsidy income - federal and state	-	-
Other revenues	149,299	359,549
Interest expense	(19,303,929)	(532,414)
Miscellaneous expense	(2,229,483)	(884,895)
Gain on sale of land	-	2,075,000
Total nonoperating revenue (expense)	<u>(13,237,082)</u>	<u>1,761,962</u>
Income (loss) before contributions, transfers and special item	(16,231,121)	(12,243,677)
Capital contributions	8,868,200	-
Transfers in	-	11,974,140
Transfers out	(2,217,614)	(5,275,000)
Change in net assets	<u>(9,580,535)</u>	<u>(5,544,537)</u>
Total net assets - beginning of year	<u>628,607,156</u>	<u>57,392,237</u>
Total net assets - end of year	<u><u>\$ 619,026,621</u></u>	<u><u>\$ 51,847,700</u></u>

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



Enterprise Funds			
Parking Facilities Fund	Other Nonmajor Enterprise	Total	Internal Service Funds
\$ 8,467,319	\$ 16,534,103	\$ 144,650,404	\$ -
-	-	-	60,819,847
-	1,192,630	6,583,361	423,332
8,467,319	17,726,733	151,233,765	61,243,179
729,731	4,302,642	9,803,648	6,724,267
3,532,959	16,232,149	38,225,270	10,042,174
-	-	26,056,403	-
-	-	22,818,847	-
-	-	18,461,892	-
-	-	7,176,821	-
-	-	8,693,886	-
-	13,017,544	13,017,544	-
-	-	-	31,933,498
-	-	-	1,123,095
3,031,341	3,656,417	42,287,863	10,548,254
-	94,523	94,523	362,019
7,294,031	37,303,275	186,636,697	60,733,307
1,173,288	(19,576,542)	(35,402,932)	509,872
445,951	1,245,555	10,583,259	1,093,834
-	6,281,088	6,281,088	-
-	-	508,848	-
(1,266,788)	-	(21,103,131)	(1,049,748)
(316,500)	-	(3,430,878)	-
-	-	2,075,000	-
(1,137,337)	7,526,643	(5,085,814)	44,086
35,951	(12,049,899)	(40,488,746)	553,958
-	11,156,286	20,024,486	-
2,796,000	17,823,604	32,593,744	566,571
(450,000)	(471,000)	(8,413,614)	(1,575,000)
2,381,951	16,458,991	3,715,870	(454,471)
43,622,671	57,128,228		5,766,230
\$ 46,004,622	\$ 73,587,219		\$ 5,311,759

Adjustment to reflect the consolidation of internal service
fund activities related to enterprise funds.

(35,816)

Change in net assets of business-type activities

\$ 3,680,054

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Enterprise Funds	
	Water and Sewer Fund	Convention Center Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 109,686,613	\$ 12,359,151
Payments to employees	(30,097,821)	(7,138,475)
Payments to suppliers and service providers	(59,416,687)	(10,482,438)
Internal activity - payments from (to) other funds	-	(773,441)
Claims paid	-	-
Premiums paid	-	-
Other receipts/(payments)	149,299	(525,346)
Net cash provided by (used in) operating activities	<u>20,321,404</u>	<u>(6,560,549)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Insurance deposits	-	-
Operating subsidies and transfers from other funds	-	11,974,140
Operating subsidies and transfers to other funds	(2,217,614)	(5,275,000)
Operating grants received	-	-
Net cash provided by (used in) noncapital financing activities	<u>(2,217,614)</u>	<u>6,699,140</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase and construction of capital assets	(129,990,882)	(28,191,974)
Capital grants and other capital contributions	606,784	-
Proceeds from capital debt	1,347,700	726,582
Proceeds from sale of land	-	5,275,000
Principal paid on capital debt	(15,972,871)	-
Interest paid on capital debt	(27,444,246)	(11,286,440)
Other debt related payments	(2,276,316)	-
Short-term loan to developer	-	-
Escrow deposits	(5,337,205)	-
Net cash used in capital and related financing activities	<u>(179,067,036)</u>	<u>(33,476,832)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	7,351,793	819,501
Net cash provided by investing activities	<u>7,351,793</u>	<u>819,501</u>
Net increase (decrease) in cash and cash equivalents	(153,611,453)	(32,518,740)
Cash and cash equivalents - beginning of year	378,304,810	46,036,868
Cash and cash equivalents - end of year	<u>\$ 224,693,357</u>	<u>\$ 13,518,128</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (2,994,039)	\$ (14,005,639)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	27,145,124	8,454,981
Miscellaneous nonoperating income (expense)	149,299	(525,346)
Change in assets and liabilities:		
Operating receivables	(2,467,084)	-
Sales tax receivable	339,777	443,451
Inventories	(1,204,594)	-
Other receivables and assets	19,812	(551,871)
Accounts payable and other accrued liabilities	(819,878)	326,055
Due to/from other funds	-	(773,441)
Escrow and other deposits	-	-
Earned vacation pay and other payroll liabilities	152,987	69,743
Deferred revenue	-	1,518
Total adjustments	<u>23,315,443</u>	<u>7,445,090</u>
Net cash provided by (used in) operating activities	<u>\$ 20,321,404</u>	<u>\$ (6,560,549)</u>
Noncash investing, capital, and financing activities:		
Capital contributions from annexations and mergers	\$ (8,337,185)	\$ -
Acquisition and construction of capital assets	<u>\$ (306,265)</u>	<u>\$ (13,124,224)</u>

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

Enterprise Funds			
Parking Facilities Fund	Other Nonmajor Enterprise	Total	Internal Service Funds
\$ 7,919,355	\$ 17,004,162	\$ 146,969,281	\$ 60,819,847
(705,337)	(4,276,704)	(42,218,337)	(3,669,317)
(3,432,345)	(29,481,275)	(102,812,745)	(13,659,383)
125,000	-	(648,441)	1,074,328
-	-	-	(30,016,992)
-	-	-	(1,123,095)
-	586,764	210,717	(346,530)
<u>3,906,673</u>	<u>(16,167,053)</u>	<u>1,500,475</u>	<u>13,078,858</u>
-	-	-	35,000
2,796,000	17,880,932	32,651,072	566,571
(450,000)	(471,000)	(8,413,614)	(1,343,969)
-	2,389,255	2,389,255	-
<u>2,346,000</u>	<u>19,799,187</u>	<u>26,626,713</u>	<u>(742,398)</u>
(17,809,988)	(15,182,962)	(191,175,806)	(12,656,092)
-	13,006,574	13,613,358	-
18,625,281	-	20,699,563	17,625,501
-	-	5,275,000	-
(7,535,000)	-	(23,507,871)	(9,506,844)
(3,084,703)	-	(41,815,389)	(1,108,073)
(476,708)	-	(2,753,024)	-
4,750,000	-	4,750,000	-
-	598,376	(4,738,829)	-
<u>(5,531,118)</u>	<u>(1,578,012)</u>	<u>(219,652,998)</u>	<u>(5,645,508)</u>
336,924	1,234,750	9,742,968	1,087,996
<u>336,924</u>	<u>1,234,750</u>	<u>9,742,968</u>	<u>1,087,996</u>
1,058,479	3,288,872	(181,782,842)	7,778,948
12,326,528	39,359,074	476,027,280	34,004,857
<u>\$ 13,385,007</u>	<u>\$ 42,647,946</u>	<u>\$ 294,244,438</u>	<u>\$ 41,783,805</u>
\$ 1,173,288	\$ (19,576,542)	\$ (35,402,932)	\$ 509,872
3,031,341	3,656,417	42,287,863	10,548,254
-	-	(376,047)	-
13,418	(41,284)	(2,494,950)	-
154,270	(1,444)	936,054	46,003
-	23,035	(1,181,559)	171,035
(503,830)	-	(1,035,889)	-
(44,630)	(253,623)	(792,076)	675,582
125,000	-	(648,441)	1,074,328
-	450	450	-
15,368	25,938	264,036	53,784
(57,552)	-	(56,034)	-
<u>2,733,385</u>	<u>3,409,489</u>	<u>36,903,407</u>	<u>12,568,986</u>
<u>\$ 3,906,673</u>	<u>\$ (16,167,053)</u>	<u>\$ 1,500,475</u>	<u>\$ 13,078,858</u>
\$ (3,023,086)	\$ -	\$ (11,360,271)	\$ -
<u>\$ -</u>	<u>\$ 2,032,836</u>	<u>\$ (11,397,653)</u>	<u>\$ 1,344,674</u>

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2009

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 31,985,692
Accrued interest receivable	38,487
Due from other funds	<u>1,867,639</u>
Total assets	<u>33,891,818</u>
LIABILITIES	
Claims payable	<u>442,000</u>
Total liabilities	<u>442,000</u>
NET ASSETS	
Held in trust for employees' retirement and other post-employment benefits	<u><u>\$ 33,449,818</u></u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

For the Fiscal Year Ended June 30, 2009

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 16,232,308
Retiree contributions	1,070,345
Total contributions	<u>17,302,653</u>
Investment earnings:	
Interest	1,056,892
Net increase in fair value of investments	(4,008,308)
Total investment earnings	<u>(2,951,416)</u>
Less investment expense	(40,282)
Net investment earnings	<u>(2,991,698)</u>
Total additions	<u>14,310,955</u>
DEDUCTIONS	
Benefits	11,487,490
Withdrawals and forfeitures	2,605
Total deductions	<u>11,490,095</u>
Change in net assets	2,820,860
Net assets - beginning of the year	30,628,958
Net assets - end of the year	<u><u>\$ 33,449,818</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2009

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

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

The accounting policies of the City of Raleigh conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America. All applicable GASB statements have been implemented. The accompanying financial statements present the government and its component unit, a legally separate entity for which the City is financially accountable.

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

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

B. Government-wide and fund financial statements

Government-wide statements: The government-wide financial statements (i.e., the statement of net assets 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 that have been made in the funds have been reversed for 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. Ad valorem taxes receivable are not accrued as a 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.

The City reports the following major governmental fund:

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 facilities of the City.

Parking facilities 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.

Additionally, the City reports the following fund types:

Internal service funds account for print services, employee health benefits, equipment replacement, risk management services, and central garage 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, the law enforcement officers' special separation allowance fund, and other post employment benefits.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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, and net assets 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. All deposits are made in City Council designated official depositories and are secured as required by State law (G.S. 159-30(c)). The City may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law (G.S. 159-30(c)) authorizes the 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 and the North Carolina Capital Management Trust (NCCMT).

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

In accordance with State law, the City has investments in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Receivables and payables

Activity 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. Wake County 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.

Uncollected taxes billed by February of the fiscal year are shown as a receivable in the financial statements and are offset by deferred revenue. Taxes for vehicles registered after February 28, apply to the 2009-10 fiscal year and are not shown as receivables at June 30, 2009.

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 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 deferred revenue in an equal amount.

Other accounts receivable which are reported in governmental funds and which represent amounts considered measurable and available are recorded as revenue but, based on state law, are reserved 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 deferred 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 reserved for specific programs and capital projects. Program grants, primarily accounted for in the special revenue funds, are recognized as receivables and revenue in the period benefited, i.e., at the time reimbursable program costs are incurred.

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

3. Inventories and prepaid items

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

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

4. Restricted Assets

Certain proceeds of the City's enterprise fund revenue bonds and general obligation bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g. streets, sidewalks, water and sewer delivery systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All infrastructure acquired before July 1, 2001 (date of implementation of GASB 34) has been recorded by the City at historical cost if purchased or constructed or at fair market value at the date of donation. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City for business-type activities during the fiscal year was \$41,167,904. Of this amount, \$19,814,027 was included as part of the cost of capital assets under construction in connection with water and sewer, convention center, and parking facilities construction projects.

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
Buses	10
Furniture & fixtures	5
Equipment	5-10

6. 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. A liability for these amounts is reported in governmental funds only if they have matured, for example as a result of employee resignations and retirements.

7. 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

8. Net Assets/fund equity

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Also presented are the amounts in annually budgeted funds which are reserved and, therefore, not available for appropriation in subsequent years as provided by the North Carolina general statutes. The statutes dictate what portion of fund balance is available for appropriation with the remainder being unavailable for appropriation or "Reserved by State Statute." Generally, all amounts represented by accounts receivable or interfund receivables are not available for appropriation. Portions of fund balance have also been reserved for encumbrances and inventories. The unreserved portion of fund balance is further detailed as either "Designated" or "Undesignated." A breakdown of the "Designations" at June 30, 2009 is as follows:

General Fund		General Capital Projects Funds	
Designations	Amount	Designations	Amount
Debt service	\$ 35,832,795	Various capital projects	\$ 3,623,764
Law enforcement projects	1,227,943	Appropriated for	
Appropriated for subsequent year	18,136,940	subsequent year	\$ 123,322,289
Other	210,229		
	<u>\$ 55,407,907</u>	Special Revenue Funds	
		Appropriated for	
		subsequent year	\$ 11,307,043

9. Interest rate swap

The City enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

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 and four internal service funds which have financial plans approved. The budgets shown in the financial statements reflect amounts adopted by the budget ordinances as amended and approved at the close of the day of June 30, 2009. The City adopts annual budgets prepared on the modified accrual basis for the general fund, the enterprise operating funds, the powell bill fund, and the new convention center financing fund. All other funds including all capital project funds and the remaining grant funds adopt project budgets. Appropriations for funds with annual budgets lapse at the end of the budget year. Capital and grant project budget appropriations do not lapse until the completion of the project or grant. The City Council may amend the budget throughout the year for new projects or other changes to existing appropriations as are needed. At June 30, 2009, the effect of such amendments, less eliminating transfers, was as follows:

	Original <u>Budget</u>	Total <u>Amendments</u>	Budget <u>June 30, 2009</u>
General Fund	\$ 403,463,257	\$ 35,623,658	\$ 439,086,915
Special Revenue Funds	79,326,268	12,492,351	91,818,619
General Capital Projects Funds	558,641,291	17,552,017	576,193,308
Enterprise Funds	1,226,616,834	43,360,836	1,269,977,670
Internal Service Funds	28,481,804	196,877	28,678,681

The appropriated budget is prepared by fund, function, and department. The City Manager is authorized to transfer budget amounts within a fund up to \$50,000. Transfers greater than \$50,000, all transfers between funds, and all amendments increasing total budgeted expenditures require City Council approval.

B. Deficit net assets

The risk management fund (an internal service fund) had deficit net assets of \$15,391,765 at June 30, 2009. The deficit net assets in the risk management fund results primarily from the City's full recognition of the actuarially determined liability of \$24.2 million for claims incurred but not reported at June 30, 2009. The City continues to review options to address the overall deficit condition.

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 insured 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 monitor these financial institutions. It is the City's policy to utilize only the pooling method of collateralization. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that the deposits are properly secured.

At June 30, 2009, the City's bank balance was \$36,169,522 and the carrying amount of the City's deposits was \$25,207,386, net of a cash overdraft of \$469,263 which is included in accounts payable. Of the bank balance, \$258,072 was covered by federal depository insurance and \$35,911,450 was covered by collateral held under the Pooling Method.

Investments. At June 30, 2009, the City had the following investments and maturities:

Investment Type	Fair Value	Less Than 1		
		Year	1- 3 Years	3 - 5 Years
U. S. Government				
Treasuries	\$ 13,699,797	\$ 5,498,551	\$ 2,722,407	\$ 5,478,839
Federal Home Loan Bank	30,936,468	21,094,580	2,962,970	6,878,918
Freddie Mac	62,420,729	57,878,512	4,542,217	-
Fannie Mae	35,658,279	23,881,291	4,226,577	7,550,411
Federal Farm Credit Bank	24,622,569	21,506,438	1,769,844	1,346,287
Commercial paper	8,275,851	3,495,711	4,033,163	746,977
Bank certificates of deposit	226,500,000	169,500,000	57,000,000	-
NCCMT - Cash Portfolio	85,482,280	85,482,280	N/A	N/A
	<u>\$ 487,595,973</u>	<u>\$ 388,337,363</u>	<u>\$ 77,257,178</u>	<u>\$ 22,001,432</u>

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. 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's investments in NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2009. The City's investments in US Agencies (Federal Home Loan Bank, Freddie Mac, Fannie Mae and Federal Farm Credit Bank) are rated Aaa by Moody's Investors Service and AAA by Standard & Poor's and Fitch Ratings. The City's investments in bank certificates are with four banks with long-term credit ratings as follows:

Bank	Long-term Credit Ratings		
	S & P	Moody's	Fitch
Banch Banking & Trust Co	A+	Aa2	A+
RBC Bank	A-	Aa3	AA
Fifth Third Bancorp	BBB	Baa1	A-
SunTrust Bank	A-	A2	A-

Concentration of Credit Risk. The City's investment policy does not restrict the level of investment in federal agencies, but it restricts investment in commercial paper or bankers' acceptances of a single issuer to no more than 5% of the total investment portfolio. More than 5 percent of the City's investments are in Federal Home Loan Bank, Freddie Mac, Fannie Mae, and Federal Farm Credit Bank securities. These investments are 6.34%, 12.80%, 7.31%, and 5.05% respectively of the City's total investments. Also, more than 5 percent of the City's investments are in bank certificates as follows: RBC Bank 12.20%, BB&T 13.12%, and Fifth Third Bancorp 17.25%.

A summary of cash and investments at June 30, 2009 is as follows:

Petty Cash and Change Funds	\$ 15,660
Checking Account Deposits	25,207,386
Governmental Money Market Accounts (Debt Proceeds)	153,320,259
Medical, Dental, and OPEB Trust Funds	7,899,168
BB&T - Supplemental Pension Funds	23,447,978
Investments	487,595,973
	\$ 697,486,424

B. Capital assets

Capital asset activity for the year ended June 30, 2009 was as follows (stated in thousands):

	Balance June 30, 2008	Additions	Transfers	Deletions	Balance June 30, 2009
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 139,448	\$ 9,548	\$ -	\$ -	\$ 148,996
Construction in progress	19,658	42,166	(5,843)	-	55,981
Total capital assets, not being depreciated	159,106	51,714	(5,843)	-	204,977
Capital assets, being depreciated:					
Buildings and machinery	92,204	15,304	12	566	106,954
Streets and sidewalks	627,707	25,626	2,856	-	656,189
Equipment	92,065	15,861	-	4,114	103,812
Furniture and fixtures	2,259	73	-	-	2,332
Improvements - general and parks	160,796	14,142	2,975	134	177,779
Total capital assets being depreciated	975,031	71,006	5,843	4,814	1,047,066
Less accumulated depreciation for:					
Buildings and machinery	39,012	2,557	-	566	41,003
Streets and sidewalks	280,656	24,153	-	-	304,809
Equipment	64,885	9,630	-	4,114	70,401
Furniture and fixtures	1,696	277	-	-	1,973
Improvements - general and parks	66,831	8,114	-	134	74,811
Total accumulated depreciation	453,080	44,731	-	4,814	492,997
Total capital assets being depreciated, net	521,951	26,275	5,843	-	554,069
Governmental activities capital assets, net	\$ 681,057	\$ 77,989	\$ -	\$ -	\$ 759,046

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

General government	\$ 961
Community development	91
Public works	26,882
Public safety	1,872
Solid waste services	360
Leisure services	6,480
Capital assets held by certain internal service funds are charged to the various governmental functions based on the usage of the assets	8,085
Total depreciation expense - governmental activities	<u>\$ 44,731</u>

Annexations: The amount reported as additions for street and sidewalks includes \$15,387,802 from annexations during fiscal year 2008-09.

	Balance June 30, 2008	Additions	Transfers	Deletions	Balance June 30, 2009
<u>Business-type activities</u>					
Capital assets, not being depreciated:					
Land	\$ 69,862	\$ 6,200	\$ -	\$ 3,241	\$ 72,821
Construction in progress	350,718	90,115	(276,645)	-	164,188
Total capital assets, not being depreciated	420,580	96,315	(276,645)	3,241	237,009
Capital assets, being depreciated:					
Buildings and machinery	115,504	24,814	215,537	-	355,855
Water and sewer systems	842,978	37,109	7,927	-	888,014
Parking decks	57,890	16,481	46,752	-	121,123
Buses	21,718	8,626	-	67	30,277
Equipment	39,468	5,291	474	918	44,315
Furniture and fixtures	477	1,778	161	-	2,416
Improvements	105,071	16,135	5,794	260	126,740
Total capital assets being depreciated	1,183,106	110,234	276,645	1,245	1,568,740
Less accumulated depreciation for:					
Buildings and machinery	37,206	8,650	-	-	45,856
Water and sewer systems	195,253	18,592	-	-	213,845
Parking decks	14,854	2,836	-	-	17,690
Buses	10,021	2,887	-	67	12,841
Equipment	23,520	5,122	-	918	27,724
Furniture and fixtures	452	397	-	-	849
Improvements	21,778	6,265	-	260	27,783
Total accumulated depreciation	303,084	44,749	-	1,245	346,588
Total capital assets being depreciated, net	880,022	65,485	276,645	-	1,222,152
Business-type activities capital assets, net	<u>\$ 1,300,602</u>	<u>\$ 161,800</u>	<u>\$ -</u>	<u>\$ 3,241</u>	<u>\$ 1,459,161</u>

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

Water/Sewer	\$ 27,145
Convention center	8,455
Parking	3,031
Mass Transit	3,252
Stormwater	404
Capital assets held by certain internal service funds are charged to the various business-type activities based on the usage of the assets	2,462
Total depreciation expense - business-type activities	<u>\$ 44,749</u>

Annexations: The amount reported as additions for water and sewer systems includes \$7,418,185 added from annexations during fiscal year 2008-09.

Commitments - construction projects

At June 30, 2009, the City has \$86,848,663 in project obligations for business-type activities for construction projects in progress as follows: \$62,211,523 water and sewer projects and \$24,637,140 parking garage projects. These obligations are fully budgeted and are being financed primarily by state loans, general obligation bond proceeds, revenue bond proceeds, and certificates of participation.

In addition, the City has \$67,790,762 in general government project obligations at June 30, 2009. These obligations relate to construction in progress projects for street construction, redevelopment projects and community center and park construction, and other major public facilities. These projects are fully budgeted and the funding for these governmental projects is indicated through designations of fund balance at June 30, 2009.

C. Deferred Revenue

Governmental funds report deferred 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 resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	General	NonMajor Governmental
Amounts arising from cash:		
Police informant account	\$ 15,585	\$ -
Cemetery cash account	8,072	-
Cafeteria plan cash	92,467	-
Deferred vehicle taxes	514,645	-
Grants, program income	1,159,057	1,339,041
Facility fees	160,662	-
	<u>\$ 1,950,488</u>	<u>\$ 1,339,041</u>
Amounts not arising from cash:		
Assessments receivable	\$ 307,622	\$ 996,291
Taxes receivable	2,516,139	-
Loans receivable	34,759	50,136,294
	<u>\$ 2,858,520</u>	<u>\$ 51,132,585</u>
Total	<u>\$ 4,809,008</u>	<u>\$ 52,471,626</u>

D. Interfund receivables, payables, and transfers

The composition of interfund balances as June 30, 2009, is as follows:

Due to general fund from:	
Nonmajor governmental funds	\$ 1,144,767
Convention center fund	21,811
Nonmajor enterprise funds	1,096,142
Total due to general fund	\$ 2,262,720
Due to parking fund from:	
Convention center fund	\$ 375,000
Due to pension trust funds from:	
General fund	793,311
Internal service funds	1,074,328
Total due to pension trust funds	\$ 1,867,639
Total interfund balances	\$ 4,505,359

The balance of \$2,262,720 due to the general fund includes \$335,815 of negative special revenue fund (community development) cash reclassified as due to the general fund and a corresponding reduction in general fund cash and a due from other funds. This general fund balance also includes \$1,096,142 in excess operating subsidy advanced to the mass transit fund during FY 2008-09. The balance of \$375,000 due to the parking facilities fund from nonmajor governmental funds results from loans made in 2001 to provide cash for the performing arts center and memorial auditorium construction projects until pledges for the projects are received. The balance of \$1,867,639 due to the pension trust funds represents city contributions due to the OPEB trust fund at year end. The remaining balances are \$798,544 due to the general fund from the grants fund for excess City matching funds, \$21,811 due to the general fund from the convention center fund for unsettled accounts payable reimbursements, and \$10,358 due to the general fund from the stormwater projects fund.

During the year other interfund balances result from timing differences between the dates that (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 prior to or at year-end.

A summary of interfund transfers for the fiscal year ended June 30, 2009 is as follows:

Transfers to general fund from:	
Nonmajor governmental funds	\$ 17,441,161
Water and sewer fund	75,000
Internal service funds	875,000
Total transfers to general fund	<u>\$ 18,391,161</u>
Transfers to nonmajor governmental funds from:	
General fund	\$ 12,428,593
Water and sewer fund	1,900,000
Convention center fund	2,500,000
Parking facilities operating fund	450,000
Nonmajor enterprise fund	450,000
Internal service fund	700,000
Total transfers to nonmajor governmental funds	<u>\$ 18,428,593</u>
Transfers to convention center fund from:	
General fund	\$ 1,189,991
Nonmajor governmental funds	10,784,149
Total transfers to convention center fund	<u>\$ 11,974,140</u>
Transfers to parking fund from:	
Convention center fund	\$ 2,775,000
Nonmajor enterprise funds	21,000
Total transfers to parking fund	<u>\$ 2,796,000</u>
Transfers to nonmajor enterprise funds from:	
General fund	\$ 14,812,759
Nonmajor governmental funds	3,010,845
Total transfers to nonmajor enterprise funds	<u>\$ 17,823,604</u>
Transfers to internal service funds from:	
General fund	\$ 323,957
Water and sewer fund	242,614
Total transfers to internal service funds	<u>\$ 566,571</u>

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.

During the fiscal year ended June 30, 2009, \$10,218,109 was transferred from general capital projects funds to the general fund. These transfers were made to support specific related operating activities, primarily technology (\$3,970,154), and debt service (\$6,138,495). Also during FY 2008-09, \$3,010,845 was transferred from general capital projects to nonmajor enterprise funds as matching support for capital grants (\$2,679,848), and for related capital projects (\$330,997).

E. Operating leases

During FY 2008-09 total rental payments on noncancelable operating leases was \$3,751,524. The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2009:

<u>Fiscal Year Ending June 30</u>		
2010	\$	3,438,120
2011		2,634,872
2012		1,223,882
2013		590,152
2014		128,014
	<u>\$</u>	<u>8,015,040</u>

F. Long-term obligations

1. General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and to finance the City's non-capital related affordable housing program (Housing General Obligation Bonds). General obligation bonds have been issued for both the governmental and business-type activities. The bonds are direct obligations and pledge the full faith and credit of the City. The utility related issues are expected to be repaid with user charges and the remaining bonds are expected to be repaid with general fund revenues. Interest on the bonds is payable semi-annually.

General obligation bonds outstanding at June 30, 2009 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2009</u>
<i>Governmental Activities</i>					
Housing-Series 1994B-Taxable	7.9% to 8.0%	9/1/1994	3/1/2011	\$ 2,900,000	\$ 375,000
Housing-Series 1996	5.5% to 5.75%	6/1/1996	6/1/2016	2,280,000	805,000
Housing-Series 1997-Taxable	6.7%	10/1/1997	4/1/2016	3,920,000	2,220,000
GO Refunding, Series 1998	4.0% to 4.2%	12/1/1998	6/1/2012	6,740,000	1,355,000
Public Improvement, Series 2002	4.0% to 5.0%	6/1/2002	6/1/2021	9,700,000	7,600,000
Public Improvement, Series 2002A	3.5% to 4.5%	12/1/2002	2/1/2021	2,900,000	2,275,000
Public Improvement, Series 2002B	3.5% to 4.5%	12/1/2002	2/1/2021	43,000,000	34,800,000
Public Improvement, Series 2002C	4.0%	12/1/2002	2/1/2013	14,905,000	1,495,000
Public Improvement, Series 2004	2.0% to 4.0%	3/1/2004	4/1/2022	15,000,000	12,750,000
Public Improvement Refunding - Series 2004A	2.0% to 4.0%	3/1/2004	4/1/2016	17,338,150	11,524,770
Housing, Series, 2004B	3.25% to 4.375%	3/1/2004	4/1/2017	7,000,000	5,220,000
Housing Refunding, Series 2004B	3.25% to 4.0%	3/1/2004	4/1/2012	2,355,000	535,000
Street Improvement, Series 2005A	3.5% to 5.0%	8/1/2005	2/1/2023	10,600,000	9,700,000
Public Improvement, Series 2005B	3.5% to 5.0%	8/1/2005	2/1/2023	50,585,000	46,085,000
Housing Series 2007 Taxable	4.95% to 5.4%	3/1/2007	3/1/2027	7,000,000	6,300,000
Public Improvement, Series 2009A	2.25% to 4.25%	3/10/2009	2/1/2029	11,130,000	11,130,000
Public Improvement Refunding - Series 2009B	2.25% to 4.0%	3/11/2009	2/1/2017	13,778,981	13,778,981
Housing, Series 2009C - Taxable	3.5% to 5.5%	3/11/2009	2/1/2029	10,000,000	10,000,000
Total Governmental Activities					<u>\$ 177,948,751</u>

General obligation bonds outstanding at June 30, 2009 (continued):

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Series Matures</u>	<u>Original Issue</u>	<u>June 30, 2009</u>
<u>Business-type Activities</u>					
Water and Sewer:					
Sanitary Sewer Refunding - Series 2002C	4.0%	12/1/2002	2/1/2013	3,055,000	\$ 310,000
Water Refunding, Series 2004A	2.0% to 4.0%	3/1/2004	4/1/2016	6,187,620	4,112,947
Sanitary Sewer Refunding - Series 2004A	2.0% to 4.0%	3/1/2004	4/1/2016	3,674,230	2,442,283
Sanitary Sewer Refunding - Series 2009B	2.25% to 4.0%	3/11/2009	2/1/2017	1,305,737	1,305,737
Water and Sewer Total					<u>8,170,967</u>
Parking Facilities:					
Parking Facilities Refunding-Series 2009B	2.25% to 4.0%	3/11/2009	2/1/2017	4,445,282	4,445,282
Parking Facilities Total					<u>4,445,282</u>
Total Business-type Activities					<u>\$ 12,616,249</u>

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

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 13,707,213	\$ 7,223,990	\$ 2,042,786	\$ 412,075
2011	13,850,726	6,827,538	2,004,274	350,691
2012	13,789,910	6,290,351	1,890,090	270,520
2013	13,532,470	5,742,032	1,722,531	194,917
2014	13,349,542	5,222,932	1,605,457	138,151
2015-2019	63,203,890	18,497,866	3,351,111	155,695
2020-2024	40,160,000	5,548,962	-	-
2025-2028	6,355,000	881,925	-	-
	<u>\$ 177,948,751</u>	<u>\$ 56,235,596</u>	<u>\$ 12,616,249</u>	<u>\$ 1,522,049</u>

Status of bond authorizations

The following represent continuing authorization of general obligation bonds, which were unsold at June 30, 2009:

October 7, 2003

Parks and recreation \$ 27,665,000

October 11, 2005

Housing 10,000,000
 Street improvement 60,000,000
70,000,000

October 9, 2007

Parks and recreation 88,600,000
 Total \$ 186,265,000

Defeased debt

During FY 2008-09, the City issued \$19,530,000 of general obligation public improvement refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments for \$4,170,000 of series 1997 parking bonds, \$3,330,000 of series 1997 public improvement refunding bonds, and \$11,950,000 of series 1998 street improvement bonds. As a result, the refunded bonds are considered defeased and the liabilities have been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$703,396. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The advance refunding was undertaken to reduce total debt service payments over the next 8 years by \$1,353,782 and resulted in an economic gain of \$1,605,927.

