



CITY OF RALEIGH
NORTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011



About the Cover:

This year's cover includes photographs of a number of Raleigh special events and facilities that highlight the year-round economic vitality that has resulted from the City's investments in the downtown area.

From left to right, starting at the top:

The new Downtown Amphitheater, opened May, 2010, is known as THE rockin' venue for live concerts, festivals and events, hosting over 20 national and regional shows each year.

The Progress Energy Center for the Performing Arts allows patrons to indulge their love of theater, opera and other live entertainment in performance halls and venues designed around each unique art style.

Raleigh's First Night Raleigh marked 20 years of being the biggest and best New Year's Eve celebration in central North Carolina, with over 40,000 people enjoying festivities ending with the traditional lowering of the Acorn at midnight.

The Raleigh Convention Center, displaying its stunning Cree Shimmer Wall, was home to over 400,000 people in 2010-11 attending conventions, tradeshow, meetings and other events.

The public was invited to get "plugged in" at the international Electric Power Research Institute Conference, held at the Convention Center in July, 2011 highlighting Raleigh's strong leadership in preparing for electric plug-in vehicles.

Raleigh extended its image as "HockeyTown USA" in hosting the National Hockey League's January 30, 2011 All Star game preceded by exciting All-Star Wide Open festivities at the Convention Center and throughout downtown.



CITY OF RALEIGH
NORTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the Fiscal Year Ended June 30, 2011

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





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CITY OF RALEIGH
NORTH CAROLINA

INTRODUCTORY SECTION





Raleigh City Council 2010-2011



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

Charles C. Meeker - Mayor

Mary-Ann Baldwin - Mayor Pro Tem, At Large

Eugene Weeks - District C

Nancy Mcfarlane - District A

John Odom - District B

Thomas Crowder - District D

Bonner Gaylord - District E

Russ Stephenson - At Large

City Administrative, Legal and Financial Staff



J. Russell Allen
City Manager

J. Russell Allen
City Manager

Julian B. Prosser, Jr.
Assistant City Manager

Daniel A. Howe
Assistant City Manager

Thomas A. McCormick, Jr.
City Attorney

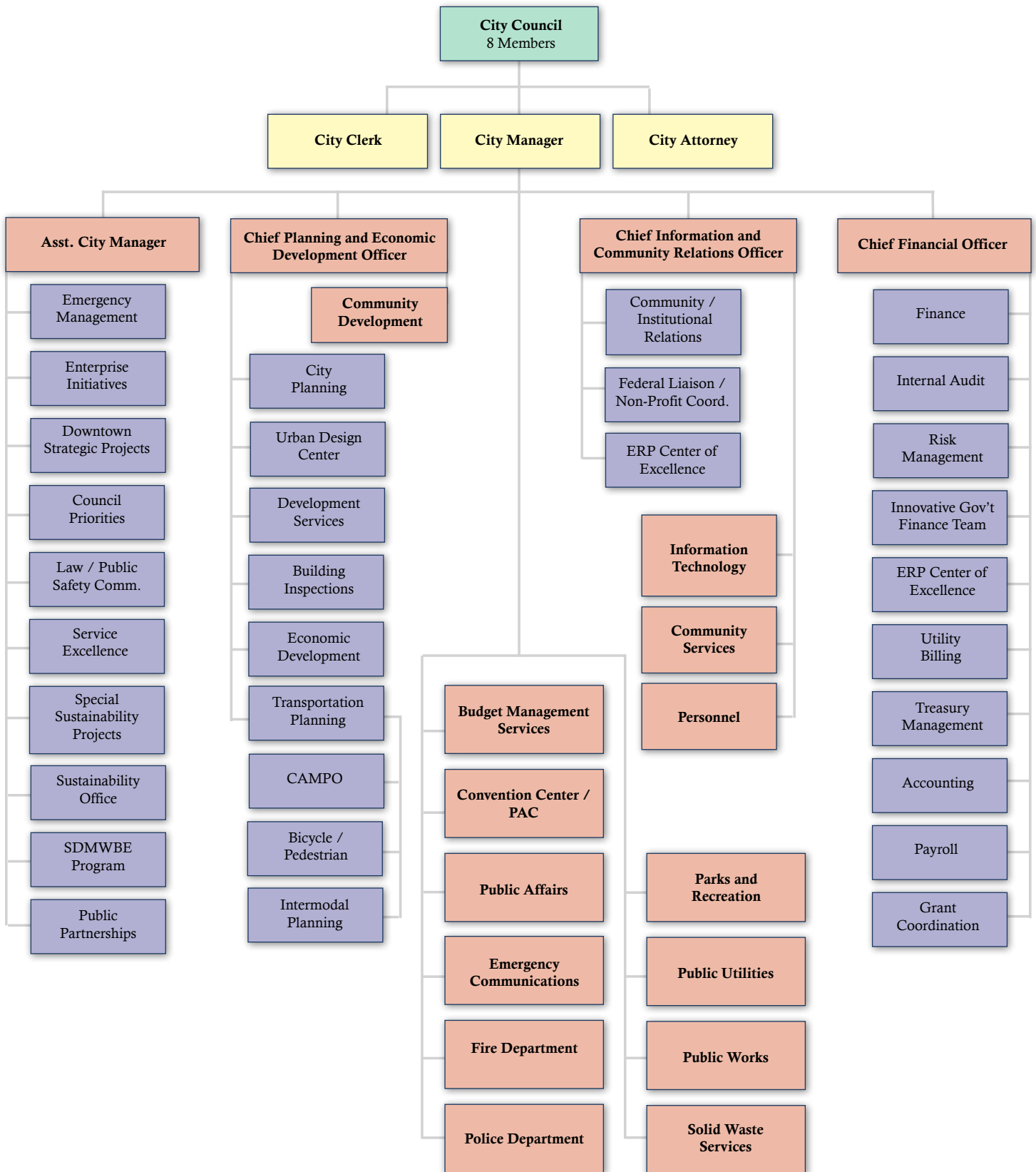
Gail G. Smith
City Clerk

Perry E. James, III
Chief Financial Officer



Perry E. James, III
Chief Financial Officer

City-Wide Organization Chart



October 26, 2011



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

It is our pleasure to submit the Comprehensive Annual Financial Report of the City of Raleigh, North Carolina for the fiscal year ended June 30, 2011. 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, L.L.P., 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, 2011, 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, 2011 are fairly presented in conformity with GAAP. The independent auditors' 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

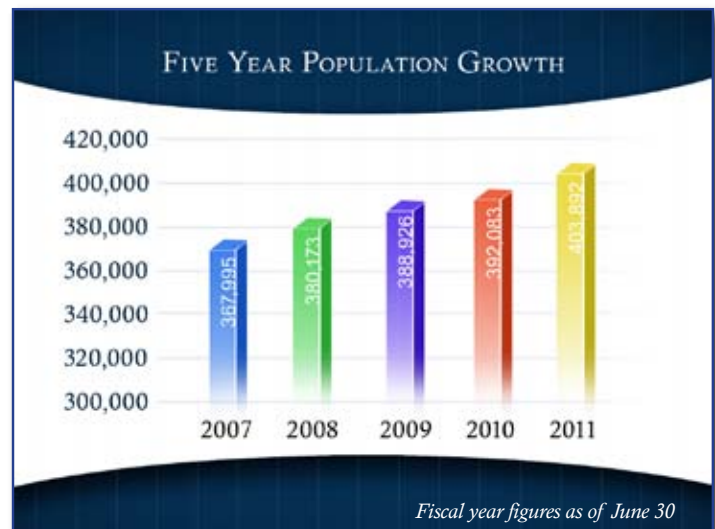
Raleigh is situated in the heart of the State of North Carolina, in a section called the Piedmont region, 150 miles from the Atlantic Ocean and 190 miles from the Great Smoky Mountains. The City, the county seat of Wake County and the capital of North Carolina, covers an area of more than 140 square miles and has an estimated population of 403,892. 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 1,606,000, which reflects a 34.4% increase over the past decade.

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 North Carolina General Assembly enacted legislation during its 2011 session which provides conditions whereby property owners in a proposed annexation area may petition to terminate an annexation action. Such legislation also stipulates that residents within involuntary annexation areas must be provided water and sewer connections without cost.

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

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

- 1st on list of “America’s Best Cities” (September, 2011 – *BusinessWeek.com*)
- 4th on list of “America’s Top 10 Places to Live” (August, 2011 – *RelocateAmerica*)
- 2nd on list of “Next Big Boom Towns” (July, 2011 – *Forbes.com*)
- 4th “Smartest City” (October, 2010 – *U.S. Census Bureau*)
- 5th Greatest Job Growth since 2005 (July, 2010 – *U.S. Bureau of Labor Statistics*)
- “Best Place to do Business” (June, 2011 – *Forbes Magazine*)
- “Healthiest of the 100 largest U.S. Housing Markets” (March, 2011 – *Builder Magazine*)

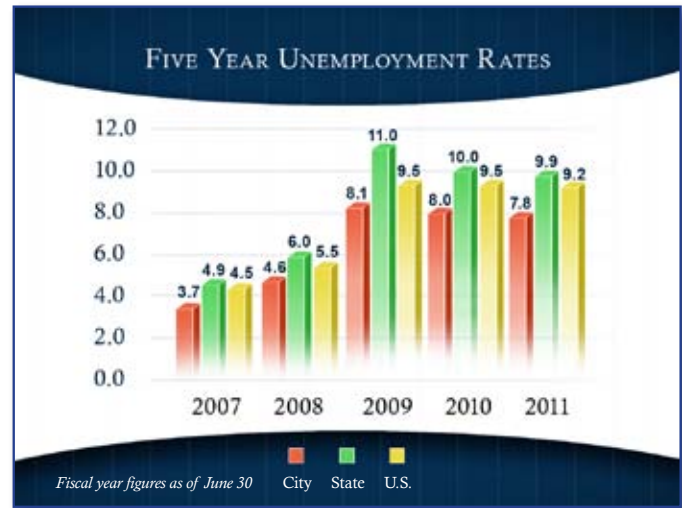
The Raleigh area’s excellent business environment, it’s nationally ranked universities, and the outstanding health care facilities are some of the many attributes that attract people to the area. The mild climate, diverse work force and proximity to Research Triangle Park, a nationally recognized epicenter of innovation in more than a dozen industries, combine to make the City a great place to live. The City has experienced moderate growth in population, land area and commercial activity over the past several years, becoming the 43rd largest city in the United States. As the Capital of the State, the City derives its economic profile from a diverse combination of business and employment centers, including Federal and State government, higher education, information technology 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. The past year has shown signs of economic improvement and it is expected that Raleigh will support a faster recovery than many other cities. Locally, the unemployment rate at June 30, 2011 was 7.8%, which represents a slight decrease from the June 2010 rate of 8.0%. Median family incomes have stayed relatively flat, increasing in 2010 to \$77,700 from \$76,900 in 2009.



County-wide retail sales have increased approximately 3.0% from 2010 to 2011, increasing sales tax receipts of the City by 5.0% over that period. Construction activity from 2010 to 2011 has remained relatively stable, although the value of construction permits decreased almost 29.0% from \$1.2 billion in 2010 to \$824 million in 2011. 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 2010 and 2011.

The nearby Research Triangle Park (RTP) was developed in 1959 for industrial, governmental and scientific research. Its primary objective is to attract research related institutions to the area, and currently consists of more than 170 organizations including those of International Business Machines, GlaxoSmithKline, RTI International, Cisco Systems, Cree, United Therapeutics, Bayer CropScience, Credit Suisse and Syngenta. Industry clusters such as biotechnology, information technology and emerging industries such as advanced gaming, green and nanotechnology located in RTP reflect the research strengths of the region's renowned universities. The U.S Patent and Trademark Office has issued 3,496 patents and 1,849 trademarks to companies located in RTP. The research institutions in RTP employ more than 38,000 full-time equivalent employees, and an estimated 10,000 contract workers.



Raleigh annually attracts over 10 million visitors for conferences, special events, shopping and other attractions. This experience is enhanced by facilities such as the 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 four performing arts theaters.



The City continues to recognize the economic benefits from its investment in downtown and other areas of the city. The Raleigh Convention Center opened in September 2008, and with more than double the meeting space of the City's previous civic center, it has been met with outstanding bookings by regional, national and international conference groups, and continues to experience positive momentum. The Center held 351 events with 402,787 attendees during the twelve month period ending June 30, 2011, which exceed projections for the third year of operation. The events during

fiscal year 2011 included 50 conventions which had an estimated \$55.0 million economic impact on Wake County. The 2011 National Hockey League All-Star Game presented by Discover was held in Raleigh in January 2011. The game took place during the 2010-11 NHL season at the RBC Center, home of the Carolina Hurricanes. 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 6.0% room occupancy tax and 1.0% prepared food and beverage tax. 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 5,990 people and had attendance of 79,000 in fiscal year 2011. The new Capital Area Transit (CAT) Operations and Maintenance Facility opened in May 2011. The facility provides better and more efficient service to customers and will improve the maintenance of buses. The 23 acre facility is LEED platinum certified, which emphasizes Raleigh's energy conservation and sustainability initiatives. Raleigh also provided citizens with electric charging stations as part of the sustainability efforts. Raleigh also opened a new 157 acre nature preserve in August 2011. The Annie Louis Wilkerson, MD Nature Preserve Park will host a number of programs for the community with the primary purpose of nature and wildlife education.

Current economic conditions are expected to continue to impact the City's revenues but the 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 slowing improving economy during which it will manage any impacts to provide a continued strong financial position consistent with its financial policies.

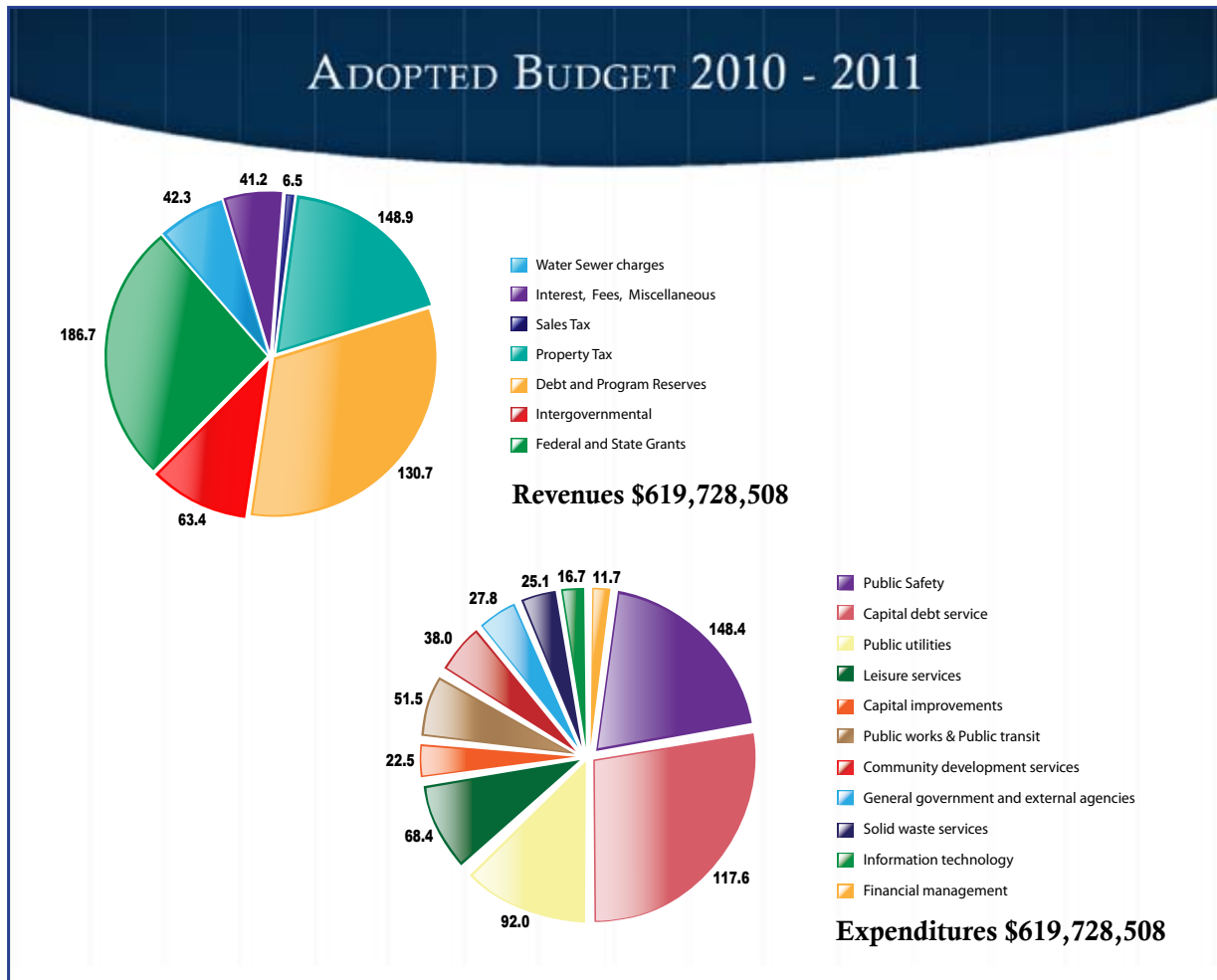
Long-term Financial Planning

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 2010-11 through 2014-15. The major areas included in Phase I are transportation, public utilities, parks, housing, stormwater utility, the Neuse Basin environmental program, housing 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 14.0% undesignated (now referred to as "unassigned") 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 2011 results that are built into the 2011-12 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 2010-11

The City's Annual Budget for 2010-11, inclusive of operating and capital programs, decreased by 11.2% from the prior year. A large portion of this decrease was due to the budget impact from the issuance of interim one year notes in fiscal year 2009 that matured in fiscal year 2010. The notes were paid by proceeds from replacement financing during fiscal year 2010. Partially offsetting this decrease was a 17.0% increase in water and sewer revenues implemented concurrent with the implementation of a tiered billing structure and return to a monthly billing cycle in fiscal year 2011. The budget also reflected a 2.0% increase in property tax revenues, a 10.4% reduction in sales tax revenues, an 11.0% reduction in inspection fee revenues and a 48.0% reduction in interest on investments. Cost reductions to existing operations included employee compensation, health insurance, city vehicles, general public improvement project funding and appropriations to arts, human services and other agencies. The fiscal year 2010-11 operating budget also reflected the elimination of 24 positions in the General Fund.

Capital improvement budgets in fiscal year 2010-11 included new and/or continuing projects totaling \$125.9 million. This reflects a significant decrease from the fiscal year 2009-10 budget, which included funding for the construction of a new public safety center and various remote operations facilities, now deferred or eliminated in the capital budget.

For the Future

The fiscal year 2011-12 Annual Budget was adopted by the City Council on June 21, 2011. The combined capital and operating budget for the fiscal year beginning July 1, 2011 totals \$663.3 million, representing a 7.0% increase from the fiscal year 2010-11 Annual Budget. The fiscal year 2011-12 budget reflects a projected 0.7% increase in property tax revenues from the prior year and a 1.5% projected increase in sales tax over fiscal year 2011 revenues. Budgeted water and sewer revenues were increased consistent with the rate model projections derived from the new tiered billing structure. The 2011-12 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 2011-12 capital budget includes new and/or continuing projects totaling \$166.7 million. This budget includes traditional project funding for transportation, utilities, parks, stormwater, housing and general public improvements. Fiscal year 2012 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.

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 2010 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, L.L.P. 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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director



CITY OF RALEIGH
NORTH CAROLINA

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, 2011, 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, 2011, 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.

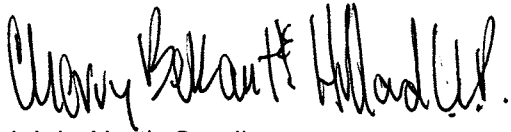
In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules of Funding Progress and Employer Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an

appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund financial and schedules, and the statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis 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, and is also not a required part of the financial statements. The combining and individual fund statements and schedules and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

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

Raleigh, North Carolina
October 26, 2011

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, 2011. 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

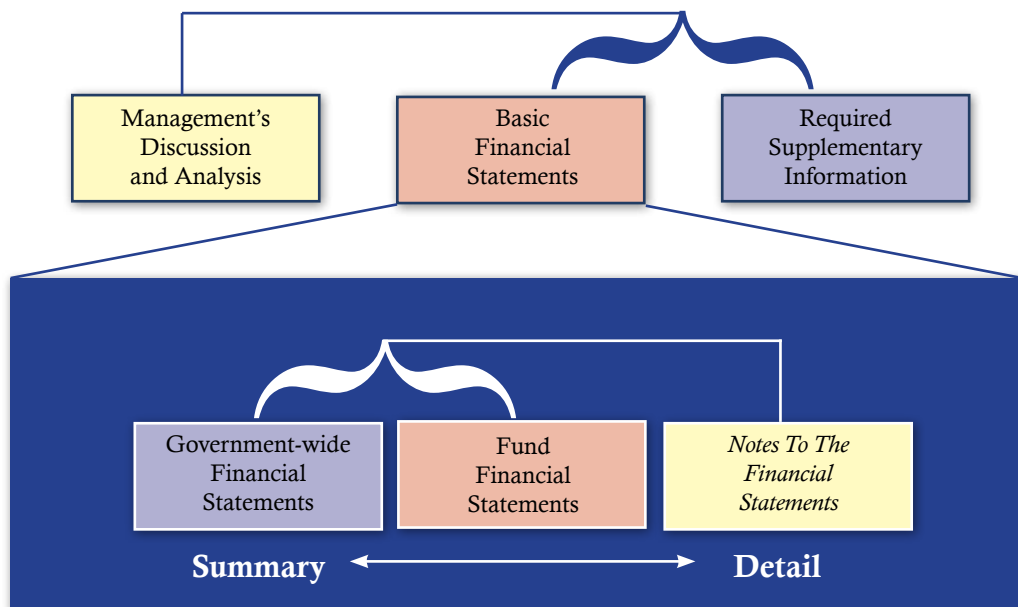
- The assets of the City of Raleigh exceeded its liabilities at the close of the most recent fiscal year by \$1.7 billion (*net assets*). This amount is a \$64.3 million increase from last year. Of this amount, \$209.2 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- On a government-wide basis for governmental activities, the City had expenses net of program revenues of \$243.9 million, which were \$64.5 million less than the general revenues of \$308.4 million.
- On a government-wide basis for business-type activities, the City had expenses net of program revenues of \$3.5 million, which were \$0.2 million less than general revenues of \$3.3 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$334.2 million. Of this total amount, 76.0% or \$254.2 million, is *available for spending* at the government's discretion (*assigned for specific purposes or unassigned 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, assigned fund balance for the general fund was \$73.0 million or 22.1% of total general fund expenditures. Unassigned fund balance is \$58.2 million 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 \$112.8 million during the current fiscal year. The issuance of new debt (\$171.3 million) exceeded principal repayments (\$57.9 million) by \$113.4 million. Other long-term obligations (earned vacation pay and landfill postclosure care) decreased by \$.6 million. Highlights of financing issues are as follows:
 - The City issued \$46.4 million in limited obligation bonds for rehabilitation of existing structures and the new construction of two remote operations facilities.
 - The City issued \$108.3 million in water sewer revenue bonds for various utility projects.
 - The City entered into an installment financing agreement of \$11.7 million for the purchase of rolling stock equipment.
- The City of Raleigh maintained its AAA/Aaa general obligation bond rating from all three major rating agencies.

Overview Of The Financial Statements

These basic financial statements consist of two sections: introductory and financial. As Figure A-1 shows, the financial section has three components – management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements, as follows:
 - The governmental funds statements tell how general government services like public safety and solid waste, for example, were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the water and sewer system, the convention center, and parking enterprise.
 - Fiduciary fund statements provide information about the financial relationships—like the retirement plan for the City’s employees—in which the City acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

**Figure A-1:
Components of the Financial Section**



City of Raleigh Basic Financial Statements

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

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

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include the Walnut Creek Financing Assistance Corporation (*WCFAC, a blended component unit*). The WCFAC, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

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

Fund financial statements. Traditional users of governmental fund financial statements will find the fund financial statements presentation more familiar. However, the focus is on major funds, rather than the individual fund types. The fund financial statements provide a more detailed look at the City's most significant activities.

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Raleigh, like all other governmental entities in

North Carolina, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as the general statutes or the City's budget ordinance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains twenty-two 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 twenty-one 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 - 113 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Raleigh, assets exceeded liabilities by \$1.7 billion at the close of the most recent fiscal year, compared to \$1.6 billion at the end of the previous fiscal year.

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	
	2010	2011	2010	2011	2010	2011
Current and other assets	\$494.2	\$509.2	\$242.6	\$309.8	\$736.8	\$819.0
Capital assets	806.3	839.0	1,571.8	1,610.6	2,378.1	2,449.6
Total assets	1,300.5	1,348.2	1,814.4	1,920.4	3,114.9	3,268.6
Long-term debt outstanding	387.8	406.3	933.0	1,021.6	1,320.8	1,427.9
Other liabilities	105.1	102.9	74.3	58.9	179.4	161.8
Total liabilities	492.9	509.2	1,007.3	1,080.5	1,500.2	1,589.7
Invested in capital assets, net of related debt	559.0	574.1	682.6	692.1	1,241.6	1,266.2
Restricted	150.8	203.6	-	-	150.8	203.6
Unrestricted	97.8	61.3	124.4	147.9	222.2	209.2
Total net assets	\$807.6	\$839.0	\$807.0	\$840.0	\$1,614.6	\$1,679.0

By far the largest portion of the City of Raleigh's net assets (\$1.3 billion or 75.4%) 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.

An additional portion of the City's net assets (\$203.6 million or 12.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$209.2 million or 12.5%) 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 \$64.3 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	
	2010	2011	2010	2011	2010	2011
Revenues						
Program revenues						
Charges for services	\$50.4	\$69.3	\$176.1	\$193.4	\$226.5	\$262.7
Operating grants and contributions	11.9	40.6	5.2	3.4	17.1	44.0
Capital grants and contributions	30.0	18.2	12.2	21.1	42.2	39.3
General revenues						
Property taxes	184.7	186.4	-	-	184.7	186.4
Other taxes	105.7	105.5	-	-	105.7	105.5
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	7.3	16.5	2.4	3.4	9.7	19.9
Total revenues	\$390.0	\$436.5	\$195.9	\$221.3	\$585.9	\$657.8
Expenses						
General government	51.9	57.9	-	-	51.9	57.9
Community development services	25.2	25.7	-	-	25.2	25.7
Public works	44.1	42.2	-	-	44.1	42.2
Public safety	143.5	145.2	-	-	143.5	145.2
Solid waste services	23.8	24.4	-	-	23.8	24.4
Leisure services	53.3	56.5	-	-	53.3	56.5
Economic development programs	4.4	5.7	-	-	4.4	5.7
Interest on long-term debt	13.5	14.4	-	-	13.5	14.4
Water and sewer	-	-	129.0	134.0	129.0	134.0
Convention center	-	-	33.9	35.1	33.9	35.1
Mass transit	-	-	28.7	30.4	28.7	30.4
Parking facilities	-	-	11.3	12.0	11.3	12.0
Stormwater	-	-	10.3	10.0	10.3	10.0
Total expenses	\$359.7	\$372.0	\$213.2	\$221.5	\$572.9	\$593.5
Increase (decrease) in net assets before transfers	30.3	64.5	(17.3)	(0.2)	13.0	64.3
Transfers In (out)	(31.1)	(32.2)	31.1	32.2	-	-
Increase in net assets	(0.8)	32.3	13.8	32.1	13.0	64.3
Net assets, beginning of year	808.4	806.7	793.2	807.9	1,601.6	1,614.6
Net assets, end of year	\$807.6	\$839.0	\$807.0	\$840.0	\$1,614.6	\$1,679.0

The change in net assets of \$64.3 million is comprised of the following:

- The City's total revenues were \$657.8 million
- Charges for services make up 39.9% of the City's revenues, and property taxes make up 28.3%
- Other taxes account for 16.0% and the majority of the remaining comes from federal grants and other contributions
- The total cost of all programs and services was \$593.5 million
- The City's expenses cover a range of services, with 24.5% related to public safety (police, fire and emergency communications), 22.6% to utilities (water and sewer), and 9.5% related to leisure services.

Governmental Activities

Revenues for the City's governmental activities were \$436.5 million, while total expenses were \$372.0 million. The increase in net assets for governmental activities (after transfers of \$32.2 million) was \$32.3 million in 2011. The addition of the stormwater projects fund to the stormwater enterprise (previously a general government capital project fund) accounts for the \$0.9 million reduction in beginning net assets for governmental activities.

Property tax revenues increased \$1.7 million from \$184.7 million in fiscal year 2010 to \$186.4 million in fiscal year 2011, due to an increase in the property tax base in fiscal year 2010. The increase results from a full year of property tax revenues not being recognized in fiscal year 2010, as the property tax base was not increased at the beginning of the fiscal year. Property taxes represent 42.7% of total governmental revenues. Other taxes, including sales tax, which accounted for 24.2% of total governmental revenues, decreased \$0.2 million from 2010.

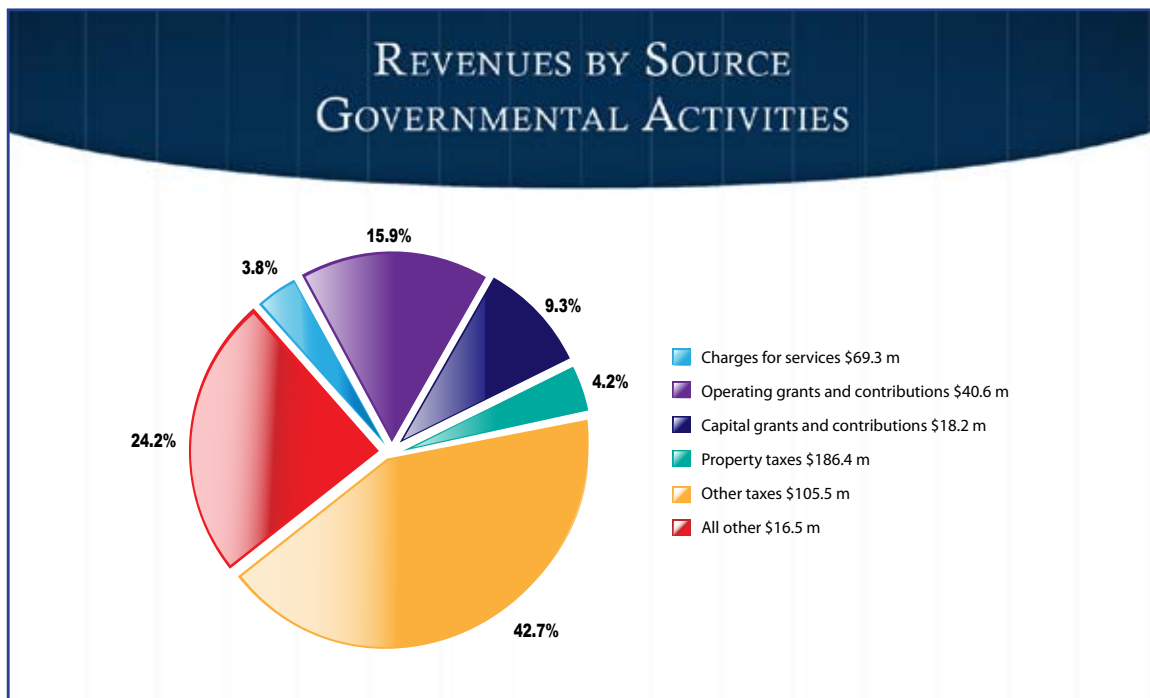


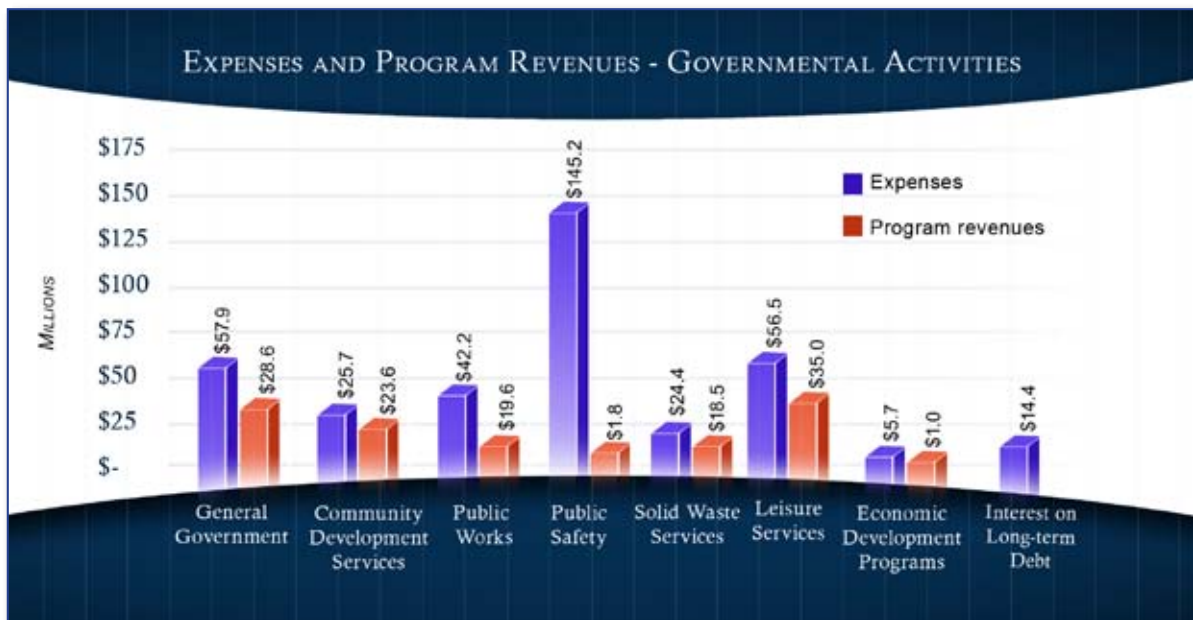
Table 3 presents the cost of each of the City's four largest governmental activities programs – public safety, public works, leisure services, and general government – as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the 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	
	2010	2011	2010	2011
Public safety	\$143.5	\$145.2	\$(139.1)	\$(143.3)
Public works	44.1	42.2	(13.2)	(22.5)
Leisure services	53.3	56.5	(40.9)	(21.5)
General government	51.9	57.9	(47.4)	(29.3)

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

- The cost of all governmental activities this year was \$372.0 million. This cost was incurred in order to provide basic municipal services to the citizens of Raleigh. These services include, but are not limited to: police, fire, solid waste services, parks and recreation, streets maintenance, inspections, planning and others.
- The amount that our taxpayers paid for these activities through property taxes was \$186.4 million.
- Those who directly benefited from service-fee based programs paid \$69.3 million in charges for services.
- Other governments and organizations subsidized certain programs with grants and contributions totaling \$58.8 million. These grants and contributions include annexations of streets and sidewalks (\$4.7 million), operating support from various federal and state agencies (\$30.4 million), interlocal support from Wake County for debt service and other expenses on the convention center (\$14.1 million), and other facility fees and developers' participation (\$9.6 million).
- The City received \$308.4 million in general revenues from taxes and other revenues such as interest and unrestricted grants, which was used to pay for the \$243.9 million net cost of governmental activities.
- The City's four largest governmental programs – public safety (39.0%), public works (11.3%), leisure services (15.2%), and general government (15.6%) represent 81.1% - of the total governmental activities.



