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CITY OF RALEIGH NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010



CITY OF RALEIGH NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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



CITY OF RALEIGH

2010

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CITY OF RALEIGH

2010



CCR



Introductory Section

INTRODUCTORY SECTION

RALEIGH CITY COUNCIL - 2009-2010



Introductory Section

First row: James P. West, Nancy McFarlane, Mary-Ann Baldwin, Charles C. Meeker
Second row: Thomas Crowder, John Odom, Bonner Gaylord, Russ Stephenson

Charles C. Meeker - MAYOR

James P. West - MAYOR PROTEM, DISTRICT C

Nancy McFarlane - DISTRICT A

John Odom - DISTRICT B

Thomas Crowder - DISTRICT D

Bonner Gaylord - 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

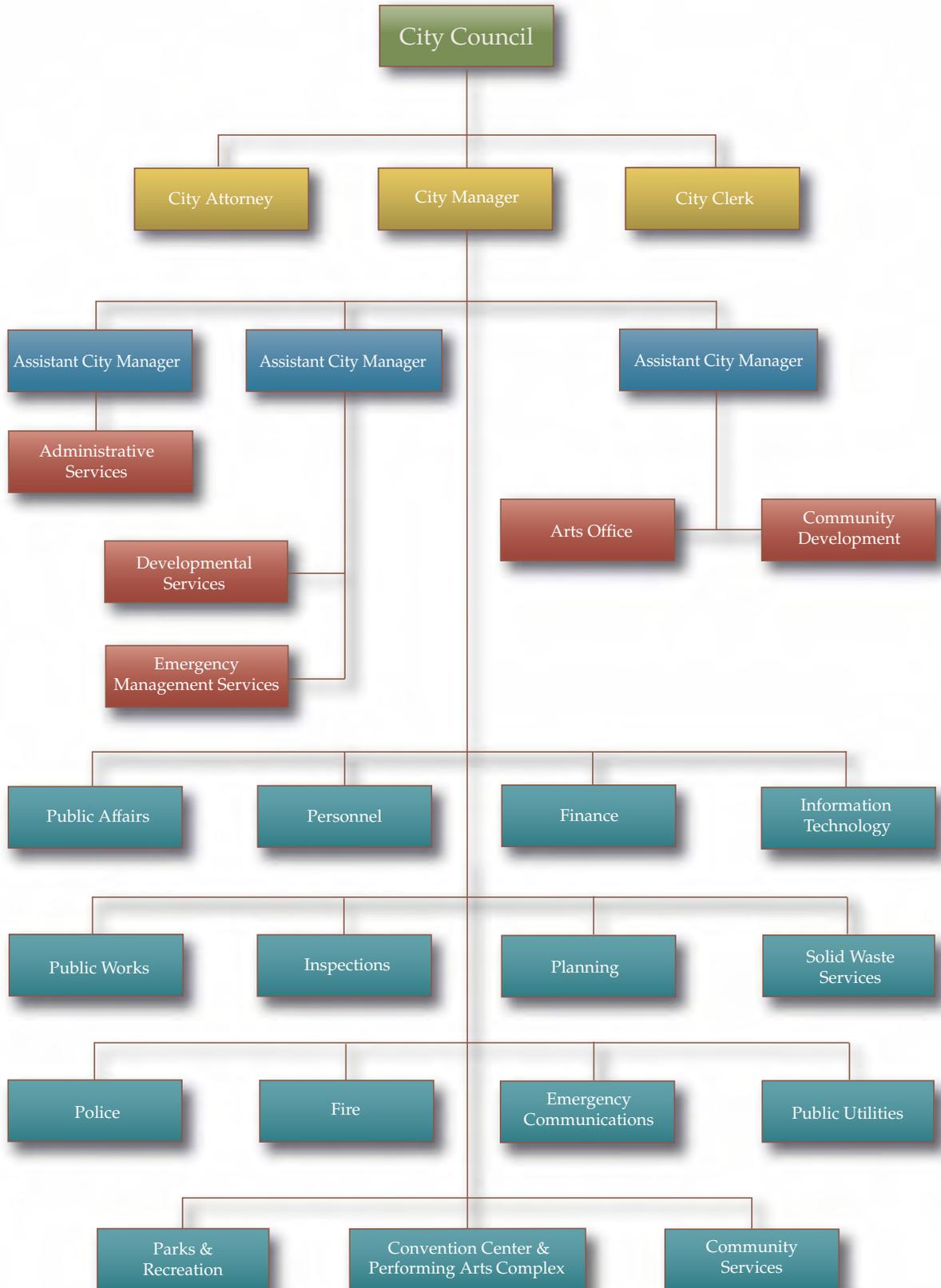
Perry E. James, III
CHIEF FINANCIAL OFFICER



Perry E. James, III
Chief Financial Officer

CITY-WIDE ORGANIZATION CHART

Introductory Section



December 17, 2010



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

*I*t is our pleasure to submit the Comprehensive Annual Financial Report of the City of Raleigh, North Carolina for the fiscal year ended June 30, 2010. 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, 2010, are free of material misstatement. The independent auditor concluded, based upon their audit, that the City's financial statements for the fiscal year ended June 30, 2010 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.

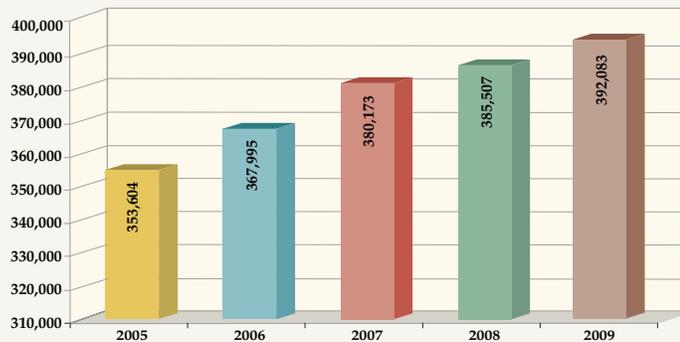
GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's 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 392,083. 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 1,581,000 and, in March 2009, the U.S. Census Bureau called this area the fastest growing metro in the nation.

Five-Year Population Growth



Calendar year figures as of December 31

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 real and certain 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 each 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

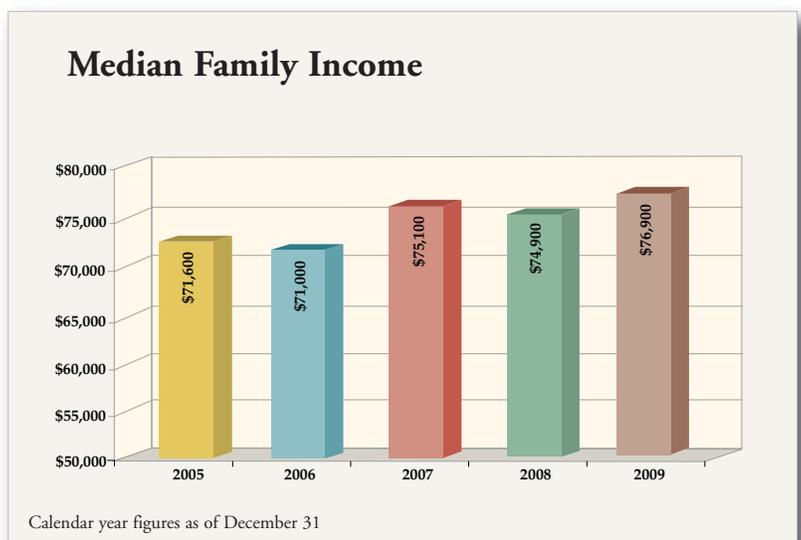
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Raleigh continues to be widely recognized by independent sources as one of the nation's most attractive metropolitan areas. *Forbes* recently named Raleigh as the #3 Best Place for Business and Careers, the #1 Most Wired City and the #3 Most Innovative City. *Bizjournals* named Raleigh #1 in Quality of Life, the #3 Market for Young Adults and the #3 Best Place to Launch a New Business. Hanley Wood Market Intelligence also performed a study showing Raleigh as having the #1 Healthiest Housing Market.

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 from the effects of the overall economic conditions of the national economy. While more moderate than in many parts of the country, economic events have impacted unemployment rates, median family incomes, retail sales and construction activity over the last several years. Locally, the unemployment rate at June 2010 was 7.7%, slightly down from 7.8% in June 2009 but still higher than the June, 2008 rate of 4.6%. Median family incomes have stayed relatively flat, increasing in 2009 to \$76,900 from \$74,900 in 2008.

County-wide retail sales have declined approximately 13% from 2008 to 2010, reducing sales tax receipts of the City by 16% over that period. Construction activity between 2008 and 2010 has been reduced by over 50%, although the value of construction permits increased slightly from \$1.1 billion in 2009 to \$1.2 billion in 2010. During this period, the City's taxable property base has remained stable and represents a balanced tax base of commercial and industrial property complementing our residential base. Even though the growth is less than normal, Raleigh's tax base is projected to continue to moderately increase. This, combined with diligent management of both revenues and expenses has allowed Raleigh to maintain an excellent financial position and meet year-end fund balance objectives for both 2009 and 2010.

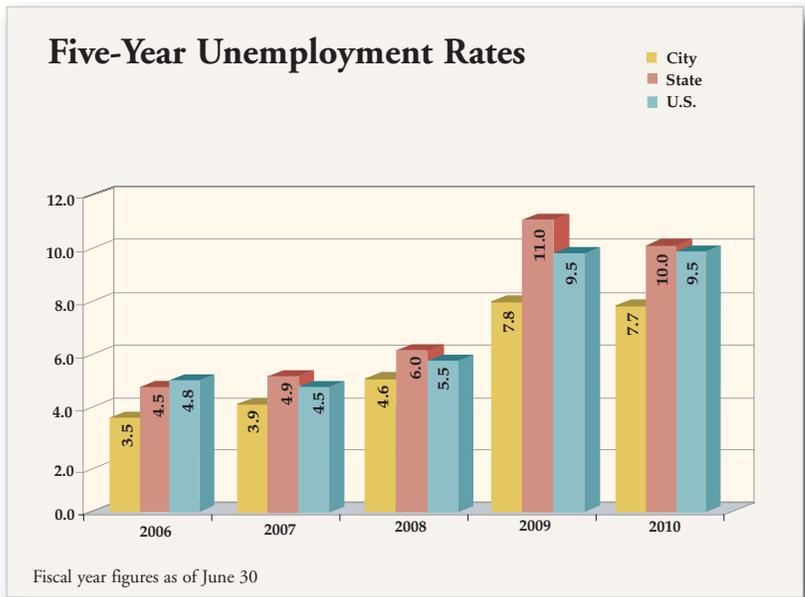


The nearby Research Triangle Park was developed in 1959 for industrial, governmental and scientific research. Its primary objective is to attract research related institutions to the area, and currently consists of approximately 170 organizations including those of International Business Machines Corporation, GlaxoSmithKline, Cisco, Research Triangle Institute International, United States Environmental Protection Agency and National Institute of Environmental Health Services. The research institutions of the Park employ an estimated 42,000 employees.

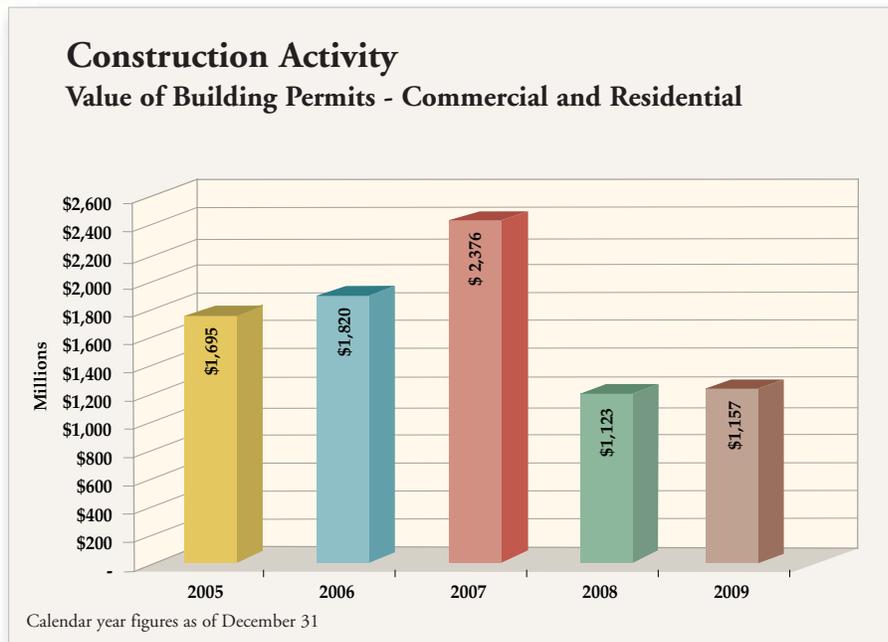
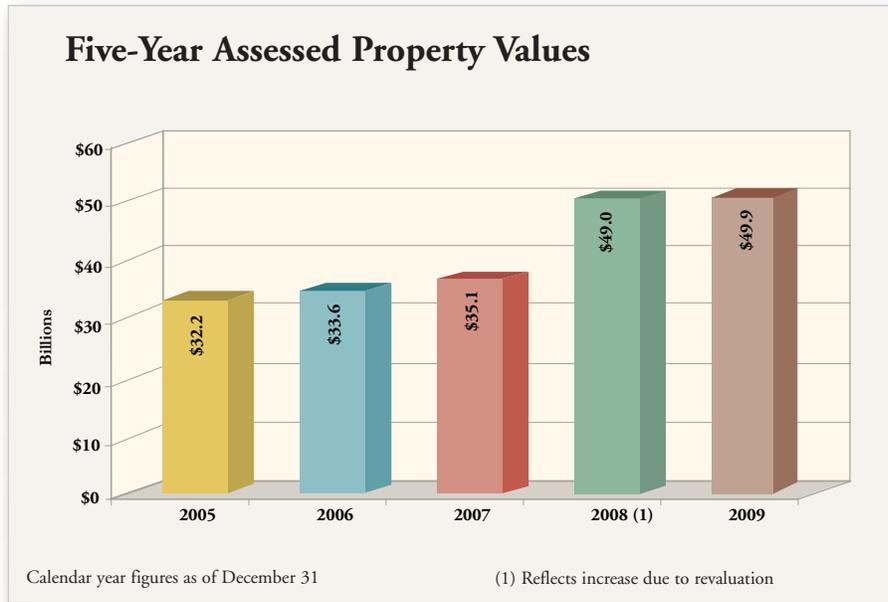
Raleigh annually attracts over 10 million visitors for conferences, special events, shopping and other attractions. This experience is enhanced by facilities such as the recently opened Raleigh Convention Center, Raleigh Amphitheater and Festival Site, RBC Center, Walnut Creek Amphitheater, the Progress Energy Center for the Performing Arts, Marbles Museum and IMAX Theater, numerous state museums, and several major retail shopping malls. The 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, and continues to experience positive momentum. The Center held 366 events with 443,617 attendees during the twelve month period ending June 30, 2010, which represents a 10% increase over annualized fiscal year 2009 events. The events during fiscal year 2010 included 55 conventions which had an estimated \$32.3 million economic impact on Wake County. A 944-space underground parking deck was completed serving the convention center, adjacent headquarters hotel and nearby planned private development. Debt service costs and certain elements of the convention center's operations 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 was funded by debt proceeds to be repaid by parking revenues. In June 2010 the Raleigh Amphitheater and Festival site opened and now hosts concerts, musical festivals, cultural festivals, comedy shows and other special events. The amphitheater has a seating capacity for up to 5,000 people and exceeded 60,000 in attendance during its inaugural season. The Fayetteville Street Renaissance project was culminated in October, 2009 by the grand opening of the \$16.0 million City Plaza on the 400 block of Fayetteville Street.



Current economic conditions are expected to continue to impact the City's revenues but some signs of recovery indicate that the revenue experience will slowly improve. Certainly, the city's relatively stable employment and population base have benefited Raleigh and have caused the impacts to be managed without disruption of key city services. As noted earlier, the City's outlook is for a slowly improving economy during which it will manage any impacts to provide a continued strong financial position consistent with its financial policies.



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 2009-10 through 2013-14. 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 2010 results that are built into the 2010-11 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, 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.

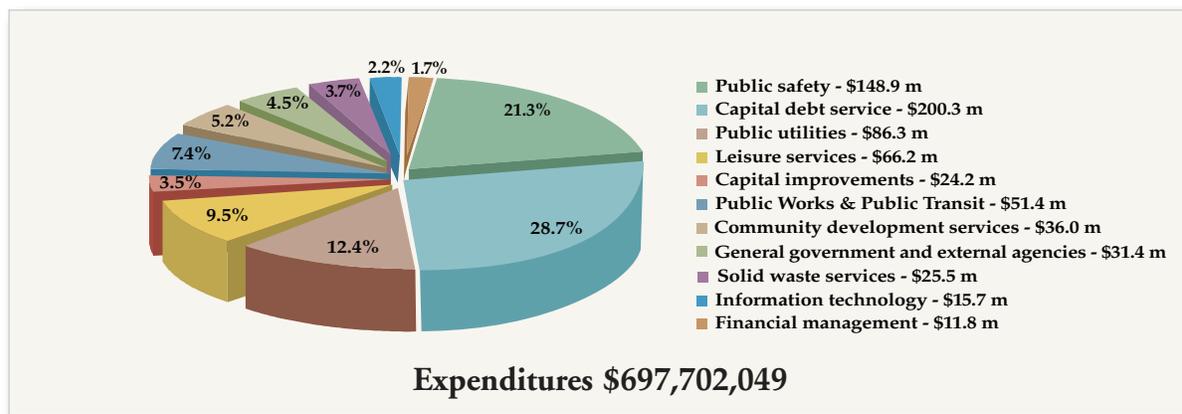
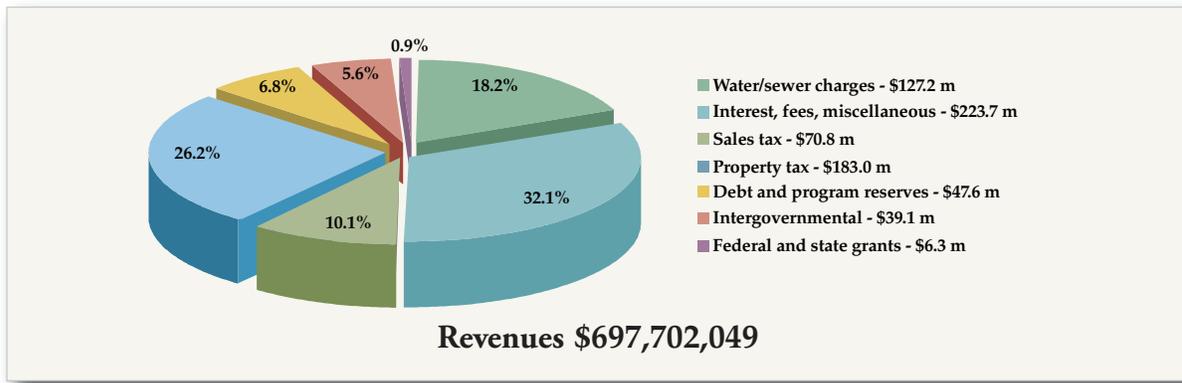
MAJOR INITIATIVES

For the Year 2009-10

The City's Annual Budget for 2009-10, inclusive of operating and capital programs, grew by 8.2 percent from the prior year. A one-time budgeting of the refinancing of a one-year debt instrument impacted the size of this increase, which otherwise would have been approximately 3%. The budget reflected a 2% increase in property tax revenues, 3% reduction in sales tax revenues and a 27% reduction in inspection fee revenues. Water and sewer fees were increased consistent with the utility rate model projections. Cost increases to existing operations included health insurance, workers' compensation, retirement and fuel. The fiscal year 2009-10 operating budget also reflected the elimination of 85 positions in the General Fund.

Capital improvement budgets in fiscal year 2009-10 included new and/or continuing projects totaling \$410.6 million. In addition to ongoing roads, parks, utilities and general public facilities, the budget included \$205 million for the construction of a new public safety center and \$205.5 million for four operations facilities for public works. These budgets were subsequently eliminated or reduced in the Capital Improvement Plan.

Adopted Budget 2009-2010



Introductory Section

For the Future

The fiscal year 2010-11 Annual Budget was adopted by the City Council on June 28, 2010. The combined capital and operating budget for the fiscal year beginning July 1, 2010 totals \$619,728,508, representing an 11.2% decrease from the fiscal year 2009-10 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 of 9% was approved effective July 1, 2010 with a second adjustment implemented as part of the November, 2010 implementation of tiered rates.

Other major revenue components of the 2010-11 operating budget include a decrease of 10% in the sales tax budget, an 11% decrease in inspection fee revenue, an 8% increase in license revenues and a 48% decrease in interest on investments. License revenues are expected to increase due to a \$5 increase in the motor vehicle tax provisioned for the Capital Area Transit Program. The 2010-11 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.

The 2010-11 capital budget includes new and/or continuing projects totaling \$ 125.9 million. This budget includes traditional project funding for transportation, utilities, parks, stormwater, housing and general public improvements. Fiscal year 2011 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 economic conditions have impacted Raleigh in fiscal years 2009 and 2010, as it has all local governments. 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 of certain capital projects allowed the City to manage through 2009 positively. In 2010, the City continued its operating cost containment strategy and was able to maintain a flat fiscal year 2010 general fund budget. 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 downturn and move toward what is expected to be a slow recovery period that will continue to have some impacts for several more years.

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 2009 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.

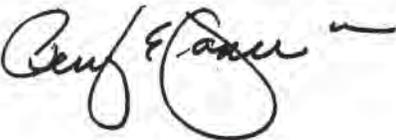
The preparation of this report has been accomplished by the City's Finance Department staff, with assistance from the independent auditors, Cherry, Bekaert & Holland, LLP. The contributions of all are invaluable and clearly reflect the high standards we have set for ourselves.

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, 2009

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.



A stylized handwritten signature in black ink.

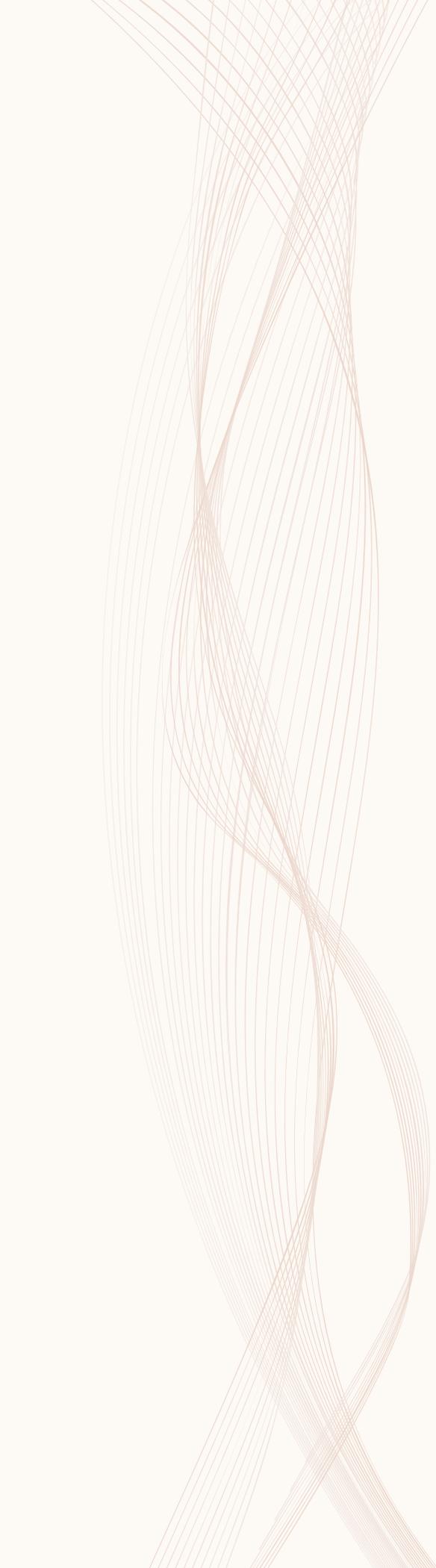
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



CITY OF RALEIGH
2010



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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, 2010, 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, 2010, 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.

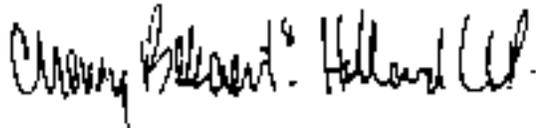
In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other 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.

Handwritten signature in black ink, appearing to read "Cherry Bekaert & Holland LLP".

Raleigh, North Carolina
December 17, 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, 2010. 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 \$13.1 million increase from last year. Of this amount, \$260.2 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 \$336.2 million. Of this total amount, 74.5% or \$250.3 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 \$116.2 million or 36.9% of total general fund expenditures. Of that amount, \$59.9 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 \$35.9 million during the current fiscal year. The issuance of new debt (\$257.9 million) exceeded principal repayments (\$222.8 million) by \$35.1 million. Other long-term obligations (earned vacation pay and landfill postclosure care) increased by \$800,000. Highlights of financing issues are as follows:
 - The City issued \$67.665 million in general obligation bonds for public improvements (\$57.665 million) and housing (\$10.0 million).
 - The City issued \$27.875 million in certificates of participation for parking facilities.
 - The City refunded \$47.820 million in public improvement (\$45.370 million) and street improvement (\$2.450 million) general obligation bonds.
 - The City issued \$68.745 million water sewer revenue refunding bonds to refund prior revenue bond issues.
 - The City issued \$47.630 million in limited obligation bonds to refund public improvement certificates of participation (\$41.525 million) and parking certificates of participation (\$6.105 million).
 - The City made an installment purchase for land of \$360,000.
 - The City also converted a \$55 million fixed rate note to a variable rate note.
- The City of Raleigh maintained its AAA/Aaa general obligation bond rating from all three major rating agencies.

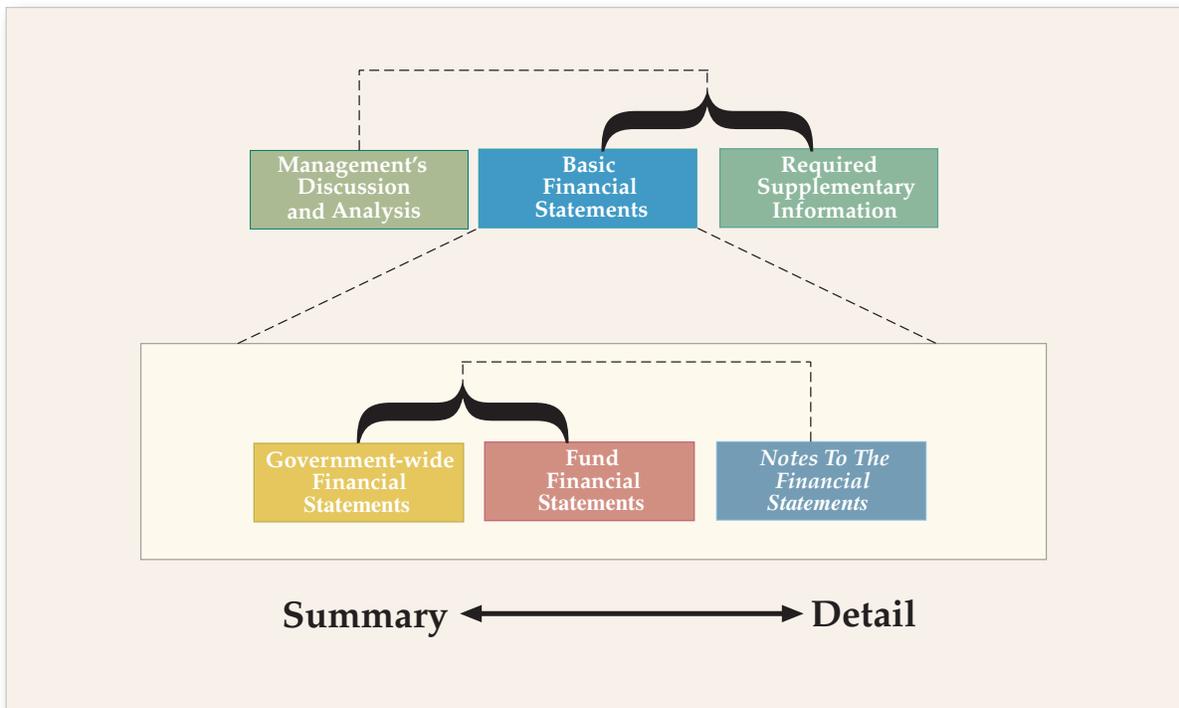
- On a government-wide basis for governmental activities, the City had expenses net of program revenues of \$267.4 million, which were \$30.3 million less than the general revenues of \$297.7 million.
- On a government-wide basis for business-type activities, the City had expenses net of program revenues of \$19.6 million, which were \$17.3 million more than general revenues of \$2.3 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.

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





- 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.

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 - 53 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. Required supplementary information can be found on pages 54 - 57 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 58-114 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 76.9 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	
	2009	2010	2009	2010	2009	2010
Current and other assets	\$ 469.2	\$ 494.2	\$ 338.2	\$ 242.6	\$ 807.4	\$ 736.8
Capital assets	759.0	806.3	1,459.2	1,571.8	2,218.2	2,378.1
Total assets	1,228.2	1,300.5	1,797.4	1,814.4	3,025.6	3,114.9
Long-term debt outstanding	342.6	387.8	930.7	933.0	1,273.3	1,320.8
Other liabilities	77.2	105.1	73.5	74.3	150.7	179.4
Total liabilities	419.8	492.9	1,004.2	1,007.3	1,424.0	1,500.2
Invested in capital assets, net of related debt	525.2	559.0	682.1	682.6	1,207.3	1,241.6
Restricted	120.5	112.9	-	-	120.5	112.9
Unrestricted	162.7	135.7	111.1	124.4	273.8	260.1
Total net assets	\$ 808.4	\$ 807.6	\$ 793.2	\$ 807.0	\$ 1,601.6	\$ 1,614.6

An additional portion of the City's net assets (\$112.8 million or 7.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$260.2 million or 16.1 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 \$13.0 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	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program revenues:						
Charges for services	\$ 41.7	\$ 50.4	\$ 151.7	\$ 176.1	\$ 193.4	\$ 226.5
Operating grants and contributions	32.3	11.9	6.3	5.2	38.6	17.1
Capital grants and contributions	19.4	30.0	20.0	12.2	39.4	42.2
General revenues:						
Property taxes	180.5	184.7			180.5	184.7
Other taxes	114.6	105.7			114.6	105.7
Grants and contributions not restricted to specific programs	-	-			-	-
Other	14.0	7.3	12.7	2.4	26.7	9.7
Total revenues	402.5	390.0	190.7	195.9	593.2	585.9
Expenses:						
General government	36.9	51.9			36.9	51.9
Community development services	22.3	25.2			22.3	25.2
Public works	54.5	44.1			54.5	44.1
Public safety	136.3	143.5			136.3	143.5
Solid waste services	24.4	23.8			24.4	23.8
Leisure services	49.7	53.3			49.7	53.3
Economic development programs	4.4	4.4			4.4	4.4
Interest on long-term debt	11.5	13.5			11.5	13.5
Water and sewer			136.9	129.0	136.9	129.0
Convention center			28.4	33.9	28.4	33.9
Mass transit			28.5	28.7	28.5	28.7
Parking facilities			8.9	11.3	8.9	11.3
Stormwater			8.7	10.3	8.7	10.3
Total expenses	340.0	359.7	211.4	213.2	551.4	572.9
Increase (decrease) in net assets before transfers	62.5	30.3	(20.7)	(17.3)	41.8	13.0
Transfers In (Out)	(24.4)	(31.1)	24.4	31.1	-	-
Increase in net assets	38.1	(0.8)	3.7	13.8	41.8	13.0
Net assets, beginning of year	770.3	808.4	789.5	793.2	1,559.8	1,601.6
Prior period adjustment	-	-	-	-	-	-
Net assets, end of year	\$ 808.4	\$ 807.6	\$ 793.2	\$ 807.0	\$ 1,601.6	\$ 1,614.6

Change in net assets. The City's total revenues were \$585.9 million. Thirty-nine percent of the City's revenue comes from charges for services; another thirty-one percent comes from property taxes. Other taxes account for eighteen percent and most of the rest is state and federal grants and other contributions. The total cost of all programs and services was \$572.9 million. The City's expenses cover a range of services, with twenty-five percent related to public safety (police, fire and emergency communications), twenty-three percent to utilities (water and sewer), and eight percent related to public works.

GOVERNMENTAL ACTIVITIES

Revenues for the City's governmental activities were \$390.0 million, while total expenses were \$359.7 million. The increase in net assets for governmental activities (after transfers of \$31.1 million) was \$.8 million in 2010.

A property tax base increase resulted in increased property tax revenues of \$4.2 million from \$180.5 million to \$184.7 million. Property taxes represent 47.4% of total governmental revenues. Other taxes, including sales tax, which accounted for 27.1% of total governmental revenues, decreased \$7.2 million from 2009.