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, 2009, the amount of defeased debt outstanding was \$49,050,000.

2. Revenue bonds

The City also issues revenue bonds to fund various water and sewer utility capital projects. The bonds are repaid solely from utility user charges. Revenue bonds outstanding at year end are \$554,740,000. The bonds have stated interest rates between 3.0% and 5.0% and one variable rate issue at 4.163% at June 30, 2009. The bonds are payable serially over the next 30 years. Annual debt service requirements for 2008-09 were 12% of gross utility revenue and are expected to remain in this range. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2010	\$ 6,735,000	\$ 25,715,766
2011	10,865,000	25,442,454
2012	11,800,000	24,951,397
2013	12,895,000	24,413,427
2014	13,570,000	23,828,403
2015-2019	95,170,000	107,387,412
2020-2024	114,435,000	83,318,931
2025-2029	121,290,000	57,041,990
2030-2034	125,685,000	27,131,982
2035-2039	42,295,000	2,770,605
	<u>\$ 554,740,000</u>	<u>\$ 402,002,367</u>

A trust agreement, dated December 1, 1996 and amended by the First Amendatory Trust Agreement, dated as of April 15, 2004, between the City and Wachovia Bank of North Carolina, as trustee, 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 not less than 1.00. The City was in compliance with all such covenants during the fiscal year ended June 30, 2009.

3. Other long-term obligations

Other long-term obligations include reimbursement contracts, capital lease obligations, certificates of participation, installment financing agreements, 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 \$796,227,414.

Certificates of participation – demand bonds

The City has previously issued \$253,565,000 in variable rate certificates of participation to finance the purchase of an office building (\$10,140,000) and construction of a new convention center (\$243,425,000). In FY2008-09, \$55,000,000 of the variable rate certificates of participation were converted to a fixed rate note pursuant to the original trust agreement. 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 the variable rate certificates. 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%. The maximum interest, which cannot exceed 12%, required for these variable rate certificates through maturity would be \$447,892,800. The following schedule shows the expiration dates, which can be renewed, fees paid in fiscal year 2009 pursuant to the terms of the debt agreements, and the interest rate at year-end for these issues.

Issue	Balance June 30, 2009	Agreement Expiration	Fees Paid FY 2009	Interest Rate June 30, 2009
2004C	\$ 7,600,000	September 1, 2009	\$ 21,629	0.25 %
2005B	\$ 188,425,000	December 26, 2011	\$ 598,955	.28/.59 %

The debt service requirements to maturity for these variable rate certificates of participation, including the converted fixed rate note, are shown below:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 510,000	\$ 422,408	\$ -	\$ 11,421,010
2011	510,000	394,062	-	11,443,830
2012	510,000	362,716	-	11,443,830
2013	510,000	337,371	-	11,443,830
2014	505,000	309,025	-	11,489,471
2015-2019	2,525,000	1,124,105	40,300,000	53,816,546
2020-2024	2,525,000	422,409	50,580,000	44,226,831
2025-2029	5,000	278	63,570,000	32,122,464
2030-2034	-	-	88,975,000	15,078,061
	<u>\$ 7,600,000</u>	<u>\$ 3,372,374</u>	<u>\$ 243,425,000</u>	<u>\$ 202,485,873</u>

Installment financing agreements

The City has previously entered into installment financing agreements to finance various general governmental capital projects. These debt issues carry fixed interest rates of 5.54% (outdoor amphitheater), 3.0% to 5.25% (downtown improvement projects), and 3.0% to 4.25% (parks projects). During FY 2008-09 the City entered into a new installment financing agreement of \$33,500,000 at 3.0% (design and land acquisition for new public safety and public works facilities). Principal and interest requirements will be provided by appropriation in the year in which they become due. Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 39,833,997	\$ 3,740,751
2011	6,391,740	2,485,408
2012	6,452,938	2,235,435
2013	6,562,763	1,982,322
2014	6,671,393	1,720,279
2015-2019	25,961,760	4,927,093
2020-2024	7,200,000	1,825,824
2025-2029	3,245,000	300,462
	<u>\$ 102,319,591</u>	<u>\$ 19,217,574</u>

The City has previously entered into installment financing agreements to finance various water and sewer capital projects. These debt issues carry fixed interest rates of 2.6% to 5.85% (water/sewer system improvements), 2.66% (water improvements to Rolesville merged utilities), 3.0% to 5.0% (construction of a utilities operation center), and 4.16% (equipment). Principal and interest requirements for these debt issues will be provided by appropriation in the year they become due. Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2010	\$ 5,889,451	\$ 831,983
2011	5,324,451	605,116
2012	4,763,051	383,980
2013	963,051	203,801
2014	963,051	169,279
2015-2019	3,667,202	404,463
2020-2024	915,000	84,090
2025-2029	150,000	3,990
	<u>\$ 22,635,257</u>	<u>\$ 2,686,702</u>

The City has entered into installment financing agreements to finance various downtown parking facilities, including a new agreement issued during FY 08-09 for \$14,015,000. These agreements bear interest at rates ranging from 4.2% to 6.6% with a variable rate component for one agreement, not to exceed 15%. Principal and interest requirements will be provided by appropriation in the year in which they become due.

Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2010	\$ 2,820,000	\$ 3,651,331
2011	2,920,000	3,516,773
2012	3,030,000	3,378,688
2013	2,545,000	3,256,318
2014	2,635,000	3,134,992
2015-2019	14,570,000	13,731,462
2020-2024	15,820,000	10,105,490
2025-2029	14,330,000	6,187,500
2030-2034	14,680,000	2,491,650
2035-2039	1,750,000	78,750
	<u>\$ 75,100,000</u>	<u>\$ 49,532,954</u>

A portion of this debt was previously refinanced. The reacquisition price of the new debt exceeded the carrying value of the old debt. This amount is being netted against the new debt and amortized over the life of the new debt. The unamortized balance of this deferred refunding at June 30, 2009 is \$83,929.

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 2.5% to 5.0%. Principal and interest requirements for these debt issues will be provided by appropriation in the year they become due. Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	10,270,606	928,699	2,756,337	265,326
2011	5,916,326	573,504	1,735,617	162,545
2012	5,916,326	356,490	1,735,617	95,403
2013	2,881,769	160,515	643,331	35,834
2014	2,881,769	73,569	643,331	16,424
	<u>\$ 27,866,796</u>	<u>\$ 2,092,777</u>	<u>\$ 7,514,233</u>	<u>\$ 575,532</u>

Other City obligations include installment purchase agreements for various land and building acquisitions, and capital construction projects. These agreements and notes bear interest at rates from 2.6% to 9.0%. Principal and interest requirements will be provided by appropriation in the year in which they become due.

Annual maturities on installment purchase agreements and notes are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 1,580,400	\$ 65,666	\$ 1,124,375	\$ 46,250
2011	283,641	22,324	199,375	-
2012	44,460	20,504	-	-
2013	48,441	16,524	-	-
2014	55,844	9,120	-	-
2015-2019	26,018	1,050	-	-
	<u>\$ 2,038,804</u>	<u>\$ 135,188</u>	<u>\$ 1,323,750</u>	<u>\$ 46,250</u>

Earned vacation pay

At June 30, 2009, earned vacation pay consists of \$17,443,620 for governmental activities and \$2,644,830 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 FY09 the City installed monitoring wells in accordance with an assessment of corrective measures report (ACM) filed with the North Carolina Department of Environment and Natural Resources (DENR). The report, filed in FY08, outlines the City's plan for corrective action to address ground water violations at the landfill and identifies the preliminary cost estimate for this action over the then 21 remaining years required to maintain the closed landfill as \$1,957,000. The cost estimate will be updated as the City prepares and submits its formal corrective action plan to DENR for approval, which is expected to occur in the fall of 2009. The corrective action plan cost estimate is not expected to be greater than the preliminary cost estimate outlined in the 2008 ACM report. The \$6,170,310 reported as landfill postclosure liability as of June 30, 2009 includes the ACM 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 DENR on December 21, 2009.

Subsequent debt issuances and bond referendum

In July 2009 the City issued \$47,820,000 general obligation refunding bonds resulting in an economic gain of \$2,424,677. The City issued \$24,875,000 variable rate certificates of participation in August 2009 for parking facilities. The City issued \$57,665,000 general obligation public improvement bonds and \$10,000,000 general obligation housing bonds in September 2009. The City issued \$47,630,000 variable rate limited obligation bonds to refund and refinance previously issued certificates of participation. There have been no new bond referendum in FY2009-10.

4. Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 170,029,521	\$ 34,908,981	\$ 26,989,751	\$ 177,948,751	\$ 13,707,214
Unamortized premiums - GO bonds	1,523,577	504,565	176,498	1,851,644	176,498
Deferred refundings - GO bonds	(905,193)	(496,356)	(177,215)	(1,224,334)	(177,215)
Installment financing agreements	104,398,410	49,684,618	14,257,837	139,825,191	52,194,473
Unamortized premiums on IFA	363,551	475,267	259,018	579,800	259,018
Earned vacation pay	16,067,421	11,150,669	9,774,470	17,443,620	9,774,470
Landfill postclosure	6,273,435	138,016	241,141	6,170,310	n/a
Total governmental activities	<u>\$ 297,750,722</u>	<u>\$ 96,365,760</u>	<u>\$ 51,521,500</u>	<u>\$ 342,594,982</u>	<u>\$ 75,934,458</u>
<u>Business-type activities:</u>					
General obligation bonds	\$ 15,405,479	\$ 5,751,019	\$ 8,540,249	\$ 12,616,249	\$ 2,042,786
Unamortized premium - GO bonds	186,644	206,962	46,600	347,006	46,600
Deferred refundings - GO bonds	(514,875)	(207,041)	(97,270)	(624,646)	(97,270)
Revenue bonds	560,240,000	-	5,500,000	554,740,000	6,735,000
Unamortized premium - Rev. bonds	14,566,649	-	901,365	13,665,284	901,365
Deferred refundings - Rev. bonds	(3,706,545)	-	(239,649)	(3,466,896)	(239,649)
Installment financing agreements	344,334,898	17,231,654	11,568,313	349,998,239	12,590,693
Unamortized premiums - IFA	526,479	726,582	393,672	859,389	393,672
Deferred refundings - IFA	(126,087)	-	(42,158)	(83,929)	(42,158)
Reimbursement contracts	13,796	-	13,796	-	-
Earned vacation pay	2,461,785	1,976,817	1,793,772	2,644,830	1,793,772
Total business-type activities	<u>\$ 933,388,223</u>	<u>\$ 25,685,993</u>	<u>\$ 28,378,690</u>	<u>\$ 930,695,526</u>	<u>\$ 24,124,811</u>

The current year additions to the installment financing agreements include noncash related financing activities in the amount of \$1,775,772 for governmental activities.

Certain internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year end \$280,908 of internal service funds earned vacation pay are included above as part of governmental activities. Also, for the governmental activities, landfill closure and postclosure costs and earned vacation pay are generally liquidated by the general fund.

5. 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, 2009, arbitrage liabilities are reported as follows: governmental activities \$714,797 and business type activities \$33,304.

6. 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 \$188,425,000 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 will 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 Bond Market Association Municipal Swap Index (BMA). During FY09 the City changed the liquidity provider from DEPFA bank and remarketing agent from Citibank to \$140,000,000 with Wachovia Bank as liquidity provider and remarketing agent and \$48,425,000 with RBC Bank as liquidity provider and remarketing agent. At June 30, 2009, the swap had a negative fair value to the City of \$22,718,739. 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, 2009, 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, 2009, Citibank NA, the counterparty, was rated "Aa1" by Moody's Investor's Service, "A+" by Standard and Poor's Ratings Services, and "A+" by Fitch Ratings. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make or being entitled to receive an unanticipated termination payment based on the market value on the date of termination. As rates vary, variable rate bond interest payments and net swap payments will vary. The principal and interest payments shown below are components of the business-type activities demand bond debt service requirements as reported on page 36.

Using rates as of June 30, 2009, 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
2010	\$ -	\$ 659,488	\$ 7,555,843	\$ 8,215,331
2011	-	659,488	7,555,843	8,215,331
2012	-	659,488	7,555,843	8,215,331
2013	-	659,488	7,555,843	8,215,331
2014	-	659,488	7,555,843	8,215,331
2015-2019	40,300,000	3,027,885	34,690,911	37,718,796
2020-2024	50,580,000	2,254,298	25,827,809	28,082,107
2025-2029	63,570,000	1,282,453	14,693,242	15,975,695
2030-2034	33,975,000	292,828	3,354,967	3,647,795
Total	\$ 188,425,000	\$ 10,154,904	\$ 116,346,144	\$ 126,501,048

*Computed using 4.36% less floating rate paid to the City (0.35% at June 30, 2009) times \$188,425,000 less accumulated annual reductions, if any.

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 BMA. At June 30, 2009, the swaps had a combined negative fair value to the City of \$12,664,180, 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, 2009, Citigroup and Wachovia, the counterparties, were rated "A3"/"A"/"A+" and "Aa2"/"AA"/"AA+", respectively by Moody's, Standard and Poor's, and Fitch. 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 35.

Using the rates as of June 30, 2009, 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
2010	\$ -	\$ 525,000	\$ 5,719,500	\$ 6,244,500
2011	3,390,000	525,000	5,719,500	6,244,500
2012	3,540,000	513,135	5,590,239	6,103,374
2013	3,665,000	500,745	5,455,259	5,956,004
2014	3,880,000	487,918	5,315,513	5,803,431
2015-2019	22,040,000	2,223,830	24,227,039	26,450,869
2020-2024	27,415,000	1,802,115	19,632,756	21,434,871
2025-2029	34,090,000	1,277,868	13,921,454	15,199,322
2030-2034	42,350,000	626,115	6,821,076	7,447,191
2035	9,630,000	33,705	367,192	400,897
Total	<u>\$ 150,000,000</u>	<u>\$ 8,515,431</u>	<u>\$ 92,769,528</u>	<u>\$ 101,284,959</u>

*Computed using 4.163% less floating rate paid to the City (0.35% at June 30, 2009) times \$150,000,000 less accumulated annual reductions, if any.

G. Restricted assets

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

<u>Governmental</u>	<u>Deposits</u>	<u>Debt Proceeds</u>
General fund	\$ -	\$ 3,885
Nonmajor governmental funds	-	55,165,829
Total governmental	-	55,169,714
<u>Enterprise</u>		
Water and sewer fund	25,092,539	148,712,751
Convention center fund	-	57,418
Parking facilities fund	-	3,162,951
Nonmajor enterprise funds	6,215,300	-
Total enterprise	31,307,839	151,933,120
<u>Internal service funds</u>		
Governmental equipment replacement fund	-	8,540,243
Public utilities equipment replacement fund	-	1,845,524
Total internal service fund	-	10,385,767
Total	\$ 31,307,839	\$ 217,488,601

Note 4. Other information

A. Risk management

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

The City protects itself from potential loss through a combination of self-insurance retention plus the purchase of commercial insurance for various primary and excess coverages. There were no significant changes in insurance coverage from the prior year. No settlements, individually or in the aggregate, have exceeded the City's coverage limits or its own retention during the past three fiscal years.

City insurance coverages include general liability, automobile liability, police liability, automobile comprehensive, real and personal property, municipal equipment, electronic equipment, and boiler and machinery. For liability, the City self-insures the first \$1,000,000 per occurrence, with excess coverage of \$10,000,000 per occurrence purchased through the private sector. For property, the City self-insures the first \$100,000 per occurrence, with excess coverage up to the replacement value of \$300,000,000 purchased through the private sector. The excess coverage includes \$100,000,000 in the aggregate for loss due to flood, \$10,000,000 annual aggregate for flood plain location losses. The City continues to self insure for public officials liability. And as required by state law, the chief financial officer is covered by an individual \$50,000 fidelity bond.

Workers' compensation coverage is provided by a \$1,000,000 per occurrence self-insured retention with commercial excess coverage of \$1,000,000.

The City provides medical and dental coverage for employees and retirees. Employees can provide dependent coverage, if desired.

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 \$34,912,539 reported for these two internal service funds at June 30, 2009, 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 2008-09 and 2007-08 are as follows:

	<u>2009</u>	<u>2008</u>
Insurance claims payable, beginning of year	\$ 32,996,033	\$ 37,298,278
Current year claims and changes in estimates	33,850,004	18,464,044
Claim payments	(31,933,498)	(22,766,289)
Insurance claims payable, end of year	<u>\$ 34,912,539</u>	<u>\$ 32,996,033</u>

Insurance claims payable at June 30, 2009 which are due within one year are estimated to be \$33,928,700.

As previously noted, the risk management fund has deficit net assets at June 30, 2009 of \$15,391,765. This deficit results primarily from the City's full recognition of the liability for claims incurred but not reported at June 30, 2009. The City is reviewing several options to address the deficit condition, including re-evaluating the level of funding.

B. Commitments and contingent liabilities

Commitment - loan guarantees

The City has provided a loan guaranty to Bank of America, in the amount of \$275,000. The guaranty provides the borrower, CMA Associates Limited Partnership, financial assistance in connection with the construction and operation of an apartment project at City Market, in accordance with the City's downtown housing redevelopment program.

Commitment - enterprise funds

The City has entered into a raw water storage contract with the U. S. Corps of Engineers for raw water usage of up to 100 million gallons per day from Falls Lake. 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 FY 2008-09 obligation was \$698,622. It is estimated, at this time, that the future annual cost to the City will not exceed \$700,000.

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.

The City continues to be engaged in a land dispute with Hanson Aggregates. The dispute revolves around the City's prohibition of Hanson's quarrying for rock on property it owns adjacent to its Duraaleigh Road quarry. The City believes it will prevail in the matter. However, should Hanson prevail, the damages could be substantial. The City has no reserve amount set up to provide payment of any damages that may be awarded in this matter. There is no way to accurately predict when the matter will be resolved.

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, in conjunction with three counties and 22 other municipalities are members of the Triangle J Council of Governments. The participating 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 \$89,448 to the council during the fiscal year ended June 30, 2009. 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, 2009 the City appropriated \$51,500 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, 2009 the balance of the trust maintained by the County was \$2,613,068, which is not available to the City except for current and future projects jointly determined by the City and the County. During FY 2008-09, the City received funding as follows: an annual \$1,000,000 that the City Council previously dedicated for continuing support of the performing arts and convention center complex; and \$13,152,924 to support construction financing of a new convention center facility, which was completed in September 2008. 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 new 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.

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 percent 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, 2009. All unexpended funds of the bureau revert to the County and City at the end of the fiscal year. 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, 2009. Full financial statements for the bureau can be obtained at the Greater Raleigh Convention and Visitors Bureau, Post Office Box 1879, Raleigh, North Carolina 27602. The bureau does not meet the criteria to be included in the City's financial reporting entity.

D. Employee retirement systems and pension plans

North Carolina Local Government Employees' Retirement System

Plan description. The City contributes to the statewide Local Government Employees' Retirement System (LERS); a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Services Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.78%, respectively, of annually covered payroll. The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$8,711,864, \$8,142,199, and \$7,584,174, respectively. The contributions made by the City equaled the required contributions for each year.

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, 2009 were \$3,135,811 which consisted of \$1,995,058 from the City and \$1,140,753 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. The separation allowance is equal to .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. The separation allowance is reported in the City's report as a pension trust fund. A separate stand-alone report is not issued.

All full-time City law enforcement officers are covered by the separation allowance. At December 31, 2008, the separation allowance's membership consisted of:

Retirees and beneficiaries currently receiving benefits	124
Current active employees	<u>673</u>
Total	<u>797</u>

Summary of significant accounting policies:

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

Method used to value investments. The City pools money from several funds, including the law enforcement officers' separation allowance Fund. All such pooled cash and investments are considered cash and cash equivalents, which approximates fair value.

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 \$1,758,940 or 4.62% 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's annual pension cost and net pension obligation to the separation allowance for the current year were as follows:

Employer annual required contribution	\$ 1,734,482
Interest paid on pension obligation	(163,054)
Adjustment to annual required contribution	137,499
Annual pension cost	<u>1,708,927</u>
Employer contributions made for current fiscal year	1,758,940
Increase in net pension obligation	(50,013)
Net pension obligation beginning of fiscal year	<u>(2,249,015)</u>
Net Pension obligation end of fiscal year	<u><u>\$ (2,299,028)</u></u>

Annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2008 was 22 years.

The trend information is as follows:

Funding Status:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation End of Year
June 30, 2007	\$ 1,492,086	124.16%	\$ (1,976,624)
June 30, 2008	\$ 1,613,894	116.88%	\$ (2,249,015)
June 30, 2009	\$ 1,708,927	102.93%	\$ (2,299,028)

Funding Progress:

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)			Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
	Actuarial Value of Assets (a)	Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)			
12/31/2004	\$ 4,186,220	\$ 18,067,520	\$ 13,881,300	23.2%	\$ 34,675,457	40.0%
12/31/2005	3,445,835	16,629,292	13,183,457	20.7	35,627,409	37.0
12/31/2006	3,341,952	18,104,374	14,762,422	18.5	36,919,192	39.9
12/31/2007	3,212,204	20,637,390	17,425,186	15.6	38,040,517	45.8
12/31/2008	2,954,824	21,207,776	18,252,952	13.9	38,067,290	47.9

The negative amounts shown above as the net pension obligations represent asset amounts or prepaid expenses. At these year-ends, there was no net pension obligation. Other required supplementary information is included in the required supplemental financial data.

Other Post Employment Benefits (OPEB) Plan

Plan description. The City administers a public employee retirement system, single employer defined benefit pension 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. Medicare eligible retirees receive a Medicare supplement of \$100 per month. Dependent health coverage is available until the spouse turns 65. The City's group medical coverage continues at no cost to the retiree 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% of the premium cost if they retired with 15 years of service until age 65. The percentage of premium contribution decreases by 5% for each additional year of service at retirement, with retirees that have 25 years of service at retirement able to continue coverage at no cost. For employees hired before July 1, 2007, spouse / dependent coverage for retirees is provided at the same cost as active members. Employees hired on or after July 1, 2007 will have to pay the entire cost for spouse / dependent coverage as a retiree. Eligible retirees with a minimum of ten years service are provided life insurance coverage as follows: for the first five years after retirement coverage is \$1,750; after five years of retirement coverage reduces to \$1,000. Disabled retirees under age 60 receive life insurance equal to their salary at the time of disability until age 65. The City Council may amend the benefit provisions at any time. A separate stand-alone report is not issued.

All active full-time employees are eligible for membership. At December 31, 2008, the plan membership consisted of:

Active members:

Law enforcement officers	646
Firefighters	539
General employees	2,380
Retirees	<u>1,229</u>
Total	<u>4,794</u>

Summary of significant accounting policies:

Funding policy. The City pays the full cost of coverage 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 required contribution. For the current year the City contributed \$11,383,360 or 6.3% of the annual covered payroll. Contributions made by retirees for dependent coverage and Medicare supplement premiums were \$1,070,345.

Basis of accounting. Financial statements for the 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.

Method used to value investments. The City pools money from several funds, including the OPEB trust fund. All such pooled cash and investments are considered cash and cash equivalents, which approximates fair value.

The City's annual pension cost and net OPEB obligation for the current year were as follows:

Employer annual required contribution	\$ 10,715,321
Interest paid on OPEB obligation	(38,376)
Annual OPEB cost	10,676,945
Employer contributions made for current fiscal year	11,383,360
Decrease in net OPEB obligation	(706,415)
Net OPEB obligation beginning of fiscal year	991,350
Net OPEB obligation end of fiscal year	<u>\$ 284,935</u>

The annual required contribution for the current year was determined as part of the December 31, 2006 actuarial valuation using projected unit credit actuarial cost method. The actuarial assumptions included (a) 7% investment rate of return and (b) projected medical cost trend rates of 12% to 6%, including an inflation component of 3.75%. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as level percentage of pay on an open basis. The remaining amortization period was 30 years.

The trend information is as follows:

Funding Status:

Fiscal Year Ending	Annual Plan Cost (APC)	Percentage of APC Contributed	Net OPEB Obligation End of Year
June 30, 2008	\$ 9,631,133	89.70%	\$ 991,350
June 30, 2009	11,383,360	106.20%	284,935

Funding Progress:

Actuarial Accrued					UAAL as a Percentage of Covered	
Actuarial Valuation Date	Value of Assets (a)	Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Payroll [(b-a)/c]
12/31/2005	\$ -	\$ 154,882,606	\$ 154,882,606	0.0%	\$ 141,026,686	109.8%
12/31/2006	-	116,429,137	116,429,137	0.0	155,026,716	75.1
12/31/2007	-	133,746,768	133,746,768	0.0	159,006,932	84.1
12/31/2008	4,465,872	132,977,930	128,512,058	3.4	169,937,802	75.6

The schedule of funding progress immediately following the notes to the financial statements (page 54) presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. Other required supplementary information is included in the required supplementary financial data.

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 City is a trustee of all plan resources. The plan is managed by the City and administered by Branch Banking and Trust Company with investment options being exercised by employees.

Funding policy. For each eligible employee who contributes a minimum of .3% of salary to a Section 457 Supplemental Retirement Plan, the City contributes double this percentage (to a maximum of 3.0%) into the 401a plan. During FY 2008-09, the City contributed \$3,090,008 to the plan.

The FY 2008-09 combining financial statements for the City's pension trust funds are as follows:

COMBINING STATEMENT NET ASSETS

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits Trust	Total
ADDITIONS				
Cash and cash equivalents	\$ 23,447,979	\$ 3,526,031	\$ 5,011,682	\$ 31,985,692
Accrued interest receivable	-	26,763	11,724	38,487
Due from other funds	-	-	1,867,639	1,867,639
Total assets	\$ 23,447,979	\$ 3,552,794	\$ 6,891,045	\$ 33,891,818
LIABILITIES				
Claims payable	\$ -	\$ -	\$ 442,000	\$ 442,000
NET ASSETS				
Held in trust for employees' retirement and other post-employment benefits	\$ 23,447,979	\$ 3,552,794	\$ 6,449,045	\$ 33,449,818

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits Trust	Total
ADDITIONS				
Employer contributions	\$ 3,090,008	\$ 1,758,940	\$ 11,383,360	\$ 16,232,308
Retiree contributions	-	-	1,070,345	1,070,345
Interest	898,579	115,140	43,173	1,056,892
Net increase (decrease) in the fair value of investments	(3,992,558)	(10,952)	(4,798)	(4,008,308)
Less investment expense	(40,282)	-	-	(40,282)
Total additions	(44,253)	1,863,128	12,492,080	14,310,955
DEDUCTIONS				
Benefits	792,274	2,347,357	8,347,859	11,487,490
Withdrawals and forfeitures	2,605	-	-	2,605
Total deductions	794,879	2,347,357	8,347,859	11,490,095
Change in net assets restricted for: Employees' retirement and other post-employment benefits	(839,132)	(484,229)	4,144,221	2,820,860
Net assets, beginning of year	24,287,111	4,037,023	2,304,824	30,628,958
Net assets, end of year	\$ 23,447,979	\$ 3,552,794	\$ 6,449,045	\$ 33,449,818



CITY OF RALEIGH

2009

REQUIRED SUPPLEMENTARY INFORMATION

LAW ENFORCEMENT OFFICERS'
SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date		Actuarial Value of Assets (a)		Actuarial Accrued Liability (AAL) Projected Unit Credit (b)		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)		Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2003*	\$	4,220,540	\$	16,914,130	\$	12,693,590	24.9%	\$	31,666,230	40.1%
2004*		4,186,220		18,067,520		13,881,300	23.2		34,675,457	40.0
2005*		3,445,835		16,629,292		13,183,457	20.7		35,627,409	37.0
2006*		3,341,952		18,104,374		14,762,422	18.5		36,919,192	39.9
2007*		3,212,204		20,637,390		17,425,186	15.6		38,040,517	45.8
2008*		2,954,824		21,207,776		18,252,952	13.9		38,067,290	47.9

Note:

*Information presented as of December 31 actuarial valuation date.