Business-Type Activities

Revenues of the City's business-type activities were \$221.3 million, and expenses were \$221.5 million. The increase in net assets for business-type activities (after transfers in of \$32.2 million) was \$32.0 million in 2011. The addition of the stormwater projects fund to the stormwater enterprise (previously a general government capital project fund) accounts for the \$0.9 million increase in beginning net assets for business-type activities. 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)

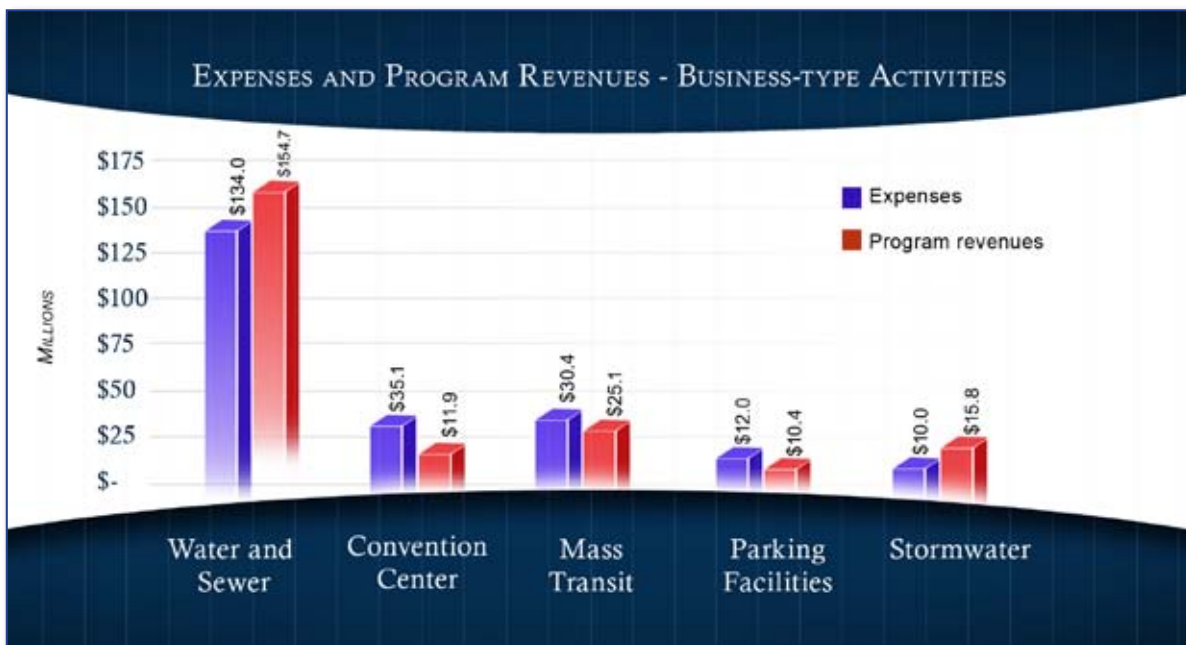
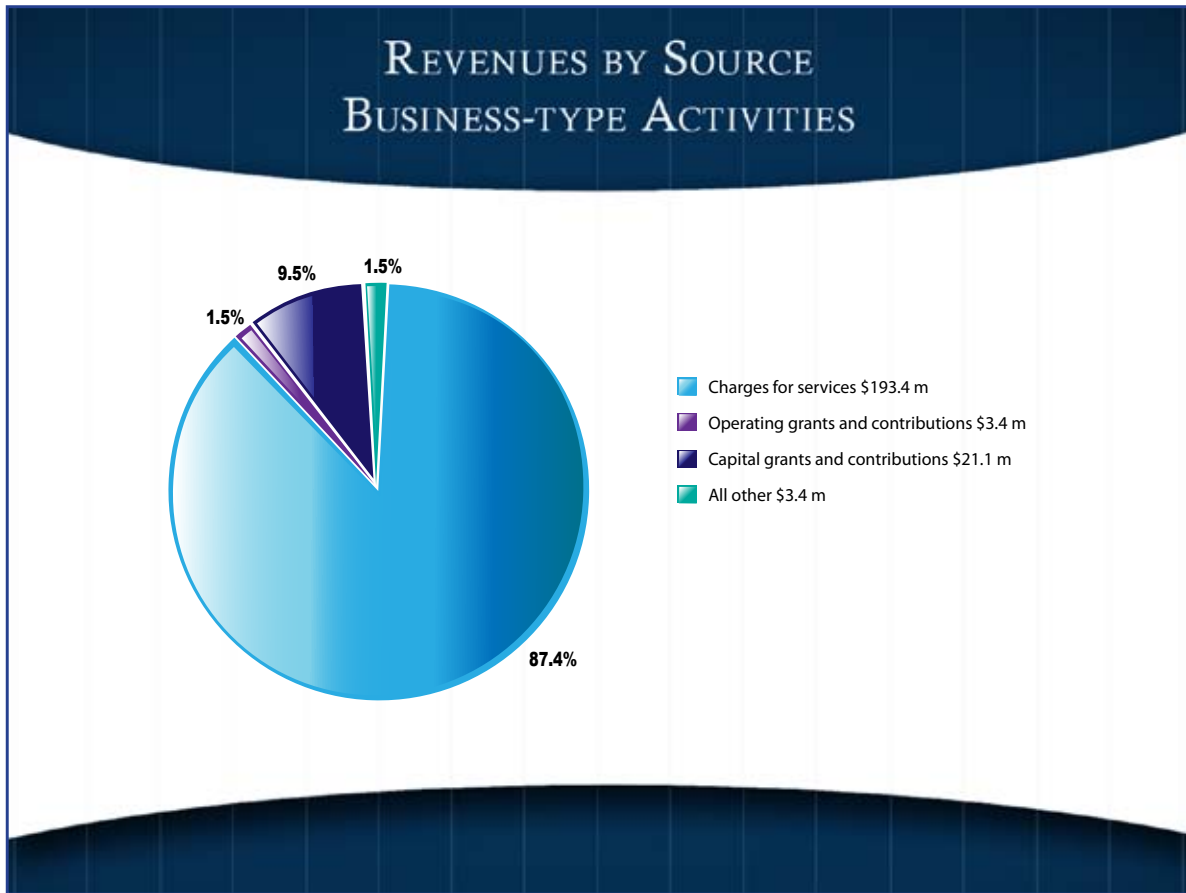
	Total Cost of Services		Net (Cost) Revenue of Services	
	2010	2011	2010	2011
Water and sewer	\$129.0	\$134.0	\$13.0	\$20.7
Convention center	33.9	35.1	(21.5)	(23.2)
Parking facilities	11.3	12.0	(3.5)	(1.6)
Mass transit	28.7	30.4	(11.9)	(5.2)
Stormwater	10.3	10.0	4.2	5.8
Total	\$213.2	\$221.5	\$(19.7)	\$(3.5)

Net revenue in the water and sewer operation increased in 2010-11 by \$7.7 million from \$13.0 million net revenues to \$20.7 million net revenues. Operating expenses increased \$5.0 million in 2010-11 from \$129.0 million to \$134.0 million, or 3.9% as effective budget management kept expenses relatively flat. Operating revenues increased primarily due to a utility rate increase, moderately higher consumption, and impacts of the new tiered rate structure and change to monthly billing. Charges for services increased \$13.5 million, from \$137.2 million to \$150.7 million, during 2010-11. Capital contributions, primarily from annexations, decreased \$0.7 million during 2010-11 from \$4.8 million to \$4.1 million.

The convention center activities, including the Performing Arts venue, experienced an increase in net expenses in 2010-11 by \$1.8 million, from \$21.5 million to \$23.2 million. This increase in net expenses resulted from increased facility operating costs of \$1.0 million in 2010-11, as well as a \$0.2 million decrease in interest expense and a \$0.5 million increase in other debt service costs. Charges for services decreased \$0.5 million in 2010-11 from \$12.4 million to \$11.9 million.

Net expenses in the parking facilities activities decreased \$1.9 million in 2010-11 from \$3.5 million to \$1.6 million. This decrease in net expenses is primarily attributable to increased operating revenue, \$2.5 million in 2010-11, from \$7.8 million to \$10.3 million. The increase in charges for services was due to the installation of new pay stations and increasing the number of on-street metered parking spaces by approximately 900 spaces. Citations collected increased \$1.2 million as City agents took over this enforcement, replacing a third-party contractor. Operating expenses increased \$0.7 million in 2010-11, from \$11.3 million to \$12.0 million, as more of the operation was moved internally.

Net expenses for our mass transit operation decreased \$6.7 million, from \$11.9 million to \$5.2 million. Capital grants and contributions increased \$9.6 million, from \$7.1 million to \$16.7 million. Charges for services in 2010-11 increased \$0.5 million, operating grants and contributions decreased \$1.8 million, and operating expenses increased \$1.6 million, from \$28.7 million to \$30.3 million.



Financial Analysis Of The City's Funds

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

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

As of the end of the fiscal year, the City of Raleigh's governmental funds reported combined ending fund balances of \$334.2 million, a decrease of \$1.9 million in comparison with the prior year. Approximately 58.6% of this total amount (\$196.0 million) constitutes *assigned fund balance*, which is available for spending at the government's discretion. Approximately 17.4% is *unassigned*, and represents the City's residual net resources. Approximately 0.9% is considered to be *nonspendable*, as it is set aside for inventories. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed to cover debt service costs (\$34.3 million), restricted by state statute (\$38.5 million), restricted for federal program reserves (\$1.5 million), restricted for streets (\$0.8 million), or restricted for public safety (\$1.9 million).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, assigned fund balance of the general fund was \$73.0 million, while total fund balance was \$175.0 million. As a measure of the general fund's liquidity, it may be useful to compare both assigned fund balance and total fund balance to total fund expenditures. Assigned fund balance represents 22.1% of total general fund expenditures, while total fund balance represents 52.9% of that same amount, amounts generally consistent with the prior year.

The North Carolina Local Government Commission strongly recommends that local governments maintain an unassigned fund balance of at least 8.0% of general fund expenditures. The City's policy is to maintain an unassigned fund balance of at least 14.0% of the succeeding year's expenditure budget. Unassigned fund balance is a sub classification of assigned fund balance after consideration for management's policy designations. The City's designations of assigned fund balance total \$73.0 million as specified on page 25 of the notes to the financial statements. This includes \$19.6 million appropriated for 2011-12. Unassigned fund balance of \$58.2 million represents 14.3% of the 2011-12 general fund expenditure budget.

The fund balance of the City's general fund increased by \$9.2 million during the current fiscal year. The City combined the activity for the Powell bill and housing development funds with the general fund in fiscal year 2011, accounting for most of the change in fund balance from fiscal year 2010.

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 \$653.2 million. The net assets of the water and sewer fund increased \$21.6 million in 2010-11 versus a \$12.5 million increase in 2009-10. This \$34.1 million increase in net assets is attributable to a rate increase in fiscal year 2010, as well as the implementation of a tiered billing structure and return to a monthly billing cycle in fiscal year 2011. Convention center net assets decreased \$7.3 million in 2010-11. The decrease is primarily due to other facility operating costs in excess of user charges of \$5.0 million, depreciation expense of \$8.6 million and interest expense of \$8.4 million, with \$15.9 million transferred from other funds. Parking facilities fund net assets decreased \$2.0 million primarily due to \$2.6 million of interest expense in fiscal year 2011.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in appropriations increasing \$17.3 million during 2010-11. Increases in expenditure budgets (\$14.3 million) and transfers to other funds budgets (\$5.9 million) exceeded increases in revenue and transfers from other funds budgets (\$2.7 million), thus resulting in the \$17.3 million increase in the budget from fund balance appropriated. The final positive budget variance was \$39.7 million. This overall positive variance resulted from a \$0.2 million negative revenue variance, and a \$39.9 million positive expenditure variance. All expenditure functions and departments had positive budget variances, which is a result of the City's cost management efforts in dealing with reduced or flat revenues over the past several years.

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, 2011, amounts to \$2.5 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, \$71.4 million, was 3.0% (a 4.0% increase for governmental activities and a 2.5% 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, parks and greenways, and fire stations. Construction in progress for these activities was \$122.7 million as of June 30, 2011.
- Construction began and/or was completed on additional facilities for the water and sewer operations. Total water and sewer projects completed and capitalized in fiscal year 2011 were \$5.3 million. Construction in progress for all enterprise activities was \$144.3 million as of June 30, 2011.
- Equipment acquisitions added \$7.7 million to the City's rolling stock inventory.
- A new Capital Area Transit operations and maintenance facility was completed in fiscal year 2011, at a total cost of \$23.7 million.
- On-going investment in stormwater management projects of \$8.6 million continued during 2010-11.
- Enterprise-wide software of \$7.9 million was capitalized during the year.
- Annexations added \$4.7 million to streets and \$3.5 million to water and sewer systems.

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

	Governmental activities		Business-type activities		Total	
	2010	2011	2010	2011	2010	2011
Land	\$150,703	\$150,917	\$72,821	\$72,820	\$223,524	\$223,737
Buildings and machinery	69,701	67,502	308,048	300,319	377,749	367,821
Water and sewer systems	-	-	864,984	849,847	864,984	849,847
Streets and sidewalks	360,607	340,252	-	-	360,607	340,252
Parking decks	-	-	125,065	121,240	125,065	121,240
Buses	122	-	14,222	11,529	14,344	11,529
Equipment	32,391	29,170	13,360	10,369	45,751	39,539
Furniture and fixtures	242	153	4,719	952	4,961	1,105
Improvements	99,373	93,364	100,975	99,264	200,348	192,628
Enterprise-wide software	28,889	34,897	-	-	28,889	34,897
Construction in progress	64,320	122,740	67,650	144,286	131,970	267,026
Total	\$806,348	\$838,995	\$1,571,844	\$1,610,626	\$2,378,192	\$2,449,621

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.

Long-term debt. In August 2010, the City issued \$46.4 million limited obligation bonds for the rehabilitation of existing structures and the new construction of remote operation centers. These bonds mature serially from 2011 through 2035, and carry interest rates between 3.0% and 5.6%. The all-in true interest cost is 2.9%. This issue was rated Aa1 by Moody's, AA+ by Fitch, and AA+ by Standard and Poor's.

In February 2011, the City issued \$108.3 million in water sewer revenue bonds for various utility projects. These bonds mature serially from 2014 to 2040 with an average coupon interest rate of 4.9% and an all-in true interest cost of 4.7%. This issue was rated Aa1 by Moody's, AAA by Fitch, and AAA by Standard and Poor's.

In May 2011, the City entered into an installment financing agreement of \$11.7 million for the replacement of rolling stock equipment. Principal installments are due twice a year and carry an interest rate of 1.8%.

At the end of the current fiscal year, the City had total general obligation debt outstanding of \$222.5 million. The remainder of the City's debt represents revenue bonds (\$643.7 million) and installment financing agreements (\$514.0 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 \$110.0 million (8.7%) during 2010-11 as new debt issues of \$166.5 million exceeded principal repayments of \$56.5 million.

The City has other long-term obligations for earned but unused vacation pay due its employees of \$21.3 million and landfill postclosure care costs of \$5.2 million. These obligations decreased \$0.6 million from 2010 balances.

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

	Governmental activities		Business-type activities		Total	
	2010	2011	2010	2011	2010	2011
General obligation bonds	\$230,567	\$213,916	\$10,573	\$8,569	\$241,140	\$222,485
Revenue bonds	-	-	546,250	643,725	546,250	643,725
Installment financing agreements	120,967	161,229	361,869	352,794	482,836	514,023
Total	\$351,534	\$375,145	\$918,692	\$1,005,088	\$1,270,226	\$1,380,233

Subsequent to fiscal year 2010-11 year-end, in September 2011, the City issued \$33.9 million general obligation refunding bonds. The bonds refund previously issued housing and public improvement bonds. These refunding bonds mature serially from 2012 through 2022, and carry interest rates between 0.5% and 5.0%. The all-in true interest cost is 2.2%. This issue was rated triple A by Moody's, Fitch, and Standard and Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8.0% of the total assessed value of taxable property. The current debt limitation for the City is \$4.0 billion, which is significantly in excess of the City's outstanding net debt of \$850.4 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 limited obligation bond 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 2011-12 fiscal year include the following:

The adopted General Fund budget for 2011-12 of \$368.8 million is virtually the same as the adopted 2010-11 budget. The primary revenue, property taxes, is budgeted at \$187.6 million, an increase of \$1.0 million, or 0.5% from 2010-11. The property tax rate remained at \$.3735/\$100 of assessed valuation. The 2011-12 budget for sales tax is \$64.4 million, an increase of \$1.0 million, or 1.5%, from the 2010-11 budget.

Consistent with the City's multi-year utility rate model, the budget for water and sewer charges increased 11.8% from \$148.9 million to \$166.5 million for the 2011-12 budget year. This increase is attributed to an approved rate increase as well as the continuing transition to a new tiered billing structure and return to a monthly customer billing cycle.

The 2011-12 capital budget includes new and/or continuing projects totaling \$216.2 million, including projects for roads, parks, utilities and general public facilities.

The 2011-12 combined budgets for operating and capital programs totals \$663.3 million, representing a 7.0% overall increase over the 2010-11 combined budget.

The national economy continues to have impacts on the City of Raleigh, as it has all governments. During fiscal year 2010-11, in response to these economic conditions, the City continued its cost containment actions in order to offset its generally flat revenue experience. Cautionary management of all operating expenditures allowed the City to manage through fiscal year 2010-11 positively and meet its 14.0% General Fund unassigned fund balance goal. In fiscal year 2011-12, the City expects only slightly improved revenues but is continuing to manage overall financial results designed to meet its fund balance goal and to maintain its triple A general credit ratings from all three major bond rating agencies. Through the City's fiscal year 2011-12 budget, City management and staff remain committed to providing Raleigh citizens a high quality of service as the financial impacts of the slow economic recovery continue to be evaluated and managed.

Requests For Information

This financial report is designed to provide a general overview of the City of Raleigh's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the:

Office of the Chief Financial Officer
City of Raleigh
PO Box 590
Raleigh, North Carolina 27602
(919) 996-4930



Basic Financial Statements

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



STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 275,765,556	\$ 127,548,683	\$ 403,314,239
Taxes receivable, net of allowance for uncollectibles of \$9,413,853	2,237,633	-	2,237,633
Assessments receivable, net of allowance for uncollectibles of \$247,521	2,475,497	1,620,867	4,096,364
Customer receivables, net of allowance for uncollectibles of \$4,783,988	1,271,694	19,775,182	21,046,876
Due from transit management	-	2,598,738	2,598,738
Due from other governmental agencies	14,378,481	2,372,190	16,750,671
Accrued interest receivable	541,682	319,680	861,362
Other receivables and assets	8,806,597	871,198	9,677,795
Sales tax receivable	20,769,206	5,975,818	26,745,024
Internal balances	433,504	(433,504)	-
Inventories	3,841,209	8,497,497	12,338,706
Deferred charges	361,287	3,477,141	3,838,428
Loans receivable	58,295,045	-	58,295,045
Cash and cash equivalents/investments - restricted deposits and bond proceeds	87,018,103	118,691,847	205,709,950
Deferred outflow for derivative instrument	31,265,674	18,498,436	49,764,110
Net pension assets	1,762,120	-	1,762,120
Capital assets:			
Land and construction in progress	273,656,758	217,105,512	490,762,270
Other capital assets, net of depreciation	565,338,588	1,393,520,659	1,958,859,247
Total assets	<u>1,348,218,634</u>	<u>1,920,439,944</u>	<u>3,268,658,578</u>
LIABILITIES			
Accounts payable	19,948,422	7,143,362	27,091,784
Accrued salaries and employee payroll taxes	11,045,909	1,562,126	12,608,035
Accrued interest payable	4,275,348	12,477,379	16,752,727
Rehabilitation loans escrow	783,123	-	783,123
Reimbursable facility fees	3,721,868	-	3,721,868
Claims payable and other liabilities:			
Due within one year	27,812,204	-	27,812,204
Deferred contributions from other funds	-	401,172	401,172
Unearned revenue	3,078,692	91,876	3,170,568
Other current liabilities	-	4,000	4,000
Escrow and other deposits payable from restricted assets	98,396	18,452,740	18,551,136
Derivative instrument liability	31,265,674	18,498,436	49,764,110
Long-term liabilities:			
Due within one year	41,725,430	26,310,206	68,035,636
Due in more than one year	364,555,942	995,301,111	1,359,857,053
Net OPEB pension liability	889,023	230,629	1,119,652
Total liabilities	<u>509,200,031</u>	<u>1,080,473,037</u>	<u>1,589,673,068</u>
NET ASSETS			
Invested in capital assets, net of related debt	574,133,951	692,068,935	1,266,202,886
Restricted for:			
Capital projects	109,661,221	-	109,661,221
Community development projects	53,906,455	-	53,906,455
Stabilization by state statute	38,517,160	-	38,517,160
Federal programs	1,476,000	-	1,476,000
Unrestricted	61,323,816	147,897,972	209,221,788
Total net assets	<u>\$ 839,018,603</u>	<u>\$ 839,966,907</u>	<u>\$ 1,678,985,510</u>

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

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 57,865,847	\$ 16,361,514	\$ 12,243,761	\$ -
Community development services	25,695,233	7,637,157	10,737,290	5,208,873
Public works	42,207,359	7,792,491	1,844,883	10,032,404
Public safety	145,189,312	337,316	1,506,802	-
Solid waste services	24,452,368	18,471,502	-	-
Leisure services	56,472,839	17,842,923	14,168,968	2,969,994
Economic development programs	5,710,091	906,139	55,001	-
Interest on long-term debt	14,401,417	-	-	-
Total governmental activities	371,994,466	69,349,042	40,556,705	18,211,271
Business-type activities:				
Water and sewer	134,033,345	150,647,560	-	4,075,790
Convention center	35,129,700	11,857,560	-	-
Mass transit	30,358,077	5,001,711	3,438,002	16,693,122
Parking facilities	12,042,627	10,288,103	-	174,816
Stormwater	9,980,480	15,656,847	-	163,832
Total business-type activities	221,544,229	193,451,781	3,438,002	21,107,560
Total City of Raleigh	\$ 593,538,695	\$ 262,800,823	\$ 43,994,707	\$ 39,318,831
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Local sales tax				
Franchise tax				
Other taxes				
Privilege license tax				
Unrestricted investment earnings				
Miscellaneous				
Total general revenues not including transfers				
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
\$ (29,260,572)		\$ (29,260,572)
(2,111,913)		(2,111,913)
(22,537,581)		(22,537,581)
(143,345,194)		(143,345,194)
(5,980,866)		(5,980,866)
(21,490,954)		(21,490,954)
(4,748,951)		(4,748,951)
(14,401,417)		(14,401,417)
<u>(243,877,448)</u>		<u>(243,877,448)</u>
	\$ 20,690,005	20,690,005
	(23,272,140)	(23,272,140)
	(5,225,242)	(5,225,242)
	(1,579,708)	(1,579,708)
	5,840,199	5,840,199
	<u>(3,546,886)</u>	<u>(3,546,886)</u>
<u>(243,877,448)</u>	<u>(3,546,886)</u>	<u>(247,424,334)</u>
186,378,546	-	186,378,546
61,775,891	-	61,775,891
22,633,795	-	22,633,795
13,937,665	-	13,937,665
7,166,136	-	7,166,136
5,279,991	3,357,340	8,637,331
11,181,879	-	11,181,879
<u>308,353,903</u>	<u>3,357,340</u>	<u>311,711,243</u>
<u>(32,231,015)</u>	<u>32,231,015</u>	<u>-</u>
276,122,888	35,588,355	311,711,243
32,245,440	32,041,469	64,286,909
806,773,163	807,925,438	1,614,698,601
<u>\$ 839,018,603</u>	<u>\$ 839,966,907</u>	<u>\$ 1,678,985,510</u>

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 155,475,096	\$ 88,191,188	\$ 243,666,284
Taxes receivable, net of allowance for uncollectibles of \$9,413,853	2,237,633	-	2,237,633
Assessments receivable, net of allowance for uncollectibles of \$156,624	1,640,974	834,523	2,475,497
Customer receivables, net of allowance for uncollectibles of \$613,035	1,271,694	-	1,271,694
Due from other governmental agencies	260,897	14,117,584	14,378,481
Accrued interest receivable	361,078	180,604	541,682
Other receivables and assets	7,111,145	-	7,111,145
Sales tax receivable	18,833,558	1,935,648	20,769,206
Due from other funds	4,570,202	157,311	4,727,513
Inventories	3,090,488	-	3,090,488
Other assets	270,095	-	270,095
Loans receivable	2,109,189	56,185,856	58,295,045
Cash and cash equivalents /investments - restricted deposits and bond proceeds	44,831	79,620,389	79,665,220
Total assets	<u>\$ 197,276,880</u>	<u>\$ 241,223,103</u>	<u>\$ 438,499,983</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,838,833	\$ 15,168,940	\$ 19,007,773
Accrued salaries and employee payroll taxes	3,746,061	69,208	3,815,269
Employee taxes and related withholdings	5,916,168	-	5,916,168
Loan servicing escrow	355,914	427,209	783,123
Reimbursable facility fees	-	3,721,868	3,721,868
Other liabilities	870,395	444,077	1,314,472
Due to other funds	464,091	4,263,165	4,727,256
Deferred revenue	4,704,043	57,095,781	61,799,824
Unearned revenue	2,345,501	733,191	3,078,692
Escrow and other deposits payable from restricted assets	-	98,396	98,396
Total liabilities	<u>22,241,006</u>	<u>82,021,835</u>	<u>104,262,841</u>
Fund balances:			
Nonspendable:			
Inventories	3,090,488	-	3,090,488
Restricted:			
Stabilization by state statute	38,517,160	-	38,517,160
Debt service	-	34,266,396	34,266,396
Federal programs	1,476,000	-	1,476,000
Streets	789,593	-	789,593
Public safety	-	1,910,584	1,910,584
Assigned:			
Subsequent year's appropriation	19,612,415	105,110,683	124,723,098
Community development	457,075	6,625,983	7,083,058
City projects	1,448,429	9,923,370	11,371,799
Disaster recovery	-	1,364,252	1,364,252
Debt service	51,468,814	-	51,468,814
Unassigned	58,175,900	-	58,175,900
Total fund balances	<u>175,035,874</u>	<u>159,201,268</u>	<u>334,237,142</u>
Total liabilities and fund balances	<u>\$ 197,276,880</u>	<u>\$ 241,223,103</u>	<u>\$ 438,499,983</u>

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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2011**

Total <i>fund balances</i> for governmental funds	\$	334,237,142
Total <i>net assets</i> 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 - \$273,656,758 capital assets being depreciated, net - \$541,237,079).		814,893,837
The net pension assets / liabilities resulting from contributions greater than or less than the amount of annual required contributions are not financial resources and therefore are not reported in the funds.		873,095
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.		361,287
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.		15,095,792
Taxes receivable - \$2,237,633, and assessments receivable - \$1,267,146 will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenue in the funds.		3,504,779
Loans receivable - \$58,295,045, a long-term asset, is not available to pay for current expenditures and, therefore is deferred in the funds.		58,295,045
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	\$	(221,129,073)
Installment Financing Agreements - long-term, net of deferred refunding and issuance premium		(139,456,774)
Earned Vacation Pay		(18,175,801)
Landfill Post Closure Costs		(5,205,378)
Accrued Interest Payable		(4,275,348)
	\$	(388,242,374)
Net assets of governmental activities	\$	<u>839,018,603</u>

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

For the Fiscal Year Ended June 30, 2011

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 186,625,218	\$ -	\$ 186,625,218
Intergovernmental	40,730,771	46,425,077	87,155,848
Developer participation	-	2,313,392	2,313,392
Assessments	-	562,253	562,253
Local sales tax	61,775,981	-	61,775,981
Licenses	19,670,559	-	19,670,559
Interest on investments	3,617,436	1,382,431	4,999,867
Inspections fees	7,164,276	-	7,164,276
Highway maintenance refunds	785,968	-	785,968
Facility fees	-	7,309,666	7,309,666
Other fees and charges	32,428,933	-	32,428,933
Rents	373,743	140,119	513,862
Program income	63,415	2,472,968	2,536,383
Other revenues	1,589,472	-	1,589,472
Miscellaneous other	-	1,022,906	1,022,906
Gain on sale of capital assets	-	896	896
Total revenues	<u>354,825,772</u>	<u>61,629,708</u>	<u>416,455,480</u>
EXPENDITURES			
Current:			
General government	38,001,730	4,094,511	42,096,241
Community development services	16,758,806	8,573,484	25,332,290
Public works	21,561,072	3,162,519	24,723,591
Public safety	140,575,342	4,675,296	145,250,638
Solid waste services	24,949,009	-	24,949,009
Leisure services	45,329,203	4,085,474	49,414,677
Economic development programs	2,311,687	3,398,404	5,710,091
Other expenditures	1,130	1,542	2,672
Capital outlay	5,102	73,326,721	73,331,823
Debt service:			
Principal	26,899,623	-	26,899,623
Interest	13,493,713	-	13,493,713
Bond issue costs	572,467	-	572,467
Total expenditures	<u>330,458,884</u>	<u>101,317,951</u>	<u>431,776,835</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,366,888</u>	<u>(39,688,243)</u>	<u>(15,321,355)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	12,191,023	14,568,369	26,759,392
Transfers out	(30,772,740)	(29,534,306)	(60,307,046)
Bonds issued	200,000	46,225,000	46,425,000
Capital related debt issued	5,102	-	5,102
Premium on bonds issued	-	1,359,612	1,359,612
Total other financing sources (uses)	<u>(18,376,615)</u>	<u>32,618,675</u>	<u>14,242,060</u>
Net change in fund balances	5,990,273	(7,069,568)	(1,079,295)
Fund balances - beginning	169,045,601	166,270,836	335,316,437
Fund balances - ending	<u>\$ 175,035,874</u>	<u>\$ 159,201,268</u>	<u>\$ 334,237,142</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, 2011

Net change in *fund balances* - total governmental funds \$ (1,079,295)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation \$39,609,024 in the current period. 30,526,175

Net change in net pension assets/liabilities. (784,042)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Annexations - \$4,662,479; Property taxes - (\$45,821); Assessments - \$1,324,474; Loss on the Sale of Assets - (\$115,455). 5,825,677

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. 3,378,562

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 \$46,430,102 exceeded repayments \$27,265,725.