Revenues by Source - Governmental Activities

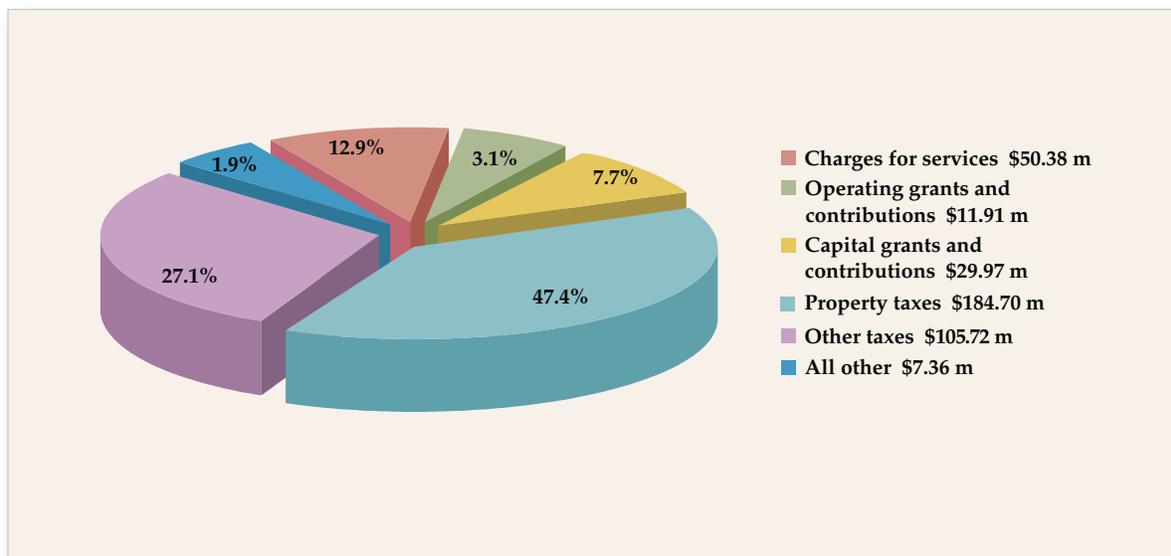


Table 3 presents the cost of each of the City's four largest governmental activities programs – public safety, public works, leisure services, and general government – as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the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

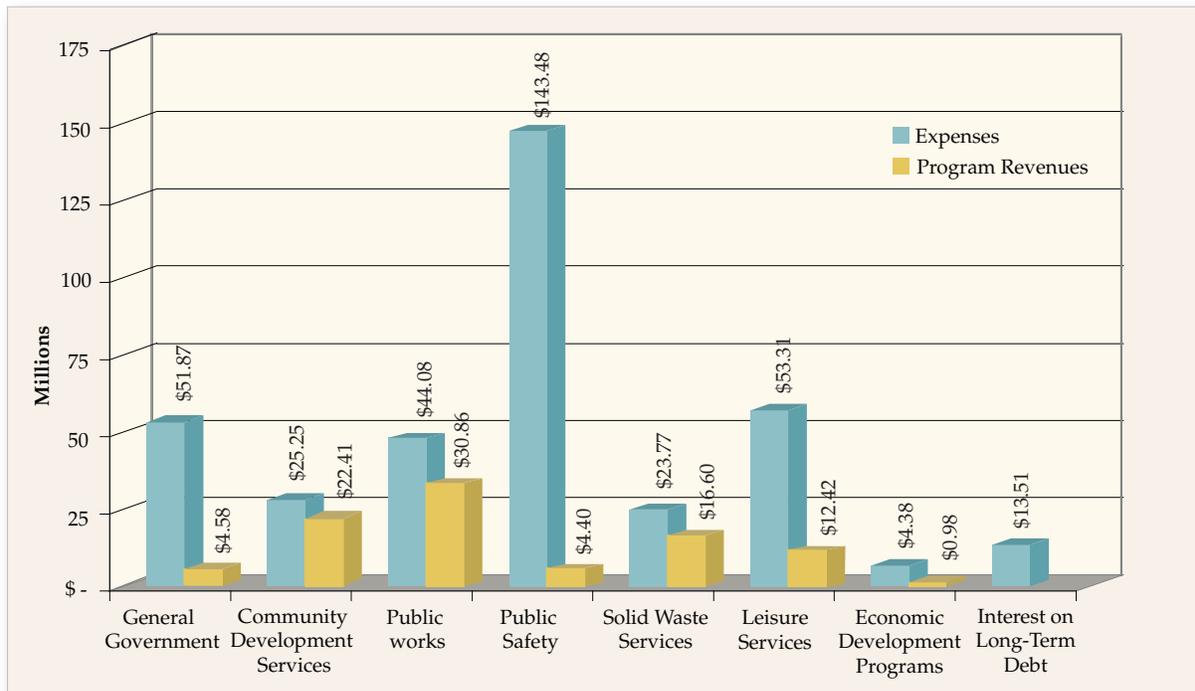
	Total Cost of Services		Net Cost of Services	
	2009	2010	2009	2010
Public safety	\$ 136.3	\$ 143.5	\$ (129.9)	\$ (139.1)
Public works	54.5	44.1	(23.8)	(13.2)
Leisure services	49.7	53.3	(24.3)	(40.9)
General government	36.9	51.9	(35.7)	(47.4)



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

- The cost of all governmental activities this year was \$359.6 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 \$184.7 million.
- Those who directly benefited from service-fee based programs paid \$50.4 million in charges for services.
- Other governments and organizations subsidized certain programs with grants and contributions totaling \$41.8 million. These grants and contributions include annexations of streets and sidewalks (\$3.1 million), operating support from various federal and state agencies (\$22.2 million), interlocal support from Wake County for debt service and other expenses on the convention center (\$12.4 million), and other facility fees and developers' participation (\$4.1 million).
- The City received \$297.7 million in general revenues from taxes and other revenues such as interest and unrestricted grants, which was used to pay for the \$267.4 million net cost of governmental activities.
- The City's four largest governmental programs – public safety (39.9%), public works (12.3%), leisure services (14.8%), and general government (14.4%) represent 81.4% - of the total governmental activities.

Expenses and Program Revenues - Governmental Activities



BUSINESS-TYPE ACTIVITIES

Revenues of the City's business-type activities were \$195.9 million, and expenses were \$213.2 million. The increase in net assets for business-type activities (after transfers in of \$31.1 million) was \$13.9 million in 2010. 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	
	2009	2010	2009	2010
Water and sewer	\$ 136.9	\$ 129.0	\$ (15.8)	\$ 13.0
Convention center	28.4	33.9	(15.1)	(21.5)
Parking facilities	8.9	28.7	(0.4)	(3.5)
Mass transit	28.5	11.3	(8.2)	(11.9)
Stormwater	8.7	10.3	6.1	4.2
Total	\$ 211.4	\$ 213.2	\$ (33.4)	\$ (19.7)

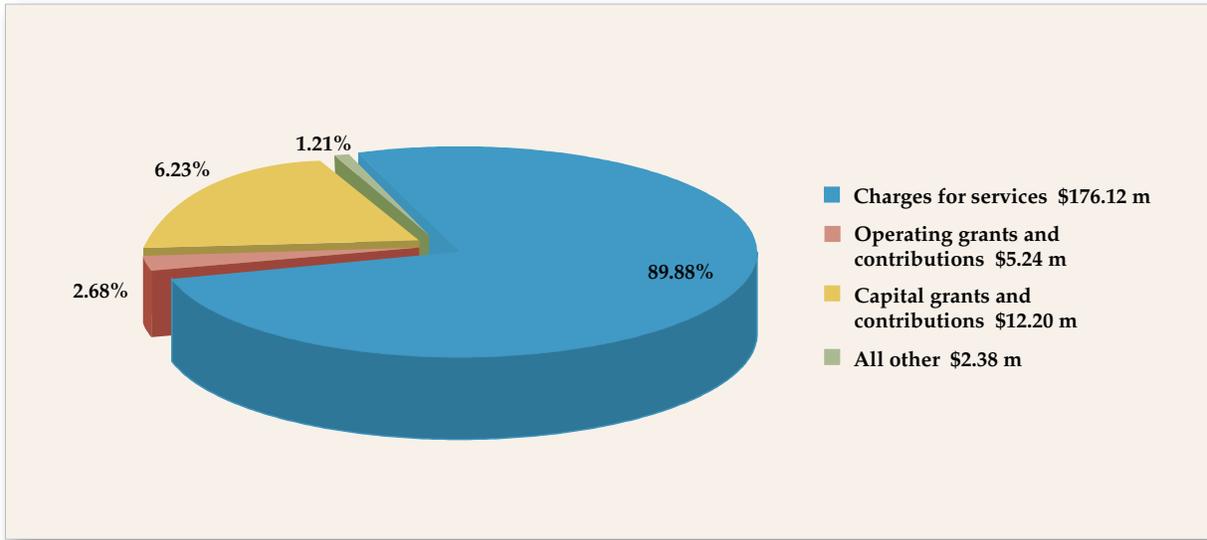
Net revenue in the water and sewer operation increased in 2009-10 by \$28.8 million from \$15.8 million net expenses to \$13.0 million net revenues. This increase resulted from several factors. Operating expenses decreased \$7.9 million in 2009-10 from \$136.9 million to \$129.0 million as budget constraints moderated operational spending. While operating expenses decreased, operating revenues increased due to rate increases and greater consumption as the City emerged from the drought conditions that impacted parts of the previous two years. Charges for services increased \$24.9 million, from \$112.3 million to \$137.2 million, during 2009-10. The combination of decreased operating costs and greater revenue growth resulted in an overall increase in net operating income of \$32.4 million. Capital contributions, primarily from annexations, decreased \$4.1 million during 2009-10 from \$8.9 million to \$4.8 million.

Our convention center activities, including the Performing Arts venue, experienced an increase in net expenses in 2009-10 by \$6.4 million, from \$15.1 million to \$21.5 million. This increase in net expenses resulted from increased operating expenses of \$5.5 million in 2009-10, from \$28.4 million to \$33.9 million, as our new convention center facility had its first full fiscal year of operation. Charges for services decreased \$900,000 in 2008-09 from \$13.3 million to \$12.4 million.

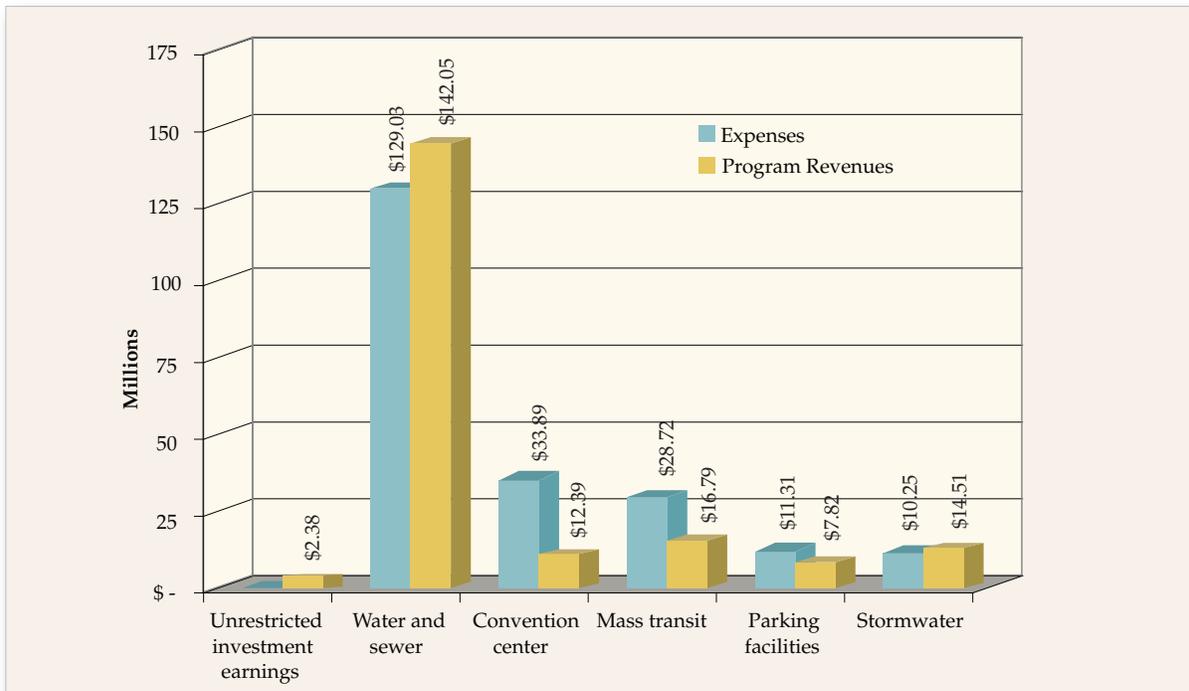
Net expenses in the parking facilities activities increased \$3.1 million in 2009-10 from \$400,000 to \$3.5 million. This increase in net expenses is primarily attributable to increased operating expenses, \$2.4 million in 2009-10, from \$8.9 million to \$11.3 million. Most of the increased operating expense comes from interest expense, which increased \$1.7 million. An additional \$700,000 of depreciation expenses was incurred as we placed in service a new phase of the underground parking deck adjacent to our new convention center facility. Charges for parking services decreased \$700,000 in 2009-10, from \$8.5 million to \$7.8 million.

We continue to heavily subsidize our mass transit operation, as net expenses increased \$3.7 million in 2009-10 from \$8.2 million to \$11.9 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 decreased \$3.6 million in 2009-10, from \$10.7 million to \$7.1 million. Net revenues in our stormwater management activities decreased \$1.9 million in 2009-10 from \$6.1 million to \$4.2 million.

Revenues by Source - Business-type Activities



Expenses and Program Revenues - Business-type Activities



Management's Discussion and Analysis



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 \$336.2 million, a decrease of \$500,000 in comparison with the prior year. Approximately 74.5% of this total amount (\$250.3 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 (\$9.4 million), reserved for inventories (\$2.5 million), reserved by state statute (\$37.9 million), reserved for debt service on the convention center (\$34.8 million), or reserved for emergency communications equipment (\$1.3 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 \$116.2 million, while total fund balance was \$165.9 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 36.9 percent of total general fund expenditures, while total fund balance represents 52.7 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 \$56.1 million as specified on page 25 of the notes to the financial statements. This includes \$17.6 million appropriated for 2010-11. The remaining unreserved fund balance of \$60.0 million is undesignated and represents 14.8% of the 2010-11 general fund expenditure budget.

The fund balance of the City's general fund increased by \$5.3 million during the current fiscal year. Key factors in this increase are as follows:

- Overall revenues decreased \$7.7 million in 2009-10. Specifically, property taxes increased \$4.6 million reflecting tax base growth. Local sales tax decreased \$3.8 million reflecting the ongoing decline in retail sales locally, as well as nationally. All other revenues decreased in total by \$8.5 million.
- Overall expenditures increased \$3.6 million in 2009-10.
- The resulting change in the excess of revenues over expenditures for 2009-10 was a decrease of \$11.2 million, from \$32.0 million in 2008-09 to \$20.8 million in 2009-10.
- Net other financing uses increased \$6.8 million in 2009-10 from \$8.6 million to \$15.4 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 \$631.6 million. The net assets of the water and sewer fund increased \$12.5 million in 2009-10 versus a \$9.6 million decrease in 2008-09. This \$22.1 million increase is attributable to a \$23.1 million increase in operating income.



Operating income increased in 2009-10 due to increased usage rates and elevated consumption as the City emerged from the drought condition affecting parts of 2007 and 2008. Convention center net assets decreased \$6.6 million in 2009-10. The decrease is due primarily to depreciation expense (\$8.6 million), and interest expense of \$8.6 million. Parking facilities fund net assets decreased \$3.0 million primarily due \$1.7 million increase in interest expense and \$700,000 increase to depreciation expense.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in appropriations increasing \$9.6 million during 2009-10. Increases in expenditure budgets (\$14.3 million) and transfers to other funds budgets (\$15.7 million) exceeded increases in revenue and transfers from other funds budgets (\$20.0 million), thus resulting in the \$9.6 million increase in the budget from fund balance appropriated. The final positive budget variance was \$51.0 million. This overall positive variance resulted as follows:

- Revenues \$14.0 million negative, reflecting ongoing declines in retail sales, construction activity, and leisure spending as local sales tax revenues were \$12.4 million negative and inspection fees were \$1.9 million negative. Intergovernmental revenues were also negative, \$1.0 million. Other revenues, such as property taxes, solid waste fees, highway maintenance refunds, parks and recreation fees, licenses and interest income netted positive budget variances of \$1.2 million.
- Expenditures \$37.0 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 \$2.4 million negative, 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, 2010, amounts to \$2.38 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and machinery, water and sewer systems, streets and sidewalks, parking decks, buses, equipment, furniture and fixtures, enterprise-wide software and improvements. The total increase in the City's investment in capital assets for the current fiscal year, \$160.0 million, was 7.2 percent (a 6.2 percent increase for governmental activities and a 7.7 percent increase for business-type activities).

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

- Construction began and/or was completed for a variety of street projects, parking decks, parks and greenways, and fire stations. Total construction was \$125.0 million. Construction in progress for these activities was \$93.8 million as of June 30, 2010.
- Construction began and/or was completed on additional facilities for the water and sewer operations. Total construction was \$98.9 million. Construction in progress for these activities was \$37.9 million as of June 30, 2010.
- Equipment acquisitions added \$11.6 million to the City's rolling stock inventory.
- Two new parking decks, including an underground deck adjacent to the convention center facility were completed in 2009. Capitalized costs related to these decks were \$25.1 million in fiscal year 2010.
- On-going investment in stormwater management (\$3.3 million) projects continued during 2009-10.



- Enterprise-wide software of \$30.4 million was capitalized during the year.
- Annexations added \$3.1 million to streets and \$3.2 million to water and sewer systems.

Additional information on the City’s capital assets can be found on pages 29 - 31 of the notes to the financial statements of this report.

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

	Governmental activities		Business-type activities		Total	
	2009	2010	2009	2010	2009	2010
Land	\$ 148,996	\$ 150,703	\$ 72,821	\$ 72,821	\$ 221,817	\$ 223,524
Buildings and machinery	65,951	69,701	309,999	308,048	375,950	377,749
Water and sewer systems	-	-	674,169	864,984	674,169	864,984
Streets and sidewalks	351,380	360,607	-	-	351,380	360,607
Parking decks	-	-	103,433	125,065	103,433	125,065
Buses	-	122	17,436	14,222	17,436	14,344
Equipment	33,411	32,391	16,591	13,360	50,002	45,751
Furniture and fixtures	359	242	1,567	4,719	1,926	4,961
Improvements	102,968	99,373	98,957	100,975	201,925	200,348
Enterprise-wide software	-	28,889	-	-	-	28,889
Construction in progress	55,981	64,320	164,188	67,650	220,169	131,970
Total	<u>\$ 759,046</u>	<u>\$ 806,348</u>	<u>\$ 1,459,161</u>	<u>\$ 1,571,844</u>	<u>\$ 2,218,207</u>	<u>\$ 2,378,192</u>

Long-term debt. In July 2009 the City issued \$47.820 million general obligation refunding bonds. The bonds refund previously issued public improvement and street improvement general obligation 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 rate 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.

In March 2010, the City issued \$68.745 million in revenue refunding bonds to refund previously issued revenue bonds. These bonds mature serially between 2015 and 2023 bearing interest rates of 2.25% to 5.00%. After premiums, discounts and issue costs the all-in true interest cost is 2.940808%. The issue was rated triple A by Fitch and Standard and Poor’s, and Aa1 by Moody’s. The economic gain to the City from this refunding was \$3,572,275.

During the year the City made an installment financing agreement for the purchase of property. The note for \$360,000 is payable in equal installments over three years at no interest. The City also



entered into two state revolving loans with the Department of Environment and Natural Resources. The two loans total \$765,453 and are due in 20 year terms and carry no interest.

Also during FY2010, the City converted a \$55 million fixed rate note to a variable rate note.

At the end of the current fiscal year, the City had total general obligation debt outstanding of \$241.1 million. The remainder of the City's debt represents revenue bonds (\$546.3 million) and installment financing agreements (\$482.8 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 \$35.1 million (2.84%) during 2009-10 as new debt issues of \$257.9 million exceeded principal repayments of \$222.8 million.

The City has other long-term obligations for earned but unused vacation pay due its employees (\$21.0 million) and landfill postclosure care costs (\$6.1 million). These obligations increased \$0.8 million from 2009 balances.

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

	Governmental activities		Business-type activities		Total	
	2009	2010	2009	2010	2009	2010
General obligation bonds	\$ 177,949	\$ 230,567	\$ 12,616	\$ 10,573	\$ 190,565	\$ 241,140
Revenue bonds	-	-	554,740	546,250	554,740	546,250
Installment financing agreements	139,825	120,967	349,998	361,869	489,823	482,836
Total	\$ 317,774	\$ 351,534	\$ 917,354	\$ 918,692	\$ 1,235,128	\$ 1,270,226

Subsequent to FY10 year-end, in August 2010, the City issued \$46.425 million limited obligation bonds for the construction and acquisition of land for remote operation centers. These bonds mature serially from 2011 through 2035, and carry interest rates between 3.00% and 5.57%. The all-in true interest cost is 2.934492%. This issue was rated Aa1 by Moody's, AA+ by Fitch, and AA+ 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 \$3.99 billion, which is significantly in excess of the City's outstanding net debt of \$836.5 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.

Additional information on the City of Raleigh's long-term debt can be found in the notes to the financial statements on pages 34 – 43 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Significant factors considered in preparing the City's budget for the 2010-11 fiscal year were:

The property tax rate of \$.3735/\$100 of assessed valuation remained flat. The adopted budget projects property tax revenue at \$189.7 million. This is an increase of \$3.7 million, or 2.0%, from 2009-2010.

The economic downturn necessitated lower projections for sales tax and other growth related revenues. The 2010-11 budget for sales tax projects sales tax revenues of \$63.4 million, a decrease of \$7.4 million, or 10.4% from the 2009-10 budget. Other growth related general revenues, primarily



inspection fees, have similarly been impacted by the economy and these have been adjusted down accordingly. Overall, the adopted general fund budget of \$386.3 million is virtually the same as the adopted 2009-10 budget. The 2010-11 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 24 vacant general fund positions were eliminated, most in operating areas directly affected by the current economy.

The budget for the City's water and sewer utility was developed based the system's rate model and its financial and debt policies. Consistent with these, rate increases were approved in order to maintain a strong financial position as well as expected quality services, system maintenance, and necessary capital improvements. Rate increases approved by City Council were scheduled for a two-phase implementation in 2010-11, 9% for all customers effective July 1, 2010 and, effective November 1, a 2% rate increase for residential customers and an 11% rate increase for commercial customers.

The 2010-11 capital budget includes new and/or continuing projects totaling \$167.6 million, including projects for roads, parks, utilities and general public facilities.

The 2010-11 budget was adopted with an overall combined operating and capital budget of \$619.7 million, representing an 11.29% decrease as compared to the \$697.7 million 2009-10 budget. This decrease was mainly in the capital budget.

Impact of and Response to Current Economic Conditions. The declining economy continues to impact Raleigh, as it has all local governments. In 2010, in response to these declining conditions, the City continued very proactive cost containment actions to offset expected revenue shortfalls which did in fact materialize as actual negative revenue budget variances. A soft hiring freeze and cautionary management of all operating expenditures allowed the City to manage through 2010 positively with a \$5.3 million increase in the total fund balance of the general fund. In 2011, the City is continuing this operating cost containment strategy by maintaining a flat FY2011 general fund budget. The City continues to maintain a triple A credit general 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**



CITY OF RALEIGH

2010

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

2010

STATEMENT OF NET ASSETS

June 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 262,609,921	\$ 115,673,106	\$ 378,283,027
Taxes receivable, net of allowance for uncollectibles of \$8,850,613	2,283,454	-	2,283,454
Assessments receivable, net of allowance for uncollectibles of \$184,710	1,151,023	2,358,471	3,509,494
Customer receivables, net of allowance for uncollectibles of \$3,296,304	1,076,042	24,596,713	25,672,755
Due from other governmental agencies	10,713,387	7,288,098	18,001,485
Accrued interest receivable	1,407,880	853,095	2,260,975
Other receivables and assets	8,827,050	1,355,584	10,182,634
Sales tax receivable	16,555,320	3,715,195	20,270,515
Internal balances	5,716,086	(5,716,086)	-
Inventories	3,144,417	8,159,488	11,303,905
Deferred charges	5,945,335	2,654,054	8,599,389
Loans receivable	53,676,575	-	53,676,575
Cash and cash equivalents/investments - restricted deposits and bond proceeds	85,393,666	61,162,164	146,555,830
Deferred outflow for derivative instrument	33,431,198	20,456,443	53,887,641
Net pension assets	2,270,701	-	2,270,701
Capital assets:			
Land and construction in progress	215,023,012	140,469,821	355,492,833
Other capital assets, net of depreciation	591,325,637	1,431,373,987	2,022,699,624
Total assets	1,300,550,704	1,814,400,133	3,114,950,837
LIABILITIES			
Accounts payable	13,498,097	21,337,351	34,835,448
Arbitrage rebate payable	742,175	33,403	775,578
Accrued salaries and employee payroll taxes	6,885,068	1,222,053	8,107,121
Employee taxes and related withholdings	1,568,508	-	1,568,508
Accrued interest payable	3,420,480	10,568,552	13,989,032
Rehabilitation loans escrow	1,112,339	-	1,112,339
Reimbursable facility fees	5,006,610	-	5,006,610
Claims payable and other liabilities:			
Due within one year	34,610,133	-	34,610,133
Due in more than one year	-	-	-
Deferred contributions from other funds	-	373,251	373,251
Due to pension trust funds	1,775,765	-	1,775,765
Unearned revenue	2,434,347	79,311	2,513,658
Escrow and other deposits payable from restricted assets	-	20,267,286	20,267,286
Derivative instrument liability	33,431,198	20,456,443	53,887,641
Long-term liabilities:			
Due within one year	41,670,777	28,026,492	69,697,269
Due in more than one year	346,151,620	904,812,923	1,250,964,543
Net OPEB pension liability	613,562	154,492	768,054
Total liabilities	492,920,679	1,007,331,557	1,500,252,236
NET ASSETS			
Invested in capital assets, net of related debt	559,034,936	682,642,882	1,241,677,818
Restricted for:			
Capital projects	52,805,800	-	52,805,800
Community development projects	60,043,650	-	60,043,650
Unrestricted	135,745,639	124,425,694	260,171,333
Total net assets	\$ 807,630,025	\$ 807,068,576	\$ 1,614,698,601

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



STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 51,865,770	\$ -	\$ 4,582,373	\$ -
Community development services	25,246,684	13,417,396	4,188,081	4,807,547
Public works	44,084,359	4,591,727	3,098,191	23,166,240
Public safety	143,480,028	2,861,741	44,211	1,493,971
Solid waste services	23,769,330	16,600,227	-	-
Leisure services	53,313,602	11,924,073	-	500,000
Economic development programs	4,375,365	980,673	-	-
Interest on long-term debt	13,515,765	-	-	-
Total governmental activities	359,650,903	50,375,837	11,912,856	29,967,758
Business-type activities:				
Water and sewer	129,034,048	137,228,210	-	4,819,901
Convention center	33,889,006	12,393,789	-	-
Mass transit	28,724,672	4,466,015	5,245,288	7,083,234
Parking facilities	11,306,683	7,815,246	-	-
Stormwater	10,249,029	14,213,078	-	294,635
Total business-type activities	213,203,438	176,116,338	5,245,288	12,197,770
Total City of Raleigh	\$ 572,854,341	\$ 226,492,175	\$ 17,158,144	\$ 42,165,528

General revenues:
Taxes:
Property taxes, levied for general purpose
Local sales tax
Franchise tax
Other taxes
Privilege license tax
Unrestricted investment earnings
Miscellaneous
Transfers
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
\$ (47,283,397)		\$ (47,283,397)
(2,833,660)		(2,833,660)
(13,228,201)		(13,228,201)
(139,080,105)		(139,080,105)
(7,169,103)		(7,169,103)
(40,889,529)		(40,889,529)
(3,394,692)		(3,394,692)
(13,515,765)		(13,515,765)
<u>(267,394,452)</u>		<u>(267,394,452)</u>
	\$ 13,014,063	13,014,063
	(21,495,217)	(21,495,217)
	(11,930,135)	(11,930,135)
	(3,491,437)	(3,491,437)
	4,258,684	4,258,684
	<u>(19,644,042)</u>	<u>(19,644,042)</u>
<u>(267,394,452)</u>	<u>(19,644,042)</u>	<u>(287,038,494)</u>
184,697,004	-	184,697,004
58,650,644	-	58,650,644
22,500,640	-	22,500,640
5,473,430	-	5,473,430
19,097,691	-	19,097,691
1,703,069	2,379,545	4,082,614
5,658,538	-	5,658,538
<u>(31,143,930)</u>	<u>31,143,930</u>	<u>-</u>
<u>266,637,086</u>	<u>33,523,475</u>	<u>300,160,561</u>
(757,366)	13,879,433	13,122,067
<u>808,387,391</u>	<u>793,189,143</u>	<u>1,601,576,534</u>
<u>\$ 807,630,025</u>	<u>\$ 807,068,576</u>	<u>\$ 1,614,698,601</u>

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2010

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 139,069,338	\$ 97,670,720	\$ 236,740,058
Taxes receivable, net of allowance for uncollectibles of \$8,850,613	2,283,454	-	2,283,454
Assessments receivable, net of allowance for uncollectibles of \$60,580	348,872	802,151	1,151,023
Customer receivables, net of allowance for uncollectibles of \$476,534	1,076,042	-	1,076,042
Due from other governmental agencies	985,324	9,728,063	10,713,387
Accrued interest receivable	731,037	676,843	1,407,880
Other receivables and assets	7,415,586	-	7,415,586
Sales tax receivable	15,521,993	1,033,327	16,555,320
Due from other funds	14,962,725	1,144,892	16,107,617
Inventories	2,481,821	-	2,481,821
Other assets	486,223	-	486,223
Loans receivable	31,558	53,676,575	53,708,133
Noncurrent assets:			
Cash and cash equivalents /investments - restricted deposits and bond proceeds	-	85,393,666	85,393,666
Total assets	<u>\$ 185,393,973</u>	<u>\$ 250,126,237</u>	<u>\$ 435,520,210</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,648,264	\$ 7,307,054	\$ 10,955,318
Accrued salaries and employee payroll taxes	6,799,820	85,248	6,885,068
Employee taxes and related withholdings	1,568,508	-	1,568,508
Loan servicing escrow	-	1,112,339	1,112,339
Reimbursable facility fees	-	5,006,610	5,006,610
Other liabilities	554,369	706,527	1,260,896
Due to other funds	2,305,773	10,675,442	12,981,215
Deferred revenue	2,663,883	54,533,452	57,197,335
Unearned revenue	1,969,147	410,475	2,379,622
Total liabilities	<u>19,509,764</u>	<u>79,837,147</u>	<u>99,346,911</u>
Fund balances:			
Reserved for inventories	2,481,821	-	2,481,821
Reserved by state statute	37,854,556	-	37,854,556
Reserved for encumbrances	9,386,052	-	9,386,052
Reserved for debt service	-	34,787,207	34,787,207
Reserved for wireless 911	-	1,317,119	1,317,119
Unreserved, reported in:			
General Fund	116,161,780	-	116,161,780
Special revenue funds	-	127,157,483	127,157,483
Capital projects funds	-	7,027,281	7,027,281
Total fund balances	<u>165,884,209</u>	<u>170,289,090</u>	<u>336,173,299</u>
Total liabilities and fund balances	<u>\$ 185,393,973</u>	<u>\$ 250,126,237</u>	<u>\$ 435,520,210</u>

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

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

June 30, 2010

Total *fund balances* for governmental funds \$ 336,173,299

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 - \$215,023,012 capital assets being depreciated, net - \$564,797,628).

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. 1,657,139

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. 371,317

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. 906,419

Taxes receivable - \$2,283,454, and assessments receivable - (\$152,891) 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. 2,130,563

Loans receivable - \$55,012,047, a long-term asset, is not available to pay for current expenditures and, therefore is deferred in the funds. 55,012,047

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. See below for detail regarding these liabilities.

General obligation Bonds - long-term, net of deferred refunding and issuance premium	(236,627,987)	
Installment Financing Agreements / Certificates of Participation - long-term, net of deferred refunding and issuance premium	(103,641,672)	
Earned Vacation Pay	(18,010,276)	
Landfill Post Closure Costs	(6,105,812)	
Arbitrage Payable	(634,992)	
Accrued Interest Payable	<u>(3,420,660)</u>	
	<u>(368,441,399)</u>	<u>(368,441,399)</u>

Net assets of governmental activities \$ 807,630,025

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, 2010

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 184,929,689	\$ -	\$ 184,929,689
Intergovernmental	29,215,532	34,958,366	64,173,898
Developer participation	-	15,276	15,276
Assessments	-	492,659	492,659
Local sales tax	58,650,643	-	58,650,643
Licenses	19,097,691	-	19,097,691
Interest on investments	1,774,136	2,078,960	3,853,096
Inspection fees	7,408,186	-	7,408,186
Highway maintenance refunds	1,241,588	-	1,241,588
Facility fees	-	4,083,792	4,083,792
Other fees and charges	30,995,409	-	30,995,409
Rents	-	437,242	437,242
Program income	-	2,187,776	2,187,776
Other revenues	2,149,449	-	2,149,449
Miscellaneous other	-	2,022,134	2,022,134
Total revenues	<u>335,462,323</u>	<u>46,276,205</u>	<u>381,738,528</u>
EXPENDITURES			
Current:			
General government	34,403,494	387,119	34,790,613
Community development services	17,413,215	8,007,607	25,420,822
Public works	19,545,841	2,216,204	21,762,045
Public safety	141,416,877	1,756,245	143,173,122
Solid waste services	24,043,203	-	24,043,203
Leisure services	43,276,975	696,118	43,973,093
Economic development programs	-	4,375,365	4,375,365
Capital outlay	360,000	94,111,254	94,471,254
Debt service:			
Principal	20,716,509	-	20,716,509
Interest	13,194,568	-	13,194,568
Bond issue costs	334,756	-	334,756
Total expenditures	<u>314,705,438</u>	<u>111,549,912</u>	<u>426,255,350</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,756,885</u>	<u>(65,273,707)</u>	<u>(44,516,822)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	11,290,287	11,962,798	23,253,085
Transfers out	(27,402,334)	(24,743,329)	(52,145,663)
Bonds issued	-	67,665,000	67,665,000
Proceeds from sale of land	-	177,122	177,122
Capital related debt issued	360,000	-	360,000
Discount on limited obligation bonds	(268,267)	-	(268,267)
Limited obligation bonds issued	41,525,000	-	41,525,000
Premium on refunding bonds issued	6,673,451	-	6,673,451
Premium on bonds issued	-	4,377,319	4,377,319
Refunding bonds issued	47,820,000	-	47,820,000
Payment to refunded bond escrow agent	(95,418,487)	-	(95,418,487)
Total other financing sources (uses)	<u>(15,420,350)</u>	<u>59,438,910</u>	<u>44,018,560</u>
Net change in fund balances	5,336,535	(5,834,797)	(498,262)
Fund balance - beginning	160,547,674	176,123,887	336,671,561
Fund balance - ending	<u>\$ 165,884,209</u>	<u>\$ 170,289,090</u>	<u>\$ 336,173,299</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, 2010

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

Net change in *fund balances* - total governmental funds \$ (498,262)

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 \$85,441,167 exceeded depreciation \$39,827,493 in the current period. 45,613,674

Net change in net pension assets/liabilities. (413,941)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Annexations - \$3,050,787; Property taxes - (\$232,685); Assessments - (\$152,891); Loss on the Sale of Assets - (\$482,823)). 2,182,388

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. 3,537,082

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 \$109,550,000 exceeded repayments \$65,548,940.