LAW ENFORCEMENT OFFICERS'
SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2004	\$ 1,428,523	115.4%
2005	1,509,766	65.5
2006	1,663,837	104.2
2007	1,498,641	123.6
2008	1,635,739	115.3
2009	1,734,482	101.4

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	December 31, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increase	4.5% to 12.3%
Includes inflation at	3.75%
Cost of living adjustments	N/A

**OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2005*	\$ -	\$ 154,882,606	\$ 154,882,606	0.0%	\$ 141,026,686	109.8%
2006*	-	116,429,137	116,429,137	0.0	155,026,716	75.1
2007*	-	133,746,768	133,746,768	0.0	159,006,932	84.1
2008*	4,465,872	132,977,930	128,512,058	3.4	169,937,802	75.6

Note:

*Information presented as of December 31 actuarial valuation date.

OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 9,669,155	89.4%
2009	10,715,321	106.2

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	December 31, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.00%
Medical cost trend rate	10.50% to 5.00%
Year of ultimate trend rate	2016
Includes inflation at	3.75%
Cost of living adjustments	N/A



CITY OF RALEIGH

2009

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:

1. Combining Statements - By Fund Type
2. Individual Fund Schedules with Comparisons to Budget
3. Other Schedules - Debt



CITY OF RALEIGH

2009

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 dividers.

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 43,580,653	\$ 91,003,979	\$ 134,584,632
Assessments receivable, net of allowance for uncollectibles of \$52,436	-	996,291	996,291
Due from other governmental agencies	4,832,589	689,097	5,521,686
Accrued interest receivable	425,215	1,053,102	1,478,317
Sales tax receivable	56,677	767,403	824,080
Loans receivable	50,136,293	-	50,136,293
Cash and cash equivalents/investments - restricted deposits and bond proceeds	4,049,537	51,116,292	55,165,829
Total assets	<u>\$ 103,080,964</u>	<u>\$ 145,626,164</u>	<u>\$ 248,707,128</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 212,059	\$ 12,428,684	\$ 12,640,743
Accrued salaries and employee payroll taxes	67,317	-	67,317
Loan servicing escrow	899,715	-	899,715
Reimbursable facility fees	-	4,827,783	4,827,783
Other liabilities	13,296	517,994	531,290
Due to other funds	1,134,409	10,358	1,144,767
Deferred revenue	50,136,293	996,292	51,132,585
Unearned revenue	1,339,041	-	1,339,041
Total liabilities	<u>53,802,130</u>	<u>18,781,111</u>	<u>72,583,241</u>
Fund balances:			
Reserved for debt service	35,573,188	-	35,573,188
Reserved for wireless 911	1,788,165	-	1,788,165
Unreserved:			
Designated for subsequent year's appropriation	11,307,043	123,221,289	134,528,332
Designated for specific purposes	-	3,623,764	3,623,764
Undesignated	610,438	-	610,438
Total fund balances	<u>49,278,834</u>	<u>126,845,053</u>	<u>176,123,887</u>
Total liabilities and fund balances	<u>\$ 103,080,964</u>	<u>\$ 145,626,164</u>	<u>\$ 248,707,128</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended June 30, 2009**

	Special Revenue Funds	Capital Projects Funds	Combining Eliminations	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 30,907,772	\$ 1,829,796	\$ -	\$ 32,737,568
Developer participation	-	141,048	-	141,048
Assessments	-	526,553	-	526,553
Interest on investments	1,378,001	3,766,129	-	5,144,130
Facility fees	-	4,040,535	-	4,040,535
Rents	374,077	-	-	374,077
Program income	2,690,771	-	-	2,690,771
Miscellaneous other	162,577	3,298,710	-	3,461,287
Total revenues	<u>35,513,198</u>	<u>13,602,771</u>	<u>-</u>	<u>49,115,969</u>
EXPENDITURES				
General government	249,077	-	-	249,077
Community development services	6,536,860	-	-	6,536,860
Public works	1,214,580	-	-	1,214,580
Public safety	1,455,635	-	-	1,455,635
Leisure services	374,086	-	-	374,086
Economic development programs	4,399,375	-	-	4,399,375
Other expenditures	36,028	-	-	36,028
Capital outlay	-	99,721,505	-	99,721,505
Total expenditures	<u>14,265,641</u>	<u>99,721,505</u>	<u>-</u>	<u>113,987,146</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,247,557</u>	<u>(86,118,734)</u>	<u>-</u>	<u>(64,871,177)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,403,169	23,348,608	(6,323,184)	18,428,593
Transfers out	(24,212,385)	(13,346,954)	6,323,184	(31,236,155)
Bonds issued	10,000,000	11,130,000	-	21,130,000
Certificates of participation issued	-	33,375,000	-	33,375,000
Premium on certificates of participation	-	475,264	-	475,264
Total other financing sources (uses)	<u>(12,809,216)</u>	<u>54,981,918</u>	<u>-</u>	<u>42,172,702</u>
Net change in fund balances	8,438,341	(31,136,816)	-	(22,698,475)
Fund balance - beginning of year	40,840,493	157,981,869	-	198,822,362
Fund balance - ending of year	<u>\$ 49,278,834</u>	<u>\$ 126,845,053</u>	<u>\$ -</u>	<u>\$ 176,123,887</u>



CITY OF RALEIGH

2009

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 Powell Bill funds, housing development and bond funds, new convention center financing funds, wireless 911 funds, and various grant revenues.



CITY OF RALEIGH

2009

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 DEVELOPMENT FUND (NONMAJOR FUND) - The Housing Development Fund accounts for City housing development programs, which are funded from City general revenues.

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.

POWELL BILL FUND (NONMAJOR FUND) - The Powell Bill Fund accounts for the receipts and expenditures of the one cent sales tax on motor fuel, which is distributed to municipalities for local street improvement and maintenance. Allocation of this state tax is on the basis of local street mileage and population data.

DISASTER RECOVERY FUND (NONMAJOR FUND) - The Disaster Recovery Fund accounts for federal and state reimbursement for disaster recovery activities resulting from various natural disasters and the City's flood mitigation program.

NEW CONVENTION CENTER FINANCING FUND (NONMAJOR FUND) - The New 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 New Convention Center.

WIRELESS 911 FUND (NONMAJOR FUND) - The Wireless 911 Fund accounts for the wireless 911 funds remitted to the City from the County and used for qualified wireless 911 expenditures.

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2009

	Grants Fund	Housing Development Fund	Housing Bond Fund	Community Development Fund
ASSETS				
Cash and cash equivalents	\$ 310,381	\$ 2,764,305	\$ 4,298,719	\$ -
Due from other governmental agencies	1,820,885	-	-	803,128
Accrued interest receivable	-	29,127	20,179	-
Sales tax receivable	51,007	3,364	-	2,306
Loans receivable	-	2,160,509	29,310,553	18,665,231
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	-	4,049,537	-
Total assets	<u>\$ 2,182,273</u>	<u>\$ 4,957,305</u>	<u>\$ 37,678,988</u>	<u>\$ 19,470,665</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 53,633	\$ 25,674	\$ 51,475	\$ 81,277
Accrued salaries and employee payroll taxes	26,071	41,246	-	-
Loan servicing escrow	-	406,443	153,292	339,980
Other liabilities	-	-	-	13,296
Due to other funds	798,594	-	-	335,815
Deferred revenue	-	2,160,509	29,310,553	18,665,231
Unearned revenue	1,303,975	-	-	35,066
Total liabilities	<u>2,182,273</u>	<u>2,633,872</u>	<u>29,515,320</u>	<u>19,470,665</u>
Fund balances:				
Reserved for debt service	-	-	-	-
Reserved for wireless 911	-	-	-	-
Unreserved:				
Designated for subsequent year's appropriation	-	1,922,472	7,968,981	-
Undesignated	-	400,961	194,687	-
Total fund balances	<u>-</u>	<u>2,323,433</u>	<u>8,163,668</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,182,273</u>	<u>\$ 4,957,305</u>	<u>\$ 37,678,988</u>	<u>\$ 19,470,665</u>

Powell Bill Fund	Disaster Recovery Fund	New Convention Center Financing Fund	Wireless 911 Fund	Total Nonmajor Special Revenue Funds
\$ 14,627	\$ 1,415,590	\$ 33,007,370	\$ 1,769,661	\$ 43,580,653
-	-	2,208,576	-	4,832,589
163	-	357,242	18,504	425,215
-	-	-	-	56,677
-	-	-	-	50,136,293
-	-	-	-	4,049,537
<u>\$ 14,790</u>	<u>\$ 1,415,590</u>	<u>\$ 35,573,188</u>	<u>\$ 1,788,165</u>	<u>\$ 103,080,964</u>
\$ -	\$ -	\$ -	\$ -	\$ 212,059
-	-	-	-	67,317
-	-	-	-	899,715
-	-	-	-	13,296
-	-	-	-	1,134,409
-	-	-	-	50,136,293
-	-	-	-	1,339,041
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,802,130</u>
-	-	35,573,188	-	35,573,188
-	-	-	1,788,165	1,788,165
-	1,415,590	-	-	11,307,043
<u>14,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>610,438</u>
<u>14,790</u>	<u>1,415,590</u>	<u>35,573,188</u>	<u>1,788,165</u>	<u>49,278,834</u>
<u>\$ 14,790</u>	<u>\$ 1,415,590</u>	<u>\$ 35,573,188</u>	<u>\$ 1,788,165</u>	<u>\$ 103,080,964</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Fiscal Year Ended June 30, 2009**

	Grants Fund	Housing Development Fund	Housing Bond Fund	Community Development Fund
REVENUES				
Intergovernmental	\$ 3,070,574	\$ -	\$ -	\$ 3,293,821
Interest on investments	-	73,885	74,927	-
Rents	-	374,077	-	-
Program income	-	262,767	1,213,683	1,214,321
Miscellaneous other	140,574	-	22,003	-
Total revenues	<u>3,211,148</u>	<u>710,729</u>	<u>1,310,613</u>	<u>4,508,142</u>
EXPENDITURES				
Current:				
General government	248,877	-	-	-
Community development services	500,427	1,528,291	-	4,508,142
Public works	1,214,580	-	-	-
Public safety	1,455,635	-	-	-
Leisure services	24,086	-	-	-
Economic development programs	-	-	4,399,375	-
Other expenditures	36,028	-	-	-
Total expenditures	<u>3,479,633</u>	<u>1,528,291</u>	<u>4,399,375</u>	<u>4,508,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(268,485)</u>	<u>(817,562)</u>	<u>(3,088,762)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	268,485	1,134,684	-	-
Transfers out	-	(62,716)	(400,000)	-
Bonds issued	-	-	10,000,000	-
Total other financing sources and uses	<u>268,485</u>	<u>1,071,968</u>	<u>9,600,000</u>	<u>-</u>
Net change in fund balances	-	254,406	6,511,238	-
Fund balances - beginning	-	2,069,027	1,652,430	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,323,433</u>	<u>\$ 8,163,668</u>	<u>\$ -</u>

Powell Bill Fund	Disaster Recovery Fund	New Convention Center Financing Fund	Wireless 911 Fund	Total Nonmajor Special Revenue Funds
\$ 9,910,582	\$ -	\$ 13,152,924	\$ 1,479,871	\$ 30,907,772
176,431	-	997,652	55,106	1,378,001
-	-	-	-	374,077
-	-	-	-	2,690,771
-	-	-	-	162,577
<u>10,087,013</u>	<u>-</u>	<u>14,150,576</u>	<u>1,534,977</u>	<u>35,513,198</u>
-	200	-	-	249,077
-	-	-	-	6,536,860
-	-	-	-	1,214,580
-	-	-	-	1,455,635
-	-	350,000	-	374,086
-	-	-	-	4,399,375
-	-	-	-	36,028
<u>-</u>	<u>200</u>	<u>350,000</u>	<u>-</u>	<u>14,265,641</u>
<u>10,087,013</u>	<u>(200)</u>	<u>13,800,576</u>	<u>1,534,977</u>	<u>21,247,557</u>
-	-	-	-	1,403,169
(11,215,704)	-	(10,666,149)	(1,867,816)	(24,212,385)
-	-	-	-	10,000,000
<u>(11,215,704)</u>	<u>-</u>	<u>(10,666,149)</u>	<u>(1,867,816)</u>	<u>(12,809,216)</u>
(1,128,691)	(200)	3,134,427	(332,839)	8,438,341
1,143,481	1,415,790	32,438,761	2,121,004	40,840,493
<u>\$ 14,790</u>	<u>\$ 1,415,590</u>	<u>\$ 35,573,188</u>	<u>\$ 1,788,165</u>	<u>\$ 49,278,834</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
GRANTS FUND
For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
U.S. Department of Transportation	\$ 2,020,388	\$ 1,050,603	\$ 3,070,991	\$ 9,082,094	\$ (6,011,103)
Corporation for National and Community Service	316,601	315,277	631,878	658,157	(26,279)
U.S. Forest Service	-	-	-	10,000	(10,000)
U.S. Department of Justice	105,222	595,465	700,687	2,390,977	(1,690,290)
U.S. Environmental Protection Agency	506,637	209,325	715,962	1,000,000	(284,038)
U.S. Department of Agriculture	7,480	-	7,480	9,802	(2,322)
State of North Carolina	1,186,239	749,898	1,936,137	3,599,509	(1,663,372)
Wake County	566,447	150,006	716,453	1,063,479	(347,026)
	4,709,014	3,070,574	7,779,588	17,814,018	(10,034,430)
Miscellaneous other	154,788	140,574	295,362	2,721,895	(2,426,533)
Total revenues	4,863,802	3,211,148	8,074,950	20,535,913	(12,460,963)
OTHER FINANCING SOURCES					
Transfer from the General fund	684,104	268,485	952,589	2,111,179	(1,158,590)
Total revenues and other financing sources	<u>\$ 5,547,906</u>	<u>\$ 3,479,633</u>	<u>\$ 9,027,539</u>	<u>\$ 22,647,092</u>	<u>\$ (13,619,553)</u>
EXPENDITURES					
General government	\$ 527,888	\$ 248,877	\$ 776,765	\$ 1,115,546	\$ (338,781)
Community development services	485,315	500,427	985,742	1,025,916	(40,174)
Public works	2,633,524	1,214,580	3,848,104	10,157,248	(6,309,144)
Public safety	1,290,669	1,455,635	2,746,304	5,899,665	(3,153,361)
Solid waste services	7,480	-	7,480	9,802	(2,322)
Leisure services	603,030	24,086	627,116	4,393,571	(3,766,455)
Other	-	36,028	36,028	45,344	(9,316)
Total expenditures	<u>\$ 5,547,906</u>	<u>\$ 3,479,633</u>	<u>\$ 9,027,539</u>	<u>\$ 22,647,092</u>	<u>\$ (13,619,553)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
HOUSING DEVELOPMENT FUND
 For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 73,885	\$ 73,885	\$ 70,000	\$ 3,885
Rents	-	374,077	374,077	549,240	(175,163)
Program income	-	262,767	262,767	48,370	214,397
Miscellaneous other	189,927	-	189,927	189,927	-
Total revenues	189,927	710,729	900,656	857,537	43,119
OTHER FINANCING SOURCES					
Transfer from general fund	-	1,134,684	1,134,684	1,134,684	-
Total revenues and other financing sources	<u>\$ 189,927</u>	<u>\$ 1,845,413</u>	<u>\$ 2,035,340</u>	1,992,221	<u>\$ 43,119</u>
Fund balance appropriated				4,193,195	
				<u>\$ 6,185,416</u>	
EXPENDITURES					
Community development services	<u>\$ 2,735,425</u>	<u>\$ 1,528,291</u>	<u>\$ 4,263,716</u>	<u>\$ 6,122,700</u>	<u>\$ (1,858,984)</u>
OTHER FINANCING USES					
Transfer to general fund	-	62,716	62,716	62,716	-
Total expenditures and other financing uses	<u>\$ 2,735,425</u>	<u>\$ 1,591,007</u>	<u>\$ 4,326,432</u>	<u>\$ 6,185,416</u>	<u>\$ (1,858,984)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
HOUSING BOND FUND
For the Fiscal Year Ended June 30, 2009

	<u>Prior</u>	<u>Actual</u>			<u>Over</u>
	<u>Years</u>	<u>Current</u>	<u>Total</u>	<u>Budget</u>	<u>(Under)</u>
		<u>Year</u>			<u>Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 74,927	\$ 74,927	\$ -	\$ 74,927
Program income	-	1,213,683	1,213,683	75,000	1,138,683
Miscellaneous other	-	22,003	22,003	-	22,003
Total revenues	<u>-</u>	<u>1,310,613</u>	<u>1,310,613</u>	<u>75,000</u>	<u>1,235,613</u>
OTHER FINANCING SOURCES					
Bonds issued	-	10,000,000	10,000,000	9,625,000	375,000
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 11,310,613</u>	<u>\$ 11,310,613</u>	9,700,000	<u>\$ 1,610,613</u>
Fund balance appropriated				7,659,135	
				<u>\$ 17,359,135</u>	
EXPENDITURES					
Economic development programs	<u>\$ 6,070,779</u>	<u>\$ 4,399,375</u>	<u>\$ 10,470,154</u>	<u>\$ 16,959,135</u>	<u>\$ (6,488,981)</u>
OTHER FINANCING USES					
Transfer to general fund	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 6,070,779</u>	<u>\$ 4,799,375</u>	<u>\$ 10,870,154</u>	<u>\$ 17,359,135</u>	<u>\$ (6,488,981)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
COMMUNITY DEVELOPMENT FUND
For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
US Department of HUD	\$ 3,312,053	\$ 3,223,355	\$ 6,535,408	\$ 13,630,234	\$ (7,094,826)
State of North Carolina	6,968	70,465	77,433	151,000	(73,567)
Program income	<u>851,536</u>	<u>1,214,322</u>	<u>2,065,858</u>	<u>2,840,519</u>	<u>(774,661)</u>
Total revenues	<u>\$ 4,170,557</u>	<u>\$ 4,508,142</u>	<u>\$ 8,678,699</u>	<u>\$ 16,621,753</u>	<u>\$ (7,943,054)</u>
EXPENDITURES					
Community development services	<u>\$ 4,170,557</u>	<u>\$ 4,508,142</u>	<u>\$ 8,678,699</u>	<u>\$ 16,621,753</u>	<u>\$ (7,943,054)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
POWELL BILL FUND
For the Fiscal Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 9,910,582	\$ 10,502,520	\$ (591,938)
Interest on investments	176,431	-	176,431
Total revenues	<u>\$ 10,087,013</u>	<u>10,502,520</u>	<u>\$ (415,507)</u>
 Fund balance appropriated		 <u>1,102,520</u>	
		<u>\$ 11,605,040</u>	
 OTHER FINANCING USES			
Transfers to:			
General fund	\$ 4,922,520	\$ 4,922,520	\$ -
Street improvement fund	6,293,184	6,682,520	(389,336)
Total transfers out	<u>11,215,704</u>	<u>11,605,040</u>	<u>(389,336)</u>
Total other financing uses	<u>\$ 11,215,704</u>	<u>\$ 11,605,040</u>	<u>\$ (389,336)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
DISASTER RECOVERY FUND
For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
Fund balance appropriated				\$ 1,151,367	
EXPENDITURES					
General government	\$ 450	\$ 200	\$ 650	\$ 1,151,367	\$ (1,150,717)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
NEW CONVENTION CENTER FINANCING FUND
For the Fiscal Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
Wake County	\$ 13,152,924	\$ 13,488,000	\$ (335,076)
Interest on investments	<u>997,652</u>	<u>887,000</u>	<u>110,652</u>
Total revenues	<u>\$ 14,150,576</u>	14,375,000	<u>\$ (224,424)</u>
Fund balance appropriated		-	
		<u>\$ 14,375,000</u>	
EXPENDITURES			
Leisure services	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ -</u>
OTHER FINANCING USES			
Reserve for future debt service	-	3,358,851	(3,358,851)
Transfers to:			
Convention center complex operating fund	<u>10,666,149</u>	<u>10,666,149</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 11,016,149</u>	<u>\$ 14,375,000</u>	<u>\$ (3,358,851)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
WIRELESS 911 FUND

For the Fiscal Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 1,479,871	\$ 1,442,816	\$ 37,055
Interest on investments	55,106	-	55,106
Total revenues	<u>\$ 1,534,977</u>	<u>1,442,816</u>	<u>\$ 92,161</u>
 Fund balance appropriated		 425,000	
		<u>\$ 1,867,816</u>	
 OTHER FINANCING USES			
Transfers to:			
General fund	\$ 1,837,816	\$ 1,837,816	\$ -
Miscellaneous capital projects fund	30,000	30,000	-
Total other financing uses	<u>1,867,816</u>	<u>1,867,816</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 1,867,816</u>	<u>\$ 1,867,816</u>	<u>\$ -</u>



CITY OF RALEIGH

2009

GENERAL CAPITAL PROJECTS FUNDS

The purpose of the *General Capital Projects Funds* is 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 project. 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.



CITY OF RALEIGH

2009

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.

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.

STORMWATER PROJECTS FUND (NONMAJOR FUND) - The Stormwater Projects Fund accounts for stormwater management and drainage projects. These projects are financed from non-bond resources.

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 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 the Public Safety Center and remote operations centers for streets, parks, solid waste and public works. These projects are financed from certificates of participation debt issues.



COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2009

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Facility Fees Fund
ASSETS					
Cash and cash equivalents	\$ 23,759,392	\$ 20,896,705	\$ 5,321,913	\$ 7,079,937	\$ 4,834,668
Assessments receivable, net of allowance for uncollectibles of \$52,436	996,291	-	-	-	-
Due from other governmental agencies	-	-	-	-	-
Accrued interest receivable	282,172	236,751	58,272	77,205	48,362
Sales tax receivable	144,874	88,276	153	73,131	-
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	1,343	-	-	-
Total assets	<u>\$ 25,182,729</u>	<u>\$ 21,223,075</u>	<u>\$ 5,380,338</u>	<u>\$ 7,230,273</u>	<u>\$ 4,883,030</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,500,151	\$ 1,796,926	\$ 141,669	\$ 179,927	\$ -
Reimbursable facility fees	-	-	-	-	4,827,783
Other liabilities	452,926	-	-	45,193	12,566
Due to other funds	-	-	-	-	-
Deferred revenue	996,292	-	-	-	-
Total liabilities	<u>2,949,369</u>	<u>1,796,926</u>	<u>141,669</u>	<u>225,120</u>	<u>4,840,349</u>
Fund balances:					
Unreserved:					
Designated for subsequent year's appropriation	21,357,428	18,530,628	5,104,138	6,701,809	-
Designated for specific purposes	875,932	895,521	134,531	303,344	42,681
Undesignated	-	-	-	-	-
Total fund balances	<u>22,233,360</u>	<u>19,426,149</u>	<u>5,238,669</u>	<u>7,005,153</u>	<u>42,681</u>
Total liabilities and fund balances	<u>\$ 25,182,729</u>	<u>\$ 21,223,075</u>	<u>\$ 5,380,338</u>	<u>\$ 7,230,273</u>	<u>\$ 4,883,030</u>

Park Bond Fund	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Stormwater Projects Fund	Technology Capital Projects Fund	Major Public Facilities Fund	Total Nonmajor Capital Projects Funds
\$ 7,949,411	\$ 16,369,531	\$ 497,087	\$ -	\$ 4,295,335	\$ -	\$ 91,003,979
-	-	-	-	-	-	996,291
499,251	-	-	189,846	-	-	689,097
98,931	198,497	5,439	2,737	44,736	-	1,053,102
182,958	90,883	16,189	1,003	159,416	10,520	767,403
-	18,068,384	-	-	17,663,660	15,382,905	51,116,292
<u>\$ 8,730,551</u>	<u>\$ 34,727,295</u>	<u>\$ 518,715</u>	<u>\$ 193,586</u>	<u>\$ 22,163,147</u>	<u>\$ 15,393,425</u>	<u>\$ 145,626,164</u>
\$ 1,035,350	\$ 3,716,880	\$ -	\$ 647	\$ 3,670,959	\$ 386,175	\$ 12,428,684
-	-	-	-	-	-	4,827,783
-	5,023	-	-	2,286	-	517,994
-	-	-	10,358	-	-	10,358
-	-	-	-	-	-	996,292
<u>1,035,350</u>	<u>3,721,903</u>	<u>-</u>	<u>11,005</u>	<u>3,673,245</u>	<u>386,175</u>	<u>18,781,111</u>
7,484,168	30,140,137	511,724	182,581	18,201,426	15,007,250	123,221,289
211,033	865,255	6,991	-	288,476	-	3,623,764
-	-	-	-	-	-	-
<u>7,695,201</u>	<u>31,005,392</u>	<u>518,715</u>	<u>182,581</u>	<u>18,489,902</u>	<u>15,007,250</u>	<u>126,845,053</u>
<u>\$ 8,730,551</u>	<u>\$ 34,727,295</u>	<u>\$ 518,715</u>	<u>\$ 193,586</u>	<u>\$ 22,163,147</u>	<u>\$ 15,393,425</u>	<u>\$ 145,626,164</u>



COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2009

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Facility Fees Fund
REVENUES					
Intergovernmental	\$ 1,180,267	\$ -	\$ 43,159	\$ -	\$ -
Developer participation	141,048	-	-	-	-
Assessments	412,378	-	114,175	-	-
Interest on investments	750,070	815,262	163,706	241,688	250,643
Facility Fees	-	-	-	-	4,040,535
Miscellaneous other	2,040,283	-	111,483	146,505	-
Total revenues	<u>4,524,046</u>	<u>815,262</u>	<u>432,523</u>	<u>388,193</u>	<u>4,291,178</u>
EXPENDITURES					
Street paving/sidewalk projects	9,236,933	12,923,464	321,820	-	-
Parks and recreation projects	-	-	-	3,471,287	-
Walnut creek amphitheater projects	-	-	-	-	-
Stormwater and drainage projects	-	-	-	-	-
Other public improvements	-	-	-	-	-
Technology capital projects	-	-	-	-	-
Total expenditures	<u>9,236,933</u>	<u>12,923,464</u>	<u>321,820</u>	<u>3,471,287</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,712,887)</u>	<u>(12,108,202)</u>	<u>110,703</u>	<u>(3,083,094)</u>	<u>4,291,178</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	8,542,811	2,636,108	387,000	1,728,338	-
Transfers out	(6,552,386)	(900,000)	(63,640)	(728,819)	(4,931,132)
Bonds issued	-	900,000	-	-	-
Certificates of participation issued	-	-	-	-	-
Premium on certificates of participation issued	-	-	-	-	-
Total other financing sources and uses	<u>1,990,425</u>	<u>2,636,108</u>	<u>323,360</u>	<u>999,519</u>	<u>(4,931,132)</u>
Net change in fund balances	<u>(2,722,462)</u>	<u>(9,472,094)</u>	<u>434,063</u>	<u>(2,083,575)</u>	<u>(639,954)</u>
Fund balance - beginning of year	<u>24,955,822</u>	<u>28,898,243</u>	<u>4,804,606</u>	<u>9,088,728</u>	<u>682,635</u>
Fund balance - ending of year	<u>\$ 22,233,360</u>	<u>\$ 19,426,149</u>	<u>\$ 5,238,669</u>	<u>\$ 7,005,153</u>	<u>\$ 42,681</u>

Park Bond Fund	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Stormwater Projects Fund	Technology Capital Projects Fund	Major Public Facilities Fund	Combining Eliminations	Total Nonmajor Capital Projects Funds
\$ 499,251	\$ -	\$ -	\$ 107,119	\$ -	\$ -	\$ -	\$ 1,829,796
-	-	-	-	-	-	-	141,048
-	-	-	-	-	-	-	526,553
485,446	733,871	10,346	13,819	301,278	-	-	3,766,129
-	-	-	-	-	-	-	4,040,535
-	628,762	371,677	-	-	-	-	3,298,710
984,697	1,362,633	382,023	120,938	301,278	-	-	13,602,771
-	-	-	-	-	-	-	22,482,217
17,478,929	-	-	-	-	-	-	20,950,216
-	-	84,744	-	-	-	-	84,744
-	-	-	192,565	-	-	-	192,565
-	16,130,762	-	-	-	17,582,954	-	33,713,716
-	-	-	-	22,298,047	-	-	22,298,047
17,478,929	16,130,762	84,744	192,565	22,298,047	17,582,954	-	99,721,505
(16,494,232)	(14,768,129)	297,279	(71,627)	(21,996,769)	(17,582,954)	-	(86,118,734)
748,205	8,269,229	-	-	7,717,401	1,039,940	(7,720,424)	23,348,608
(100,000)	(1,190,250)	-	(330,997)	(3,970,154)	(2,300,000)	7,720,424	(13,346,954)
-	10,230,000	-	-	-	-	-	11,130,000
-	-	-	-	-	33,375,000	-	33,375,000
-	-	-	-	-	475,264	-	475,264
648,205	17,308,979	-	(330,997)	3,747,247	32,590,204	-	54,981,918
(15,846,027)	2,540,850	297,279	(402,624)	(18,249,522)	15,007,250	-	(31,136,816)
23,541,228	28,464,542	221,436	585,205	36,739,424	-	-	157,981,869
\$ 7,695,201	\$ 31,005,392	\$ 518,715	\$ 182,581	\$ 18,489,902	\$ 15,007,250	\$ -	\$ 126,845,053

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STREET IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2009