Debt issued or incurred:

Installment financing \$ 46,430,102

Principal repayments:

General obligation debt (16,650,726)

Installment financing (10,614,999)

Net adjustment \$ 19,164,377 (19,164,377)

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 - (\$165,525), change in accrued interest expense - (\$854,688), change in landfill postclosure liability - \$900,434, and arbitrage payable \$634,992. 515,213

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. (1,161,845)

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. 14,189,372

Change in net assets of governmental activities \$ 32,245,440

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 186,650,013	\$ 186,710,013	\$ 186,625,218	\$ (84,795)
Intergovernmental	40,088,596	40,750,821	40,730,771	(20,050)
Local sales tax	63,425,878	63,425,878	61,775,981	(1,649,897)
Licenses	19,987,000	19,987,000	19,670,559	(316,441)
Interest on investments	1,178,349	1,178,349	3,570,585	2,392,236
Inspection fees	7,281,707	7,376,697	7,164,276	(212,421)
Highway maintenance refunds	900,000	900,000	785,968	(114,032)
Solid waste fees	16,955,971	17,216,779	18,471,502	1,254,723
Parks and recreation fees	7,044,905	7,058,125	7,068,613	10,488
Other fees and charges	7,614,074	8,175,979	6,888,818	(1,287,161)
Other revenues	1,696,057	1,699,057	1,480,972	(218,085)
Total revenues	<u>352,822,550</u>	<u>354,478,698</u>	<u>354,233,263</u>	<u>(245,435)</u>
EXPENDITURES				
General government:				
City council	169,966	175,734	149,740	25,994
City clerk	563,654	593,477	549,894	43,583
City attorney	2,305,486	2,305,486	2,193,375	112,111
Special appropriations	12,350,963	13,453,417	12,264,854	1,188,563
Agency appropriations	3,414,922	4,155,981	3,483,601	672,380
City manager	4,194,534	4,300,828	3,912,944	387,884
Public affairs office	1,658,607	1,720,412	1,515,021	205,391
Personnel	3,160,852	3,354,396	3,165,565	188,831
Administrative service	2,294,879	2,343,259	2,200,306	142,953
Finance	11,706,010	13,890,687	11,695,065	2,195,622
Information technology	16,685,894	18,173,563	15,018,281	3,155,282
Total general government	<u>58,505,767</u>	<u>64,467,240</u>	<u>56,148,646</u>	<u>8,318,594</u>
Community development services:				
Planning	3,905,932	4,965,209	4,391,172	574,037
Inspections	10,191,263	8,968,650	8,442,873	525,777
Community services	1,885,113	2,055,991	1,872,323	183,668
Economic development	2,050,469	2,508,026	2,311,687	196,339
Total community development services	<u>18,032,777</u>	<u>18,497,876</u>	<u>17,018,055</u>	<u>1,479,821</u>
Public works:				
Central engineering	20,223,917	20,475,665	19,028,076	1,447,589
Transportation	9,305,753	9,873,316	8,581,968	1,291,348
Total public works	<u>29,529,670</u>	<u>30,348,981</u>	<u>27,610,044</u>	<u>2,738,937</u>
Public safety:				
Emergency communications center	9,071,107	9,655,208	6,337,696	3,317,512
Police	89,261,833	90,805,390	84,483,628	6,321,762
Fire	50,115,068	51,968,560	49,754,018	2,214,542
Total public safety	<u>148,448,008</u>	<u>152,429,158</u>	<u>140,575,342</u>	<u>11,853,816</u>
Solid waste services	<u>25,122,267</u>	<u>26,273,385</u>	<u>24,949,009</u>	<u>1,324,376</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Leisure services:				
Parks and recreation	\$ 44,489,491	\$ 45,816,884	\$ 41,458,493	\$ 4,358,391
Continuing recreation activities	7,936,225	8,084,901	3,870,710	4,214,191
Total leisure services	<u>52,425,716</u>	<u>53,901,785</u>	<u>45,329,203</u>	<u>8,572,582</u>
Other expenditures:				
Other expenses	-	-	1,130	(1,130)
Capital outlay - installment note obligations	5,102	5,102	5,102	-
Total other expenditures	<u>5,102</u>	<u>5,102</u>	<u>6,232</u>	<u>(1,130)</u>
Debt service:				
Principal and interest	42,213,234	42,621,186	40,485,814	2,135,372
Other debt service expenditures	4,085,205	4,085,205	479,989	3,605,216
Total debt service	<u>46,298,439</u>	<u>46,706,391</u>	<u>40,965,803</u>	<u>5,740,588</u>
Total expenditures before charge-out	378,367,746	392,629,918	352,602,334	40,027,584
Less: administrative costs charged to other funds	24,259,827	24,259,827	24,195,888	63,939
Total expenditures	<u>354,107,919</u>	<u>368,370,091</u>	<u>328,406,446</u>	<u>39,963,645</u>
Excess (deficiency) of revenues over expenditures	(1,285,369)	(13,891,393)	25,826,817	39,718,210
OTHER FINANCING SOURCES (USES)				
Transfers in	17,454,954	18,460,955	10,928,666	(7,532,289)
Transfers out	(25,917,333)	(31,776,962)	(30,710,023)	1,066,939
Capital related debt issued	5,102	5,102	5,102	-
Bonds issued	-	200,000	200,000	-
Total other financing sources (uses)	<u>(8,457,277)</u>	<u>(13,110,905)</u>	<u>(19,576,255)</u>	<u>(6,465,350)</u>
Net changes in fund balance	<u>\$ (9,742,646)</u>	<u>\$ (27,002,298)</u>	6,250,562	<u>\$ 33,252,860</u>
Fund balance appropriated	<u>\$ 9,742,646</u>	<u>\$ 27,002,298</u>		
Fund balance - beginning of year			166,352,493	
Fund balance - end of year			<u>\$ 172,603,055</u>	
A legally budgeted Housing Development Fund is consolidated into the General Fund for reporting purposes:				
Interest income			\$ 46,851	
Rents income			373,743	
Program income			63,415	
Other revenues			108,500	
Community Development Expenditures			(2,052,438)	
Net Transfer In from the General Fund			1,199,640	
Fund Balance Beginning			2,693,108	
Fund Balance Ending			<u>\$ 2,432,819</u>	

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2011

	Enterprise Funds		
	Water and Sewer Fund	Convention Center Fund	Parking Facilities Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 80,333,245	\$ 8,505,560	\$ 5,654,225
Customer receivables, net of allowance for uncollectibles of \$4,170,953	18,067,091	-	691,067
Assessments receivable, net of allowance for uncollectibles of \$90,896	1,620,867	-	-
Due from transit management	-	-	-
Due from other governmental agencies	320,763	-	-
Accrued interest receivable	198,152	32,070	12,659
Other receivables and assets	435,640	435,558	-
Sales tax receivable	4,942,194	200,758	28,893
Due from other funds	-	527,582	-
Inventories	7,829,303	-	-
Insurance deposit	-	-	-
Deferred charges	1,709,968	1,476,299	290,874
Total current assets	<u>115,457,223</u>	<u>11,177,827</u>	<u>6,677,718</u>
Noncurrent assets:			
Restricted cash and cash equivalents	109,763,784	-	560,988
Deferred outflow for derivative instrument	18,498,436	-	-
Capital assets:			
Land and improvements	39,551,352	20,829,848	8,009,899
Construction in progress	102,622,865	53,409	425,732
Water and sewer systems	1,110,000,254	-	-
Buildings and machinery	88,683,431	271,091,201	-
Parking decks	-	-	146,275,160
Buses	-	-	-
Equipment	18,611,771	1,687,458	247,587
Furniture and fixtures	62,873	2,502,145	51,382
Improvements	100,513,137	26,697,821	1,814,807
Less accumulated depreciation	(330,170,442)	(46,891,515)	(25,467,359)
Total noncurrent assets	<u>1,258,137,461</u>	<u>275,970,367</u>	<u>131,918,196</u>
Total assets	<u>1,373,594,684</u>	<u>287,148,194</u>	<u>138,595,914</u>

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
 June 30, 2011

	Enterprise Funds		
	Other Nonmajor Enterprise	Total	Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 32,353,416	\$ 126,846,446	\$ 32,801,509
Customer receivables, net of allowance for uncollectibles of \$4,170,953	1,017,024	19,775,182	-
Assessments receivable, net of allowance for uncollectibles of \$90,896	-	1,620,867	-
Due from transit management	2,598,738	2,598,738	-
Due from other governmental agencies	2,051,427	2,372,190	-
Accrued interest receivable	74,267	317,148	56,792
Other receivables and assets	-	871,198	-
Sales tax receivable	759,401	5,931,246	1,015,781
Due from other funds	17,333	544,915	346,190
Inventories	668,194	8,497,497	750,721
Insurance deposit	-	-	400,000
Deferred charges	-	3,477,141	-
Total current assets	<u>39,539,800</u>	<u>172,852,568</u>	<u>35,370,993</u>
Noncurrent assets:			
Restricted cash and cash equivalents	7,322,645	117,647,417	8,397,313
Deferred outflow for derivative instrument	-	18,498,436	-
Capital assets:			
Land and improvements	4,428,617	72,819,716	-
Construction in progress	41,183,790	144,285,796	-
Water and sewer systems	-	1,110,000,254	-
Buildings and machinery	3,798,718	363,573,350	230,912
Parking decks	-	146,275,160	-
Buses	27,142,745	27,142,745	-
Equipment	2,493,645	23,040,461	100,447,711
Furniture and fixtures	50,046	2,666,446	5,636
Improvements	11,200,863	140,226,628	-
Less accumulated depreciation	<u>(22,336,897)</u>	<u>(424,866,213)</u>	<u>(71,120,922)</u>
Total noncurrent assets	<u>75,284,172</u>	<u>1,741,310,196</u>	<u>37,960,650</u>
Total assets	<u>114,823,972</u>	<u>1,914,162,764</u>	<u>73,331,643</u>

Continued

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2011

	Enterprise Funds		
	Water and Sewer Fund	Convention Center Fund	Parking Facilities Funds
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,462,126	\$ 647,254	\$ 378,283
Accrued salaries and employee payroll taxes	1,137,933	238,262	50,227
Accrued interest payable	8,219,895	3,423,054	832,489
Claims payable and other liabilities	-	-	-
Deferred contributions from other funds	-	-	-
Due to other funds	-	834,619	-
Unearned revenue	78,455	13,421	-
Bonds, notes and loans payable	13,017,493	-	672,596
Unamortized premium (discount)	1,609,671	-	44,729
Deferred refunding - bonds payable	(725,572)	-	(21,201)
Contracts and other notes payable	4,794,336	-	3,075,000
Other current liabilities	-	-	-
Total current liabilities	<u>32,594,337</u>	<u>5,156,610</u>	<u>5,032,123</u>
Noncurrent liabilities:			
Bonds, notes and loans payable	636,354,145	-	2,249,955
Unamortized premium (discount)	19,981,768	-	408,253
Deferred refunding - bonds payable	(7,513,785)	-	(75,403)
Contracts and other notes payable	7,221,428	243,425,000	89,925,000
Escrow and other deposits payable from restricted assets	11,130,095	-	-
Derivative instrument liability	18,498,436	-	-
Earned vacation pay	1,960,118	528,222	67,210
Net OPEB pension liability	172,164	31,730	10,283
Total noncurrent liabilities	<u>687,804,369</u>	<u>243,984,952</u>	<u>92,585,298</u>
Total liabilities	<u>720,398,706</u>	<u>249,141,562</u>	<u>97,617,421</u>
NET ASSETS			
Invested in capital assets, net of related debt	553,769,446	32,545,366	35,639,267
Unrestricted	99,426,532	5,461,266	5,339,226
Total net assets	<u>\$ 653,195,978</u>	<u>\$ 38,006,632</u>	<u>\$ 40,978,493</u>

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

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011**

	Enterprise Funds		
	Other Nonmajor Enterprise	Total	Internal Service Funds
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,655,699	\$ 7,143,362	\$ 788,014
Accrued salaries and employee payroll taxes	135,704	1,562,126	137,515
Accrued interest payable	-	12,475,438	17,058
Claims payable and other liabilities	-	-	27,812,204
Deferred contributions from other funds	401,172	401,172	-
Due to other funds	56,855	891,474	-
Unearned revenue	-	91,876	-
Bonds, notes and loans payable	-	13,690,089	9,909,723
Unamortized premium (discount)	-	1,654,400	-
Deferred refunding - bonds payable	-	(746,773)	-
Contracts and other notes payable	-	7,869,336	-
Other current liabilities	4,000	4,000	-
Total current liabilities	<u>2,253,430</u>	<u>45,036,500</u>	<u>38,664,514</u>
Noncurrent liabilities:			
Bonds, notes and loans payable	-	638,604,100	16,486,853
Unamortized premium (discount)	-	20,390,021	-
Deferred refunding - bonds payable	-	(7,589,188)	-
Contracts and other notes payable	-	340,571,428	-
Escrow and other deposits payable			
from restricted assets	7,322,645	18,452,740	-
Derivative instrument liability	-	18,498,436	-
Earned vacation pay	259,428	2,814,978	270,697
Net OPEB pension liability	16,452	230,629	-
Total noncurrent liabilities	<u>7,598,525</u>	<u>1,031,973,144</u>	<u>16,757,550</u>
Total liabilities	<u>9,851,955</u>	<u>1,077,009,644</u>	<u>55,422,064</u>
NET ASSETS			
Invested in capital assets, net of related debt	67,961,525	689,915,604	11,564,073
Unrestricted	37,010,492	147,237,516	6,345,506
Total net assets	<u>\$ 104,972,017</u>	<u>837,153,120</u>	<u>\$ 17,909,579</u>

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

2,813,787

Net assets of business-type activities

\$ 839,966,907

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011**

	Enterprise Funds	
	Water and Sewer Fund	Convention Center Fund
Operating revenues		
User charges	\$ 144,731,434	\$ 11,557,130
Charges for services - internal	-	-
Other	4,715,695	125,000
Total operating revenues	<u>149,447,129</u>	<u>11,682,130</u>
Operating expenses		
Administration	6,451,375	-
Other facility operating costs	-	16,519,595
Water supply and treatment	24,183,210	-
Sewer system and treatment	19,496,084	-
Warehousing, maintenance and construction	17,539,759	-
Other services	10,028,021	-
Non-departmental charges	9,545,868	-
Management contract charges	-	-
Claims	-	-
Premiums	-	-
Depreciation	31,462,893	8,612,218
Other	-	-
Total operating expenses	<u>118,707,210</u>	<u>25,131,813</u>
Operating income (loss)	<u>30,739,919</u>	<u>(13,449,683)</u>
Nonoperating revenue (expense)		
Interest on investments	2,602,178	183,185
Subsidy income - federal and state	-	-
Gain on actuarial estimate	-	-
Other revenues	1,200,431	175,430
Interest expense	(12,728,708)	(8,370,157)
Gain (loss) on sale for capital assets	-	-
Miscellaneous expense	(2,582,865)	(1,664,367)
Total nonoperating revenue (expense)	<u>(11,508,964)</u>	<u>(9,675,909)</u>
Income (loss) before contributions, transfers and special items	19,230,955	(23,125,592)
Capital contributions	4,075,790	-
Transfers in	307,617	15,875,083
Transfers out	(1,975,000)	(31,209)
Change in net assets	21,639,362	(7,281,718)
Total net assets, beginning of year	<u>631,556,616</u>	<u>45,288,350</u>
Total net assets, end of year	<u>\$ 653,195,978</u>	<u>\$ 38,006,632</u>

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

Enterprise Funds			Internal Service Funds
Parking Facilities Fund	Other Nonmajor Enterprise	Total	
\$ 10,258,328	\$ 19,977,475	\$ 186,524,367	\$ -
-	-	-	67,609,030
29,775	444,856	5,315,326	734,274
<u>10,288,103</u>	<u>20,422,331</u>	<u>191,839,693</u>	<u>68,343,304</u>
1,516,557	3,828,218	11,796,150	7,243,328
3,932,841	19,464,288	39,916,724	11,015,652
-	-	24,183,210	-
-	-	19,496,084	-
-	-	17,539,759	-
-	-	10,028,021	-
-	-	9,545,868	-
-	13,188,234	13,188,234	-
-	-	-	36,588,860
-	-	-	446,639
3,630,182	3,446,270	47,151,563	9,633,514
-	495,016	495,016	74,923
<u>9,079,580</u>	<u>40,422,026</u>	<u>193,340,629</u>	<u>65,002,916</u>
1,208,523	(19,999,695)	(1,500,936)	3,340,388
129,960	377,690	3,293,013	1,726,883
-	3,438,002	3,438,002	-
-	-	-	8,902,082
-	235,550	1,611,411	-
(2,642,690)	-	(23,741,555)	(753,107)
-	677	677	(156,988)
<u>(337,011)</u>	<u>-</u>	<u>(4,584,243)</u>	<u>-</u>
<u>(2,849,741)</u>	<u>4,051,919</u>	<u>(19,982,695)</u>	<u>9,718,870</u>
(1,641,218)	(15,947,776)	(21,483,631)	13,059,258
174,816	16,856,954	21,107,560	-
-	19,025,399	35,208,099	1,796,891
<u>(520,875)</u>	<u>(450,000)</u>	<u>(2,977,084)</u>	<u>(480,252)</u>
<u>(1,987,277)</u>	<u>19,484,577</u>	<u>31,854,944</u>	<u>14,375,897</u>
<u>42,965,770</u>	<u>85,487,440</u>		<u>3,533,682</u>
<u>\$ 40,978,493</u>	<u>\$ 104,972,017</u>		<u>\$ 17,909,579</u>

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

186,525

Change in net assets of business-type activities

\$ 32,041,469

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011**

	Enterprise Funds	
	Water and Sewer Fund	Convention Center Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 154,881,154	\$ 11,679,187
Payments to employees	(31,930,611)	(7,760,255)
Payments to suppliers and service providers	(56,586,072)	(8,995,885)
Internal activity - payments from (to) other funds	-	(719,013)
Claims paid	-	-
Premiums paid	-	-
Other receipts (payments)	(2,376,933)	(1,569,639)
Net cash provided by (used in) operating activities	<u>63,987,538</u>	<u>(7,365,605)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers from other funds	307,617	15,875,083
Operating subsidies and transfers to other funds	(1,975,000)	(31,209)
Operating grants received	-	-
Other revenue received	-	-
Net cash provided by (used in) noncapital financing activities	<u>(1,667,383)</u>	<u>15,843,874</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase and construction of capital assets	(54,687,486)	(1,622,263)
Developer refund of excess construction costs	-	-
Capital grants and other capital contributions	996,174	-
Proceeds from capital debt	111,510,506	-
Principal paid on capital debt	(17,814,160)	-
Interest paid on capital debt	(25,668,055)	(8,303,051)
Other debt related payments	-	-
Escrow deposits	(2,405,702)	-
Net cash used in capital and related financing activities	<u>11,931,277</u>	<u>(9,925,314)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	2,881,463	224,529
Net cash provided by investing activities	<u>2,881,463</u>	<u>224,529</u>
Net increase (decrease) in cash and cash equivalents	77,132,895	(1,222,516)
Cash and cash equivalents - beginning of year	112,964,134	9,728,076
Cash and cash equivalents - end of year	<u>\$ 190,097,029</u>	<u>\$ 8,505,560</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 30,739,919	\$ (13,449,683)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	31,462,893	8,612,218
Miscellaneous nonoperating income (expense)	(2,376,933)	(1,488,937)
Change in assets and liabilities:		
Operating receivables	5,003,854	69,723
Sales tax receivable	(1,543,368)	(80,702)
Inventories	(47,724)	-
Other receivables and assets	414,663	-
Accounts payable and other accrued liabilities	249,111	(314,916)
Due to/from other funds	-	(719,013)
Escrow and other deposits	-	-
Earned vacation pay and other payroll liabilities	69,615	8,648
Deferred revenue	15,508	(2,943)
Total adjustments	<u>33,247,619</u>	<u>6,084,078</u>
Net cash provided by (used in) operating activities	<u>\$ 63,987,538</u>	<u>\$ (7,365,605)</u>
Noncash investing, capital, and financing activities:		
Capital contributions from annexations and mergers	\$ 3,496,457	\$ -
Acquisition and construction of capital assets	<u>\$ (11,451,433)</u>	<u>\$ (771,617)</u>

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

Enterprise Funds			
Parking Facilities Fund	Other Nonmajor Enterprise	Total	Internal Service Funds
\$ 10,226,938	\$ 19,978,388	\$ 196,765,667	\$ 67,609,030
(1,504,066)	(3,803,171)	(44,998,103)	(3,882,580)
(3,672,988)	(35,395,130)	(104,650,075)	(14,318,514)
(10,613)	(3,822,658)	(4,552,284)	(8,100)
-	-	-	(34,484,707)
-	-	-	(446,639)
-	(62,241)	(4,008,813)	(146,327)
<u>5,039,271</u>	<u>(23,104,812)</u>	<u>38,556,392</u>	<u>14,322,163</u>
-	19,025,399	35,208,099	1,796,891
(520,875)	(450,000)	(2,977,084)	(480,252)
-	2,591,751	2,591,751	-
-	235,550	235,550	-
<u>(520,875)</u>	<u>21,402,700</u>	<u>35,058,316</u>	<u>1,316,639</u>
(447,805)	(26,198,633)	(82,956,187)	(6,128,226)
550,069	-	550,069	-
174,816	20,551,248	21,722,238	-
-	-	111,510,506	11,694,433
(3,724,985)	-	(21,539,145)	(7,651,944)
(2,638,271)	-	(36,609,377)	(876,523)
(337,011)	-	(337,011)	-
-	594,956	(1,810,746)	-
<u>(6,423,187)</u>	<u>(5,052,429)</u>	<u>(9,469,653)</u>	<u>(2,962,260)</u>
162,069	566,515	3,834,576	1,743,863
<u>162,069</u>	<u>566,515</u>	<u>3,834,576</u>	<u>1,743,863</u>
(1,742,722)	(6,188,026)	67,979,631	14,420,405
7,957,935	45,864,087	176,514,232	26,778,417
<u>\$ 6,215,213</u>	<u>\$ 39,676,061</u>	<u>\$ 244,493,863</u>	<u>\$ 41,198,822</u>
\$ 1,208,523	\$ (19,999,695)	\$ (1,500,936)	\$ 3,340,388
3,630,182	3,446,270	47,151,563	9,633,514
-	-	(3,865,870)	-
(61,165)	(141,422)	4,870,990	-
(13,049)	(601,408)	(2,238,527)	(499,622)
-	(290,285)	(338,009)	(88,125)
-	-	414,663	-
279,513	(1,741,459)	(1,527,751)	2,252,766
(10,613)	(3,798,060)	(4,527,686)	(346,190)
-	(3,800)	(3,800)	-
5,880	25,047	109,190	29,432
-	-	12,565	-
<u>3,830,748</u>	<u>(3,105,117)</u>	<u>40,057,328</u>	<u>10,981,775</u>
<u>\$ 5,039,271</u>	<u>\$ (23,104,812)</u>	<u>\$ 38,556,392</u>	<u>\$ 14,322,163</u>
\$ -	\$ -	\$ 3,496,457	\$ -
<u>\$ 8,448</u>	<u>\$ -</u>	<u>\$ (12,214,602)</u>	<u>\$ -</u>

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 June 30, 2011

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 51,171,391
Accrued interest receivable	50,647
Total assets	<u>51,222,038</u>
LIABILITIES	
Claims payable	<u>508,712</u>
Total liabilities	<u>508,712</u>
NET ASSETS	
Held in trust for employees' retirement and other post- employment benefits	<u>\$ 50,713,326</u>

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

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

For the Fiscal Year Ended June 30, 2011

	Pension Trust Funds
ADDITIONS	
Employer contributions	\$ 16,372,188
Retiree contributions	1,403,134
Interest	892,998
Net increase in the fair value of investments	5,739,755
Less investment expense	<u>(48,935)</u>
Total additions	<u>24,359,140</u>
DEDUCTIONS	
Benefits	13,524,726
Withdrawals and forfeitures	53,373
Total deductions	<u>13,578,099</u>
Change in net assets restricted for: Employees' retirement and other post-employment benefits	10,781,041
Net assets, beginning of year	<u>39,932,285</u>
Net assets, end of year	<u>\$ 50,713,326</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

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 are not shown on the statement of activities. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

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

Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. 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.

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 for vehicles registered 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 2011-12 fiscal year and are not shown as receivables at June 30, 2011.

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 an expenditure at the time an item is used and are carried at cost, using the first-in, first-out (FIFO) method.

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

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 \$33,126,406. Of this amount, \$9,220,365 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 Balances

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

The governmental fund types classify fund balance as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year end balance for inventories, which are not spendable resources.

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

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

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

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

Restricted for streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures.

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by the majority vote by quorum of City of Raleigh's City Council. Any changes or removal of specific purpose requires Majority action by the governing body. As of June 30, 2011 the City of Raleigh did not have any committed fund balance.

Assigned Fund Balance – portion of fund balance that the City of Raleigh intends to use for specific purposes.

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

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

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

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

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

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

The City of Raleigh has also adopted a minimum fund balance policy for the general fund which instructs management to conduct business of the City in such a manner that available fund balance is at least equal to or greater than 14% of next years budgeted expenditures. Any portion of the general fund balance in excess of 14% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the city in a future budget.

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, 2011. The City adopts annual budgets prepared on the modified accrual basis for the general fund, the enterprise operating funds and the convention center financing fund. All other funds including all capital project funds and the remaining grant funds adopt project budgets. Appropriations for funds with annual budgets lapse at the end of the budget year. Capital and grant project budget appropriations do not lapse until the completion of the project or grant. The City Council may amend the budget throughout the year for new projects or other changes to existing appropriations as are needed. At June 30, 2011, the effect of such amendments, less eliminating transfers, was as follows:

	Original Budget	Total Amendments	Budget June 30, 2011
General Fund	\$ 414,752,121	\$ 17,459,001	\$ 432,211,122
Special Revenue Funds	52,787,267	23,492,157	76,279,424
General Capital Projects Funds	627,097,434	19,048,345	646,145,779
Enterprise Funds	479,135,345	38,549,591	517,684,936
Internal Service Funds	28,697,109	2,581,435	31,278,544

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

B. Deficit net assets

The employees' health benefits fund, an internal service fund, had deficit net assets of \$2,397,664 at June 30, 2011 as claims costs have continued to outpace employee and City contributions. 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, 2011, the City's bank balance was \$56,666,829 and the carrying amount of the City's deposits was \$52,377,074, net of a cash overdraft of \$42,649. Of the bank balance, \$258,083 was covered by federal depository insurance and \$56,408,746 was covered by collateral held under the Pooling Method.

Investments. At June 30, 2011, the City had the following investments and maturities:

Investment Type	Fair Value	%	Less Than 1			
			Year	1- 3 Years	3 - 5 Years	> 5 Years
US Government Treasuries	\$ 27,837,319	6.7	\$ 2,422,952	\$ 19,016,262	\$ 5,426,781	\$ 971,324
Federal Home Loan Bank	49,929,045	12.0	20,078,250	19,607,765	9,760,432	482,598
Freddie Mac	26,430,686	6.3	9,381,208	12,346,695	4,702,783	-
Fannie Mae	33,128,925	7.9	4,443,683	24,203,631	4,322,983	158,629
Federal Farm Credit Bank	34,085,520	8.2	13,021,015	19,034,455	2,030,050	-
Commercial paper	36,915,613	8.9	36,915,613	-	-	-
Bank certificates of deposit	82,200,000	19.7	82,200,000	-	-	-
NCCMT - Cash Portfolio	96,417,474	23.1	96,417,474	N/A	N/A	N/A
Other investments	30,022,309	7.2	26,431,176	1,651,524	982,368	957,240
	<u>\$ 416,966,891</u>	<u>100%</u>	<u>\$ 291,311,371</u>	<u>\$ 95,860,332</u>	<u>\$ 27,225,397</u>	<u>\$ 2,569,791</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. Investments shown with a maturity date greater than five years are pursuant to N.C.G.S 147-69.2 and represent accounts holding the City's capital reserves, risk reserve funds, and Law Enforcement Officer's special separation allowance fund. Also, the City's investment policy requires purchases of securities to be laddered with staggered maturity dates to meet the operating requirements of each individual fund and cash flow requirements of the city's overall operations. Reserve funds invested by external asset managers are not required to meet liquidity needs within the short-term and may have maturities generally consistent with benchmark indices established to monitor performance of the asset managers.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The City limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City's currently holds investments with long-term credit ratings as follows:

Bank	Long-term Credit Ratings		
	S & P	Moody's	Fitch
Branch Banking & Trust Co (certificates of deposit)	A	A2	A+
NCCMT - Cash Portfolio	AAAm	N/A	N/A
US Agencies	AAA	Aaa	AAA

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 5.0% of the total investment portfolio. Commercial paper is 8.9% of the total investment, however; the balance is with multiple issuers and, therefore, meets the City's policy.

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, 2011 is as follows:

Petty Cash and Change Funds	\$ 15,360
Deposits (checking, money market)	192,041,938
Investments	416,966,891
Government-wide cash and investments	<u>609,024,189</u>
Fiduciary funds cash and investments	51,171,391
Total City cash and investments	<u><u>\$ 660,195,580</u></u>

B. Capital assets

Capital asset activity for the year ended June 30, 2011 was as follows (stated in thousands):

	Balance June 30, 2010	Additions	Transfers	Deletions	Balance June 30, 2011
<u>Governmental activities</u>					
Capital assets, not being depreciated:					
Land	\$ 150,703	\$ 205	\$ 9	\$ -	\$ 150,917
Construction in progress	64,320	60,031	(1,605)	6	122,740
Total capital assets, not being depreciated	<u>215,023</u>	<u>60,236</u>	<u>(1,596)</u>	<u>6</u>	<u>273,657</u>
Capital assets, being depreciated:					
Buildings and machinery	113,390	529	-	-	113,919
Streets and sidewalks	690,328	4,662	-	-	694,990
Buses	135	-	-	135	-
Equipment	108,087	6,087	-	4,363	109,811
Furniture and fixtures	2,389	-	-	19	2,370
Improvements - general and parks	182,301	703	1,596	367	184,233
Software	30,409	7,925	-	-	38,334
Total capital assets being depreciated	<u>1,127,039</u>	<u>19,906</u>	<u>1,596</u>	<u>4,884</u>	<u>1,143,657</u>
Less accumulated depreciation for:					
Buildings and machinery	43,689	2,728	-	-	46,417
Streets and sidewalks	329,721	25,017	-	-	354,738
Buses	13	4	-	-	17
Equipment	75,696	9,238	-	4,310	80,624
Furniture and fixtures	2,147	89	-	19	2,217
Improvements - general and parks	82,928	8,192	-	251	90,869
Software	1,520	1,917	-	-	3,437
Total accumulated depreciation	<u>535,714</u>	<u>47,185</u>	<u>-</u>	<u>4,580</u>	<u>578,319</u>
Total capital assets being depreciated, net	<u>591,325</u>	<u>(27,279)</u>	<u>1,596</u>	<u>304</u>	<u>565,338</u>
Governmental activities capital assets, net	<u>\$ 806,348</u>	<u>\$ 32,957</u>	<u>\$ -</u>	<u>\$ 310</u>	<u>\$ 838,995</u>

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

General government	\$ 2,671
Community development	79
Public works	27,561
Public safety	2,146
Solid waste services	370
Leisure services	6,781
Capital assets held by certain internal service funds are charged to the various governmental functions based on the usage of the assets	<u>7,577</u>
Total depreciation expense - governmental activities	<u>\$ 47,185</u>

Annexations: The amount reported as additions for street and sidewalks includes \$4,662,479 from annexations during fiscal year 2010-11.