Debt issued or incurred:			
General obligation bonds issued	67,665,000		
Installment financing	41,885,000		
Principal repayments:			
General obligation debt	(13,817,214)		
Installment financing	(9,372,708)		
Bond Refunding			
Face amount of new debt	47,820,000		
payment to escrow agent	(95,418,487)		
Net adjustment	<u>\$ 38,761,591</u>	<u>(38,761,591)</u>	

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 - (\$847,564), change in accrued interest expense - \$163,727, change in landfill postclosure liability - \$64,498, and arbitrage payable (\$22,133)). (641,472)

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. (10,092,882)

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. (1,682,362)

Change in net assets of governmental activities \$ (757,366)

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Ad valorem taxes	\$ 182,942,342	\$ 183,145,498	\$ 184,929,689	\$ 1,784,191
Intergovernmental	29,570,946	30,127,341	29,215,532	(911,809)
Local sales tax	70,751,912	71,051,912	58,650,643	(12,401,269)
Licenses	18,487,000	18,487,000	19,097,691	610,691
Interest on investments	2,085,543	2,085,543	1,774,136	(311,407)
Inspection fees	9,290,150	9,290,150	7,408,186	(1,881,964)
Highway maintenance refunds	1,170,000	1,170,000	1,241,588	71,588
Solid waste fees	16,409,034	16,409,034	16,600,227	191,193
Parks and recreation fees	6,992,465	7,092,606	7,382,639	290,033
Other fees and charges	7,309,599	7,309,599	7,012,543	(297,056)
Other revenues	2,691,626	3,259,644	2,149,449	(1,110,195)
Total revenues	<u>347,700,617</u>	<u>349,428,327</u>	<u>335,462,323</u>	<u>(13,966,004)</u>
EXPENDITURES				
General government:				
City council	233,773	236,199	207,549	28,650
City clerk	560,817	575,466	513,092	62,374
City attorney	2,264,637	2,264,637	2,132,079	132,558
Special appropriations	12,651,960	13,110,129	12,449,261	660,868
Agency appropriations	3,379,742	4,185,705	3,466,398	719,307
City manager	3,173,351	4,214,029	3,441,517	772,512
Public affairs office	1,778,350	1,801,535	1,506,108	295,427
Arts office	285,509	285,509	253,872	31,637
Personnel	3,228,861	3,329,759	3,092,640	237,119
Administrative service	1,898,473	2,091,615	2,082,554	9,061
Finance	11,826,181	13,297,433	11,224,884	2,072,549
Information technology	15,690,677	17,390,129	15,117,903	2,272,226
Total general government	<u>56,972,331</u>	<u>62,782,145</u>	<u>55,487,857</u>	<u>7,294,288</u>
Community development services:				
Planning	4,365,760	4,394,758	3,683,164	711,594
Inspections	11,548,243	11,038,910	10,223,384	815,526
Community services	1,925,795	2,034,977	1,551,880	483,097
Economic development	1,962,254	2,259,030	1,954,787	304,243
Total community development services	<u>19,802,052</u>	<u>19,727,675</u>	<u>17,413,215</u>	<u>2,314,460</u>
Public works:				
Central engineering	19,962,554	20,264,731	18,456,817	1,807,914
Transportation	8,966,999	9,268,268	8,076,395	1,191,873
Total public works	<u>28,929,553</u>	<u>29,532,999</u>	<u>26,533,212</u>	<u>2,999,787</u>

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Public safety:				
Emergency communications center	\$ 9,453,810	\$ 9,511,222	\$ 7,930,691	\$ 1,580,531
Police	89,054,914	89,916,012	83,892,784	6,023,228
Fire	49,474,088	51,041,741	49,643,402	1,398,339
Total public safety	<u>147,982,812</u>	<u>150,468,975</u>	<u>141,466,877</u>	<u>9,002,098</u>
Solid waste services	<u>24,405,971</u>	<u>26,522,442</u>	<u>24,043,203</u>	<u>2,479,239</u>
Leisure services:				
Parks and recreation	45,130,416	46,181,370	40,067,077	6,114,293
Continuing recreation activities	4,336,206	4,615,696	3,209,898	1,405,798
Total leisure services	<u>49,466,622</u>	<u>50,797,066</u>	<u>43,276,975</u>	<u>7,520,091</u>
Other expenditures:				
Capital outlay - installment note obligations	360,000	360,000	360,000	-
Total other expenditures	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>	<u>-</u>
Debt service:				
Principal and interest	37,184,439	39,229,731	33,911,076	5,318,655
Other debt service expenditures	413,000	413,000	334,757	78,243
Total debt service	<u>37,597,439</u>	<u>39,642,731</u>	<u>34,245,833</u>	<u>5,396,898</u>
Total expenditures before charge-out	<u>365,516,780</u>	<u>379,834,033</u>	<u>342,827,172</u>	<u>37,006,861</u>
Less: administrative costs charged to other funds	28,162,484	28,162,484	28,121,734	40,750
Total expenditures	<u>337,354,296</u>	<u>351,671,549</u>	<u>314,705,438</u>	<u>37,047,611</u>
Excess (deficiency) of revenues over expenditures	10,346,321	(2,243,222)	20,756,885	23,081,607
OTHER FINANCING SOURCES (USES)				
Transfers in	10,377,465	18,195,758	11,290,287	(6,905,471)
Transfers out	(31,516,151)	(36,700,314)	(27,402,334)	9,297,980
Capital related debt issued	360,000	360,000	360,000	-
Discount on limited obligation bonds	-	(268,267)	(268,267)	-
Limited obligation bonds issued	-	41,525,000	41,525,000	-
Premium on refunding bonds	-	6,673,451	6,673,451	-
Refunding bonds issued	-	47,820,000	47,820,000	-
Payment to refunded bond escrow agent	-	(95,418,487)	(95,418,487)	-
Total other financing sources (uses)	<u>(20,778,686)</u>	<u>(17,812,859)</u>	<u>(15,420,350)</u>	<u>2,392,509</u>
Net changes in fund balance	<u>\$ (10,432,365)</u>	<u>\$ (20,056,081)</u>	5,336,535	<u>\$ 25,392,616</u>
Fund balance appropriated	<u>\$ 10,432,365</u>	<u>\$ 20,056,081</u>		
Fund balance - beginning of year			160,547,674	
Fund balance - end of year			<u>\$ 165,884,209</u>	

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS**

June 30, 2010

	Enterprise Funds		
	Water and Sewer Fund	Convention Center Fund	Parking Facilities Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 61,898,247	\$ 9,728,076	\$ 6,442,600
Customer receivables, net of allowance for uncollectibles of \$2,819,770	23,070,945	-	629,902
Assessments receivable, net of allowance for uncollectibles of \$124,130	2,358,471	-	-
Due from other governmental agencies	-	-	-
Accrued interest receivable	477,549	73,414	44,768
Other receivables and assets	850,303	505,281	-
Sales tax receivable	3,398,826	120,056	15,844
Inventories	7,781,579	-	-
Insurance deposit	-	-	-
Deferred charges	802,090	1,543,404	308,560
Total current assets	100,638,010	11,970,231	7,441,674
Noncurrent assets:			
Restricted cash and cash equivalents	51,065,887	-	1,515,334
Deferred Outflow for Derivative Instrument	20,456,443	-	-
Capital assets:			
Land and improvements	39,551,352	20,829,848	8,009,899
Construction in progress	50,257,495	295,178	301,351
Water and sewer systems	1,102,087,839	-	-
Buildings and machinery	88,615,043	270,022,288	-
Parking decks	-	-	146,493,357
Buses	-	-	-
Equipment	18,958,919	1,687,458	247,587
Furniture and fixtures	62,873	2,506,371	51,382
Improvements	100,277,282	26,697,821	1,814,807
Less accumulated depreciation	(299,285,444)	(38,307,025)	(21,837,177)
Total noncurrent assets	1,172,047,689	283,731,939	136,596,540
Total assets	1,272,685,699	295,702,170	144,038,214

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

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS**

June 30, 2010

	Enterprise Funds		Internal Service Funds
	Other Nonmajor Enterprise	Total	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 38,469,336	\$ 116,538,259	\$ 17,482,474
Customer receivables, net of allowance for uncollectibles of \$2,819,770	895,866	24,596,713	-
Assessments receivable, net of allowance for uncollectibles of \$124,130	-	2,358,471	-
Due from other governmental agencies	7,288,098	7,288,098	-
Accrued interest receivable	259,338	855,069	73,773
Other receivables and assets	-	1,355,584	-
Sales tax receivable	157,993	3,692,719	516,159
Inventories	377,909	8,159,488	662,596
Insurance deposit	-	-	400,000
Deferred charges	-	2,654,054	-
Total current assets	47,448,540	167,498,455	19,135,002
Noncurrent assets:			
Restricted cash and cash equivalents	6,731,489	59,312,710	9,295,943
Deferred Outflow for Derivative Instrument	-	20,456,443	-
Capital assets:			
Land and improvements	4,428,617	72,819,716	-
Construction in progress	16,796,081	67,650,105	-
Water and sewer systems	-	1,102,087,839	-
Buildings and machinery	3,798,718	362,436,049	230,912
Parking decks	-	146,493,357	-
Buses	27,661,304	27,661,304	-
Equipment	1,947,191	22,841,155	99,656,692
Furniture and fixtures	50,046	2,670,672	5,636
Improvements	9,835,612	138,625,522	-
Less accumulated depreciation	(19,309,082)	(378,738,728)	(66,068,410)
Total noncurrent assets	51,939,976	1,644,316,144	43,120,773
Total assets	99,388,516	1,811,814,599	62,255,775

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2010

	Enterprise Funds		
	Water and Sewer Fund	Convention Center Fund	Parking Facilities Funds
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 16,015,634	\$ 1,753,846	\$ 96,931
Arbitrage rebate payable	112	-	-
Accrued salaries and employee payroll taxes	844,696	218,203	43,616
Accrued interest payable	6,281,499	3,423,053	864,000
Claims payable and other liabilities	-	-	-
Deferred contributions from other funds	-	-	-
Due to other funds	-	1,026,050	10,613
Unearned revenue	62,947	16,364	-
Bonds, notes and loans payable	12,119,289	-	749,985
Unamortized premium (discount)	1,503,987	-	44,362
Deferred refunding - bonds payable	(725,572)	-	(21,201)
Contracts and other notes payable	5,562,101	-	2,975,000
Deferred refunding - contracts payable	-	-	(41,771)
Total current liabilities	41,664,693	6,437,516	4,721,535
Noncurrent liabilities:			
Bonds, notes and loans payable	541,031,638	243,425,000	2,922,551
Unamortized premium (discount)	18,526,616	-	453,349
Deferred refunding - bonds payable	(8,239,357)	-	(96,604)
Contracts and other notes payable	12,148,534	-	93,000,000
Escrow and other deposits payable from restricted assets	13,535,797	-	-
Derivative Instrument Liability	20,456,443	-	-
Earned vacation pay	1,890,503	529,463	64,399
Net OPEB pension liability	114,216	21,841	7,214
Total noncurrent liabilities	599,464,390	243,976,304	96,350,909
Total liabilities	641,129,083	250,413,820	101,072,444
NET ASSETS			
Invested in capital assets, net of related debt	556,128,213	40,306,939	36,610,869
Unrestricted	75,428,403	4,981,411	6,354,901
Total net assets	\$ 631,556,616	\$ 45,288,350	\$ 42,965,770

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
 June 30, 2010

	Enterprise Funds		Internal Service Funds
	Other Nonmajor Enterprise	Total	
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,401,158	\$ 21,267,569	\$ 1,239,366
Arbitrage rebate payable	-	112	140,474
Accrued salaries and employee payroll taxes	115,538	1,222,053	112,302
Accrued interest payable	-	10,568,552	-
Claims payable and other liabilities	-	-	34,610,133
Deferred contributions from other funds	373,251	373,251	-
Due to other funds	3,865,503	4,902,166	-
Unearned revenue	-	79,311	-
Bonds, notes and loans payable	-	12,869,274	7,651,943
Unamortized premium (discount)	-	1,548,349	-
Deferred refunding - bonds payable	-	(746,773)	-
Contracts and other notes payable	-	8,537,101	-
Deferred refunding - contracts payable	-	(41,771)	-
Total current liabilities	7,755,450	60,579,194	43,754,218
Noncurrent liabilities:			
Bonds, notes and loans payable	-	787,379,189	14,702,144
Unamortized premium (discount)	-	18,979,965	-
Deferred refunding - bonds payable	-	(8,335,961)	-
Contracts and other notes payable	-	105,148,534	-
Escrow and other deposits payable from restricted assets	6,731,489	20,267,286	-
Derivative Instrument Liability	-	20,456,443	-
Earned vacation pay	259,778	2,744,143	265,731
Net OPEB pension liability	11,221	154,492	-
Total noncurrent liabilities	7,002,488	946,794,091	14,967,875
Total liabilities	14,757,938	1,007,373,285	58,722,093
NET ASSETS			
Invested in capital assets, net of related debt	45,208,486	678,254,507	20,631,232
Unrestricted	39,422,092	126,186,807	(17,097,550)
Total net assets	\$ 84,630,578	804,441,314	\$ 3,533,682

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

2,627,262

Net assets of business-type activities

\$ 807,068,576

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS**
 For the Fiscal Year Ended June 30, 2010

	Enterprise Funds	
	Water and Sewer Fund	Convention Center Fund
Operating revenues		
User charges	\$ 133,993,635	\$ 11,318,403
Charges for services - internal	-	-
Other	2,761,657	125,000
Total operating revenues	<u>136,755,292</u>	<u>11,443,403</u>
Operating expenses		
Administration	4,461,021	-
Other facility operating costs	-	15,458,031
Water supply and treatment	23,720,649	-
Sewer system and treatment	21,484,685	-
Warehousing, maintenance and construction	17,099,375	-
Other services	7,256,008	-
Non-departmental charges	10,738,917	-
Management contract charges	-	-
Claims	-	-
Premiums	-	-
Depreciation	31,860,650	8,588,783
Other	-	-
Total operating expenses	<u>116,621,305</u>	<u>24,046,814</u>
Operating income (loss)	<u>20,133,987</u>	<u>(12,603,411)</u>
Nonoperating revenue (expense)		
Interest on investments	1,325,474	158,551
Subsidy income - federal and state	-	-
Other revenues	472,918	950,386
Interest expense	(9,575,878)	(8,641,123)
Miscellaneous expense	(2,671,407)	(1,220,844)
Total nonoperating revenue (expense)	<u>(10,448,893)</u>	<u>(8,753,030)</u>
Income (loss) before contributions, transfers and special items	9,685,094	(21,356,441)
Capital contributions	4,819,901	-
Transfers in	-	14,797,091
Transfers out	(1,975,000)	-
Change in net assets	12,529,995	(6,559,350)
Total net assets, beginning of year	<u>619,026,621</u>	<u>51,847,700</u>
Total net assets, end of year	<u>\$ 631,556,616</u>	<u>\$ 45,288,350</u>

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

Enterprise Funds				
Parking Facilities Funds	Other Nonmajor Enterprise	Total		Internal Service Funds
\$ 7,815,246	\$ 16,691,999	\$ 169,819,283		\$ -
-	-	-		64,972,493
-	1,662,134	4,548,791		162,946
<u>7,815,246</u>	<u>18,354,133</u>	<u>174,368,074</u>		<u>65,135,439</u>
1,070,302	4,752,754	10,284,077		6,965,718
3,262,512	19,101,470	37,822,013		10,158,822
-	-	23,720,649		-
-	-	21,484,685		-
-	-	17,099,375		-
-	-	7,256,008		-
-	-	10,738,917		-
-	10,518,347	10,518,347		-
-	-	-		32,670,827
-	-	-		1,925,444
3,688,144	3,598,288	47,735,865		10,592,606
-	1,040,594	1,040,594		1,180,702
<u>8,020,958</u>	<u>39,011,453</u>	<u>187,700,530</u>		<u>63,494,119</u>
(205,712)	(20,657,320)	(13,332,456)		1,641,320
118,074	774,223	2,376,322		(67,844)
-	5,245,288	5,245,288		-
-	324,960	1,748,264		-
(2,985,189)	-	(21,202,190)		(1,121,493)
(309,525)	-	(4,201,776)		-
<u>(3,176,640)</u>	<u>6,344,471</u>	<u>(16,034,092)</u>		<u>(1,189,337)</u>
(3,382,352)	(14,312,849)	(29,366,548)		451,983
-	7,377,869	12,197,770		-
861,000	18,449,339	34,107,430		2,084,470
(517,500)	(471,000)	(2,963,500)		(4,314,530)
(3,038,852)	11,043,359	13,975,152		(1,778,077)
<u>46,004,622</u>	<u>73,587,219</u>			<u>5,311,759</u>
<u>\$ 42,965,770</u>	<u>\$ 84,630,578</u>			<u>\$ 3,533,682</u>

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

(95,719)

Change in net assets of business-type activities

\$ 13,879,433

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2010

	Enterprise Funds	
	Water and Sewer Fund	Convention Center Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 130,912,126	\$ 11,913,291
Payments to employees	(30,559,651)	(7,569,629)
Payments to suppliers and service providers	(54,787,205)	(8,977,004)
Internal activity - payments from (to) other funds	-	629,239
Claims paid	-	-
Premiums paid	-	-
Other receipts/(payments)	(2,198,488)	(270,458)
Net cash provided by (used in) operating activities	43,366,782	(4,274,561)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers from other funds	-	14,797,091
Operating subsidies and transfers to other funds	(1,975,000)	-
Operating grants received	-	-
Net cash provided by (used in) noncapital financing activities	(1,975,000)	14,797,091
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase and construction of capital assets	(104,594,530)	(5,526,595)
Capital grants and other capital contributions	1,689,836	-
Proceeds from capital debt	71,441,781	-
Principal paid on capital debt	(85,518,866)	-
Interest paid on capital debt	(26,817,667)	(9,042,385)
Other debt related payments	-	-
Escrow deposits	(11,556,743)	-
Net cash used in capital and related financing activities	(155,356,189)	(14,568,980)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	2,235,184	256,398
Net cash provided by investing activities	2,235,184	256,398
Net increase (decrease) in cash and cash equivalents	(111,729,223)	(3,790,052)
Cash and cash equivalents - beginning of year	224,693,357	13,518,128
Cash and cash equivalents - end of year	\$ 112,964,134	\$ 9,728,076
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 20,133,987	\$ (12,603,411)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	31,860,650	8,588,783
Miscellaneous nonoperating income (expense)	(2,198,488)	(270,459)
Change in assets and liabilities:		
Operating receivables	1,003,152	-
Sales tax receivable	(4,996,539)	533,770
Inventories	(1,562,701)	-
Other receivables and assets	(755,086)	484,330
Accounts payable and other accrued liabilities	(59,397)	(1,676,041)
Due to/from other funds	-	629,239
Escrow and other deposits	-	-
Earned vacation pay and other payroll liabilities	32,745	53,670
Deferred revenue	(91,541)	(14,442)
Total adjustments	23,232,795	8,328,850
Net cash provided by (used in) operating activities	\$ 43,366,782	\$ (4,274,561)
Noncash investing, capital, and financing activities:		
Capital contributions from annexations and mergers	\$ (2,243,285)	\$ -
Acquisition and construction of capital assets	\$ (5,317,474)	\$ -

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
\$ 8,332,637	\$ 18,047,956	\$ 169,206,010	\$ 64,972,494
(1,029,049)	(4,702,261)	(43,860,590)	(3,831,106)
(3,162,744)	(30,428,054)	(97,355,007)	(13,042,625)
375,000	-	1,004,239	(1,074,328)
-	-	-	(32,973,233)
-	-	-	(1,925,444)
-	(31,205)	(2,500,151)	(937,135)
<u>4,515,844</u>	<u>(17,113,564)</u>	<u>26,494,501</u>	<u>11,188,623</u>
861,000	17,900,787	33,558,878	2,084,470
(517,500)	(471,000)	(2,963,500)	(4,314,530)
-	2,572,238	2,572,238	-
<u>343,500</u>	<u>20,002,025</u>	<u>33,167,616</u>	<u>(2,230,060)</u>
(27,205,202)	(9,974,642)	(147,300,969)	(9,924,408)
-	8,190,907	9,880,743	-
30,980,000	-	102,421,781	-
(10,877,745)	-	(96,396,611)	(13,026,943)
(3,062,094)	-	(38,922,146)	(1,163,280)
(309,525)	-	(309,525)	-
-	509,189	(11,047,554)	-
<u>(10,474,566)</u>	<u>(1,274,546)</u>	<u>(181,674,281)</u>	<u>(24,114,631)</u>
188,148	938,965	3,618,695	150,681
<u>188,148</u>	<u>938,965</u>	<u>3,618,695</u>	<u>150,681</u>
(5,427,074)	2,552,880	(118,393,469)	(15,005,387)
13,385,008	42,647,945	294,244,438	41,783,804
<u>\$ 7,957,934</u>	<u>\$ 45,200,825</u>	<u>\$ 175,850,969</u>	<u>\$ 26,778,417</u>
\$ (205,712)	\$ (20,657,320)	\$ (13,332,456)	\$ 1,641,320
3,688,144	3,598,288	47,735,865	10,592,606
-	-	(2,468,947)	-
(129,285)	163,061	1,036,928	-
9,169	(70,854)	(4,524,454)	25,237
-	13,045	(1,549,656)	(9,998)
-	-	(270,756)	-
646,676	(217,279)	(1,306,041)	4,945
118,836	-	748,075	(1,074,328)
375,000	7,000	382,000	-
-	50,495	136,910	8,841
13,016	-	(92,967)	-
<u>4,721,556</u>	<u>3,543,756</u>	<u>39,826,957</u>	<u>9,547,303</u>
<u>\$ 4,515,844</u>	<u>\$ (17,113,564)</u>	<u>\$ 26,494,501</u>	<u>\$ 11,188,623</u>
\$ -	\$ -	\$ (2,243,285)	\$ -
\$ -	\$ -	\$ (5,317,474)	\$ -

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2010

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 38,603,367
Accrued interest receivable	47,268
Due from other funds	<u>1,775,765</u>
Total assets	<u>40,426,400</u>
LIABILITIES	
Claims payable	<u>494,115</u>
Total liabilities	<u>494,115</u>
NET ASSETS	
Held in trust for employees' retirement and other post- employment benefits	<u><u>\$ 39,932,285</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, 2010

	<u>Pension Trust Funds</u>
ADDITIONS	
Employer contributions	\$ 15,746,431
Retiree contributions	1,129,369
Interest	624,052
Net increase (decrease) in the fair value of investments	1,421,482
Less investment expense	<u>(41,742)</u>
Total additions	<u>18,879,592</u>
DEDUCTIONS	
Benefits	12,325,478
Withdrawals and forfeitures	71,647
Total deductions	<u>12,397,125</u>
Change in net assets restricted for:	
Employees' retirement and other post-employment benefits	6,482,467
Net assets, beginning of year	<u>33,449,818</u>
Net assets, end of year	<u><u>\$ 39,932,285</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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 and performing arts 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 a portion of its investments in callable securities, some of 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 2010-11 fiscal year and are not shown as receivables at June 30, 2010.

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, software, and infrastructure assets, (e.g. streets, sidewalks, water and sewer delivery systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All infrastructure acquired before July 1, 2001 (date of implementation of GASB 34) has been recorded by the City at historical cost if purchased or constructed or at fair market value at the date of donation. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets 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 \$37,586,341. Of this amount, \$16,136,005 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
Software	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, 2010 is as follows:

General Fund		General Capital Projects Funds	
Designations	Amount	Designations	Amount
Debt service	\$ 37,682,561	Various capital projects	\$ 3,748,896
Law enforcement projects	808,614	Appropriated for	
Appropriated for subsequent year	17,617,198	subsequent year	\$ 111,250,433
Other	20,832		
	\$ 56,129,205	Special Revenue Funds	
		Appropriated for	
		subsequent year	\$ 15,907,049

9. Interest rate swap

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

Note 2. Stewardship, compliance, and accountability

A. Budgetary information

As required by the North Carolina Budget and Fiscal Control Act, the City adopts balanced budget ordinances for all funds except the trust funds which are not budgeted 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, 2010. 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, 2010, the effect of such amendments, less eliminating transfers, was as follows:

	Original <u>Budget</u>	Total <u>Amendments</u>	Budget <u>June 30, 2010</u>
General Fund	\$ 412,255,612	\$ 28,993,773	\$ 441,249,385
Special Revenue Funds	86,877,121	10,552,378	97,429,499
General Capital Projects Funds	846,420,331	6,542,260	852,962,591
Enterprise Funds	1,269,550,509	59,826,550	1,329,377,059
Internal Service Funds	28,806,835	6,838,479	35,645,314

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

A total of four funds had deficit net assets at June, 30, 2010 as the risk management fund and employees' health benefits fund (internal service funds), and the facilities fees fund and major public facilities fund (general capital projects funds) met that condition. The risk management fund had deficit net assets of \$9,776,618 at June 30, 2010. The deficit net assets in the risk management fund results primarily from the City's full recognition of the actuarially determined liability of \$23.6 million for claims incurred but not reported at June 30, 2010. The employees' health benefits fund had deficit net assets of \$2,346,194 at June 30, 2010 as claims costs outpaced employees and City contributions. The facility fees fund had deficit net assets of \$163,872 at June 30, 2010 due to fee revenue falling short of budgeted transfers. The major public facilities fund had deficit net assets of \$24,090 at June 30, 2010 due to suspension of funding on the Clarence E. Lightner Public Safety Center. 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, 2010, the City's bank balance was \$22,697,643 and the carrying amount of the City's deposits was \$15,412,103, net of a cash overdraft of \$376,627 which is included in accounts payable. Of the bank balance, \$258,079 was covered by federal depository insurance and \$22,439,564 was covered by collateral held under the Pooling Method.

Investments. At June 30, 2010, 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	\$ 10,359,294	\$ 18,764	\$ 6,981,323	\$ 3,359,207
Federal Home Loan Bank	41,383,791	13,070,765	21,800,643	6,512,383
Freddie Mac	24,525,154	13,384,668	5,925,951	5,214,535
Fannie Mae	83,523,649	11,446,427	66,432,070	5,645,152
Federal Farm Credit Bank	23,119,572	10,371,067	12,748,505	-
Commercial paper	13,729,878	1,311,238	3,526,501	8,892,139
Bank certificates of deposit	113,200,000	84,000,000	29,200,000	-
NCCMT - Cash Portfolio	120,646,966	120,646,966	N/A	N/A
	<u>\$ 430,488,304</u>	<u>\$ 254,249,895</u>	<u>\$ 146,614,993</u>	<u>\$ 29,623,416</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, 2010. 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+	Aa3	A+
RBC Bank	A-	A1	AA
Fifth Third Bancorp	BBB+	A3	A-
SunTrust Bank	BBB+	A3	BBB+

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 9.61%, 5.70%, 19.40%, and 5.37% respectively of the City's total investments. Also, more than 5 percent of the City's investments are in bank certificates as follows: First Bank 7.95%, Bank of NC 8.83%, BB&T 8.13%, Fifth Third Bancorp 30.04% and SunTrust Bank 42.40%.

The Medical, Dental, and OPEB Trust Funds as well as the BB&T – Supplemental Pension Funds shown below are considered cash and cash equivalents within the fiduciary funds. Fiduciary funds are reported on a stand-alone basis and are not presented in the government-wide Statement of Net Assets.

A summary of cash and investments at June 30, 2010 is as follows:

Petty Cash and Change Funds	\$ 13,560
Deposits (checking, money market)	94,336,993
Medical, Dental, and OPEB Trust Funds	10,878,476
BB&T - Supplemental Pension Funds	27,724,891
Investments	430,488,304
	\$ 563,442,224

B. Capital assets

Capital asset activity for the year ended June 30, 2010 was as follows (stated in thousands):

	Balance June 30, 2009	Additions	Transfers	Deletions	Balance June 30, 2010
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 148,996	\$ 1,707	\$ -	\$ -	\$ 150,703
Construction in progress	55,981	53,017	(44,678)	-	64,320
Total capital assets, not being depreciated	204,977	54,724	(44,678)	-	215,023
Capital assets, being depreciated:					
Buildings and machinery	106,954	5,683	1,020	267	113,390
Streets and sidewalks	656,189	22,628	11,511	-	690,328
Buses	-	135	-	-	135
Equipment	103,812	9,478	-	5,203	108,087
Furniture and fixtures	2,332	138	-	81	2,389
Improvements - general and parks	177,779	3,029	1,738	245	182,301
Software	-	-	30,409	-	30,409
Total capital assets being depreciated	1,047,066	41,091	44,678	5,796	1,127,039
Less accumulated depreciation for:					
Buildings and machinery	41,003	2,722	25	61	43,689
Streets and sidewalks	304,809	25,116	(204)	-	329,721
Buses	-	13	-	-	13
Equipment	70,401	10,101	191	4,997	75,696
Furniture and fixtures	1,973	252	3	81	2,147
Improvements - general and parks	74,811	8,218	(15)	86	82,928
Software	-	1,520	-	-	1,520
Total accumulated depreciation	492,997	47,942	-	5,225	535,714
Total capital assets being depreciated, net	554,069	(6,851)	44,678	571	591,325
Governmental activities capital assets, net	\$ 759,046	\$ 47,873	\$ -	\$ 571	\$ 806,348

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

General government	\$ 2,522
Community development	98
Public works	27,713
Public safety	2,278
Solid waste services	370
Leisure services	6,846
Capital assets held by certain internal service funds are charged to the various governmental functions based on the usage of the assets	8,115
Total depreciation expense - governmental activities	\$ 47,942

Annexations: The amount reported as additions for street and sidewalks includes \$3,050,787 from annexations during fiscal year 2009-10.



CITY OF RALEIGH

2010

	Balance June 30, 2009	Additions	Transfers	Deletions	Balance June 30, 2010
<u>Business-type activities</u>					
Capital assets, not being depreciated:					
Land	\$ 72,821	\$ -	\$ -	\$ 1	\$ 72,820
Construction in progress	164,188	41,095	(137,633)	-	67,650
Total capital assets, not being depreciated	<u>237,009</u>	<u>41,095</u>	<u>(137,633)</u>	<u>1</u>	<u>140,470</u>
Capital assets, being depreciated:					
Buildings and machinery	355,855	6,246	335	-	362,436
Water and sewer systems	888,014	80,400	133,674	-	1,102,088
Parking decks	121,123	25,091	278	-	146,492
Buses	30,277	-	-	2,615	27,662
Equipment	44,315	2,122	-	1,752	44,685
Furniture and fixtures	2,416	254	3,346	-	6,016
Improvements	126,740	8,540	-	-	135,280
Total capital assets being depreciated	<u>1,568,740</u>	<u>122,653</u>	<u>137,633</u>	<u>4,367</u>	<u>1,824,659</u>
Less accumulated depreciation for:					
Buildings and machinery	45,856	8,881	(349)	-	54,388
Water and sewer systems	213,845	23,215	44	-	237,104
Parking decks	17,690	3,631	106	-	21,427
Buses	12,841	2,783	(109)	2,075	13,440
Equipment	27,724	4,649	393	1,441	31,325
Furniture and fixtures	849	448	-	-	1,297
Improvements	27,783	6,607	(85)	-	34,305
Total accumulated depreciation	<u>346,588</u>	<u>50,214</u>	<u>-</u>	<u>3,516</u>	<u>393,286</u>
Total capital assets being depreciated, net	<u>1,222,152</u>	<u>72,439</u>	<u>137,633</u>	<u>851</u>	<u>1,431,373</u>
Business-type activities capital assets, net	<u>\$ 1,459,161</u>	<u>\$ 113,534</u>	<u>\$ -</u>	<u>\$ 852</u>	<u>\$ 1,571,843</u>

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

Water/Sewer	\$ 31,861
Convention center	8,589
Parking	3,688
Mass Transit	3,151
Stormwater	447
Capital assets held by certain internal service funds are charged to the various business-type activities based on the usage of the assets	2,478
Total depreciation expense - business-type activities	<u>\$ 50,214</u>

Annexations: The amount reported as additions for water and sewer systems includes \$3,162,285 added from annexations during fiscal year 2009-10.

Commitments - construction projects

At June 30, 2010, the City has \$80,190,811 in project obligations for business-type activities for construction projects in progress as follows: \$52,005,730 for water and sewer projects, \$18,152,365 for transit projects, \$7,194,531 for storm water projects, \$2,264,852 for convention center projects, and \$573,333 for parking garage projects. These obligations are fully budgeted and are being financed primarily by state loans, general obligation bond proceeds, revenue bond proceeds, federal grants, storm water fees and certificates of participation.

In addition, the City has \$71,049,268 in general government project obligations at June 30, 2010. 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, 2010.

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
	<u> </u>	<u> </u>
Amounts arising from cash:		
Police informant account	\$ 31,330	\$ -
Cemetery cash account	8,079	-
Cafeteria plan cash	64,055	-
Deferred vehicle taxes	514,532	-
Grants, program income	1,142,480	410,475
Facility fees	208,671	-
	<u>\$ 1,969,147</u>	<u>\$ 410,475</u>
Amounts not arising from cash:		
Assessments receivable	\$ 348,872	\$ 856,877
Taxes receivable	2,283,454	-
Loans receivable	31,557	53,676,575
	<u>\$ 2,663,883</u>	<u>\$ 54,533,452</u>
Total	<u>\$ 4,633,030</u>	<u>\$ 54,943,927</u>

D. Interfund receivables, payables, and transfers

The composition of interfund balances as June 30, 2010, is as follows:

Due to general fund from:	
Nonmajor governmental funds	\$ 10,105,488
Convention center fund	1,026,050
Nonmajor enterprise funds	3,820,573
Parking fund	10,613
Total due to general fund	\$ 14,962,724
Due to nonmajor governmental funds from:	
General fund	\$ 530,008
Nonmajor governmental funds	569,954
Nonmajor enterprise funds	44,930
	\$ 1,144,892
Due to pension trust funds from:	
General fund	\$ 1,775,765
Total due to pension trust funds	\$ 1,775,765
Total interfund balances	\$ 17,883,381

The balance of \$14,962,724 due to the general fund includes \$9,676,050 in interfund loans made in 2010 to provide cash for the Remote Operations Facilities capital projects (\$6,150,000), the Transit Operations and Maintenance Facility (\$2,500,000) and the Downtown Amphitheatre Facility (\$1,026,050). The general fund balance due includes \$3,506,118 of negative special revenue fund (community development \$1,381,797 and grants fund \$2,124,321) cash reclassified as due to the general fund and a corresponding reduction in general fund cash and a due from other funds. The general fund balance due also includes \$1,320,573 in excess operating subsidy advanced to the mass transit fund during 2010. The balance of \$1,775,765 due to the pension trust funds represents city contributions due to the Law Enforcement Officers' Special Separation Allowance Fund at year end.

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 each month or prior to or at year-end.

A summary of interfund transfers for the fiscal year ended June 30, 2010 is as follows:

Transfers to general fund from:	
Nonmajor governmental funds	\$ 10,394,465
Water and sewer fund	75,000
Internal service funds	799,530
General fund internal balances	21,292
Total transfers to general fund	<u>\$ 11,290,287</u>
Transfers to nonmajor governmental funds from:	
General fund	\$ 9,162,798
Water and sewer fund	1,900,000
Parking facilities operating fund	450,000
Nonmajor enterprise fund	450,000
Total transfers to nonmajor governmental funds	<u>\$ 11,962,798</u>
Transfers to convention center fund from:	
General fund	\$ 1,200,166
Parking facilities operating fund	67,500
Nonmajor governmental funds	13,529,425
Total transfers to convention center fund	<u>\$ 14,797,091</u>
Transfers to parking fund from:	
Internal service funds	\$ 840,000
Nonmajor enterprise funds	21,000
Total transfers to parking fund	<u>\$ 861,000</u>
Transfers to nonmajor enterprise funds from:	
General fund	\$ 14,954,900
Internal service funds	2,675,000
Nonmajor governmental funds	819,439
Total transfers to nonmajor enterprise funds	<u>\$ 18,449,339</u>
Transfers to internal service funds from:	
General fund	\$ 2,084,470
Total transfers to internal service funds	<u>\$ 2,084,470</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.