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 1,900,406	\$ 1,180,267	\$ 3,080,673	\$ 34,946,000	\$ (31,865,327)
Developer participation	252,860	141,048	393,908	3,807,915	(3,414,007)
Assessments	-	412,378	412,378	825,000	(412,622)
Interest on investments	-	750,070	750,070	750,000	70
Miscellaneous other	-	2,040,283	2,040,283	-	2,040,283
Total revenues	<u>2,153,266</u>	<u>4,524,046</u>	<u>6,677,312</u>	<u>40,328,915</u>	<u>(33,651,603)</u>
OTHER FINANCING SOURCES					
Transfers from:					
Powell bill fund	-	6,293,184	6,293,184	6,682,520	(389,336)
Street bond fund	-	900,000	900,000	900,000	-
Sidewalk fund	-	53,990	53,990	53,990	-
Facility fees fund	-	705,637	705,637	4,083,920	(3,378,283)
Miscellaneous capital projects fund	-	590,000	590,000	590,000	-
Total other financing sources	<u>-</u>	<u>8,542,811</u>	<u>8,542,811</u>	<u>12,310,430</u>	<u>(3,767,619)</u>
Total revenues and other financing sources	<u>\$ 2,153,266</u>	<u>\$ 13,066,857</u>	<u>\$ 15,220,123</u>	<u>52,639,345</u>	<u>\$ (37,419,222)</u>
Fund balance appropriated				<u>54,229,144</u>	
				<u>\$ 106,868,489</u>	
EXPENDITURES					
Street projects	<u>\$ 32,431,839</u>	<u>\$ 9,320,249</u>	<u>\$ 41,752,088</u>	<u>\$ 98,524,486</u>	<u>\$ (56,772,398)</u>
OTHER FINANCING USES					
Transfers to:					
General fund	-	4,000	4,000	4,000	-
Street bond fund	-	2,636,108	2,636,108	2,636,108	-
Miscellaneous capital projects fund	-	1,232,430	1,232,430	1,232,430	-
Mass transit fund	<u>1,840,933</u>	<u>2,596,532</u>	<u>4,437,465</u>	<u>4,471,465</u>	<u>(34,000)</u>
Total other financing uses	<u>1,840,933</u>	<u>6,469,070</u>	<u>8,310,003</u>	<u>8,344,003</u>	<u>(34,000)</u>
Total expenditures and other financing uses	<u>\$ 34,272,772</u>	<u>\$ 15,789,319</u>	<u>\$ 50,062,091</u>	<u>\$ 106,868,489</u>	<u>\$ (56,806,398)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STREET BOND FUND
For the Fiscal Year Ended June 30, 2009

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 162,206	\$ -	\$ 162,206	\$ 260,000	\$ (97,794)
Interest on investments	-	815,262	815,262	725,000	90,262
Miscellaneous other	13,443	-	13,443	43,489	(30,046)
Total revenues	175,649	815,262	990,911	1,028,489	(37,578)
OTHER FINANCING SOURCES					
Transfer from street improvement fund	-	2,636,108	2,636,108	2,636,108	-
Bonds issued	-	900,000	900,000	51,194,849	(50,294,849)
Total other financing sources	-	3,536,108	3,536,108	53,830,957	(50,294,849)
Total revenues and other financing sources	\$ 175,649	\$ 4,351,370	\$ 4,527,019	54,859,446	\$ (50,332,427)
Fund balance appropriated				63,232,949	
				<u>\$ 118,092,395</u>	
EXPENDITURES					
Street projects	\$ 34,409,281	\$ 12,923,464	\$ 47,332,745	\$ 117,192,395	\$ (69,859,650)
OTHER FINANCING USES					
Transfer to street improvement fund	-	900,000	900,000	900,000	-
Total Expenditures and Other Financing Uses	\$ 34,409,281	\$ 13,823,464	\$ 48,232,745	\$ 118,092,395	\$ (69,859,650)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
SIDEWALK FUND
For the Fiscal Year Ended June 30, 2009

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 43,206	\$ 43,159	\$ 86,365	\$ 90,000	\$ (3,635)
Interest on investments	-	163,706	163,706	105,000	58,706
Sidewalk paving assessment	-	114,175	114,175	193,000	(78,825)
Fees in lieu various	-	111,483	111,483	-	111,483
Total revenues	<u>43,206</u>	<u>432,523</u>	<u>475,729</u>	<u>388,000</u>	<u>87,729</u>
OTHER FINANCING SOURCES					
Transfer from facility fees fund	-	387,000	387,000	637,000	(250,000)
Total revenues and other financing sources	<u>\$ 43,206</u>	<u>\$ 819,523</u>	<u>\$ 862,729</u>	1,025,000	<u>\$ (162,271)</u>
Fund balance appropriated				5,593,297	
				<u>\$ 6,618,297</u>	
EXPENDITURES					
Sidewalk projects	<u>\$ 1,125,063</u>	<u>\$ 321,820</u>	<u>\$ 1,446,883</u>	<u>\$ 6,554,657</u>	<u>\$ (5,107,774)</u>
OTHER FINANCING USES					
Transfers to:					
General fund	-	9,650	9,650	9,650	-
Street improvement fund	-	53,990	53,990	53,990	-
	<u>-</u>	<u>63,640</u>	<u>63,640</u>	<u>63,640</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 1,125,063</u>	<u>\$ 385,460</u>	<u>\$ 1,510,523</u>	<u>\$ 6,618,297</u>	<u>\$ (5,107,774)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARK IMPROVEMENT FUND
 For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 241,688	\$ 241,688	\$ 240,000	\$ 1,688
Miscellaneous other	295,853	146,505	442,358	5,005	437,353
Total revenues	<u>295,853</u>	<u>388,193</u>	<u>684,046</u>	<u>245,005</u>	<u>439,041</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	1,628,338	1,628,338	1,628,338	-
Facility fees fund	-	-	-	2,407,677	(2,407,677)
Park bond fund	-	100,000	100,000	100,000	-
Total other financing sources	<u>-</u>	<u>1,728,338</u>	<u>1,728,338</u>	<u>4,136,015</u>	<u>(2,407,677)</u>
Total revenues and other financing sources	<u>\$ 295,853</u>	<u>\$ 2,116,531</u>	<u>\$ 2,412,384</u>	<u>4,381,020</u>	<u>\$ (1,968,636)</u>
Fund balance appropriated				<u>23,311,994</u>	
				<u>\$ 27,693,014</u>	
EXPENDITURES					
Park improvement projects	<u>\$ 16,688,479</u>	<u>\$ 3,471,287</u>	<u>\$ 20,159,766</u>	<u>\$ 26,964,195</u>	<u>\$ (6,804,429)</u>
OTHER FINANCING USES					
Transfer to park bond fund	<u>-</u>	<u>728,819</u>	<u>728,819</u>	<u>728,819</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 16,688,479</u>	<u>\$ 4,200,106</u>	<u>\$ 20,888,585</u>	<u>\$ 27,693,014</u>	<u>\$ (6,804,429)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
FACILITY FEES FUND
For the Fiscal Year Ended June 30, 2009

	<u>Prior</u>	<u>Actual</u>			<u>Over</u>
	<u>Years</u>	<u>Current</u>	<u>Total</u>	<u>Budget</u>	<u>(Under)</u>
		<u>Year</u>			<u>Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 250,643	\$ 250,643	\$ 146,000	\$ 104,643
Facility fees	-	4,040,535	4,040,535	10,756,335	(6,715,800)
Total revenues	<u>\$ -</u>	<u>\$ 4,291,178</u>	<u>\$ 4,291,178</u>	10,902,335	<u>\$ (6,611,157)</u>
Fund balance appropriated				450,000	
				<u>\$ 11,352,335</u>	
 OTHER FINANCING USES					
Transfers to:					
General fund	\$ -	\$ 3,838,495	\$ 3,838,495	\$ 4,223,738	\$ (385,243)
Street improvement fund	-	705,637	705,637	4,083,920	(3,378,283)
Sidewalk fund	-	387,000	387,000	637,000	(250,000)
Park improvement fund	-	-	-	2,407,677	(2,407,677)
Total other financing uses	<u>\$ -</u>	<u>\$ 4,931,132</u>	<u>\$ 4,931,132</u>	<u>\$ 11,352,335</u>	<u>\$ (6,421,203)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARK BOND FUND
For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 20,000	\$ 499,251	\$ 519,251	\$ 1,100,000	\$ (580,749)
Interest on investments	-	485,446	485,446	660,000	(174,554)
Miscellaneous income	2,000	-	2,000	2,000	-
Total revenues	<u>22,000</u>	<u>984,697</u>	<u>1,006,697</u>	<u>1,762,000</u>	<u>(755,303)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	19,386	19,386	19,386	-
Park improvement fund	50,000	728,819	778,819	778,819	-
Bonds issued	-	-	-	48,104,047	(48,104,047)
Total other financing sources	<u>50,000</u>	<u>748,205</u>	<u>798,205</u>	<u>48,902,252</u>	<u>(48,104,047)</u>
Total revenues and other financing sources	<u>\$ 72,000</u>	<u>\$ 1,732,902</u>	<u>\$ 1,804,902</u>	50,664,252	<u>\$ (48,859,350)</u>
Fund balance appropriated				44,802,831	
				<u>\$ 95,467,083</u>	
EXPENDITURES					
Park projects	<u>\$ 21,957,503</u>	<u>\$ 17,478,929</u>	<u>\$ 39,436,432</u>	<u>\$ 95,367,083</u>	<u>\$ (55,930,651)</u>
OTHER FINANCING USES					
Transfer to park improvement fund	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 21,957,503</u>	<u>\$ 17,578,929</u>	<u>\$ 39,536,432</u>	<u>\$ 95,467,083</u>	<u>\$ (55,930,651)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MISCELLANEOUS CAPITAL IMPROVEMENTS FUND
 For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
US Department of HUD	\$ 52,056	\$ -	\$ 52,056	\$ 173,968	\$ (121,912)
Interest on investments	-	733,871	733,871	560,000	173,871
Miscellaneous income	663,570	628,762	1,292,332	662,570	629,762
Total revenues	715,626	1,362,633	2,078,259	1,396,538	681,721
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	4,396,799	4,396,799	4,396,799	-
Street improvement fund	-	642,430	642,430	642,430	-
Convention center operating fund	-	2,500,000	2,500,000	2,500,000	-
General equipment replacement fund	-	700,000	700,000	700,000	-
Wireless 911 fund	-	30,000	30,000	30,000	-
Bonds issued	-	10,230,000	10,230,000	10,230,000	-
Total other financing sources	-	18,499,229	18,499,229	18,499,229	-
Total revenues and other financing sources	\$ 715,626	\$ 19,861,862	\$ 20,577,488	19,895,767	\$ 681,721
Fund balance appropriated				85,476,157	
				<u>\$ 105,371,924</u>	
EXPENDITURES					
Miscellaneous capital projects	\$ 58,140,338	\$ 16,130,762	\$ 74,271,100	\$ 104,181,674	\$ (29,910,574)
OTHER FINANCING USES					
Transfers to:					
General fund	-	95,810	95,810	95,810	-
Major public facilities fund	-	976,440	976,440	976,440	-
Convention center and memorial auditorium projects fund	-	118,000	118,000	118,000	-
Total other financing uses	-	1,190,250	1,190,250	1,190,250	-
Total expenditures and other financing uses	\$ 58,140,338	\$ 17,321,012	\$ 75,461,350	\$ 105,371,924	\$ (29,910,574)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
WALNUT CREEK AMPHITHEATER PROJECTS FUND
For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Amphitheater rent	\$ -	\$ 371,677	\$ 371,677	\$ 334,000	\$ 37,677
Interest on investments	-	10,346	10,346	-	10,346
Total revenues	<u>\$ -</u>	<u>\$ 382,023</u>	<u>\$ 382,023</u>	<u>334,000</u>	<u>\$ 48,023</u>
Fund balance appropriated				<u>1,258,847</u>	
				<u>\$ 1,592,847</u>	
EXPENDITURES					
Amphitheater capital projects	<u>\$ 928,179</u>	<u>\$ 84,744</u>	<u>\$ 1,012,923</u>	<u>\$ 1,592,847</u>	<u>\$ (579,924)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STORMWATER PROJECTS FUND
For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 256,342	\$ 107,119	\$ 363,461	\$ 443,334	\$ (79,873)
Interest on investments	-	13,819	13,819	-	13,819
Total revenues	<u>256,342</u>	<u>120,938</u>	<u>377,280</u>	443,334	<u>(66,054)</u>
Fund balance appropriated				712,079	
				<u>\$ 1,155,413</u>	
EXPENDITURES					
Stormwater projects	<u>\$ 395,003</u>	<u>\$ 192,565</u>	<u>\$ 587,568</u>	<u>\$ 824,416</u>	<u>\$ (236,848)</u>
OTHER FINANCING USES					
Transfer to stormwater utility capital projects fund	<u>-</u>	<u>330,997</u>	<u>330,997</u>	<u>330,997</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 395,003</u>	<u>\$ 523,562</u>	<u>\$ 918,565</u>	<u>\$ 1,155,413</u>	<u>\$ (236,848)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
TECHNOLOGY CAPITAL PROJECTS FUND
 For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 301,278	\$ 301,278	\$ 1,230,000	\$ (928,722)
Miscellaneous other	-	-	-	845,000	(845,000)
Total revenues	-	301,278	301,278	2,075,000	(1,773,722)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	4,917,401	4,917,401	4,917,401	-
Water and sewer operating fund	-	1,900,000	1,900,000	1,900,000	-
Parking fund	-	450,000	450,000	450,000	-
Stormwater utility operating fund	-	450,000	450,000	450,000	-
Total other financing sources	-	7,717,401	7,717,401	7,717,401	-
Total revenues and other financing sources	\$ -	\$ 8,018,679	\$ 8,018,679	9,792,401	\$ (1,773,722)
Fund balance appropriated				38,563,655	
				<u>\$ 48,356,056</u>	
EXPENDITURES					
Technology projects	\$ 2,001,489	\$ 22,298,047	\$ 24,299,536	\$ 44,385,902	\$ (20,086,366)
OTHER FINANCING USES					
Transfer to general fund	-	3,970,154	3,970,154	3,970,154	-
Total expenditures and other financing uses	\$ 2,001,489	\$ 26,268,201	\$ 28,269,690	\$ 48,356,056	\$ (20,086,366)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MAJOR PUBLIC FACILITIES FUND
 For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ -	\$ -	\$ 200,000	\$ (200,000)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	63,500	63,500	63,500	-
Miscellaneous capital projects fund	-	976,440	976,440	976,440	-
Certificates of participation issued	-	33,375,000	33,375,000	66,131,628	(32,756,628)
Premium on certificates of participation issued	-	475,264	475,264	-	475,264
Total other financing sources	-	34,890,204	34,890,204	67,171,568	(32,281,364)
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 34,890,204</u>	<u>\$ 34,890,204</u>	67,371,568	<u>\$ (32,481,364)</u>
Fund balance appropriated				-	
				<u>\$ 67,371,568</u>	
EXPENDITURES					
Miscellaneous capital projects	\$ -	\$ 17,582,954	\$ 17,582,954	\$ 65,071,568	\$ (47,488,614)
OTHER FINANCING USES					
Transfer to general fund	-	2,300,000	2,300,000	2,300,000	-
Total expenditures and other financing uses	<u>\$ -</u>	<u>\$ 19,882,954</u>	<u>\$ 19,882,954</u>	<u>\$ 67,371,568</u>	<u>\$ (47,488,614)</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, parking facilities, mass transit and stormwater utility.

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, the Water and Sewer Revenue Bond Fund and the Water and Sewer General Obligation 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 Operating Fund, the Convention Center and Memorial Auditorium Projects Fund and the New Convention Center Complex Capital Projects Fund.

PARKING FACILITIES FUND (MAJOR FUND) - The Parking Facilities Fund accounts for the 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.

MASS TRANSIT FUND (NONMAJOR 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. This fund also accounts for all capital projects financed by transit grant proceeds.

STORMWATER UTILITY FUND (NONMAJOR 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.

NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENTS

The Nonmajor Enterprise Funds combining statements include the combining statement of net assets, the combining statement of revenues, expenses, and changes in net assets, and the combining statement of cash flows for nonmajor enterprise funds that comprise the other enterprise funds column in the basic financial statements.

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2009

	Mass Transit Fund	Stormwater Utility Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,118,023	\$ 33,314,622	\$ 36,432,645
Customer receivables, net of allowance for uncollectibles of \$233,214	-	1,058,928	1,058,928
Due from other governmental agencies	2,744,008	105,604	2,849,612
Accrued interest receivable	-	424,080	424,080
Sales tax receivable	54,483	32,656	87,139
Inventories	390,954	-	390,954
Total current assets	<u>6,307,468</u>	<u>34,935,890</u>	<u>41,243,358</u>
Noncurrent assets:			
Restricted cash and cash equivalents	45,780	6,169,520	6,215,300
Capital assets:			
Land and improvements	3,994,684	433,933	4,428,617
Construction in progress	370,334	6,762,666	7,133,000
Buildings and machinery	3,798,718	-	3,798,718
Buses	30,275,968	-	30,275,968
Equipment	1,670,613	320,376	1,990,989
Furniture and fixtures	50,046	-	50,046
Improvements	1,247,053	7,756,033	9,003,086
Less accumulated depreciation	<u>(16,765,633)</u>	<u>(1,082,658)</u>	<u>(17,848,291)</u>
Total noncurrent assets	<u>24,687,563</u>	<u>20,359,870</u>	<u>45,047,433</u>
Total assets	<u>30,995,031</u>	<u>55,295,760</u>	<u>86,290,791</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,077,997	540,440	3,618,437
Accrued salaries and employee payroll taxes	17,806	80,181	97,987
Deferred contributions from other funds	1,437,650	-	1,437,650
Due to other funds	1,096,142	-	1,096,142
Total current liabilities	<u>5,629,595</u>	<u>620,621</u>	<u>6,250,216</u>
Noncurrent liabilities:			
Escrow and other deposits payable from restricted assets	45,780	6,169,520	6,215,300
Earned vacation pay	33,191	204,865	238,056
Total noncurrent liabilities	<u>78,971</u>	<u>6,374,385</u>	<u>6,453,356</u>
Total liabilities	<u>5,708,566</u>	<u>6,995,006</u>	<u>12,703,572</u>
NET ASSETS			
Invested in capital assets, net of related debt	24,641,783	14,190,350	38,832,133
Unrestricted	644,682	34,110,404	34,755,086
Total net assets	<u>\$ 25,286,465</u>	<u>\$ 48,300,754</u>	<u>\$ 73,587,219</u>

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2009

	Mass Transit Fund	Stormwater Utility Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
User charges	\$ 2,802,603	\$ 13,731,500	\$ 16,534,103
Other	511,343	681,287	1,192,630
Total operating revenues	<u>3,313,946</u>	<u>14,412,787</u>	<u>17,726,733</u>
OPERATING EXPENSES			
Administration	1,027,872	3,274,770	4,302,642
Other facility operating costs	11,251,197	4,980,952	16,232,149
Management contract charges	13,017,544	-	13,017,544
Depreciation	3,252,344	404,073	3,656,417
Other	-	94,523	94,523
Total operating expenses	<u>28,548,957</u>	<u>8,754,318</u>	<u>37,303,275</u>
Operating income (loss)	<u>(25,235,011)</u>	<u>5,658,469</u>	<u>(19,576,542)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest on investments	-	1,245,555	1,245,555
Subsidy income - federal and state	6,281,088	-	6,281,088
Total nonoperating revenue	<u>6,281,088</u>	<u>1,245,555</u>	<u>7,526,643</u>
Income (loss) before contributions and transfers	<u>(18,953,923)</u>	<u>6,904,024</u>	<u>(12,049,899)</u>
Capital contributions	10,753,369	402,917	11,156,286
Transfers in	17,492,607	330,997	17,823,604
Transfers out	(21,000)	(450,000)	(471,000)
Change in net assets	<u>9,271,053</u>	<u>7,187,938</u>	<u>16,458,991</u>
Total net assets - beginning of year	<u>16,015,412</u>	<u>41,112,816</u>	<u>57,128,228</u>
Total net assets - end of year	<u>\$ 25,286,465</u>	<u>\$ 48,300,754</u>	<u>\$ 73,587,219</u>

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
 For the Fiscal Year Ended June 30, 2009

	<u>Mass Transit Fund</u>	<u>Stormwater Utility Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 3,313,946	\$ 13,690,216	\$ 17,004,162
Payments to employees	(1,021,509)	(3,255,195)	(4,276,704)
Payments to suppliers and service providers	(24,197,468)	(5,283,807)	(29,481,275)
Other receipts/(payments)	-	586,764	586,764
Net cash provided by (used in) operating activities	<u>(21,905,031)</u>	<u>5,737,978</u>	<u>(16,167,053)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	17,549,935	330,997	17,880,932
Operating subsidies and transfers to other funds	(21,000)	(450,000)	(471,000)
Operating grants received	2,389,255	-	2,389,255
Net cash provided by noncapital financing activities	<u>19,918,190</u>	<u>(119,003)</u>	<u>19,799,187</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	(10,582,108)	(4,600,854)	(15,182,962)
Capital grants and other capital contributions	12,635,741	370,833	13,006,574
Escrow deposits	-	598,376	598,376
Net cash (used in) capital and related financing activities	<u>2,053,633</u>	<u>(3,631,645)</u>	<u>(1,578,012)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	-	1,234,750	1,234,750
Net cash provided by investing activities	<u>-</u>	<u>1,234,750</u>	<u>1,234,750</u>
Net increase in cash and cash equivalents/investments	66,792	3,222,080	3,288,872
Cash and cash equivalents/investments - beginning of year	3,097,011	36,262,063	39,359,074
Cash and cash equivalents/investments - end of year	<u>\$ 3,163,803</u>	<u>\$ 39,484,143</u>	<u>\$ 42,647,946</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating income (loss)	\$ (25,235,011)	\$ 5,658,469	\$ (19,576,542)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation expense	3,252,344	404,073	3,656,417
Change in assets and liabilities			
Operating receivables	-	(41,284)	(41,284)
Sales tax receivable	(2,545)	1,101	(1,444)
Inventories	23,035	-	23,035
Accounts payable and other accrued liabilities	50,333	(303,956)	(253,623)
Escrow and other deposits	450	-	450
Earned vacation pay and other payroll liabilities	6,363	19,575	25,938
Total adjustments	<u>3,329,980</u>	<u>79,509</u>	<u>3,409,489</u>
Net cash provided by (used in) operating activities	<u>\$ (21,905,031)</u>	<u>\$ 5,737,978</u>	<u>\$ (16,167,053)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	<u>\$ 2,187,499</u>	<u>\$ (154,663)</u>	<u>\$ 2,032,836</u>

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, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Water and sewer user charges	\$ 100,257,200	\$ 108,870,867	\$ (8,613,667)
Water and sewer services	835,147	1,620,800	(785,653)
Outside sewer connections	41,743	76,500	(34,757)
Water and sewer penalties	461,287	357,020	104,267
Water and sewer sales - municipalities	488,592	439,612	48,980
Capital facility charges	2,707,029	4,541,000	(1,833,971)
Water and sewer assessments	613,955	650,000	(36,045)
Acreage connection fees	250,000	250,000	-
Other sewer and treatment fees	2,280,213	4,635,500	(2,355,287)
Miscellaneous other	848,577	1,934,100	(1,085,523)
Total operating revenues	<u>108,783,743</u>	<u>123,375,399</u>	<u>(14,591,656)</u>
NONOPERATING REVENUES			
Interest on investments	2,497,786	2,600,000	(102,214)
Other	1,429,474	1,331,694	97,780
Total nonoperating revenues	<u>3,927,260</u>	<u>3,931,694</u>	<u>(4,434)</u>
OTHER FINANCING SOURCES			
Transfer from water capital projects fund	715,000	715,000	-
Transfer from sewer capital projects fund	2,312,438	2,312,438	-
Refunding bonds issued	1,305,737	1,305,737	-
Premium on refunding bonds issued	41,963	41,963	-
Total other financing sources	<u>4,375,138</u>	<u>4,375,138</u>	<u>-</u>
Total revenues	<u>\$ 117,086,141</u>	131,682,231	<u>\$ (14,596,090)</u>
Fund balance appropriated		<u>34,723,078</u>	
		<u>\$ 166,405,309</u>	
EXPENDITURES			
Public utilities:			
Administration	\$ 4,714,288	\$ 5,315,309	\$ (601,021)
Water plant	26,033,619	30,201,193	(4,167,574)
Waste treatment plant	21,346,110	24,384,537	(3,038,427)
Utilities construction	6,222,652	7,364,516	(1,141,864)
Utilities reuse	4,309,797	5,172,808	(863,011)
Meter	5,133,987	6,852,871	(1,718,884)
Warehouse	2,248,758	3,090,512	(841,754)
	<u>70,009,211</u>	<u>82,381,746</u>	<u>(12,372,535)</u>
Special appropriations:			
Reimbursement to general fund	13,267,267	13,267,267	-
Insurance and risk management charges	2,079,941	2,154,095	(74,154)
Other expenditures	902,478	4,301,011	(3,398,533)
	<u>16,249,686</u>	<u>19,722,373</u>	<u>(3,472,687)</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, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
EXPENDITURES (CONTINUED)			
Debt service:			
General obligations bonds:			
Principal	\$ 2,150,249	\$ 2,150,250	\$ (1)
Interest	356,331	356,331	-
Revenue bonds:			
Principal	5,500,000	5,500,000	-
Interest	25,936,039	26,070,059	(134,020)
Installment financing agreement	6,948,828	6,948,829	(1)
Other installment obligations	5,992	10,000	(4,008)
Escrow expenditures - merged systems' debt	2,854,654	3,016,598	(161,944)
Other expenditures	794,996	765,000	29,996
Reserve for future debt	-	5,551,167	(5,551,167)
	<u>44,547,089</u>	<u>50,368,234</u>	<u>(5,821,145)</u>
 OTHER EXPENDITURES			
Refunds and other	<u>263,712</u>	<u>257,889</u>	<u>5,823</u>
	<u>263,712</u>	<u>257,889</u>	<u>5,823</u>
Total expenditures	<u>131,069,698</u>	<u>152,730,242</u>	<u>(21,660,544)</u>
 OTHER FINANCING USES			
Transfers to:			
General fund	75,000	75,000	-
Public utilities equipment replacement fund	242,614	242,614	-
Water capital projects fund	2,165,867	2,165,867	-
Sewer capital projects fund	4,697,544	4,697,544	-
Water and sewer revenue bond fund	646,342	3,246,342	(2,600,000)
Technology fund	<u>1,900,000</u>	<u>1,900,000</u>	<u>-</u>
Total transfers	9,727,367	12,327,367	(2,600,000)
Payment to refunded bond escrow agent	<u>1,347,700</u>	<u>1,347,700</u>	<u>-</u>
Total other financing uses	<u>11,075,067</u>	<u>13,675,067</u>	<u>(2,600,000)</u>
 Total expenditures and other financing uses	<u>\$ 142,144,765</u>	<u>\$ 166,405,309</u>	<u>\$ (24,260,544)</u>

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2009

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Interest on investments	\$ -	\$ 191,942	\$ 191,942	\$ 250,000	\$ (58,058)
Miscellaneous other	-	259	259	-	259
Total revenues	-	192,201	192,201	250,000	(57,799)
OTHER FINANCING SOURCES					
Transfers from:					
Water and sewer operating fund	-	2,165,867	2,165,867	2,165,867	-
Water and sewer revenue bond fund	-	51,567	51,567	51,567	-
Water and sewer general obligation bond fund	-	66,460	66,460	66,460	-
Total other financing sources	-	2,283,894	2,283,894	2,283,894	-
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 2,476,095</u>	<u>\$ 2,476,095</u>	2,533,894	<u>\$ (57,799)</u>
Fund balance appropriated				9,545,420	
				<u>\$ 12,079,314</u>	
EXPENDITURES					
Water capital projects	<u>\$ 4,556,945</u>	<u>\$ 2,315,946</u>	<u>\$ 6,872,891</u>	<u>\$ 11,164,314</u>	<u>\$ (4,291,423)</u>
OTHER FINANCING USES					
Transfers to:					
Water and sewer operating fund	-	715,000	715,000	715,000	-
Sewer capital projects fund	-	200,000	200,000	200,000	-
Total other financing uses	-	915,000	915,000	915,000	-
Total expenditures and other financing uses	<u>\$ 4,556,945</u>	<u>\$ 3,230,946</u>	<u>\$ 7,787,891</u>	<u>\$ 12,079,314</u>	<u>\$ (4,291,423)</u>

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SEWER CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2009

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Interest on investments	\$ -	\$ 78,733	\$ 78,733	\$ 250,000	\$ (171,267)
Developer participation	94,769	149,040	243,809	339,420	(95,611)
Total revenues	94,769	227,773	322,542	589,420	(266,878)
OTHER FINANCING SOURCES					
Transfers from:					
Water and sewer operating fund	-	4,697,543	4,697,543	4,697,543	-
Water capital projects fund	-	200,000	200,000	200,000	-
Water and sewer revenue bond fund	-	22,022	22,022	22,022	-
Total other financing sources	-	4,919,565	4,919,565	4,919,565	-
Total revenues and other financing sources	\$ 94,769	\$ 5,147,338	\$ 5,242,107	5,508,985	\$ (266,878)
Fund balance appropriated				11,138,176	
				<u>\$ 16,647,161</u>	
EXPENDITURES					
Sewer capital projects	\$ 4,996,687	\$ 6,062,242	\$ 11,058,929	\$ 14,334,723	\$ (3,275,794)
OTHER FINANCING USES					
Transfer to water and sewer operating fund	-	2,312,438	2,312,438	2,312,438	-
Total expenditures and other financing uses	\$ 4,996,687	\$ 8,374,680	\$ 13,371,367	\$ 16,647,161	\$ (3,275,794)