	Balance June 30, 2010	Additions	Transfers	Deletions	Balance June 30, 2011
<u>Business-type activities</u>					
Capital assets, not being depreciated:					
Land	\$ 72,820	\$ -	\$ -	\$ -	\$ 72,820
Construction in progress	67,650	78,088	(1,453)	(1)	144,286
Total capital assets, not being depreciated	<u>140,470</u>	<u>78,088</u>	<u>(1,453)</u>	<u>(1)</u>	<u>217,106</u>
Capital assets, being depreciated:					
Buildings and machinery	362,436	867	270		363,573
Water and sewer systems	1,102,088	7,762	150		1,110,000
Parking decks	146,492	212	120	550	146,274
Buses	27,662			518	27,144
Equipment	44,685	1,613		2,921	43,377
Furniture and fixtures	2,671	24		28	2,667
Improvements	138,625	703	913	15	140,226
Total capital assets being depreciated	<u>1,824,659</u>	<u>11,181</u>	<u>1,453</u>	<u>4,032</u>	<u>1,833,261</u>
Less accumulated depreciation for:					
Buildings and machinery	54,388	8,866		-	63,254
Water and sewer systems	237,104	23,049		-	260,153
Parking decks	21,427	3,607		-	25,034
Buses	13,440	2,566		391	15,615
Equipment	31,325	3,989		2,306	33,008
Furniture and fixtures	1,297	446		28	1,715
Improvements	34,305	6,684		27	40,962
Total accumulated depreciation	<u>393,286</u>	<u>49,207</u>	<u>-</u>	<u>2,752</u>	<u>439,741</u>
Total capital assets being depreciated, net	<u>1,431,373</u>	<u>(38,026)</u>	<u>1,453</u>	<u>1,280</u>	<u>1,393,520</u>
Business-type activities capital assets, net	<u>\$ 1,571,843</u>	<u>\$ 40,062</u>	<u>\$ -</u>	<u>\$ 1,279</u>	<u>\$ 1,610,626</u>

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

Water/Sewer	\$ 31,463
Convention center	8,612
Parking	3,630
Mass Transit	2,867
Stormwater	579
Capital assets held by certain internal service funds are charged to the various business-type activities based on the usage of the assets	2,056
Total depreciation expense - business-type activities	<u>\$ 49,207</u>

Annexations: The amount reported as additions for water and sewer systems includes \$3,496,457 added from annexations during fiscal year 2010-11.

Commitments - construction projects

At June 30, 2011, the City has \$88,728,869 in project obligations for business-type activities for construction projects in progress as follows: \$61,778,188 for water and sewer projects, \$17,162,681 for transit projects, \$9,487,787 for stormwater projects, \$28,231 for convention center projects, and \$271,982 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 \$67,515,071 in general government project obligations at June 30, 2011. 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, 2011.

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	\$ 34,714	\$ -
Cemetery cash account	8,083	-
Cafeteria plan cash	31,457	-
Deferred vehicle taxes	690,199	-
Grants, program income	1,269,296	733,191
Facility fees	311,752	-
	<u>\$ 2,345,501</u>	<u>\$ 733,191</u>
Amounts not arising from cash:		
Assessments receivable	\$ 357,221	\$ 909,925
Taxes receivable	2,237,633	-
Loans receivable	2,109,189	56,185,856
	<u>\$ 4,704,043</u>	<u>\$ 57,095,781</u>
 Total	 <u>\$ 7,049,544</u>	 <u>\$ 57,828,972</u>

D. Interfund receivables, payables, and transfers

The composition of interfund balances as June 30, 2011, is as follows:

Due to general fund from:		
Nonmajor governmental funds	\$	3,735,583
Convention center fund		834,619
Total due to general fund	\$	<u>4,570,202</u>
Due to nonmajor governmental funds from:		
General fund	\$	100,456
Nonmajor enterprise funds		56,855
Total due to nonmajor governmental funds	\$	<u>157,311</u>
Due to nonmajor enterprise funds from:		
General fund	\$	17,333
Total due to nonmajor enterprise funds	\$	<u>17,333</u>
Due to internal service funds from:		
General fund	\$	346,190
Total due to internal service funds	\$	<u>346,190</u>
Due to convention center fund from:		
Nonmajor governmental funds	\$	527,582
	\$	<u>527,582</u>
Total interfund balances	\$	<u>5,618,618</u>

The balance of \$4,570,202 due to the general fund includes \$834,619 in interfund loans made in 2010 to provide cash to the convention center to fund the Downtown Amphitheatre facility. The due to general fund balance includes \$3,527,199 of negative special revenue fund (community development \$877,057 and grants fund \$2,650,142) cash reclassified as due to the general fund and a corresponding reduction in general fund cash and a due from other funds. The due to general fund balance also includes \$208,384 due from the grants fund. The balance of \$100,457 due to nonmajor governmental funds consists of \$20,000 due to the miscellaneous capital improvements fund for a reclassification of revenue, as well as \$80,456 for corrections and matching funds due to the grants fund. The general fund also owes \$14,010 to the mass transit fund and \$3,323 to the stormwater fund for proceeds received on the sale of capital assets. The balance of \$346,190 due to the internal service funds represent a reallocation of proceeds from the sale of capital assets to the funds where the assets resided.

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, 2011 is as follows:

Transfers to general fund from:	
Nonmajor governmental funds	\$ 11,604,562
Water and sewer fund	75,000
Convention center funds	31,209
Internal service funds	480,252
Total transfers to general fund	<u>\$ 12,191,023</u>
Transfers to nonmajor governmental funds from:	
General fund	\$ 11,768,369
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>\$ 14,568,369</u>
Transfers to water and sewer fund from:	
General fund	<u>\$ 307,617</u>
Transfers to convention center fund from:	
General fund	\$ 1,585,208
Parking facilities operating fund	70,875
Nonmajor governmental funds	14,219,000
Total transfers to convention center fund	<u>\$ 15,875,083</u>
Transfers to nonmajor enterprise funds from:	
General fund	\$ 15,314,655
Nonmajor governmental funds	3,710,744
Total transfers to nonmajor enterprise funds	<u>\$ 19,025,399</u>
Transfers to internal service funds from:	
General fund	<u>\$ 1,796,891</u>
Total transfers to internal service funds	<u>\$ 1,796,891</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.

The transfer made internally in the general fund between its operating and debt service components was \$37,223,308. This transfer was eliminated as part of the consolidation of the general fund as reported in the basic financial statements.

E. Operating leases

During fiscal year 2010-11 total rental payments on noncancelable operating leases was \$4,791,372. The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2011:

Fiscal Year Ending June 30	
2012	\$ 3,267,573
2013	1,934,447
2014	952,945
2015	430,356
	<u>\$ 6,585,321</u>

F. Long-term obligations

1. General obligation bonds

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

General obligation bonds outstanding at June 30, 2011 are as follows:

Purpose	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2011
Governmental Activities					
Housing-Series 1994B-Taxable	7.9% to 8.0%	9/1/1994	3/1/2011	\$ 2,900,000	\$ -
Housing-Series 1996	5.5% to 5.75%	6/1/1996	6/1/2016	2,280,000	575,000
Housing-Series 1997-Taxable	6.7%	10/1/1997	4/1/2016	3,920,000	1,820,000
GO Refunding, Series 1998	4.0% to 4.2%	12/1/1998	6/1/2012	6,740,000	185,000
Public Improvement, Series 2002	4.0% to 5.0%	6/1/2002	6/1/2021	9,700,000	500,000
Public Improvement, Series 2002A	3.5% to 4.5%	12/1/2002	2/1/2021	2,900,000	175,000
Public Improvement, Series 2002B	3.5% to 4.5%	12/1/2002	2/1/2021	43,000,000	2,700,000
Public Improvement, Series 2002C	4.0%	12/1/2002	2/1/2013	14,905,000	780,000
Public Improvement, Series 2004	2.0% to 4.0%	3/1/2004	4/1/2022	15,000,000	11,850,000
Public Improvement Refunding - Series 2004A	2.0% to 4.0%	3/1/2004	4/1/2016	17,338,150	8,136,820
Housing, Series, 2004B	3.25% to 4.375%	3/1/2004	4/1/2017	7,000,000	3,915,000
Housing Refunding, Series 2004B	3.25% to 4.0%	3/1/2004	4/1/2012	2,355,000	340,000
Street Improvement, Series 2005A	3.5% to 5.0%	8/1/2005	2/1/2023	10,600,000	6,475,000
Public Improvement, Series 2005B	3.5% to 5.0%	8/1/2005	2/1/2023	50,585,000	30,210,000
Housing Series 2007 Taxable	4.95% to 5.4%	3/1/2007	3/1/2027	7,000,000	5,600,000
Public Improvement, Series 2009A	2.25% to 4.25%	3/10/2009	2/1/2029	11,130,000	10,020,000
Public Improvement Refunding - Series 2009B	2.25% to 4.0%	3/11/2009	2/1/2017	13,778,981	9,058,992
Housing, Series 2009C - Taxable	3.5% to 5.5%	3/11/2009	2/1/2029	10,000,000	9,000,000
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	55,365,000
Housing, Series 2009G	3.5% to 5.3%	9/3/2009	2/1/2030	10,000,000	9,500,000
Total Governmental Activities					<u>\$ 213,915,812</u>

General obligation bonds outstanding at June 30, 2011 (continued):

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2011</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	\$ 160,000
Water Refunding, Series 2004A	2.0% to 4.0%	3/1/2004	4/1/2016	6,187,620	2,903,859
Sanitary Sewer Refunding - Series 2004A	2.0% to 4.0%	3/1/2004	4/1/2016	3,674,230	1,724,322
Sanitary Sewer Refunding - Series 2009B	2.25% to 4.0%	3/11/2009	2/1/2017	1,305,737	858,457
Water and Sewer Total					<u>5,646,638</u>
Parking Facilities:					
Parking Facilities Refunding-Series 2009B	2.25% to 4.0%	3/11/2009	2/1/2017	4,445,282	<u>2,922,551</u>
Parking Facilities Total					<u>2,922,551</u>
Total Business-type Activities					<u>\$ 8,569,189</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>
2012	\$ 16,589,910	\$ 9,091,026	\$ 1,890,089	\$ 270,521
2013	16,162,470	8,392,107	1,722,531	194,917
2014	15,969,543	7,796,007	1,605,457	138,152
2015	15,905,143	7,207,142	1,579,857	95,067
2016	15,139,503	6,532,199	1,385,498	50,984
2017-2021	74,929,243	22,674,850	385,757	9,644
2022-2026	42,810,000	8,516,138	-	-
2027-2029	16,410,000	1,236,550	-	-
	<u>\$ 213,915,812</u>	<u>\$ 71,446,019</u>	<u>\$ 8,569,189</u>	<u>\$ 759,285</u>

Status of bond authorizations

The following represent continuing authorization of general obligation bonds, which were unsold at June 30, 2011:

October 11, 2005

Street improvement \$ 30,000,000

October 9, 2007

Parks and recreation 88,600,000

Total \$ 118,600,000

Defeased debt

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, 2011, 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, including \$108,340,000 during fiscal year 2010-11. The bonds are repaid solely from utility user charges. Revenue bonds outstanding at year end are \$643,725,000. The bonds have stated interest rates between 2.25% and 5.0% and one variable rate issue at 4.163% at June 30, 2011. The bonds are payable serially over the next 30 years. Annual debt service requirements for 2010-11 were 22.6% 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
2012	\$ 11,800,000	\$ 30,182,936
2013	12,895,000	29,341,912
2014	15,715,000	28,756,888
2015	19,445,000	28,077,013
2016	20,320,000	27,184,849
2017-2021	116,255,000	121,497,831
2022-2026	132,220,000	93,478,649
2027-2031	150,705,000	61,633,899
2032-2036	138,340,000	25,928,032
2037-2040	26,030,000	3,333,000
	<u>\$ 643,725,000</u>	<u>\$ 449,415,009</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, 2011.

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 \$827,961,545.

Certificates of participation – demand bonds

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

This debt was sold by the Walnut Creek Financing Assistance Corporation, a blended component unit of the City, whose main purpose is to issue certificates of participation for the City. The City has remarketing and standby purchase agreements with banks related to 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 12.0%. The maximum interest, which cannot exceed 12.0%, required for these variable rate certificates through maturity would be \$434,308,800. The following schedule shows the expiration dates, which can be renewed, fees paid in fiscal year 2011 pursuant to the terms of the debt agreements, and the interest rate at year-end for these issues.

<u>Issue</u>	<u>Balance June 30, 2011</u>	<u>Agreement Expiration</u>	<u>Fees Paid FY 2011</u>	<u>Interest Rate June 30, 2011</u>
2004A	\$ 55,000,000	January 5, 2013	\$ 369,323	0.06 %
2005B	\$ 188,425,000	December 26, 2011	\$ 1,265,268	0.06/0.21 %

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

<u>Fiscal Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ -	\$ 11,443,830
2013	-	11,443,830
2014	-	11,489,471
2015	7,360,000	11,421,009
2016	7,695,000	11,101,005
2017-2021	44,110,000	50,269,791
2022-2026	55,410,000	39,723,694
2027-2031	72,045,000	26,440,506
2032-2036	56,805,000	6,287,897
	<u>\$ 243,425,000</u>	<u>\$ 179,621,033</u>

Installment financing agreements

The City has previously entered into installment financing agreements to finance various general governmental capital projects. These debt issues carry fixed interest rates of 5.54% (outdoor amphitheater), 3.0% to 5.25% (downtown improvement projects), and 3.0% to 4.25% (parks projects). During fiscal year 2011 the City issued serial limited obligation bonds of \$46,425,000 to fund the rehabilitation of existing structures and new construction at the Northeast Remote Operations site and the Wilders Grove Solid Waste Services facility. These limited obligation bonds carry fixed coupon interest rates from 3.0% to 5.57%. 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
2012	\$ 10,262,938	\$ 5,435,413
2013	10,362,763	5,053,938
2014	10,456,393	4,652,692
2015	10,549,017	4,253,435
2016	9,688,286	3,882,405
2017-2021	35,044,456	14,797,030
2022-2026	23,785,000	9,395,080
2027-2031	17,080,000	4,889,206
2032-2036	11,530,000	1,279,944
	<u>\$ 138,758,853</u>	<u>\$ 53,639,143</u>

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

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2012	\$ 4,794,336	\$ 383,980
2013	994,336	203,801
2014	994,335	169,279
2015	994,335	134,850
2016	994,335	100,015
2017-2021	2,362,525	217,778
2022-2026	756,424	39,900
2027-2031	125,139	-
	<u>\$ 12,015,765</u>	<u>\$ 1,249,603</u>

The City entered into a revolving loan in the amount of \$139,758 administered by the state, but with funding from the Environmental Protection Agency. This loan is to be repaid in annual payments over 20 years at 0.0% interest. At June 30, 2011, none of the loan funding had been drawn down. Therefore no payments have been made, no liability has been recorded, and none of the annual payments of \$6,988 are reflected in the above schedule.

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%. There are also two variable rate agreements that both had interest rates of 0.19% at June 30, 2011. 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
2012	\$ 3,075,000	\$ 3,383,443
2013	3,215,000	3,308,347
2014	3,325,000	3,372,683
2015	3,435,000	3,249,473
2016	3,530,000	3,138,245
2017-2021	19,105,000	14,630,695
2022-2026	20,150,000	11,688,526
2027-2031	20,870,000	6,983,525
2032-2036	16,295,000	1,852,850
	<u>\$ 93,000,000</u>	<u>\$ 51,607,787</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 final deferred refunding balance of \$41,771 was amortized at June 30, 2011.

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 2.79% to 4.16%. During fiscal year 2011, the City entered into an installment financing agreement for \$11,694,432 that carries an interest rate of 1.75%. 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
2012	\$ 7,917,350	\$ 529,138	\$ 1,992,373	\$ 117,573
2013	4,917,782	297,994	904,782	53,488
2014	4,953,567	175,262	909,378	29,483
2015	2,108,213	65,278	270,723	8,383
2016	2,146,737	26,755	275,670	3,436
	<u>\$ 22,043,649</u>	<u>\$ 1,094,427</u>	<u>\$ 4,352,926</u>	<u>\$ 212,363</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	
	Principal	Interest
2012	\$ 174,677	\$ 20,504
2013	168,441	16,534
2014	55,843	9,120
2015	27,974	1,050
	<u>\$ 426,935</u>	<u>\$ 47,208</u>

Earned vacation pay

At June 30, 2011, earned vacation pay consists of \$18,446,496 for governmental activities and \$2,814,978 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 fiscal year 2011, the third party cost estimate was updated for both postclosure costs and the corrective action plan (CAP) costs associated with ground water violations at the landfill identified in fiscal year 2008. In December 2010, the new cost estimate was filed with the North Carolina Department of Environment and Natural Resources (DENR). The \$5,205,378 reported as landfill postclosure liability as of June 30, 2011 includes the CAP report cost estimate as well as the cost to perform the ongoing 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 22, 2010.

Subsequent debt issuances and bond referendum

In September 2011, the City issued \$33,925,000 general obligation refunding bonds resulting in an economic gain of \$1,951,766. On October 11, 2011, a general obligation bond referendum was approved by the voters for \$40 million in transportation bonds and \$16 million in housing bonds.

4. Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 230,566,537	\$ -	\$ 16,650,725	\$ 213,915,812	\$ 16,589,910
Unamortized premiums - GO bonds	11,635,468	-	967,501	10,667,967	967,501
Deferred refundings - GO bonds	(5,594,578)	-	(619,101)	(4,975,477)	(619,100)
Installment financing agreements	120,966,875	56,793,887	16,531,325	161,229,437	13,373,267
Unamortized premiums on IFA	320,782	1,658,181	187,204	1,791,759	187,204
Earned vacation pay	18,276,006	10,998,159	10,827,669	18,446,496	10,827,669
Landfill postclosure	6,105,812	61,058	961,492	5,205,378	398,979
Total governmental activities	<u>\$ 382,276,902</u>	<u>\$ 69,511,285</u>	<u>\$ 45,506,815</u>	<u>\$ 406,281,372</u>	<u>\$ 41,725,430</u>
<u>Business-type activities:</u>					
General obligation bonds	\$ 10,573,463	\$ -	\$ 2,004,274	\$ 8,569,189	\$ 1,890,089
Unamortized premium - GO bonds	300,715	-	46,291	254,424	46,291
Deferred refundings - GO bonds	(527,376)	-	(97,270)	(430,106)	(97,270)
Revenue bonds	546,250,000	108,340,000	10,865,000	643,725,000	11,800,000
Unamortized premium - Rev. bonds	19,858,505	3,170,506	1,581,753	21,447,258	1,581,753
Deferred refundings - Rev. bonds	(8,555,357)	-	(649,504)	(7,905,853)	(649,504)
Installment financing agreements	361,868,530	1,330,647	10,405,486	352,793,691	9,861,709
Unamortized premiums - IFA	369,093	-	26,355	342,738	26,355
Deferred refundings - IFA	(41,771)	-	(41,771)	-	-
Earned vacation pay	2,744,143	1,921,618	1,850,783	2,814,978	1,850,783
Total business-type activities	<u>\$ 932,839,945</u>	<u>\$ 114,762,771</u>	<u>\$ 25,991,397</u>	<u>\$ 1,021,611,319</u>	<u>\$ 26,310,206</u>

The current year additions to the installment financing agreements include noncash related financing activities in the amount of \$5,102 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 \$270,697 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, 2011, the City had no arbitrage liabilities.

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, 2011, the swap had a negative fair value to the City of \$31,265,674. 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, 2011, 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, 2011, Citibank NA, the counterparty, was rated "A1" 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, 2011, 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
2012	\$ -	\$ 169,583	\$ 8,045,748	\$ 8,215,331
2013	-	169,583	8,045,748	8,215,331
2014	-	169,583	8,045,748	8,215,331
2015-2019	40,300,000	778,599	36,940,197	37,718,796
2020-2024	50,580,000	579,677	27,502,430	28,082,107
2025-2029	63,570,000	329,774	15,645,921	15,975,695
2030-2034	33,975,000	75,299	3,572,496	3,647,795
Total	<u>\$ 188,425,000</u>	<u>\$ 2,272,098</u>	<u>\$ 107,798,288</u>	<u>\$ 110,070,386</u>

*Computed using 4.36% less floating rate paid to the City (0.09% at June 30, 2011) 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, 2011, the swaps had a combined negative fair value to the City of \$18,498,436, 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, 2011, Citigroup and Wells Fargo, the counterparties, were rated "A3"/"A"/"A+" and "A1"/"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, 2011, 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
2012	\$ 3,540,000	\$ 131,949	\$ 5,971,425	\$ 6,103,374
2013	3,665,000	128,763	5,827,241	5,956,004
2014	3,880,000	125,465	5,677,966	5,803,431
2015-2019	22,040,000	571,842	25,879,027	26,450,869
2020-2024	27,415,000	463,401	20,971,470	21,434,871
2025-2029	34,090,000	328,595	14,870,727	15,199,322
2030-2034	42,350,000	161,001	7,286,190	7,447,191
2035	9,630,000	8,667	392,230	400,897
Total	<u>\$ 146,610,000</u>	<u>\$ 1,919,683</u>	<u>\$ 86,876,276</u>	<u>\$ 88,795,959</u>

*Computed using 4.163% less floating rate paid to the City (0.09% at June 30, 2011) 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>		
General Fund	\$ -	\$ 44,831
Nonmajor governmental funds	-	79,620,389
Total governmental	-	79,665,220
 <u>Enterprise</u>		
Water and sewer fund	11,130,095	98,633,689
Parking facilities fund	-	560,988
Nonmajor enterprise funds	7,322,645	-
Total enterprise	18,452,740	99,194,677
 <u>Internal service funds</u>		
Governmental equipment replacement fund	-	7,352,883
Public utilities equipment replacement fund	-	1,044,430
Total internal service fund	-	8,397,313
Total	\$ 18,452,740	\$ 187,257,210

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 self insures the first \$1,000,000 of public officials liability, with excess coverage insurance coverage of \$10,000,000 per occurrence purchased through the private sector.

The City of Raleigh, in accordance with NC General Statute §159-29, maintains a Public Official Bond on The Chief Financial Officer in the amount of \$500,000. In addition, the City carries a Blanket Fidelity Bond for all other employees in the amount of \$500,000. City taxes are collected by the Wake and Durham County tax collectors. Wake and Durham County tax collectors are endorsed onto the City of Raleigh Blanket Fidelity Bond to the extent of their liability for collecting taxes on behalf of the City of Raleigh.

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 \$27,812,204 reported for these two internal service funds at June 30, 2011, 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 2010-11 and 2009-10 are as follows:

	<u>2011</u>	<u>2010</u>
Insurance claims payable, beginning of year	\$ 34,610,133	\$ 34,912,539
Current year claims and changes in estimates	29,790,931	32,368,421
Claim payments	(36,588,860)	(32,670,827)
Insurance claims payable, end of year	<u>\$ 27,812,204</u>	<u>\$ 34,610,133</u>

Insurance claims payable at June 30, 2011 which are due within one year are estimated to be \$40,590,317.

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, 2011 was \$67,220. 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 fiscal year 2010-11 obligation was \$683,895. It is estimated, at this time, that the future annual cost to the City will not exceed \$800,000.

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 now a possibility that this issue will be resolved in 2011 at no cost to the City.

Contingent liabilities – facility fees

The City enters into Thoroughfare Facility Fee Reimbursement contracts that provide developers with contract awards based on the calculated value of the capital contributions to the City. Each contract states minimum amounts that must be paid and recorded as long-term liabilities in the City's entity-wide financial statements. The remaining liability amounts for each contract are paid based on a formula and are contingent on available funds in the facility fee reimbursement account. The total value of the contracts at June 30, 2011 was \$12,949,492. Of this amount, \$3,707,084 was recorded as a liability, and the remaining \$9,242,408 represents a contingent liability.

Contingent liabilities – Charter Square, LLC

On August 12, 2009 the City entered into a tri-party agreement between the City of Raleigh, Charter Square, LLC and Bank of America for the development of Site One, a City owned parcel of land in downtown Raleigh being sold to Charter Square. This agreement was subsequently assigned and amended on December 22, 2010 to replace Bank of America with Americo Financial Life and Annuity Insurance Company.

In these agreements, Charter Square, LLC agreed to construct an office building, pedestrian plaza, and public connector on the Site One property by November 20, 2013. Additionally, should Charter Square fail to meet the milestone of starting construction by September 20, 2012, it was acknowledged that the developer will be unable to meet the project completion milestone date of November 20, 2013. In this case, the City is obligated to repurchase the Site One land for \$5,275,000 and to reimburse construction costs incurred to date, not to exceed \$5,500,000, and other third party project costs, not to exceed \$9,500,000, for a potential maximum obligation to the City of \$20,275,000. As of June 30, 2011, Site One construction has not begun although the developer indicates that planning continues on the project.

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 \$101,247 to the council during the fiscal year ended June 30, 2011. 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, 2011 the City appropriated \$39,350 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, 2011 the balance of the trust maintained by the County was \$1,677,715, which is not available to the City except for current and future projects jointly determined by the City and the County. During fiscal year 2010-11, 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 \$14,144,062 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% 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, 2011. 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, 2011. 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 6.35% and 6.41%, 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, 2011, 2010, and 2009 were \$12,137,748, \$9,061,998, and \$8,711,864 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, 2011 were \$3,386,403 which consisted of \$2,193,496 from the City and \$1,192,907 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, 2010, the separation allowance's membership consisted of:

Retirees and beneficiaries currently receiving benefits	129
Current active employees	<u>768</u>
Total	<u>897</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 \$1,849,503 or 4.2% 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	\$ 2,350,053
Interest paid on pension obligation	(113,535)
Adjustment to annual required contribution	121,566
Annual pension cost	<u>2,358,084</u>
Employer contributions made for current fiscal year	<u>(1,849,503)</u>
Increase in net pension obligation	508,581
Net pension obligation beginning of fiscal year	<u>(2,270,701)</u>
Net Pension obligation end of fiscal year	<u><u>\$ (1,762,120)</u></u>

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) 5.0% 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, 2009	\$ 1,708,927	102.9%	\$ (2,299,028)
June 30, 2010	1,804,092	98.4%	(2,270,701)
June 30, 2011	2,358,084	78.4%	(1,762,120)

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 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, 2010, the plan membership consisted of:
Active members:

Law enforcement officers	768
Firefighters	536
General employees	2,418
Retirees	<u>1,319</u>
Total	<u>5,041</u>

Summary of significant accounting policies:

Funding policy. The City pays the full cost of coverage for health care and life insurance benefits, and a \$100 monthly Medicare supplement for eligible retirees. The City has chosen to fund the plan benefits based on an actuarially determined annual required contribution. For the current year the City contributed \$11,243,180 or 6.0% of the annual covered payroll. Contributions made by retirees for dependent coverage and Medicare supplement premiums were \$1,403,133.

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	\$	11,580,475
Interest paid on OPEB obligation		53,764
Adjustment to annual required contribution		<u>(39,461)</u>
Annual OPEB cost		11,594,778
Employer contributions made for current fiscal year		<u>(11,243,180)</u>
Increase in net OPEB obligation		351,598
Net OPEB obligation beginning of fiscal year		<u>768,054</u>
Net OPEB obligation end of fiscal year	\$	<u><u>1,119,652</u></u>

The annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return and (b) projected medical cost trend rates of 10.5% to 5.0%, including an inflation component of 3.0%.

The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as level percentage of pay on a closed basis. The remaining amortization period was 28 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, 2009	\$ 10,676,945	106.6%	\$ 284,935
June 30, 2010	11,217,531	95.7%	768,054
June 30, 2011	11,594,778	97.0%	1,119,652

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was 11.6% funded. The actuarial accrued liability for benefits was \$25,647,487, and the actuarial value of assets was \$2,967,018, resulting in an unfunded actuarial accrued liability (UAAL) of \$22,680,469. The covered payroll (annual payroll of active employees covered by the plan) was \$43,621,569, and the ratio of UAAL to the covered payroll was 52.0%.

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 fiscal year 2010-11, the City contributed \$3,279,505 to the plan.

E. New Pronouncements

The GASB has issued pronouncements prior to June 30, 2011 which have an effective date that may impact future presentations.

GASB Statement Number 61 was issued in November 2010 titled “The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34”. GASB No. 61 will be effective for the City beginning with its year ended June 30, 2013.

GASB Statement Number 62 was issued in December 2010 titled “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”. GASB No. 62 will be effective for the City beginning with its year ended June 30, 2013.

GASB Statement Number 63 was issued in June 2011 titled "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". GASB No. 63 will be effective for the City beginning with its year ended June 30, 2013.

GASB Statement Number 64 was issued in June 2011 titled "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53". GASB No. 64 will be effective for the City beginning with its year ended June 30, 2012.

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



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]
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
2010*	2,967,018	25,647,487	22,680,469	11.6	43,621,569	52.0

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
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
2011	2,350,053	78.7

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, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increase	4.25% to 7.85%
Includes inflation at	3.00%
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
2010*	10,143,872	150,185,303	140,041,431	6.8	188,427,731	74.3

Notes:

*Information presented as of December 31 actuarial valuation date.

No actuarial report was issued for December 31, 2009.

**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	95.5
2011	11,580,475	97.1

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, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	28 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	7.00%
Medical cost trend rate	
Pre-Medicare trend rate	10.50% to 5.00%
Post-Medicare trend rate	3.00%
Year of ultimate trend rate	2018
*Includes inflation at	3.00%



Combining and Individual Financial Statements and Schedules

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

Included are the following:

- Combining Statements -By Fund
- Individual Fund Schedules with Comparisons to Budget
- Other Schedules -Debt



Nonmajor Governmental Funds

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2011

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 36,257,144	\$ 51,934,044	\$ 88,191,188
Assessments receivable, net of allowance for uncollectibles of \$113,749	-	834,523	834,523
Due from other governmental agencies	12,298,796	1,818,788	14,117,584
Accrued interest receivable	70,048	110,556	180,604
Sales tax receivable	206,701	1,728,947	1,935,648
Due from other funds	137,311	20,000	157,311
Loans receivable	56,185,856	-	56,185,856
Cash and cash equivalents/investments - restricted deposits and bond proceeds	8,489,804	71,130,585	79,620,389
Total assets	<u>\$ 113,645,660</u>	<u>\$ 127,577,443</u>	<u>\$ 241,223,103</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,448,441	\$ 12,720,499	\$ 15,168,940
Accrued salaries and employee payroll taxes	69,208	-	69,208
Loan servicing escrow	427,209	-	427,209
Reimbursable facility fees	-	3,721,868	3,721,868
Other liabilities	-	444,077	444,077
Due to other funds	4,263,165	-	4,263,165
Deferred revenue	56,185,856	909,925	57,095,781
Unearned revenue	733,191	-	733,191
Escrow and other deposits payable from restricted assets	-	98,396	98,396
Total liabilities	<u>64,127,070</u>	<u>17,894,765</u>	<u>82,021,835</u>
Fund balances:			
Restricted for debt service	34,266,396	-	34,266,396
Restricted for public safety	1,910,584	-	1,910,584
Assigned:			
Assigned for subsequent year's appropriation	5,351,375	99,759,308	105,110,683
Assigned for city projects	-	9,923,370	9,923,370
Assigned for community development	6,625,983	-	6,625,983
Assigned for disaster recovery	1,364,252	-	1,364,252
Unassigned	-	-	-
Total fund balances	<u>49,518,590</u>	<u>109,682,678</u>	<u>159,201,268</u>
Total liabilities and fund balances	<u>\$ 113,645,660</u>	<u>\$ 127,577,443</u>	<u>\$ 241,223,103</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Combining Eliminations	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 35,238,422	\$ 11,186,655	\$ -	\$ 46,425,077
Developer participation	-	2,313,392	-	2,313,392
Assessments	-	562,253	-	562,253
Interest on investments	396,276	986,155	-	1,382,431
Facility fees	-	7,309,666	-	7,309,666
Rents	140,119	-	-	140,119
Program income	2,472,968	-	-	2,472,968
Miscellaneous other	557,531	465,375	-	1,022,906
Gain on sale of capital assets	-	896	-	896
Total revenues	<u>38,805,316</u>	<u>22,824,392</u>	<u>-</u>	<u>61,629,708</u>
EXPENDITURES				
General government	4,094,511	-	-	4,094,511
Community development services	8,573,484	-	-	8,573,484
Public works	3,162,519	-	-	3,162,519
Public safety	4,675,296	-	-	4,675,296
Leisure services	4,085,474	-	-	4,085,474
Other expenditures	1,542	-	-	1,542
Economic development programs	3,398,404	-	-	3,398,404
Street paving/sidewalk projects	-	31,074,508	-	31,074,508
Parks and recreation projects	-	19,231,567	-	19,231,567
Walnut creek amphitheater projects	-	303,945	-	303,945
Other public improvements	-	13,718,380	-	13,718,380
Technology capital projects	-	8,998,321	-	8,998,321
Total expenditures	<u>27,991,230</u>	<u>73,326,721</u>	<u>-</u>	<u>101,317,951</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,814,086</u>	<u>(50,502,329)</u>	<u>-</u>	<u>(39,688,243)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,195,136	13,376,000	(2,767)	14,568,369
Transfers out	(14,619,000)	(14,918,073)	2,767	(29,534,306)
Bonds issued	-	46,225,000	-	46,225,000
Premium on bonds issued	-	1,359,612	-	1,359,612
Total other financing sources and uses	<u>(13,423,864)</u>	<u>46,042,539</u>	<u>-</u>	<u>32,618,675</u>
Net change in fund balances	<u>(2,609,778)</u>	<u>(4,459,790)</u>	<u>-</u>	<u>(7,069,568)</u>
Fund balances - beginning	<u>52,128,368</u>	<u>114,142,468</u>	<u>-</u>	<u>166,270,836</u>
Fund balances - ending	<u>\$ 49,518,590</u>	<u>\$ 109,682,678</u>	<u>\$ -</u>	<u>\$ 159,201,268</u>



Special Revenue Funds

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



Special Revenue Funds

Grants Fund (nonmajor fund)

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

Housing Bond Fund (nonmajor fund)

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

Community Development Fund (nonmajor fund)

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

Disaster Recovery Fund (nonmajor fund)

The Disaster Recovery Fund accounts for federal and state reimbursement for disaster recovery activities resulting from various natural disasters and the City's flood mitigation program.