E. Operating leases

During FY 2009-10 total rental payments on noncancelable operating leases was \$3,566,805. The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2010:

Fiscal Year Ending June 30	
2011	\$ 2,887,982
2012	1,476,993
2013	646,826
2014	128,014
2015	11,485
	\$ 5,151,300

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, 2010 are as follows:

Purpose	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2010
Governmental Activities					
Housing-Series 1994B-Taxable	7.9% to 8.0%	9/1/1994	3/1/2011	\$ 2,900,000	\$ 50,000
Housing-Series 1996	5.5% to 5.75%	6/1/1996	6/1/2016	2,280,000	690,000
Housing-Series 1997-Taxable	6.7%	10/1/1997	4/1/2016	3,920,000	2,020,000
GO Refunding, Series 1998	4.0% to 4.2%	12/1/1998	6/1/2012	6,740,000	525,000
Public Improvement, Series 2002	4.0% to 5.0%	6/1/2002	6/1/2021	9,700,000	1,000,000
Public Improvement, Series 2002A	3.5% to 4.5%	12/1/2002	2/1/2021	2,900,000	350,000
Public Improvement, Series 2002B	3.5% to 4.5%	12/1/2002	2/1/2021	43,000,000	5,400,000
Public Improvement, Series 2002C	4.0%	12/1/2002	2/1/2013	14,905,000	1,135,000
Public Improvement, Series 2004	2.0% to 4.0%	3/1/2004	4/1/2022	15,000,000	12,300,000
Public Improvement Refunding - Series 2004A	2.0% to 4.0%	3/1/2004	4/1/2016	17,338,150	9,822,827
Housing, Series, 2004B	3.25% to 4.375%	3/1/2004	4/1/2017	7,000,000	4,570,000
Housing Refunding, Series 2004B	3.25% to 4.0%	3/1/2004	4/1/2012	2,355,000	435,000
Street Improvement, Series 2005A	3.5% to 5.0%	8/1/2005	2/1/2023	10,600,000	6,950,000
Public Improvement, Series 2005B	3.5% to 5.0%	8/1/2005	2/1/2023	50,585,000	32,535,000
Housing Series 2007 Taxable	4.95% to 5.4%	3/1/2007	3/1/2027	7,000,000	5,950,000
Public Improvement, Series 2009A	2.25% to 4.25%	3/10/2009	2/1/2029	11,130,000	10,575,000
Public Improvement Refunding - Series 2009B	2.25% to 4.0%	3/11/2009	2/1/2017	13,778,981	11,383,710
Housing, Series 2009C - Taxable	3.5% to 5.5%	3/11/2009	2/1/2029	10,000,000	9,500,000
GO Refunding, Series 2009D	3.0% to 5.0%	7/28/2009	12/1/2020	33,640,000	33,530,000
GO Refunding, Series 2009E	4.0% to 5.0%	7/28/2009	12/1/2018	14,180,000	14,180,000
Public Improvement, Series 2009F	2.0% to 5.0%	9/3/2009	2/1/2029	57,665,000	57,665,000
Housing, Series 2009G	3.5% to 5.3%	9/3/2009	2/1/3030	10,000,000	10,000,000
Total Governmental Activities					\$ 230,566,537

General obligation bonds outstanding at June 30, 2010 (continued):

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Series Matures</u>	<u>Original Issue</u>	<u>June 30, 2010</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	\$ 235,000
Water Refunding, Series 2004A	2.0% to 4.0%	3/1/2004	4/1/2016	6,187,620	3,505,559
Sanitary Sewer Refunding - Series 2004A	2.0% to 4.0%	3/1/2004	4/1/2016	3,674,230	2,081,614
Sanitary Sewer Refunding - Series 2009B	2.25% to 4.0%	3/11/2009	2/1/2017	1,305,737	1,078,754
Water and Sewer Total					<u>6,900,927</u>
Parking Facilities:					
Parking Facilities Refunding-Series 2009B	2.25% to 4.0%	3/11/2009	2/1/2017	4,445,282	3,672,536
Parking Facilities Total					<u>3,672,536</u>
Total Business-type Activities					<u>\$ 10,573,463</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>
2011	\$ 16,650,725	\$ 9,691,713	\$ 2,004,274	\$ 350,691
2012	16,589,910	9,091,026	1,890,090	270,520
2013	16,162,470	8,392,107	1,722,531	194,917
2014	15,969,543	7,796,007	1,605,457	138,151
2015	15,905,143	7,207,142	1,579,857	95,067
2016-2020	76,053,746	25,957,449	1,771,254	60,629
2021-2025	50,920,000	10,795,350	-	-
2026-2029	22,315,000	2,206,938	-	-
	<u>\$ 230,566,537</u>	<u>\$ 81,137,732</u>	<u>\$ 10,573,463</u>	<u>\$ 1,109,975</u>

Status of bond authorizations

The following represent continuing authorization of general obligation bonds, which were unsold at June 30, 2010:

October 11, 2005

Street improvement

\$ 30,000,000

October 9, 2007

Parks and recreation

88,600,000

Total

\$ 118,600,000

Defeased debt

During FY 2009-10, the City issued \$47,820,000 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 \$6,100,000 of series 2002 public improvement bonds, \$1,750,000 of series 2002A public improvement bonds, \$26,700,000 of series 2002B public improvement bonds, \$2,450,000 of series 2005A street improvement bonds, and \$12,050,000 of series 2005B public improvement bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$4,989,344. 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 12 years by \$2,963,136 and resulted in an economic gain of \$2,424,677.

Also during FY 2009-10, the City issued \$68,745,000 of water and sewer revenue 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 \$16,600,000 of series 2004 water and sewer revenue bonds and \$53,900,000 of series 2006A water and sewer revenue bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$5,737,965. 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 13 years by \$4,284,559 and resulted in an economic gain of \$3,572,275.

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, 2010, 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 \$546,250,000. The bonds have stated interest rates between 2.25% and 5.0% and one variable rate issue at 4.163% at June 30, 2010. The bonds are payable serially over the next 30 years. Annual debt service requirements for 2009-10 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
2011	\$ 10,865,000	\$ 24,913,370
2012	11,800,000	24,684,672
2013	12,895,000	24,146,702
2014	13,570,000	23,561,678
2015	17,235,000	22,946,153
2016-2020	98,935,000	102,044,239
2021-2025	114,615,000	78,084,230
2026-2030	125,580,000	51,385,896
2031-2035	124,025,000	21,202,201
2036-2040	16,730,000	786,500
	<u>\$ 546,250,000</u>	<u>\$ 373,755,641</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, 2010.

3. Other long-term obligations

Other long-term obligations include reimbursement contracts, capital lease obligations, certificates of participation, installment financing agreements, limited obligation bonds, earned vacation pay and landfill closure and postclosure costs. The total amount to be paid in the future periods including interest on certificates, installment financing agreements and other installment obligations is \$789,505,055.

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 FY2009-10, \$55,000,000 of the fixed rate certificates of participation were converted to a variable rate note pursuant to the trust agreement. Also during FY2009-10, an additional \$7,600,000 was refunded by series 2009 limited obligation bonds.

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 \$479,447,550. The following schedule shows the expiration dates, which can be renewed, fees paid in fiscal year 2010 pursuant to the terms of the debt agreements, and the interest rate at year-end for these issues.

Issue	June 30, 2010	Expiration	FY 2010	June 30, 2010
2004A	\$ 55,000,000	January 5, 2013	\$ 218,840	0.27 %
2005B	\$ 188,425,000	December 26, 2011	\$ 783,363	.27/.27 %

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	Business-type Activities	
	Principal	Interest
2011	\$ -	\$ 11,443,830
2012	-	11,443,830
2013	-	11,443,830
2014	-	11,489,471
2015	7,360,000	11,421,010
2016-2020	42,125,000	52,118,166
2021-2025	52,955,000	42,009,291
2026-2030	66,555,000	29,327,184
2031-2035	74,430,000	10,368,251
	\$ 243,425,000	\$ 191,064,863

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 2009-10 the City entered into series 2009 variable rate limited obligation bonds of \$41,525,000, with an original interest rate at closing of 3.0%, to refund the series 2004C and 2008 certificates of participation. 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
2011	\$ 8,351,740	\$ 3,687,058
2012	8,402,938	3,377,380
2013	8,502,763	3,070,306
2014	8,596,393	2,743,460
2015	8,689,018	2,418,602
2016-2020	30,447,741	7,971,984
2021-2025	15,370,000	4,075,515
2026-2029	8,700,000	1,577,963
2030-2035	5,480,000	410,175
	<u>\$ 102,540,593</u>	<u>\$ 29,332,443</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). During FY 2009-10 the City entered into two state revolving loans in the amount of \$765,453 and carry an interest rate of 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	Business-type Activities	
	Principal	Interest
2011	\$ 5,362,726	\$ 605,116
2012	4,801,323	383,980
2013	1,001,323	203,801
2014	1,001,323	169,279
2015	1,001,323	134,850
2016-2020	3,210,515	297,843
2021-2025	941,363	59,850
2026-2029	191,363	-
	<u>\$ 17,511,259</u>	<u>\$ 1,854,719</u>

The City has entered into installment financing agreements to finance various downtown parking facilities. 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%. During FY 2009-10, the City entered into series 2009 variable rate certificates of participation for 24,875,000 that carry a variable interest rate, which was 3.5% at time of closing. Also during FY 2009-10, the City entered into series 2009 variable rate limited obligation bonds of \$6,105,000, with an original interest rate at closing of 3.0%, to refund the series 2000A and 2000B certificates of participation. 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
2011	\$ 2,975,000	\$ 4,096,769
2012	3,075,000	3,977,218
2013	3,215,000	3,847,429
2014	3,325,000	3,715,995
2015	3,435,000	3,582,060
2016-2020	18,970,000	15,741,625
2021-2025	20,190,000	11,580,162
2026-2029	19,935,000	6,937,115
2030-2035	20,855,000	2,269,439
	<u>\$ 95,975,000</u>	<u>\$ 55,747,812</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, 2010 is \$41,771.

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
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>\$ 17,596,190</u>	<u>\$ 1,164,078</u>	<u>\$ 4,757,896</u>	<u>\$ 310,206</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 0.0% 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
2011	\$ 413,858	\$ 22,324	\$ 199,375	\$ -
2012	164,460	20,505	-	-
2013	168,441	16,524	-	-
2014	55,845	9,120	-	-
2015	27,490	1,050	-	-
	<u>\$ 830,094</u>	<u>\$ 69,523</u>	<u>\$ 199,375</u>	<u>\$ -</u>

Earned vacation pay

At June 30, 2010, earned vacation pay consists of \$18,276,006 for governmental activities and \$2,744,143 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 formal corrective action plan submitted by the City in September 2010 is awaiting approval by DENR. The corrective action plan cost estimate is not expected to be greater than the preliminary cost estimate outlined in the 2008 ACM report. The \$6,105,812 reported as landfill postclosure liability as of June 30, 2010 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 August 2010, the City issued \$46,425,000 limited obligation bonds for the construction of remote operation centers. There have been no additional new bond referendums in FY2010-11.

4. Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 177,948,751	\$ 115,485,000	\$ 62,867,214	\$ 230,566,537	\$ 16,650,725
Unamortized premiums - GO bonds	1,851,644	11,050,683	1,266,859	11,635,468	981,307
Deferred refundings - GO bonds	(1,224,334)	(4,989,344)	(619,100)	(5,594,578)	(619,100)
Installment financing agreements	139,825,191	41,885,000	60,743,316	120,966,875	14,681,924
Unamortized premiums on IFA	579,800	-	259,018	320,782	21,386
Earned vacation pay	17,443,620	10,786,921	9,954,535	18,276,006	9,954,535
Landfill postclosure	6,170,310	74,044	138,542	6,105,812	n/a
Total governmental activities	<u>\$ 342,594,982</u>	<u>\$ 174,292,304</u>	<u>\$ 134,610,384</u>	<u>\$ 382,276,902</u>	<u>\$ 41,670,777</u>
<u>Business-type activities:</u>					
General obligation bonds	\$ 12,616,249	\$ -	\$ 2,042,786	\$ 10,573,463	\$ 2,004,274
Unamortized premium - GO bonds	347,006	-	46,291	300,715	46,291
Deferred refundings - GO bonds	(624,646)	-	(97,270)	(527,376)	(97,270)
Revenue bonds	554,740,000	68,745,000	77,235,000	546,250,000	10,865,000
Unamortized premium - Rev. bonds	13,665,284	10,681,802	4,488,581	19,858,505	1,476,070
Deferred refundings - Rev. bonds	(3,466,896)	(5,737,965)	(649,504)	(8,555,357)	(649,504)
Installment financing agreements	349,998,239	31,745,453	19,875,162	361,868,530	12,590,693
Unamortized premiums - IFA	859,389	(100,650)	389,646	369,093	26,355
Deferred refundings - IFA	(83,929)	-	(42,158)	(41,771)	(41,771)
Earned vacation pay	2,644,830	1,905,667	1,806,354	2,744,143	1,806,354
Total business-type activities	<u>\$ 930,695,526</u>	<u>\$ 107,239,307</u>	<u>\$ 105,094,888</u>	<u>\$ 932,839,945</u>	<u>\$ 28,026,492</u>

The current year additions to the installment financing agreements include noncash related financing activities in the amount of \$360,000 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 \$265,730 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, 2010, arbitrage liabilities are reported as follows: governmental activities \$742,175 and business type activities \$33,403.

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). At June 30, 2010, the swap had a negative fair value to the City of \$33,431,198. 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, 2010, 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, 2010, 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 37.

Using rates as of June 30, 2010, 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
2011	\$ -	\$ 471,063	\$ 7,744,268	\$ 8,215,331
2012	-	471,063	7,744,268	8,215,331
2013	-	471,063	7,744,268	8,215,331
2014	-	471,063	7,744,268	8,215,331
2015-2019	40,300,000	2,162,775	35,556,021	37,718,796
2020-2024	50,580,000	1,610,213	26,471,894	28,082,107
2025-2029	63,570,000	916,038	15,059,657	15,975,695
2030-2034	33,975,000	209,163	3,438,632	3,647,795
Total	<u>\$ 188,425,000</u>	<u>\$ 6,782,441</u>	<u>\$ 111,503,276</u>	<u>\$ 118,285,717</u>

*Computed using 4.36% less floating rate paid to the City (0.25% at June 30, 2010) 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, 2010, the swaps had a combined negative fair value to the City of \$20,456,443, 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, 2010, Citigroup and Wells Fargo, 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 36.

Using the rates as of June 30, 2010, 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
2011	\$ 3,390,000	\$ 375,000	\$ 5,869,500	\$ 6,244,500
2012	3,540,000	366,525	5,736,849	6,103,374
2013	3,665,000	357,675	5,598,329	5,956,004
2014	3,880,000	348,513	5,454,918	5,803,431
2015-2019	22,040,000	1,588,450	24,862,419	26,450,869
2020-2024	27,415,000	1,287,225	20,147,646	21,434,871
2025-2029	34,090,000	912,763	14,286,559	15,199,322
2030-2034	42,350,000	447,225	6,999,966	7,447,191
2035	9,630,000	24,075	376,822	400,897
Total	<u>\$ 150,000,000</u>	<u>\$ 5,707,451</u>	<u>\$ 89,333,008</u>	<u>\$ 95,040,459</u>

**Computed using 4.163% less floating rate paid to the City (0.25% at June 30, 2010) 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:

	Deposits	Unspent Debt Proceeds
<u>Governmental</u>		
Nonmajor governmental funds	\$ -	\$ 85,393,666
Total governmental	-	85,393,666
<u>Enterprise</u>		
Water and sewer fund	13,535,797	37,530,090
Parking facilities fund	-	1,515,334
Nonmajor enterprise funds	6,731,489	-
Total enterprise	20,267,286	39,045,424
<u>Internal service funds</u>		
Governmental equipment replacement fund	-	7,446,489
Public utilities equipment replacement fund	-	1,849,454
Total internal service fund	-	9,295,943
Total	\$ 20,267,286	\$ 133,735,033

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 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 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 \$34,610,133 reported for these two internal service funds at June 30, 2010, 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 2009-10 and 2008-09 are as follows:

	<u>2010</u>	<u>2009</u>
Insurance claims payable, beginning of year	\$ 34,912,539	\$ 32,996,033
Current year claims and changes in estimates	32,368,421	33,850,004
Claim payments	<u>(32,670,827)</u>	<u>(31,933,498)</u>
Insurance claims payable, end of year	<u>\$ 34,610,133</u>	<u>\$ 34,912,539</u>

Insurance claims payable at June 30, 2010 which are due within one year are estimated to be \$35,756,509.

As previously noted, the risk management fund has deficit net assets at June 30, 2010 of \$9,776,618. This deficit results primarily from the City's full recognition of the liability for claims incurred but not reported at June 30, 2010. 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 original amount of \$275,000. The loan balance as of June 30, 2010 was \$94,133. 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 2009-10 obligation was \$682,687. 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 Duraleigh 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 \$110,664 to the council during the fiscal year ended June 30, 2010. 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, 2010 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, 2010 the balance of the trust maintained by the County was \$2,144,322, which is not available to the City except for current and future projects jointly determined by the City and the County. During FY 2009-10, 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 \$12,432,690 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, 2010. 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, 2010. 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 (LGERS); a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS 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 4.86%, 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, 2010, 2009, and 2008 were \$9,061,998, \$8,711,864, and \$8,142,199 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, 2010 were \$3,301,573 which consisted of \$2,124,666 from the City and \$1,176,907 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, 2009, the separation allowance’s membership consisted of:

Retirees and beneficiaries currently receiving benefits	120
Current active employees	<u>714</u>
Total	<u>834</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 \$1,775,765 or 4.19% 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	\$ 1,825,948
Interest paid on pension obligation	(166,680)
Adjustment to annual required contribution	144,824
Annual pension cost	1,804,092
Employer contributions made for current fiscal year	1,775,765
Increase in net pension obligation	28,327
Net pension obligation beginning of fiscal year	(2,299,028)
Net Pension obligation end of fiscal year	\$ (2,270,701)

Annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% 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, 2009 was 21 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, 2008	\$ 1,613,894	116.88%	\$ (2,249,015)
June 30, 2009	1,708,927	102.93%	(2,299,028)
June 30, 2010	1,804,092	98.43%	(2,270,701)

Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
		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
12/31/2009	2,795,680	26,817,291	24,021,611	10.4	41,855,845	57.4

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.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 \$10,734,411 or 5.7% of the annual covered payroll. Contributions made by retirees for dependent coverage and Medicare supplement premiums were \$1,129,369.

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	\$ 11,243,180
Interest paid on OPEB obligation	<u>(25,649)</u>
Annual OPEB cost	11,217,531
Employer contributions made for current fiscal year	<u>10,734,412</u>
Decrease in net OPEB obligation	483,119
Net OPEB obligation beginning of fiscal year	<u>284,935</u>
Net OPEB obligation end of fiscal year	<u><u>\$ 768,054</u></u>

The annual required contribution for the current year was determined as part of the December 31, 2008 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 10.5% to 5%, 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:

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	106.62%	284,935
June 30, 2010	10,734,411	94.57%	768,055

Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
		Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)			
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 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 2009-10, the City contributed \$3,236,254 to the plan.

The FY 2009-10 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	\$ 27,724,891	\$ 1,126,952	\$ 9,751,524	\$38,603,367
Accrued interest receivable	14,174	12,781	20,313	47,268
Due from other funds	-	1,775,765	-	1,775,765
Total assets	<u>27,739,065</u>	<u>2,915,498</u>	<u>9,771,837</u>	<u>40,426,400</u>
LIABILITIES				
Claims payable	<u>-</u>	<u>-</u>	<u>494,115</u>	<u>494,115</u>
NET ASSETS				
Held in trust for employees' retirement and other post-employment benefits	<u>\$ 27,739,065</u>	<u>\$ 2,915,498</u>	<u>\$ 9,277,722</u>	<u>\$39,932,285</u>

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	\$ 3,236,254	\$ 1,775,765	\$ 10,734,412	\$ 15,746,431
Retiree contributions	-	-	1,129,369	1,129,369
Interest	538,065	43,718	42,269	624,052
Net increase (decrease) in the fair value of investments	1,461,949	(44,159)	3,692	1,421,482
Less investment expense	(41,742)	-	-	(41,742)
Total additions	<u>5,194,526</u>	<u>1,775,324</u>	<u>11,909,742</u>	<u>18,879,592</u>
DEDUCTIONS				
Benefits	831,793	2,412,620	9,081,065	12,325,478
Withdrawals and forfeitures	71,647	-	-	71,647
Total deductions	<u>903,440</u>	<u>2,412,620</u>	<u>9,081,065</u>	<u>12,397,125</u>
Change in net assets restricted for:				
Employees' retirement and other post-employment benefits	4,291,086	(637,296)	2,828,677	6,482,467
Net assets, beginning of year	<u>23,447,979</u>	<u>3,552,794</u>	<u>6,449,045</u>	<u>33,449,818</u>
Net assets, end of year	<u>\$ 27,739,065</u>	<u>\$ 2,915,498</u>	<u>\$ 9,277,722</u>	<u>\$ 39,932,285</u>

E. New Pronouncements

The GASB has issued a pronouncement prior to June 30, 2010 that has an effective date that may impact future presentations.

GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" will be effective for the City beginning with its year ended June 30, 2011.

Management has not currently determined what impact implementation of the above statement may have on the financial statements of the City.



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Required Supplementary Information

**LAW ENFORCEMENT OFFICERS'
SPECIAL SEPARATION ALLOWANCE
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]
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
2009*	2,795,680	26,817,291	24,021,611	10.4	41,855,845	57.4

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
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
2010	1,825,948	97.3

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, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
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.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at 12/31/2008.

**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
2010	11,243,180	95.47

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



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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



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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, 2010

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 41,543,307	\$ 56,127,413	\$ 97,670,720
Assessments receivable, net of allowance for uncollectibles of \$42,218	-	802,151	802,151
Due from other governmental agencies	7,534,647	2,193,416	9,728,063
Accrued interest receivable	259,333	417,510	676,843
Sales tax receivable	86,677	946,650	1,033,327
Due from other funds	913,567	231,325	1,144,892
Loans receivable	53,676,575	-	53,676,575
Cash and cash equivalents/investments - restricted deposits and bond proceeds	11,535,625	73,858,041	85,393,666
Total assets	115,549,731	134,576,506	250,126,237
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	482,592	6,824,462	7,307,054
Accrued salaries and employee payroll taxes	85,248	-	85,248
Loan servicing escrow	1,112,339	-	1,112,339
Reimbursable facility fees	-	5,006,610	5,006,610
Other liabilities	-	706,527	706,527
Due to other funds	4,492,742	6,182,700	10,675,442
Deferred revenue	53,676,575	856,877	54,533,452
Unearned revenue	410,475	-	410,475
Total liabilities	60,259,971	19,577,176	79,837,147
Fund balances:			
Reserved for debt service	34,787,207	-	34,787,207
Reserved for wireless 911	1,317,119	-	1,317,119
Unreserved:			
Designated for subsequent year's appropriation	15,907,049	111,250,434	127,157,483
Undesignated	3,278,385	3,748,896	7,027,281
Total fund balances	55,289,760	114,999,330	170,289,090
Total liabilities and fund balances	\$ 115,549,731	\$ 134,576,506	\$ 250,126,237



**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Combining Eliminations	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 31,720,667	\$ 3,237,699	\$ -	\$ 34,958,366
Developer participation	-	15,276	-	15,276
Assessments	-	492,659	-	492,659
Interest on investments	883,181	1,195,779	-	2,078,960
Facility fees	-	4,083,792	-	4,083,792
Rents	437,242	-	-	437,242
Program income	2,187,776	-	-	2,187,776
Miscellaneous other	924,262	1,097,872	-	2,022,134
Total revenues	<u>36,153,128</u>	<u>10,123,077</u>	<u>-</u>	<u>46,276,205</u>
EXPENDITURES				
General government	387,119	-	-	387,119
Community development services	8,007,607	-	-	8,007,607
Public works	2,216,204	-	-	2,216,204
Public Safety	1,756,245	-	-	1,756,245
Leisure services	696,118	-	-	696,118
Economic development programs	4,375,365	-	-	4,375,365
Street paving/sidewalk projects	-	29,456,579	-	29,456,579
Parks and recreation projects	-	18,884,018	-	18,884,018
Walnut creek amphitheater projects	-	268,344	-	268,344
Stormwater and drainage projects	-	28,881	-	28,881
Other public improvements	-	26,403,087	-	26,403,087
Technology capital projects	-	19,070,345	-	19,070,345
Total expenditures	<u>17,438,658</u>	<u>94,111,254</u>	<u>-</u>	<u>111,549,912</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,714,470</u>	<u>(83,988,177)</u>	<u>-</u>	<u>(65,273,707)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,762,798	13,800,580	(3,600,580)	11,962,798
Transfers out	(24,524,470)	(3,819,439)	3,600,580	(24,743,329)
Bonds issued	10,000,000	57,665,000	-	67,665,000
Proceeds from sale of land	-	177,122	-	177,122
Premium on bonds issued	58,128	4,319,191	-	4,377,319
Total other financing sources and uses	<u>(12,703,544)</u>	<u>72,142,454</u>	<u>-</u>	<u>59,438,910</u>
Net change in fund balances	6,010,926	(11,845,723)	-	(5,834,797)
Fund balances beginning	<u>49,278,834</u>	<u>126,845,053</u>	<u>-</u>	<u>176,123,887</u>
Fund balances - ending	<u>\$ 55,289,760</u>	<u>\$ 114,999,330</u>	<u>\$ -</u>	<u>\$ 170,289,090</u>



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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.



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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, 2010

	Grants Fund	Housing Development Fund	Housing Bond Fund	Community Development Fund
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,822,374	\$ 3,290,225	\$ -
Due from other governmental agencies	2,891,834	-	-	2,334,420
Accrued interest receivable	-	20,413	22,521	-
Sales tax receivable	78,282	3,518	630	4,247
Due from other funds	390,594	342,601	104,631	43,041
Loans receivable	-	2,132,164	31,515,738	20,028,673
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	-	11,535,625	-
Total assets	\$ 3,360,710	\$ 5,321,070	\$ 46,469,370	\$ 22,410,381
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 311,643	\$ 36,808	\$ 21,789	\$ 112,352
Accrued salaries and employee payroll taxes	33,200	52,048	-	-
Loan servicing escrow	-	406,942	323,391	382,006
Due to other funds	2,620,344	-	-	1,872,398
Deferred revenue	-	2,132,164	31,515,738	20,028,673
Unearned revenue	395,523	-	-	14,952
Total liabilities	3,360,710	2,627,962	31,860,918	22,410,381
Fund balances:				
Reserved for debt service	-	-	-	-
Reserved for wireless 911	-	-	-	-
Unreserved:				
Designated for subsequent year's appropriation	-	2,693,108	12,063,224	-
Undesignated	-	-	2,545,228	-
Total fund balances	-	2,693,108	14,608,452	-
Total liabilities and fund balances	\$ 3,360,710	\$ 5,321,070	\$ 46,469,370	\$ 22,410,381



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Powell Bill Fund	Disaster Recovery Fund	New Convention Center Financing Fund	Wireless 911 Fund	Total Nonmajor Special Revenue Funds
\$ 435,584	\$ 1,415,590	\$ 32,274,266	\$ 1,305,268	\$ 41,543,307
-	-	2,308,393	-	7,534,647
-	-	204,548	11,851	259,333
-	-	-	-	86,677
32,700	-	-	-	913,567
-	-	-	-	53,676,575
-	-	-	-	11,535,625
<u>\$ 468,284</u>	<u>\$ 1,415,590</u>	<u>\$ 34,787,207</u>	<u>\$ 1,317,119</u>	<u>\$ 115,549,731</u>
\$ -	\$ -	\$ -	\$ -	\$ 482,592
-	-	-	-	85,248
-	-	-	-	1,112,339
-	-	-	-	4,492,742
-	-	-	-	53,676,575
-	-	-	-	410,475
-	-	-	-	60,259,971
-	-	34,787,207	-	34,787,207
-	-	-	1,317,119	1,317,119
-	1,150,717	-	-	15,907,049
468,284	264,873	-	-	3,278,385
<u>468,284</u>	<u>1,415,590</u>	<u>34,787,207</u>	<u>1,317,119</u>	<u>55,289,760</u>
<u>\$ 468,284</u>	<u>\$ 1,415,590</u>	<u>\$ 34,787,207</u>	<u>\$ 1,317,119</u>	<u>\$ 115,549,731</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS**
 For the Fiscal Year Ended June 30, 2010

	Grants Fund	Housing Development Fund	Housing Bond Fund	Community Development Fund
REVENUES				
Intergovernmental	\$ 4,009,935	\$ -	\$ -	\$ 4,807,547
Interest on investments	-	71,991	106,155	-
Rents	-	332,873	-	104,369
Program income	-	71,584	1,055,266	1,060,926
Miscellaneous other	923,662	-	600	-
Total revenues	4,933,597	476,448	1,162,021	5,972,842
EXPENDITURES				
Current:				
General government	387,119	-	-	-
Community development services	532,036	1,502,729	-	5,972,842
Public works	2,216,204	-	-	-
Public Safety	1,756,245	-	-	-
Leisure services	346,118	-	-	-
Economic development programs	-	-	4,375,365	-
Total expenditures	5,237,722	1,502,729	4,375,365	5,972,842
Excess (deficiency) of revenues over (under) expenditures	(304,125)	(1,026,281)	(3,213,344)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	304,125	1,458,673	-	-
Transfers out	-	(62,717)	(400,000)	-
Bonds issued	-	-	10,000,000	-
Premium of bonds	-	-	58,128	-
Total other financing sources and uses	304,125	1,395,956	9,658,128	-
Net change in fund balances	-	369,675	6,444,784	-
Fund balances beginning	-	2,323,433	8,163,668	-
Fund balances - ending	\$ -	\$ 2,693,108	\$ 14,608,452	\$ -

Powell Bill Fund	Disaster Recovery Fund	New Convention Center Financing Fund	Wireless 911 Fund	Total Nonmajor Special Revenue Funds
\$ 8,976,524	\$ -	\$ 12,432,690	\$ 1,493,971	\$ 31,720,667
70	-	660,754	44,211	883,181
-	-	-	-	437,242
-	-	-	-	2,187,776
-	-	-	-	924,262
<u>8,976,594</u>	<u>-</u>	<u>13,093,444</u>	<u>1,538,182</u>	<u>36,153,128</u>
-	-	-	-	387,119
-	-	-	-	8,007,607
-	-	-	-	2,216,204
-	-	-	-	1,756,245
-	-	350,000	-	696,118
-	-	-	-	4,375,365
<u>-</u>	<u>-</u>	<u>350,000</u>	<u>-</u>	<u>17,438,658</u>
<u>8,976,594</u>	<u>-</u>	<u>12,743,444</u>	<u>1,538,182</u>	<u>18,714,470</u>
-	-	-	-	1,762,798
(8,523,100)	-	(13,529,425)	(2,009,228)	(24,524,470)
-	-	-	-	10,000,000
-	-	-	-	58,128
<u>(8,523,100)</u>	<u>-</u>	<u>(13,529,425)</u>	<u>(2,009,228)</u>	<u>(12,703,544)</u>
453,494	-	(785,981)	(471,046)	6,010,926
14,790	1,415,590	35,573,188	1,788,165	49,278,834
<u>\$ 468,284</u>	<u>\$ 1,415,590</u>	<u>\$ 34,787,207</u>	<u>\$ 1,317,119</u>	<u>\$ 55,289,760</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 GRANTS FUND**

For the Fiscal Year Ended June 30, 2010

	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over</u> <u>(Under)</u> <u>Budget</u>
REVENUES					
Intergovernmental:					
U S Department of Transportation Corporation for National and Community Service	\$ 1,050,603	\$ 1,149,928	\$ 2,200,531	\$ 6,604,815	\$ (4,404,284)
U S Forest Service	315,276	311,290	626,566	652,552	(25,986)
U S Department of Justice	-	10,000	10,000	10,000	-
U S Environmental Protection Agency	635,026	1,101,808	1,736,834	3,082,051	(1,345,217)
U S Department of Energy	349,154	353,756	702,910	4,420,400	(3,717,490)
State of North Carolina	-	38	38	199,972	(199,934)
Wake County	1,503,901	1,053,535	2,557,436	4,603,925	(2,046,489)
	151,880	29,580	181,460	261,490	(80,030)
	4,005,840	4,009,935	8,015,775	19,835,205	(11,819,430)
Miscellaneous Other	127,854	923,662	1,051,516	1,656,463	(604,947)
Total revenues	<u>4,133,694</u>	<u>4,933,597</u>	<u>9,067,291</u>	<u>21,491,668</u>	<u>(12,424,377)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	283,282	304,125	587,407	1,457,274	(869,867)
Total other financing sources	<u>283,282</u>	<u>304,125</u>	<u>587,407</u>	<u>1,457,274</u>	<u>(869,867)</u>
Total revenues and other financing sources	<u>\$ 4,416,976</u>	<u>\$ 5,237,722</u>	<u>\$ 9,654,698</u>	<u>\$ 22,948,942</u>	<u>\$ (13,294,244)</u>
EXPENDITURES					
General government	\$ 385,452	\$ 387,119	\$ 772,571	\$ 4,714,072	\$ (3,941,501)
Community development services	502,910	532,036	1,034,946	1,071,053	(36,107)
Public works	1,229,385	2,216,204	3,445,589	5,949,240	(2,503,651)
Public safety	1,636,087	1,756,245	3,392,332	6,757,662	(3,365,330)
Leisure services	627,115	346,118	973,233	4,401,571	(3,428,338)
Other	36,027	-	36,027	55,344	(19,317)
Total expenditures	<u>\$ 4,416,976</u>	<u>\$ 5,237,722</u>	<u>\$ 9,654,698</u>	<u>\$ 22,948,942</u>	<u>\$ (13,294,244)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
HOUSING DEVELOPMENT FUND
 For the Fiscal Year Ended June 30, 2010

	<u>Prior</u>	<u>Actual</u>		<u>Budget</u>	<u>Over</u>
	<u>Years</u>	<u>Current</u>	<u>Total</u>	<u>Budget</u>	<u>(Under)</u>
		<u>Years</u>			<u>Budget</u>
REVENUES					
Intergovernmental					
US Department of HUD	\$ -	\$ 71,991	\$ 71,991	\$ 40,983	\$ 31,008
State of North Carolina	-	332,873	332,873	312,240	20,633
Program income	-	71,584	71,584	46,196	25,388
Total revenues	-	476,448	476,448	399,419	77,029
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	1,458,673	1,458,673	1,458,673	-
Total revenues and other financing sources	\$ -	\$ 1,935,121	\$ 1,935,121	1,858,092	\$ 77,029
Fund balance appropriated				5,124,337	
				<u>\$ 6,982,429</u>	
EXPENDITURES					
Community development services	\$ 3,782,850	\$ 1,502,729	\$ 5,285,579	\$ 6,919,712	\$ (1,634,133)
OTHER FINANCING USES					
Transfer to general fund	-	62,717	62,717	62,717	-
Total expenditures and other financing uses	\$ 3,782,850	\$ 1,565,446	\$ 5,348,296	\$ 6,982,429	\$ (1,634,133)

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

For the Fiscal Year Ended June 30, 2010

	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Years</u>	<u>Total</u>	<u>Budget</u>	<u>Over</u> <u>(Under)</u> <u>Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 106,155	\$ 106,155	\$ -	\$ 106,155
Program income	-	1,055,266	1,055,266	-	1,055,266
Miscellaneous other	-	600	600	-	600
Total revenues	<u>-</u>	<u>1,162,021</u>	<u>1,162,021</u>	<u>-</u>	<u>1,162,021</u>
OTHER FINANCING SOURCES					
Bonds issued	-	10,000,000	10,000,000	10,000,000	-
Premium on bonds issued	-	58,128	58,128	-	58,128
Total other financing sources	<u>-</u>	<u>10,058,128</u>	<u>10,058,128</u>	<u>10,000,000</u>	<u>58,128</u>
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 11,220,149</u>	<u>\$ 11,220,149</u>	10,000,000	<u>\$ 1,220,149</u>
Fund balance appropriated				<u>6,735,376</u>	
				<u>\$ 16,735,376</u>	
EXPENDITURES					
Economic development programs	\$ 5,221,395	\$ 4,375,365	\$ 9,596,760	\$ 16,335,376	\$ (6,738,616)
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>\$ 5,221,395</u>	<u>\$ 4,775,365</u>	<u>\$ 9,996,760</u>	<u>\$ 16,735,376</u>	<u>\$ (6,738,616)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
COMMUNITY DEVELOPMENT FUND
 For the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Actual Current Years</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
US Department of HUD	\$ 5,389,619	\$ 4,671,433	\$ 10,061,052	\$ 20,757,557	\$ (10,696,505)
State of North Carolina	77,433	136,114	213,547	226,000	(12,453)
Program income	1,697,414	1,165,295	2,862,709	3,038,497	(175,788)
Total revenues	<u>\$ 7,164,466</u>	<u>\$ 5,972,842</u>	<u>\$ 13,137,308</u>	<u>\$ 24,022,054</u>	<u>\$ (10,884,746)</u>
EXPENDITURES					
Community development services	<u>\$ 7,164,466</u>	<u>\$ 5,972,842</u>	<u>\$ 13,137,308</u>	<u>\$ 24,022,054</u>	<u>\$ (10,884,746)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
POWELL BILL FUND

For the Fiscal Year Ended June 30, 2010

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 8,976,524	\$ 8,523,100	\$ 453,424
Interest on investments	70	-	70
Total revenues	<u>\$ 8,976,594</u>	<u>8,523,100</u>	<u>\$ 453,494</u>
Fund balance appropriated		-	
		<u>\$ 8,523,100</u>	
OTHER FINANCING USES			
Transfers to:			
General fund	\$ 4,922,520	\$ 4,922,520	\$ -
Street Improvement fund	3,600,580	3,600,580	-
Total transfers out	<u>8,523,100</u>	<u>8,523,100</u>	<u>-</u>
Total other financing uses	<u>\$ 8,523,100</u>	<u>\$ 8,523,100</u>	<u>\$ -</u>



**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
DISASTER RECOVERY FUND**

For the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
Fund balance appropriated				\$ <u>1,150,717</u>	
EXPENDITURES					
General government	\$ <u>200</u>	\$ <u>-</u>	\$ <u>200</u>	\$ <u>1,150,717</u>	\$ <u>(1,150,517)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
NEW CONVENTION CENTER FINANCING FUND
 For the Fiscal Year Ended June 30, 2010

	Actual	Budget	Over (Under) Budget
REVENUES			
Intergovernmental:			
Wake County	\$ 12,432,690	\$ 13,987,074	\$ (1,554,384)
Interest on investments	660,754	1,070,579	(409,825)
Total revenues	\$ 13,093,444	15,057,653	\$ (1,964,209)
Fund balance appropriated		-	
		\$ 15,057,653	
EXPENDITURES			
General government	\$ 350,000	\$ 350,000	\$ -
OTHER FINANCING USES			
Reserve for future debt service	-	1,178,228	(1,178,228)
Transfers to:			
Convention center complex operating fund	13,529,425	13,529,425	-
Total expenditures and other financing uses	\$ 13,879,425	\$ 15,057,653	\$ (1,178,228)



**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
WIRELESS 911 FUND**

For the Fiscal Year Ended June 30, 2010

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 1,493,971	\$ 1,450,000	\$ 43,971
Interest on investments	44,211	-	44,211
Total revenues	<u>\$ 1,538,182</u>	<u>1,450,000</u>	<u>\$ 88,182</u>
Fund balance appropriated		559,228	
		<u>\$ 2,009,228</u>	
OTHER FINANCING USES			
Transfers to General fund	<u>\$ 2,009,228</u>	<u>\$ 2,009,228</u>	<u>\$ -</u>



CITY OF RALEIGH

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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.