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER REVENUE BOND FUND
For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
State of North Carolina	\$ -	\$ 919,000	\$ 919,000	\$ 919,000	\$ -
Interest on investments	-	3,966,866	3,966,866	3,500,000	466,866
Developer participation	2,823	-	2,823	19,500	(16,677)
Miscellaneous other	-	-	-	238,275	(238,275)
Total revenues	<u>2,823</u>	<u>4,885,866</u>	<u>4,888,689</u>	<u>4,676,775</u>	<u>211,914</u>
OTHER FINANCING SOURCES					
Transfers from:					
Water and sewer operating fund	-	646,343	646,343	646,343	-
Water general obligation bond fund	-	70,837	70,837	70,837	-
Bonds issued	<u>138,739,429</u>	<u>-</u>	<u>138,739,429</u>	<u>171,310,737</u>	<u>(32,571,308)</u>
Total other financing sources	<u>138,739,429</u>	<u>717,180</u>	<u>139,456,609</u>	<u>172,027,917</u>	<u>(32,571,308)</u>
Total revenues and other financing sources	<u>\$ 138,742,252</u>	<u>\$ 5,603,046</u>	<u>\$ 144,345,298</u>	176,704,692	<u>\$ (32,359,394)</u>
Fund balance appropriated				<u>371,052,483</u>	
				<u>\$ 547,757,175</u>	
EXPENDITURES					
Water capital projects	\$ 146,736,226	\$ 68,358,246	\$ 215,094,472	\$ 281,967,278	\$ (66,872,806)
Sewer capital projects	111,708,173	54,124,546	165,832,719	264,145,433	(98,312,714)
Debt Service:					
Installment principal and interest	-	1,216,875	1,216,875	1,216,875	-
Bond issue costs	-	310,158	310,158	354,000	(43,842)
Total expenditures	<u>258,444,399</u>	<u>124,009,825</u>	<u>382,454,224</u>	<u>547,683,586</u>	<u>(165,229,362)</u>
OTHER FINANCING USES					
Transfers to:					
Water capital projects fund	-	51,567	51,567	51,567	-
Sewer capital projects fund	-	22,022	22,022	22,022	-
Total other financing uses	<u>-</u>	<u>73,589</u>	<u>73,589</u>	<u>73,589</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 258,444,399</u>	<u>\$ 124,083,414</u>	<u>\$ 382,527,813</u>	<u>\$ 547,757,175</u>	<u>\$ (165,229,362)</u>

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER GENERAL OBLIGATION BOND FUND
 For the Fiscal Year Ended June 30, 2009

	<u>Prior</u>	<u>Actual</u>			
	<u>Years</u>	<u>Current</u>	<u>Total</u>	<u>Budget</u>	<u>Over</u>
		<u>Year</u>			<u>(Under)</u>
					<u>Budget</u>
Fund balance appropriated				\$ 892,306	
EXPENDITURES					
Water and sewer capital projects	\$ 752,835	\$ 2,173	\$ 755,008	\$ 755,008	\$ -
OTHER FINANCING USES					
Transfers to:					
Water capital projects fund	-	66,460	66,460	66,460	-
Water and sewer revenue bond fund	-	70,838	70,838	70,838	-
	-	137,298	137,298	137,298	-
Total expenditures and other financing uses	\$ 752,835	\$ 139,471	\$ 892,306	\$ 892,306	\$ -

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

For the Fiscal Year Ended June 30, 2009

RECONCILIATION OF MODIFIED ACCRUAL TO FULL ACCRUAL BASIS:

Total current year revenues and other financing
sources - modified accrual basis:

Water and sewer operating fund	\$ 117,086,141
Water capital projects fund	2,476,095
Sewer capital projects fund	5,147,338
Water and sewer revenue bond fund	5,603,046

Total current year expenditures and other financing
uses - modified accrual basis:

Water and sewer operating fund	(142,144,765)
Water capital projects fund	(3,230,946)
Sewer capital projects fund	(8,374,680)
Water and sewer revenue bond fund	(124,083,414)
Water and sewer general obligation bond fund	<u>(139,471)</u>

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

(147,660,656)

Adjustments to full accrual basis:

Accrued interest income - arbitrage	1,411,704
Amortization of deferred costs	(369,190)
Amortization of bond premiums and discounts	929,958
Bond and note proceeds	(1,347,700)
Bond and note principal payments	16,025,570
Capital contributions	7,418,185
Capital outlay	129,684,692
Capitalized interest	7,435,123
Depreciation	(27,145,124)
Earned vacation pay expense	(96,000)
Interest expense accrual	144,427
OPEB expense	(56,987)
Other escrow expenditures	1,420,167
Revenue accruals from receivables	<u>2,625,296</u>

Change in net assets per statement of revenues, expenses and
changes in net assets

\$ (9,580,535)

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER COMPLEX OPERATING FUND
For the Fiscal Year Ended June 30, 2009

	Actual	Budget	Over (Under) Budget
REVENUES			
User charges			
Performing arts center	\$ 6,869,246	\$ 14,950,758	\$ (8,081,512)
Convention and civic center	4,213,480	4,863,952	(650,472)
Special events	869,521	754,150	115,371
Other fees and charges	707,257	739,108	(31,851)
Total user charges	12,659,504	21,307,968	(8,648,464)
Interest on investments	221,371	158,000	63,371
Total revenues	12,880,875	21,465,968	(8,585,093)
OTHER FINANCING SOURCES			
Transfers from:			
General fund	1,170,424	1,170,424	-
New convention center financing fund	10,666,149	10,666,149	-
Proceeds from sale of land	5,275,000	5,275,000	-
Premium on remarketing bonds	726,582	167,500	559,082
Total other financing sources	17,838,155	17,279,073	559,082
Total revenues and other financing sources	\$ 30,719,030	38,745,041	\$ (8,026,011)
Fund balance appropriated		5,474,070	
		\$ 44,219,111	
EXPENDITURES			
Administration	\$ 2,815,998	\$ 3,148,847	\$ (332,849)
Civic and convention center	6,358,098	8,068,230	(1,710,132)
Performing arts center	7,115,987	14,054,892	(6,938,905)
Special events	1,124,181	1,155,837	(31,656)
Total operating expenditures	17,414,264	26,427,806	(9,013,542)
DEBT SERVICE			
Interest	11,286,440	11,304,560	(18,120)
Other debt service costs	884,895	911,745	(26,850)
Total debt service	12,171,335	12,216,305	(44,970)
OTHER FINANCING USES			
Transfers to:			
Convention center and memorial auditorium projects fund	300,000	300,000	-
Miscellaneous capital projects fund	2,500,000	2,500,000	-
Parking facilities operating fund	2,775,000	2,775,000	-
Total other financing uses	5,575,000	5,575,000	-
Total expenditures and other financing uses	\$ 35,160,599	\$ 44,219,111	\$ (9,058,512)

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER AND MEMORIAL AUDITORIUM PROJECTS FUND
For the Fiscal Year Ended June 30, 2009

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Interest on investments	\$ -	\$ 7,662	\$ 7,662	\$ -	\$ 7,662
Performing arts center donations	-	250,000	250,000	-	250,000
Total revenues	-	257,662	257,662	-	257,662
OTHER FINANCING SOURCES					
Transfer from:					
Convention center operating fund	-	300,000	300,000	300,000	-
Miscellaneous capital projects fund	-	118,000	118,000	118,000	-
Total other financing sources	-	418,000	418,000	418,000	-
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 675,662</u>	<u>\$ 675,662</u>	418,000	<u>\$ 257,662</u>
Fund balance appropriated				587,122	
				<u>\$ 1,005,122</u>	
EXPENDITURES					
Convention center and memorial auditorium projects	<u>\$ 39,003</u>	<u>\$ 884,771</u>	<u>\$ 923,774</u>	<u>\$ 1,005,122</u>	<u>\$ (81,348)</u>

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
NEW CONVENTION CENTER COMPLEX CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2009

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Interest on investments	\$ 15,469,568	\$ 515,689	\$ 15,985,257	\$ 13,000,000	\$ 2,985,257
Miscellaneous revenue	737,876	359,549	1,097,425	4,199,128	(3,101,703)
Total revenues	<u>16,207,444</u>	<u>875,238</u>	<u>17,082,682</u>	<u>17,199,128</u>	<u>(116,446)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	27,000	19,567	46,567	46,567	-
Park improvement fund	15,000	-	15,000	15,000	-
Water and sewer operating fund	105,590	-	105,590	105,590	-
Water capital projects fund	287,000	-	287,000	287,000	-
Sewer capital projects fund	268,260	-	268,260	268,260	-
New convention center financing fund	16,400,000	-	16,400,000	16,400,000	-
Certificates of participation issued	206,270,588	-	206,270,588	210,000,000	(3,729,412)
Total other financing sources	<u>223,373,438</u>	<u>19,567</u>	<u>223,393,005</u>	<u>227,122,417</u>	<u>(3,729,412)</u>
Total revenues and other financing sources	<u>\$ 239,580,882</u>	<u>\$ 894,805</u>	<u>\$ 240,475,687</u>	<u>\$ 244,321,545</u>	<u>\$ (3,845,858)</u>
EXPENDITURES					
New convention center project	\$ 215,446,249	\$ 15,159,134	\$ 230,605,383	\$ 240,257,925	\$ (9,652,542)
OTHER FINANCING USES					
Transfer to:					
Miscellaneous capital projects fund	579,644	-	579,644	579,644	-
Parking facilities capital projects fund	3,483,976	-	3,483,976	3,483,976	-
Total other financing uses	<u>4,063,620</u>	<u>-</u>	<u>4,063,620</u>	<u>4,063,620</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 219,509,869</u>	<u>\$ 15,159,134</u>	<u>\$ 234,669,003</u>	<u>\$ 244,321,545</u>	<u>\$ (9,652,542)</u>

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER FUNDS
For the Fiscal Year Ended June 30, 2009

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	
(Convention center complex operating fund)	\$ 30,719,030
Total current year expenditures and other financing uses - modified accrual basis	
(Convention center complex operating fund)	(35,160,599)
Total current year revenues and other financing sources - modified accrual basis	
(Convention center and memorial auditorium projects fund)	675,662
Total current year expenditures and other financing uses - modified accrual basis	
(Convention center and memorial auditorium projects fund)	(884,771)
Total current year revenues and other financing sources - modified accrual basis	
(New convention center capital projects fund)	894,805
Total current year expenditures and other financing uses - modified accrual basis	
(New convention center capital projects fund)	<u>(15,159,134)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	(18,915,007)
Adjustments to full accrual basis:	
Accrued interest expense	(95,566)
Amortization of deferred issue costs	(67,105)
Amortization of premiums	363,291
Capitalized interest	10,553,406
Capital outlay	15,067,751
Depreciation	(8,454,981)
Gain on sale of land	2,075,000
Premiums on remarketing bonds	(726,582)
Proceeds from sale of land	(5,275,000)
Vacation expense	<u>(69,744)</u>
Change in net assets per statement of revenues, expenses and changes in fund net assets	<u><u>\$ (5,544,537)</u></u>

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES OPERATING FUND
For the Fiscal Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Parking fees	\$ 8,467,319	\$ 10,085,683	\$ (1,618,364)
Interest on investments	231,542	192,000	39,542
Total revenues	<u>8,698,861</u>	<u>10,277,683</u>	<u>(1,578,822)</u>
OTHER FINANCING SOURCES			
Transfers from:			
Convention center fund	2,775,000	2,775,000	-
Mass transit	21,000	21,000	-
Certificates of participation issued	175,700	175,700	-
Refunding bonds issued	4,445,282	4,445,282	-
Premium on refunding bonds issued	164,999	-	164,999
Total other financing sources	<u>7,581,981</u>	<u>7,416,982</u>	<u>164,999</u>
Total revenues and other financing sources	<u>\$ 16,280,842</u>	17,694,665	<u>\$ (1,413,823)</u>
Fund balance appropriated		<u>262,784</u>	
		<u>\$ 17,957,449</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 3,907,657</u>	<u>\$ 4,825,357</u>	<u>\$ (917,700)</u>
DEBT SERVICE			
Bond principal	665,000	665,000	-
Bond interest	139,025	246,300	(107,275)
Note principal	2,440,000	2,440,000	-
Note interest	2,945,678	4,090,758	(1,145,080)
Other debt service expenditures	316,500	512,252	(195,752)
Total debt service	<u>6,506,203</u>	<u>7,954,310</u>	<u>(1,448,107)</u>
OTHER FINANCING USES			
Transfer to:			
Technology capital projects fund	450,000	450,000	-
Parking facilities capital projects fund	282,500	282,500	-
Payment to refunded bond escrow agent	4,610,281	4,445,282	164,999
Total other financing uses	<u>5,342,781</u>	<u>5,177,782</u>	<u>164,999</u>
Total expenditures and other financing uses	<u>\$ 15,756,641</u>	<u>\$ 17,957,449</u>	<u>\$ (2,200,808)</u>

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES CAPITAL PROJECTS FUND
 For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ 1,510,729	\$ 204,258	\$ 1,714,987	\$ 1,300,000	\$ 414,987
Developer participation	2,962,964	-	2,962,964	3,180,350	(217,386)
Miscellaneous income	62,900	-	62,900	488,119	(425,219)
Total revenues	<u>4,536,593</u>	<u>204,258</u>	<u>4,740,851</u>	<u>4,968,469</u>	<u>(227,618)</u>
OTHER FINANCING SOURCES					
Transfer from parking facilities operating fund	-	282,500	282,500	282,500	-
Certifications of participation issued	39,467,421	13,839,300	53,306,721	77,553,300	(24,246,579)
Total other financing sources	<u>39,467,421</u>	<u>14,121,800</u>	<u>53,589,221</u>	<u>77,835,800</u>	<u>(24,246,579)</u>
Total revenues and other financing sources	<u>\$ 44,004,014</u>	<u>\$ 14,326,058</u>	<u>\$ 58,330,072</u>	82,804,269	<u>\$ (24,474,197)</u>
Fund balance appropriated				<u>8,054,196</u>	
				<u>\$ 90,858,465</u>	
EXPENDITURES					
Parking facilities capital projects	\$ 46,182,398	\$ 15,126,568	\$ 61,308,966	\$ 89,516,465	\$ (28,207,499)
OTHER FINANCING USES					
Transfers to:					
Parking facilities operating fund	<u>1,342,000</u>	<u>-</u>	<u>1,342,000</u>	<u>1,342,000</u>	<u>-</u>
Total expenditures	<u>\$ 47,524,398</u>	<u>\$ 15,126,568</u>	<u>\$ 62,650,966</u>	<u>\$ 90,858,465</u>	<u>\$ (28,207,499)</u>

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES FUNDS
For the Fiscal Year Ended June 30, 2009

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	
(Parking facilities operating fund)	\$ 16,280,842
Total current year expenditures and other financing uses - modified accrual basis	
(Parking facilities operating fund)	(15,756,641)
Total current year revenues and other financing sources - modified accrual basis	
(Parking facilities capital projects fund)	14,326,058
Total current year expenditures and other financing uses - modified accrual basis	
(Parking facilities capital projects fund)	<u>(15,126,568)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(276,309)
Adjustments to full accrual basis:	
Accrued interest expense	25,074
Accrued interest income - arbitrage	10,152
Amortization of deferred issue costs	2,387
Amortization of deferred refunding costs	(63,360)
Amortization of premiums and discounts	48,388
Bond and note proceeds	(18,625,281)
Bond and note principal	7,535,000
Capital outlay	14,786,903
Capitalized interest	1,825,498
Deferred refunding costs	160,208
Depreciation	(3,031,341)
Vacation expense	<u>(15,368)</u>
Change in net assets per statement of revenues, expenses and changes in net assets	<u><u>\$ 2,381,951</u></u>

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND
For the Fiscal Year Ended June 30, 2009

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Farebox	\$ -	\$ 2,154,577	\$ 2,154,577	\$ 2,578,228	\$ (423,651)
ART program fees	-	648,026	648,026	600,000	48,026
Intergovernmental revenue:					
Federal Transit Administration	13,267,747	11,835,988	25,103,735	32,502,534	(7,398,799)
State of North Carolina	5,118	3,189,007	3,194,125	3,510,331	(316,206)
Miscellaneous other	-	511,343	511,343	179,505	331,838
Total revenues	<u>13,272,865</u>	<u>18,338,941</u>	<u>31,611,806</u>	<u>39,370,598</u>	<u>(7,758,792)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	14,812,759	14,812,759	15,908,901	(1,096,142)
Street improvement fund	<u>4,354,961</u>	<u>2,596,532</u>	<u>6,951,493</u>	<u>6,951,280</u>	<u>213</u>
Total other financing sources	<u>4,354,961</u>	<u>17,409,291</u>	<u>21,764,252</u>	<u>22,860,181</u>	<u>(1,095,929)</u>
Total revenues and other financing sources	<u>\$ 17,627,826</u>	<u>\$ 35,748,232</u>	<u>\$ 53,376,058</u>	62,230,779	<u>\$ (8,854,721)</u>
Fund balance appropriated				300,000	
				<u>\$ 62,530,779</u>	
EXPENDITURES					
Mass transit operating expenditures	\$ -	\$ 13,476,353	\$ 13,476,353	\$ 14,456,356	\$ (980,003)
ART program operating expenditures	-	6,940,895	6,940,895	6,764,318	176,577
Capital grant expenditures	<u>16,709,269</u>	<u>17,650,011</u>	<u>34,359,280</u>	<u>41,289,105</u>	<u>(6,929,825)</u>
Total expenditures	<u>16,709,269</u>	<u>38,067,259</u>	<u>54,776,528</u>	<u>62,509,779</u>	<u>(7,733,251)</u>
OTHER FINANCING USES					
Transfer to parking fund	-	21,000	21,000	21,000	-
Total expenditures and other financing uses	<u>\$ 16,709,269</u>	<u>\$ 38,088,259</u>	<u>\$ 54,797,528</u>	<u>\$ 62,530,779</u>	<u>\$ (7,733,251)</u>

Continued

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND**
For the Fiscal Year Ended June 30, 2009

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 35,748,232
Total current year expenditures and other financing uses - modified accrual basis	<u>(38,088,259)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(2,340,027)
Adjustments to full accrual basis:	
Capital outlay	12,769,606
Increase in federal and state receivables - capital projects	2,009,461
Increase in deferred contributions from other funds	83,317
Depreciation	(3,252,344)
Vacation expense	<u>1,040</u>
Change in net assets per statement of revenues, expenses, and changes in net assets	<u><u>\$ 9,271,053</u></u>

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY OPERATING FUND
For the Fiscal Year Ended June 30, 2009

	Actual Current Year	Budget	Over (Under) Budget
REVENUES			
User charges	\$ 13,690,215	\$ 13,884,075	\$ (193,860)
Interest on investments	399,271	300,000	99,271
Miscellaneous other	609,985	1,734,747	(1,124,762)
Total revenues	<u>\$ 14,699,471</u>	15,918,822	<u>\$ (1,219,351)</u>
Fund balance appropriated		116,483	
		<u>\$ 16,035,305</u>	
 EXPENDITURES			
Operating expenditures	<u>\$ 8,252,971</u>	<u>\$ 10,910,605</u>	<u>\$ (2,657,634)</u>
 OTHER FINANCING USES			
Transfers to:			
Stormwater capital projects fund	4,674,700	4,674,700	-
Technology capital projects fund	450,000	450,000	-
Total other financing uses	<u>5,124,700</u>	<u>5,124,700</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 13,377,671</u>	<u>\$ 16,035,305</u>	<u>\$ (2,657,634)</u>

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 846,284	\$ 846,284	\$ -	\$ 846,284
Intergovernmental:					
U.S. EPA	200,230	161,770	362,000	827,737	(465,737)
State of North Carolina	26,290	241,147	267,437	1,433,000	(1,165,563)
Miscellaneous other	19,661	71,302	90,963	75,100	15,863
Total revenues	<u>246,181</u>	<u>1,320,503</u>	<u>1,566,684</u>	<u>2,335,837</u>	<u>(769,153)</u>
OTHER FINANCING SOURCES					
Transfers from:					
Stormwater projects fund	-	330,997	330,997	330,997	-
Stormwater utility operating fund	-	4,674,700	4,674,700	4,674,700	-
Total other financing sources	<u>-</u>	<u>5,005,697</u>	<u>5,005,697</u>	<u>5,005,697</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 246,181</u>	<u>\$ 6,326,200</u>	<u>\$ 6,572,381</u>	7,341,534	<u>\$ (769,153)</u>
Fund balance appropriated				<u>29,839,349</u>	
				<u>\$ 37,180,883</u>	
EXPENDITURES					
Stormwater capital projects	<u>\$ 7,825,417</u>	<u>\$ 3,251,920</u>	<u>\$ 11,077,337</u>	<u>\$ 37,180,883</u>	<u>\$ (26,103,546)</u>

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY BOND FUND
For the Fiscal Year Ended June 30, 2009

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
OTHER FINANCING SOURCES					
Bonds issued	\$ -	\$ -	\$ -	\$ 44,435,000	\$ (44,435,000)
EXPENDITURES					
Stormwater capital projects	\$ 161,740	\$ 1,288,795	\$ 1,450,535	\$ 44,435,000	\$ (42,984,465)

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY FUNDS
For the Fiscal Year Ended June 30, 2009

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis (Stormwater utility operating fund)	\$ 14,699,471
Total current year expenditures and other financing sources - modified accrual basis (Stormwater utility operating fund)	(13,377,671)
Total current year revenues and other financing sources - modified accrual basis (Stormwater utility capital projects fund)	6,326,200
Total current year expenditures and other financing sources - modified accrual basis (Stormwater utility capital projects fund)	(3,251,920)
Total current year revenues and other financing sources - modified accrual basis (Stormwater utility bond fund)	-
Total current year expenditures and other financing sources - modified accrual basis (Stormwater utility bond fund)	<u>(1,288,795)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	3,107,285
Adjustments to full accrual basis:	
Capital outlay	4,446,192
Depreciation	(404,073)
Revenue accruals from receivables	41,285
Earned vacation pay	<u>(2,751)</u>
Change in net assets per statement of revenues, expenses, and changes in net assets	<u><u>\$ 7,187,938</u></u>



CITY OF RALEIGH

2009

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 print shop, risk management, health benefit, equipment replacement programs, and central garage operation.



CITY OF RALEIGH

2009

INTERNAL SERVICE FUNDS

PRINT SERVICES FUND - The Print Services Fund accounts for the operations of the City's print shop.

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 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.

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.

VEHICLE FLEET SERVICES FUND – The Vehicle Fleet Services Fund accounts for the activities related to the City's central garage operation.

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2009

	Print Services Fund	Risk Management Fund	Employees' Health Benefits Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 339,462	\$ 16,189,976	\$ 3,958,305
Accrued interest receivable	3,334	185,687	-
Sales tax receivable	54,229	756	-
Inventories	-	-	-
Insurance deposit	-	400,000	-
Total current assets	<u>397,025</u>	<u>16,776,419</u>	<u>3,958,305</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Capital assets:			
Buildings and machinery	-	-	-
Equipment	111,949	-	-
Furniture and fixtures	-	-	-
Less accumulated depreciation	<u>(111,949)</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>397,025</u>	<u>16,776,419</u>	<u>3,958,305</u>
LIABILITIES			
Current liabilities:			
Accounts payable	11,706	17,845	-
Arbitrage rebate payable	-	-	-
Accrued salaries and employee payroll taxes	2,775	7,046	-
Accrued interest payable	-	-	-
Claims payable and other liabilities	-	32,124,539	2,788,000
Due to other funds	-	-	1,074,328
Bonds, notes and loans payable	-	-	-
Total current liabilities	<u>14,481</u>	<u>32,149,430</u>	<u>3,862,328</u>
Noncurrent liabilities			
Bonds, notes and loans payable	-	-	-
Earned vacation pay	15,259	18,754	-
Total noncurrent liabilities	<u>15,259</u>	<u>18,754</u>	<u>-</u>
Total liabilities	<u>29,740</u>	<u>32,168,184</u>	<u>3,862,328</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	367,285	(15,391,765)	95,977
Total net assets	<u>\$ 367,285</u>	<u>\$ (15,391,765)</u>	<u>\$ 95,977</u>



Governmental Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total June 30, 2009
\$ 5,303,868	\$ 1,046,066	\$ 4,560,361	\$ 31,398,038
51,533	11,173	40,569	292,296
198,977	62,570	224,865	541,397
-	-	652,598	652,598
-	-	-	400,000
<u>5,554,378</u>	<u>1,119,809</u>	<u>5,478,393</u>	<u>33,284,329</u>
8,540,243	1,845,524	-	10,385,767
-	-	230,912	230,912
73,773,641	21,476,620	791,445	96,153,655
-	-	5,636	5,636
<u>(46,595,707)</u>	<u>(13,041,416)</u>	<u>(798,190)</u>	<u>(60,547,262)</u>
<u>35,718,177</u>	<u>10,280,728</u>	<u>229,803</u>	<u>46,228,708</u>
<u>41,272,555</u>	<u>11,400,537</u>	<u>5,708,196</u>	<u>79,513,037</u>
1,879,348	1,564	371,718	2,282,181
101,938	33,291	-	135,229
-	-	78,211	88,032
38,096	8,936	-	47,032
-	-	-	34,912,539
-	-	-	1,074,328
<u>10,270,076</u>	<u>2,756,867</u>	<u>-</u>	<u>13,026,943</u>
<u>12,289,458</u>	<u>2,800,658</u>	<u>449,929</u>	<u>51,566,284</u>
17,596,721	4,757,365	-	22,354,086
-	-	246,895	280,908
<u>17,596,721</u>	<u>4,757,365</u>	<u>246,895</u>	<u>22,634,994</u>
<u>29,886,179</u>	<u>7,558,023</u>	<u>696,824</u>	<u>74,201,278</u>
7,851,380	2,766,496	229,803	10,847,679
3,534,996	1,076,018	4,781,569	(5,535,920)
<u>\$ 11,386,376</u>	<u>\$ 3,842,514</u>	<u>\$ 5,011,372</u>	<u>\$ 5,311,759</u>

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2009

	Print Services Fund	Risk Management Fund	Employees' Health Benefits Fund
OPERATING REVENUES			
Charges for services - internal	\$ 1,037,772	\$ 9,398,592	\$ 23,085,165
Other charges	-	285,954	-
Total operating revenues	<u>1,037,772</u>	<u>9,684,546</u>	<u>23,085,165</u>
OPERATING EXPENSES			
Administration	123,430	749,069	2,528,261
Other facility operating costs	940,975	-	-
Claims	-	8,530,661	23,402,837
Premiums	-	1,123,095	-
Depreciation	1,040	-	-
Other	-	-	-
Total operating expenses	<u>1,065,445</u>	<u>10,402,825</u>	<u>25,931,098</u>
Operating income (loss)	<u>(27,673)</u>	<u>(718,279)</u>	<u>(2,845,933)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest on investments	2,701	552,649	57,727
Interest expense	-	-	-
Total nonoperating revenue (expense)	<u>2,701</u>	<u>552,649</u>	<u>57,727</u>
Income (loss) before transfers	(24,972)	(165,630)	(2,788,206)
Transfers in	314,752	-	-
Transfers out	-	-	(125,000)
Change in net assets	289,780	(165,630)	(2,913,206)
Total net assets, beginning of year	<u>77,505</u>	<u>(15,226,135)</u>	<u>3,009,183</u>
Total net assets, end of year	<u><u>\$ 367,285</u></u>	<u><u>\$ (15,391,765)</u></u>	<u><u>\$ 95,977</u></u>

Governmental Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
\$ 11,085,674	\$ 2,727,309	\$ 13,485,335	\$ 60,819,847
109,015	12,943	15,420	423,332
<u>11,194,689</u>	<u>2,740,252</u>	<u>13,500,755</u>	<u>61,243,179</u>
-	-	3,323,507	6,724,267
-	-	9,101,199	10,042,174
-	-	-	31,933,498
-	-	-	1,123,095
8,031,131	2,462,835	53,248	10,548,254
309,511	52,508	-	362,019
<u>8,340,642</u>	<u>2,515,343</u>	<u>12,477,954</u>	<u>60,733,307</u>
<u>2,854,047</u>	<u>224,909</u>	<u>1,022,801</u>	<u>509,872</u>
317,906	49,108	113,743	1,093,834
(799,002)	(250,746)	-	(1,049,748)
<u>(481,096)</u>	<u>(201,638)</u>	<u>113,743</u>	<u>44,086</u>
2,372,951	23,271	1,136,544	553,958
9,205	242,614	-	566,571
<u>(1,450,000)</u>	<u>-</u>	<u>-</u>	<u>(1,575,000)</u>
932,156	265,885	1,136,544	(454,471)
10,454,220	3,576,629	3,874,828	5,766,230
<u>\$ 11,386,376</u>	<u>\$ 3,842,514</u>	<u>\$ 5,011,372</u>	<u>\$ 5,311,759</u>

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

For the Fiscal Year Ended June 30, 2009

	Print Services Fund	Risk Management Fund	Employees' Health Benefits Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,037,772	\$ 9,398,592	\$ 23,085,165
Payments to employees	(120,379)	(272,940)	-
Payments to suppliers and service providers	(1,017,162)	(462,400)	(2,528,261)
Internal activity - payments from (to) other funds	-	-	1,074,328
Claims paid	-	(6,921,155)	(23,095,837)
Premiums paid	-	(1,123,095)	-
Other receipts/(payments)	-	285,954	-
Net cash provided by (used in) operating activities	(99,769)	904,956	(1,464,605)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Insurance deposits	-	35,000	-
Operating subsidies and transfers from other funds	314,752	-	-
Operating subsidies and transfers to other funds	-	-	(125,000)
Net cash provided by (used in) noncapital financing activities	314,752	35,000	(125,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	-	-	-
Proceeds from capital debt	-	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Net cash (used in) capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	(1,117)	523,434	57,727
Net cash provided by (used in) investing activities	(1,117)	523,434	57,727
Net increase (decrease) in cash and cash equivalents/investments	213,866	1,463,390	(1,531,878)
Cash and cash equivalents/investments			
Beginning of year	125,596	14,726,586	5,490,183
End of year	\$ 339,462	\$ 16,189,976	\$ 3,958,305
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (27,673)	\$ (718,279)	\$ (2,845,933)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	1,040	-	-
Sales tax receivable	(5,009)	(104)	-
Inventories	19,034	-	-
Accounts payable and other accrued liabilities	(89,780)	1,619,683	307,000
Due to/from other funds	-	-	1,074,328
Earned vacation pay and other payroll liabilities	2,619	3,656	-
Total adjustments	(72,096)	1,623,235	1,381,328
Net cash provided by (used in) operating activities	\$ (99,769)	\$ 904,956	\$ (1,464,605)
Noncash investing, capital, and financing activities:			
Acquisition and construction of capital assets	\$ -	\$ -	\$ -



CITY OF RALEIGH
2009

Governmental Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
\$ 11,085,674	\$ 2,727,309	\$ 13,485,335	\$ 60,819,847
-	-	(3,275,998)	(3,669,317)
-	-	(9,651,560)	(13,659,383)
-	-	-	1,074,328
-	-	-	(30,016,992)
-	-	-	(1,123,095)
(629,227)	(34,715)	31,458	(346,530)
<u>10,456,447</u>	<u>2,692,594</u>	<u>589,235</u>	<u>13,078,858</u>
-	-	-	35,000
9,205	242,614	-	566,571
(1,218,969)	-	-	(1,343,969)
<u>(1,209,764)</u>	<u>242,614</u>	<u>-</u>	<u>(742,398)</u>
(9,895,681)	(2,749,261)	(11,150)	(12,656,092)
14,408,847	3,216,654	-	17,625,501
(7,392,357)	(2,114,487)	-	(9,506,844)
(846,245)	(261,828)	-	(1,108,073)
<u>(3,725,436)</u>	<u>(1,908,922)</u>	<u>(11,150)</u>	<u>(5,645,508)</u>
356,561	60,307	91,084	1,087,996
<u>356,561</u>	<u>60,307</u>	<u>91,084</u>	<u>1,087,996</u>
5,877,808	1,086,593	669,169	7,778,948
7,966,303	1,804,997	3,891,192	34,004,857
<u>\$ 13,844,111</u>	<u>\$ 2,891,590</u>	<u>\$ 4,560,361</u>	<u>\$ 41,783,805</u>
\$ 2,854,047	\$ 224,909	\$ 1,022,801	\$ 509,872
8,031,131	2,462,835	53,248	10,548,254
20,353	14,724	16,039	46,003
-	-	152,001	171,035
(449,084)	(9,874)	(702,363)	675,582
-	-	-	1,074,328
-	-	47,509	53,784
<u>7,602,400</u>	<u>2,467,685</u>	<u>(433,566)</u>	<u>12,568,986</u>
<u>\$ 10,456,447</u>	<u>\$ 2,692,594</u>	<u>\$ 589,235</u>	<u>\$ 13,078,858</u>
<u>\$ 1,573,718</u>	<u>\$ (229,044)</u>	<u>\$ -</u>	<u>\$ 1,344,674</u>



CITY OF RALEIGH

2009

FIDUCIARY FUNDS

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

The City's fiduciary funds include three pension trust funds which account for activities of the City's general supplemental retirement plan, the law enforcement officers' special separation allowance, and other post employment benefits.