Convention Center Financing Fund (nonmajor fund)

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

Emergency Telephone System Fund (nonmajor fund)

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2011

	<u>Grants Fund</u>	<u>Housing Bond Fund</u>	<u>Community Development Fund</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 3,618,126	\$ -
Due from other governmental agencies	4,736,176	-	1,276,860
Accrued interest receivable	-	-	-
Sales tax receivable	193,186	630	7,834
Due from other funds	127,570	-	9,741
Loans receivable	-	33,195,328	22,990,528
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	8,489,804	-
Total assets	<u>\$ 5,056,932</u>	<u>\$ 45,303,888</u>	<u>\$ 24,284,963</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,398,046	\$ 26,240	\$ 146,469
Accrued salaries and employee payroll taxes	67,169	-	-
Loan servicing escrow	-	156,300	270,909
Due to other funds	2,858,526	-	877,057
Deferred revenue	-	33,195,328	22,990,528
Unearned revenue	733,191	-	-
Total liabilities	<u>5,056,932</u>	<u>33,377,868</u>	<u>24,284,963</u>
Fund balances:			
Restricted:			
Debt service	-	-	-
Public safety	-	-	-
Assigned:			
Assigned for subsequent year's appropriation	-	5,300,037	-
Assigned for community development	-	6,625,983	-
Assigned for disaster recovery	-	-	-
Total fund balances	<u>-</u>	<u>11,926,020</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 5,056,932</u>	<u>\$ 45,303,888</u>	<u>\$ 24,284,963</u>

Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
\$ (1,372,711)	\$ 32,104,521	\$ 1,907,208	\$ 36,257,144
3,662,975	2,622,785	-	12,298,796
-	66,672	3,376	70,048
5,051	-	-	206,701
-	-	-	137,311
-	-	-	56,185,856
-	-	-	-
-	-	-	8,489,804
<u>\$ 2,295,315</u>	<u>\$ 34,793,978</u>	<u>\$ 1,910,584</u>	<u>\$ 113,645,660</u>
\$ 877,686	\$ -	\$ -	\$ 2,448,441
2,039	-	-	69,208
-	-	-	427,209
-	527,582	-	4,263,165
-	-	-	56,185,856
-	-	-	733,191
<u>879,725</u>	<u>527,582</u>	<u>-</u>	<u>64,127,070</u>
-	34,266,396	-	34,266,396
-	-	1,910,584	1,910,584
51,338	-	-	5,351,375
-	-	-	6,625,983
1,364,252	-	-	1,364,252
<u>1,415,590</u>	<u>34,266,396</u>	<u>1,910,584</u>	<u>49,518,590</u>
<u>\$ 2,295,315</u>	<u>\$ 34,793,978</u>	<u>\$ 1,910,584</u>	<u>\$ 113,645,660</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2011**

	Grants Fund	Housing Bond Fund	Community Development Fund
REVENUES			
Intergovernmental	\$ 9,421,754	\$ -	\$ 6,511,091
Interest on investments	-	13,318	-
Rents	-	-	140,119
Program income	-	1,092,013	1,380,955
Miscellaneous other	546,890	10,641	-
Total revenues	<u>9,968,644</u>	<u>1,115,972</u>	<u>8,032,165</u>
EXPENDITURES			
Current:			
General government	426,967	-	-
Community development services	541,319	-	8,032,165
Public works	3,162,519	-	-
Public safety	2,641,920	-	-
Leisure services	3,269,474	-	-
Other expenditures	1,542	-	-
Economic development programs	-	3,398,404	-
Total expenditures	<u>10,043,741</u>	<u>3,398,404</u>	<u>8,032,165</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(75,097)</u>	<u>(2,282,432)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	75,097	-	-
Transfers out	-	(400,000)	-
Total other financing sources and uses	<u>75,097</u>	<u>(400,000)</u>	<u>-</u>
Net change in fund balances	-	(2,682,432)	-
Fund balances beginning	-	14,608,452	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 11,926,020</u>	<u>\$ -</u>

Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
\$ 3,667,544	\$ 14,144,062	\$ 1,493,971	\$ 35,238,422
-	370,127	12,831	396,276
-	-	-	140,119
-	-	-	2,472,968
-	-	-	557,531
<u>3,667,544</u>	<u>14,514,189</u>	<u>1,506,802</u>	<u>38,805,316</u>
3,667,544	-	-	4,094,511
-	-	-	8,573,484
-	-	-	3,162,519
-	-	2,033,376	4,675,296
-	816,000	-	4,085,474
-	-	-	1,542
-	-	-	3,398,404
<u>3,667,544</u>	<u>816,000</u>	<u>2,033,376</u>	<u>27,991,230</u>
-	13,698,189	(526,574)	10,814,086
-	-	1,120,039	1,195,136
-	(14,219,000)	-	(14,619,000)
-	(14,219,000)	1,120,039	(13,423,864)
-	(520,811)	593,465	(2,609,778)
1,415,590	34,787,207	1,317,119	52,128,368
<u>\$ 1,415,590</u>	<u>\$ 34,266,396</u>	<u>\$ 1,910,584</u>	<u>\$ 49,518,590</u>

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

For the Fiscal Year Ended June 30, 2011

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
U.S. Department of Transportation	\$ 2,200,531	\$ 4,799,476	\$ 7,000,007	\$ 9,482,384	\$ (2,482,377)
Corporation for National and Community Service	626,566	513,995	1,140,561	1,418,798	(278,237)
U.S. Department of Justice	1,444,639	1,191,961	2,636,600	3,467,079	(830,479)
U.S. Department of Agriculture	-	15,817	15,817	15,947	(130)
U.S. Department of Energy	38	796,588	796,626	4,419,046	(3,622,420)
U.S. Department of Homeland Security	-	615,165	615,165	1,965,070	(1,349,905)
U.S. Department of the Interior	-	17,600	17,600	22,000	(4,400)
U.S. Department of Commerce	-	45,782	45,782	166,316	(120,534)
Office of National Drug Control Policy	-	40,306	40,306	100,731	(60,425)
State of North Carolina	305,943	1,482,309	1,788,252	1,788,252	-
Wake County	(6,000)	366,061	360,061	435,797	(75,736)
	<u>4,571,717</u>	<u>9,885,060</u>	<u>14,456,777</u>	<u>23,281,420</u>	<u>(8,824,643)</u>
Miscellaneous other	6,000	83,584	89,584	145,993	(56,409)
Total revenues	<u>4,577,717</u>	<u>9,968,644</u>	<u>14,546,361</u>	<u>23,427,413</u>	<u>(8,881,052)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	441,116	75,097	516,213	700,000	(183,787)
Total revenues and other financing sources	<u>\$ 5,018,833</u>	<u>\$ 10,043,741</u>	<u>\$ 15,062,574</u>	<u>\$ 24,127,413</u>	<u>\$ (9,064,839)</u>
EXPENDITURES					
General government	\$ 762,571	\$ 426,967	\$ 1,189,538	\$ 4,236,145	\$ (3,046,607)
Community development services	634,946	541,319	1,176,265	1,323,187	(146,922)
Public works	1,194,096	3,162,519	4,356,615	6,532,626	(2,176,011)
Public safety	2,100,137	2,641,920	4,742,057	5,974,113	(1,232,056)
Leisure services	291,056	3,269,474	3,560,530	6,005,998	(2,445,468)
Other	36,027	1,542	37,569	55,344	(17,775)
Total expenditures	<u>\$ 5,018,833</u>	<u>\$ 10,043,741</u>	<u>\$ 15,062,574</u>	<u>\$ 24,127,413</u>	<u>\$ (9,064,839)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
HOUSING BOND FUND
For the Fiscal Year Ended June 30, 2011**

	<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	\$ -	\$ 13,318	\$ 13,318	\$ -	\$ 13,318
Program income	-	1,092,013	1,092,013	475,000	617,013
Miscellaneous other	-	10,641	10,641	-	10,641
Total revenues	<u>-</u>	<u>1,115,972</u>	<u>1,115,972</u>	<u>475,000</u>	<u>640,972</u>
OTHER FINANCING SOURCES					
Bonds issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,825,000</u>	<u>(6,825,000)</u>
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 1,115,972</u>	<u>\$ 1,115,972</u>	<u>7,300,000</u>	<u>\$ (6,184,028)</u>
Fund balance appropriated				<u>7,823,440</u>	
				<u>\$ 15,123,440</u>	
EXPENDITURES					
Economic development programs	\$ 9,596,760	\$ 3,398,404	\$ 12,995,164	\$ 14,723,440	\$ (1,728,276)
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>\$ 9,596,760</u>	<u>\$ 3,798,404</u>	<u>\$ 13,395,164</u>	<u>\$ 15,123,440</u>	<u>\$ (1,728,276)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
COMMUNITY DEVELOPMENT FUND
For the Fiscal Year Ended June 30, 2011**

	<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	\$ 10,061,052	\$ 6,433,139	\$ 16,494,191	\$ 25,339,196	\$ (8,845,005)
State of North Carolina	213,547	77,952	291,499	292,000	(501)
Rents	274,905	140,119	415,024	362,275	52,749
Program income	2,587,804	1,380,955	3,968,759	3,290,656	678,103
Total revenues	<u>\$ 13,137,308</u>	<u>\$ 8,032,165</u>	<u>\$ 21,169,473</u>	<u>\$ 29,284,127</u>	<u>\$ (8,114,654)</u>
EXPENDITURES					
Community development services	<u>\$ 13,137,308</u>	<u>\$ 8,032,165</u>	<u>\$ 21,169,473</u>	<u>\$ 29,284,127</u>	<u>\$ (8,114,654)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
DISASTER RECOVERY FUND
For the Fiscal Year Ended June 30, 2011**

	<u>Actual</u>		<u>Budget</u>	<u>Over (Under) Budget</u>
	<u>Current Year</u>	<u>Total</u>		
REVENUES				
Intergovernmental:				
Federal Emergency Management Agency	\$ 3,587,197	\$ 3,587,197	\$ 4,670,000	\$ (1,082,803)
NC Department of Transportation	80,347	80,347	100,000	(19,653)
Total revenues	<u>\$ 3,667,544</u>	<u>\$ 3,667,544</u>	4,770,000	<u>\$ (1,102,456)</u>
Fund balance appropriated			1,150,717	
			<u>\$ 5,920,717</u>	
EXPENDITURES				
General government	<u>\$ 3,667,544</u>	<u>\$ 3,667,544</u>	<u>\$ 5,920,717</u>	<u>\$ (2,253,173)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
CONVENTION CENTER FINANCING FUND
For the Fiscal Year Ended June 30, 2011**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
Wake County	\$ 14,144,062	\$ 12,471,000	\$ 1,673,062
Interest on investments	<u>370,127</u>	<u>1,037,000</u>	<u>(666,873)</u>
Total revenues	<u>\$ 14,514,189</u>	13,508,000	<u>\$ 1,006,189</u>
Fund balance appropriated		<u>1,527,000</u>	
		<u>\$ 15,035,000</u>	
EXPENDITURES			
General government	<u>\$ 816,000</u>	<u>\$ 816,000</u>	<u>\$ -</u>
OTHER FINANCING USES			
Transfer to convention center complex operating fund	<u>14,219,000</u>	<u>14,219,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 15,035,000</u>	<u>\$ 15,035,000</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
EMERGENCY TELEPHONE SYSTEM FUND
For the Fiscal Year Ended June 30, 2011**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 1,493,971	\$ 1,490,000	\$ 3,971
Interest on investments	12,831	-	12,831
Total revenues	<u>1,506,802</u>	<u>1,490,000</u>	<u>16,802</u>
OTHER FINANCING SOURCES			
Transfer from general fund	<u>1,120,039</u>	<u>1,120,039</u>	-
Total revenues and other financing sources	<u>\$ 2,626,841</u>	2,610,039	<u>\$ 16,802</u>
Fund balance appropriated		<u>741,607</u>	
		<u>\$ 3,351,646</u>	
EXPENDITURES			
Public Safety	<u>\$ 2,033,376</u>	<u>\$ 3,351,646</u>	<u>\$ (1,318,270)</u>



General Capital Projects Funds

The purpose of the *General Capital Projects Funds* are to account for the financial resources segregated for the acquisition or construction of major general capital assets and facilities. The budgets within these funds are adopted for the life of the 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.



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.

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 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, 2011

	<u>Street Improvement Fund</u>	<u>Street Bond Fund</u>	<u>Sidewalk Fund</u>	<u>Park Improvement Fund</u>	<u>Facility Fees Fund</u>
ASSETS					
Cash and cash equivalents	\$ 13,814,627	\$ 4,877,250	\$ 5,909,000	\$ 4,408,633	\$ 4,301,625
Assessments receivable, net of allowance for uncollectibles of \$ 113,749	834,523	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governmental agencies	1,046,943	-	-	-	-
Accrued interest receivable	44,729	-	11,815	13,503	7,595
Sales tax receivable	299,768	189,129	8,197	116,356	2,693
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	16,562,122	-	-	-
Total assets	<u>16,040,590</u>	<u>21,628,501</u>	<u>5,929,012</u>	<u>4,538,492</u>	<u>4,311,913</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	3,248,636	3,361,585	10,000	289,077	-
Reimbursable facility fees	-	-	-	-	3,721,868
Other liabilities	159,464	-	264,313	15,457	-
Deferred revenue	872,318	-	9,406	28,201	-
Escrow and other deposits payable from restricted assets	85,830	-	-	-	12,566
Total liabilities	<u>4,366,248</u>	<u>3,361,585</u>	<u>283,719</u>	<u>332,735</u>	<u>3,734,434</u>
Fund balances:					
Assigned:					
Assigned for subsequent year's appropriation	10,445,562	16,904,960	4,503,236	3,244,171	-
Assigned for city projects	1,228,780	1,361,956	1,142,057	961,586	577,479
Unassigned	-	-	-	-	-
Total fund balances	<u>11,674,342</u>	<u>18,266,916</u>	<u>5,645,293</u>	<u>4,205,757</u>	<u>577,479</u>
Total liabilities and fund balances	<u>\$ 16,040,590</u>	<u>\$ 21,628,501</u>	<u>\$ 5,929,012</u>	<u>\$ 4,538,492</u>	<u>\$ 4,311,913</u>

<u>Park Bond Fund</u>	<u>Miscellaneous Capital Improvements Fund</u>	<u>Walnut Creek Amphitheater Projects Fund</u>	<u>Technology Capital Projects Fund</u>	<u>Major Public Facilities Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ -	\$ 13,067,600	\$ 2,720,141	\$ 2,610,868	\$ 224,300	\$ 51,934,044
-	-	-	-	-	834,523
-	20,000	-	-	-	20,000
499,251	-	-	-	272,594	1,818,788
-	32,914	-	-	-	110,556
367,163	419,732	3,322	33,411	289,176	1,728,947
<u>7,394,268</u>	<u>7,408,385</u>	<u>-</u>	<u>50</u>	<u>39,765,760</u>	<u>71,130,585</u>
<u>8,260,682</u>	<u>20,948,631</u>	<u>2,723,463</u>	<u>2,644,329</u>	<u>40,551,830</u>	<u>127,577,443</u>
2,448,110	413,198	-	161,619	2,788,274	12,720,499
-	-	-	-	-	3,721,868
-	4,843	-	-	-	444,077
-	-	-	-	-	909,925
-	-	-	-	-	-
-	-	-	-	-	98,396
<u>2,448,110</u>	<u>418,041</u>	<u>-</u>	<u>161,619</u>	<u>2,788,274</u>	<u>17,894,765</u>
5,620,758	18,315,755	727,778	2,481,931	37,515,157	99,759,308
191,814	2,214,835	1,995,685	779	248,399	9,923,370
-	-	-	-	-	-
<u>5,812,572</u>	<u>20,530,590</u>	<u>2,723,463</u>	<u>2,482,710</u>	<u>37,763,556</u>	<u>109,682,678</u>
<u>\$ 8,260,682</u>	<u>\$ 20,948,631</u>	<u>\$ 2,723,463</u>	<u>\$ 2,644,329</u>	<u>\$ 40,551,830</u>	<u>\$ 127,577,443</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2011

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Facility Fees Fund
REVENUES					
Intergovernmental	\$ 9,883,990	\$ -	\$ -	\$ -	\$ -
Developer participation	2,250,892	-	-	-	-
Assessments	480,864	-	81,389	-	-
Interest on investments	349,015	28,400	80,506	109,450	67,620
Facility fees	-	-	-	17,097	4,918,303
Miscellaneous other	213,297	-	39,508	89,752	-
Gain (loss) on sale of capital assets	-	-	-	-	-
Total revenues	<u>13,178,058</u>	<u>28,400</u>	<u>201,403</u>	<u>216,299</u>	<u>4,985,923</u>
EXPENDITURES					
Street paving/sidewalk projects	15,496,332	15,229,173	349,003	-	-
Parks and recreation projects	-	-	-	1,954,080	-
Walnut creek amphitheater projects	-	-	-	-	-
Other public improvements	-	-	-	-	-
Technology capital projects	-	-	-	-	-
Total expenditures	<u>15,496,332</u>	<u>15,229,173</u>	<u>349,003</u>	<u>1,954,080</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,318,274)</u>	<u>(15,200,773)</u>	<u>(147,600)</u>	<u>(1,737,781)</u>	<u>4,985,923</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	4,060,572	1,060,000	664,000	1,000,000	-
Transfers out	(8,416,747)	-	-	(66,240)	(4,244,572)
Bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Total other financing sources and uses	<u>(4,356,175)</u>	<u>1,060,000</u>	<u>664,000</u>	<u>933,760</u>	<u>(4,244,572)</u>
Net change in fund balances	(6,674,449)	(14,140,773)	516,400	(804,021)	741,351
Fund balances beginning	18,348,791	32,407,689	5,128,893	5,009,778	(163,872)
Fund balances - ending	<u>\$ 11,674,342</u>	<u>\$ 18,266,916</u>	<u>\$ 5,645,293</u>	<u>\$ 4,205,757</u>	<u>\$ 577,479</u>

Park Bond Fund	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	Major Public Facilities Fund	Combining Eliminations	Total Nonmajor Capital Projects Funds
\$ 396,526	\$ -	\$ -	\$ 149,769	\$ 756,370	\$ -	\$ 11,186,655
-	62,500	-	-	-	-	2,313,392
-	-	-	-	-	-	562,253
24,906	262,533	-	8,724	55,001	-	986,155
-	-	2,374,266	-	-	-	7,309,666
-	115,129	-	7,689	-	-	465,375
-	896	-	-	-	-	896
<u>421,432</u>	<u>441,058</u>	<u>2,374,266</u>	<u>166,182</u>	<u>811,371</u>	<u>-</u>	<u>22,824,392</u>
-	-	-	-	-	-	31,074,508
17,277,487	-	-	-	-	-	19,231,567
-	-	303,945	-	-	-	303,945
-	3,110,043	-	-	10,608,337	-	13,718,380
-	-	-	8,998,321	-	-	8,998,321
<u>17,277,487</u>	<u>3,110,043</u>	<u>303,945</u>	<u>8,998,321</u>	<u>10,608,337</u>	<u>-</u>	<u>73,326,721</u>
(16,856,055)	(2,668,985)	2,070,321	(8,832,139)	(9,796,966)	-	(50,502,329)
63,473	1,454,000	-	7,322,529	-	(2,248,574)	13,376,000
-	(654,000)	-	(3,785,088)	-	2,248,574	(14,918,073)
-	-	-	-	46,225,000	-	46,225,000
-	-	-	-	1,359,612	-	1,359,612
<u>63,473</u>	<u>800,000</u>	<u>-</u>	<u>3,537,441</u>	<u>47,584,612</u>	<u>-</u>	<u>46,042,539</u>
(16,792,582)	(1,868,985)	2,070,321	(5,294,698)	37,787,646	-	(4,459,790)
22,605,154	22,399,575	653,142	7,777,408	(24,090)	-	114,142,468
<u>\$ 5,812,572</u>	<u>\$ 20,530,590</u>	<u>\$ 2,723,463</u>	<u>\$ 2,482,710</u>	<u>\$ 37,763,556</u>	<u>\$ -</u>	<u>\$ 109,682,678</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STREET IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2011**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 4,837,699	\$ 9,883,990	\$ 14,721,689	\$ 38,780,319	\$ (24,058,630)
Developer participation	295,136	2,250,892	2,546,028	3,883,345	(1,337,317)
Assessments	-	480,864	480,864	850,000	(369,136)
Interest on investments	-	349,015	349,015	210,000	139,015
Miscellaneous other	22,454	213,297	235,751	-	235,751
Total revenues	<u>5,155,289</u>	<u>13,178,058</u>	<u>18,333,347</u>	<u>43,723,664</u>	<u>(25,390,317)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	3,316,000	3,316,000	3,316,000	-
Facility fees fund	-	744,572	744,572	831,961	(87,389)
Total other financing sources	<u>-</u>	<u>4,060,572</u>	<u>4,060,572</u>	<u>4,147,961</u>	<u>(87,389)</u>
Total revenues and other financing sources	<u>\$ 5,155,289</u>	<u>\$ 17,238,630</u>	<u>\$ 22,393,919</u>	47,871,625	<u>\$ (25,477,706)</u>
Fund balance appropriated				64,849,177	
				<u>\$ 112,720,802</u>	
EXPENDITURES					
Street projects	\$ 50,424,525	\$ 15,496,332	\$ 65,920,857	\$ 104,383,525	\$ (38,462,668)
OTHER FINANCING USES					
Transfers to:					
General fund	-	3,265,474	3,265,474	3,491,604	(226,130)
Street bond fund	-	1,060,000	1,060,000	1,060,000	-
Technology capital projects fund	-	380,529	380,529	761,058	(380,529)
Mass transit fund	-	3,710,744	3,710,744	3,024,615	686,129
Total other financing uses	<u>-</u>	<u>8,416,747</u>	<u>8,416,747</u>	<u>8,337,277</u>	<u>79,470</u>
Total expenditures and other financing uses	<u>\$ 50,424,525</u>	<u>\$ 23,913,079</u>	<u>\$ 74,337,604</u>	<u>\$ 112,720,802</u>	<u>\$ (38,383,198)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STREET BOND FUND
For the Fiscal Year Ended June 30, 2011**

	<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	\$ 162,206	\$ -	\$ 162,206	\$ 771,539	\$ (609,333)
Developer participation	-	-	-	390,000	(390,000)
Interest on investments	-	28,400	28,400	340,000	(311,600)
Total revenues	<u>162,206</u>	<u>28,400</u>	<u>190,606</u>	<u>1,501,539</u>	<u>(1,310,933)</u>
OTHER FINANCING SOURCES					
Transfer from street improvement fund	-	1,060,000	1,060,000	1,060,000	-
Bonds issued	-	-	-	27,273,824	(27,273,824)
Total other financing sources	<u>-</u>	<u>1,060,000</u>	<u>1,060,000</u>	<u>28,333,824</u>	<u>(27,273,824)</u>
Total revenues and other financing sources	<u>\$ 162,206</u>	<u>\$ 1,088,400</u>	<u>\$ 1,250,606</u>	29,835,363	<u>\$ (28,584,757)</u>
Fund balance appropriated				87,385,300	
				<u>\$ 117,220,663</u>	
EXPENDITURES					
Street projects	<u>\$ 53,430,620</u>	<u>\$ 15,229,173</u>	<u>\$ 68,659,793</u>	<u>\$ 117,220,663</u>	<u>\$ (48,560,870)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 SIDEWALK FUND
 For the Fiscal Year Ended June 30, 2011**

	<u>Prior</u>	<u>Actual</u>		<u>Over</u>
	<u>Years</u>	<u>Current</u>	<u>Total</u>	<u>(Under)</u>
		<u>Year</u>		<u>Budget</u>
			<u>Budget</u>	<u>Budget</u>
REVENUES				
Intergovernmental:				
State of North Carolina	\$ 86,365	\$ -	\$ 86,365	\$ 755,941
Interest on investments	-	80,506	80,506	45,000
Sidewalk paving assessment	-	81,389	81,389	196,000
Fees in lieu various	-	39,508	39,508	-
	<u>86,365</u>	<u>201,403</u>	<u>287,768</u>	<u>996,941</u>
Total revenues				<u>(709,173)</u>
OTHER FINANCING SOURCES				
Transfers from general fund	-	664,000	664,000	664,000
	<u>-</u>	<u>664,000</u>	<u>664,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 86,365</u>	<u>\$ 865,403</u>	<u>\$ 951,768</u>	1,660,941
				<u>\$ 7,824,113</u>
Fund balance appropriated				6,163,172
				<u>\$ 7,824,113</u>
EXPENDITURES				
Sidewalk projects	<u>\$ 1,426,369</u>	<u>\$ 349,003</u>	<u>\$ 1,775,372</u>	<u>\$ 7,824,113</u>
				<u>\$ (6,048,741)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARK IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2011**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 109,450	\$ 109,450	\$ 15,000	\$ 94,450
Facility fees	14,280	17,097	31,377	-	31,377
Miscellaneous other	21,684	89,752	111,436	26,610	84,826
Total revenues	<u>35,964</u>	<u>216,299</u>	<u>252,263</u>	<u>41,610</u>	<u>210,653</u>
OTHER FINANCING SOURCES					
Transfers from general fund	-	1,000,000	1,000,000	1,000,000	-
Total revenues and other financing sources	<u>\$ 35,964</u>	<u>\$ 1,216,299</u>	<u>\$ 1,252,263</u>	1,041,610	<u>\$ 210,653</u>
Fund balance appropriated				22,764,837	
				<u>\$ 23,806,447</u>	
EXPENDITURES					
Park improvement projects	\$ 18,567,067	\$ 1,954,080	\$ 20,521,147	\$ 23,740,207	\$ (3,219,060)
OTHER FINANCING USES					
Transfers to:					
General fund	-	2,767	2,767	2,767	-
Park bond fund	-	63,473	63,473	63,473	-
Total other financing uses	<u>-</u>	<u>66,240</u>	<u>66,240</u>	<u>66,240</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 18,567,067</u>	<u>\$ 2,020,320</u>	<u>\$ 20,587,387</u>	<u>\$ 23,806,447</u>	<u>\$ (3,219,060)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
FACILITY FEES FUND
For the Fiscal Year Ended June 30, 2011**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 67,620	\$ 67,620	\$ -	\$ 67,620
Facility fees	-	4,918,303	4,918,303	4,331,961	586,342
Total revenues	<u>\$ -</u>	<u>4,985,923</u>	<u>4,985,923</u>	<u>\$ 4,331,961</u>	<u>\$ 653,962</u>
OTHER FINANCING USES					
Transfers to:					
General fund	\$ -	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ -
Street improvement fund	-	744,572	744,572	831,961	(87,389)
Total other financing uses	<u>\$ -</u>	<u>\$ 4,244,572</u>	<u>\$ 4,244,572</u>	<u>\$ 4,331,961</u>	<u>\$ (87,389)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARK BOND FUND
For the Fiscal Year Ended June 30, 2011**

	<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	\$ 570,000	\$ 20,000	\$ 590,000	\$ 8,500,640	\$ (7,910,640)
Wake County	-	-	-	8,900,000	(8,900,000)
Other municipalities	-	376,526	376,526	394,000	(17,474)
Other local sources	-	-	-	50,000	(50,000)
Interest on investments	-	24,906	24,906	285,000	(260,094)
Total revenues	<u>570,000</u>	<u>421,432</u>	<u>991,432</u>	<u>18,129,640</u>	<u>(17,138,208)</u>
OTHER FINANCING SOURCES					
Transfers from park improvement fund	-	63,473	63,473	63,473	-
Bonds issued	-	-	-	78,495,986	(78,495,986)
Total other financing sources	<u>-</u>	<u>63,473</u>	<u>63,473</u>	<u>78,559,459</u>	<u>(78,495,986)</u>
Total revenues and other financing sources	<u>\$ 570,000</u>	<u>\$ 484,905</u>	<u>\$ 1,054,905</u>	96,689,099	<u>\$ (95,634,194)</u>
Fund balance appropriated				60,491,517	
				<u>\$ 157,180,616</u>	
EXPENDITURES					
Park projects	<u>\$ 36,265,952</u>	<u>\$ 17,277,487</u>	<u>\$ 53,543,439</u>	<u>\$ 157,180,616</u>	<u>\$ (103,637,177)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MISCELLANEOUS CAPITAL IMPROVEMENTS FUND
For the Fiscal Year Ended June 30, 2011**

	<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)
Developer participation	-	62,500	62,500	-	62,500
Interest on investments	-	262,533	262,533	125,000	137,533
Miscellaneous income	9,932	115,129	125,061	6,278	118,783
Gain (loss) on sale of capital assets	-	896	896	-	896
Total revenues	<u>61,988</u>	<u>441,058</u>	<u>503,046</u>	<u>305,246</u>	<u>197,800</u>
OTHER FINANCING SOURCES					
Transfers from general fund	-	1,454,000	1,454,000	1,454,000	-
Total revenues and other financing sources	<u>\$ 61,988</u>	<u>\$ 1,895,058</u>	<u>\$ 1,957,046</u>	1,759,246	<u>\$ 197,800</u>
Fund balance appropriated				84,934,419	
				<u>\$ 86,693,665</u>	
EXPENDITURES					
Miscellaneous capital projects	<u>\$ 62,399,538</u>	<u>\$ 3,110,043</u>	<u>\$ 65,509,581</u>	<u>\$ 86,539,665</u>	<u>\$ (21,030,084)</u>
OTHER FINANCING USES					
Transfers to general fund	-	654,000	654,000	154,000	500,000
Total expenditures and other financing uses	<u>\$ 62,399,538</u>	<u>\$ 3,764,043</u>	<u>\$ 66,163,581</u>	<u>\$ 86,693,665</u>	<u>\$ (20,530,084)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 WALNUT CREEK AMPHITHEATER PROJECTS FUND
 For the Fiscal Year Ended June 30, 2011**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Amphitheater rent	\$ -	\$ 2,374,266	\$ 2,374,266	401,677	\$ 1,972,589
Fund balance appropriated				1,911,364	
				<u>\$ 2,313,041</u>	
EXPENDITURES					
Amphitheater capital projects	\$ 1,281,267	\$ 303,945	\$ 1,585,212	\$ 2,313,041	\$ (727,829)

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
TECHNOLOGY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2011**