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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, 2010

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Facility Fees Fund
ASSETS					
Cash and cash equivalents	\$ 17,415,511	\$ 7,428,461	\$ 5,507,575	\$ 5,098,347	\$ 4,824,451
Assessments receivable, net of allowance for uncollectibles of \$42,218	802,151	-	-	-	-
Due from other governmental agencies	1,504,319	-	-	-	-
Due from other funds	-	-	-	-	-
Accrued interest receivable	126,201	58,365	35,360	36,263	30,036
Sales tax receivable	118,590	157,883	3,821	72,528	2,693
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	27,935,743	-	-	-
Total assets	19,966,772	35,580,452	5,546,756	5,207,138	4,857,180
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	469,433	3,172,763	38,297	151,744	1,876
Reimbursable facility fees	-	-	-	-	5,006,610
Other liabilities	269,146	-	369,391	45,616	12,566
Due to other funds	32,700	-	-	-	-
Deferred revenue	846,702	-	10,175	-	-
Total liabilities	1,617,981	3,172,763	417,863	197,360	5,021,052
Fund balances:					
Unreserved:					
Designated for subsequent year's appropriation	18,348,791	32,407,689	3,344,543	5,009,778	(163,872)
Designated for specific purposes	-	-	1,784,350	-	-
Total fund balances	18,348,791	32,407,689	5,128,893	5,009,778	(163,872)
Total liabilities and fund balances	\$ 19,966,772	\$ 35,580,452	\$ 5,546,756	\$ 5,207,138	\$ 4,857,180

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
\$ -	\$ 15,276,788	\$ 648,650	\$ 663,262	\$ (735,632)	\$ -	\$ 56,127,413
-	-	-	-	-	-	802,151
499,251	-	-	189,846	-	-	2,193,416
-	-	-	-	149,000	82,325	231,325
-	101,702	4,461	3,754	21,368	-	417,510
170,039	327,433	31	-	22,315	71,317	946,650
<u>22,278,143</u>	<u>7,497,001</u>	<u>-</u>	<u>-</u>	<u>8,694,680</u>	<u>7,452,474</u>	<u>73,858,041</u>
<u>22,947,433</u>	<u>23,202,924</u>	<u>653,142</u>	<u>856,862</u>	<u>8,151,731</u>	<u>7,606,116</u>	<u>134,576,506</u>
338,651	798,006	-	-	373,486	1,480,206	6,824,462
-	-	-	-	-	-	5,006,610
3,628	5,343	-	-	837	-	706,527
-	-	-	-	-	6,150,000	6,182,700
-	-	-	-	-	-	856,877
<u>342,279</u>	<u>803,349</u>	<u>-</u>	<u>-</u>	<u>374,323</u>	<u>7,630,206</u>	<u>19,577,176</u>
22,605,154	22,399,575	653,142	454,481	6,215,243	(24,090)	111,250,434
-	-	-	402,381	1,562,165	-	3,748,896
<u>22,605,154</u>	<u>22,399,575</u>	<u>653,142</u>	<u>856,862</u>	<u>7,777,408</u>	<u>(24,090)</u>	<u>114,999,330</u>
<u>\$ 22,947,433</u>	<u>\$ 23,202,924</u>	<u>\$ 653,142</u>	<u>\$ 856,862</u>	<u>\$ 8,151,731</u>	<u>\$ 7,606,116</u>	<u>\$ 134,576,506</u>



CITY OF RALEIGH

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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**NONMAJOR CAPITAL PROJECTS FUNDS**

For the Fiscal Year Ended June 30, 2010

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Facility Fees Fund
REVENUES					
Intergovernmental	\$ 1,757,026	\$ -	\$ -	\$ -	\$ -
Developer participation	15,276	-	-	-	-
Assessments	436,909	-	55,750	-	-
Interest on investments	303,814	147,807	110,881	107,342	115,829
Facility fees	-	-	-	-	4,083,792
Miscellaneous other	462,645	-	136,617	88,765	-
Total revenues	<u>2,975,670</u>	<u>147,807</u>	<u>303,248</u>	<u>196,107</u>	<u>4,199,621</u>
EXPENDITURES					
Street paving/sidewalk projects	9,771,732	19,410,443	274,404	-	-
Parks and recreation projects	-	-	-	3,141,722	-
Walnut creek amphitheater projects	-	-	-	-	-
Stormwater and drainage projects	-	-	-	-	-
Other public improvements	-	-	-	-	-
Technology capital projects	-	-	-	-	-
Total expenditures	<u>9,771,732</u>	<u>19,410,443</u>	<u>274,404</u>	<u>3,141,722</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,796,062)</u>	<u>(19,262,636)</u>	<u>28,844</u>	<u>(2,945,615)</u>	<u>4,199,621</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	4,532,900	-	-	1,306,174	-
Transfers out	(1,621,407)	-	(138,620)	(355,934)	(4,406,174)
Proceed from sale of land	-	-	-	-	-
Bonds issued	-	30,000,000	-	-	-
Premium on certificates of participation issued	-	2,244,176	-	-	-
Total other financing sources and uses	<u>2,911,493</u>	<u>32,244,176</u>	<u>(138,620)</u>	<u>950,240</u>	<u>(4,406,174)</u>
Net change in fund balances	<u>(3,884,569)</u>	<u>12,981,540</u>	<u>(109,776)</u>	<u>(1,995,375)</u>	<u>(206,553)</u>
Fund balances beginning	<u>22,233,360</u>	<u>19,426,149</u>	<u>5,238,669</u>	<u>7,005,153</u>	<u>42,681</u>
Fund balances - ending	<u>\$ 18,348,791</u>	<u>\$ 32,407,689</u>	<u>\$ 5,128,893</u>	<u>\$ 5,009,778</u>	<u>\$ (163,872)</u>


 CITY OF RALEIGH
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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
\$ 500,000	\$ -	\$ -	\$ 689,348	\$ 209,000	\$ 82,325	\$ -	\$ 3,237,699
-	-	-	-	-	-	-	15,276
-	-	-	-	-	-	-	492,659
-	333,101	16,308	13,814	46,883	-	-	1,195,779
-	-	-	-	-	-	-	4,083,792
-	23,382	386,463	-	-	-	-	1,097,872
<u>500,000</u>	<u>356,483</u>	<u>402,771</u>	<u>703,162</u>	<u>255,883</u>	<u>82,325</u>	<u>-</u>	<u>10,123,077</u>
-	-	-	-	-	-	-	29,456,579
15,742,296	-	-	-	-	-	-	18,884,018
-	-	268,344	-	-	-	-	268,344
-	-	-	28,881	-	-	-	28,881
-	11,289,422	-	-	-	15,113,665	-	26,403,087
-	-	-	-	19,070,345	-	-	19,070,345
<u>15,742,296</u>	<u>11,289,422</u>	<u>268,344</u>	<u>28,881</u>	<u>19,070,345</u>	<u>15,113,665</u>	<u>-</u>	<u>94,111,254</u>
<u>(15,242,296)</u>	<u>(10,932,939)</u>	<u>134,427</u>	<u>674,281</u>	<u>(18,814,462)</u>	<u>(15,031,340)</u>	<u>-</u>	<u>(83,988,177)</u>
412,234	2,150,000	-	-	8,101,968	-	(2,702,696)	13,800,580
-	-	-	-	-	-	2,702,696	(3,819,439)
-	177,122	-	-	-	-	-	177,122
27,665,000	-	-	-	-	-	-	57,665,000
<u>2,075,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,319,191</u>
<u>30,152,249</u>	<u>2,327,122</u>	<u>-</u>	<u>-</u>	<u>8,101,968</u>	<u>-</u>	<u>-</u>	<u>72,142,454</u>
14,909,953	(8,605,817)	134,427	674,281	(10,712,494)	(15,031,340)	-	(11,845,723)
<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>-</u>	<u>126,845,053</u>
<u>\$ 22,605,154</u>	<u>\$ 22,399,575</u>	<u>\$ 653,142</u>	<u>\$ 856,862</u>	<u>\$ 7,777,408</u>	<u>\$ (24,090)</u>	<u>\$ -</u>	<u>\$ 114,999,330</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STREET IMPROVEMENT FUND
 For the Fiscal Year Ended June 30, 2010

	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over</u> <u>(Under)</u> <u>Budget</u>
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 3,080,673	\$ 1,757,026	\$ 4,837,699	\$ 37,276,000	\$ (32,438,301)
Developer participation	279,860	15,276	295,136	3,837,915	(3,542,779)
Assessments	-	436,909	436,909	825,000	(388,091)
Interest on investments	-	303,814	303,814	345,985	(42,171)
Miscellaneous other	-	462,645	462,645	-	462,645
Total revenues	<u>3,360,533</u>	<u>2,975,670</u>	<u>6,336,203</u>	<u>42,284,900</u>	<u>(35,948,697)</u>
OTHER FINANCING SOURCES					
Transfers from:					
Powell bill fund	-	3,600,580	3,600,580	3,600,580	-
Sidewalk fund	-	82,320	82,320	82,320	-
Facility fees fund	-	850,000	850,000	850,000	-
Total other financing sources	<u>-</u>	<u>4,532,900</u>	<u>4,532,900</u>	<u>4,532,900</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 3,360,533</u>	<u>\$ 7,508,570</u>	<u>\$ 10,869,103</u>	46,817,800	<u>\$ (35,948,697)</u>
Fund balance appropriated				54,975,238	
				<u>\$ 101,793,038</u>	
EXPENDITURES					
Street projects	\$ 40,081,854	\$ 9,771,732	\$ 49,853,586	\$ 100,644,940	\$ (50,791,354)
OTHER FINANCING USES					
Transfers to:					
Miscellaneous capital projects fund	-	-	-	226,130	(226,130)
Technology capital projects fund	-	801,968	801,968	801,968	-
Mass transit fund	-	819,439	819,439	120,000	699,439
Total other financing uses	<u>-</u>	<u>1,621,407</u>	<u>1,621,407</u>	<u>1,148,098</u>	<u>473,309</u>
Total expenditures and other financing uses	<u>\$ 40,081,854</u>	<u>\$ 11,393,139</u>	<u>\$ 51,474,993</u>	<u>\$ 101,793,038</u>	<u>\$ (50,318,045)</u>

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

For the Fiscal Year Ended June 30, 2010

	<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	\$ -	\$ -	\$ -	\$ 260,000	\$ (260,000)
Interest on investments	-	147,807	147,807	350,015	(202,208)
Total revenues	-	147,807	147,807	610,015	(462,208)
OTHER FINANCING SOURCES					
Bonds issued	-	30,000,000	30,000,000	59,518,000	(29,518,000)
Premium on bonds	-	2,244,176	2,244,176	-	2,244,176
Total other financing sources	-	32,244,176	32,244,176	59,518,000	(27,273,824)
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 32,391,983</u>	<u>\$ 32,391,983</u>	60,128,015	<u>\$ (27,736,032)</u>
Fund balance appropriated				53,688,599	
				<u>\$ 113,816,614</u>	
EXPENDITURES					
Street projects	\$ 35,157,971	\$ 19,410,443	\$ 54,568,414	\$ 113,596,614	\$ (59,028,200)
Total expenditures and other financing uses	<u>\$ 35,157,971</u>	<u>\$ 19,410,443</u>	<u>\$ 54,568,414</u>	<u>\$ 113,596,614</u>	<u>\$ (59,028,200)</u>

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

For the Fiscal Year Ended June 30, 2010

	<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	\$ 86,365	\$ -	\$ 86,365	\$ 90,000	\$ (3,635)
Interest on investments	-	110,881	110,881	25,000	85,881
Sidewalk paving assessment	-	55,750	55,750	93,000	(37,250)
Fees in lieu various	-	136,617	136,617	-	136,617
Total revenues	<u>86,365</u>	<u>303,248</u>	<u>389,613</u>	<u>208,000</u>	<u>181,613</u>
Total revenues and other financing sources	<u>\$ 86,365</u>	<u>\$ 303,248</u>	<u>\$ 389,613</u>	208,000	<u>\$ 181,613</u>
Fund balance appropriated				6,183,792	
				<u>\$ 6,391,792</u>	
EXPENDITURES					
Sidewalk projects	<u>\$ 1,151,965</u>	<u>\$ 274,404</u>	<u>\$ 1,426,369</u>	<u>\$ 6,303,172</u>	<u>\$ (4,876,803)</u>
OTHER FINANCING USES					
Transfers to:					
Park bond fund	-	56,300	56,300	74,300	(18,000)
Street Improvement fund	-	82,320	82,320	14,320	68,000
Total other financing uses	<u>-</u>	<u>138,620</u>	<u>138,620</u>	<u>88,620</u>	<u>50,000</u>
Total expenditures and other financing uses	<u>\$ 1,151,965</u>	<u>\$ 413,024</u>	<u>\$ 1,564,989</u>	<u>\$ 6,391,792</u>	<u>\$ (4,826,803)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 PARK IMPROVEMENT FUND
 For the Fiscal Year Ended June 30, 2010**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 107,342	\$ 107,342	\$ 343,826	\$ (236,484)
Miscellaneous other	-	88,765	88,765	17,649	71,116
Total revenues	<u>-</u>	<u>196,107</u>	<u>196,107</u>	<u>361,475</u>	<u>(165,368)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	750,000	750,000	750,000	-
Facility fees fund	-	556,174	556,174	556,174	-
Miscellaneous capital projects fund	-	-	-	150,000	(150,000)
Park bond fund	-	-	-	70,000	(70,000)
Total other financing sources	<u>-</u>	<u>1,306,174</u>	<u>1,306,174</u>	<u>1,526,174</u>	<u>(220,000)</u>
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 1,502,281</u>	<u>\$ 1,502,281</u>	1,887,649	<u>\$ (385,368)</u>
Fund balance appropriated				<u>22,634,317</u>	
				<u>\$ 24,521,966</u>	
EXPENDITURES					
Park improvement projects	\$ 15,932,509	\$ 3,141,722	\$ 19,074,231	\$ 24,514,608	\$ (5,440,377)
OTHER FINANCING USES					
Transfers to park bond fund	<u>-</u>	<u>355,934</u>	<u>355,934</u>	<u>7,358</u>	<u>348,576</u>
Total expenditures and other financing uses	<u>\$ 15,932,509</u>	<u>\$ 3,497,656</u>	<u>\$ 19,430,165</u>	<u>\$ 24,521,966</u>	<u>\$ (5,091,801)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
FACILITY FEES FUND
 For the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 115,829	\$ 115,829	\$ 50,000	\$ 65,829
Facility fees	-	4,083,792	4,083,792	4,356,174	(272,382)
Total revenues	<u>\$ -</u>	<u>\$ 4,199,621</u>	<u>\$ 4,199,621</u>	4,406,174	<u>\$ (206,553)</u>
Fund balance appropriated				-	
				<u>\$ 4,406,174</u>	
OTHER FINANCING USES					
Transfers to:					
General fund	\$ -	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ -
Street improvement fund	-	850,000	850,000	850,000	-
Park improvement fund	-	556,174	556,174	556,174	-
Total other financing uses	<u>-</u>	<u>4,406,174</u>	<u>4,406,174</u>	<u>4,406,174</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ -</u>	<u>\$ 4,406,174</u>	<u>\$ 4,406,174</u>	<u>\$ 4,406,174</u>	<u>\$ -</u>

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

For the Fiscal Year Ended June 30, 2010

	<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	\$ 70,000	\$ 500,000	\$ 570,000	\$ 1,170,000	\$ (600,000)
Interest on investments	-	-	-	390,000	(390,000)
Total revenues	<u>70,000</u>	<u>500,000</u>	<u>570,000</u>	<u>1,560,000</u>	<u>(990,000)</u>
OTHER FINANCING SOURCES					
Transfers from:					
Sidewalk fund	-	56,300	56,300	56,300	-
Park improvement fund	-	355,934	355,934	7,358	348,576
Bonds issued	-	27,665,000	27,665,000	81,134,779	(53,469,779)
Premium on bonds	-	2,075,015	2,075,015	-	2,075,015
Total other financing sources	<u>-</u>	<u>30,152,249</u>	<u>30,152,249</u>	<u>81,198,437</u>	<u>(51,046,188)</u>
Total revenues and other financing sources	<u>\$ 70,000</u>	<u>\$ 30,652,249</u>	<u>\$ 30,722,249</u>	82,758,437	<u>\$ (52,036,188)</u>
Fund balance appropriated				35,656,460	
				<u>\$ 118,414,897</u>	
EXPENDITURES					
Park projects	\$ 28,741,544	\$ 15,742,296	\$ 44,483,840	\$ 118,414,897	\$ (73,931,057)
Total expenditures and other financing uses	<u>\$ 28,741,544</u>	<u>\$ 15,742,296</u>	<u>\$ 44,483,840</u>	<u>\$ 118,414,897</u>	<u>\$ (73,931,057)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MISCELLANEOUS CAPITAL IMPROVEMENTS FUND
 For the Fiscal Year Ended June 30, 2010

	<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 HUD	\$ 52,056	\$ -	\$ 52,056	\$ 173,968	\$ (121,912)
Interest on investments	-	333,101	333,101	200,000	133,101
Miscellaneous income	1,000	23,382	24,382	-	24,382
Total revenues	<u>53,056</u>	<u>356,483</u>	<u>409,539</u>	<u>373,968</u>	<u>35,571</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	2,150,000	2,150,000	2,150,000	-
Bonds issued	-	-	-	78,902,576	(78,902,576)
Total other financing sources	<u>-</u>	<u>2,150,000</u>	<u>2,150,000</u>	<u>81,052,576</u>	<u>(78,902,576)</u>
SPECIAL ITEM					
Proceeds from sale of land	-	177,122	177,122	-	177,122
Total revenues and other financing sources	<u>\$ 53,056</u>	<u>\$ 2,683,605</u>	<u>\$ 2,736,661</u>	81,426,544	<u>\$ (78,689,883)</u>
Fund balance appropriated				<u>83,356,816</u>	
				<u>\$ 164,783,360</u>	
EXPENDITURES					
Miscellaneous capital projects	\$ 53,269,737	\$ 11,289,422	\$ 64,559,159	\$ 164,633,360	\$ (100,074,201)
OTHER FINANCING USES					
Transfers to:					
General fund	-	-	-	-	-
Park improvement fund	-	-	-	150,000	(150,000)
Total expenditures and other financing uses	<u>\$ 53,269,737</u>	<u>\$ 11,289,422</u>	<u>\$ 64,559,159</u>	<u>\$ 164,783,360</u>	<u>\$ (100,224,201)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
WALNUT CREEK AMPHITHEATER PROJECTS FUND
 For the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Amphitheater rent	\$ -	\$ 386,463	\$ 386,463	\$ 386,677	\$ (214)
Interest on investments	-	16,308	16,308	-	16,308
Total revenues	<u>\$ -</u>	<u>\$ 402,771</u>	<u>\$ 402,771</u>	386,677	<u>\$ 16,094</u>
Fund balance appropriated				1,524,647	
				<u>\$ 1,911,324</u>	
EXPENDITURES					
Amphitheater capital projects	<u>\$ 1,012,923</u>	<u>\$ 268,344</u>	<u>\$ 1,281,267</u>	<u>\$ 1,911,324</u>	<u>\$ (630,057)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STORMWATER PROJECTS FUND
 For the Fiscal Year Ended June 30, 2010

	<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	\$ 172,615	\$ 689,348	\$ 861,963	\$ 443,334	\$ 418,629
Interest on investments	-	13,814	13,814	-	13,814
Total revenues	<u>\$ 172,615</u>	<u>\$ 703,162</u>	<u>\$ 875,777</u>	443,334	<u>\$ 432,443</u>
Fund balance appropriated				<u>381,082</u>	
				<u>\$ 824,416</u>	
EXPENDITURES					
Stormwater projects	<u>\$ 587,568</u>	<u>\$ 28,881</u>	<u>\$ 616,449</u>	<u>\$ 824,416</u>	<u>\$ (207,967)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
TECHNOLOGY CAPITAL PROJECTS FUND
 For the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
Mecklenburg County	\$ -	\$ 209,000	\$ 209,000	\$ 845,000	\$ (636,000)
Interest on investments	206,881	46,883	253,764	1,230,000	(976,236)
Total revenues	<u>206,881</u>	<u>255,883</u>	<u>462,764</u>	<u>2,075,000</u>	<u>(1,612,236)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	4,500,000	4,500,000	4,500,000	-
Water and sewer operating fund	-	1,900,000	1,900,000	1,900,000	-
Street improvement fund	-	801,968	801,968	801,968	-
Parking fund	-	450,000	450,000	450,000	-
Stormwater utility operating fund	-	450,000	450,000	450,000	-
Total other financing sources	<u>-</u>	<u>8,101,968</u>	<u>8,101,968</u>	<u>8,101,968</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 206,881</u>	<u>\$ 8,357,851</u>	<u>\$ 8,564,732</u>	10,176,968	<u>\$ (1,612,236)</u>
Fund balance appropriated				41,792,327	
				<u>\$ 51,969,295</u>	
EXPENDITURES					
Technology projects	<u>\$ 23,786,067</u>	<u>\$ 19,070,345</u>	<u>\$ 42,856,412</u>	<u>\$ 48,080,107</u>	<u>\$ (5,223,695)</u>
OTHER FINANCING USES					
Transfer to general fund	-	-	-	3,889,188	(3,889,188)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,889,188</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 23,786,067</u>	<u>\$ 19,070,345</u>	<u>\$ 42,856,412</u>	<u>\$ 51,969,295</u>	<u>\$ (5,223,695)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MAJOR PUBLIC FACILITIES FUND
 For the Fiscal Year Ended June 30, 2010

	<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>
REVENUES					
Intergovernmental:					
American recovery and reinvestment act	\$ -	\$ 82,325	\$ 82,325	\$ -	\$ 82,325
Total revenues	-	82,325	82,325	-	82,325
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	-	-	6,150,000	(6,150,000)
Certificates of participation issued	-	-	-	32,281,364	(32,281,364)
Bonds issued	-	-	-	205,270,000	(205,270,000)
Total other financing sources	-	-	-	243,701,364	(243,701,364)
Total revenues and other financing sources	\$ -	\$ 82,325	\$ 82,325	243,701,364	\$ (243,619,039)
Fund balance appropriated				22,360,204	
				<u>\$ 266,061,568</u>	
EXPENDITURES					
Miscellaneous capital projects	\$ 7,120,101	\$ 15,113,665	\$ 22,233,766	\$ 266,061,568	\$ (243,827,802)

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.

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, 2010

	Mass Transit Fund	Stormwater Utility Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,279,637	\$ 35,189,699	\$ 38,469,336
Customer receivables, net of allowance for uncollectibles of \$171,452	-	895,866	895,866
Due from other governmental agencies	7,049,026	239,072	7,288,098
Accrued interest receivable	-	259,338	259,338
Sales tax receivable	115,609	42,384	157,993
Inventories	377,909	-	377,909
Total current assets	10,822,181	36,626,359	47,448,540
Noncurrent assets:			
Restricted cash and cash equivalents	52,780	6,678,709	6,731,489
Capital assets:			
Land and improvements	3,994,684	433,933	4,428,617
Construction in progress	7,530,729	9,265,352	16,796,081
Buildings and machinery	3,798,718	-	3,798,718
Buses	27,661,304	-	27,661,304
Equipment	1,626,815	320,376	1,947,191
Furniture and fixtures	50,046	-	50,046
Improvements	1,306,272	8,529,340	9,835,612
Less accumulated depreciation	(17,778,880)	(1,530,202)	(19,309,082)
Total noncurrent assets	28,242,468	23,697,508	51,939,976
Total assets	39,064,649	60,323,867	99,388,516
LIABILITIES			
Current liabilities:			
Accounts payable	2,936,873	464,285	3,401,158
Accrued salaries and employee payroll taxes	15,649	99,889	115,538
Deferred contributions from other funds	373,251	-	373,251
Due to other funds	3,865,503	-	3,865,503
Total current liabilities	7,191,276	564,174	7,755,450
Noncurrent liabilities			
Escrow and other deposits payable from restricted assets	52,780	6,678,709	6,731,489
Earned vacation pay	36,119	223,659	259,778
Net OPEB liability	1,603	9,618	11,221
Total noncurrent liabilities	90,502	6,911,986	7,002,488
Total liabilities	7,281,778	7,476,160	14,757,938
NET ASSETS			
Invested in capital assets, net of related debt	28,189,688	17,018,798	45,208,486
Unrestricted	3,593,183	35,828,909	39,422,092
Total net assets	\$ 31,782,871	\$ 52,847,707	\$ 84,630,578

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
 For the Fiscal Year Ended June 30, 2010

	Mass Transit Fund	Stormwater Utility Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
User charges	\$ 2,948,160	\$ 13,743,839	\$ 16,691,999
Other charges	1,192,895	469,239	1,662,134
Total operating revenues	<u>4,141,055</u>	<u>14,213,078</u>	<u>18,354,133</u>
OPERATING EXPENSES			
Administration	1,302,660	3,450,094	4,752,754
Other facility operating costs	13,214,569	5,886,901	19,101,470
Management contract charges	10,518,347	-	10,518,347
Depreciation	3,150,744	447,544	3,598,288
Other	540,150	500,444	1,040,594
Total operating expenses	<u>28,726,470</u>	<u>10,284,983</u>	<u>39,011,453</u>
Operating income (loss)	<u>(24,585,415)</u>	<u>3,928,095</u>	<u>(20,657,320)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest on investments	-	774,223	774,223
Other revenues	324,960	-	324,960
Subsidy income - federal and state	5,245,288	-	5,245,288
Total nonoperating revenues (expenses)	<u>5,570,248</u>	<u>774,223</u>	<u>6,344,471</u>
Income (loss) before contributions and transfers	(19,015,167)	4,702,318	(14,312,849)
Capital contributions	7,083,234	294,635	7,377,869
Transfers in	18,449,339	-	18,449,339
Transfers out	(21,000)	(450,000)	(471,000)
Change in net assets	6,496,406	4,546,953	11,043,359
Total net assets, beginning of year	25,286,465	48,300,754	73,587,219
Total net assets, end of year	<u>\$ 31,782,871</u>	<u>\$ 52,847,707</u>	<u>\$ 84,630,578</u>

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
 For the Fiscal Year Ended June 30, 2010

	Mass Transit Fund	Stormwater Utility Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 4,141,055	\$ 13,906,901	\$ 18,047,956
Payments to employees	(1,300,286)	(3,401,975)	(4,702,261)
Payments to suppliers and service providers	(24,455,271)	(5,972,783)	(30,428,054)
Other receipts/(payments)	-	(31,205)	(31,205)
Net cash provided by (used in) operating activities	<u>(21,614,502)</u>	<u>4,500,938</u>	<u>(17,113,564)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	17,900,787	-	17,900,787
Operating subsidies and transfers to other funds	(21,000)	(450,000)	(471,000)
Operating grants received	2,572,238	-	2,572,238
Net cash provided by noncapital financing activities	<u>20,452,025</u>	<u>(450,000)</u>	<u>20,002,025</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	(6,698,649)	(3,275,993)	(9,974,642)
Capital grants and other capital contributions	8,029,740	161,167	8,190,907
Escrow deposits	-	509,189	509,189
Net cash (used in) capital and related financing activities	<u>1,331,091</u>	<u>(2,605,637)</u>	<u>(1,274,546)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	-	938,965	938,965
Net cash provided by investing activities	<u>-</u>	<u>938,965</u>	<u>938,965</u>
Net increase in cash and cash equivalents/investments	168,614	2,384,266	2,552,880
Cash and cash equivalents/investments - beginning of year	3,163,803	39,484,142	42,647,945
Cash and cash equivalents/investments - end of year	<u>\$ 3,332,417</u>	<u>\$ 41,868,408</u>	<u>\$ 45,200,825</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating income (loss)	\$ (24,585,415)	\$ 3,928,095	\$ (20,657,320)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation expense	3,150,744	447,544	3,598,288
Change in assets and liabilities			
Operating receivables	-	163,062	163,062
Sales tax receivable	(61,126)	(9,728)	(70,854)
Inventories	13,045	-	13,045
Accounts payable and other accrued liabilities	(141,124)	(76,155)	(217,279)
Escrow and other deposits	7,000	-	7,000
Earned vacation pay and other payroll liabilities	2,374	48,120	50,494
Total adjustments	<u>2,970,913</u>	<u>572,843</u>	<u>3,543,756</u>
Net cash provided by (used in) operating activities	<u>\$ (21,614,502)</u>	<u>\$ 4,500,938</u>	<u>\$ (17,113,564)</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
COMPARED WITH BUDGET
WATER AND SEWER OPERATING FUND
 For the Fiscal Year Ended June 30, 2010

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Water and sewer user charges	\$ 123,495,953	\$ 117,012,946	\$ 6,483,007
Water and sewer services	675,599	1,407,261	(731,662)
Outside sewer connections	85,353	43,616	41,737
Water and sewer penalties	896,941	558,942	337,999
Water and sewer sales - municipalities	790,982	352,047	438,935
Capital facility charges	1,148,861	2,993,508	(1,844,647)
Water and sewer assessments	1,690,349	650,000	1,040,349
Acreage connection fees	-	250,000	(250,000)
Other sewer and treatment fees	3,500,759	3,658,723	(157,964)
Miscellaneous other	894,110	781,586	112,524
Total operating revenues	<u>133,178,907</u>	<u>127,708,629</u>	<u>5,470,278</u>
NONOPERATING REVENUES			
Interest on investments	1,177,501	1,601,089	(423,588)
Other	920,086	1,317,122	(397,036)
Total nonoperating revenues	<u>2,097,587</u>	<u>2,918,211</u>	<u>(820,624)</u>
OTHER FINANCING SOURCES			
Refunding bonds issued	68,745,000	68,745,000	-
Premium on refunding bonds issued	10,681,802	-	10,681,802
Total other financing sources	<u>79,426,802</u>	<u>68,745,000</u>	<u>10,681,802</u>
Total revenues and other financing sources	<u>\$ 214,703,296</u>	<u>199,371,840</u>	<u>\$ 15,331,456</u>
Fund balance appropriated		<u>26,906,872</u>	
		<u>\$ 226,278,712</u>	
EXPENDITURES			
Public utilities:			
Administration	\$ 4,371,046	\$ 5,591,148	\$ (1,220,102)
Water plant	23,519,232	30,316,318	(6,797,086)
Waste treatment plant	18,922,397	22,999,497	(4,077,100)
Utilities construction	5,766,194	7,222,828	(1,456,634)
Utilities reuse	4,273,263	5,669,090	(1,395,827)
Meter	4,673,182	5,301,213	(628,031)
Warehouse	1,984,181	3,219,003	(1,234,822)
	<u>63,509,495</u>	<u>80,319,097</u>	<u>(16,809,602)</u>
Special appropriations:			
Reimbursement to general fund	14,960,111	14,960,111	-
Insurance and risk management charges	2,237,755	2,201,536	36,219
Other expenditures	1,289,664	9,379,368	(8,089,704)
	<u>18,487,530</u>	<u>26,541,015</u>	<u>(8,053,485)</u>

Continued

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
WATER AND SEWER OPERATING FUND
 For the Fiscal Year Ended June 30, 2010

	Actual	Budget	Over (Under) Budget
EXPENDITURES (CONTINUED)			
Debt service:			
General obligations bonds:			
Principal	\$ 1,270,040	\$ 1,270,040	\$ -
Interest	295,863	295,863	-
Revenue bonds:			
Principal	6,735,000	6,735,000	-
Interest	25,643,571	25,706,278	(62,707)
Installment financing agreement	6,721,434	6,721,435	(1)
Other installment obligations	-	10,000	(10,000)
Escrow expenditures - merged systems' debt	2,719,427	2,823,966	(104,539)
Other expenditures	1,202,499	1,538,944	(336,445)
	44,587,834	45,101,526	(513,692)
OTHER EXPENDITURES			
Refunds and other	132,185	273,400	(141,215)
Total expenditures	126,717,044	152,235,039	(25,517,994)
OTHER FINANCING USES			
Transfers to:			
General fund	75,000	75,000	-
Water capital projects fund	2,350,000	2,350,000	-
Sewer capital projects fund	1,150,000	1,150,000	-
Technology fund	1,900,000	1,900,000	-
Total transfers	5,475,000	5,475,000	-
Payment to refunded bond escrow agent	79,250,476	68,568,674	10,681,802
Total other financing uses	84,725,476	74,043,674	10,681,802
 Total expenditures and other financing uses	 \$ 211,442,521	 \$ 226,278,712	 \$ (14,836,192)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 123,669	\$ 123,669	\$ 125,000	\$ (1,331)
OTHER FINANCING SOURCES					
Transfer from:					
Water & sewer operating fund	-	2,350,000	2,350,000	2,350,000	-
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 2,473,669</u>	<u>\$ 2,473,669</u>	2,475,000	<u>\$ (1,331)</u>
Fund balance appropriated				<u>10,805,210</u>	
				<u>\$ 13,280,210</u>	
EXPENDITURES					
Water capital projects	<u>\$ 6,514,433</u>	<u>\$ 645,797</u>	<u>\$ 7,160,230</u>	<u>\$ 13,280,210</u>	<u>\$ (6,119,980)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SEWER CAPITAL PROJECTS FUND
 For the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 31,918	\$ 31,918	\$ 125,000	\$ (93,082)
Developer participation	243,809	-	243,809	339,420	(95,611)
Total revenues	<u>243,809</u>	<u>31,918</u>	<u>275,727</u>	<u>464,420</u>	<u>(188,693)</u>
OTHER FINANCING SOURCES					
Transfer from:					
Water & Sewer operating fund	-	1,150,000	1,150,000	1,150,000	-
Total revenues and other financing sources	<u>\$ 243,809</u>	<u>\$ 1,181,918</u>	<u>\$ 1,425,727</u>	1,614,420	<u>\$ (188,693)</u>
Fund balance appropriated				<u>12,855,222</u>	
				<u>\$ 14,469,642</u>	
EXPENDITURES					
Sewer capital projects	<u>\$ 9,907,851</u>	<u>\$ 3,030,687</u>	<u>\$ 12,938,538</u>	<u>\$ 14,469,642</u>	<u>\$ (1,531,104)</u>