CITY OF RALEIGH

2009

FIDUCIARY FUNDS

Pension Trust 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.

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE FUND - The Law Enforcement Officers' Special Separation Allowance Fund accounts for the City's contributions to a defined benefit plan provided to City law enforcement officers. The City is administrator of the plan and holds all plan assets.

OTHER POST EMPLOYMENT BENEFITS FUND - The Other Post Employment Benefits Fund accounts for the City's contributions and retirees' contributions to health, life insurance, and medicare supplement benefits provided to eligible retirees.

**COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS**

June 30, 2009

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits Trust	Total June 30, 2009
ASSETS				
Cash and cash equivalents	\$ 23,447,979	\$ 3,526,031	\$ 5,011,682	\$ 31,985,692
Accrued interest receivable	-	26,763	11,724	38,487
Due from other funds	-	-	1,867,639	1,867,639
Total assets	<u>23,447,979</u>	<u>3,552,794</u>	<u>6,891,045</u>	<u>33,891,818</u>
LIABILITIES				
Claims payable	-	-	442,000	442,000
Total liabilities	<u>-</u>	<u>-</u>	<u>442,000</u>	<u>442,000</u>
NET ASSETS				
Held in trust for employees' retirement and other post- employment benefits	<u>\$ 23,447,979</u>	<u>\$ 3,552,794</u>	<u>\$ 6,449,045</u>	<u>\$ 33,449,818</u>

COMBINING STATEMENT OF CHANGES
IN PLAN NET ASSETS
PENSION TRUST FUNDS
For the Fiscal Year Ended June 30, 2009

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Allowance	Other Post Employment Benefits Trust	Total
ADDITIONS				
Employer contributions	\$ 3,090,008	\$ 1,758,940	\$ 11,383,360	\$ 16,232,308
Retiree contributions	-	-	1,070,345	1,070,345
Interest	898,579	115,140	43,173	1,056,892
Net increase (decrease) in the fair value of investments	(3,992,558)	(10,952)	(4,798)	(4,008,308)
Less investment expense	(40,282)	-	-	(40,282)
Total additions	<u>(44,253)</u>	<u>1,863,128</u>	<u>12,492,080</u>	<u>14,310,955</u>
DEDUCTIONS				
Benefits	792,274	2,347,357	8,347,859	11,487,490
Withdrawals and forfeitures	2,605	-	-	2,605
Total deductions	<u>794,879</u>	<u>2,347,357</u>	<u>8,347,859</u>	<u>11,490,095</u>
Change in net assets restricted for:				
Employees' retirement and other post-employment benefits	(839,132)	(484,229)	4,144,221	2,820,860
Net assets, beginning of year	24,287,111	4,037,023	2,304,824	30,628,958
Net assets, end of year	<u>\$ 23,447,979</u>	<u>\$ 3,552,794</u>	<u>\$ 6,449,045</u>	<u>\$ 33,449,818</u>



CITY OF RALEIGH

2009

OTHER SCHEDULES

The ***Other Schedules*** represent various financial schedules of the City. Included are a schedule of long-term obligation maturities covering all fund types and detailed schedules of general, enterprise, and internal service long-term obligations.

**SCHEDULE OF LONG-TERM OBLIGATION MATURITIES
 AND DEBT SERVICE REQUIREMENTS**
 June 30, 2009

Maturities on all long-term obligations are:

General Obligation Bonded Debt: Fiscal Year Ended June 30	Enterprise					
	Water and Sewer		Convention Center		Parking Facilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 1,270,040	\$ 286,374	\$ -	\$ -	\$ 772,746	\$ 125,701
2011	1,254,289	240,188	-	-	749,985	110,503
2012	1,217,494	190,016	-	-	672,596	80,504
2013	1,186,502	141,317	-	-	536,029	53,600
2014	1,081,947	96,612	-	-	523,510	41,539
2015-2019	2,160,695	101,524	-	-	1,190,416	54,171
2020-2024	-	-	-	-	-	-
2025-2028	-	-	-	-	-	-
Total General Obligation Bonded Debt	8,170,967	1,056,031	-	-	4,445,282	466,018
<u>Revenue Bonds:</u>						
2010	6,735,000	25,715,766	-	-	-	-
2011	10,865,000	25,442,454	-	-	-	-
2012	11,800,000	24,951,397	-	-	-	-
2013	12,895,000	24,413,427	-	-	-	-
2014	13,570,000	23,828,403	-	-	-	-
2015-2019	95,170,000	107,387,412	-	-	-	-
2020-2024	114,435,000	83,318,931	-	-	-	-
2025-2029	121,290,000	57,041,990	-	-	-	-
2030-2034	125,685,000	27,131,982	-	-	-	-
2035-2039	42,295,000	2,770,605	-	-	-	-
Total Revenue Bonded Debt	554,740,000	402,002,367	-	-	-	-
<u>Other Long-Term Obligations:</u>						
Installment Financing Agreement:						
2010	5,889,451	831,983	-	11,421,010	2,820,000	3,651,331
2011	5,324,451	605,116	-	11,443,830	2,920,000	3,516,773
2012	4,763,051	383,980	-	11,443,830	3,030,000	3,378,688
2013	963,051	203,801	-	11,443,830	2,545,000	3,256,318
2014	963,051	169,279	-	11,489,471	2,635,000	3,134,992
2015-2019	3,667,202	404,463	40,300,000	53,816,546	14,570,000	13,731,462
2020-2024	915,000	84,090	50,580,000	44,226,831	15,820,000	10,105,490
2025-2029	150,000	3,990	63,570,000	32,122,464	14,330,000	6,187,500
2030-2034	-	-	88,975,000	15,078,061	14,680,000	2,491,650
2035-2039	-	-	-	-	1,750,000	78,750
	22,635,257	2,686,702	243,425,000	202,485,873	75,100,000	49,532,954



CITY OF RALEIGH
2009

Other Enterprise		General Governmental		Internal Service		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ -	\$ -	\$ 13,707,214	\$ 7,233,990	\$ -	\$ -	\$ 15,750,000	\$ 7,646,065
-	-	13,850,726	6,827,538	-	-	15,855,000	7,178,229
-	-	13,789,910	6,290,351	-	-	15,680,000	6,560,871
-	-	13,532,470	5,742,032	-	-	15,255,001	5,936,949
-	-	13,349,542	5,222,932	-	-	14,954,999	5,361,083
-	-	63,203,890	18,497,866	-	-	66,555,001	18,653,561
-	-	40,160,000	5,548,962	-	-	40,160,000	5,548,962
-	-	6,355,000	881,925	-	-	6,355,000	881,925
-	-	177,948,752	56,245,596	-	-	190,565,001	57,767,645
-	-	-	-	-	-	6,735,000	25,715,766
-	-	-	-	-	-	10,865,000	25,442,454
-	-	-	-	-	-	11,800,000	24,951,397
-	-	-	-	-	-	12,895,000	24,413,427
-	-	-	-	-	-	13,570,000	23,828,403
-	-	-	-	-	-	95,170,000	107,387,412
-	-	-	-	-	-	114,435,000	83,318,931
-	-	-	-	-	-	121,290,000	57,041,990
-	-	-	-	-	-	125,685,000	27,131,982
-	-	-	-	-	-	42,295,000	2,770,605
-	-	-	-	-	-	554,740,000	402,002,367
-	-	40,343,997	4,163,159	13,026,943	1,194,025	62,080,391	21,261,508
-	-	6,901,740	2,879,470	7,651,943	736,049	22,798,134	19,181,238
-	-	6,962,938	2,598,151	7,651,943	451,892	22,407,932	18,256,541
-	-	7,072,763	2,319,693	3,525,100	196,348	14,105,914	17,419,990
-	-	7,176,393	2,029,304	3,525,100	89,994	14,299,544	16,913,040
-	-	28,486,760	6,051,198	-	-	87,023,962	74,003,669
-	-	9,725,000	2,248,233	-	-	77,040,000	56,664,644
-	-	3,250,000	300,740	-	-	81,300,000	38,614,694
-	-	-	-	-	-	103,655,000	17,569,711
-	-	-	-	-	-	1,750,000	78,750
-	-	109,919,591	22,589,948	35,381,029	2,668,308	486,460,877	279,963,785

Continued

**SCHEDULE OF LONG-TERM OBLIGATION MATURITIES
AND DEBT SERVICE REQUIREMENTS**
June 30, 2009

Maturities on all long-term obligations are:

	Enterprise					
	Water and Sewer		Convention Center		Parking Facilities	
Other Long-Term Obligations:	Principal	Interest	Principal	Interest	Principal	Interest
<i>Continued:</i>						
Other Installment Obligations:						
2010	\$ 1,124,375	\$ 46,250	\$ -	\$ -	\$ -	\$ -
2011	199,375	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015-2019	-	-	-	-	-	-
	<u>1,323,750</u>	<u>46,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other:						
Earned Vacation Pay (1)	1,857,758	-	497,634	-	51,382	-
Landfill Postclosure Costs (1)	-	-	-	-	-	-
	<u>1,857,758</u>	<u>-</u>	<u>497,634</u>	<u>-</u>	<u>51,382</u>	<u>-</u>
Total Other Long-Term Obligations	<u>25,816,765</u>	<u>2,732,952</u>	<u>243,922,634</u>	<u>202,485,873</u>	<u>75,151,382</u>	<u>49,532,954</u>
Total Long-Term Obligations	<u>\$ 588,727,732</u>	<u>\$ 405,791,350</u>	<u>\$ 243,922,634</u>	<u>\$ 202,485,873</u>	<u>\$ 79,596,664</u>	<u>\$ 49,998,972</u>

Notes:

(1) Interest not applicable.

Other Enterprise		General Governmental		Internal Service		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ -	\$ -	\$ 1,580,400	\$ 65,666	\$ -	\$ -	\$ 2,704,775	\$ 111,916
-	-	283,641	22,324	-	-	483,016	22,324
-	-	44,460	20,504	-	-	44,460	20,504
-	-	48,441	16,524	-	-	48,441	16,524
-	-	55,844	9,120	-	-	55,844	9,120
-	-	26,018	1,050	-	-	26,018	1,050
-	-	2,038,804	135,188	-	-	3,362,554	181,438
238,056	-	17,162,712	-	280,908	-	20,088,450	-
-	-	6,170,310	-	-	-	6,170,310	-
238,056	-	23,333,022	-	280,908	-	26,258,760	-
238,056	-	135,291,417	22,725,136	35,661,937	2,668,308	516,082,191	280,145,223
<u>\$ 238,056</u>	<u>\$ -</u>	<u>\$ 313,240,169</u>	<u>\$ 78,970,732</u>	<u>\$ 35,661,937</u>	<u>\$ 2,668,308</u>	<u>\$ 1,261,387,192</u>	<u>\$ 739,915,235</u>

SCHEDULE OF GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2009

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2008</u>	<u>Issued During Year</u>
<u>GENERAL OBLIGATION</u>				
<u>BONDS PAYABLE</u>				
Housing, Series 1994B Taxable	7.90 - 8.00	09/01/94	\$ 700,000	\$ -
Housing, Series 1996	5.50 - 5.75	06/01/96	920,000	-
Public Improvement Refunding, Series 1997	5.00	10/01/97	2,925,000	-
Housing, Series 1997	6.70	10/01/97	2,420,000	-
G. O. Refunding, Series 1998	4.00 - 4.20	12/01/98	2,200,000	-
Street Improvement, Series 1998	4.30 - 4.40	12/01/98	13,450,000	-
Public Improvement, Series 2002	4.00 - 5.00	06/01/02	7,900,000	-
Public Improvement, Series 2002A	3.50 - 4.50	12/01/02	2,400,000	-
Public Improvement, Series 2002B	3.50 - 4.50	12/01/02	36,875,000	-
Public Improvement Refunding, Series 2002C	4.00	12/01/02	3,025,000	-
Public Improvement, Series 2004	2.00 - 4.00	03/01/04	13,200,000	-
Public Improvement Refunding, Series 2004A	2.00 - 4.00	03/01/04	13,274,521	-
Housing, Series 2004B	3.375 - 4.375	03/01/04	5,725,000	-
Housing Refunding, Series 2004B	3.25 - 4.00	03/01/04	780,000	-
Street Improvement, Series 2005A	3.50 - 5.00	08/01/05	10,000,000	-
Public Improvement, Series 2005B	3.50 - 5.00	08/01/05	47,585,000	-
Housing, Series 2007	4.95 - 5.40	03/01/07	6,650,000	-
Public Improvement, Series 2009A	2.25 - 4.25	03/10/09	-	11,130,000
Public Improvement Refunding, Series 2009B	2.25 - 4.0	03/11/09	-	13,778,981
Housing, Series 2009C Taxable	3.5 - 5.5	03/11/09	-	10,000,000
Total General Obligation Bonded Debt			<u>170,029,521</u>	<u>34,908,981</u>
<u>OTHER GENERAL GOVERNMENTAL</u>				
<u>LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreement			83,244,138	33,500,000
Other Installment Obligations			303,965	1,775,772
Earned Vacation Pay			15,824,114	10,965,892
Landfill closure and Postclosure Costs			<u>6,273,435</u>	<u>138,016</u>
Total Other General Governmental Long-Term Obligations			<u>105,645,652</u>	<u>46,379,680</u>
Total General Governmental Long-Term Obligations			<u>\$ 275,675,173</u>	<u>\$ 81,288,661</u>

Note:

- (1) The amount of vacation pay to be paid in any fiscal year cannot be determined. The total amount of accrued vacation pay outstanding at any point in time is not expected to materially increase or decrease from the amount shown.



CITY OF RALEIGH
2009

Payments During Fiscal 2008-2009		Principal Balance June 30, 2009	Due Fiscal 2009-2010		
Principal	Interest		Principal	Interest	Total
\$ 325,000	\$ 55,675	\$ 375,000	\$ 325,000	\$ 30,000	\$ 355,000
115,000	51,922	805,000	115,000	45,597	160,597
2,925,000	101,875	-	-	-	-
200,000	162,140	2,220,000	200,000	148,740	348,740
845,000	89,050	1,355,000	830,000	55,250	885,250
13,450,000	324,400	-	-	-	-
300,000	366,950	7,600,000	500,000	354,950	854,950
125,000	99,250	2,275,000	175,000	94,875	269,875
2,075,000	1,523,875	34,800,000	2,700,000	1,451,250	4,151,250
1,530,000	121,000	1,495,000	360,000	59,800	419,800
450,000	484,500	12,750,000	450,000	475,500	925,500
1,749,751	451,755	11,524,770	1,701,943	416,760	2,118,703
505,000	232,351	5,220,000	650,000	215,307	865,307
245,000	28,932	535,000	100,000	20,663	120,663
300,000	430,938	9,700,000	300,000	420,438	720,438
1,500,000	2,051,800	46,085,000	1,500,000	1,999,300	3,499,300
350,000	344,225	6,300,000	350,000	326,900	676,900
-	-	11,130,000	555,000	322,806	877,806
-	-	13,778,981	2,395,271	389,632	2,784,903
-	-	10,000,000	500,000	406,222	906,222
<u>26,989,751</u>	<u>6,920,638</u>	<u>177,948,751</u>	<u>13,707,214</u>	<u>7,233,990</u>	<u>20,941,204</u>
6,824,548	3,401,315	109,919,590	40,343,997	4,163,159	44,507,156
40,933	22,203	2,038,804	1,580,400	65,665	1,646,065
9,627,294	-	17,162,712	- (1)	-	-
241,141	-	6,170,310	-	-	-
<u>16,733,916</u>	<u>3,423,518</u>	<u>135,291,416</u>	<u>41,924,397</u>	<u>4,228,824</u>	<u>46,153,221</u>
<u>\$ 43,723,667</u>	<u>\$ 10,344,156</u>	<u>\$ 313,240,167</u>	<u>\$ 55,631,611</u>	<u>\$ 11,462,814</u>	<u>\$ 67,094,425</u>

SCHEDULE OF ENTERPRISE LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2009

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2008</u>	<u>Issued During Year</u>
<u>WATER AND SEWER</u>				
<u>GENERAL OBLIGATION BONDS PAYABLE</u>				
Sanitary Sewer Refunding, Series 1997	5.00	10/01/97	\$ 2,135,000	\$ -
Sanitary Sewer Refunding, Series 2002C	4.00	12/01/02	625,000	-
Water Refunding, Series 2004A	2.00 - 4.00	03/01/04	4,737,396	-
Sanitary Sewer Refunding, Series 2004A	2.00 - 4.00	03/01/04	2,813,083	-
Sanitary Sewer Refunding, Series 2009B	2.25 - 4.00	03/11/09	-	1,305,737
Total Water and Sewer General Obligation Debt			<u>10,310,479</u>	<u>1,305,737</u>
<u>REVENUE BONDS PAYABLE</u>				
Water/Sewer, Series 1999	4.25	01/01/99	750,000	-
Water/Sewer, Series 2001	4.00 - 4.125	01/01/01	2,155,000	-
Water/Sewer, Series 2004	3.00 - 5.00	05/04/04	67,175,000	-
Water/Sewer Refunding, Series 2005	3.25 - 5.00	05/05/05	40,280,000	-
Water/Sewer, Series 2006A	3.50 - 5.00	10/10/06	241,175,000	-
Water/Sewer Refunding, Series 2006B	3.50 - 4.25	10/10/06	58,705,000	-
Water/Sewer, Series 2008A Variable Rate	4.163	06/12/08	90,000,000	-
Water/Sewer, Series 2008B Variable Rate	4.163	06/12/08	60,000,000	-
Total Water and Sewer Revenue Debt			<u>560,240,000</u>	<u>-</u>
<u>OTHER WATER AND SEWER LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreement			28,524,708	-
Other Installment Obligations			2,448,125	-
Reimbursement Contracts - Water and Sewer Lines			13,796	-
Earned Vacation Pay			1,761,758	1,448,113
Total Other Water and Sewer Long-Term Obligations			<u>32,748,387</u>	<u>1,448,113</u>
Total Water and Sewer Long-Term Obligations			<u>603,298,866</u>	<u>2,753,850</u>
<u>PARKING FACILITIES FUND</u>				
Parking Facilities Refunding 1997	5.00	10/01/97	425,000	-
Parking Facilities Series 1997	4.70 - 5.00	10/07/97	4,670,000	-
Parking Facilities Refunding Series 2009B	2.25 - 4.000	03/11/09	-	4,445,282
Total Parking Facilities General Obligation Bonded Debt			<u>5,095,000</u>	<u>4,445,282</u>
<u>OTHER PARKING FACILITIES LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreements			63,525,000	14,015,000
Earned Vacation Pay			36,015	33,898
Total Other Parking Facilities Long-Term Obligations			<u>63,561,015</u>	<u>14,048,898</u>
Total Parking Facilities Long-Term Obligations			<u>68,656,015</u>	<u>18,494,180</u>
<u>CONVENTION CENTER FACILITIES LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreements			243,425,000	-
Earned Vacation Pay			427,891	288,901
Total Convention Center Facilities Long-Term Obligations			<u>243,852,891</u>	<u>288,901</u>
<u>OTHER ENTERPRISE LONG-TERM OBLIGATIONS</u>				
Mass Transit Earned Vacation Pay			34,008	21,562
Stormwater Earned Vacation Pay			202,114	184,342
Total Other Enterprise Long-Term Obligations			<u>236,122</u>	<u>205,904</u>
Total Enterprise Long-Term Obligations			<u>\$ 916,043,894</u>	<u>\$ 21,742,835</u>

Notes:

- (1) Actual variable rate interest may differ from the fixed swap rate presented here.
- (2) The amount of vacation pay to be paid in any fiscal year cannot be determined. The total amount of accrued vacation pay outstanding at any point in time is not expected to materially increase or decrease from the amount shown.

Payments During Fiscal 2008-2009		Principal Balance June 30, 2009	Due Fiscal 2009-2010		
Principal	Interest		Principal	Interest	Total
\$ 2,135,000	\$ 74,375	\$ -	\$ -	\$ -	\$ -
315,000	25,000	310,000	75,000	12,400	87,400
624,449	161,222	4,112,947	607,388	148,733	756,121
370,800	95,734	2,442,283	360,669	88,318	448,987
-	-	1,305,737	226,983	36,923	263,906
<u>3,445,249</u>	<u>356,331</u>	<u>8,170,967</u>	<u>1,270,040</u>	<u>286,374</u>	<u>1,556,414</u>
750,000	31,875	-	-	-	-
690,000	87,131	1,465,000	720,000	59,531	779,531
2,550,000	3,319,412	64,625,000	2,675,000	3,191,912	5,866,912
1,295,000	1,991,338	38,985,000	2,120,000	1,949,250	4,069,250
-	11,904,200	241,175,000	1,000,000	11,904,200	12,904,200
215,000	2,373,898	58,490,000	220,000	2,366,373	2,586,373
-	3,736,910	90,000,000	-	3,746,700 (1)	3,746,700
-	2,491,274	60,000,000	-	2,497,800 (1)	2,497,800
<u>5,500,000</u>	<u>25,936,038</u>	<u>554,740,000</u>	<u>6,735,000</u>	<u>25,715,766</u>	<u>32,450,766</u>
5,889,451	1,059,377	22,635,257	5,889,451	831,983	6,721,434
1,124,375	92,500	1,323,750	1,124,375	46,250	1,170,625
13,796	-	-	-	-	-
1,352,113	-	1,857,758	- (2)	-	-
<u>8,379,735</u>	<u>1,151,877</u>	<u>25,816,765</u>	<u>7,013,826</u>	<u>878,233</u>	<u>7,892,059</u>
<u>17,324,984</u>	<u>27,444,246</u>	<u>588,727,732</u>	<u>15,018,866</u>	<u>26,880,373</u>	<u>41,899,239</u>
425,000	14,750	-	-	-	-
4,670,000	124,275	-	-	-	-
-	-	4,445,282	772,746	125,701	898,447
<u>5,095,000</u>	<u>139,025</u>	<u>4,445,282</u>	<u>772,746</u>	<u>125,701</u>	<u>898,447</u>
2,440,000	2,945,678	75,100,000	2,820,000	3,651,631	6,471,631
18,531	-	51,382	- (2)	-	-
<u>2,458,531</u>	<u>2,945,678</u>	<u>75,151,382</u>	<u>2,820,000</u>	<u>3,651,631</u>	<u>6,471,631</u>
<u>7,553,531</u>	<u>3,084,703</u>	<u>79,596,664</u>	<u>3,592,746</u>	<u>3,777,332</u>	<u>7,370,078</u>
-	11,286,440	243,425,000	-	11,421,010	11,421,010
219,158	-	497,634	- (2)	-	-
<u>219,158</u>	<u>11,286,440</u>	<u>243,922,634</u>	<u>-</u>	<u>11,421,010</u>	<u>11,421,010</u>
22,379	-	33,191	- (2)	-	-
181,591	-	204,865	- (2)	-	-
<u>203,970</u>	<u>-</u>	<u>238,056</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 25,301,643</u>	<u>\$ 41,815,389</u>	<u>\$ 912,485,086</u>	<u>\$ 18,611,612</u>	<u>\$ 42,078,715</u>	<u>\$ 60,690,327</u>

SCHEDULE OF INTERNAL SERVICE LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2009

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2008</u>	<u>Issued During Year</u>
<u>EQUIPMENT INTERNAL SERVICE LONG-TERM OBLIGATIONS PAYABLE</u>				
<u>INSTALLMENT FINANCING AGREEMENTS:</u>				
Equipment Acquisition Project, Series 2005C	3.00 - 5.00	10/26/05	\$ 10,755,000	\$ -
Equipment Acquisition Project, Schedule 1A	4.16	06/28/07	12,907,372	-
Equipment Acquisition Project, Schedule 1C	4.16	06/28/07	3,600,000	-
Equipment Acquisition Project, Series 2009	2.785	06/23/09	-	17,625,500
Total Certificates of Participation			<u>27,262,372</u>	<u>17,625,500</u>
<u>OTHER INTERNAL SERVICE LONG-TERM OBLIGATIONS</u>				
Earned Vacation Pay - Print Shop			12,640	8,762
Earned Vacation Pay - Risk Management			16,972	14,075
Earned Vacation Pay - Vehicle Fleet Services			213,695	161,940
Total Other Internal Service Long-Term Obligations			<u>243,307</u>	<u>184,777</u>
Total Internal Service Long-Term Obligations			<u>\$ 27,505,679</u>	<u>\$ 17,810,277</u>

Note:

(1) The amount of vacation pay to be paid in any fiscal year cannot be determined.

Payments During Fiscal 2008-2009		Principal Balance June 30, 2009	Due Fiscal 2009-2010		
Principal	Interest		Principal	Interest	Total
\$ 5,380,000	\$ 421,425	\$ 5,375,000	\$ 5,375,000	\$ 188,125	\$ 5,563,125
3,226,843	536,947	9,680,529	3,226,843	402,710	3,629,553
900,000	149,760	2,700,000	900,000	112,320	1,012,320
-	-	17,625,500	3,525,100	490,870	4,015,970
<u>9,506,843</u>	<u>1,108,132</u>	<u>35,381,029</u>	<u>13,026,943</u>	<u>1,194,025</u>	<u>14,220,968</u>
6,143	-	15,259	- (1)	-	-
12,293	-	18,754	- (1)	-	-
128,740	-	246,895	- (1)	-	-
<u>147,176</u>	<u>-</u>	<u>280,908</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 9,654,019</u>	<u>\$ 1,108,132</u>	<u>\$ 35,661,937</u>	<u>\$ 13,026,943</u>	<u>\$ 1,194,025</u>	<u>\$ 14,220,968</u>



CITY OF RALEIGH

2009



STATISTICAL SECTION



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 financial health.