	<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	\$ 149,769	\$ 358,769	\$ 994,000	\$ (635,231)
Interest on investments	-	8,724	8,724	-	8,724
Miscellaneous other	-	7,689	7,689	-	7,689
Total revenues	<u>209,000</u>	<u>166,182</u>	<u>375,182</u>	<u>994,000</u>	<u>(618,818)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	4,142,000	4,142,000	4,142,000	-
Water and sewer operating fund	-	1,900,000	1,900,000	1,900,000	-
Street improvement fund	-	380,529	380,529	761,058	(380,529)
Parking facilities operating fund	-	450,000	450,000	450,000	-
Stormwater utility operating fund	-	450,000	450,000	450,000	-
Total other financing sources	<u>-</u>	<u>7,322,529</u>	<u>7,322,529</u>	<u>7,703,058</u>	<u>(380,529)</u>
Total revenues and other financing sources	<u>\$ 209,000</u>	<u>\$ 7,488,711</u>	<u>\$ 7,697,711</u>	8,697,058	<u>\$ (999,347)</u>
Fund balance appropriated				46,735,313	
				<u>\$ 55,432,371</u>	
EXPENDITURES					
Technology projects	<u>\$ 37,205,665</u>	<u>\$ 8,998,321</u>	<u>\$ 46,203,986</u>	<u>\$ 51,647,283</u>	<u>\$ (5,443,297)</u>
OTHER FINANCING USES					
Transfers to general fund	<u>-</u>	<u>3,785,088</u>	<u>3,785,088</u>	<u>3,785,088</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 37,205,665</u>	<u>\$ 12,783,409</u>	<u>\$ 49,989,074</u>	<u>\$ 55,432,371</u>	<u>\$ (5,443,297)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 MAJOR PUBLIC FACILITIES FUND
 For the Fiscal Year Ended June 30, 2011**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
American recovery and reinvestment act	\$ 82,325	\$ 756,370	\$ 838,695	\$ 1,206,484	\$ (367,789)
Interest on investments	-	55,001	55,001	-	55,001
Total revenues	<u>82,325</u>	<u>811,371</u>	<u>893,696</u>	<u>1,206,484</u>	<u>(312,788)</u>
OTHER FINANCING SOURCES					
Certificates of participation issued	-	-	-	61,181,230	(61,181,230)
Bonds issued	-	46,225,000	46,225,000	284,172,576	(237,947,576)
Premium on bonds issued	-	1,359,612	1,359,612	-	1,359,612
Total other financing sources	<u>-</u>	<u>47,584,612</u>	<u>47,584,612</u>	<u>345,353,806</u>	<u>(297,769,194)</u>
Total revenues and other financing sources	<u>\$ 82,325</u>	<u>\$ 48,395,983</u>	<u>\$ 48,478,308</u>	346,560,290	<u>\$ (298,081,982)</u>
Fund balance appropriated				<u>29,846,546</u>	
				<u>\$ 376,406,836</u>	
EXPENDITURES					
Miscellaneous capital projects	<u>\$ 22,075,495</u>	<u>\$ 10,608,337</u>	<u>\$ 32,683,832</u>	<u>\$ 376,406,836</u>	<u>\$ (343,723,004)</u>



Enterprise Funds

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

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

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

Enterprise Funds

Water and Sewer Fund (major fund)

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

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 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, 2011**

	<u>Mass Transit Fund</u>	<u>Stormwater Utility Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ (556,412)	\$ 32,909,828	\$ 32,353,416
Customer receivables, net of allowance for uncollectibles of \$287,061	-	1,017,024	1,017,024
Due from transit management	2,598,738	-	2,598,738
Due from other governmental agencies	1,592,145	459,282	2,051,427
Accrued interest receivable	-	74,267	74,267
Sales tax receivable	576,234	183,167	759,401
Due from other funds	14,010	3,323	17,333
Inventories	668,194	-	668,194
Total current assets	<u>4,892,909</u>	<u>34,646,891</u>	<u>39,539,800</u>
Noncurrent assets:			
Restricted cash and cash equivalents	48,980	7,273,665	7,322,645
Capital assets:			
Land and improvements	3,994,684	433,933	4,428,617
Construction in progress	24,080,966	17,102,824	41,183,790
Buildings and machinery	3,798,718	-	3,798,718
Buses	27,142,745	-	27,142,745
Equipment	1,649,959	843,686	2,493,645
Furniture and fixtures	50,046	-	50,046
Improvements	1,426,272	9,774,591	11,200,863
Less accumulated depreciation	<u>(20,249,709)</u>	<u>(2,087,188)</u>	<u>(22,336,897)</u>
Total noncurrent assets	<u>41,942,661</u>	<u>33,341,511</u>	<u>75,284,172</u>
Total assets	<u>46,835,570</u>	<u>67,988,402</u>	<u>114,823,972</u>
LIABILITIES			
Current liabilities:			
Accounts payable	687,415	968,284	1,655,699
Accrued salaries and employee payroll taxes	16,762	118,942	135,704
Deferred contributions from other funds	401,172	-	401,172
Due to other funds	56,855	-	56,855
Other current liabilities	4,000	-	4,000
Total current liabilities	<u>1,166,204</u>	<u>1,087,226</u>	<u>2,253,430</u>
Noncurrent liabilities:			
Escrow and other deposits payable from restricted assets	48,980	7,273,665	7,322,645
Earned vacation pay	38,339	221,089	259,428
Net OPEB liability	2,350	14,102	16,452
Total noncurrent liabilities	<u>89,669</u>	<u>7,508,856</u>	<u>7,598,525</u>
Total liabilities	<u>1,255,873</u>	<u>8,596,082</u>	<u>9,851,955</u>
NET ASSETS			
Invested in capital assets, net of related debt	41,893,681	26,067,844	67,961,525
Unrestricted	3,686,016	33,324,476	37,010,492
Total net assets	<u>\$ 45,579,697</u>	<u>\$ 59,392,320</u>	<u>\$ 104,972,017</u>

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2011

	Mass Transit Fund	Stormwater Utility Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
User charges	\$ 4,644,090	\$ 15,333,385	\$ 19,977,475
Other charges	122,071	322,785	444,856
Total operating revenues	<u>4,766,161</u>	<u>15,656,170</u>	<u>20,422,331</u>
OPERATING EXPENSES			
Administration	701,321	3,126,897	3,828,218
Other facility operating costs	13,491,011	5,973,277	19,464,288
Management contract charges	13,188,234	-	13,188,234
Depreciation	2,867,529	578,741	3,446,270
Other	113,313	381,703	495,016
Total operating expenses	<u>30,361,408</u>	<u>10,060,618</u>	<u>40,422,026</u>
Operating income (loss)	<u>(25,595,247)</u>	<u>5,595,552</u>	<u>(19,999,695)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest on investments	-	377,690	377,690
Subsidy income - federal and state	3,438,002	-	3,438,002
Other revenues	235,550	-	235,550
Gain (loss) on sale of capital assets	-	677	677
Total nonoperating revenues (expenses)	<u>3,673,552</u>	<u>378,367</u>	<u>4,051,919</u>
Income (loss) before contributions and transfers	(21,921,695)	5,973,919	(15,947,776)
Capital contributions	16,693,122	163,832	16,856,954
Transfers in	19,025,399	-	19,025,399
Transfers out	-	(450,000)	(450,000)
Change in net assets	<u>13,796,826</u>	<u>5,687,751</u>	<u>19,484,577</u>
Total net assets, beginning of year	31,782,871	53,704,569	85,487,440
Total net assets, end of year	<u>\$ 45,579,697</u>	<u>\$ 59,392,320</u>	<u>\$ 104,972,017</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2011**

	Mass Transit Fund	Stormwater Utility Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 4,766,161	\$ 15,212,227	\$ 19,978,388
Payments to employees	(697,241)	(3,105,930)	(3,803,171)
Payments to suppliers and service providers	(29,785,069)	(5,610,061)	(35,395,130)
Internal activity - payments from (to) other funds	(3,822,658)	-	(3,822,658)
Other receipts/(payments)	-	(62,241)	(62,241)
Net cash provided by (used in) operating activities	<u>(29,538,807)</u>	<u>6,433,995</u>	<u>(23,104,812)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	19,025,399	-	19,025,399
Operating subsidies and transfers to other funds	-	(450,000)	(450,000)
Operating grants received	2,591,751	-	2,591,751
Other revenues received	235,550	-	235,550
Net cash provided by noncapital financing activities	<u>21,852,700</u>	<u>(450,000)</u>	<u>21,402,700</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	(16,571,522)	(9,627,111)	(26,198,633)
Capital grants and other capital contributions	20,417,780	133,468	20,551,248
Escrow deposits	-	594,956	594,956
Net cash (used in) capital and related financing activities	<u>3,846,258</u>	<u>(8,898,687)</u>	<u>(5,052,429)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	-	566,515	566,515
Net cash provided by investing activities	<u>-</u>	<u>566,515</u>	<u>566,515</u>
Net increase in cash and cash equivalents/investments	(3,839,849)	(2,348,177)	(6,188,026)
Cash and cash equivalents/investments - beginning of year	3,332,417	42,531,670	45,864,087
Cash and cash equivalents/investments - end of year	<u>\$ (507,432)</u>	<u>\$ 40,183,493</u>	<u>\$ 39,676,061</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating income (loss)	\$ (25,595,247)	\$ 5,595,552	\$ (19,999,695)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation expense	2,867,529	578,741	3,446,270
Change in assets and liabilities			
Operating receivables	(20,264)	(121,158)	(141,422)
Sales tax receivable	(460,625)	(140,783)	(601,408)
Inventories	(290,285)	-	(290,285)
Accounts payable and other accrued liabilities	(2,245,458)	503,999	(1,741,459)
Due to other funds	(3,794,737)	(3,323)	(3,798,060)
Escrow and other deposits	(3,800)	-	(3,800)
Earned vacation pay and other payroll liabilities	4,080	20,967	25,047
Total adjustments	<u>(3,943,560)</u>	<u>838,443</u>	<u>(3,105,117)</u>
Net cash provided by (used in) operating activities	<u>\$ (29,538,807)</u>	<u>\$ 6,433,995</u>	<u>\$ (23,104,812)</u>

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

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

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

For the Fiscal Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Water and sewer user charges	\$ 144,181,640	\$ 142,009,496	\$ 2,172,144
Water and sewer services	834,657	922,567	(87,910)
Outside sewer connections	400	39,443	(39,043)
Water and sewer penalties	435,684	501,335	(65,651)
Water and sewer sales - municipalities	305,822	663,696	(357,874)
Capital facility charges	1,700,486	1,244,536	455,950
Water and sewer assessments	186,148	674,638	(488,490)
Acreage connection fees	219,419	250,000	(30,581)
Other sewer and treatment fees	4,827,605	2,984,803	1,842,802
Miscellaneous other	2,104,035	971,432	1,132,603
Total operating revenues	<u>154,795,896</u>	<u>150,261,946</u>	<u>4,533,950</u>
NONOPERATING REVENUES			
Interest on investments	2,413,127	721,650	1,691,477
Other	1,704,940	831,968	872,972
Total nonoperating revenues	<u>4,118,067</u>	<u>1,553,618</u>	<u>2,564,449</u>
OTHER FINANCING SOURCES			
Transfer from general fund	307,617	307,617	-
Bonds Issued	11,757,957	334,600	11,423,357
Total other financing sources	<u>12,065,574</u>	<u>642,217</u>	<u>11,423,357</u>
Total revenues and other financing sources	<u>\$ 170,979,537</u>	<u>152,457,781</u>	<u>\$ 18,521,756</u>
Fund balance appropriated		<u>18,846,535</u>	
		<u>\$ 171,304,316</u>	
EXPENDITURES			
Public utilities:			
Administration	\$ 6,337,998	\$ 6,939,517	\$ (601,519)
Water plant	23,593,264	30,138,430	(6,545,166)
Waste treatment plant	18,592,840	23,369,735	(4,776,895)
Utilities construction	5,272,503	6,182,849	(910,346)
Utilities reuse	4,765,141	6,078,741	(1,313,600)
Meter	4,464,751	5,596,987	(1,132,236)
Warehouse	2,821,765	3,648,185	(826,420)
Repairs and maintenance	1,828,448	2,815,962	(987,514)
	<u>67,676,710</u>	<u>84,770,406</u>	<u>(17,093,696)</u>
Special appropriations:			
Reimbursement to general fund	14,794,190	14,794,734	(544)
Insurance and risk management charges	2,710,524	2,797,172	(86,648)
Other expenditures	2,175,936	12,898,756	(10,722,820)
	<u>19,680,650</u>	<u>30,490,662</u>	<u>(10,810,012)</u>

Continued

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

For the Fiscal Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
EXPENDITURES (CONTINUED)			
Debt service:			
General obligation bonds:			
Principal	\$ 1,254,290	\$ 1,254,290	\$ -
Interest	240,188	240,188	-
Revenue bonds:			
Principal	10,865,000	10,865,000	-
Interest	24,822,751	27,595,910	(2,773,159)
Installment financing agreement	5,960,851	5,960,852	(1)
Escrow expenditures - merged systems' debt	2,620,757	2,656,408	(35,651)
Other expenditures	2,052,318	1,845,600	206,718
	<u>47,816,155</u>	<u>50,418,248</u>	<u>(2,602,093)</u>
OTHER EXPENDITURES			
Refunds and other	103,240	150,000	(46,760)
Total expenditures	<u>135,276,755</u>	<u>165,829,316</u>	<u>(30,552,561)</u>
OTHER FINANCING USES			
Transfers to:			
General fund	75,000	75,000	-
Water capital projects fund	3,300,000	3,300,000	-
Sewer capital projects fund	200,000	200,000	-
Technology capital projects fund	1,900,000	1,900,000	-
Total other financing uses	<u>5,475,000</u>	<u>5,475,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 140,751,755</u>	<u>\$ 171,304,316</u>	<u>\$ (30,552,561)</u>

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

For the Fiscal Year Ended June 30, 2011

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 102,330	\$ 102,330	\$ -	\$ 102,330
OTHER FINANCING SOURCES					
Transfer from:					
Water & sewer operating fund	-	3,300,000	3,300,000	3,300,000	-
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 3,402,330</u>	<u>\$ 3,402,330</u>	3,300,000	<u>\$ 102,330</u>
Fund balance appropriated				12,916,184	
				<u>\$ 16,216,184</u>	
EXPENDITURES					
Water capital projects	<u>\$ 6,481,665</u>	<u>\$ 1,316,723</u>	<u>\$ 7,798,388</u>	<u>\$ 16,216,184</u>	<u>\$ (8,417,796)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SEWER CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2011**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 47,362	\$ 47,362	\$ -	\$ 47,362
Developer participation	94,769	-	94,769	84,716	10,053
Total revenues	<u>94,769</u>	<u>47,362</u>	<u>142,131</u>	<u>84,716</u>	<u>57,415</u>
OTHER FINANCING SOURCES					
Transfer from water and sewer operating fund	-	200,000	200,000	200,000	-
Total revenues and other financing sources	<u>\$ 94,769</u>	<u>\$ 247,362</u>	<u>\$ 342,131</u>	284,716	<u>\$ 57,415</u>
Fund balance appropriated				10,804,648	
				<u>\$ 11,089,364</u>	
EXPENDITURES					
Sewer capital projects	<u>\$ 9,358,256</u>	<u>\$ 791,419</u>	<u>\$ 10,149,675</u>	<u>\$ 11,089,364</u>	<u>\$ (939,689)</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, 2011**

	<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	\$ -	\$ 1,105,136	\$ 1,105,136	\$ 1,526,640	\$ (421,504)
State of North Carolina	66,111	-	66,111	66,111	-
Interest on investments	-	39,359	39,359	500,000	(460,641)
Miscellaneous Other	94,695	-	94,695	332,970	(238,275)
Total revenues	<u>160,806</u>	<u>1,144,495</u>	<u>1,305,301</u>	<u>2,425,721</u>	<u>(1,120,420)</u>
OTHER FINANCING SOURCES					
Premium on bonds issued	-	3,170,506	3,170,506	-	3,170,506
Bonds issued	-	96,582,043	96,582,043	173,456,331	(76,874,288)
Total other financing sources	<u>-</u>	<u>99,752,549</u>	<u>99,752,549</u>	<u>173,456,331</u>	<u>(73,703,782)</u>
Total revenues and other financing sources	<u>\$ 160,806</u>	<u>\$ 100,897,044</u>	<u>\$ 101,057,850</u>	175,882,052	<u>\$ (74,824,202)</u>
Fund balance appropriated				<u>431,218,885</u>	
				<u>\$ 607,100,937</u>	
EXPENDITURES					
Water capital projects	\$ 238,777,742	\$ 10,905,955	\$ 249,683,697	\$ 300,638,858	\$ (50,955,161)
Sewer capital projects	192,668,061	30,227,447	222,895,508	306,462,079	(83,566,571)
Total expenditures	<u>\$ 431,445,803</u>	<u>\$ 41,133,402</u>	<u>\$ 472,579,205</u>	<u>\$ 607,100,937</u>	<u>\$ (134,521,732)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER FUNDS
For the Fiscal Year Ended June 30, 2011**

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	\$ 170,979,537
Water capital projects fund	3,402,330
Sewer capital projects fund	247,362
Water and sewer revenue bond fund	100,897,044
Total current year expenditures and other financing uses - modified accrual basis:	
Water and sewer operating fund	(140,751,755)
Water capital projects fund	(1,316,723)
Sewer capital projects fund	(791,419)
Water and sewer revenue bond fund	<u>(41,133,402)</u>
Excess of revenues and other financing sources under expenditures and other financing uses	91,532,974
Adjustments to full accrual basis:	
Amortization of deferred costs	182,305
Amortization of bond premiums and discounts	1,609,671
Bond and note proceeds	(112,136,200)
Bond and note principal payments	17,674,399
Capital contributions	3,496,457
Capital outlay	43,355,179
Capitalized interest	14,111,100
Depreciation	(31,462,893)
Earned vacation pay expense	(69,615)
Interest expense accrual	(1,938,396)
OPEB expense	(57,948)
Other escrow expenditures	1,095,713
Revenue accruals from receivables	<u>(5,753,384)</u>
Change in net assets per statement of revenues, expenses and changes in net assets	<u>\$ 21,639,362</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER COMPLEX OPERATING FUND**

For the Fiscal Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
User charges:			
Performing arts center	\$ 4,994,238	\$ 6,870,000	\$ (1,875,762)
Convention and civic center	4,954,756	3,451,288	1,503,468
Special events	626,647	203,000	423,647
Downtown amphitheater	597,616	2,372,626	(1,775,010)
Other fees and charges	383,873	690,060	(306,187)
Total user charges	<u>11,557,130</u>	<u>13,586,974</u>	<u>(2,029,844)</u>
Interest on investments	136,284	51,162	85,122
Total revenues	<u>11,693,414</u>	<u>13,638,136</u>	<u>(1,944,722)</u>
OTHER FINANCING SOURCES			
Transfers from:			
General fund	1,385,208	1,385,208	-
Parking operations fund	70,875	70,875	-
Convention center financing fund	14,219,000	14,219,000	-
Total other financing sources	<u>15,675,083</u>	<u>15,675,083</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 27,368,497</u>	29,313,219	<u>\$ (1,944,722)</u>
Fund balance appropriated		<u>2,202,476</u>	
		<u>\$ 31,515,695</u>	
EXPENDITURES			
Administration	\$ 3,485,603	\$ 3,609,316	\$ (123,713)
Convention and civic center	6,448,766	6,874,309	(425,543)
Performing arts center	5,345,656	5,819,395	(473,739)
Downtown amphitheater	827,000	1,856,985	(1,029,985)
Special events	400,484	448,029	(47,545)
Total operating expenditures	<u>16,507,509</u>	<u>18,608,034</u>	<u>(2,100,525)</u>
DEBT SERVICE			
Interest	8,303,052	10,988,830	(2,685,778)
Other debt service costs	1,664,367	1,753,885	(89,518)
Total debt service	<u>9,967,419</u>	<u>12,742,715</u>	<u>(2,775,296)</u>
OTHER FINANCING USES			
Transfer to general fund	<u>31,209</u>	<u>164,946</u>	<u>(133,737)</u>
Total expenditures and other financing uses	<u>\$ 26,506,137</u>	<u>\$ 31,515,695</u>	<u>\$ (5,009,558)</u>

**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, 2011

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Performing arts center donations	\$ -	\$ 125,000	\$ 125,000	\$ -	\$ 125,000
OTHER FINANCING SOURCES					
Transfer from general fund	-	200,000	200,000	200,000	-
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 325,000</u>	<u>\$ 325,000</u>	200,000	<u>\$ 125,000</u>
Fund balance appropriated				879,276	
				<u>\$ 1,079,276</u>	
EXPENDITURES					
Convention center and memorial auditorium projects	<u>\$ 849,513</u>	<u>\$ 79,006</u>	<u>\$ 928,519</u>	<u>\$ 1,079,276</u>	<u>\$ (150,757)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER COMPLEX CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2011**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ 16,144,209	\$ 46,901	\$ 16,191,110	\$ 12,658,139	\$ 3,532,971
Miscellaneous Other	<u>2,047,812</u>	<u>175,430</u>	<u>2,223,242</u>	<u>4,199,128</u>	<u>(1,975,886)</u>
Total revenues	<u>18,192,021</u>	<u>222,331</u>	<u>18,414,352</u>	<u>16,857,267</u>	<u>1,557,085</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	-
Convention center financing fund	16,400,000	-	16,400,000	16,400,000	-
Certificates of participation issued	<u>206,270,588</u>	<u>-</u>	<u>206,270,588</u>	<u>210,000,000</u>	<u>(3,729,412)</u>
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>\$ 241,585,026</u>	<u>\$ 222,331</u>	<u>\$ 241,807,357</u>	243,979,684	<u>\$ (2,172,327)</u>
Fund balance appropriated				<u>368,714</u>	
				<u>\$ 244,348,398</u>	
EXPENDITURES					
New convention center project	<u>\$ 235,846,011</u>	<u>\$ 775,078</u>	<u>\$ 236,621,089</u>	<u>\$ 240,284,778</u>	<u>\$ (3,663,689)</u>
OTHER FINANCING USES					
Transfers to:					
Miscellaneous capital projects fund	579,644	-	579,644	579,644	-
Parking facilities capital projects fund	<u>3,483,976</u>	<u>-</u>	<u>3,483,976</u>	<u>3,483,976</u>	<u>-</u>
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>\$ 239,909,631</u>	<u>\$ 775,078</u>	<u>\$ 240,684,709</u>	<u>\$ 244,348,398</u>	<u>\$ (3,663,689)</u>

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

For the Fiscal Year Ended June 30, 2011

RECONCILIATION OF MODIFIED ACCRUAL TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis (Convention center complex operating fund)	\$ 27,368,497
Total current expenditures and other financing uses - modified accrual basis (Convention center complex operating fund)	(26,506,137)
Total current year revenues and other financing sources - modified accrual basis (Convention center and memorial auditorium projects fund)	325,000
Total current expenditures and other financing uses - modified accrual basis (Convention center and memorial auditorium projects fund)	(79,006)
Total current year revenues and other financing sources - modified accrual basis (Convention center complex capital projects fund)	222,331
Total current expenditures and other financing uses - modified accrual basis (Convention center complex capital projects fund)	<u>(775,078)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	555,607
Adjustments to full accrual basis:	
Amortization deferred issue costs	(67,105)
Capital outlay	850,646
Depreciation	(8,612,218)
Net OPEB pension liability	(9,889)
Vacation expense	<u>1,241</u>
Change in net assets per statement of revenues, expenses and changes in net assets	<u><u>\$ (7,281,718)</u></u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES OPERATING FUND
For the Fiscal Year Ended June 30, 2011**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Parking Fees	\$ 10,258,328	\$ 11,855,758	\$ (1,597,430)
Interest on investments	128,382	49,614	78,768
Miscellaneous other	29,775	-	29,775
Total revenues	<u>10,416,485</u>	<u>11,905,372</u>	<u>(1,488,887)</u>
OTHER FINANCING SOURCES			
Transfer from parking capital projects	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 11,916,485</u>	13,405,372	<u>\$ (1,488,887)</u>
Fund balance appropriated		4,423,633	
		<u>\$ 17,829,005</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 5,443,518</u>	<u>\$ 6,735,869</u>	<u>\$ (1,292,351)</u>
DEBT SERVICE			
Bond principal	749,985	749,985	-
Bond interest	110,503	110,504	(1)
Note principal	2,975,000	2,975,000	-
Note interest	2,527,768	4,096,772	(1,569,004)
Other debt service expenditures	337,011	2,025,000	(1,687,989)
Total debt service	<u>6,700,267</u>	<u>9,957,261</u>	<u>(3,256,994)</u>
OTHER FINANCING USES			
Transfers to:			
Technology capital projects fund	450,000	450,000	-
Parking facilities capital projects fund	615,000	615,000	-
Convention center fund	70,875	70,875	-
Total other financing uses	<u>1,135,875</u>	<u>1,135,875</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 13,279,660</u>	<u>\$ 17,829,005</u>	<u>\$ (4,549,345)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2011**

	<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					
Interest on investments	\$ 1,510,729	\$ 1,578	\$ 1,512,307	\$ 1,300,000	\$ 212,307
Developer participation	2,962,964	174,816	3,137,780	3,355,166	(217,386)
Miscellaneous income	210,593	-	210,593	488,119	(277,526)
Total revenues	<u>4,684,286</u>	<u>176,394</u>	<u>4,860,680</u>	<u>5,143,285</u>	<u>(282,605)</u>
OTHER FINANCING SOURCES					
Transfer from:					
Parking facilities operating fund	-	615,000	615,000	615,000	-
Certifications of participation	63,608,226	-	63,608,226	63,714,000	(105,774)
Premium on certificates of participation	456,697	-	456,697	-	456,697
Total other financing sources	<u>64,064,923</u>	<u>615,000</u>	<u>64,679,923</u>	<u>64,329,000</u>	<u>350,923</u>
Total revenues and other financing sources	<u>\$ 68,749,209</u>	<u>\$ 791,394</u>	<u>\$ 69,540,603</u>	69,472,285	<u>\$ 68,318</u>
Fund balance appropriated				8,857,076	
				<u>\$ 78,329,361</u>	
EXPENDITURES					
Parking facilities capital projects	\$ 74,852,567	\$ 456,253	\$ 75,308,820	\$ 76,829,361	\$ (1,520,541)
OTHER FINANCING USES					
Transfer to:					
Parking facilities operating fund	-	1,500,000	1,500,000	1,500,000	-
Total expenditures and other financing uses	<u>\$ 74,852,567</u>	<u>\$ 1,956,253</u>	<u>\$ 76,808,820</u>	<u>\$ 78,329,361</u>	<u>\$ (1,520,541)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES FUNDS
For the Fiscal Year Ended June 30, 2011**

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis (Parking facilities operating fund)	\$ 11,916,485
Total current year expenditures and other financing uses - modified accrual basis (Parking facilities operating fund)	(13,279,660)
Total current year revenues and other financing sources - modified accrual basis (Parking facilities capital projects fund)	791,394
Total current year expenditures and other financing uses - modified accrual basis (Parking facilities capital projects fund)	<u>(1,956,253)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(2,528,034)
Adjustments to full accrual basis:	
Accrued interest expense	31,511
Amortization of deferred issue costs	(17,686)
Amortization of deferred refunding costs	(62,972)
Amortization of premiums and discounts	44,728
Bond and note principal	3,724,985
Capital outlay	456,253
Depreciation	(3,630,182)
Net OPEB liability	(3,069)
Vacation expense	<u>(2,811)</u>
Change in net assets per statement of revenues, expenses, and changes in net assets	<u>\$ (1,987,277)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND
For the Fiscal Year Ended June 30, 2011**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Farebox	\$ -	\$ 3,967,205	\$ 3,967,205	\$ 4,020,032	\$ (52,827)
ART program fees	-	676,886	676,886	500,000	176,886
Intergovernmental revenue:					
Federal Transit Administration	23,612,681	16,554,281	40,166,962	45,632,697	(5,465,735)
State of North Carolina	748,346	3,576,843	4,325,189	5,031,112	(705,923)
Miscellaneous other	-	122,070	122,070	45,000	77,070
Total revenues	<u>24,361,027</u>	<u>24,897,285</u>	<u>49,258,312</u>	<u>55,228,841</u>	<u>(5,970,529)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	15,314,655	15,314,655	16,381,594	(1,066,939)
Street improvement fund	3,533,348	3,710,744	7,244,092	7,917,287	(673,195)
Total other financing sources	<u>3,533,348</u>	<u>19,025,399</u>	<u>22,558,747</u>	<u>24,298,881</u>	<u>(1,740,134)</u>
Total revenues and other financing sources	<u>\$ 27,894,375</u>	<u>\$ 43,922,684</u>	<u>\$ 71,817,059</u>	79,527,722	<u>\$ (7,710,663)</u>
Fund balance appropriated				<u>2,468,891</u>	
				<u>\$ 81,996,613</u>	
EXPENDITURES					
Mass transit operating expenditures	\$ -	\$ 14,202,011	\$ 14,202,011	\$ 15,089,272	\$ (887,261)
ART program operating expenditures	-	8,534,136	8,534,136	8,387,783	146,353
Capital grant expenditures	30,063,152	21,340,296	51,403,448	58,519,558	(7,116,110)
Total expenditures	<u>\$ 30,063,152</u>	<u>\$ 44,076,443</u>	<u>\$ 74,139,595</u>	<u>\$ 81,996,613</u>	<u>\$ (7,857,018)</u>

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

For the Fiscal Year Ended June 30, 2011

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 43,922,684
Total current year expenditures and other financing uses - modified accrual basis	<u>(44,076,443)</u>
Excess of revenues and other financing sources over expenditures	(153,759)
Adjustments to full accrual basis:	
Capital outlay	16,698,844
Deferred contributions from other funds	235,550
Depreciation	(2,867,529)
Gain/loss on disposal	(113,313)
Net OPEB pension liability	(747)
Vacation expense	<u>(2,220)</u>
Change in net assets per statement of revenues, expenses, and changes in net assets	<u>\$ 13,796,826</u>

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

For the Fiscal Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
User charges	\$ 15,333,385	\$ 14,345,437	\$ 987,948
Interest on investments	-	107,838	(107,838)
Gain on sale of capital assets	677	-	677
Miscellaneous other	292,974	760,000	(467,026)
Total revenues	<u>\$ 15,627,036</u>	<u>15,213,275</u>	<u>\$ 413,761</u>
Fund balance appropriated		751,202	
		<u>\$ 15,964,477</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 10,174,932</u>	<u>\$ 10,944,477</u>	<u>\$ (769,545)</u>
OTHER FINANCING USES			
Transfers to:			
Stormwater utility capital projects fund	4,570,000	4,570,000	-
Technology capital projects fund	450,000	450,000	-
Total other financing uses	<u>5,020,000</u>	<u>5,020,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 15,194,932</u>	<u>\$ 15,964,477</u>	<u>\$ (769,545)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2011**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 377,690	\$ 377,690	\$ -	\$ 377,690
Intergovernmental:					
American Recovery and Reinvestment Act	-	-	-	465,737	(465,737)
Federal Emergency Management Agency	-	-	-	509,996	(509,996)
U.S. EPA	461,468	163,832	625,300	1,797,500	(1,172,200)
State of North Carolina	1,215,963	-	1,215,963	-	1,215,963
Miscellaneous other	29,468	29,810	59,278	-	59,278
Total revenues	<u>1,706,899</u>	<u>571,332</u>	<u>2,278,231</u>	<u>2,773,233</u>	<u>(495,002)</u>
OTHER FINANCING SOURCES					
Transfer from stormwater utility operating fund	-	4,570,000	4,570,000	4,570,000	-
Total revenues and other financing sources	<u>\$ 1,706,899</u>	<u>\$ 5,141,332</u>	<u>\$ 6,848,231</u>	7,343,233	<u>\$ (495,002)</u>
Fund balance appropriated				<u>39,367,513</u>	
				<u>\$ 46,710,746</u>	
EXPENDITURES					
Stormwater capital projects	<u>\$ 13,345,495</u>	<u>\$ 7,753,726</u>	<u>\$ 21,099,221</u>	<u>\$ 46,710,746</u>	<u>\$ (25,611,525)</u>

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

For the Fiscal Year Ended June 30, 2011

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
OTHER FINANCING SOURCES					
Bonds issued	\$ -	\$ -	\$ -	42,458,361	\$ (42,458,361)
Fund balance appropriated				783,390	
				<u>\$ 43,241,751</u>	
EXPENDITURES					
Stormwater capital projects	\$ 783,390	\$ 1,206,937	\$ 1,990,327	\$ 43,241,751	\$ (41,251,424)

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY FUNDS
For the Fiscal Year Ended June 30, 2011**

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis (Stormwater utility operating fund)	\$ 15,627,036
Total current year expenditures and other financing uses - modified accrual basis (Stormwater utility operating fund)	(15,194,932)
Total current year revenues and other financing sources - modified accrual basis (Stormwater utility capital projects fund)	5,141,332
Total current year expenditures and other financing uses - modified accrual basis (Stormwater utility capital projects fund)	(7,753,726)
Total current year revenues and other financing sources - modified accrual basis (Stormwater utility bond fund)	-
Total current year expenditures and other financing uses - modified accrual basis (Stormwater utility bond fund)	<u>(1,206,937)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(3,387,227)
Adjustments to full accrual basis:	
Capital outlay	9,655,633
Depreciation	(578,741)
Earned vacation pay	2,570
Net OPEB pension liability	<u>(4,484)</u>
Change in net assets per statement of revenues, expenses, and changes in net assets	<u><u>\$ 5,687,751</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 operations.