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

For the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
US Environmental Protection Agency	\$ -	\$ -	\$ -	\$ 763,320	\$ (763,320)
State of North Carolina	-	66,111	66,111	1,682,320	(1,616,209)
Interest on investments	-	(7,614)	(7,614)	2,500,000	(2,507,614)
Miscellaneous Other	-	94,695	94,695	332,970	(238,275)
Total revenues	<u>-</u>	<u>153,192</u>	<u>153,192</u>	<u>5,278,610</u>	<u>(5,125,418)</u>
OTHER FINANCING SOURCES					
Bonds issued	138,739,429	-	138,739,429	227,525,737	(88,786,308)
Total revenues and other financing sources	<u>\$ 138,739,429</u>	<u>\$ 153,192</u>	<u>\$ 138,892,621</u>	232,804,347	<u>\$ (93,911,726)</u>
Fund balance appropriated				<u>353,023,181</u>	
				<u>\$ 585,827,528</u>	
EXPENDITURES					
Water capital projects	\$ 194,724,841	\$ 51,602,284	\$ 246,327,125	\$ 293,587,536	\$ (47,260,411)
Sewer capital projects	165,368,539	47,846,440	213,214,979	291,957,593	(78,742,614)
Debt Service:					
Bond issue costs	152,833	-	152,833	212,400	(59,567)
Total expenditures	<u>360,246,213</u>	<u>99,448,724</u>	<u>459,694,937</u>	<u>585,757,529</u>	<u>(126,062,592)</u>
OTHER FINANCING USES					
Transfers to:					
Park improvement fund	-	-	-	70,000	(70,000)
Total expenditures and other financing uses	<u>\$ 360,246,213</u>	<u>\$ 99,448,724</u>	<u>\$ 459,694,937</u>	<u>\$ 585,827,529</u>	<u>\$ (126,132,592)</u>

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

For the Fiscal Year Ended June 30, 2010

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis:	
Water and sewer operating fund	\$ 214,703,296
Water capital projects fund	2,473,669
Sewer capital projects fund	1,181,918
Water and sewer revenue bond fund	153,192
Total current year expenditures and other financing uses - modified accrual basis:	
Water and sewer operating fund	(211,442,521)
Water capital projects fund	(645,797)
Sewer capital projects fund	(3,030,687)
Water and sewer revenue bond fund	<u>(99,448,724)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	(96,055,654)
Adjustments to full accrual basis:	
Amortization of deferred costs	(779,045)
Amortization of bond premiums and discounts	1,503,987
Bond and note proceeds	(79,426,802)
Bond and note principal payments	94,269,342
Capital contributions	3,162,285
Capital outlay	99,283,715
Capitalized interest	16,136,005
Depreciation	(31,860,650)
Earned vacation pay expense	(32,745)
Interest expense accrual	380,841
Loss on disposal of asset	(6,658)
OPEB expense	(57,229)
Other escrow expenditures	1,333,746
Revenue accruals from receivables	<u>4,678,857</u>
Change in net assets per statement of revenues, expenses and changes in net assets	<u>\$ 12,529,995</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
CONVENTION CENTER COMPLEX OPERATING FUND
 For the Fiscal Year Ended June 30, 2010

	Actual	Budget	Over (Under) Budget
REVENUES			
User charges			
Performing arts center	\$ 5,668,048	\$ 7,285,992	\$ (1,617,944)
Convention and civic center	4,515,822	2,004,865	2,510,957
Special events	407,682	578,000	(170,318)
Downtown amphitheatre	10,145	-	10,145
Other fees and charges	716,706	2,361,116	(1,644,410)
Total user charges	11,318,403	12,229,973	(911,570)
Interest on investments	80,261	76,272	3,989
Total revenues	11,398,664	12,306,245	(907,581)
OTHER FINANCING SOURCES			
Transfers from:			
General fund	1,200,166	1,200,166	-
New convention center financing fund	13,529,425	13,529,425	-
Parking operating fund	67,500	135,000	(67,500)
Total other financing sources	14,797,091	14,864,591	(67,500)
Total revenues and other financing sources	\$ 26,195,755	27,170,836	\$ (975,081)
Fund balance appropriated		3,891,381	
		\$ 31,062,217	
EXPENDITURES			
Administration	\$ 3,077,647	\$ 4,214,997	\$ (1,137,350)
Civic and convention center	5,906,802	6,026,935	(120,133)
Performing arts center	5,649,295	6,047,233	(397,938)
Downtown amphitheatre	1,014,634	1,026,050	(11,416)
Special events	612,401	864,492	(252,091)
Total operating expenditures	16,260,779	18,179,707	(1,918,928)
DEBT SERVICE			
Interest	9,042,384	11,606,010	(2,563,626)
Other debt service costs	1,220,844	1,276,500	(55,656)
Total debt service	10,263,228	12,882,510	(2,619,282)
Total expenditures	\$ 26,524,007	\$ 31,062,217	\$ (4,538,210)



**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, 2010

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 3,196	\$ 3,196	\$ -	\$ 3,196
Performing arts center donations	-	125,000	125,000	-	125,000
Total revenues	<u>\$ -</u>	<u>\$ 128,196</u>	<u>\$ 128,196</u>	-	<u>\$ 128,196</u>
Fund balance appropriated				879,276	
				<u>\$ 879,276</u>	
EXPENDITURES					
Convention center and memorial auditorium projects	<u>\$ 824,335</u>	<u>\$ 25,178</u>	<u>\$ 849,513</u>	<u>\$ 879,276</u>	<u>\$ (29,763)</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, 2010

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ 16,069,115	\$ 75,094	\$ 16,144,209	\$ 12,658,139	\$ 3,486,070
Miscellaneous Other	1,097,426	950,386	2,047,812	4,199,128	(2,151,316)
Total revenues	<u>17,166,541</u>	<u>1,025,480</u>	<u>18,192,021</u>	<u>16,857,267</u>	<u>1,334,754</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	27,000	-	27,000	27,000	-
Park improvement fund	34,567	-	34,567	34,567	-
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>223,393,005</u>	<u>-</u>	<u>223,393,005</u>	<u>227,122,417</u>	<u>(3,729,412)</u>
Total revenues and other financing sources	<u>\$ 240,559,546</u>	<u>\$ 1,025,480</u>	<u>\$ 241,585,026</u>	<u>\$ 243,979,684</u>	<u>\$ (2,394,658)</u>
EXPENDITURES					
New convention center project	\$ 230,605,381	\$ 5,240,630	\$ 235,846,011	\$ 239,916,064	\$ (4,070,053)
OTHER FINANCING USES					
Transfers 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>\$ 234,669,001</u>	<u>\$ 5,240,630</u>	<u>\$ 239,909,631</u>	<u>\$ 243,979,684</u>	<u>\$ (4,070,053)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 CONVENTION CENTER FUNDS**

For the Fiscal Year Ended June 30, 2010

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)	\$ 26,195,755
Total current year expenditures and other financing uses - modified accrual basis (Convention center operating fund)	(26,524,007)
Total current year revenues and other financing sources - modified accrual basis (Convention center and memorial auditorium projects fund)	128,196
Total current year expenditures and other financing uses - modified accrual basis (Convention center and memorial auditorium projects fund)	(25,178)
Total current year revenues and other financing sources - modified accrual basis (New convention center capital projects fund)	1,025,480
Total current year expenditures and other financing uses - modified accrual basis (New convention center capital projects fund)	<u>(5,240,630)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	(4,440,384)
Adjustments to full accrual basis:	
Accrued interest expense	105,075
Amortization of deferred issue costs	(67,105)
Amortization of premiums	363,291
Capital outlay	6,122,226
Depreciation	(8,588,783)
Net OPEB pension liability	(21,841)
Vacation expense	<u>(31,829)</u>
Change in net assets per statement of revenues, expenses, and changes in net assets	<u>\$ (6,559,350)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARKING FACILITIES OPERATING FUND
 For the Fiscal Year Ended June 30, 2010

	Actual	Budget	Over (Under) Budget
REVENUES			
Parking Fees	\$ 7,667,553	\$ 11,117,293	\$ (3,449,740)
Interest on investments	92,477	75,554	16,923
Total revenues	7,760,030	11,192,847	(3,432,817)
OTHER FINANCING SOURCES			
Transfers from:			
Mass transit fund	21,000	21,000	-
Parking capital projects fund	813,829	813,829	-
Certificates of participation issued	277,498	277,500	(2)
Refunding bonds issued	6,105,000	-	6,105,000
Total other financing sources	7,217,327	1,112,329	6,104,998
Total revenues and other financing sources	\$ 14,977,357	12,305,176	\$ 2,672,181
Fund balance appropriated		4,462,129	
		\$ 16,767,305	
EXPENDITURES			
Operating expenditures	\$ 4,294,120	\$ 5,045,718	\$ (751,599)
Total expenditures	4,294,120	5,045,718	(751,599)
DEBT SERVICE			
Bond principal	772,746	772,746	-
Bond interest	125,701	125,701	-
Note principal	4,060,000	4,060,000	-
Note interest	2,626,560	5,643,406	(3,016,846)
Other debt service expenditures	496,692	384,734	111,957
Total debt service	8,081,699	10,986,587	(2,904,888)
OTHER FINANCING USES			
Transfers to:			
Technology capital projects fund	450,000	450,000	-
Convention center fund	67,500	71,000	(3,500)
Parking facilities capital projects fund	214,000	214,000	-
Payment to refunded bond escrow agent	6,065,559	-	6,065,559
Discount on refunding bonds issued	39,441	-	39,441
Total other financing uses	6,836,500	735,000	6,101,500
Total expenditures and other financing uses	\$ 19,212,319	\$ 16,767,305	\$ 2,445,014

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES CAPITAL PROJECTS FUND
 For the Fiscal Year Ended June 30, 2010

	<u>Prior</u>	<u>Actual</u>		<u>Budget</u>	<u>Over</u>
	<u>Years</u>	<u>Current</u>	<u>Total</u>		<u>(Under)</u>
		<u>Year</u>			<u>Budget</u>
REVENUES					
Interest on investments	\$ 1,510,729	\$ 25,596	\$ 1,536,325	\$ 1,300,000	\$ 236,325
Developer participation	2,962,964	-	2,962,964	3,180,350	(217,386)
Miscellaneous income	62,900	147,693	210,593	488,119	(277,526)
Total revenues	<u>4,536,593</u>	<u>173,289</u>	<u>4,709,882</u>	<u>4,968,469</u>	<u>(258,587)</u>
OTHER FINANCING SOURCES					
Transfers from:					
Vehicle fleet service fund	-	840,000	840,000	840,000	-
Parking facilities operating fund	-	214,000	214,000	214,000	-
Certifications of participation	39,010,724	24,597,502	63,608,226	63,714,000	(105,775)
Premium on certificates of participation	456,697	-	456,697	-	456,697
Total other financing sources	<u>39,467,421</u>	<u>25,651,502</u>	<u>65,118,923</u>	<u>64,768,000</u>	<u>350,923</u>
Total revenues and other financing sources	<u>\$ 44,004,014</u>	<u>\$ 25,824,791</u>	<u>\$ 69,828,805</u>	69,736,469	<u>\$ 92,336</u>
Fund balance appropriated				<u>8,249,222</u>	
				<u>\$ 77,985,691</u>	
EXPENDITURES					
Parking facilities capital projects	<u>\$ 47,910,443</u>	<u>\$ 26,933,845</u>	<u>\$ 74,844,288</u>	<u>\$ 77,171,862</u>	<u>\$ (2,327,574)</u>
OTHER FINANCING USES					
Transfers to:					
Parking facilities operating fund	-	813,829	813,829	813,829	-
Total expenditures	<u>\$ 47,910,443</u>	<u>\$ 27,747,674</u>	<u>\$ 75,658,117</u>	<u>\$ 77,985,691</u>	<u>\$ (2,327,574)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES FUNDS
 For the Fiscal Year Ended June 30, 2010

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis (Parking facilities operating fund)	\$ 14,977,357
Total current year expenditures and other financing uses - modified accrual basis (Parking facilities operating fund)	(19,212,319)
Total current year revenues and other financing sources - modified accrual basis (Parking facilities capital projects fund)	25,824,791
Total current year expenditures and other financing uses - modified accrual basis (Parking facilities capital projects fund)	<u>(27,747,674)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	(6,157,845)
Adjustments to full accrual basis:	
Accrued interest expense	23,184
Amortization of deferred issue costs	(17,686)
Amortization of deferred refunding costs	(63,359)
Amortization of premiums and discounts	44,729
Bond and note principal	4,832,746
Bonds issued	(24,875,000)
Capital outlay	26,882,753
Depreciation	(3,688,144)
Net OPEB liability	(7,214)
Vacation expense	<u>(13,016)</u>
Change in net assets per statement of revenues, expenses, and changes in net assets	<u>\$ (3,038,852)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 MASS TRANSIT FUND**

For the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Farebox	\$ -	\$ 2,243,646	\$ 2,243,646	\$ 2,480,623	\$ (236,977)
ART program fees	-	704,515	704,515	680,000	24,515
Intergovernmental revenue:					
Federal Transit Administration	13,658,918	9,965,070	23,623,988	31,609,896	(7,985,908)
State of North Carolina	945,825	2,363,452	3,309,277	4,339,983	(1,030,706)
Miscellaneous other	-	1,517,855	1,517,855	1,389,047	128,808
Total revenues	<u>14,604,743</u>	<u>16,794,538</u>	<u>31,399,281</u>	<u>40,499,549</u>	<u>(9,100,268)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	14,954,900	14,954,900	16,275,473	(1,320,573)
Vehicle fleet services funds	-	2,675,000	2,675,000	2,675,000	-
Debt service fund	-	-	-	2,500,000	(2,500,000)
Street improvement fund	3,489,569	819,439	4,309,008	7,875,696	(3,566,688)
Total other financing sources	<u>3,489,569</u>	<u>18,449,339</u>	<u>21,938,908</u>	<u>29,326,169</u>	<u>(7,387,261)</u>
Total revenues and other financing sources	<u>\$ 18,094,312</u>	<u>\$ 35,243,877</u>	<u>\$ 53,338,189</u>	69,825,718	<u>\$ (16,487,529)</u>
Fund balance appropriated				<u>327,963</u>	
				<u>\$ 70,153,681</u>	
EXPENDITURES					
Mass transit operating expenditures	\$ -	\$ 7,463,636	\$ 7,463,636	\$ 7,585,507	\$ (121,871)
ART program operating expenditures	-	11,201,092	11,201,092	15,796,599	(4,595,507)
Capital grant expenditures	17,750,358	13,605,119	31,355,477	46,750,575	(15,395,098)
Total expenditures	<u>17,750,358</u>	<u>32,269,847</u>	<u>50,020,205</u>	<u>70,132,681</u>	<u>(20,112,476)</u>
OTHER FINANCING USES					
Transfer to parking fund	-	21,000	21,000	21,000	-
Total expenditures and other financing uses	<u>\$ 17,750,358</u>	<u>\$ 32,290,847</u>	<u>\$ 50,041,205</u>	<u>\$ 70,153,681</u>	<u>\$ (20,112,476)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND**

For the Fiscal Year Ended June 30, 2010

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 35,243,877
Total current year expenditures and other financing uses - modified accrual basis	<u>(32,290,847)</u>
Excess of revenues and other financing sources over expenditures	2,953,030
Adjustments to full accrual basis:	
Capital outlay	7,238,801
Depreciation	(3,150,744)
Loss on disposal	(540,150)
Net OPEB pension liability	(1,603)
Vacation expense	<u>(2,928)</u>
Change in net assets per statement of revenues, expenses, and changes in net assets	<u>\$ 6,496,406</u>

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STORMWATER UTILITY OPERATING FUND
 For the Fiscal Year Ended June 30, 2010

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
User charges	\$ 13,906,902	\$ 14,332,915	\$ (426,013)
Interest on investments	220,979	236,592	(15,613)
Miscellaneous other	451,792	1,160,000	(708,208)
Total revenues	<u>\$ 14,579,673</u>	<u>15,729,507</u>	<u>\$ (1,149,834)</u>
Fund balance appropriated		3,707,323	
		<u>\$ 19,436,830</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 9,210,591</u>	<u>\$ 10,876,830</u>	<u>\$ (1,666,239)</u>
OTHER FINANCING USES			
Transfers to:			
Stormwater capital projects fund	5,110,000	5,110,000	-
Stormwater capital bond fund	3,000,000	3,000,000	-
Technology capital projects fund	450,000	450,000	-
Total other financing uses	<u>8,560,000</u>	<u>8,560,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 17,770,591</u>	<u>\$ 19,436,830</u>	<u>\$ (1,666,239)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY CAPITAL PROJECTS FUND
 For the Fiscal Year Ended June 30, 2010

	<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	\$ -	\$ 553,244	\$ 553,244	\$ -	\$ 553,244
Intergovernmental:					
U.S. EPA	328,000	133,468	461,468	328,000	133,468
State of North Carolina	161,833	161,167	323,000	1,558,500	(1,235,500)
American recovery and reinvestment act	-	-	-	465,737	(465,737)
Miscellaneous Other	19,661	17,447	37,108	75,100	(37,992)
Total revenues	<u>509,494</u>	<u>865,326</u>	<u>1,374,820</u>	<u>2,427,337</u>	<u>(1,052,517)</u>
OTHER FINANCING SOURCES					
Transfers from:					
Stormwater utility operating fund	-	5,110,000	5,110,000	5,110,000	-
Total revenues and other financing sources	<u>\$ 509,494</u>	<u>\$ 5,975,326</u>	<u>\$ 6,484,820</u>	7,537,337	<u>\$ (1,052,517)</u>
Fund balance appropriated				36,970,983	
				<u>\$ 44,508,320</u>	
EXPENDITURES					
Stormwater capital projects	<u>\$ 11,038,404</u>	<u>\$ 3,179,480</u>	<u>\$ 14,217,884</u>	<u>\$ 42,408,320</u>	<u>\$ (28,190,436)</u>
OTHER FINANCING USES					
Transfers to:					
Stormwater utility bond fund fund	-	2,100,000	2,100,000	2,100,000	-
Total expenditures and other financing uses	<u>\$ 11,038,404</u>	<u>\$ 5,279,480</u>	<u>\$ 16,317,884</u>	<u>\$ 44,508,320</u>	<u>\$ (28,190,436)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY BOND FUND

For the Fiscal Year Ended June 30, 2010

	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over</u> <u>(Under)</u> <u>Budget</u>
OTHER FINANCING SOURCES					
Transfers from:					
Stormwater utility operating fund	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -	\$ 3,000,000
Stormwater utility capital project fund	-	2,100,000	2,100,000	-	2,100,000
Bonds issued	-	-	-	44,435,000	(44,435,000)
Total other financing sources	<u>\$ -</u>	<u>\$ 5,100,000</u>	<u>\$ 5,100,000</u>	<u>44,435,000</u>	<u>\$ (39,335,000)</u>
EXPENDITURES					
Stormwater capital projects	<u>\$ 1,163,202</u>	<u>\$ 669,750</u>	<u>\$ 1,832,952</u>	<u>\$ 44,435,000</u>	<u>\$ (42,602,048)</u>

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY FUNDS
 For the Fiscal Year Ended June 30, 2010

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis (Stormwater utility operating fund)	\$ 14,579,673
Total current year expenditures and other financing uses - modified accrual basis (Stormwater utility operating fund)	(17,770,591)
Total current year revenues and other financing sources - modified accrual basis (Stormwater utility capital projects fund)	5,975,326
Total current year expenditures and other financing uses - modified accrual basis (Stormwater utility capital projects fund)	(5,279,480)
Total current year revenues and other financing sources - modified accrual basis (Stormwater utility bond fund)	5,100,000
Total current year expenditures and other financing uses - modified accrual basis (Stormwater utility bond fund)	<u>(669,750)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	1,935,178
Adjustments to full accrual basis:	
Capital outlay	3,250,794
Depreciation	(447,544)
Revenue accruals from receivables	(163,063)
Earned vacation pay	(18,794)
Other post-employment benefits, net	<u>(9,618)</u>
Change in net assets per statement of revenues, expenses, and changes in net assets	<u><u>\$ 4,546,953</u></u>

Internal Service Funds

Internal Service Funds are used to account for centralized services provided on a cost-reimbursement basis. The City maintains six internal service funds for its print shop, risk management, health benefit, equipment replacement programs, and central garage operation.



CITY OF RALEIGH

2010

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, 2010

	Print Services Fund	Risk Management Fund	Employees' Health Benefits Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 685,081	\$ 21,148,596	\$ 953,093
Accrued interest receivable	2,659	70,036	-
Sales tax receivable	41,852	297	-
Inventories	-	-	-
Insurance deposit	-	400,000	-
Total current assets	729,592	21,618,929	953,093
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Buildings and machinery	-	-	-
Equipment	111,949	-	-
Furniture and fixtures	-	-	-
Less accumulated depreciation	(111,949)	-	-
Total noncurrent assets	-	-	-
Total assets	729,592	21,618,929	953,093
LIABILITIES			
Current liabilities:			
Accounts payable	30,373	62,246	-
Arbitrage rebate payable	-	-	-
Accrued salaries and employee payroll taxes	3,028	9,364	-
Claims payable and other liabilities	-	31,310,846	3,299,287
Bonds, notes and loans payable	-	-	-
Total current liabilities	33,401	31,382,456	3,299,287
Noncurrent liabilities			
Bonds, notes and loans payable	-	-	-
Earned vacation pay	9,468	13,091	-
Total noncurrent liabilities	9,468	13,091	-
Total liabilities	42,869	31,395,547	3,299,287
NET ASSETS			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	686,723	(9,776,618)	(2,346,194)
Total net assets	\$ 686,723	\$ (9,776,618)	\$ (2,346,194)

Governmental Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total June 30, 2010
\$ (5,741,268)	\$ (865,153)	\$ 1,302,125	\$ 17,482,474
(14,473)	(1,974)	17,525	73,773
170,200	22,476	281,334	516,159
-	-	662,596	662,596
-	-	-	400,000
<u>(5,585,541)</u>	<u>(844,651)</u>	<u>2,263,580</u>	<u>19,135,002</u>
7,446,489	1,849,454	-	9,295,943
-	-	230,912	230,912
76,903,540	21,844,491	796,712	99,656,692
-	-	5,636	5,636
<u>(50,599,372)</u>	<u>(14,547,674)</u>	<u>(809,415)</u>	<u>(66,068,410)</u>
<u>33,750,657</u>	<u>9,146,271</u>	<u>223,845</u>	<u>43,120,773</u>
<u>28,165,116</u>	<u>8,301,620</u>	<u>2,487,425</u>	<u>62,255,775</u>
529,434	69,782	547,531	1,239,366
107,183	33,291	-	140,474
-	-	99,910	112,302
-	-	-	34,610,133
<u>5,916,326</u>	<u>1,735,617</u>	<u>-</u>	<u>7,651,943</u>
<u>6,552,943</u>	<u>1,838,690</u>	<u>647,441</u>	<u>43,754,218</u>
11,680,396	3,021,748	-	14,702,144
-	-	243,172	265,731
<u>11,680,396</u>	<u>3,021,748</u>	<u>243,172</u>	<u>14,967,875</u>
<u>18,233,339</u>	<u>4,860,438</u>	<u>890,613</u>	<u>58,722,093</u>
16,019,012	4,388,375	223,845	20,631,232
<u>(6,087,235)</u>	<u>(947,193)</u>	<u>1,372,967</u>	<u>(17,097,550)</u>
<u>\$ 9,931,777</u>	<u>\$ 3,441,182</u>	<u>\$ 1,596,812</u>	<u>\$ 3,533,682</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS**
 For the Fiscal Year Ended June 30, 2010

	Print Services Fund	Risk Management Fund	Employees' Health Benefits Fund
OPERATING REVENUES			
Changes for services - internal	\$ 882,096	\$ 11,364,328	\$ 28,166,441
Other charges	-	49,436	-
Total operating revenues	<u>882,096</u>	<u>11,413,764</u>	<u>28,166,441</u>
OPERATING EXPENSES			
Administration	113,234	978,740	2,467,638
Other facility operating costs	750,187	-	-
Claims	-	4,528,422	28,142,405
Premiums	-	1,925,444	-
Depreciation	-	-	-
Other	-	-	-
Total operating expenses	<u>863,421</u>	<u>7,432,606</u>	<u>30,610,043</u>
Operating income (loss)	<u>18,675</u>	<u>3,981,158</u>	<u>(2,443,602)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest on investments	3,872	(112,840)	1,431
Interest expense	-	-	-
Total nonoperating revenues (expenses)	<u>3,872</u>	<u>(112,840)</u>	<u>1,431</u>
Income (loss) before transfers	22,547	3,868,318	(2,442,171)
Transfers in	296,891	1,787,579	-
Transfers out	-	(40,750)	-
Change in net assets	<u>319,438</u>	<u>5,615,147</u>	<u>(2,442,171)</u>
Total net assets, beginning of year	<u>367,285</u>	<u>(15,391,765)</u>	<u>95,977</u>
Total net assets, end of year	<u>\$ 686,723</u>	<u>\$ (9,776,618)</u>	<u>\$ (2,346,194)</u>



CITY OF RALEIGH
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Governmental Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
\$ 8,972,081	\$ 2,691,818	\$ 12,895,729	\$ 64,972,493
76,303	29,124	8,083	162,946
<u>9,048,384</u>	<u>2,720,942</u>	<u>12,903,812</u>	<u>65,135,439</u>
-	-	3,406,106	6,965,718
-	-	9,408,635	10,158,822
-	-	-	32,670,827
-	-	-	1,925,444
8,087,396	2,478,148	27,062	10,592,606
781,499	399,203	-	1,180,702
<u>8,868,895</u>	<u>2,877,351</u>	<u>12,841,803</u>	<u>63,494,119</u>
<u>179,489</u>	<u>(156,409)</u>	<u>62,009</u>	<u>1,641,320</u>
(1,961)	3,223	38,431	(67,844)
<u>(873,347)</u>	<u>(248,146)</u>	<u>-</u>	<u>(1,121,493)</u>
<u>(875,308)</u>	<u>(244,923)</u>	<u>38,431</u>	<u>(1,189,337)</u>
(695,819)	(401,332)	100,440	451,983
-	-	-	2,084,470
<u>(758,780)</u>	<u>-</u>	<u>(3,515,000)</u>	<u>(4,314,530)</u>
<u>(1,454,599)</u>	<u>(401,332)</u>	<u>(3,414,560)</u>	<u>(1,778,077)</u>
<u>11,386,376</u>	<u>3,842,514</u>	<u>5,011,372</u>	<u>5,311,759</u>
<u>\$ 9,931,777</u>	<u>\$ 3,441,182</u>	<u>\$ 1,596,812</u>	<u>\$ 3,533,682</u>

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

For the Fiscal Year Ended June 30, 2010

	Print Services Fund	Risk Management Fund	Employees' Health Benefits Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 882,096	\$ 11,364,328	\$ 28,166,442
Payments to employees	(119,278)	(323,698)	-
Payments to suppliers and service providers	(718,637)	(613,528)	(2,467,639)
Internal activity - payments from (to) other funds	-	-	(1,074,328)
Claims paid	-	(5,342,115)	(27,631,118)
Premiums paid	-	(1,925,444)	-
Other receipts/(payments)	-	49,437	-
Net cash provided by (used in) operating activities	44,181	3,208,980	(3,006,643)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	296,891	1,787,579	-
Operating subsidies and transfers to other funds	-	(40,750)	-
Net cash provided by (used in) noncapital financing activities	296,891	1,746,829	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	-	-	-
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	4,547	2,811	1,431
Net cash provided by (used in) investing activities	4,547	2,811	1,431
Net increase (decrease) in cash and cash equivalents/investments	345,619	4,958,620	(3,005,212)
Cash and cash equivalents/investments			
Beginning of year	339,462	16,189,976	3,958,305
End of year	\$ 685,081	\$ 21,148,596	\$ 953,093
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 18,675	\$ 3,981,158	\$ (2,443,602)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense		-	-
Sales tax receivable	12,377	459	-
Inventories		-	-
Accounts payable and other accrued liabilities	18,920	(769,293)	511,287
Due to/from other funds	-	-	(1,074,328)
Earned vacation pay and other payroll liabilities	(5,791)	(3,344)	-
Total adjustments	25,506	(772,178)	(563,041)
Net cash provided by (used in) operating activities	\$ 44,181	\$ 3,208,980	\$ (3,006,643)



Governmental Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
\$ 8,972,081	\$ 2,691,818	\$ 12,895,729	\$ 64,972,494
-	-	(3,388,130)	(3,831,106)
-	-	(9,242,821)	(13,042,625)
-	-	-	(1,074,328)
-	-	-	(32,973,233)
-	-	-	(1,925,444)
(676,419)	(261,767)	(48,386)	(937,135)
<u>8,295,662</u>	<u>2,430,051</u>	<u>216,392</u>	<u>11,188,623</u>
-	-	-	2,084,470
(758,780)	-	(3,515,000)	(4,314,530)
<u>(758,780)</u>	<u>-</u>	<u>(3,515,000)</u>	<u>(2,230,060)</u>
(8,563,544)	(1,339,760)	(21,104)	(9,924,408)
(10,270,076)	(2,756,867)	-	(13,026,943)
(906,198)	(257,082)	-	(1,163,280)
<u>(19,739,818)</u>	<u>(4,353,709)</u>	<u>(21,104)</u>	<u>(24,114,631)</u>
64,046	16,370	61,476	150,681
<u>64,046</u>	<u>16,370</u>	<u>61,476</u>	<u>150,681</u>
(12,138,890)	(1,907,288)	(3,258,236)	(15,005,387)
13,844,111	2,891,589	4,560,361	41,783,804
<u>\$ 1,705,221</u>	<u>\$ 984,301</u>	<u>\$ 1,302,125</u>	<u>\$ 26,778,417</u>
\$ 179,489	\$ (156,409)	\$ 62,009	\$ 1,641,320
8,087,396	2,478,148	27,062	10,592,606
28,777	40,093	(56,469)	25,237
-	-	(9,998)	(9,998)
-	68,219	175,812	4,945
-	-	-	(1,074,328)
-	-	17,976	8,841
<u>8,116,173</u>	<u>2,586,460</u>	<u>154,383</u>	<u>9,547,303</u>
<u>\$ 8,295,662</u>	<u>\$ 2,430,051</u>	<u>\$ 216,392</u>	<u>\$ 11,188,623</u>



CITY OF RALEIGH

2010

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

2010

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, 2010

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits Trust	Total June 30, 2010
ASSETS				
Cash and cash equivalents	\$ 27,724,891	\$ 1,126,952	\$ 9,751,524	\$ 38,603,367
Accrued interest receivable	14,174	12,781	20,313	47,268
Due from other funds	-	1,775,765	-	1,775,765
Total assets	27,739,065	2,915,498	9,771,837	40,426,400
LIABILITIES				
Claims payable	-	-	494,115	494,115
Total liabilities	-	-	494,115	494,115
NET ASSETS				
Held in trust for employees' retirement and other post- employment benefits	\$ 27,739,065	\$ 2,915,498	\$ 9,277,722	\$ 39,932,285

COMBINING STATEMENT OF CHANGES
IN PLAN NET ASSETS
PENSION TRUST FUNDS
 For the Fiscal Year Ended June 30, 2010

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Allowance	Other Post Employment Benefits Trust	Total
ADDITIONS				
Employer contributions	\$ 3,236,254	\$ 1,775,765	\$ 10,734,412	\$ 15,746,431
Retiree contributions	-	-	1,129,369	1,129,369
Interest	538,065	43,718	42,269	624,052
Net increase (decrease) in the fair value of investments	1,461,949	(44,159)	3,692	1,421,482
Less investment expense	(41,742)	-	-	(41,742)
Total additions	<u>5,194,526</u>	<u>1,775,324</u>	<u>11,909,742</u>	<u>18,879,592</u>
DEDUCTIONS				
Benefits	831,793	2,412,620	9,081,065	12,325,478
Withdrawals and forfeitures	71,647	-	-	71,647
Total deductions	<u>903,440</u>	<u>2,412,620</u>	<u>9,081,065</u>	<u>12,397,125</u>
Change in net assets restricted for:				
Employees' retirement and other post-employment benefits	4,291,086	(637,296)	2,828,677	6,482,467
Net assets, beginning of year	<u>23,447,979</u>	<u>3,552,794</u>	<u>6,449,045</u>	<u>33,449,818</u>
Net assets, end of year	<u>\$ 27,739,065</u>	<u>\$ 2,915,498</u>	<u>\$ 9,277,722</u>	<u>\$ 39,932,285</u>



CITY OF RALEIGH

2010

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.