STATISTICAL SCHEDULES

**NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS**

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year		
	2002	2003	2004
Governmental activities			
Invested in capital assets, net of related debt	\$ 434,696	\$ 449,699	\$ 463,753
Restricted	44,397	46,376	65,539
Unrestricted	143,001	128,885	123,379
Total governmental activities net assets	<u>622,094</u>	<u>624,960</u>	<u>652,671</u>
Business-type activities			
Invested in capital assets, net of related debt	404,642	417,486	435,295
Restricted	-	-	-
Unrestricted	84,119	88,157	68,243
Total business-type activities net assets	<u>488,761</u>	<u>505,643</u>	<u>503,538</u>
Total government			
Invested in capital assets, net of related debt	839,338	867,185	899,048
Restricted	44,397	46,376	65,539
Unrestricted	227,120	217,042	191,622
Total government net assets	<u>\$ 1,110,855</u>	<u>\$ 1,130,603</u>	<u>\$ 1,156,209</u>

Fiscal Year				
2005	2006	2007	2008	2009
\$ 440,349	\$ 455,991	\$ 462,286	\$ 493,738	\$ 525,177
76,234	96,224	120,362	113,337	120,517
131,575	131,896	156,309	163,270	162,693
<u>648,158</u>	<u>684,111</u>	<u>738,957</u>	<u>770,345</u>	<u>808,387</u>
514,326	584,402	662,101	701,221	682,123
-	-	-	-	-
75,199	90,117	79,776	88,288	111,066
<u>589,525</u>	<u>674,519</u>	<u>741,877</u>	<u>789,509</u>	<u>793,189</u>
954,675	1,040,393	1,124,387	1,194,959	1,207,300
76,234	96,224	120,362	113,337	120,517
206,774	222,013	236,085	251,558	273,759
<u>\$ 1,237,683</u>	<u>\$ 1,358,630</u>	<u>\$ 1,480,834</u>	<u>\$ 1,559,854</u>	<u>\$ 1,601,576</u>

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

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental activities:				
General government	\$ 22,964	\$ 27,607	\$ 32,495	\$ 30,698
Community development services	51,837	53,025	17,110	19,269
Public works (1)	-	-	39,038	43,768
Public safety	86,161	90,291	95,588	104,268
Solid waste services	17,962	19,424	19,394	21,706
Leisure services	39,270	48,567	53,482	36,640
Economic development programs	2,315	3,592	3,265	2,644
Interest on long-term debt	6,751	6,445	7,827	9,354
Total governmental activities expenses	<u>227,260</u>	<u>248,951</u>	<u>268,199</u>	<u>268,347</u>
Business-type activities:				
Water and sewer	60,174	64,825	71,685	75,710
Convention center (2)	-	-	-	22,593
Mass transit	12,132	13,636	14,877	16,621
Parking facilities	2,451	2,771	2,674	4,723
Stormwater (3)	-	2,654	3,032	3,328
Total business-type activities	<u>74,757</u>	<u>83,886</u>	<u>92,268</u>	<u>122,975</u>
Total government expenses	<u>\$ 302,017</u>	<u>\$ 332,837</u>	<u>\$ 360,467</u>	<u>\$ 391,322</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 591	\$ 548	\$ 459	\$ 1,491
Community development services	9,488	9,073	9,469	10,825
Public works	-	-	858	2,045
Public safety	1,727	1,897	2,225	2,470
Solid waste services	2,357	6,272	9,645	9,705
Leisure services	12,493	13,716	21,384	8,579
Economic development programs	835	1,003	1,131	977
Operating grants and contributions	15,247	25,221	24,139	25,193
Capital grants and contributions	28,728	21,336	18,618	61,891
Total governmental activities program revenues	<u>71,466</u>	<u>79,066</u>	<u>87,928</u>	<u>123,176</u>
Business-type activities:				
Charges for services:				
Water and sewer	61,791	58,550	66,926	77,877
Convention center	-	-	-	13,555
Mass transit	2,160	2,046	2,115	2,241
Parking facilities	2,167	2,334	2,906	4,029
Stormwater	-	4	3,251	11,516
Operating grants and contributions	3,263	3,449	4,525	4,408
Capital grants and contributions	19,250	16,237	8,798	22,685
Total business-type activities program revenues	<u>88,631</u>	<u>82,620</u>	<u>88,521</u>	<u>136,311</u>
Total government program revenues	<u>\$ 160,097</u>	<u>\$ 161,686</u>	<u>\$ 176,449</u>	<u>\$ 259,487</u>
Net (expense)/revenue				
Governmental activities	\$ (155,794)	\$ (169,885)	\$ (180,271)	\$ (145,171)
Business-type activities	13,874	(1,266)	(3,747)	13,336
Total government net expense	<u>\$ (141,920)</u>	<u>\$ (171,151)</u>	<u>\$ (184,018)</u>	<u>\$ (131,835)</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 46,666	\$ 37,624	\$ 37,801	\$ 36,884
Community development services	33,174	15,084	19,827	22,269
Public works (1)	44,786	50,141	53,691	54,530
Public safety	110,965	118,436	130,067	136,331
Solid waste services	17,494	17,996	22,383	24,460
Leisure services	39,645	42,690	45,530	49,674
Economic development programs	4,003	4,456	5,329	4,399
Interest on long-term debt	9,936	10,035	10,772	11,541
Total governmental activities expenses	306,669	296,462	325,400	340,088
Business-type activities:				
Water and sewer	86,099	108,461	124,613	136,935
Convention center (2)	26,337	29,880	20,100	28,409
Mass transit	18,376	19,923	23,895	28,552
Parking facilities	6,395	6,641	7,149	8,874
Stormwater (3)	4,512	5,359	7,951	8,728
Total business-type activities	141,719	170,264	183,708	211,498
Total government expenses	\$ 448,388	\$ 466,726	\$ 509,108	\$ 551,586
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 947	\$ 864	\$ 782	\$ 854
Community development services	22,488	12,805	9,635	8,042
Public works	1,638	663	2,058	3,040
Public safety	2,905	3,081	3,304	3,248
Solid waste services	12,521	13,347	15,868	16,840
Leisure services	7,695	7,732	8,501	8,749
Economic development programs	965	1,324	1,041	966
Operating grants and contributions	27,593	28,725	33,794	32,338
Capital grants and contributions	40,263	22,666	27,419	19,434
Total governmental activities program revenues	117,015	91,207	102,402	93,511
Business-type activities:				
Charges for services:				
Water and sewer	98,207	106,758	109,384	112,280
Convention center	13,374	20,794	13,518	13,269
Mass transit	2,423	2,787	3,215	3,314
Parking facilities	5,203	6,001	7,961	8,467
Stormwater	12,480	13,257	14,268	14,413
Operating grants and contributions	4,501	4,831	5,560	6,281
Capital grants and contributions	67,099	49,740	22,627	20,024
Total business-type activities program revenues	203,287	204,168	176,533	178,048
Total government program revenues	\$ 320,302	\$ 295,375	\$ 278,935	\$ 271,559
Net (expense)/revenue				
Governmental activities	\$ (189,654)	\$ (205,255)	\$ (222,998)	\$ (246,577)
Business-type activities	61,568	33,904	(7,175)	(33,450)
Total government net expense	\$ (128,086)	\$ (171,351)	\$ (230,173)	\$ (280,027)

Continued

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

	Fiscal Year			
	2002	2003	2004	2005
General Revenues and Change in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 101,980	\$ 107,540	\$ 113,312	\$ 120,835
Local sales tax	39,865	42,938	52,156	55,954
Franchise tax	7,191	14,967	15,033	15,717
Other taxes	7,262	4,905	5,959	5,929
Privilege license tax	8,325	9,348	9,861	12,151
Unrestricted grants and contributions	994	1,000	986	973
Investment earnings	7,513	4,749	3,855	5,827
Miscellaneous	1,479	1,597	802	1,331
Transfers	(9,280)	(15,985)	(621)	(16,968)
Total governmental activities	<u>165,329</u>	<u>171,059</u>	<u>201,343</u>	<u>201,749</u>
Business-type activities:				
Investment earnings	\$ 4,103	\$ 2,161	\$ 1,021	\$ 7,089
Transfers	9,280	15,986	621	16,968
Gain on the sale of land	-	-	-	-
Special item, loss on capital asset impairment	-	-	-	(12,498)
Total business-type activities	<u>13,383</u>	<u>18,147</u>	<u>1,642</u>	<u>11,559</u>
Total government general revenues	<u>\$ 178,712</u>	<u>\$ 189,206</u>	<u>\$ 202,985</u>	<u>\$ 213,308</u>
Change in Net Assets				
Governmental activities	\$ 9,537	\$ 1,174	\$ 21,072	\$ 56,578
Business-type activities	27,257	16,881	(2,105)	24,895
Total government change in net assets	<u>\$ 36,794</u>	<u>\$ 18,055</u>	<u>\$ 18,967</u>	<u>\$ 81,473</u>

Notes:

The City began to report government-wide accrual information with the implementation of GASB Statement 34 in FY2002.

- (1) The public works function was established during FY2004. Prior to 2004, the public works divisions were part of the community development services function.
- (2) The City began reporting the convention center operations as an enterprise fund effective FY2005. Prior to that, the operations were included as part of the City's general fund.
- (3) The City began stormwater operations in FY2003.

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

	Fiscal Year			
	2006	2007	2008	2009
General Revenues and Change in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 125,131	\$ 144,428	\$ 151,695	\$ 180,534
Local sales tax	61,496	67,178	70,313	62,442
Franchise tax	16,747	18,326	19,553	23,438
Other taxes	6,037	6,730	7,502	9,119
Privilege license tax	14,166	14,800	17,585	19,627
Unrestricted grants and contributions	680	680	680	-
Investment earnings	10,883	16,131	17,555	10,632
Miscellaneous	2,243	4,673	1,959	3,250
Transfers	(11,776)	(12,845)	(32,455)	(24,423)
Total governmental activities	<u>225,607</u>	<u>260,101</u>	<u>254,387</u>	<u>284,619</u>
Business-type activities:				
Investment earnings	\$ 11,650	\$ 20,609	\$ 17,770	\$ 10,632
Transfers	11,776	12,845	32,455	24,423
Gain on the sale of land	-	-	-	2,075
Special item, loss on capital asset impairment	-	-	-	-
Total business-type activities	<u>23,426</u>	<u>33,454</u>	<u>50,225</u>	<u>37,130</u>
Total government general revenues	<u>\$ 249,033</u>	<u>\$ 293,555</u>	<u>\$ 304,612</u>	<u>\$ 321,749</u>
Change in Net Assets				
Governmental activities	\$ 35,953	\$ 54,846	\$ 31,389	\$ 38,042
Business-type activities	84,994	67,358	43,051	3,680
Total government change in net assets	<u>\$ 120,947</u>	<u>\$ 122,204</u>	<u>\$ 74,440</u>	<u>\$ 41,722</u>

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

	Fiscal Year			
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General fund				
Reserved	\$ 16,427	\$ 20,019	\$ 17,839	\$ 23,096
Unreserved	72,508	74,930	75,453	65,881
Total general fund	<u>\$ 88,935</u>	<u>\$ 94,949</u>	<u>\$ 93,292</u>	<u>\$ 88,977</u>
 All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	31,010	24,667	19,899	12,522
Capital projects funds	108,476	86,037	69,343	90,839
Total all other governmental funds	<u>\$139,486</u>	<u>\$110,704</u>	<u>\$ 89,242</u>	<u>\$103,361</u>

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 30,153	\$ 39,246	\$ 35,607	\$ 42,321	\$ 44,293	\$ 43,647
76,792	74,379	78,774	84,164	92,797	116,900
<u>\$106,945</u>	<u>\$113,625</u>	<u>\$114,381</u>	<u>\$126,485</u>	<u>\$ 137,090</u>	<u>\$ 160,547</u>
\$ 10,323	\$ 19,001	\$ 29,055	\$ 40,105	\$ 34,559	\$ 37,361
14,964	11,491	6,245	9,870	6,281	11,917
125,505	93,354	144,863	137,677	157,982	126,845
<u>\$150,792</u>	<u>\$123,846</u>	<u>\$180,163</u>	<u>\$187,652</u>	<u>\$ 198,822</u>	<u>\$ 176,123</u>

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Revenues					
Ad valorem taxes	\$ 88,301	\$ 96,360	\$ 102,134	\$ 107,415	\$ 113,563
Intergovernmental	47,111	42,861	30,314	46,177	44,654
Developer participation	2,038	279	650	305	15
Assessments	-	403	371	494	444
Local sales tax	40,599	42,522	39,865	42,938	52,156
Licenses	7,188	7,924	8,325	9,347	9,861
Interest on investments	13,292	14,598	6,932	4,417	3,742
Inspections	6,862	7,750	7,114	8,274	10,123
Highway maintenance refunds	797	748	1,048	627	998
Facility fees	4,194	5,717	3,427	3,586	4,360
Other fees and charges	18,318	18,031	18,422	21,866	34,397
Rents	313	336	344	238	319
Program income	-	-	2,293	2,397	3,339
Other revenues	19,870	9,806	5,125	1,947	2,286
Miscellaneous	-	-	-	4,639	2,153
Total revenues	<u>248,883</u>	<u>247,335</u>	<u>226,364</u>	<u>254,667</u>	<u>282,410</u>
Expenditures					
General government	24,566	27,199	28,528	30,547	33,007
Community development services	43,927	39,993	37,531	40,791	19,626
Public works	-	-	-	-	19,758
Public safety	70,353	78,845	84,400	91,498	95,662
Solid waste services	14,824	16,547	17,337	19,852	18,280
Leisure services	27,339	29,339	31,979	41,683	45,672
Economic development programs	2,924	3,130	2,315	3,593	3,265
Other expenditures	1,207	600	186	72	12
Capital outlay	48,299	55,889	45,233	37,948	59,388
Debt service					
Principal	11,494	9,996	16,115	10,889	12,233
Interest	6,805	6,275	-	5,680	6,580
Capital leases, including interest	-	-	-	-	-
Other debt service charges	-	59	169	265	457
Total expenditures	<u>251,738</u>	<u>267,872</u>	<u>263,793</u>	<u>282,818</u>	<u>313,940</u>
Less: Administrative costs charged to water and sewer	<u>(5,580)</u>	<u>(6,414)</u>	<u>(7,060)</u>	<u>(8,902)</u>	<u>(9,416)</u>
Total expenditures	<u>246,158</u>	<u>261,458</u>	<u>256,733</u>	<u>273,916</u>	<u>304,524</u>
Other financing sources (uses)					
Transfers in	27,145	29,534	29,472	16,102	27,801
Transfers out	(35,565)	(38,077)	(34,479)	(32,967)	(25,918)
Proceeds from borrowing	769	8	9,804	45,919	78,849
Proceeds from refunding	-	-	-	15,380	20,226
Payments to escrow agent	-	-	-	(15,380)	(20,085)
Sale of capital assets	-	-	2,452	-	-
Total other financing sources (uses)	<u>(7,651)</u>	<u>(8,535)</u>	<u>7,249</u>	<u>29,054</u>	<u>80,873</u>
Net change in fund balances	<u>\$ (4,926)</u>	<u>\$ (22,658)</u>	<u>\$ (23,120)</u>	<u>\$ 9,805</u>	<u>\$ 58,759</u>
Debt service as a percentage of noncapital expenditures (1)	9.25%	7.92%	7.64%	7.00%	7.44%

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

1998-2001 - capital outlay expenditure line item as per above

2002-2009 - capital outlay as per reconciliation of statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities



CITY OF RALEIGH
2009

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Ad valorem taxes	\$ 120,849	\$ 125,036	\$ 144,015	\$ 151,301	\$ 180,362
Intergovernmental	45,819	49,819	55,235	61,500	65,815
Developer participation	138	1,685	740	127	141
Assessments	726	1,371	831	733	527
Local sales tax	55,954	61,496	67,179	70,313	62,442
Licenses	12,152	14,166	14,800	17,585	19,627
Interest on investments	5,599	10,041	15,094	15,982	9,764
Inspections	11,275	12,476	12,109	10,918	8,517
Highway maintenance refunds	1,548	1,157	1,377	986	1,104
Facility fees	3,733	4,118	5,605	5,638	4,040
Other fees and charges	22,168	25,466	26,629	29,658	30,975
Rents	312	389	351	310	374
Program income	2,688	2,748	4,481	2,881	2,691
Other revenues	3,474	2,491	2,888	3,605	2,410
Miscellaneous	2,235	2,113	1,383	1,076	3,461
Total revenues	288,670	314,572	352,717	372,613	392,250
Expenditures					
General government	35,056	35,584	33,202	37,792	35,998
Community development services	21,644	24,373	25,340	24,828	26,652
Public works	20,302	19,187	21,326	21,572	22,054
Public safety	102,760	110,337	118,848	130,476	136,794
Solid waste services	22,297	17,476	18,860	21,658	25,091
Leisure services	31,716	33,983	36,577	39,572	42,073
Economic development programs	2,643	4,003	4,456	5,329	4,399
Other expenditures	2	88	-	-	36
Capital outlay	26,984	46,277	39,899	65,634	101,497
Debt service					
Principal	13,811	14,674	16,547	15,967	20,125
Interest	7,419	8,288	9,486	9,493	10,021
Capital leases, including interest	-	-	-	-	-
Other debt service charges	222	665	275	307	335
Total expenditures	284,856	314,935	324,816	372,628	425,075
Less: Administrative costs charged to water and sewer	(10,663)	-	-	-	-
Total expenditures	274,193	314,935	324,816	372,628	425,075
Other financing sources (uses)					
Transfers in	16,380	16,932	22,499	22,730	36,820
Transfers out	(32,428)	(30,707)	(37,818)	(55,219)	(59,991)
Proceeds from borrowing	21,212	71,211	7,011	54,279	56,281
Proceeds from refunding	-	-	-	-	14,759
Payments to escrow agent	-	-	-	-	(14,284)
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	5,164	57,436	(8,308)	21,790	33,585
Net change in fund balances	\$ 19,641	\$ 57,073	\$ 19,593	\$ 21,775	\$ 760
Debt service as a percentage of noncapital expenditures	8.73%	8.34%	8.96%	8.09%	8.85%

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

Fiscal Year	Residential Property	Personal Property	Corporate Excess	Total Taxable Assessed Value	Property Tax Rate (Per \$100 Assessed Value)
2000	\$ 12,609,958	\$ 3,800,598	\$ 597,704	\$ 17,008,260	0.5250
2001	20,745,733	4,161,173	722,270	25,629,176 (1)	0.3850
2002	21,697,405	4,257,693	817,312	26,772,410	0.3850
2003	22,961,869	4,441,009	784,993	28,187,871	0.3850
2004	24,076,593	4,544,692	758,867	29,380,152	0.3850
2005	25,196,730	4,741,149	731,621	30,669,500	0.3950
2006	26,376,313	5,145,971	693,840	32,216,124	0.3950
2007	27,737,471	5,161,031	714,511	33,613,013	0.4350
2008	29,059,934	5,442,892	606,352	35,109,178	0.4350
2009	42,825,483	5,478,583	740,108	49,044,174 (1)	0.3735

Notes:

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

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

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

Source:

Wake County Tax Administrator

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

<u>Fiscal Year</u>	<u>City Rate</u>	<u>Wake County Rate</u>	<u>Total</u>
2000	\$ 0.5250	\$ 0.7300	\$ 1.2550
2001 (1)	0.3850	0.5640	0.9490
2002	0.3850	0.5640	0.9490
2003	0.3850	0.5640	0.9490
2004	0.3850	0.6040	0.9890
2005	0.3950	0.6040	0.9990
2006	0.3950	0.6040	0.9990
2007	0.4350	0.6340	1.0690
2008	0.4350	0.6780	1.1130
2009 (1)	0.3735	0.5340	0.9075

Note:

(1) Tax rate decrease due to revaluation.

Source:

Wake County Tax Administrator

Other Tax Data:

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

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

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

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

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CVM Holdings LLC	\$ 334,439	1	0.68%	\$ 104,933	4	0.62%
Progress Energy	326,075	2	0.66%	287,204	1	1.69%
Highwoods Realty	203,807	3	0.42%	120,317	3	0.71%
Triangle Town Center LLC	173,375	4	0.35%			
Bellsouth	142,694	5	0.29%	137,349	2	0.81%
First Citizens	141,785	6	0.29%			
NHM Owner-1 LLC	138,458	7	0.28%			
Highwoods DLF Forum LLC	113,785	8	0.23%			
Columbia Cameron Village	110,760	9	0.23%			
ARI RCC 32 LLC	110,419	10	0.23%			
UDRT of NC				84,333	5	0.50%
100 Block Associates				61,247	6	0.34%
Phoenix Limited Partnership				49,535	7	0.29%
Prudential Insurance				42,414	8	0.25%
Lead Mine Land Co				38,908	9	0.23%
CRIT NC LCC				35,689	10	0.21%
Totals	<u>\$ 1,795,597</u>		<u>3.66%</u>	<u>\$ 961,929</u>		<u>5.65%</u>

Note:

Above taxable assessed valuations are as of January 1, 2008 and 1999 respectively, and the associated tax levies were due in the fiscal year ended June 30, 2009 and 2000 respectively.

Source:

Wake County website, Statistics and Reports and 2000 City of Raleigh CAFR.

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

Fiscal Year Ended June 30,	Original Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2000	\$ 89,412	\$ 87,245	97.58%	\$ 1,934	\$ 89,179	99.74%
2001	98,016	95,868	97.81%	1,944	97,812	99.79%
2002	103,396	101,218	97.89%	1,923	103,141	99.75%
2003	109,099	106,645	97.75%	2,270	108,915	99.83%
2004	113,861	111,949	98.32%	1,821	113,770	99.92%
2005	121,770	119,880	98.45%	1,837	121,717	99.96%
2006	127,767	125,745	98.42%	1,951	127,696	99.94%
2007	146,117	142,895	97.79%	1,917	144,812	99.11%
2008	153,544	150,661	98.12%	2,160	152,821	99.53%
2009	184,579	181,468	98.31%	-	181,468 (1)	98.31%

Note:

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

Total collected as per above	\$ 181,468
Prior year collections in current year	2,433
Penalties collected	657
Rebates and waived taxes	<u>(4,196)</u>
Ad valorem taxes collected per general fund financial statements	<u><u>\$ 180,362</u></u>

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

Fiscal Year	Governmental Activities		Business-type Activities			Total Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Installment Financing Agreements	General Obligation Bonds	Water and Sewer Revenue Bonds	Installment Financing Agreements			
2000	\$ 110,695	\$ 22,338	\$ 50,320	\$ 57,410	\$ 27,927	\$ 268,690	2.88%	\$ 936.74
2001	102,135	31,371	44,280	78,605	38,269	294,660	3.03%	999.38
2002	102,690	25,808	38,391	76,640	36,153	279,682	2.78%	899.15
2003	138,880	31,912	34,109	74,495	37,943	317,339	2.98%	1,001.13
2004	150,537	80,963	30,197	185,053	33,594	480,344	4.23%	1,460.55
2005	138,920	40,970	26,151	182,947	315,515	704,503	5.78%	2,058.78
2006	189,327	56,714	22,998	175,380	318,987	763,406	5.80%	2,158.93
2007	183,219	60,272	18,916	415,540	338,067	1,016,014	7.01%	2,760.95
2008	170,030	104,398	15,405	560,240	344,335	1,194,408	(2)	3,141.75
2009	177,949	139,825	12,616	554,740	349,998	1,235,128	(2)	3,203.91

Notes:

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

(1) See the Schedule of Demographic and Economic Statistics on page 145 for personal income and population data.

(2) Personal income data unavailable for 2008 and 2009.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	General Bonded Debt (1)	Net Bonded Debt (2)	Percentage Actual Taxable Value of Property (3)	Per Capita Bonded Debt	
				Gross	Net
				(4)	
2000	\$ 161,015	\$ 148,659	0.95%	\$ 561	\$ 518
2001	146,415	135,390	0.57%	497	459
2002	142,040	132,374	0.53%	457	426
2003	173,820	165,324	0.62%	548	522
2004	182,795	174,787	0.62%	556	531
2005	166,890	159,550	0.54%	488	466
2006	212,325	204,883	0.66%	600	579
2007	202,135	194,600	0.60%	549	529
2008	185,435	178,953	0.53%	488	471
2009	190,565	184,770	0.39%	494	479

Notes:

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

(1) Total includes all general obligation bonded debt.

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

(3) See Assessed Value of Taxable Property schedule on page 136 for property value data.

(4) See Demographic and Economic Statistics schedule on page 145 for population data.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2009

(amounts expressed in thousands)

	<u>Bonded Debt</u>	<u>Percentage Applicable to City</u>	<u>City's Share of Debt</u>
Direct Debt - City of Raleigh (1)	\$ 317,773	100.00%	\$ 317,773
Overlapping Debt: (2)			
Wake County Debt (3)	<u>1,772,370</u>	42.06% (4)	<u>745,425</u>
Total Direct and Overlapping Debt	<u>\$ 2,090,143</u>		<u>\$ 1,063,198</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 \$1,583,537,778 of Wake County School Bonds.
- (4) Percentage of direct and overlapping debt is based on June 30, 2009 assessed valuation of the City of Raleigh (\$49,044,174,056) as compared to the June 30, 2009 assessed valuation of Wake County (\$116,610,525,500).

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

Fiscal Year Ended June 30	Debt Limit	Less: Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2000	\$ 1,360,661	\$ 226,924	\$ 1,133,737	16.68%
2001	2,050,334	308,030	1,742,304	15.02%
2002	2,188,826	297,489	1,891,337	13.59%
2003	2,302,595	294,600	2,007,995	12.79%
2004	2,350,412	374,239	1,976,173	15.92%
2005	2,453,560	600,110	1,853,450	24.46%
2006	2,577,290	695,391	1,881,899	26.98%
2007	2,689,041	700,623	1,988,418	26.05%
2008	2,808,734	823,965	1,984,769	29.34%
2009	3,923,534	860,872	3,062,662	21.94%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 49,044,174
Debt limit (8% of assessed value)	3,923,534
Debt applicable to limit:	
General Obligation bonds	190,565
GO bonds authorized not issued	186,265
Other outstanding debt	489,837
Less: Statutory deductions	
Bonded debt included in gross debt incurred for water	(4,113)
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	(1,682)
Total net debt applicable to limit	<u>860,872</u>
Legal debt margin	<u><u>\$ 3,062,662</u></u>

**PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Gross Revenues	15% of PY Unrestricted Net Assets	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements (3 and 4)			Coverage Ratios		
					Principal	Interest	Total	Net Coverage	With 15%	Required Coverage
(1)	(2)	(5)	(2)						(5)	
Parity Debt Service Coverage (3)										
2000	\$ 53,442,428	\$	\$ 32,760,930	\$ 20,681,498	\$ 1,135,000	\$ 3,232,702	\$ 4,367,702	4.74		1.25
2001	57,337,535		36,870,339	20,467,196	1,725,000	3,012,533	4,737,533	4.32		1.25
2002	63,911,622		42,112,440	21,799,182	2,215,000	4,140,667	6,355,667	3.43		1.25
2003	59,832,587		46,909,635	12,922,952	2,395,000	3,874,439	6,269,439	2.06		1.25
2004	67,830,623	9,598,225	51,521,220	16,309,403	2,485,000	3,709,006	6,194,006	2.63	4.18	1.20
2005	79,603,480	8,103,566	52,518,696	27,084,784	2,575,000	3,664,485	6,239,485	4.34	5.64	1.20
2006	101,932,480	5,213,204	61,868,891	40,063,589	3,005,000	8,425,141	11,430,141	3.50	3.96	1.20
2007	114,131,631	11,026,707	72,070,084	42,061,547	5,465,000	12,900,522	18,365,522	2.29	2.89	1.20
2008	114,843,830	10,619,640	83,986,923	30,856,907	5,550,000	8,123,779	13,673,779	2.26	3.03	1.20
2009	115,159,006	7,611,436	90,266,749	24,892,257	5,750,000	7,909,634	13,659,634	1.82	2.38	1.20
All Water and Sewer Debt Service Coverage (4)										
2000	\$ 53,442,428		\$ 32,760,930	\$ 20,681,498	\$ 6,408,051	\$ 5,656,737	\$ 12,064,788	1.71		1.00
2001	57,337,535		36,870,339	20,467,196	7,093,051	5,279,894	12,372,945	1.65		1.00
2002	63,911,622		42,112,440	21,799,182	7,378,051	6,364,756	13,742,807	1.59		1.00
2003	59,832,587		46,909,635	12,922,952	7,165,851	5,682,828	12,848,679	1.01		1.00
2004	67,830,623		51,521,220	16,309,403	6,974,451	5,165,065	12,139,516	1.34		1.00
2005	79,603,480		52,518,696	27,084,784	7,139,537	4,968,531	12,108,068	2.24		1.00
2006	101,932,480		61,868,891	40,063,589	7,687,724	9,551,078	17,238,802	2.32		1.00
2007	114,131,631		72,070,084	42,061,547	10,051,834	13,877,155	23,928,989	1.76		1.00
2008	114,843,830		83,986,923	30,856,907	9,655,080	8,935,545	18,590,625	1.66		1.00
2009	115,159,006		90,266,749	24,892,257	9,174,700	8,547,494	17,722,194	1.40		1.00

Notes:

- (1) The City issued water and sewer revenue bonds December 1, 1996, January 1, 1999, January 1, 2001, May 4, 2004, October 10, 2006, and June 12, 2008.
- (2) Water and sewer user charges and other utility revenues are pledged revenues; operating expenses are exclusive of depreciation and interest expense.
- (3) Parity debt service includes interest and principal of revenue bonds and certain State loans.
- (4) All water and sewer 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.
- (5) The City entered into the First Amending Trust Agreement dated April 15, 2004. The first amendment provides that 15% of Water and Sewer unrestricted net assets as of the last day of the preceding fiscal year be added to gross revenues in computing the net revenue available for debt service. The required coverage for parity indebtedness was also decreased to 1.20% from 1.25%.