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, 2011

	Print Services Fund	Risk Management Fund	Employees' Health Benefits Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 812,475	\$ 28,536,521	\$ 1,047,458
Accrued interest receivable	-	48,330	22
Sales tax receivable	70,625	3,558	-
Due from other funds	-	-	-
Inventories	-	-	-
Insurance deposit	-	400,000	-
Total current assets	<u>883,100</u>	<u>28,988,409</u>	<u>1,047,480</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Capital assets:			
Buildings and machinery	-	-	-
Equipment	23,496	-	-
Furniture and fixtures	-	-	-
Less accumulated depreciation	(23,496)	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>883,100</u>	<u>28,988,409</u>	<u>1,047,480</u>
LIABILITIES			
Current liabilities:			
Accounts payable	73,736	52,530	-
Accrued salaries and employee payroll taxes	3,775	5,418	-
Accrued interest payable	-	-	-
Claims payable and other liabilities	-	24,367,060	3,445,144
Bonds, notes and loans payable	-	-	-
Total current liabilities	<u>77,511</u>	<u>24,425,008</u>	<u>3,445,144</u>
Noncurrent liabilities			
Bonds, notes and loans payable	-	-	-
Earned vacation pay	10,757	10,842	-
Total noncurrent liabilities	<u>10,757</u>	<u>10,842</u>	<u>-</u>
Total liabilities	<u>88,268</u>	<u>24,435,850</u>	<u>3,445,144</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	794,832	4,552,559	(2,397,664)
Total net assets	<u>\$ 794,832</u>	<u>\$ 4,552,559</u>	<u>\$ (2,397,664)</u>

Governmental Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total June 30, 2011
\$ 247,679	\$ 702,237	\$ 1,455,139	\$ 32,801,509
5,908	2,532	-	56,792
372,892	44,572	524,134	1,015,781
224,171	113,919	8,100	346,190
-	-	750,721	750,721
-	-	-	400,000
<u>850,650</u>	<u>863,260</u>	<u>2,738,094</u>	<u>35,370,993</u>
7,352,883	1,044,430	-	8,397,313
-	-	230,912	230,912
79,357,232	20,337,315	729,668	100,447,711
-	-	5,636	5,636
<u>(55,453,889)</u>	<u>(14,875,487)</u>	<u>(768,050)</u>	<u>(71,120,922)</u>
<u>31,256,226</u>	<u>6,506,258</u>	<u>198,166</u>	<u>37,960,650</u>
<u>32,106,876</u>	<u>7,369,518</u>	<u>2,936,260</u>	<u>73,331,643</u>
-	-	661,748	788,014
-	-	128,322	137,515
15,117	1,941	-	17,058
-	-	-	27,812,204
<u>7,917,350</u>	<u>1,992,373</u>	<u>-</u>	<u>9,909,723</u>
<u>7,932,467</u>	<u>1,994,314</u>	<u>790,070</u>	<u>38,664,514</u>
14,126,300	2,360,553	-	16,486,853
-	-	249,098	270,697
<u>14,126,300</u>	<u>2,360,553</u>	<u>249,098</u>	<u>16,757,550</u>
<u>22,058,767</u>	<u>4,354,867</u>	<u>1,039,168</u>	<u>55,422,064</u>
9,212,576	2,153,331	198,166	11,564,073
835,533	861,320	1,698,926	6,345,506
<u>\$ 10,048,109</u>	<u>\$ 3,014,651</u>	<u>\$ 1,897,092</u>	<u>\$ 17,909,579</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2011**

	Print Services Fund	Risk Management Fund	Employees' Health Benefits Fund
OPERATING REVENUES			
Changes for services - internal	\$ 475,427	\$ 11,749,395	\$ 30,736,759
Other charges	-	675,178	-
Total operating revenues	<u>475,427</u>	<u>12,424,573</u>	<u>30,736,759</u>
OPERATING EXPENSES			
Administration	107,394	742,031	2,836,929
Other facility operating costs	556,815	-	-
Claims	-	7,307,390	29,281,470
Premiums	-	446,639	-
Depreciation	-	-	-
Other	-	-	-
Total operating expenses	<u>664,209</u>	<u>8,496,060</u>	<u>32,118,399</u>
Operating income (loss)	<u>(188,782)</u>	<u>3,928,513</u>	<u>(1,381,640)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest on investments	-	1,498,582	10,422
Gain on actuarial estimate	-	8,902,082	-
Interest expenses	-	-	-
Gain (loss) on sale of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>10,400,664</u>	<u>10,422</u>
Income (loss) before transfers	(188,782)	14,329,177	(1,371,218)
Transfers in	296,891	-	1,500,000
Transfers out	-	-	(180,252)
Change in net assets	<u>108,109</u>	<u>14,329,177</u>	<u>(51,470)</u>
Total net assets, beginning of year	686,723	(9,776,618)	(2,346,194)
Total net assets, end of year	<u>\$ 794,832</u>	<u>\$ 4,552,559</u>	<u>\$ (2,397,664)</u>

Governmental Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
\$ 8,219,297	\$ 2,085,835	\$ 14,342,317	\$ 67,609,030
-	-	(3,522,636)	(3,882,580)
-	-	(10,432,744)	(14,318,514)
-	-	(8,100)	(8,100)
-	-	-	(34,484,707)
-	-	-	(446,639)
(422,713)	(155,992)	(242,800)	(146,327)
<u>7,796,584</u>	<u>1,929,843</u>	<u>136,037</u>	<u>14,322,163</u>
-	-	-	1,796,891
(300,000)	-	-	(480,252)
<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>1,316,639</u>
(5,500,655)	(627,023)	(548)	(6,128,226)
10,363,786	1,330,647	-	11,694,433
(5,916,858)	(1,735,086)	-	(7,651,944)
(680,687)	(195,836)	-	(876,523)
<u>(1,734,414)</u>	<u>(1,227,298)</u>	<u>(548)</u>	<u>(2,962,260)</u>
133,171	59,821	17,525	1,743,863
<u>133,171</u>	<u>59,821</u>	<u>17,525</u>	<u>1,743,863</u>
5,895,341	762,366	153,014	14,420,405
1,705,221	984,301	1,302,125	26,778,417
<u>\$ 7,600,562</u>	<u>\$ 1,746,667</u>	<u>\$ 1,455,139</u>	<u>\$ 41,198,822</u>
\$ 671,074	\$ 9,649	\$ 301,574	\$ 3,340,388
7,552,373	2,056,209	24,932	9,633,514
(202,692)	(22,096)	(242,800)	(499,622)
-	-	(88,125)	(88,125)
-	-	114,218	2,252,766
(224,171)	(113,919)	(8,100)	(346,190)
-	-	34,338	29,432
<u>7,125,510</u>	<u>1,920,194</u>	<u>(165,537)</u>	<u>10,981,775</u>
<u>\$ 7,796,584</u>	<u>\$ 1,929,843</u>	<u>\$ 136,037</u>	<u>\$ 14,322,163</u>

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

For the Fiscal Year Ended June 30, 2011

	Print Services Fund	Risk Management Fund	Employees' Health Benefits Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 475,427	\$ 11,749,395	\$ 30,736,759
Payments to employees	(105,357)	(254,587)	-
Payments to suppliers and service providers	(542,225)	(506,616)	(2,836,929)
Internal activity - payments from (to) other funds	-	-	-
Claims paid	-	(5,349,094)	(29,135,613)
Premiums paid	-	(446,639)	-
Other receipts/(payments)	-	675,178	-
Net cash provided by (used in) operating activities	<u>(172,155)</u>	<u>5,867,637</u>	<u>(1,235,783)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	296,891	-	1,500,000
Operating subsidies and transfers to other funds	-	-	(180,252)
Net cash provided by (used in) noncapital financing activities	<u>296,891</u>	<u>-</u>	<u>1,319,748</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	-	-	-
Proceeds from capital debt	-	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	2,658	1,520,288	10,400
Net cash provided by (used in) investing activities	<u>2,658</u>	<u>1,520,288</u>	<u>10,400</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>127,394</u>	<u>7,387,925</u>	<u>94,365</u>
Cash and cash equivalents/investments			
Beginning of year	685,081	21,148,596	953,093
End of year	<u>\$ 812,475</u>	<u>\$ 28,536,521</u>	<u>\$ 1,047,458</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (188,782)	\$ 3,928,513	\$ (1,381,640)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	-	-
Sales tax receivable	(28,773)	(3,261)	-
Inventories	-	-	-
Accounts payable and other accrued liabilities	44,111	1,948,580	145,857
Due to/from other funds	-	-	-
Earned vacation pay and other payroll liabilities	1,289	(6,195)	-
Total adjustments	<u>16,627</u>	<u>1,939,124</u>	<u>145,857</u>
Net cash provided by (used in) operating activities	<u>\$ (172,155)</u>	<u>\$ 5,867,637</u>	<u>\$ (1,235,783)</u>

Governmental Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
\$ 8,219,297	\$ 2,085,835	\$ 14,342,317	\$ 67,609,030
-	-	(3,522,636)	(3,882,580)
-	-	(10,432,744)	(14,318,514)
-	-	(8,100)	(8,100)
-	-	-	(34,484,707)
-	-	-	(446,639)
(422,713)	(155,992)	(242,800)	(146,327)
<u>7,796,584</u>	<u>1,929,843</u>	<u>136,037</u>	<u>14,322,163</u>
-	-	-	1,796,891
(300,000)	-	-	(480,252)
<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>1,316,639</u>
(5,500,655)	(627,023)	(548)	(6,128,226)
10,363,786	1,330,647	-	11,694,433
(5,916,858)	(1,735,086)	-	(7,651,944)
(680,687)	(195,836)	-	(876,523)
<u>(1,734,414)</u>	<u>(1,227,298)</u>	<u>(548)</u>	<u>(2,962,260)</u>
133,171	59,821	17,525	1,743,863
<u>133,171</u>	<u>59,821</u>	<u>17,525</u>	<u>1,743,863</u>
5,895,341	762,366	153,014	14,420,405
1,705,221	984,301	1,302,125	26,778,417
<u>\$ 7,600,562</u>	<u>\$ 1,746,667</u>	<u>\$ 1,455,139</u>	<u>\$ 41,198,822</u>
\$ 671,074	\$ 9,649	\$ 301,574	\$ 3,340,388
7,552,373	2,056,209	24,932	9,633,514
(202,692)	(22,096)	(242,800)	(499,622)
-	-	(88,125)	(88,125)
-	-	114,218	2,252,766
(224,171)	(113,919)	(8,100)	(346,190)
-	-	34,338	29,432
<u>7,125,510</u>	<u>1,920,194</u>	<u>(165,537)</u>	<u>10,981,775</u>
<u>\$ 7,796,584</u>	<u>\$ 1,929,843</u>	<u>\$ 136,037</u>	<u>\$ 14,322,163</u>



Fiduciary Funds

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

The City's fiduciary funds include 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.



Fiduciary Funds

Supplemental Money Purchase Pension Plan Fund

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

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, 2011

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits Trust	Total June 30, 2011
ASSETS				
Cash and cash equivalents	\$ 35,470,163	\$ 2,439,050	\$ 13,262,178	\$ 51,171,391
Accrued interest receivable	-	13,925	36,722	50,647
Total assets	<u>35,470,163</u>	<u>2,452,975</u>	<u>13,298,900</u>	<u>51,222,038</u>
LIABILITIES				
Claims payable	-	-	508,712	508,712
Total liabilities	<u>-</u>	<u>-</u>	<u>508,712</u>	<u>508,712</u>
NET ASSETS				
Held in trust for employees' retirement and other post- employment benefits	<u>\$ 35,470,163</u>	<u>\$ 2,452,975</u>	<u>\$ 12,790,188</u>	<u>\$ 50,713,326</u>

**COMBINING STATEMENT OF CHANGES
IN PLAN NET ASSETS
PENSION TRUST FUNDS
For the Fiscal Year Ended June 30, 2011**

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Allowance	Other Post Employment Benefits Trust	Total
ADDITIONS				
Employer contributions	\$ 3,279,505	\$ 1,849,503	\$ 11,243,180	\$ 16,372,188
Retiree contributions	-	-	1,403,134	1,403,134
Interest	561,222	22,959	308,817	892,998
Net increase (decrease) in the fair value of investments	5,100,676	220,014	419,065	5,739,755
Less investment expense	(48,935)	-	-	(48,935)
Total additions	<u>8,892,468</u>	<u>2,092,476</u>	<u>13,374,196</u>	<u>24,359,140</u>
DEDUCTIONS				
Benefits	1,107,997	2,554,999	9,861,730	13,524,726
Withdrawals and forfeitures	53,373	-	-	53,373
Total deductions	<u>1,161,370</u>	<u>2,554,999</u>	<u>9,861,730</u>	<u>13,578,099</u>
Change in net assets restricted for: Employees' retirement and other post-employment benefits	7,731,098	(462,523)	3,512,466	10,781,041
Net assets, beginning of year	<u>27,739,065</u>	<u>2,915,498</u>	<u>9,277,722</u>	<u>39,932,285</u>
Net assets, end of year	<u>\$ 35,470,163</u>	<u>\$ 2,452,975</u>	<u>\$ 12,790,188</u>	<u>\$ 50,713,326</u>



Other Schedules

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

**SCHEDULE OF LONG-TERM OBLIGATION MATURITIES
AND DEBT SERVICE REQUIREMENTS**
June 30, 2011

Maturities on all long-term obligations are:

General Obligation Bonded Debt: Fiscal Year Ended June 30	Enterprise					
	Water and Sewer		Convention Center		Parking Facilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,217,493	\$ 190,017	\$ -	\$ -	\$ 672,596	\$ 80,504
2013	1,186,502	141,317	-	-	536,029	53,600
2014	1,081,947	96,612	-	-	523,510	41,540
2015	1,067,728	65,307	-	-	512,129	29,760
2016	1,005,384	34,027	-	-	380,114	16,957
2017-2021	87,584	2,190	-	-	298,173	7,454
2022-2026	-	-	-	-	-	-
2027-2029	-	-	-	-	-	-
Total General Obligation Bonded Debt	5,646,638	529,470	-	-	2,922,551	229,815
Revenue Bonds:						
2012	11,800,000	30,182,936	-	-	-	-
2013	12,895,000	29,341,912	-	-	-	-
2014	15,715,000	28,756,888	-	-	-	-
2015	19,445,000	28,077,013	-	-	-	-
2016	20,320,000	27,184,849	-	-	-	-
2017-2021	116,255,000	121,497,831	-	-	-	-
2022-2026	132,220,000	93,478,649	-	-	-	-
2027-2031	150,705,000	61,633,899	-	-	-	-
2032-2036	138,340,000	25,928,032	-	-	-	-
2037-2040	26,030,000	3,333,000	-	-	-	-
Total Revenue Bonded Debt	643,725,000	449,415,009	-	-	-	-
Other Long-Term Obligations:						
Installment Financing Agreement:						
2012	4,794,336	383,980	-	11,443,830	3,075,000	3,383,443
2013	994,336	203,801	-	11,443,830	3,215,000	3,308,347
2014	994,335	169,279	-	11,489,471	3,325,000	3,372,683
2015	994,335	134,850	7,360,000	11,421,009	3,435,000	3,249,473
2016	994,335	100,015	7,695,000	11,101,005	3,530,000	3,138,245
2017-2021	2,362,525	217,778	44,110,000	50,269,791	19,105,000	14,630,695
2022-2026	756,424	39,900	55,410,000	39,723,694	20,150,000	11,688,526
2027-2031	125,139	-	72,045,000	26,440,506	20,870,000	6,983,525
2032-2036	-	-	56,805,000	6,287,897	16,295,000	1,852,850
	12,015,765	1,249,603	243,425,000	179,621,033	93,000,000	51,607,787

Other Enterprise		General Governmental		Internal Service		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ -	\$ -	\$ 16,589,910	\$ 9,091,026	\$ -	\$ -	\$ 18,479,999	\$ 9,361,547
-	-	16,162,470	8,392,107	-	-	17,885,001	8,587,024
-	-	15,969,543	7,796,007	-	-	17,575,000	7,934,159
-	-	15,905,143	7,207,142	-	-	17,485,000	7,302,209
-	-	15,139,503	6,532,199	-	-	16,525,001	6,583,183
-	-	74,929,243	22,674,850	-	-	75,315,000	22,684,494
-	-	42,810,000	8,516,138	-	-	42,810,000	8,516,138
-	-	16,410,000	1,236,550	-	-	16,410,000	1,236,550
-	-	213,915,812	71,446,019	-	-	222,485,001	72,205,304
-	-	-	-	-	-	11,800,000	30,182,936
-	-	-	-	-	-	12,895,000	29,341,912
-	-	-	-	-	-	15,715,000	28,756,888
-	-	-	-	-	-	19,445,000	28,077,013
-	-	-	-	-	-	20,320,000	27,184,849
-	-	-	-	-	-	116,255,000	121,497,831
-	-	-	-	-	-	132,220,000	93,478,649
-	-	-	-	-	-	150,705,000	61,633,899
-	-	-	-	-	-	138,340,000	25,928,032
-	-	-	-	-	-	26,030,000	3,333,000
-	-	-	-	-	-	643,725,000	449,415,009
-	-	10,262,938	5,435,413	9,909,724	646,711	28,041,998	21,293,377
-	-	10,362,763	5,053,938	5,822,564	351,482	20,394,663	20,361,398
-	-	10,456,393	4,652,692	5,862,945	204,745	20,638,673	19,888,870
-	-	10,549,017	4,253,435	2,378,936	73,661	24,717,288	19,132,428
-	-	9,688,286	3,882,405	2,422,406	30,191	24,330,027	18,251,861
-	-	35,044,456	14,797,030	-	-	100,621,981	79,915,294
-	-	23,785,000	9,395,080	-	-	100,101,424	60,847,200
-	-	17,080,000	4,889,206	-	-	110,120,139	38,313,237
-	-	11,530,000	1,279,944	-	-	84,630,000	9,420,691
-	-	138,758,853	53,639,143	26,396,575	1,306,790	513,596,193	287,424,356

Continued

**SCHEDULE OF LONG-TERM OBLIGATION MATURITIES
AND DEBT SERVICE REQUIREMENTS**
June 30, 2011

Maturities on all long-term obligations are:

	Enterprise					
	Water and Sewer		Convention Center		Parking Facilities	
<u>Other Long-Term Obligations:</u>						
<i>Continued:</i>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Other Installment Obligations:						
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other:						
Earned Vacation Pay (1)	1,960,118	-	528,222	-	67,210	-
Landfill Postclosure Costs (1)	-	-	-	-	-	-
	<u>1,960,118</u>	<u>-</u>	<u>528,222</u>	<u>-</u>	<u>67,210</u>	<u>-</u>
Total Other Long-Term Obligations	<u>13,975,883</u>	<u>1,249,603</u>	<u>243,953,222</u>	<u>179,621,033</u>	<u>93,067,210</u>	<u>51,607,787</u>
Total Long-Term Obligations	<u>\$ 663,347,521</u>	<u>\$ 451,194,082</u>	<u>\$ 243,953,222</u>	<u>\$ 179,621,033</u>	<u>\$ 95,989,761</u>	<u>\$ 51,837,602</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>
\$ -	\$ -	\$ 174,677	\$ 20,504	\$ -	\$ -	\$ 174,677	\$ 20,504
-	-	168,441	16,534	-	-	168,441	16,534
-	-	55,843	9,120	-	-	55,843	9,120
-	-	27,974	1,050	-	-	27,974	1,050
-	-	<u>426,935</u>	<u>47,208</u>	-	-	<u>426,935</u>	<u>47,208</u>
259,428	-	18,175,801	-	270,695	-	21,261,474	-
-	-	5,205,378	-	-	-	5,205,378	-
<u>259,428</u>	<u>-</u>	<u>23,381,179</u>	<u>-</u>	<u>270,695</u>	<u>-</u>	<u>26,466,852</u>	<u>-</u>
259,428	-	162,566,967	53,686,351	26,667,270	1,306,790	540,489,980	287,471,564
<u>\$ 259,428</u>	<u>\$ -</u>	<u>\$ 376,482,779</u>	<u>\$ 125,132,370</u>	<u>\$ 26,667,270</u>	<u>\$ 1,306,790</u>	<u>\$ 1,406,699,981</u>	<u>\$ 809,091,877</u>

SCHEDULE OF GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2011

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2010</u>	<u>Issued During Year</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>				
Housing, Series 1994B Taxable	8.00	9/01/94	\$ 50,000	\$ -
Housing, Series 1996, Taxable	5.60 - 5.75	6/01/96	690,000	-
Housing, Series 1997, Taxable	6.70	10/01/97	2,020,000	-
G. O. Refunding, Series 1998	4.20	12/01/98	525,000	-
Public Improvement, Series 2002	4.50	06/01/02	1,000,000	-
Public Improvement, Series 2002A	4.00	12/01/02	350,000	-
Public Improvement, Series 2002B	4.00	12/01/02	5,400,000	-
Public Improvement Refunding, Series 2002C	4.00	12/01/02	1,135,000	-
Public Improvement, Series 2004	3.00 - 4.00	3/01/04	12,300,000	-
Public Improvement Refunding, Series 2004A	3.00 - 4.00	3/01/04	9,822,827	-
Housing, Series 2004B, Taxable	3.75 - 4.375	3/01/04	4,570,000	-
Housing Refunding, Series 2004B, Taxable	3.75 - 4.00	3/01/04	435,000	-
Street Improvement, Series 2005A	3.50 - 4.50	8/01/05	6,950,000	-
Public Improvement, Series 2005B	3.50 - 4.50	8/01/05	32,535,000	-
Housing, Series 2007, Taxable	4.95 - 5.40	3/01/07	5,950,000	-
Public Improvement, Series 2009A	2.25 - 4.25	3/10/09	10,575,000	-
Public Improvement Refunding, Series 2009B	2.25 - 4.00	3/11/09	11,383,710	-
Housing, Series 2009C Taxable	3.50 - 5.50	3/11/09	9,500,000	-
General Obligation Refunding, Series 2009D	3.50 - 5.00	7/28/09	33,530,000	-
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, Taxable	3.50 - 5.30	9/03/09	10,000,000	-
Total General Obligation Bonded Debt			<u>230,566,537</u>	<u>-</u>
<u>OTHER GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreement			102,540,593	46,425,000
Other Installment Obligations			830,093	5,102
Earned Vacation Pay			18,010,276	10,820,998
Landfill closure and Postclosure Costs			6,105,812	61,058
Total Other General Governmental Long-Term Obligations			<u>127,486,774</u>	<u>57,312,158</u>
Total General Governmental Long-Term Obligations			<u>\$ 358,053,311</u>	<u>\$ 57,312,158</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 2010-2011		Principal Balance June 30, 2011	Due Fiscal 2011-2012		
Principal	Interest		Principal	Interest	Total
\$ 50,000	\$ 4,000	\$ -	\$ -	\$ -	\$ -
115,000	39,157	575,000	115,000	32,717	147,717
200,000	135,340	1,820,000	200,000	121,940	321,940
340,000	22,050	185,000	185,000	7,770	192,770
500,000	45,000	500,000	500,000	22,500	522,500
175,000	14,000	175,000	175,000	7,000	182,000
2,700,000	216,000	2,700,000	2,700,000	108,000	2,808,000
355,000	45,400	780,000	355,000	31,200	386,200
450,000	463,125	11,850,000	450,000	449,625	899,625
1,686,008	348,683	8,136,820	1,670,072	281,243	1,951,315
655,000	192,556	3,915,000	410,000	167,994	577,994
95,000	17,162	340,000	340,000	13,600	353,600
475,000	287,437	6,475,000	550,000	270,812	820,812
2,325,000	1,344,300	30,210,000	2,650,000	1,262,925	3,912,925
350,000	309,575	5,600,000	350,000	292,250	642,250
555,000	348,151	10,020,000	555,000	335,663	890,663
2,324,718	342,526	9,058,992	2,084,838	249,537	2,334,375
500,000	439,500	9,000,000	500,000	422,000	922,000
-	1,485,750	33,530,000	-	1,485,750	1,485,750
-	674,650	14,180,000	-	674,650	674,650
2,300,000	2,464,600	55,365,000	2,300,000	2,418,600	4,718,600
500,000	452,750	9,500,000	500,000	435,250	935,250
<u>16,650,726</u>	<u>9,691,712</u>	<u>213,915,812</u>	<u>16,589,910</u>	<u>9,091,026</u>	<u>25,680,936</u>
10,206,740	4,259,358	138,758,853	10,262,938	5,435,413	15,698,351
408,260	15,990	426,935	174,677	20,504	195,181
10,655,473	-	18,175,801	- (1)	-	-
961,492	-	5,205,378	-	-	-
<u>22,231,965</u>	<u>4,275,348</u>	<u>162,566,967</u>	<u>10,437,615</u>	<u>5,455,917</u>	<u>15,893,532</u>
<u>\$ 38,882,691</u>	<u>\$ 13,967,060</u>	<u>\$ 376,482,779</u>	<u>\$ 27,027,525</u>	<u>\$ 14,546,943</u>	<u>\$ 41,574,468</u>

SCHEDULE OF ENTERPRISE LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2011

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2010</u>	<u>Issued During Year</u>
<u>WATER AND SEWER</u>				
<u>GENERAL OBLIGATION BONDS PAYABLE</u>				
Sanitary Sewer Refunding, Series 2002C	4.00	12/01/02	\$ 235,000	\$ -
Water Refunding, Series 2004A	3.00 - 4.00	03/01/04	3,505,559	-
Sanitary Sewer Refunding, Series 2004A	3.00 - 4.00	03/01/04	2,081,614	-
Sanitary Sewer Refunding, Series 2009B	2.25 - 4.00	03/11/09	1,078,754	-
Total Water and Sewer General Obligation Debt			<u>6,900,927</u>	<u>-</u>
<u>REVENUE BONDS PAYABLE</u>				
Water/Sewer, Series 2001	4.125	01/01/01	745,000	-
Water/Sewer, Series 2004	5.00	05/04/04	45,350,000	-
Water/Sewer Refunding, Series 2005	5.00	05/05/05	36,865,000	-
Water/Sewer, Series 2006A	4.00 - 5.00	10/10/06	186,275,000	-
Water/Sewer Refunding, Series 2006B	3.90 - 4.25	10/10/06	58,270,000	-
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	-
Water/Sewer, Series 2011	3.00 - 5.00	02/10/11	-	108,340,000
Total Water and Sewer Revenue Debt			<u>546,250,000</u>	<u>108,340,000</u>
<u>OTHER WATER AND SEWER LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreement			17,371,500	-
Other Installment Obligations			199,375	-
Reimbursement Contracts - Water and Sewer Lines			-	-
Earned Vacation Pay			1,890,503	1,380,781
Total Other Water and Sewer Long-Term Obligations			<u>19,461,378</u>	<u>1,380,781</u>
Total Water and Sewer Long-Term Obligations			<u>572,612,305</u>	<u>109,720,781</u>
<u>PARKING FACILITIES FUND</u>				
Parking Facilities Refunding Series 2009B	2.25 - 4.00	03/11/09	3,672,536	-
Total Parking Facilities General Obligation Bonded Debt			<u>3,672,536</u>	<u>-</u>
<u>OTHER PARKING FACILITIES LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreements			95,975,000	-
Earned Vacation Pay			64,399	54,947
Total Other Parking Facilities Long-Term Obligations			<u>96,039,399</u>	<u>54,947</u>
Total Parking Facilities Long-Term Obligations			<u>99,711,935</u>	<u>54,947</u>
<u>CONVENTION CENTER FACILITIES LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreements			243,425,000	-
Earned Vacation Pay			529,465	278,627
Total Convention Center Facilities Long-Term Obligations			<u>243,954,465</u>	<u>278,627</u>
<u>OTHER ENTERPRISE LONG-TERM OBLIGATIONS</u>				
Mass Transit Earned Vacation Pay			36,119	22,342
Stormwater Earned Vacation Pay			223,659	184,921
Total Other Enterprise Long-Term Obligations			<u>259,778</u>	<u>207,263</u>
Total Enterprise Long-Term Obligations			<u>\$ 916,538,483</u>	<u>\$ 110,261,618</u>

Notes:

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

Payments During Fiscal 2010-2011		Principal Balance June 30, 2011	Due Fiscal 2011-2012		Total
Principal	Interest		Principal	Interest	
\$ 75,000	9,400	\$ 160,000	\$ 70,000	6,400	\$ 76,400
601,700	124,438	2,903,859	596,013	100,370	696,383
357,292	73,891	1,724,322	353,915	59,600	413,515
220,297	32,459	858,457	197,565	23,647	221,212
<u>1,254,289</u>	<u>240,188</u>	<u>5,646,638</u>	<u>1,217,493</u>	<u>190,017</u>	<u>1,407,510</u>
745,000	30,731	-	-	-	-
2,770,000	2,267,500	42,580,000	2,910,000	2,129,000	5,039,000
2,230,000	1,843,250	34,635,000	3,110,000	1,731,750	4,841,750
1,500,000	9,174,200	184,775,000	2,000,000	9,114,200	11,114,200
230,000	2,358,673	58,040,000	240,000	2,349,473	2,589,473
2,035,000	3,692,328	87,965,000	2,125,000	3,661,983 (1)	5,786,983
1,355,000	2,461,553	58,645,000	1,415,000	2,441,391 (1)	3,856,391
-	2,994,516	68,745,000	-	3,256,875	3,256,875
-	-	108,340,000	-	5,498,264	5,498,264
<u>10,865,000</u>	<u>24,822,751</u>	<u>643,725,000</u>	<u>11,800,000</u>	<u>30,182,936</u>	<u>41,982,936</u>
5,355,735	605,116	12,015,765	4,794,336	383,980	5,178,316
199,375	-	-	-	-	-
-	-	-	-	-	-
1,311,166	-	1,960,118	- (2)	-	-
<u>6,866,276</u>	<u>605,116</u>	<u>13,975,883</u>	<u>4,794,336</u>	<u>383,980</u>	<u>5,178,316</u>
<u>18,985,565</u>	<u>25,668,055</u>	<u>663,347,521</u>	<u>17,811,829</u>	<u>30,756,933</u>	<u>48,568,762</u>
749,985	110,503	2,922,551	672,596	80,504	753,100
<u>749,985</u>	<u>110,503</u>	<u>2,922,551</u>	<u>672,596</u>	<u>80,504</u>	<u>753,100</u>
2,975,000	2,527,769	93,000,000	3,075,000	3,383,443	6,458,443
52,136	-	67,210	- (2)	-	-
<u>3,027,136</u>	<u>2,527,769</u>	<u>93,067,210</u>	<u>3,075,000</u>	<u>3,383,443</u>	<u>6,458,443</u>
<u>3,777,121</u>	<u>2,638,272</u>	<u>95,989,761</u>	<u>3,747,596</u>	<u>3,463,947</u>	<u>7,211,543</u>
-	8,303,051	243,425,000	-	11,443,830 (1)	11,443,830
279,870	-	528,222	- (2)	-	-
<u>279,870</u>	<u>8,303,051</u>	<u>243,953,222</u>	<u>-</u>	<u>11,443,830 (1)</u>	<u>11,443,830</u>
20,122	-	38,339	- (2)	-	-
187,491	-	221,089	- (2)	-	-
<u>207,613</u>	<u>-</u>	<u>259,428</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 23,250,169</u>	<u>\$ 36,609,378</u>	<u>\$ 1,003,549,932</u>	<u>\$ 21,559,425</u>	<u>\$ 45,664,710</u>	<u>\$ 67,224,135</u>