CITY OF RALEIGH
2010

**SCHEDULE OF LONG-TERM OBLIGATION MATURITIES
AND DEBT SERVICE REQUIREMENTS**
June 30, 2010

Maturities on all long-term obligations are:

Fiscal Year Ended June 30	Enterprise					
	Water and Sewer		Convention Center		Parking Facilities	
	Principal	Interest	Principal	Interest	Principal	Interest
General Obligation Bonded Debt:						
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	1,067,728	65,307	-	-	512,129	29,760
2016-2020	1,092,967	36,217	-	-	678,287	24,412
2021-2025	-	-	-	-	-	-
2026-2029	-	-	-	-	-	-
Total General Obligation Bonded Debt	6,900,927	769,657	-	-	3,672,536	340,318
Revenue Bonds:						
2011	10,865,000	24,913,370	-	-	-	-
2012	11,800,000	24,684,672	-	-	-	-
2013	12,895,000	24,146,702	-	-	-	-
2014	13,570,000	23,561,678	-	-	-	-
2015	17,235,000	22,946,153	-	-	-	-
2016-2020	98,935,000	102,044,239	-	-	-	-
2021-2025	114,615,000	78,084,230	-	-	-	-
2026-2029	125,580,000	51,385,896	-	-	-	-
2030-2035	124,025,000	21,202,201	-	-	-	-
2036-2040	16,730,000	786,500	-	-	-	-
Total Revenue Bonded Debt	546,250,000	373,755,641	-	-	-	-
Other Long-Term Obligations:						
Installment Financing Agreement:						
2011	5,362,726	605,116	-	11,443,830	2,975,000	4,096,769
2012	4,801,323	383,980	-	11,443,830	3,075,000	3,977,218
2013	1,001,323	203,801	-	11,443,830	3,215,000	3,847,429
2014	1,001,323	169,279	-	11,489,471	3,325,000	3,715,995
2015	1,001,323	134,850	7,360,000	11,421,010	3,435,000	3,582,060
2016-2020	3,210,515	297,843	42,125,000	52,118,166	18,970,000	15,741,625
2021-2025	941,363	59,850	52,955,000	42,009,291	20,190,000	11,580,162
2026-2029	191,363	-	66,555,000	29,327,184	19,935,000	6,937,155
2030-2035	-	-	74,430,000	10,368,251	20,855,000	2,269,439
2036-2040	-	-	-	-	-	-
	17,511,259	1,854,719	243,425,000	191,064,863	95,975,000	55,747,852

<u>Other Enterprise</u>		<u>General Governmental</u>		<u>Internal Service</u>		<u>Total</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ -	\$ -	\$ 16,650,726	\$ 9,691,713	\$ -	\$ -	\$ 18,655,000	\$ 10,042,404
-	-	16,589,910	9,091,026	-	-	18,480,000	9,361,546
-	-	16,162,470	8,392,107	-	-	17,885,001	8,587,024
-	-	15,969,543	7,796,007	-	-	17,575,000	7,934,158
-	-	15,905,143	7,207,142	-	-	17,485,000	7,302,209
-	-	76,053,746	25,957,449	-	-	77,825,000	26,018,078
-	-	50,920,000	10,795,350	-	-	50,920,000	10,795,350
-	-	22,315,000	2,206,938	-	-	22,315,000	2,206,938
-	-	<u>230,566,538</u>	<u>81,137,732</u>	-	-	<u>241,140,001</u>	<u>82,247,707</u>
-	-	-	-	-	-	10,865,000	24,913,370
-	-	-	-	-	-	11,800,000	24,684,672
-	-	-	-	-	-	12,895,000	24,146,702
-	-	-	-	-	-	13,570,000	23,561,678
-	-	-	-	-	-	17,235,000	22,946,153
-	-	-	-	-	-	98,935,000	102,044,239
-	-	-	-	-	-	114,615,000	78,084,230
-	-	-	-	-	-	125,580,000	51,385,896
-	-	-	-	-	-	124,025,000	21,202,201
-	-	-	-	-	-	16,730,000	786,500
-	-	-	-	-	-	<u>546,250,000</u>	<u>373,755,641</u>
-	-	8,351,740	3,687,058	7,651,943	736,050	24,341,409	20,568,823
-	-	8,402,938	3,377,380	7,651,943	451,892	23,931,204	19,634,300
-	-	8,502,763	3,070,306	3,525,100	196,348	16,244,186	18,761,714
-	-	8,596,393	2,743,460	3,525,100	89,994	16,447,816	18,208,199
-	-	8,689,018	2,418,602	-	-	20,485,341	17,556,522
-	-	30,447,741	7,971,984	-	-	94,753,256	76,129,618
-	-	15,370,000	4,075,515	-	-	89,456,363	57,724,818
-	-	8,700,000	1,577,963	-	-	95,381,363	37,842,302
-	-	5,480,000	410,175	-	-	100,765,000	13,047,865
-	-	-	-	-	-	-	-
-	-	<u>102,540,593</u>	<u>29,332,443</u>	<u>22,354,086</u>	<u>1,474,284</u>	<u>481,805,938</u>	<u>279,474,161</u>

Continued

**SCHEDULE OF LONG-TERM OBLIGATION MATURITIES
 AND DEBT SERVICE REQUIREMENTS**
 June 30, 2010

Maturities on all long-term obligations are:

	Enterprise					
	Water and Sewer		Convention Center		Parking Facilities	
<u>Other Long-Term Obligations:</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<i>Continued:</i>						
Other Installment Obligations:						
2011	\$ 199,375	\$ -	\$ -	\$ -	\$ -	\$ -
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016-2020	-	-	-	-	-	-
	<u>199,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other:						
Earned Vacation Pay (1)	1,890,503	-	529,465	-	64,399	-
Landfill Postclosure Costs (1)	-	-	-	-	-	-
	<u>1,890,503</u>	<u>-</u>	<u>529,465</u>	<u>-</u>	<u>64,399</u>	<u>-</u>
Total Other Long-Term Obligations	<u>19,601,137</u>	<u>1,854,719</u>	<u>243,954,465</u>	<u>191,064,863</u>	<u>96,039,399</u>	<u>55,747,852</u>
Total Long-Term Obligations	<u>\$ 572,752,064</u>	<u>\$ 376,380,017</u>	<u>\$ 243,954,465</u>	<u>\$ 191,064,863</u>	<u>\$ 99,711,935</u>	<u>\$ 56,088,170</u>

Notes:

(1) Interest not applicable.

<u>Other Enterprise</u>		<u>General Governmental</u>		<u>Internal Service</u>		<u>Total</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ -	\$ -	\$ 413,858	\$ 22,324	\$ -	\$ -	\$ 613,233	\$ 22,324
-	-	164,460	20,505	-	-	164,460	20,505
-	-	168,441	16,524	-	-	168,441	16,524
-	-	55,845	9,120	-	-	55,845	9,120
-	-	27,490	1,050	-	-	27,490	1,050
-	-	-	-	-	-	-	-
-	-	830,094	69,523	-	-	1,029,469	69,523
259,778	-	18,010,276	-	265,731	-	21,020,152	-
-	-	6,105,812	-	-	-	6,105,812	-
259,778	-	24,116,088	-	265,731	-	27,125,964	-
259,778	-	127,486,775	29,401,966	22,619,817	1,474,284	509,961,371	279,543,684
<u>\$ 259,778</u>	<u>\$ -</u>	<u>\$ 358,053,313</u>	<u>\$ 110,539,698</u>	<u>\$ 22,619,817</u>	<u>\$ 1,474,284</u>	<u>\$ 1,297,351,372</u>	<u>\$ 735,547,032</u>

SCHEDULE OF GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS
 For the Fiscal Year Ended June 30, 2010

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2009</u>	<u>Issued During Year</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>				
Housing, Series 1994B Taxable	8.00	9/01/94	\$ 375,000	\$ -
Housing, Series 1996	5.60 - 5.75	6/01/96	805,000	-
Housing, Series 1997	6.70	10/01/97	2,220,000	-
G O Refunding, Series 1998	4.00 - 4.20	12/01/98	1,355,000	-
Public Improvement, Series 2002	4.50 - 5.00	06/01/02	7,600,000	-
Public Improvement, Series 2002A	4.00 - 4.50	12/01/02	2,275,000	-
Public Improvement, Series 2002B	4.00 - 4.50	12/01/02	34,800,000	-
Public Improvement Refunding, Series 2002C	4.00	12/01/02	1,495,000	-
Public Improvement, Series 2004	2.75 - 4.00	3/01/04	12,750,000	-
Public Improvement Refunding, Series 2004A	3.00 - 4.00	3/01/04	11,524,770	-
Housing, Series 2004B	3.50 - 4.375	3/01/04	5,220,000	-
Housing Refunding, Series 2004B	3.50 - 4.00	3/01/04	535,000	-
Street Improvement, Series 2005A	3.50 - 5.00	8/01/05	9,700,000	-
Public Improvement, Series 2005B	3.50 - 5.00	8/01/05	46,085,000	-
Housing, Series 2007	4.95 - 5.40	3/01/07	6,300,000	-
Public Improvement, Series 2009A	2.25 - 4.25	3/10/09	11,130,000	-
Public Improvement Refunding, Series 2009B	2.25 - 4.00	3/11/09	13,778,981	-
Housing, Series 2009C Taxable	3.50 - 5.50	3/11/09	10,000,000	-
General Obligation Refunding, Series 2009D	3.00 - 5.00	7/28/09	-	33,640,000
General Obligation Refunding, Series 2009E	4.00 - 5.00	7/28/09	-	14,180,000
Public Improvement, Series 2009F	2.00 - 5.00	9/03/09	-	57,665,000
Housing, Series 2009G	3.50 - 5.30	9/03/09	-	10,000,000
Total General Obligation Bonded Debt			<u>177,948,751</u>	<u>115,485,000</u>
<u>OTHER GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreement			109,919,590	41,525,000
Other Installment Obligations			2,038,804	360,000
Earned Vacation Pay			17,162,712	10,605,134
Landfill closure and Postclosure Costs			6,170,310	74,044
Total Other General Governmental Long-Term Obligations			<u>135,291,416</u>	<u>52,564,178</u>
Total General Governmental Long-Term Obligations			<u>\$ 313,240,167</u>	<u>\$ 168,049,178</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.

Payments During Fiscal 2009-2010		Principal Balance June 30, 2010	Due Fiscal 2010-2011		
Principal	Interest		Principal	Interest	Total
\$ 325,000	\$ 30,000	\$ 50,000	\$ 50,000	\$ 4,000	\$ 54,000
115,000	45,597	690,000	115,000	39,157	154,157
200,000	148,740	2,020,000	200,000	135,340	335,340
830,000	55,250	525,000	340,000	22,050	362,050
6,600,000	67,500	1,000,000	500,000	45,000	545,000
1,925,000	21,000	350,000	175,000	14,000	189,000
29,400,000	324,000	5,400,000	2,700,000	216,000	2,916,000
360,000	59,800	1,135,000	355,000	45,400	400,400
450,000	475,500	12,300,000	450,000	463,125	913,125
1,701,943	416,760	9,822,827	1,686,007	348,683	2,034,690
650,000	215,307	4,570,000	655,000	192,557	847,557
100,000	20,663	435,000	95,000	17,163	112,163
2,750,000	297,938	6,950,000	475,000	287,438	762,438
13,550,000	1,396,800	32,535,000	2,325,000	1,344,300	3,669,300
350,000	326,900	5,950,000	350,000	309,575	659,575
555,000	322,806	10,575,000	555,000	348,150	903,150
2,395,271	389,632	11,383,710	2,324,718	342,526	2,667,244
500,000	406,222	9,500,000	500,000	439,500	939,500
110,000	1,251,634	33,530,000	-	1,475,699	1,475,699
-	567,830	14,180,000	-	674,650	674,650
-	1,013,224	57,665,000	2,300,000	2,464,600	4,764,600
-	186,131	10,000,000	500,000	452,750	952,750
<u>62,867,214</u>	<u>8,039,234</u>	<u>230,566,537</u>	<u>16,650,725</u>	<u>9,681,663</u>	<u>26,332,388</u>
48,903,997	3,846,172	102,540,593	8,351,740	3,687,058	12,038,798
1,568,711	62,592	830,093	413,858	22,324	436,182
9,757,570	-	18,010,276	- (1)	-	-
138,542	-	6,105,812	-	-	-
<u>60,368,820</u>	<u>3,908,764</u>	<u>127,486,774</u>	<u>8,765,598</u>	<u>3,709,382</u>	<u>12,474,980</u>
<u>\$ 123,236,034</u>	<u>\$ 11,947,998</u>	<u>\$ 358,053,311</u>	<u>\$ 25,416,323</u>	<u>\$ 13,391,045</u>	<u>\$ 38,807,368</u>

SCHEDULE OF ENTERPRISE LONG-TERM OBLIGATIONS
 For the Fiscal Year Ended June 30, 2010

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2009</u>	<u>Issued During Year</u>
<u>WATER AND SEWER</u>				
<u>GENERAL OBLIGATION</u>				
<u>BONDS PAYABLE</u>				
Sanitary Sewer Refunding, Series 2002C	4.00	12/01/02	\$ 310,000	\$ -
Water Refunding, Series 2004A	3.00 - 4.00	03/01/04	4,112,947	-
Sanitary Sewer Refunding, Series 2004A	3.00 - 4.00	03/01/04	2,442,283	-
Sanitary Sewer Refunding, Series 2009B	2.25 - 4.00	03/11/09	1,305,737	-
Total Water and Sewer General Obligation Debt			<u>8,170,967</u>	<u>-</u>
<u>REVENUE BONDS PAYABLE</u>				
Water/Sewer, Series 2001	4.00 - 4.125	01/01/01	1,465,000	-
Water/Sewer, Series 2004	3.00 - 5.00	05/04/04	64,625,000	-
Water/Sewer Refunding, Series 2005	5.00	05/05/05	38,985,000	-
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	58,490,000	-
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	-
Water/Sewer Refunding, Series 2010A	2.25 - 5.00	03/20/10	-	68,745,000
Total Water and Sewer Revenue Debt			<u>554,740,000</u>	<u>68,745,000</u>
<u>OTHER WATER AND SEWER</u>				
<u>LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreement			22,635,257	765,453
Other Installment Obligations			1,323,750	-
Reimbursement Contracts - Water and Sewer Lines			-	-
Earned Vacation Pay			1,857,758	1,391,381
Total Other Water and Sewer Long-Term Obligations			<u>25,816,765</u>	<u>2,156,834</u>
Total Water and Sewer Long-Term Obligations			<u>588,727,732</u>	<u>70,901,834</u>
<u>PARKING FACILITIES FUND</u>				
Parking Facilities Refunding Series 2009B	2.25 - 4.00	03/11/09	4,445,282	-
Total Parking Facilities General Obligation Bonded Debt			<u>4,445,282</u>	<u>-</u>
<u>OTHER PARKING FACILITIES</u>				
<u>LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreements			75,100,000	30,980,000
Earned Vacation Pay			51,382	33,925
Total Other Parking Facilities Long-Term Obligations			<u>75,151,382</u>	<u>31,013,925</u>
Total Parking Facilities Long-Term Obligations			<u>79,596,664</u>	<u>31,013,925</u>
<u>CONVENTION CENTER FACILITIES</u>				
<u>LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreements			243,425,000	-
Earned Vacation Pay			497,634	275,591
Total Convention Center Facilities Long-Term Obligations			<u>243,922,634</u>	<u>275,591</u>
<u>OTHER ENTERPRISE</u>				
<u>LONG-TERM OBLIGATIONS</u>				
Mass Transit Earned Vacation Pay			33,191	21,884
Stormwater Earned Vacation Pay			204,865	182,888
Total Other Enterprise Long-Term Obligations			<u>238,056</u>	<u>204,772</u>
Total Enterprise Long-Term Obligations			<u>\$ 912,485,086</u>	<u>\$ 102,396,122</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.



CITY OF RALEIGH
2010

Payments During Fiscal 2009-2010		Principal Balance June 30, 2010	Due Fiscal 2010-2011		
Principal	Interest		Principal	Interest	Total
\$ 75,000	\$ 9,400	\$ 235,000	\$ 75,000	\$ 9,400	\$ 84,400
607,388	161,222	3,505,559	601,700	124,438	726,138
360,669	88,318	2,081,614	357,292	73,891	431,183
226,983	36,923	1,078,754	220,297	32,459	252,756
<u>1,270,040</u>	<u>295,863</u>	<u>6,900,927</u>	<u>1,254,289</u>	<u>240,188</u>	<u>1,494,477</u>
720,000	59,531	745,000	745,000	30,731	775,731
19,275,000	3,191,913	45,350,000	2,770,000	2,267,500	5,037,500
2,120,000	1,949,250	36,865,000	2,230,000	1,843,250	4,073,250
54,900,000	11,904,200	186,275,000	1,500,000	9,174,200	10,674,200
220,000	2,366,373	58,270,000	230,000	2,358,673	2,588,673
-	3,708,975	90,000,000	2,035,000	3,746,700 (1)	5,781,700
-	2,463,329	60,000,000	1,355,000	2,497,800 (1)	3,852,800
-	-	68,745,000	-	2,994,516	2,994,516
<u>77,235,000</u>	<u>25,643,571</u>	<u>546,250,000</u>	<u>10,865,000</u>	<u>24,913,370</u>	<u>35,778,370</u>
5,889,451	831,983	17,511,259	5,362,726	605,116	5,967,842
1,124,375	46,250	199,375	199,375	-	199,375
-	-	-	-	-	-
1,358,636	-	1,890,503	- (2)	-	-
<u>8,372,462</u>	<u>878,233</u>	<u>19,601,137</u>	<u>5,562,101</u>	<u>605,116</u>	<u>6,167,217</u>
<u>86,877,502</u>	<u>26,817,667</u>	<u>572,752,064</u>	<u>17,681,390</u>	<u>25,758,674</u>	<u>43,440,064</u>
772,746	125,701	3,672,536	749,985	110,503	860,488
<u>772,746</u>	<u>125,701</u>	<u>3,672,536</u>	<u>749,985</u>	<u>110,503</u>	<u>860,488</u>
10,105,000	2,626,557	95,975,000	2,975,000	4,096,769	7,071,769
20,908	-	64,399	- (2)	-	-
<u>10,125,908</u>	<u>2,626,557</u>	<u>96,039,399</u>	<u>2,975,000</u>	<u>4,096,769</u>	<u>7,071,769</u>
<u>10,898,654</u>	<u>2,752,258</u>	<u>99,711,935</u>	<u>3,724,985</u>	<u>4,207,272</u>	<u>7,932,257</u>
-	9,042,384	243,425,000	-	11,443,830 (1)	11,443,830
243,760	-	529,465	- (2)	-	-
<u>243,760</u>	<u>9,042,384</u>	<u>243,954,465</u>	<u>-</u>	<u>11,443,830 (1)</u>	<u>11,443,830</u>
18,956	-	36,119	- (2)	-	-
164,094	-	223,659	- (2)	-	-
<u>183,050</u>	<u>-</u>	<u>259,778</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 98,202,966</u>	<u>\$ 38,612,309</u>	<u>\$ 916,678,242</u>	<u>\$ 21,406,375</u>	<u>\$ 41,409,776</u>	<u>\$ 62,816,151</u>



SCHEDULE OF INTERNAL SERVICE LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2010

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2009</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	3.50	10/26/05	\$ 5,375,000	\$ -
Equipment Acquisition Project, Schedule 1A	4.16	06/28/07	9,680,529	-
Equipment Acquisition Project, Schedule 1C	4.16	06/28/07	2,700,000	-
Equipment Acquisition Project, Series 2009	2.785	06/23/09	17,625,500	-
Total Installment Financing Agreements:			<u>35,381,029</u>	<u>-</u>
<u>OTHER INTERNAL SERVICE LONG-TERM OBLIGATIONS</u>				
Earned Vacation Pay - Print Shop			15,259	6,526
Earned Vacation Pay - Risk Management			18,754	13,975
Earned Vacation Pay - Vehicle Fleet Services			246,895	161,286
Total Other Internal Service Long-Term Obligations			<u>280,908</u>	<u>181,787</u>
Total Internal Service Long-Term Obligations			<u>\$ 35,661,937</u>	<u>\$ 181,787</u>

Note:

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



CITY OF RALEIGH
2010

Payments During Fiscal 2009-2010		Principal Balance June 30, 2010	Due Fiscal 2010-2011		
Principal	Interest		Principal	Interest	Total
\$ 5,375,000	\$ 188,125	\$ -	\$ -	\$ -	\$ -
3,226,843	402,710	6,453,686	3,226,843	268,474	3,495,317
900,000	112,320	1,800,000	900,000	74,880	974,880
<u>3,525,100</u>	<u>490,870</u>	<u>14,100,400</u>	<u>3,525,100</u>	<u>392,696</u>	<u>3,917,796</u>
<u>13,026,943</u>	<u>1,194,025</u>	<u>22,354,086</u>	<u>7,651,943</u>	<u>736,050</u>	<u>8,387,993</u>
12,317	-	9,468	- (1)	-	-
19,638	-	13,091	- (1)	-	-
<u>165,010</u>	<u>-</u>	<u>243,171</u>	<u>- (1)</u>	<u>-</u>	<u>-</u>
<u>196,965</u>	<u>-</u>	<u>265,730</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 13,223,908</u>	<u>\$ 1,194,025</u>	<u>\$ 22,619,816</u>	<u>\$ 7,651,943</u>	<u>\$ 736,050</u>	<u>\$ 8,387,993</u>



CITY OF RALEIGH

2010



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

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

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

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

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

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

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

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

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities				
Invested in capital assets, net of related debt	\$ 434,696	\$ 449,699	\$ 463,753	\$ 440,349
Restricted	44,397	46,376	65,539	76,234
Unrestricted	143,001	128,885	123,379	131,575
Total governmental activities net assets	<u>622,094</u>	<u>624,960</u>	<u>652,671</u>	<u>648,158</u>
Business-type activities				
Invested in capital assets, net of related debt	404,642	417,486	435,295	514,326
Restricted	-	-	-	-
Unrestricted	84,119	88,157	68,243	75,199
Total business-type activities net assets	<u>488,761</u>	<u>505,643</u>	<u>503,538</u>	<u>589,525</u>
Total government				
Invested in capital assets, net of related debt	839,338	867,185	899,048	954,675
Restricted	44,397	46,376	65,539	76,234
Unrestricted	227,120	217,042	191,622	206,774
Total government net assets	<u>\$ 1,110,855</u>	<u>\$ 1,130,603</u>	<u>\$ 1,156,209</u>	<u>\$ 1,237,683</u>

Note: Accrual-basis financial information for the city government as a whole is available back to 2002 only, the year GASB Statement 34 was implemented.

Fiscal Year				
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 455,991	\$ 462,286	\$ 493,738	\$ 525,177	\$ 559,035
96,224	120,362	113,337	120,517	112,849
<u>131,896</u>	<u>156,309</u>	<u>163,270</u>	<u>162,693</u>	<u>135,746</u>
<u>684,111</u>	<u>738,957</u>	<u>770,345</u>	<u>808,387</u>	<u>807,630</u>
584,402	662,101	701,221	682,123	682,642
-	-	-	-	-
<u>90,117</u>	<u>79,776</u>	<u>88,288</u>	<u>111,066</u>	<u>124,426</u>
<u>674,519</u>	<u>741,877</u>	<u>789,509</u>	<u>793,189</u>	<u>807,068</u>
1,040,393	1,124,387	1,194,959	1,207,300	1,241,677
96,224	120,362	113,337	120,517	112,849
<u>222,013</u>	<u>236,085</u>	<u>251,558</u>	<u>273,759</u>	<u>260,172</u>
<u>\$ 1,358,630</u>	<u>\$ 1,480,834</u>	<u>\$ 1,559,854</u>	<u>\$ 1,601,576</u>	<u>\$ 1,614,698</u>

**CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS**

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
General government	\$ 22,964	\$ 27,607	\$ 32,495	\$ 30,698	\$ 46,666
Community development services	51,837	53,025	17,110	19,269	33,174
Public works (1)	-	-	39,038	43,768	44,786
Public safety	86,161	90,291	95,588	104,268	110,965
Solid waste services	17,962	19,424	19,394	21,706	17,494
Leisure services	39,270	48,567	53,482	36,640	39,645
Economic development programs	2,315	3,592	3,265	2,644	4,003
Interest on long-term debt	6,751	6,445	7,827	9,354	9,936
Total governmental activities expenses	<u>227,260</u>	<u>248,951</u>	<u>268,199</u>	<u>268,347</u>	<u>306,669</u>
Business-type activities:					
Water and sewer	60,174	64,825	71,685	75,710	86,099
Convention center (2)	-	-	-	22,593	26,337
Mass transit	12,132	13,636	14,877	16,621	18,376
Parking facilities	2,451	2,771	2,674	4,723	6,395
Stormwater (3)	-	2,654	3,032	3,328	4,512
Total business-type activities	<u>74,757</u>	<u>83,886</u>	<u>92,268</u>	<u>122,975</u>	<u>141,719</u>
Total government expenses	<u>\$ 302,017</u>	<u>\$ 332,837</u>	<u>\$ 360,467</u>	<u>\$ 391,322</u>	<u>\$ 448,388</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 591	\$ 548	\$ 459	\$ 1,491	\$ 947
Community development services	9,488	9,073	9,469	10,825	22,488
Public works	-	-	858	2,045	1,638
Public safety	1,727	1,897	2,225	2,470	2,905
Solid waste services	2,357	6,272	9,645	9,705	12,521
Leisure services	12,493	13,716	21,384	8,579	7,695
Economic development programs	835	1,003	1,131	977	965
Operating grants and contributions	15,247	25,221	24,139	25,193	27,593
Capital grants and contributions	28,728	21,336	18,618	61,891	40,263
Total governmental activities program revenues	<u>71,466</u>	<u>79,066</u>	<u>87,928</u>	<u>123,176</u>	<u>117,015</u>
Business-type activities:					
Charges for services:					
Water and sewer	61,791	58,550	66,926	77,877	98,207
Convention center	-	-	-	13,555	13,374
Mass transit	2,160	2,046	2,115	2,241	2,423
Parking facilities	2,167	2,334	2,906	4,029	5,203
Stormwater	-	4	3,251	11,516	12,480
Operating grants and contributions	3,263	3,449	4,525	4,408	4,501
Capital grants and contributions	19,250	16,237	8,798	22,685	67,099
Total business-type activities program revenues	<u>88,631</u>	<u>82,620</u>	<u>88,521</u>	<u>136,311</u>	<u>203,287</u>
Total government program revenues	<u>\$ 160,097</u>	<u>\$ 161,686</u>	<u>\$ 176,449</u>	<u>\$ 259,487</u>	<u>\$ 320,302</u>
Net (expense)/revenue					
Governmental activities	\$ (155,794)	\$ (169,885)	\$ (180,271)	\$ (145,171)	\$ (189,654)
Business-type activities	13,874	(1,266)	(3,747)	13,336	61,568
Total government net expense	<u>\$ (141,920)</u>	<u>\$ (171,151)</u>	<u>\$ (184,018)</u>	<u>\$ (131,835)</u>	<u>\$ (128,086)</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 37,624	\$ 37,801	\$ 36,884	\$ 51,866
Community development services	15,084	19,827	22,269	25,247
Public works (1)	50,141	53,691	54,530	44,084
Public safety	118,436	130,067	136,331	143,480
Solid waste services	17,996	22,383	24,460	23,769
Leisure services	42,690	45,530	49,674	53,314
Economic development programs	4,456	5,329	4,399	4,375
Interest on long-term debt	10,035	10,772	11,541	13,516
Total governmental activities expenses	<u>296,462</u>	<u>325,400</u>	<u>340,088</u>	<u>359,651</u>
Business-type activities:				
Water and sewer	108,461	124,613	136,935	129,034
Convention center (2)	29,880	20,100	28,409	33,889
Mass transit	19,923	23,895	28,552	28,724
Parking facilities	6,641	7,149	8,874	11,307
Stormwater (3)	5,359	7,951	8,728	10,249
Total business-type activities	<u>170,264</u>	<u>183,708</u>	<u>211,498</u>	<u>213,203</u>
Total government expenses	<u>\$ 466,726</u>	<u>\$ 509,108</u>	<u>\$ 551,586</u>	<u>\$ 572,854</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 864	\$ 782	\$ 854	\$ -
Community development services	12,805	9,635	8,042	13,417
Public works	663	2,058	3,040	4,592
Public safety	3,081	3,304	3,248	2,862
Solid waste services	13,347	15,868	16,840	16,600
Leisure services	7,732	8,501	8,749	11,924
Economic development programs	1,324	1,041	966	981
Operating grants and contributions	28,725	33,794	32,338	11,913
Capital grants and contributions	22,666	27,419	19,434	29,968
Total governmental activities program revenues	<u>91,207</u>	<u>102,402</u>	<u>93,511</u>	<u>92,257</u>
Business-type activities:				
Charges for services:				
Water and sewer	106,758	109,384	112,280	137,228
Convention center	20,794	13,518	13,269	12,394
Mass transit	2,787	3,215	3,314	4,466
Parking facilities	6,001	7,961	8,467	7,815
Stormwater	13,257	14,268	14,413	14,213
Operating grants and contributions	4,831	5,560	6,281	5,245
Capital grants and contributions	49,740	22,627	20,024	12,198
Total business-type activities program revenues	<u>204,168</u>	<u>176,533</u>	<u>178,048</u>	<u>193,559</u>
Total government program revenues	<u>\$ 295,375</u>	<u>\$ 278,935</u>	<u>\$ 271,559</u>	<u>\$ 285,816</u>
Net (expense)/revenue				
Governmental activities	\$ (205,255)	\$ (222,998)	\$ (246,577)	\$ (267,394)
Business-type activities	33,904	(7,175)	(33,450)	(19,644)
Total government net expense	<u>\$ (171,351)</u>	<u>\$ (230,173)</u>	<u>\$ (280,027)</u>	<u>\$ (287,038)</u>

Continued

**CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS**

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
General Revenues and Change in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 101,980	\$ 107,540	\$ 113,312	\$ 120,835	\$ 125,131
Local sales tax	39,865	42,938	52,156	55,954	61,496
Franchise tax	7,191	14,967	15,033	15,717	16,747
Other taxes	7,262	4,905	5,959	5,929	6,037
Privilege license tax	8,325	9,348	9,861	12,151	14,166
Unrestricted grants and contributions	994	1,000	986	973	680
Investment earnings	7,513	4,749	3,855	5,827	10,883
Miscellaneous	1,479	1,597	802	1,331	2,243
Transfers	(9,280)	(15,985)	(621)	(16,968)	(11,776)
Total governmental activities	<u>165,329</u>	<u>171,059</u>	<u>201,343</u>	<u>201,749</u>	<u>225,607</u>
Business-type activities:					
Investment earnings	\$ 4,103	\$ 2,161	\$ 1,021	\$ 7,089	\$ 11,650
Transfers	9,280	15,986	621	16,968	11,776
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>	<u>23,426</u>
Total government general revenues	<u>\$ 178,712</u>	<u>\$ 189,206</u>	<u>\$ 202,985</u>	<u>\$ 213,308</u>	<u>\$ 249,033</u>
Change in Net Assets					
Governmental activities	\$ 9,537	\$ 1,174	\$ 21,072	\$ 56,578	\$ 35,953
Business-type activities	27,257	16,881	(2,105)	24,895	84,994
Total government change in net assets	<u>\$ 36,794</u>	<u>\$ 18,055</u>	<u>\$ 18,967</u>	<u>\$ 81,473</u>	<u>\$ 120,947</u>

Notes:

Accrual-basis financial information for the city government as a whole is available back to 2002 only, the year GASB Statement 34 was implemented.

- (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 NINE FISCAL YEARS**

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Revenues and Change in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 144,428	\$ 151,695	\$ 180,534	\$ 184,697
Local sales tax	67,178	70,313	62,442	58,651
Franchise tax	18,326	19,553	23,438	22,500
Other taxes	6,730	7,502	9,119	5,473
Privilege license tax	14,800	17,585	19,627	19,098
Unrestricted grants and contributions	680	680	-	-
Investment earnings	16,131	17,555	10,632	1,703
Miscellaneous	4,673	1,959	3,250	5,659
Transfers	(12,845)	(32,455)	(24,423)	(31,144)
Total governmental activities	<u>260,101</u>	<u>254,387</u>	<u>284,619</u>	<u>266,637</u>
Business-type activities:				
Investment earnings	\$ 20,609	\$ 17,770	\$ 10,632	\$ 2,379
Transfers	12,845	32,455	24,423	31,144
Gain on the sale of land	-	-	2,075	-
Special item, loss on capital asset impairment	-	-	-	-
Total business-type activities	<u>33,454</u>	<u>50,225</u>	<u>37,130</u>	<u>33,523</u>
Total government general revenues	<u>\$ 293,555</u>	<u>\$ 304,612</u>	<u>\$ 321,749</u>	<u>\$ 300,160</u>
Change in Net Assets				
Governmental activities	\$ 54,846	\$ 31,389	\$ 38,042	\$ (757)
Business-type activities	67,358	43,051	3,680	13,879
Total government change in net assets	<u>\$ 122,204</u>	<u>\$ 74,440</u>	<u>\$ 41,722</u>	<u>\$ 13,122</u>

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

	Fiscal Year			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General fund				
Reserved	\$ 20,019	\$ 17,839	\$ 23,096	\$ 30,153
Unreserved	74,930	75,453	65,881	76,792
Total general fund	<u>\$ 94,949</u>	<u>\$ 93,292</u>	<u>\$ 88,977</u>	<u>\$106,945</u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ 10,323
Unreserved, reported in:				
Special revenue funds	24,667	19,899	12,522	14,964
Capital projects funds	86,037	69,343	90,839	125,505
Total all other governmental funds	<u>\$110,704</u>	<u>\$ 89,242</u>	<u>\$103,361</u>	<u>\$150,792</u>



Fiscal Year					
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 39,246	\$ 35,607	\$ 42,321	\$ 44,293	\$ 43,647	\$ 49,722
74,379	78,774	84,164	92,797	116,900	116,162
<u>\$113,625</u>	<u>\$114,381</u>	<u>\$126,485</u>	<u>\$ 137,090</u>	<u>\$160,547</u>	<u>\$ 165,884</u>
\$ 19,001	\$ 29,055	\$ 40,105	\$ 34,559	\$ 37,361	\$ 36,105
11,491	6,245	9,870	6,281	11,917	127,157
93,354	144,863	137,677	157,982	126,845	7,027
<u>\$123,846</u>	<u>\$180,163</u>	<u>\$187,652</u>	<u>\$ 198,822</u>	<u>\$176,123</u>	<u>\$ 170,289</u>

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Revenues					
Ad valorem taxes	\$ 96,360	\$ 102,134	\$ 107,415	\$ 113,563	\$ 120,849
Intergovernmental	42,861	30,314	46,177	44,654	45,819
Developer participation	279	650	305	15	138
Assessments	403	371	494	444	726
Local sales tax	42,522	39,865	42,938	52,156	55,954
Licenses	7,924	8,325	9,347	9,861	12,152
Interest on investments	14,598	6,932	4,417	3,742	5,599
Inspections	7,750	7,114	8,274	10,123	11,275
Highway maintenance refunds	748	1,048	627	998	1,548
Facility fees	5,717	3,427	3,586	4,360	3,733
Other fees and charges	18,031	18,422	21,866	34,397	22,168
Rents	336	344	238	319	312
Program income	-	2,293	2,397	3,339	2,688
Other revenues	9,806	5,125	1,947	2,286	3,474
Miscellaneous	-	-	4,639	2,153	2,235
Total revenues	247,335	226,364	254,667	282,410	288,670
Expenditures					
General government	27,199	28,528	30,547	33,007	35,056
Community development services	39,993	37,531	40,791	19,626	21,644
Public works	-	-	-	19,758	20,302
Public safety	78,845	84,400	91,498	95,662	102,760
Solid waste services	16,547	17,337	19,852	18,280	22,297
Leisure services	29,339	31,979	41,683	45,672	31,716
Economic development programs	3,130	2,315	3,593	3,265	2,643
Other expenditures	600	186	72	12	2
Capital outlay	55,889	45,233	37,948	59,388	26,984
Debt service					
Principal	9,996	16,115	10,889	12,233	13,811
Interest	6,275	-	5,680	6,580	7,419
Capital leases, including interest	-	-	-	-	-
Other debt service charges	59	169	265	457	222
Total expenditures	267,872	263,793	282,818	313,940	284,856
Less: Administrative costs charged to water and sewer	(6,414)	(7,060)	(8,902)	(9,416)	(10,663)
Total expenditures	261,458	256,733	273,916	304,524	274,193
Other financing sources (uses)					
Transfers in	29,534	29,472	16,102	27,801	16,380
Transfers out	(38,077)	(34,479)	(32,967)	(25,918)	(32,428)
Proceeds from sale of land	-	-	-	-	-
Proceeds from borrowing	8	9,804	45,919	78,849	21,212
Premium on bonds issued	-	-	-	-	-
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)	(8,535)	7,249	29,054	80,873	5,164
Net change in fund balances	\$ (22,658)	\$ (23,120)	\$ 9,805	\$ 58,759	\$ 19,641
Debt service as a percentage of noncapital expenditures (1)	7.92%	7.64%	7.00%	7.44%	8.73%

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

2001 - capital outlay expenditure line item as per above

2002-2010 - 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
2010

	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues					
Ad valorem taxes	\$ 125,036	\$ 144,015	\$ 151,301	\$ 180,362	\$ 184,930
Intergovernmental	49,819	55,235	61,500	65,815	64,174
Developer participation	1,685	740	127	141	15
Assessments	1,371	831	733	527	493
Local sales tax	61,496	67,179	70,313	62,442	58,651
Licenses	14,166	14,800	17,585	19,627	19,098
Interest on investments	10,041	15,094	15,982	9,764	3,853
Inspections	12,476	12,109	10,918	8,517	7,408
Highway maintenance refunds	1,157	1,377	986	1,104	1,242
Facility fees	4,118	5,605	5,638	4,040	4,084
Other fees and charges	25,466	26,629	29,658	30,975	30,995
Rents	389	351	310	374	437
Program income	2,748	4,481	2,881	2,691	2,188
Other revenues	2,491	2,888	3,605	2,410	2,149
Miscellaneous	2,113	1,383	1,076	3,461	2,022
Total revenues	314,572	352,717	372,613	392,250	381,739
Expenditures					
General government	35,584	33,202	37,792	35,998	34,791
Community development services	24,373	25,340	24,828	26,652	25,421
Public works	19,187	21,326	21,572	22,054	21,762
Public safety	110,337	118,848	130,476	136,794	143,173
Solid waste services	17,476	18,860	21,658	25,091	24,043
Leisure services	33,983	36,577	39,572	42,073	43,973
Economic development programs	4,003	4,456	5,329	4,399	4,375
Other expenditures	88	-	-	36	-
Capital outlay	46,277	39,899	65,634	101,497	94,470
Debt service					
Principal	14,674	16,547	15,967	20,125	20,717
Interest	8,288	9,486	9,493	10,021	13,195
Bond issue costs	-	-	-	-	-
Capital leases, including interest	-	-	-	-	-
Other debt service charges	665	275	307	335	335
Total expenditures	314,935	324,816	372,628	425,075	426,255
Less: Administrative costs charged to water and sewer	-	-	-	-	-
Total expenditures	314,935	324,816	372,628	425,075	426,255
Other financing sources (uses)					
Transfers in	16,932	22,499	22,730	36,820	23,253
Transfers out	(30,707)	(37,818)	(55,219)	(59,991)	(52,146)
Proceeds from sale of land	-	-	-	-	177
Proceeds from borrowing	71,211	7,011	54,279	56,281	109,550
Premium bonds issued	-	-	-	-	6,405
Proceeds from refunding	-	-	-	14,759	52,197
Payments to escrow agent	-	-	-	(14,284)	(95,418)
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	57,436	(8,308)	21,790	33,585	44,018
Net change in fund balances	\$ 57,073	\$ 19,593	\$ 21,775	\$ 760	\$ (498)
Debt service as a percentage of noncapital expenditures	8.34%	8.96%	8.09%	8.85%	9.95%

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)
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
2010	43,901,186	5,303,143	687,150	49,891,479	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>
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
2010	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.