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

Fiscal Year	Population	Personal Income (expressed in thousands)	Per Capita Personal Income	School Enrollment ADM	Unemployment Rate %
	(1)	(2)	(2)	(3)	(4)
2000	286,834	9,332,718	32,537	94,295	1.6
2001	294,843	9,729,229	32,998	97,348	3.1
2002	311,053	10,044,835	33,293	101,967	5.5
2003	316,979	10,659,053	33,627	107,448	5.2
2004	328,880	11,345,702	34,498	112,158	4.0
2005	342,194	12,190,319	35,624	117,986	4.3
2006	353,604	13,161,494	37,221	120,381	3.5
2007	367,995	14,489,067	39,373	124,474	3.9
2008	380,173	Unavailable	Unavailable	133,228	4.8
2009	385,507	Unavailable	Unavailable	142,732	8.8

Sources:

- (1) City of Raleigh Planning Department
- (2) U.S. Department of Commerce, Bureau of Economic Analysis.
Per capita income for the Raleigh-Cary MSA.
Data for 2008 and 2009 are unavailable.
- (3) North Carolina Department of Public Instruction, Statistical Research and Data Center.
ADM = Average daily membership - (final ADM). Includes thirteen charter schools.
- (4) North Carolina Employment Security Commission.
Estimated percentage of unemployment in Wake County.

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

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of North Carolina	25,458	1	13.41%	23,230	1	14.64%
Wake County Public School System	16,755	2	8.82%	11,526	2	7.27%
North Carolina State University	7,219	3	3.80%	6,123	3	3.86%
Wake Med Health and Hospitals	6,893	4	3.63%	4,800	4	3.03%
Rex Healthcare	4,400	5	2.32%	3,519	5	2.22%
City of Raleigh	3,844	6	2.02%	2,595	8	1.64%
Wake County	3,500	7	1.84%	3,270	6	2.06%
Progress Energy Inc.	3,246	8	1.71%	3,253	7	2.05%
Waste Industries, Inc.	2,000	9	1.05%			
First Citizens Bancshares Inc.	1,500	10	0.79%			
Dorothea Dix Hospital				1,900	9	1.20%
Pepsi Bottling Ventures				1,800	10	1.13%
Total	<u>74,815</u>		<u>39.40%</u>	<u>62,016</u>		<u>39.09%</u>

Note:

Progress Energy - 2000 - Carolina Power & Light Company

Total City Employment: 189,892 - 2009; 158,626 - 2000

Source:

Raleigh Chamber of Commerce.

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

Function	Employees as of June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Policy & Management Services										
General Government	43	43	44	46	54	57	62	70	77	74
Personnel	20	20	20	20	21	21	22	23	25	26
Administrative Services	17	17	17	17	18	17	17	17	19	20
Finance	82	89	92	97	100	103	113	122	129	127
Information Services	55	55	56	61	62	61	63	69	74	74
Community Development Services										
Public Works (1)	298	299	304	318	327	342	354	392	405	421
Planning	34	35	38	39	39	41	41	46	47	45
Inspections	140	139	147	139	139	148	154	153	153	141
Community Services	20	19	19	19	19	21	19	19	23	18
Community Development	21	19	20	20	21	21	21	23	23	23
Public Safety										
Police	757	777	789	792	812	835	851	888	902	902
Fire	460	460	493	494	507	522	523	553	568	568
Emergency Communications	63	67	71	74	74	76	78	94	103	102
Solid Waste Services	227	239	256	260	260	189	199	240	237	234
Public Utilities	283	310	355	366	377	377	438	547	571	571
Leisure Services										
Convention Center	52	63	70	70	71	71	71	72	109	107
Parks & Recreation	295	301	311	313	320	339	355	391	418	391
Total	<u>2,867</u>	<u>2,952</u>	<u>3,102</u>	<u>3,145</u>	<u>3,221</u>	<u>3,241</u>	<u>3,381</u>	<u>3,719</u>	<u>3,883</u>	<u>3,844</u>

Note:

Numbers presented are authorized positions.

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

Source:

City of Raleigh Budget Office.

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2000	2001	2002	2003
Community Development Services				
Inspections:				
Permits issued (all trade types)	41,068	49,010	60,027	59,401
Construction - inspections requested	143,447	162,855	188,679	121,034
Community Development:				
New housing units constructed	-	7	11	2
Homeownership loans provided	55	67	60	8
Rehabilitation loans provided	105	21	34	19
Public Works				
Asphalt failures repaired	6,017	5,128	5,015	7,597
Drainage structures repaired/maintained	910	1,796	2,248	740
Police				
Physical arrests	82,480	84,373	89,786	89,534
Traffic accidents investigated	16,812	17,169	16,540	16,787
Fire				
Emergency responses	9,542	10,671	12,387	13,500
Fire calls answered	12,278	10,993	9,887	10,500
Emergency Communications				
911 calls processed (2)	566,230	632,700	685,779	623,738
Solid Waste				
Refuse collected (tons)	66,760	71,344	74,617	73,837
Recyclables collected (tons)	14,406	14,003	13,770	14,069
Water				
Number of consumers	102,848	122,793	121,533	126,285
Average daily consumption (millions of gallons per day)	43.10	44.50	47.15	42.43
Maximum daily flow (millions of gallons per day)	64.91	54.59	63.30	60.70
Wastewater				
Average daily sewage treatment (millions of gallons per day)	37.58	36.20	35.61	45.68
Maximum daily flow (millions of gallons per day)	81.61	57.26	57.00	73.41
Leisure Services				
Convention center events	343	389	426	480
Event attendance	515,028	528,883	549,304	582,896
Parks and recreation programs	5,925	5,485	5,666	7,485
Registrants	144,087	153,013	157,000	149,205
Attendance at parks & recreation facilities (millions)	2.7	2.7	2.8	3.3

Notes:

(1) Estimates shown for 2009 Data.

(1a) Change in reporting measure.

(2) New phone system installed in 2003 has changed the way incoming calls are counted.

Source:

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

Fiscal Year						
2004	2005	2006	2007	2008	2009	
60,027	63,000	47,862	47,493	54,644	45,022	(1)
160,000	162,000	132,539	126,695	116,667	103,798	(1)
32	17	28	34	6	10	(1)
61	38	51	85	62	48	(1)
42	47	29	45	42	53	(1)
7,228	7,222	7,300	4,860	3,828	7,000	(1)
931	1,000	1,030	Unavailable	1,073	1,000	(1)
99,684	118,098	87,929	134,405	108,558	130,926	(1)
17,344	18,005	18,551	19,257	19,262	19,734	(1)
15,159	17,244	21,249	20,063	20,478	21,628	(1a)
11,383	8,530	1,539	1,582	1,739	1,310	(1a)
497,119	464,728	483,921	502,492	523,184	531,032	(1)
77,301	80,400	83,600	84,538	85,139	88,652	(1)
14,428	15,719	17,052	18,808	18,740	19,760	(1)
131,312	137,330	158,007	169,324	174,517	165,298	
54.00	47.69	48.80	50.20	50.70	44.80	
67.40	68.00	69.20	72.20	75.00	67.00	(1)
44.01	46.45	45.24	44.80	42.00	40.90	
68.00	72.18	98.05	75.00	63.77	81.75	(1)
518	571	570	634	635	581	(1)
593,693	661,968	559,989	654,152	661,306	812,757	(1)
7,195	6,977	8,302	10,334	10,905	10,915	(1)
125,771	134,798	134,850	120,419	127,000	124,000	(1)
3.0	3.1	3.4	3.9	3.9	4.2	(1)

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2000	2001	2002	2003
Public safety				
Police stations	3	3	5	7
Fire stations	23	23	24	26
Highways and streets				
Streets (miles)	989	1,028	1,068	1,089
Streetlights	23,654	24,619	29,345	29,875
Signalized intersections	461	470	473	485
Leisure services				
Number of major parks	59	59	58	66
Parks acreage	7,541	7,310	7,437	7,979
Aquatic facilities	8	8	8	8
Community centers (staffed and unstaffed)	58	59	58	66
Water				
Water mains (miles)	1,089	1,102	1,320	1,356
Sewers				
Sanitary sewers (miles)	1,378	1,392	1,424	1,447

Note:

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

Source:

Various city departments.

Fiscal Year					
2004	2005	2006	2007	2008	2009
7	7	7	7	7	7
26	26	27	27	27	27
1,118	1,161	1,194	1,235	1,274	1,283
30,628	31,976	32,737	33,600	33,955	33,974
489	493	499	510	515	520
70	71	72	72	72	75
8,010	8,101	8,672	8,818	8,893	9,046
8	8	8	8	8	8
32	32	34	33	33	34
1,380	1,415	2,050	2,050	2,106	1,870
1,468	1,501	2,000	2,000	2,072	1,784

ANALYSIS OF CURRENT TAX LEVY
CITY - WIDE LEVY
 For the Fiscal Year Ended June 30, 2009

	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	\$ 47,727,857,290	\$.3735	\$ 177,832,627	\$ 170,401,099	\$ 7,431,528
Registered motor vehicles taxed at prior year's rate	1,185,397,270	.4350	5,248,149	-	5,248,149
	<u>48,913,254,560</u>		<u>183,080,776</u>	<u>170,401,099</u>	<u>12,679,677</u>
Discoveries:					
Prior years' taxes	130,919,496	(1)	515,849	496,776	19,073
Total property valuation	<u>\$ 49,044,174,056</u>				
Deferred and waived			722,933	722,933	-
Penalty			259,742	259,742	-
Rebates			<u>(3,242,174)</u>	<u>(3,006,095)</u>	<u>(236,079)</u>
Net levy			181,337,126	168,874,455	12,462,671
Uncollected taxes at June 30, 2009			<u>(3,111,658)</u>	<u>(1,424,026)</u>	<u>(1,687,632)</u>
Current year's taxes collected			<u>\$ 178,225,468</u>	<u>\$ 167,450,429</u>	<u>\$ 10,775,039</u>
Current levy collection percentage			<u>98.28%</u>	<u>99.16%</u>	<u>86.46%</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, 2009

Fiscal Year Ended June 30	Taxes Receivable June 30, 2008	Additions	Collections and Other Reductions	Taxes Receivable June 30, 2009
				(1)
2000 & Prior	\$ 1,727,860	\$ -	\$ 6,908	\$ 1,720,952
2001	204,058	-	4,532	199,526
2002	255,143	-	5,635	249,508
2003	183,486	-	9,159	174,327
2004	90,526	-	11,896	78,630
2005	52,717	-	19,485	33,232
2006	70,434	-	45,998	24,436
2007	1,305,261	-	169,798	1,135,463
2008	2,883,259		2,159,532	723,727
2009		184,579,300	181,467,642	3,111,658
TOTALS	\$ 6,772,744	\$ 184,579,300	\$ 183,900,585	\$ 7,451,459
			(2)	

Notes:

(1) Ad valorem taxes receivable only; does not include vehicle tag fee receivable (\$3,407,856)

(2) Reconciliation to revenues collected:

Collections and other reductions per above	\$ 183,900,585
Penalties collected	657,146
Rebates and waived taxes	(4,195,584)
Ad valorem taxes collected per general fund financial statements	<u>\$ 180,362,147</u>



CITY OF RALEIGH

2009



SINGLE AUDIT SECTION



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 OMB Circular A-133, the North Carolina Single Audit Implementation Act and the American Recovery and Reinvestment Act.



**INDEPENDENT AUDITORS' REPORT 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**

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

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 of Raleigh, North Carolina (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 8, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

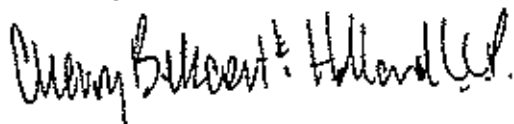
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in black ink, appearing to read "Cherry Bekaert & Holland LLP", written over the printed firm name.

Raleigh, North Carolina
January 8, 2010



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Compliance

We have audited the compliance of the City of Raleigh, North Carolina (the "City"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2009. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

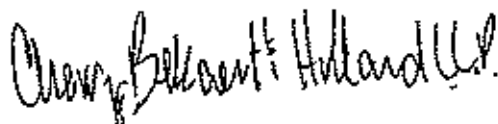
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in black ink, appearing to read "Cherry Bekaert & Holland LLP", is written over a horizontal line.

Raleigh, North Carolina
January 8, 2010



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF
OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Compliance

We have audited the compliance of the City of Raleigh, North Carolina (the "City"), with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2009. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act and which are described in the accompanying schedule of findings and questioned costs as item 09-01.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the City's internal control.

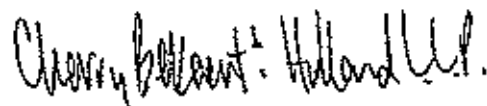
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City's response to the findings identified in our audit are described in the accompany schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in black ink, appearing to read "Cherry Bekaert & Holland LLP", is written over a horizontal line.

Raleigh, North Carolina
January 8, 2010

SINGLE AUDIT SCHEDULES

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Grant Award	Expenditures		
				Prior Year	Current Year	Total to Date
EXPENDITURES OF FEDERAL AWARDS:						
U.S. DEPARTMENT OF TRANSPORTATION						
Direct Programs:						
Federal Transit Administration						
Planning Assistance - Section 9	20.507	NC-90-2427	\$ 251,843	\$ 168,696	\$ -	\$ 168,696
Planning Assistance - Section 9	20.507	NC-90-2455	427,497	-	289,192	289,192
Capital Assistance - Section 9	20.507	NC-90-0341	2,402,640	2,107,101	295,539	2,402,640
Capital Assistance - Section 9	20.507	NC-90-0367	2,378,880	2,125,119	131,292	2,256,411
Capital Assistance - Section 9	20.507	NC-90-0393	3,298,570	3,215,329	99,035	3,314,364
Capital Assistance - Section 9	20.507	NC-04-0004	3,404,174	3,393,278	11,436	3,404,714
Capital Assistance - Section 9	20.507	NC-90-0427	3,518,160	1,847,651	1,372,607	3,220,258
Capital Assistance - Section 9	20.507	NC-04-0022	836,000	1,362	830,429	831,791
Capital Assistance - Section 9	20.507	NC-04-0025	2,805,600	-	2,404,556	2,404,556
Capital Assistance - Section 9	20.507	NC-90-0455	5,309,758	-	4,636,354	4,636,354
Capital Assistance - Section 9	20.507	NC-90-0460	3,102,640	-	-	-
Capital Assistance - Section 3	20.507	NC-03-0059	400,000	2,860	306,688	309,548
Capital Assistance - Section 3	20.507	NC-03-0061	147,339	99,825	45,807	145,632
Capital Assistance - Section 3	20.507	NC-03-0081	579,145	574,006	-	574,006
Capital Assistance - Section 3	20.507	NC-95-0019	3,575,000	-	3,575,000	3,575,000
Capital Assistance - Section 3	20.507	NC-37-0012	204,000	-	-	-
Capital Assistance - Section 3	20.507	NC-57-0001	260,000	-	-	-
Capital Assistance - Section 3	20.507	NC-37-4009	266,000	-	-	-
			33,167,246	13,535,227	13,997,935	27,533,162
Passed-Through N.C. Department of Transportation:						
Federal Transit Administration						
Planning Assistance - Section 8	20.505	PTD 08-08-009	121,640	-	-	-
Federal Highway Administration						
Section 104(f) Technical Assistance	20.205	WBS39225.1.4	1,040,649	658,049	-	658,049
Section 104(f) Technical Assistance	20.205	WBS39225.1.4	1,153,433	-	761,411	761,411
FHWA Falls of Neuse Widening	20.205	U-4901	13,836,000	-	980,673	980,673
ARRA FHWA Neuse River Greenway	20.205	EB-4829	3,250,000	-	-	-
			19,280,082	658,049	1,742,084	2,400,133
Total U.S. Department of Transportation			52,568,968	14,193,276	15,740,019	29,933,295
CORPORATION FOR NATIONAL SERVICE						
Direct Programs:						
Foster Grandparents Program						
	94.011	05SFSNC005	261,898	257,618	-	257,618
	94.011	08SFSNC004	257,323	-	257,323	257,323
			519,221	257,618	257,323	514,941
Retired Senior Volunteers Program						
	94.002	05SRSNC002	58,983	58,983	-	58,983
	94.002	08SRSNC001	57,953	-	57,953	57,953
			116,936	58,983	57,953	116,936
ARRA VISTA Support	94.013	09RVSN001	22,000	-	-	-
Total Corporation for National Service			658,157	316,601	315,276	631,877
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Direct Programs:						
Community Development Block Grant						
	14.218	B03MC370009	2,814,000	2,799,482	13,322	2,812,804
	14.218	B04MC370009	2,813,000	2,813,000	-	2,813,000
	14.218	B05MC370009	2,684,205	2,539,396	121,485	2,660,881
	14.218	B06MC370009	2,429,249	1,294,232	843,962	2,138,194
	14.218	B07MC370009	2,449,077	724,715	333,970	1,058,685
	14.218	B08MC370009	2,386,357	-	1,595,989	1,595,989
			15,575,888	10,170,825	2,908,728	13,079,553
HOME Grant Program						
	14.239	M04MC370206	1,690,822	1,148,145	317	1,148,462
	14.239	M05MC370206	1,459,705	1,024,794	176,446	1,201,240
	14.239	M06MC370206	1,338,340	107,866	229,780	337,646
	14.239	M07MC370206	1,335,903	(55,462)	130,989	75,527
	14.239	M08MC370206	1,314,255	-	(222,905)	(222,905)
			7,139,025	2,225,343	314,627	2,539,970

Continued

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Grant Award	Expenditures		
				Prior Year	Current Year	Total to Date
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)						
EDI Special Project - Fayetteville Street		B04SPNC0572	\$ 173,968	\$ 52,056	\$ -	\$ 52,056
Passed-Through N.C. Housing Finance Agency FAF HUD Funds Job Training		N/A	151,000	6,968	70,465	77,433
Total U.S. Department of Housing and Urban Development			23,039,881	12,455,192	3,293,820	15,749,012
U.S. DEPARTMENT OF JUSTICE						
Direct Programs:						
Cops Secure Our Schools	16.710	2008CKWX010	374,120	-	316,981	316,981
Weed & Seed Program	16.595	2007WSQX0079	200,000	105,222	63,985	169,207
Weed & Seed Program	16.595	2008WSQX0046	150,000	-	89,285	89,285
			350,000	105,222	153,270	258,492
2008 Bullet Proof Vest Grant		N/A	24,982	-	24,982	24,982
2009 Bullet Proof Vest Grant		N/A	20,812	-	20,293	20,293
			45,794	-	45,275	45,275
Edward Byrne Memorial Grant	16.738	2008DJBX0166	84,854	-	79,939	79,939
ARRA 2009	16.804	2009SBB90401	1,536,209	-	-	-
Passed - Through Wake County:						
JAG - Criminal Nuisance Abatement		2005DJBX0428	168,215	161,968	6,427	168,395
JAG - Criminal Nuisance Abatement		2007DJBX0527	150,260	150,150	-	150,150
JAG - Criminal Nuisance Abatement		2006F0958NC05	99,765	97,450	2,230	99,680
JAG - Criminal Nuisance Abatement		2008PGBX0004	387,750	-	128,528	128,528
			805,990	409,568	137,185	546,753
Total U.S. Department of Justice			3,196,967	514,790	732,650	1,247,440
ENVIRONMENTAL PROTECTION AGENCY						
Direct Programs:						
Brownfields Assessment Grant	66.818	BF964167040	400,000	333,275	33,533	366,808
Brownfields Revolving Loans Program	66.811	BL-974320901	1,000,000	173,361	175,793	349,154
			1,400,000	506,636	209,326	715,962
Passed-Through NCDENR						
Section 319(h) Fletcher Park		EW06010	328,000	200,230	127,770	328,000
Section 319(h) Bio-retention treatment facility		EW06012	34,000	-	34,000	34,000
AARA Cleanwater Trust Loan		2W37041914	465,737	-	-	-
			827,737	200,230	161,770	362,000
Total Environmental Protection Agency			2,227,737	706,866	371,096	1,077,962
U.S. DEPARTMENT OF AGRICULTURE						
Direct Programs:						
Solid Waste Services WHIP Grant	10.914	72453232162	9,802	7,480	(3,346)	4,134
Passed-Through N.C. Department of Environment and Natural Resources:						
USFS - "Raleigh Neighborhoods"	10.664	F0828	10,000	-	-	-
Total U.S. Department of Agriculture			19,802	7,480	(3,346)	4,134
U.S. DEPARTMENT OF HOMELAND SECURITY						
Passed-Through NCCCC&PS						
USAR Base Equipment		4702-53692010	745,000	348,594	331,147	679,741
OFFICE OF NATIONAL DRUG CONTROL AND POLICY						
HIDTA	07.17	17PGAP701Z	964	-	964	964
HIDTA	07.17	18PGAP701Z	47,000	-	2,301	2,301
Total U.S. Department of National Drug Control and Policy			47,964	-	3,265	3,265
Total Expenditures of Federal Awards			\$ 82,504,476	\$ 28,542,799	\$ 20,783,927	\$ 49,326,726

Continued

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Grant Award	Expenditures		
				Prior Year	Current Year	Total to Date
EXPENDITURES OF STATE AWARDS:						
<u>N. C. DEPARTMENT OF TRANSPORTATION</u>						
Public Transportation Planning Assistance		PTD 08-09-427	\$ 31,480	\$ 21,087	\$ -	\$ 21,087
Public Transportation Planning Assistance		PTD 09-09-455	53,437	-	36,149	36,149
Public Transportation Planning Assistance		PTD 08-08-009	10,906	10,906	-	10,906
Public Transportation Planning Assistance		PTD 09-08-101	15,205	-	-	-
Public Transportation Capital Assistance		NC-04-0004	409,656	424,160	(14,504)	409,656
Public Transportation Capital Assistance		NC-03-0059	50,000	358	38,335	38,693
Public Transportation Capital Assistance		NC-03-0061	18,417	12,478	5,726	18,204
Public Transportation Capital Assistance		NC-03-0081	72,393	71,751	(233)	71,518
Public Transportation Capital Assistance		NC-95-0019	344,578	-	344,578	344,578
Public Transportation Capital Assistance		NC-04-0025	350,700	-	300,569	300,569
Public Transportation Capital Assistance		NC-09-0455	264,800	-	261,985	261,985
Public Transportation Maintenance Assistance						
Program - Operating		09SM013	2,389,255	-	2,389,255	2,389,255
Bicycle Plan Update		WBS37309.1.1	90,000	43,206	43,159	86,365
City-wide Traffice Signal Upgrade		C-4923	21,000,000	1,900,406	199,594	2,100,000
Morgan Street Two Way Traffic		B-2655	110,000	-	-	-
House Creek Greenway - Phase I		E-4929	200,000	20,000	-	20,000
House Creek Greenway - Phase 2		E-4979	400,000	-	-	-
Stonybrook Drive Bridge Design		-	443,334	256,342	107,120	363,462
GHSP School Zone Speed Enforcement		PT08030454	35,525	34,403	517	34,920
Neuse River Greenway Grant		E-4829	500,000	464,149	15,000	479,149
Neuse River Greenway Grant		EB-4829	393,571	-	-	-
Powell Bill		WBS32570	9,910,582	-	9,910,582	9,910,582
Total N. C. Department of Transportation			37,093,839	3,259,246	13,637,832	16,897,078
<u>N. C. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY</u>						
Fire Equipment Grant		4702-53692006-2B7030	192,857	192,802	-	192,802
Fire Equipment Grant		2007GET70048	251,571	-	115,227	115,227
Fire Equipment Grant		2008GET80033	205,714	-	-	-
USAR Base Equipment		2007GET70048	380,000	-	116,445	116,445
USAR Base Equipment		2008GET80033	350,000	-	-	-
USAR Swift Water Rescue		SRT/USAR0600721	19,800	7,450	10,442	17,892
Polic 2 Police Technology		092107006BH131	72,281	68,434	2,400	70,834
PSN Robbery Suppression		092-1-06-001-AZ052	62,367	-	60,832	60,832
License Plate Recognition		092109R06RJ17	55,575	-	-	-
Fire RRT4 Response		RRT42008	57,000	-	36,000	36,000
Total N. C. Department of Crime Control and Public Safety			1,647,165	268,686	341,346	610,032
<u>N. C. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES</u>						
NCCWMT Upper Longview Restoration		2007-415	323,000	26,290	169,551	195,841
NCCWMT Fletcher Park Retention Pond		2007-714	250,000	-	71,596	71,596
NCCWMT Pigeon House Branch Stream		2007-714	860,000	-	-	-
NCCWMT Reuse Line Constructions		N/A	919,000	-	919,000	919,000
PARTF - Walnut Creek Interpretive Center		2006-487	500,000	-	499,251	499,251
ABC Recycling		000753	10,800	2,439	2,439	4,878
Total N. C. Department of Environment and Natural Resources			2,862,800	28,729	1,661,837	1,690,566
Total Expenditures of State Awards			\$ 41,603,804	\$ 3,556,661	\$ 15,641,015	\$ 19,197,676

Continued

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Grant Award	Expenditures		
				Prior Year	Current Year	Total to Date
EXPENDITURES OF OTHER AWARDS:						
<u>WAKE COUNTY</u>						
Open Space Program			\$ 200,000	\$ 138,881	\$ -	\$ 138,881
Transportation - EDTAP			17,999	17,999	-	17,999
Transportation - EDTAP			13,000	-	13,000	13,000
Eat Smart, Move More			20,000	-	-	-
Incident Management Team			8,490	-	-	-
Total Expenditures of Wake County Awards			<u>\$ 259,489</u>	<u>\$ 156,880</u>	<u>\$ 13,000</u>	<u>\$ 169,880</u>
Total Expenditures - All Awards			<u>\$ 124,367,769</u>	<u>\$ 32,256,340</u>	<u>\$ 36,437,942</u>	<u>\$ 68,694,282</u>

Notes:

The Schedule of Expenditures of Federal and State Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Powell Bill expenditures as reported above represent eligible expenditures reported to the North Carolina Department of Transportation for the fiscal year ending June 30, 2009. 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, 2009 is \$-0-.

Negative current year expenditures represent adjustments to previously reported balances for grant projects completed during FY09.



CITY OF RALEIGH

2009

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009

I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to federal awards? ☐ yes ☒ no

Type of auditor's report issued on compliance for major federal programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ yes ☒ no

Identification of major federal programs:

CFDA Numbers

20.507

94.011

Names of Federal Program or Cluster

FTA Transit Cluster

Foster Grandparents Program

Passed-Through NCDENR Section 319(h)

Fletcher Park Retention Pond

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

\$ 623,518

Auditee qualified as low-risk auditee?

☒ yes ☐ no

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009

I – Summary of Auditors' Results (continued)

State Awards

Internal control over major state 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 state awards? _____ yes X no

Type of auditor's report issued on compliance for major state programs: *Unqualified*

Any audit findings disclosed that are required to reported in accordance with the *Audit Manual for Governmental Auditors in North Carolina*? X yes _____ no

Identification of major state programs:

Names of State Program or Cluster

Powell Bill
State Maintenance Assistance for Urban and Small Urban Program
Clean Water Management Trust Fund - Reuse Line Constructions
Clean Water Management Trust Fund - Upper Longview Restoration
Parks and Recreation Trust Fund - Walnut Creek Interpretive Center

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

None

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009

IV – State Award Findings and Questioned Costs

N.C. Department of Transportation
Program Name: Powell Bill Funds
DOT-4

Finding 09-01

NONMATERIAL NONCOMPLIANCE

ALLOWABLE COSTS/COST PRINCIPLES

Criteria: N.C.G.S. 136-41.3 provides that the funds allocated to cities and towns under the provisions of the Powell Bill "shall be expended by said cities and towns only for the purpose of maintaining, repairing, constructing, reconstructing or widening of any street or public thoroughfare including bridges, drainage, curb and gutter, and other necessary appurtenances within the corporate limits of the municipality or for meeting the municipality's proportionate share of assessments levied for such purposes, or for the planning, construction and maintenance of bikeways located within the rights-of-way of public streets and highways, or for the planning, construction, and maintenance of sidewalks along public streets and highways."

Condition: During testing it was noted that an expense was reported on the Powell Bill Expenditure Report for an allowable activity that never occurred and therefore should not have been reported. The amount of the purchase order was charged to Powell Bill funds, but was never taken out of the report when the purchase order was cancelled.

Questioned Costs: \$16,000.

Context: Out of \$10,625,703 of expenses charged to Powell Bill, we examined support for 40 invoices totaling \$7,485,390, or 70% of expenditures, and noted \$16,000 that was erroneously reported.

Effects: Powell Bill costs were incorrectly reported and eligible costs may go unreported for reimbursement.

Cause: The City incorrectly reported this amount as an expense to the Powell Bill.

Recommendation: The City should ensure that expenditures are properly reviewed prior to reporting expenses for the Powell Bill.

Views of Responsible Officials and Planned Corrective Actions: The City has adequate procedures to identify actual allowed expenditures as Powell Bill expenditures. The questioned cost item was overlooked in compiling the final Powell Bill report. Inasmuch as the City incurred and reported excess eligible Powell Bill expenditures sufficient to offset these ineligible costs, it is unlikely that repayment will be required. The City will file an amended Powell Bill report with the NCDOT if required.

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2009

V – State Award Findings and Questioned Costs

Finding 09-01

Name of Contact Persons: Perry James, Chief Financial Officer
John House, Controller

Corrective Action Plan: The City has adequate procedures to identify actual allowed expenditures as Powell Bill expenditures. The questioned cost item was overlooked in compiling the final Powell Bill report. Inasmuch as the City incurred and reported excess eligible Powell Bill expenditures sufficient to offset these ineligible costs, it is unlikely that repayment will be required. The City will file an amended Powell Bill report with the NCDOT if required.

Proposed Completion Date: Fiscal 2009 - 2010

CITY OF RALEIGH, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2009

VI – Financial Statement Findings

Finding 08-01

Status: Corrected



CITY OF RALEIGH

2009



OFFICE OF THE CITY MANAGER

CITY OF RALEIGH
POST OFFICE BOX 590
RALEIGH, NORTH CAROLINA 27602
919-996-3070

OFFICE OF THE CHIEF FINANCIAL OFFICER

CITY OF RALEIGH
POST OFFICE BOX 590
RALEIGH, NORTH CAROLINA 27602
919-996-4930

WWW.RALEIGHNC.GOV