The City rate is completely applicable to general government and not divided among other components.

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	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CVM Holdings LLC	\$ 334,451	1	0.67%	\$ 176,626	3	0.69%
Progress Energy Carolinas	325,259	2	0.65%	276,013	1	1.08%
Highwoods Realty	203,826	3	0.41%	156,896	4	0.61%
Triangle Town Center LLC	195,033	4	0.39%			
First Citizens Bank	152,458	5	0.31%			
G&I VI LTD PTNRP	141,028	6	0.28%			
NHM Owner-1 LLC	140,457	7	0.28%			
Bellsouth	136,023	8	0.27%	193,185	2	0.75%
Highwoods DLF Forum LLC	115,437	9	0.23%			
Columbia Cameron Village	110,590	10	0.22%			
UDRT of North Carolina				117,198	5	0.46%
AVX Corporation				101,033	6	0.39%
Lead Mine Land Co				59,389	10	0.23%
CRIT NC LLC				60,143	9	0.24%
Prudential Insurance				86,104	7	0.34%
Capital Center Acquisition				72,346	8	0.28%
Totals	<u>\$ 1,854,562</u>		<u>3.72%</u>	<u>\$ 1,298,933</u>		<u>5.07%</u>

Note:

Above taxable assessed valuations are as of January 1, 2009 and 2001 respectively, and the associated tax levies were due in the fiscal year ended June 30, 2010 and 2001 respectively.

Source:

Wake County website, Statistics and Reports and 2001 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
2001	\$ 98,016	\$ 95,868	97.81%	\$ 1,950	\$ 97,818	99.80%
2002	103,396	101,218	97.89%	1,935	103,153	99.76%
2003	109,099	106,645	97.75%	2,279	108,924	99.84%
2004	113,861	111,949	98.32%	1,830	113,779	99.93%
2005	121,770	119,880	98.45%	1,854	121,734	99.97%
2006	127,767	125,745	98.42%	1,974	127,719	99.96%
2007	146,117	142,895	97.79%	1,980	144,875	99.15%
2008	153,544	150,661	98.12%	2,350	153,011	99.65%
2009	184,579	181,468	98.31%	2,372	181,468	98.31%
2010	187,901	185,225	98.58%	-	185,225 (1)	98.58%

Note:

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

Total collected as per above	\$ 185,225
Prior year collections in current year	2,687
Penalties collected	703
Rebates and waived taxes	<u>(3,685)</u>
Ad valorem taxes collected per general fund financial statements	<u>\$ 184,930</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			
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	6.89%	2,760.95
2008	170,030	104,398	15,405	560,240	344,335	1,194,408	7.93%	3,141.75
2009	177,949	139,825	12,616	554,740	349,998	1,235,128	(2)	3,203.91
2010	230,567	120,967	10,574	546,250	361,869	1,270,227	(2)	3,239.69

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 146 for personal income and population data.

(2) Personal income data unavailable for 2009 and 2010.

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

(amounts expressed in thousands, except per capita amounts)

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Net Bonded Debt</u>	<u>Percentage Actual Taxable Value of Property</u>	<u>Per Capita Bonded Debt</u>	
	(1)	(2)	(3)	Gross	Net
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
2010	241,140	235,030	0.48%	615	599

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 137 for property value data.
- (4) See Demographic and Economic Statistics schedule on page 146 for population data.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2010

(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)	\$ 351,534	100.00%	\$ 351,534
Overlapping Debt: (2)			
Wake County Debt (3)	<u>1,794,370</u>	41.87% (4)	<u>751,302</u>
Total Direct and Overlapping Debt	<u>\$ 2,145,904</u>		<u>\$ 1,102,836</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 \$1,598,104,286 of Wake County School Bonds.
- (4) Percentage of direct and overlapping debt is based on June 30, 2010 assessed valuation of the City of Raleigh (\$49,044,174,056) as compared to the June 30, 2010 assessed valuation of Wake County (\$119,158,250,199).

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

<u>Fiscal Year Ended June 30</u>	<u>Debt Limit</u>	<u>Less: Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</u>
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%
2010	3,991,318	836,465	3,154,853	20.96%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 49,891,479
Debt limit (8% of assessed value)	3,991,318
Debt applicable to limit:	
General Obligation bonds	241,140
GO bonds authorized not issued	118,600
Other outstanding debt	482,835
Less: Statutory deductions	
Bonded debt included in gross debt incurred for water	(3,506)
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	(2,604)
Total net debt applicable to limit	<u>836,465</u>
Legal debt margin	<u>\$ 3,154,853</u>

**PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year Ended (1)	Gross Revenues (2)	15% of PY Unrestricted Net Assets (5)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3 and 4)			Coverage Ratios		
					Principal	Interest	Total	Net Coverage	With 15% (5)	Required Coverage
<u>Parity Debt Service Coverage (3)</u>										
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
2010	140,145,189	7,992,892	85,916,982	54,228,207	6,985,000	21,041,497	28,026,497	1.93	2.22	1.20
<u>All Water and Sewer Debt Service Coverage (4)</u>										
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
2010	140,145,189		85,916,982	54,228,207	9,529,491	21,594,268	31,123,759	1.74		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, June 12, 2008, and March 20, 2010.
- (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 Amendatory 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)
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	14,741,512	40,059	124,474	3.9
2008	380,173	15,055,611	39,602	133,228	4.8
2009	388,926	Unavailable	Unavailable	142,732	8.8
2010	392,083	Unavailable	Unavailable	145,040	8.3

Sources:

- (1) City of Raleigh Planning Department - estimate.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis.
Per capita income for the Raleigh-Cary MSA.
Data for 2009 and 2010 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 as of June 30, 2010.

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

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of North Carolina	24,739	1	12.85%	23,230	1	14.64%
Wake County Public School System	16,755	2	8.70%	11,526	2	7.27%
North Carolina State University	7,500	3	3.90%	6,123	3	3.86%
Wake Med Health and Hospitals	7,100	4	3.69%	4,800	4	3.03%
Rex Healthcare	4,400	5	2.29%	3,519	5	2.22%
City of Raleigh	3,844	6	2.00%	2,595	8	1.64%
Wake County	3,744	7	1.94%	3,270	6	2.06%
Progress Energy Inc.	2,500	8	1.30%	3,253	7	2.05%
BoJangles	2,050	9	1.06%	-	-	-
Waste Industries, Inc.	2,000	10	1.04%	-	-	-
Dorothea Dix Hospital	-	-	-	1,900	9	1.20%
Pepsi Bottling Ventures	-	-	-	1,800	10	1.13%
Total	74,632		38.77%	62,016		39.09%

Note:

Progress Energy - 2001 - Carolina Power & Light Company

Total City Employment as of June 30: 192,509 - 2010; 158,626 - 2001

Source:

Raleigh Chamber of Commerce (Employers)

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

Function	Employees as of June 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Policy & Management Services										
General Government	43	44	46	54	57	62	70	77	74	94
Personnel	20	20	20	21	21	22	23	25	26	25
Administrative Services	17	17	17	18	17	17	17	19	20	25
Finance	89	92	97	100	103	113	122	129	127	127
Information Services	55	56	61	62	61	63	69	74	74	77
Community Development Services										
Public Works (1)	299	304	318	327	342	354	392	405	421	416
Planning	35	38	39	39	41	41	46	47	45	42
Inspections	139	147	139	139	148	154	153	153	141	121
Community Services	19	19	19	19	21	19	19	23	18	18
Community Development	19	20	20	21	21	21	23	23	23	23
Public Safety										
Police	777	789	792	812	835	851	888	902	902	892
Fire	460	493	494	507	522	523	553	568	568	568
Emergency Communications	67	71	74	74	76	78	94	103	102	102
Solid Waste Services										
	239	256	260	260	189	199	240	237	234	223
Public Utilities										
	310	355	366	377	377	438	547	571	571	570
Leisure Services										
Convention Center	63	70	70	71	71	71	72	109	107	109
Parks & Recreation	301	311	313	320	339	355	391	418	391	401
Total	2,952	3,102	3,145	3,221	3,241	3,381	3,719	3,883	3,844	3,833

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			
	2001	2002	2003	2004
Community Development Services				
Inspections:				
Permits issued (all trade types)	49,010	60,027	59,401	60,027
Construction - inspections requested	162,855	188,679	121,034	160,000
Community Development:				
New housing units constructed	7	11	2	32
Homeownership loans provided	67	60	8	61
Rehabilitation loans provided	21	34	19	42
Public Works				
Asphalt failures repaired	5,128	5,015	7,597	7,228
Drainage structures repaired/maintained	1,796	2,248	740	931
Police				
Physical arrests	84,373	89,786	89,534	99,684
Traffic accidents investigated	17,169	16,540	16,787	17,344
Fire				
Emergency responses	10,671	12,387	13,500	15,159
Fire calls answered	10,993	9,887	10,500	11,383
Emergency Communications				
911 calls processed	632,700	685,779	623,738	497,119
Solid Waste				
Refuse collected (tons)	71,344	74,617	73,837	77,301
Recyclables collected (tons)	14,003	13,770	14,069	14,428
Water				
Number of consumers	122,793	121,533	126,285	131,312
Average daily consumption (millions of gallons per day)	44.50	47.15	42.43	54.00
Maximum daily flow (millions of gallons per day)	54.59	63.30	60.70	67.40
Wastewater				
Average daily sewage treatment (millions of gallons per day)	36.20	35.61	45.68	44.01
Maximum daily flow (millions of gallons per day)	57.26	57.00	73.41	68.00
Leisure Services				
Convention center events	389	426	480	518
Event attendance	528,883	549,304	582,896	593,693
Parks and recreation programs	5,485	5,666	7,485	7,195
Registrants	153,013	157,000	149,205	125,771
Attendance at parks & recreation facilities (millions)	2.7	2.8	3.3	3.0

Notes:

(1) Estimates shown for 2010 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



CITY OF RALEIGH
2010

Fiscal Year						
2005	2006	2007	2008	2009	2010	
63,000	47,862	47,493	54,644	45,022	45,000	(1)
162,000	132,539	126,695	116,667	103,798	93,844	(1)
17	28	34	6	11	11	(1)
38	51	85	62	66	75	(1)
47	29	45	42	36	45	(1)
7,222	7,300	4,860	3,828	1,880	5,000	(1)
1,000	1,030	Unavailable	1,073	700	1,000	(1)
118,098	87,929	135,083	120,005	113,568	101,370	(1)
18,005	18,551	19,257	19,262	18,557	18,325	(1)
17,244	21,249	20,063	20,478	21,791	21,836	(1a)
8,530	1,539	1,582	1,739	1,319	1,042	(1a)
464,728	483,921	502,492	523,184	520,431	517,823	(2)
80,400	83,600	84,538	85,139	87,054	88,330	(1)
15,719	17,052	18,808	18,740	19,325	20,137	(1)
137,330	158,007	169,324	174,517	165,298	167,307	
47.69	48.80	50.63	47.09	48.00	49.00	
68.00	69.20	72.20	75.00	67.00	67.00	(1)
46.45	45.24	44.80	42.00	40.90	42.50	
72.18	98.05	75.00	63.77	81.75	88.01	(1)
571	570	634	837	646	586	(1)
661,968	559,989	654,152	718,841	565,169	398,136	(1)
6,977	8,302	10,334	10,770	9,290	9,690	(1)
134,798	134,850	120,419	120,254	158,514	159,500	(1)
3.1	3.4	3.9	4.1	4.0	3.9	(1)

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

Function	Fiscal Year			
	2001	2002	2003	2004
Public safety				
Police stations	3	5	7	7
Fire stations	23	24	26	26
Highways and streets				
Streets (miles)	1,028	1,068	1,089	1,118
Streetlights	24,619	29,345	29,875	30,628
Signalized intersections	470	473	485	489
Leisure services				
Number of major parks	59	58	66	70
Parks acreage	7,310	7,437	7,979	8,010
Aquatic facilities	8	8	8	8
Community centers (staffed and unstaffed)	59	58	66	32
Water				
Water mains (miles)	1,102	1,320	1,356	1,380
Sewers				
Sanitary sewers (miles)	1,392	1,424	1,447	1,468

Note:

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

Source:

Various city departments.

Fiscal Year					
2005	2006	2007	2008	2009	2010
7	7	7	7	7	7
26	27	27	27	27	27
1,161	1,194	1,235	1,274	1,283	1,293
31,976	32,737	33,600	33,955	33,974	34,003
493	508	510	510	515	518
71	72	72	72	75	78
8,101	8,672	8,818	8,893	9,046	9,399
8	8	8	8	8	8
32	34	33	33	34	35
1,415	2,050	2,050	2,106	1,870	1,902
1,501	2,000	2,000	2,072	1,784	1,803

ANALYSIS OF CURRENT TAX LEVY
CITY - WIDE LEVY
 For the Fiscal Year Ended June 30, 2010

	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	\$ 48,540,913,717	\$.3735	\$ 181,754,070	\$ 175,033,732	\$ 6,720,338
Registered motor vehicles taxed at prior year's rate	1,127,076,528	.3735	4,278,576	-	4,278,576
	49,667,990,245		186,032,646	175,033,732	10,998,914
Discoveries:					
Prior years' taxes	223,488,455	(1)	841,564	831,100	10,464
Total property valuation	\$ 49,891,478,700				
Deferred and waived			796,661	796,661	-
Penalty			230,480	230,480	-
Rebates			(2,406,816)	(2,222,429)	(184,387)
Net levy			185,494,535	174,669,544	10,824,991
Uncollected taxes at June 30, 2010			(2,676,125)	(1,205,127)	(1,470,998)
Current year's taxes collected			\$ 182,818,410	\$ 173,464,417	\$ 9,353,993
Current levy collection percentage			98.56%	99.31%	86.41%

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, 2010

Fiscal Year Ended June 30	Taxes Receivable June 30, 2009	Additions	Collections and Other Reductions	Taxes Receivable June 30, 2010
				(1)
2001 & Prior	\$ 1,920,478	\$ -	\$ 6,297	\$ 1,914,181
2002	249,508	-	12,223	237,285
2003	174,327	-	8,159	166,168
2004	78,630	-	8,569	70,061
2005	33,232	-	17,168	16,064
2006	24,436	-	23,222	1,214
2007	1,135,463	-	63,140	1,072,323
2008	723,727	-	175,625	548,102
2009	3,111,658	-	2,372,369	739,289
2010		187,901,351	185,225,226	2,676,125
TOTALS	\$ 7,451,459	\$ 187,901,351	\$ 187,911,998	\$ 7,440,812
			(2)	

Notes:

(1) Ad valorem taxes receivable only; does not include vehicle tag fee receivable (\$3,693,254)

(2) Reconciliation to revenues collected:

Collections and other reductions per above	\$ 187,911,998
Penalties collected	702,813
Rebates and waived taxes	<u>(3,685,122)</u>
Ad valorem taxes collected per general fund financial statements	<u>\$ 184,929,689</u>



CITY OF RALEIGH

2010



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, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 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.

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 internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. However, we consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 10-01 to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

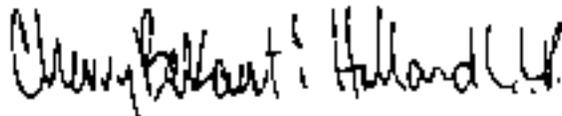
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

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

We noted certain matters that we reported to management of the City, in a separate letter dated December 17, 2010.

This report is intended solely for the information and use of the audit committee, management, others within the entity, 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 that reads "Cherry Bekaert & Holland LLP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
December 17, 2010



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND 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 City of Raleigh, North Carolina (the "City"), compliance 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 could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of auditors' 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 entity, 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". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
December 17, 2010



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR STATE PROGRAM AND 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 City of Raleigh, North Carolina (the "City"), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010. The City's major State programs are identified in the summary of auditors' 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 compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

Internal Control Over Compliance

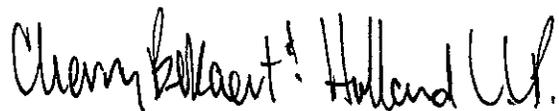
Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of significant deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 entity, 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.

Handwritten signature in cursive script that reads "Cherry Bekaert & Holland LLP".

Raleigh, North Carolina
December 17, 2010



Single Audit Schedules

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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>U.S. DEPARTMENT OF TRANSPORTATION</u>						
Direct Programs:						
Federal Transit Administration						
Planning Assistance - Section 9	20.507	NC-90-X455	\$ 427,497	\$ 289,192	\$ 95,142	\$ 384,334
Planning Assistance - Section 9	20.507	NC-90-X460	484,954	-	246,238	246,238
Capital Assistance - Section 9	20.507	NC-90-X367	2,378,880	2,256,411	93,106	2,349,517
Capital Assistance - Section 9	20.507	NC-90-X427	3,518,160	3,220,258	220,117	3,440,375
Capital Assistance - Section 9	20.500	NC-04-0025	2,805,600	2,404,566	351,477	2,756,033
Capital Assistance - Section 9	20.507	NC-90-X455	5,309,758	4,636,354	335,940	4,972,294
Capital Assistance - Section 9	20.507	NC-90-X460	4,163,505	-	2,616,562	2,616,562
Capital Assistance - Section 3	20.500	NC-03-0059	400,000	309,548	90,452	400,000
ARRA Operations/Maintenance	20.507	NC-96-X015-00	7,623,717	-	1,662,846	1,662,846
ARRA STP Ops & Maintenance	20.507	NC-66-X002-00	4,000,000	-	4,000,000	4,000,000
ARRA NC 50 Hwy Study	20.205	STM-0050(1)	200,000	-	115,509	115,509
			<u>31,312,071</u>	<u>13,116,319</u>	<u>9,827,389</u>	<u>22,943,708</u>
Capital Assistance - Section 3	20.516	NC-37-X012	474,757	-	156,778	156,778
Capital Assistance - Section 3	20.521	NC-57-X001	351,036	-	160,764	160,764
			<u>825,793</u>	<u>-</u>	<u>317,542</u>	<u>317,542</u>
			<u>32,137,864</u>	<u>13,116,319</u>	<u>10,144,931</u>	<u>23,261,250</u>
Passed-Through N.C. Department of Transportation:						
Federal Transit Administration						
Planning Assistance - Section 8	20.505	PTD 08-08-009	121,640	-	121,640	121,640
Federal Highway Administration						
Section 104(f) Technical Assistance	20.205	WBS39225.1.4	1,153,433	761,411	-	761,411
Section 104(f) Technical Assistance	20.205	WBS39225.1.4	967,290	-	967,290	967,290
Stonybrook Drive Bridge Design	20.205	B-4331	827,264	363,462	463,802	827,264
FHWA Falls of Neuse Widening	20.205	U-4901	16,136,000	980,673	540,539	1,521,212
ARRA FHWA Neuse River Greenway	20.205	EB-4829	3,250,000	-	-	-
			<u>22,333,987</u>	<u>2,105,546</u>	<u>1,971,631</u>	<u>4,077,177</u>
Total U.S. Department of Transportation			<u>54,593,491</u>	<u>15,221,865</u>	<u>12,238,202</u>	<u>27,460,067</u>
<u>U.S. DEPARTMENT OF ENERGY</u>						
ARRA EECBG Sustainability	81.128	DE-EE-0000768	3,820,400	-	309,994	309,994
ARRA Grant - US DOE LEAP	81.122	DE-OE-0000325	199,972	-	-	-
ARRA - Geothermal Technologies	81.087	DE-EE0002808	1,298,625	-	82,325	82,325
			<u>5,318,997</u>	<u>-</u>	<u>392,319</u>	<u>392,319</u>
Total U.S. Department of Energy			<u>5,318,997</u>	<u>-</u>	<u>392,319</u>	<u>392,319</u>
<u>CORPORATION FOR NATIONAL SERVICE</u>						
Direct Programs:						
Foster Grandparents Program	94.011	09SF101703	257,323	-	250,826	250,826
Retired Senior Volunteers Program	94.002	08RSRNC001	57,953	-	57,953	57,953
ARRA VISTA Support	94.013	09RVSNC001	22,000	-	13,815	13,815
Total Corporation for National Service			<u>337,276</u>	<u>-</u>	<u>322,594</u>	<u>322,594</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>						
Direct Programs:						
Community Development Block Grant - Entitlement Grants Cluster						
	14.218	B06MC370009	2,429,249	2,138,194	-	2,138,194
	14.218	B07MC370009	2,449,077	1,058,685	221,223	1,279,908
	14.218	B08MC370009	2,386,357	1,595,989	718,209	2,314,198
	14.218	B09MC370009	2,450,677	-	-	-
ARRA CDBG-R	14.253	B09MY370009	648,128	-	96,604	96,604
			<u>10,363,488</u>	<u>4,792,868</u>	<u>1,036,036</u>	<u>5,828,904</u>
HOME Grant Program	14.239	M04MC370206	1,690,822	1,148,462	152,188	1,300,650
	14.239	M05MC370206	1,459,705	1,201,240	258,465	1,459,705
	14.239	M06MC370206	1,338,340	337,646	250,147	587,793
	14.239	M07MC370206	1,335,903	75,527	-	75,527
	14.239	M08MC370206	1,314,255	(222,905)	13,867	(209,038)
	14.239	M09MC370206	1,438,671	-	159,689	159,689
			<u>8,577,696</u>	<u>2,539,970</u>	<u>834,356</u>	<u>3,374,326</u>

Continued

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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
Emergency Shelter	14 231	S09MC370005	\$ 106,249	\$ -	\$ 106,249	\$ 106,249
ARRA Homelessness Prevention	14 257	S09MY370005	991,091	-	446,763	446,763
Passed-Through N.C. Department of Commerce Neighborhood Stabilization Program	14 228	08-N-1885	2,952,214	-	827,724	827,724
Passed-Through N.C. Housing Finance Agency FAF HUD Funds Job Training	N/A	CTP09-03	75,000	-	72,567	72,567
FAF HUD Funds Job Training	N/A	CTP09-03	75,000	-	60,047	60,047
			150,000	-	132,614	132,614
Total U.S. Department of Housing and Urban Development			23,140,738	7,332,838	3,383,742	10,716,580
U.S. DEPARTMENT OF JUSTICE						
Direct Programs:						
Cops Secure Our Schools	16.710	2008CKWX010	374,120	316,981	49,110	366,091
Weed & Seed Program	16.595	2007WSQX0079	200,000	169,207	-	169,207
Weed & Seed Program	16.595	2008WSQX0046	150,000	89,285	45,570	134,855
Weed & Seed Program	16.595	2009WSQX0054	142,000	-	124,499	124,499
			492,000	258,492	170,069	428,560
2009 Bullet Proof Vest Grant	16.607	N/A	20,812	20,293	-	20,293
2010 Bullet Proof Vest Grant	16.607	N/A	33,033	-	32,917	32,917
			53,845	20,293	32,917	53,210
Edward Byrne Memorial Grant	16.738	2008DJBX0166	84,854	79,939	4,555	84,494
ARRA Byrne JAG Program 2009	16.804	2009SBB90401	1,536,209	-	454,333	454,333
2009 JAG Asst Grant	16.738	DJ-BX-0832	346,155	-	341,179	341,179
Passed - Through Wake County: JAG - Criminal Nuisance Abatement	16.609	2008PGBX0004	385,750	128,528	-	128,528
Total U.S. Department of Justice			3,272,933	804,233	1,052,163	1,856,395
ENVIRONMENTAL PROTECTION AGENCY						
Direct Programs:						
Brownfields Revolving Loans Program	66 811	BL-974320901	600,000	349,154	43,716	392,870
Passed-Through NCDENR ARRA Cleanwater Trust Loan	66.458	2W37041914	465,737	-	-	-
ARRA Clean Diesel Grant	66 040	2D-95421809	80,000	-	-	-
ARRA NRWTP Reuse Pump	66.458	2W370419-15	1,526,640	-	-	-
			2,072,377	-	-	-
Total Environmental Protection Agency			2,672,377	349,154	43,716	392,870
U.S. DEPARTMENT OF AGRICULTURE						
Passed-Through N.C. Department of Environment and Natural Resources:						
USFS - "Raleigh Neighborhoods"	10 664	F08028	10,000	-	10,000	10,000
USFS - Street Tree Inventory	10 664	2615	10,000	-	-	-
Total U.S. Department of Agriculture			20,000	-	10,000	10,000
U.S. DEPARTMENT OF HOMELAND SECURITY						
Passed-Through NCCCC&PS USAR Base Equipment						
	97.073	4702-53692010	745,000	679,741	48,838	728,579
OFFICE OF NATIONAL DRUG CONTROL AND POLICY						
HIDTA	95 001		47,000	2,301	32,195	34,496
HIDTA (Durham FA)	95 001	G09GA004A	27,500	-	-	-
Total Office of National Drug Control and Policy			74,500	2,301	32,195	34,496
FEDERAL EMERGENCY MANAGEMENT AGENCY						
Fire Simulator Grant	97 044	EMW2009FO08661	145,944	-	-	-
Total Expenditures of Federal Awards			\$ 90,321,256	\$ 24,390,132	\$ 17,523,769	\$ 41,913,900

Continued

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 09-09-455		\$ 53,437	\$ 36,149	\$ 11,893	\$ 48,042
Public Transportation Planning Assistance	PTD 09-08-101		15,205	-	-	-
Public Transportation Planning Assistance	10-09-460-01		45,414	-	30,780	30,780
Public Transportation Planning Assistance	10-08-101		15,205	-	15,205	15,205
Public Transportation Capital Assistance	NC-03-0059		50,000	38,693	11,307	50,000
Public Transportation Capital Assistance	NC-04-0025		350,700	300,569	43,935	344,504
Public Transportation Capital Assistance	NC-90-X455		264,800	261,985	-	261,985
Public Transportation Capital Assistance	NC-90-0460		132,608	-	-	-
Public Transportation Maintenance Assistance						
Program - Operating	10SM013		2,572,238	-	2,572,238	2,572,238
Bicycle Plan Update	WBS37309.1.1		90,000	86,365	-	86,365
City-wide Traffic Signal Upgrade	C-4923		21,000,000	2,100,000	1,216,487	3,316,487
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	-	-	-
Neuse River Greenway Grant	E-4829		500,000	479,149	(13,664)	465,485
Neuse River Greenway Grant	EB-4829		393,571	-	222,057	222,057
Powell Bill	WBS32570		8,976,524	-	8,976,524	8,976,524
GHSP Heed the Speed Grant	PT10030323		32,300	-	30,610	30,610
NCDOT Hwy 50 Study	PE35037.1.ST1		180,000	-	103,959	103,959
Sustainability Grant	10-DG-018		940,000	-	-	-
Total N. C. Department of Transportation			36,322,002	3,322,910	13,221,331	16,544,242
<u>N. C. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY</u>						
Fire Equipment Grant	2007GET70048		251,571	115,227	135,605	250,832
Fire Equipment Grant	2008GET80033		205,714	-	41,796	41,796
Fire Equipment Grant	2009SST90046		135,714	-	-	-
USAR Base Equipment	2007GET70048		380,000	116,445	14,281	130,726
USAR Base Equipment	2008GET80048		350,000	-	24,446	24,446
USAR Swift Water Rescue	SRT/USAR0607021		19,800	17,892	1,908	19,800
License Plate Recognition	092109R06RJ17		74,100	-	73,880	73,880
Fire RRT4 Response	RRT42008		57,000	36,000	-	36,000
Fire RRT4 Response			57,000	-	46,905	46,905
Task Force 8 Training			120,000	-	92,432	92,432
HELO OT Grant			33,203	-	24,929	24,929
Total N. C. Department of Crime Control and Public Safety			1,684,102	285,564	456,182	741,746
<u>N. C. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES</u>						
NCCWMT Fletcher Park Retention Pond	2007-714		250,000	71,596	61,872	133,468
NCCWMT Pigeon House Branch Stream	2007-714		860,000	-	-	-
PARTF - Walnut Creek Interpretive Center	2006-487		500,000	499,251	749	500,000
NCDENR Recycling Incentive			10,000	-	10,000	10,000
NC Clean Water Mgmt Trust Fund	2008-1019		125,500	-	-	-
Total N. C. Department of Environment and Natural Resources			1,745,500	570,847	72,621	643,468
<u>N.C. DEPARTMENT OF CULTURAL RESOURCES</u>						
Raleigh Historic Districts Update	15 904		12,000	-	-	-
<u>N. C. RURAL ECONOMIC DEVELOPMENT CENTER</u>						
PEG Support Grant	200825-80315102		24,700	-	24,653	24,653

Continued

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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>N.C. OFFICE OF INFORMATION TECHNOLOGY SERVICES</u>						
NC 911 Board		29005003003	\$ 376,575	\$ -	\$ -	\$ -
<u>TRIANGLE J COUNCIL OF GOVERNMENTS</u>						
Travel Demand Management Grant		TDMRAL10	35,042	-	29,361	29,361
Total Expenditures of State Awards			\$ 40,199,921	\$ 4,179,321	\$ 13,804,148	\$ 17,983,470
EXPENDITURES OF OTHER AWARDS:						
<u>WAKE COUNTY</u>						
Transportation - EDTAP			\$ 14,750	\$ -	\$ 10,489	\$ 10,489
Eat Smart, Move More			20,000	-	-	-
Incident Management Team			8,490	-	4,362	4,362
Total Expenditures of Wake County Awards			\$ 43,240	\$ -	\$ 14,851	\$ 14,851
Total Expenditures - All Awards			\$ 130,564,417	\$ 28,569,453	\$ 31,342,769	\$ 59,912,222

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, 2010. 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, 2010 is \$-0-.

Negative current year expenditures represent adjustments to previously reported balances for grant projects completed during FY10.



CITY OF RALEIGH

2010

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2010

I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ X yes _____ none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

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

Type of auditors’ 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 X no

Identification of major federal programs:

CFDA Numbers

14.218, 14.253

14.228
16.804

20.205
20.500, 20.507

Names of Federal Program or Cluster
 Community Development Block Grant – Entitlement Grants Cluster
 Neighborhood Stabilization Program
 ARRA – 2009 Byrne Justice Assistance Grant Program
 Federal Highway Administration
 Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 525,713

Auditee qualified as low-risk auditee? _____ X yes _____ no

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010

I – Summary of Auditors' Results (continued)

State Awards

Internal control over major state programs:

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

Noncompliance material to state awards? yes no

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

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

Identification of major state programs:

Names of State Program or Cluster

Powell Bill

II – Financial Statement Findings

Finding #10-01:

SIGNIFICANT DEFICIENCY

Criteria:

The City performs routine bank reconciliations each month to reconcile the bank statements to the general ledger. When reviewing the June 30, 2010 medical and dental trust bank reconciliation, it was noted that the reconciliation did not agree to the general ledger by \$925,000.

Condition:

It was necessary to adjust the City's general ledger for the fiscal year June 30, 2010 because the medical and dental trust account was not reconciled to the general ledger due to turnover within the department.

Effect:

The general ledger cash and revenue balances for the year were understated for the Employees' Health Benefits fund.

Cause:

The Employees' Health Benefits fund received an infusion of cash in February 2010 from the General Fund not recorded within the Employees' Health Benefits fund, but recorded as an outflow of cash and expense within the General Fund. The resolution of reconciling items was not monitored by the individual responsible for reviewing and approving the monthly bank reconciliations.

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010

Recommendation:

We recommend that the City assign competent staff to reconcile bank accounts each month and ensure that they are aware that all reconciling items need to be identified and cleared in a timely manner. We recommend appropriate management review the reconciliation in a timely manner.

Management Response:

The City has recorded an adjusting entry to properly record the cash infusion in the Employees' Health Benefits fund and related revenue.

III – Federal Award Findings and Questioned Costs

None

IV – State Award Findings and Questioned Costs

None

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2010

V – Financial Reporting Findings and Questioned Costs

Finding #: 10-01

Name of Contact Persons: Robin E. Rose, Deputy Chief Financial Officer

Corrective Action Plan: The City has now adjusted the appropriate records to record the cash infusion in the Employees' Health Benefit fund. The deficiency in processes is being addressed by revising the Employee's Health Benefit fund reconciliation to ensure that the trust accounts are reconciled monthly to the bank statements and to the general ledger. Monthly reconciliations will be reviewed and approved by management to insure reconciling items are identified and cleared in a timely manner going forward.

Proposed Completion Date: Immediate

CITY OF RALEIGH, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2010

VI – Financial Statement Findings

Finding 09-01

Status: Corrected



CITY OF RALEIGH

2010



Office of the City Manager

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