SCHEDULE OF INTERNAL SERVICE LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2011

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2010</u>	<u>Issued During Year</u>
<u>EQUIPMENT INTERNAL SERVICE LONG-TERM OBLIGATIONS PAYABLE</u>				
<u>INSTALLMENT FINANCING AGREEMENTS:</u>				
Equipment Acquisition Project, Schedule 1A	4.16	06/28/07	\$ 6,453,686	\$ -
Equipment Acquisition Project, Schedule 1C	4.16	06/28/07	1,800,000	-
Equipment Acquisition Project, Series 2009	2.785	06/23/09	14,100,400	-
Equipment Acquisition Project, Series 2011	1.75	05/18/11	-	11,694,432
Total Installment Financing Agreements:			<u>22,354,086</u>	<u>11,694,432</u>
<u>OTHER INTERNAL SERVICE LONG-TERM OBLIGATIONS</u>				
Earned Vacation Pay - Print Shop			9,468	5,958
Earned Vacation Pay - Risk Management			13,091	12,412
Earned Vacation Pay - Vehicle Fleet Services			243,171	158,790
Total Other Internal Service Long-Term Obligations			<u>265,730</u>	<u>177,160</u>
Total Internal Service Long-Term Obligations			<u>\$ 22,619,816</u>	<u>\$ 11,871,592</u>

Note:

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

<u>Payments During Fiscal 2010-2011</u>		<u>Principal Balance June 30, 2011</u>	<u>Due Fiscal 2011-2012</u>		
<u>Principal</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 3,226,843	\$ 268,474	\$ 3,226,843	\$ 3,226,843	\$ 123,051	\$ 3,349,894
900,000	74,880	900,000	900,000	34,320	934,320
3,525,100	392,696	10,575,300	3,525,100	294,522	3,819,622
-	-	11,694,432	2,257,780	194,818	2,452,598
<u>7,651,943</u>	<u>736,050</u>	<u>26,396,575</u>	<u>9,909,723</u>	<u>646,711</u>	<u>10,556,434</u>
4,669	-	10,757	- (1)	-	-
14,662	-	10,841	- (1)	-	-
152,864	-	249,097	- (1)	-	-
<u>172,195</u>	<u>-</u>	<u>270,695</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 7,824,138</u>	<u>\$ 736,050</u>	<u>\$ 26,667,270</u>	<u>\$ 9,909,723</u>	<u>\$ 646,711</u>	<u>\$ 10,556,434</u>





CITY OF RALEIGH
NORTH CAROLINA

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 TEN 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>

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 455,991	\$ 462,286	\$ 493,738	\$ 525,177	\$ 559,035	\$ 574,134
96,224	120,362	113,337	120,517	112,849	203,561
131,896	156,309	163,270	162,693	135,746	62,532
<u>684,111</u>	<u>738,957</u>	<u>770,345</u>	<u>808,387</u>	<u>807,630</u>	<u>840,227</u>
584,402	662,101	701,221	682,123	682,642	692,069
-	-	-	-	-	-
90,117	79,776	88,288	111,066	124,426	147,898
<u>674,519</u>	<u>741,877</u>	<u>789,509</u>	<u>793,189</u>	<u>807,068</u>	<u>839,967</u>
1,040,393	1,124,387	1,194,959	1,207,300	1,241,677	1,266,203
96,224	120,362	113,337	120,517	112,849	203,561
222,013	236,085	251,558	273,759	260,172	210,430
<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>	<u>\$ 1,680,194</u>

CHANGES IN NET ASSETS
LAST TEN 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 TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
General government	\$ 37,624	\$ 37,801	\$ 36,884	\$ 51,866	\$ 57,866
Community development services	15,084	19,827	22,269	25,247	25,695
Public works (1)	50,141	53,691	54,530	44,084	42,207
Public safety	118,436	130,067	136,331	143,480	145,189
Solid waste services	17,996	22,383	24,460	23,769	24,453
Leisure services	42,690	45,530	49,674	53,314	56,473
Economic development programs	4,456	5,329	4,399	4,375	5,710
Interest on long-term debt	10,035	10,772	11,541	13,516	14,401
Total governmental activities expenses	<u>296,462</u>	<u>325,400</u>	<u>340,088</u>	<u>359,651</u>	<u>371,994</u>
Business-type activities:					
Water and sewer	108,461	124,613	136,935	129,034	134,033
Convention center (2)	29,880	20,100	28,409	33,889	35,130
Mass transit	19,923	23,895	28,552	28,724	30,358
Parking facilities	6,641	7,149	8,874	11,307	12,043
Stormwater (3)	5,359	7,951	8,728	10,249	9,980
Total business-type activities	<u>170,264</u>	<u>183,708</u>	<u>211,498</u>	<u>213,203</u>	<u>221,544</u>
Total government expenses	<u>\$ 466,726</u>	<u>\$ 509,108</u>	<u>\$ 551,586</u>	<u>\$ 572,854</u>	<u>\$ 593,538</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 864	\$ 782	\$ 854	\$ -	\$ 17,570
Community development services	12,805	9,635	8,042	13,417	7,637
Public works	663	2,058	3,040	4,592	7,792
Public safety	3,081	3,304	3,248	2,862	337
Solid waste services	13,347	15,868	16,840	16,600	18,472
Leisure services	7,732	8,501	8,749	11,924	17,843
Economic development programs	1,324	1,041	966	981	906
Operating grants and contributions	28,725	33,794	32,338	11,913	40,557
Capital grants and contributions	22,666	27,419	19,434	29,968	18,211
Total governmental activities program revenues	<u>91,207</u>	<u>102,402</u>	<u>93,511</u>	<u>92,257</u>	<u>129,325</u>
Business-type activities:					
Charges for services:					
Water and sewer	106,758	109,384	112,280	137,228	150,648
Convention center	20,794	13,518	13,269	12,394	11,857
Mass transit	2,787	3,215	3,314	4,466	5,001
Parking facilities	6,001	7,961	8,467	7,815	10,288
Stormwater	13,257	14,268	14,413	14,213	15,657
Operating grants and contributions	4,831	5,560	6,281	5,245	3,438
Capital grants and contributions	49,740	22,627	20,024	12,198	21,108
Total business-type activities program revenues	<u>204,168</u>	<u>176,533</u>	<u>178,048</u>	<u>193,559</u>	<u>217,997</u>
Total government program revenues	<u>\$ 295,375</u>	<u>\$ 278,935</u>	<u>\$ 271,559</u>	<u>\$ 285,816</u>	<u>\$ 347,322</u>
Net (expense)/revenue					
Governmental activities	\$ (205,255)	\$ (222,998)	\$ (246,577)	\$ (267,394)	\$ (242,669)
Business-type activities	33,904	(7,175)	(33,450)	(19,644)	(3,547)
Total government net expense	<u>\$ (171,351)</u>	<u>\$ (230,173)</u>	<u>\$ (280,027)</u>	<u>\$ (287,038)</u>	<u>\$ (246,216)</u>

Continued

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

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
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:

- (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.
- (4) The City converted the Stormwater Projects fund into the nonmajor enterprise Stormwater Utility fund effective FY2011.

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

	Fiscal Year				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Revenues and Change in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 144,428	\$ 151,695	\$ 180,534	\$ 184,697	\$ 186,379
Local sales tax	67,178	70,313	62,442	58,651	61,776
Franchise tax	18,326	19,553	23,438	22,500	22,634
Other taxes	6,730	7,502	9,119	5,473	13,937
Privilege license tax	14,800	17,585	19,627	19,098	7,166
Unrestricted grants and contributions	680	680	-	-	-
Investment earnings	16,131	17,555	10,632	1,703	5,280
Miscellaneous	4,673	1,959	3,250	5,659	11,182
Transfers	(12,845)	(32,455)	(24,423)	(31,144)	(32,231)
Total governmental activities	<u>260,101</u>	<u>254,387</u>	<u>284,619</u>	<u>266,637</u>	<u>276,123</u>
Business-type activities:					
Investment earnings	\$ 20,609	\$ 17,770	\$ 10,632	\$ 2,379	\$ 3,357
Transfers	12,845	32,455	24,423	31,144	32,231
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>	<u>35,588</u>
Total government general revenues	<u>\$ 293,555</u>	<u>\$ 304,612</u>	<u>\$ 321,749</u>	<u>\$ 300,160</u>	<u>\$ 311,711</u>
Change in Net Assets					
Governmental activities	\$ 54,846	\$ 31,389	\$ 38,042	\$ (757)	\$ 33,454
Business-type activities	67,358	43,051	3,680	13,879	32,041
Total government change in net assets	<u>\$ 122,204</u>	<u>\$ 74,440</u>	<u>\$ 41,722</u>	<u>\$ 13,122</u>	<u>\$ 65,495</u>

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

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General fund				
Reserved	\$ 17,839	\$ 23,096	\$ 30,153	\$ 39,246
Unreserved	75,453	65,881	76,792	74,379
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total general fund	<u>\$ 93,292</u>	<u>\$ 88,977</u>	<u>\$ 106,945</u>	<u>\$ 113,625</u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ 10,323	\$ 19,001
Unreserved, reported in:				
Special revenue funds	19,899	12,522	14,964	11,491
Capital projects funds	69,343	90,839	125,505	93,354
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total all other governmental funds	<u>\$ 89,242</u>	<u>\$ 103,361</u>	<u>\$ 150,792</u>	<u>\$ 123,846</u>

Notes:

The change in the fund balance classifications in 2011 is discussed in Management's Discussion and Analysis.

Prior year amounts have not been restated for the implementation of GASB Statement 54.

Fiscal Year					
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 35,607	\$ 42,321	\$ 44,293	\$ 43,647	\$ 49,722	\$ -
78,774	84,164	92,797	116,900	116,162	-
					3,090
					40,783
					-
					72,987
					58,176
<u>\$114,381</u>	<u>\$126,485</u>	<u>\$137,090</u>	<u>\$ 160,547</u>	<u>\$ 165,884</u>	<u>\$ 175,036</u>
\$ 29,055	\$ 40,105	\$ 34,559	\$ 37,361	\$ 36,105	\$ -
6,245	9,870	6,281	11,917	127,157	-
144,863	137,677	157,982	126,845	7,027	-
					-
					36,177
					-
					123,024
					-
<u>\$180,163</u>	<u>\$187,652</u>	<u>\$198,822</u>	<u>\$ 176,123</u>	<u>\$ 170,289</u>	<u>\$ 159,201</u>

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

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues					
Ad valorem taxes	\$ 102,134	\$ 107,415	\$ 113,563	\$ 107,416	\$ 125,036
Intergovernmental	30,314	46,177	44,654	46,177	49,819
Developer participation	650	305	15	305	1,685
Assessments	371	494	444	494	1,371
Local sales tax	39,865	42,938	52,156	42,938	61,496
Licenses	8,325	9,347	9,861	9,348	14,166
Interest on investments	6,932	4,417	3,742	4,417	10,041
Inspections	7,114	8,274	10,123	8,274	12,476
Highway maintenance refunds	1,048	627	998	627	1,157
Facility fees	3,427	3,586	4,360	3,586	4,118
Other fees and charges	18,422	21,866	34,397	21,866	25,466
Rents	344	238	319	238	389
Program income	2,293	2,397	3,339	2,397	2,748
Other revenues	5,125	1,947	2,286	1,947	2,491
Miscellaneous	-	4,639	2,153	-	2,113
Gain (loss) on sale of capital assets	-	-	-	-	-
Total revenues	<u>226,364</u>	<u>254,667</u>	<u>282,410</u>	<u>250,030</u>	<u>314,572</u>
Expenditures					
General government	28,528	30,547	33,007	30,547	35,584
Community development services	37,531	40,791	19,626	40,791	24,373
Public works	-	-	19,758	-	19,187
Public safety	84,400	91,498	95,662	91,498	110,337
Solid waste services	17,337	19,852	18,280	19,852	17,476
Leisure services	31,979	41,683	45,672	41,683	33,983
Economic development programs	2,315	3,593	3,265	3,592	4,003
Other expenditures	186	72	12	72	88
Capital outlay	45,233	37,948	59,388	37,948	46,277
Debt service					
Principal	16,115	10,889	12,233	10,888	14,674
Interest	-	5,680	6,580	5,680	8,288
Capital leases, including interest	-	-	-	-	-
Other debt service charges	169	265	457	265	665
Total expenditures	<u>263,793</u>	<u>282,818</u>	<u>313,940</u>	<u>282,816</u>	<u>314,935</u>
Less: Administrative costs charged to water and sewer	(7,060)	(8,902)	(9,416)	(8,902)	-
Total expenditures	<u>256,733</u>	<u>273,916</u>	<u>304,524</u>	<u>273,914</u>	<u>314,935</u>
Other financing sources (uses)					
Transfers in	29,472	16,102	27,801	16,103	16,932
Transfers out	(34,479)	(32,967)	(25,918)	(32,967)	(30,707)
Bonds issued	-	-	-	-	-
Proceeds from sale of land	-	-	-	-	-
Proceeds from borrowing	9,804	45,919	78,849	45,919	71,211
Premium on bonds issued	-	-	-	-	-
Proceeds from refunding	-	15,380	20,226	15,380	-
Payments to escrow agent	-	(15,380)	(20,085)	-	-
Sale of capital assets	2,452	-	-	-	-
Total other financing sources (uses)	<u>7,249</u>	<u>29,054</u>	<u>80,873</u>	<u>44,435</u>	<u>57,436</u>
Net change in fund balances	<u>\$ (23,120)</u>	<u>\$ 9,805</u>	<u>\$ 58,759</u>	<u>\$ 20,551</u>	<u>\$ 57,073</u>
Debt service as a percentage of noncapital expenditures (1)	7.64%	7.00%	7.44%	7.55%	8.34%

(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

	Fiscal Year				
	2007	2008	2009	2010	2011
Revenues					
Ad valorem taxes	\$ 144,015	\$ 151,301	\$ 180,362	\$ 184,930	\$ 186,625
Intergovernmental	55,235	61,500	65,815	64,174	87,156
Developer participation	740	127	141	15	2,313
Assessments	831	733	527	493	562
Local sales tax	67,179	70,313	62,442	58,651	61,776
Licenses	14,800	17,585	19,627	19,098	19,671
Interest on investments	15,094	15,982	9,764	3,853	5,000
Inspections	12,109	10,918	8,517	7,408	7,164
Highway maintenance refunds	1,377	986	1,104	1,242	786
Facility fees	5,605	5,638	4,040	4,084	7,310
Other fees and charges	26,629	29,658	30,975	30,995	32,429
Rents	351	310	374	437	514
Program income	4,481	2,881	2,691	2,188	2,536
Other revenues	2,888	3,605	2,410	2,149	1,589
Miscellaneous	1,383	1,076	3,461	2,022	1,023
Gain on sale of capital assets	-	-	-	-	1
Total revenues	352,717	372,613	392,250	381,739	416,455
Expenditures					
General government	33,202	37,792	35,998	34,791	42,096
Community development services	25,340	24,828	26,652	25,421	25,332
Public works	21,326	21,572	22,054	21,762	24,723
Public safety	118,848	130,476	136,794	143,173	145,251
Solid waste services	18,860	21,658	25,091	24,043	24,949
Leisure services	36,577	39,572	42,073	43,973	49,415
Economic development programs	4,456	5,329	4,399	4,375	5,710
Other expenditures	-	-	36	-	3
Capital outlay	39,899	65,634	101,497	94,470	73,332
Debt service					
Principal	16,547	15,967	20,125	20,717	26,900
Interest	9,486	9,493	10,021	13,195	13,494
Bond issue costs	-	-	-	-	572
Capital leases, including interest	-	-	-	-	-
Other debt service charges	275	307	335	335	-
Total expenditures	324,816	372,628	425,075	426,255	431,777
Less: Administrative costs charged to water and sewer	-	-	-	-	-
Total expenditures	324,816	372,628	425,075	426,255	431,777
Other financing sources (uses)					
Transfers in	22,499	22,730	36,820	23,253	26,759
Transfers out	(37,818)	(55,219)	(59,991)	(52,146)	(60,307)
Bonds issued	-	-	-	-	46,425
Capital related debt issued	-	-	-	-	5
Proceeds from sale of land	-	-	-	177	-
Proceeds from borrowing	7,011	54,279	56,281	109,550	-
Premium bonds issued	-	-	-	6,405	1,360
Proceeds from refunding	-	-	14,759	52,197	-
Payments to escrow agent	-	-	(14,284)	(95,418)	-
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	(8,308)	21,790	33,585	44,018	14,242
Net change in fund balances	\$ 19,593	\$ 21,775	\$ 760	\$ (498)	\$ (1,080)
Debt service as a percentage of noncapital expenditures	8.96%	8.09%	8.85%	9.95%	11.66%

**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)
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
2011	44,147,884	5,260,838	654,892	50,063,574	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>
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
2011	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	2011			2002		
	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%	\$ 170,806	3	0.64%
Progress Energy Carolinas	308,839	2	0.62%	295,700	1	1.10%
Highwoods Realty	235,745	3	0.47%	140,578	4	0.53%
Triangle Town Center LLC	173,177	4	0.35%			
First Citizens Bank	170,269	5	0.34%			
Fairfield LLC	154,394	6	0.31%			
G&I VI LTD PTNRP	141,036	7	0.28%			
NHM Owner-1 LLC	134,251	8	0.27%			
Bellsouth	124,545	9	0.25%	178,466	2	0.67%
Highwoods DLF Forum LLC	116,429	10	0.23%			
UDRT of North Carolina				119,968	5	0.45%
Prudential Insurance				84,967	6	0.32%
Capital Center Acquisition				69,328	7	0.26%
Wakefield Commercial LLC				66,066	8	0.25%
Alcatel USA Sourcing, LP				59,179	9	0.22%
First Union National Bank of NC				55,962	10	0.21%
Totals	<u>\$ 1,893,136</u>		<u>3.79%</u>	<u>\$ 1,241,020</u>		<u>4.65%</u>

Note:

Above taxable assessed valuations are as of January 1, 2010 and 2001 respectively, and the associated tax levies were due in the fiscal year ended June 30, 2011 and 2002 respectively.

Source:

Wake County website, Statistics and Reports and 2002 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
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	183,840	99.60%
2010	187,901	185,225	98.58%	2,022	187,247	99.65%
2011	188,777	186,280	98.68%	-	186,280 (1)	98.68%

Note:

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

Total collected as per above	\$ 186,280
Prior year collections in current year	2,444
Penalties collected	685
Rebates and waived taxes	<u>(2,784)</u>
Ad valorem taxes collected per general fund financial statements	<u>\$ 186,625</u>

**ANALYSIS OF CURRENT TAX LEVY
CITY - WIDE LEVY
For the Fiscal Year Ended June 30, 2011**

	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	\$ 48,796,057,166	\$.3735	\$ 182,834,098	\$ 176,657,299	\$ 6,176,799
Registered motor vehicles taxed at prior year's rate	1,061,860,210	.3735	4,020,037	-	4,020,037
	<u>49,857,917,376</u>		<u>186,854,135</u>	<u>176,657,299</u>	<u>10,196,836</u>
Discoveries:					
Prior years' taxes	205,656,547	(1)	738,066	732,133	5,933
	<u>205,656,547</u>		<u>738,066</u>	<u>732,133</u>	<u>5,933</u>
Total property valuation	<u>\$ 50,063,573,923</u>				
Deferred and waived			933,661	933,661	-
Penalty			250,649	250,649	-
Rebates			(1,044,266)	(892,546)	(151,720)
			<u>187,732,245</u>	<u>177,681,196</u>	<u>10,051,049</u>
Net levy			187,732,245	177,681,196	10,051,049
Uncollected taxes at June 30, 2011			(2,496,728)	(1,051,056)	(1,445,672)
			<u>185,235,517</u>	<u>176,630,140</u>	<u>8,605,377</u>
Current year's taxes collected			\$ 185,235,517	\$ 176,630,140	\$ 8,605,377
Current levy collection percentage			<u>98.68%</u>	<u>99.41%</u>	<u>85.62%</u>

Note:

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

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

June 30, 2011

Fiscal Year Ended June 30	Taxes Receivable June 30, 2010	Additions	Collections and Other Reductions	Taxes Receivable June 30, 2011 (1)
2002 & Prior	\$ 2,151,466	\$ -	\$ 6,200	\$ 2,145,266
2003	166,168	-	7,451	158,717
2004	70,061	-	8,210	61,851
2005	16,064	-	11,753	4,311
2006	1,214	-	175	1,039
2007	1,072,323	-	59,693	1,012,630
2008	548,102	-	71,471	476,631
2009	739,289	-	257,397	481,892
2010	2,676,125	-	2,021,752	654,373
2011	<u> </u>	<u>188,776,511</u>	<u>186,279,783</u>	<u>2,496,728</u>
TOTALS	<u>\$ 7,440,812</u>	<u>\$ 188,776,511</u>	<u>\$ 188,723,885</u>	<u>\$ 7,493,438</u>

(2)

Notes:

(1) Ad valorem taxes receivable only; does not include vehicle tag fee receivable (\$4,158,048)

(2) Reconciliation to revenues collected:

Collections and other reductions per above	\$ 188,723,885
Penalties collected	684,861
Rebates and waived taxes	<u>(2,783,528)</u>
Ad valorem taxes collected per general fund financial statements	<u><u>\$ 186,625,218</u></u>

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

Fiscal Year	Governmental Activities		Business-type Activities			Total Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Installment Financing Agreements	General Obligation Bonds	Water and Sewer Revenue Bonds	Installment Financing Agreements			
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	8.36%	3,203.91
2010	230,567	120,967	10,574	546,250	361,869	1,270,227	(2)	3,239.69
2011	213,916	161,229	8,569	643,725	352,794	1,380,233	(2)	3,417.33

Notes:

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

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

(2) Personal income data unavailable for 2010 and 2011.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	General Bonded Debt (1)	Net Bonded Debt (2)	Percentage Actual Taxable Value of Property (3)	Per Capita Bonded Debt	
				Gross (4)	Net
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
2011	222,485	217,758	0.44%	551	539

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 134 for property value data.

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2011
 (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)	\$ 375,145	100.00%	\$ 375,145
Overlapping Debt: (2)			
Wake County Debt (3)	<u>1,831,620</u>	41.88% (4)	<u>767,114</u>
Total Direct and Overlapping Debt	<u><u>\$ 2,206,765</u></u>		<u><u>\$ 1,142,259</u></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 \$1,603,321,834 of Wake County School Bonds.
- (4) Percentage of direct and overlapping debt is based on June 30, 2011 assessed valuation of the City of Raleigh (\$50,063,573,923) as compared to the June 30, 2011 assessed valuation of Wake County (\$119,535,621,641).

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

(amounts expressed in thousands)

Fiscal Year Ended June 30	Debt Limit	Less: Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
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%
2011	4,005,086	850,380	3,154,706	21.23%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$ 50,063,574
Debt limit (8% of assessed value)	4,005,086
Debt applicable to limit:	
General Obligation bonds	222,485
GO bonds authorized not issued	118,600
Other outstanding debt	514,023
Less: Statutory deductions	
Bonded debt included in gross debt incurred for water	(2,904)
Uncollected special assessments levied for local improvements for which gross debt incurred to the extent to be applied to the payment of such gross debt	(1,824)
Total net debt applicable to limit	<u>850,380</u>
Legal debt margin	<u>\$ 3,154,706</u>

**PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Gross Revenues	15% of PY Unrestricted Net Assets	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements (3 and 4)			Coverage Ratios		
					Principal	Interest	Total	Net Coverage	With 15%	Required Coverage
(1)	(2)	(5)	(2)					(5)		
<u>Parity Debt Service Coverage (3)</u>										
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 (6)	105,022,276	5,213,204	61,868,891	43,153,385	3,005,000	8,425,141	11,430,141	3.78	4.23	1.20
2007 (6)	122,529,240	11,026,707	71,042,733	51,486,507	5,465,000	8,238,046	13,703,046	3.76	4.56	1.20
2008 (6)	122,551,257	10,619,640	83,987,047	38,564,210	5,550,000	8,123,779	13,673,779	2.82	3.60	1.20
2009 (6)	120,957,554	7,611,436	88,596,831	32,360,723	5,750,000	7,909,634	13,659,634	2.37	2.93	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
2011	153,349,630	11,314,260	88,302,138	65,047,492	11,115,000	24,899,417	36,014,417	1.81	2.12	1.20
<u>All Water and Sewer Debt Service Coverage (4)</u>										
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 (6)	105,022,276		61,868,891	43,153,385	7,687,724	9,551,078	17,238,802	2.50		1.00
2007 (6)	122,529,240		71,042,733	51,486,507	10,051,834	9,214,679	19,266,513	2.67		1.00
2008 (6)	122,551,257		83,987,047	38,564,210	9,655,080	8,935,545	18,590,625	2.07		1.00
2009 (6)	120,957,554		88,596,831	32,360,723	9,174,700	8,547,494	17,722,194	1.83		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
2011	153,349,630		88,302,138	65,047,492	13,643,740	25,351,895	38,995,635	1.67		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, March 20, 2010 and February 8, 2011.
- (2) Water and sewer user charges and other utility revenues are pledged revenues; operating expenses are exclusive of depreciation and interest expense.
- (3) Parity debt service includes interest and principal of revenue bonds and certain State loans.
- (4) All water and sewer debt service includes interest and principal of revenue bonds, State loans, and water and sewer general obligation bonds. Certain other debt paid within the Utility Fund is not subject to legal coverage requirements, and is not included above.
- (5) The City entered into the First Amending Trust Agreement dated April 15, 2004. The first amendment provides that 15% of Water and Sewer unrestricted net assets as of the last day of the preceding fiscal year be added to gross revenues in computing the net revenue available for debt service. The required coverage for parity indebtedness was also decreased to 1.20% from 1.25%.
- (6) The schedule was updated in 2011 to change certain prior period amounts for consistency in reporting.

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

Fiscal Year	Population	Personal Income (expressed in thousands)	Per Capita Personal Income	School Enrollment ADM	Unemployment Rate %
	(1)	(2)	(2)	(3)	(4)
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	39,728	133,228	4.8
2009	388,926	14,781,910	38,007	142,732	8.8
2010	392,083	Unavailable	Unavailable	145,040	8.3
2011	403,892	Unavailable	Unavailable	148,470	9.9

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 2010 and 2011 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, 2011.

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

Employer	2011			2001 (1)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of North Carolina	24,739	1	12.74%	23,230	1	14.64%
Wake County Public School System	17,572	2	9.05%	11,526	2	7.27%
North Carolina State University	7,730	3	3.98%	6,123	3	3.86%
Wake Med Health and Hospitals	7,607	4	3.92%	4,800	4	3.03%
Rex Healthcare	4,800	5	2.47%	3,519	5	2.22%
Wake County	4,272	6	2.20%	3,270	6	2.06%
City of Raleigh	3,811	7	1.96%	2,595	8	1.64%
Progress Energy Inc.	2,500	8	1.29%	3,253	7	2.05%
First Citizens Bank	1,703	9	0.88%	-	-	-
Duke Raleigh Hospital	1,700	10	0.88%	-	-	-
Dorothea Dix Hospital	-	-	-	1,900	9	1.20%
Pepsi Bottling Ventures	-	-	-	1,800	10	1.13%
Total	76,434		39.37%	62,016		39.10%

Notes:

Progress Energy - 2001 - Carolina Power & Light Company

Total City Employment as of June 30: 194,229 - 2011; 158,626 - 2001

(1) 2002 data unavailable; therefore 2001 data shown.

Source:

Raleigh Chamber of Commerce (Employers)

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

Function	Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Policy & Management Services										
General Government	44	46	54	57	62	70	77	74	94	131
Personnel	20	20	21	21	22	23	25	26	25	25
Administrative Services (2)	17	17	18	17	17	17	19	20	25	-
Finance	92	97	100	103	113	122	129	127	127	112
Information Services	56	61	62	61	63	69	74	74	77	78
Community Development Services										
Public Works (1)	304	318	327	342	354	392	405	421	416	395
Planning	38	39	39	41	41	46	47	45	42	60
Inspections	147	139	139	148	154	153	153	141	121	97
Community Services	19	19	19	21	19	19	23	18	18	18
Community Development	20	20	21	21	21	23	23	23	23	23
Public Safety										
Police	789	792	812	835	851	888	902	902	892	882
Fire	493	494	507	522	523	553	568	568	568	575
Emergency Communications	71	74	74	76	78	94	103	102	102	102
Solid Waste Services										
	256	260	260	189	199	240	237	234	223	211
Public Utilities										
	355	366	377	377	438	547	571	571	570	586
Leisure Services										
Convention Center	70	70	71	71	71	72	109	107	109	108
Parks & Recreation	311	313	320	339	355	391	418	391	401	408
Total	3,102	3,145	3,221	3,241	3,381	3,719	3,883	3,844	3,833	3,811

Notes:

Numbers presented are authorized positions.

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

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

Source:

City of Raleigh Budget Office.

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

Function	Fiscal Year			
	2002	2003	2004	2005
Community Development Services				
Inspections:				
Permits issued (all trade types)	60,027	59,401	60,027	63,000
Construction - inspections requested	188,679	121,034	160,000	162,000
Community Development:				
New housing units constructed	11	2	32	17
Homeownership loans provided	60	8	61	38
Rehabilitation loans provided	34	19	42	47
Public Works				
Asphalt failures repaired	5,015	7,597	7,228	7,222
Drainage structures repaired/maintained	2,248	740	931	1,000
Police				
Physical arrests	89,786	89,534	99,684	118,098
Traffic accidents investigated	16,540	16,787	17,344	18,005
Fire				
Emergency responses	12,387	13,500	15,159	17,244
Fire calls answered	9,887	10,500	11,383	8,530
Emergency Communications				
911 calls processed	685,779	623,738	497,119	464,728
Solid Waste				
Refuse collected (tons)	74,617	73,837	77,301	80,400
Recyclables collected (tons)	13,770	14,069	14,428	15,719
Water				
Number of consumers	121,533	126,285	131,312	137,330
Average daily consumption (millions of gallons per day)	47.15	42.43	54.00	47.69
Maximum daily flow (millions of gallons per day)	63.30	60.70	67.40	68.00
Wastewater				
Average daily sewage treatment (millions of gallons per day)	35.61	45.68	44.01	46.45
Maximum daily flow (millions of gallons per day)	57.00	73.41	68.00	72.18
Leisure Services				
Convention center events	426	480	518	571
Event attendance	549,304	582,896	593,693	661,968
Parks and recreation programs	5,666	7,485	7,195	6,977
Registrants	157,000	149,205	125,771	134,798
Attendance at parks & recreation facilities (millions)	2.8	3.3	3.0	3.1

Notes:

- (1) Estimates shown for 2011 Data.
- (1a) Change in reporting measure.
- (2) New phone system installed in 2003 has changed the way incoming calls are counted.
- (3) Amounts shown for 2010 data have been updated to reflect actuals rather than estimates.

Source:

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

Fiscal Year						
2006	2007	2008	2009	2010	2011	
47,862	47,493	54,644	45,022	45,000	(3)	47,723 (1)
132,539	126,695	116,667	103,798	93,844	(3)	77,000 (1)
28	34	6	11	9	(3)	9 (1)
51	85	62	66	81	(3)	20 (1)
29	45	42	36	27	(3)	23 (1)
7,300	4,860	3,828	1,880	2,068	(3)	5,000 (1)
1,030	Unavailable	1,073	700	461	(3)	1,000 (1)
87,929	135,083	120,005	113,568	116,481	(3)	123,425 (1)
18,551	19,257	19,262	18,557	18,439	(3)	18,146 (1)
21,249	20,063	20,478	21,791	22,278		23,022 (1a)
1,539	1,582	1,739	1,319	1,167		1,492 (1a)
483,921	502,492	523,184	520,431	497,778		494,404 (2)
83,600	84,538	85,139	87,054	87,562	(3)	86,088 (1)
17,052	18,808	18,740	19,325	20,104	(3)	22,995 (1)
158,007	169,324	174,517	165,298	167,307		167,746
48.80	50.63	47.09	48.00	49.00		52.00
69.20	72.20	75.00	67.00	67.00	(3)	77.00 (1)
45.24	44.80	42.00	40.90	42.50		42.80
98.05	75.00	63.77	81.75	88.01	(3)	78.94 (1)
570	634	837	643	586	(3)	561 (1)
559,989	654,152	718,841	562,947	424,206	(3)	497,112 (1)
8,302	10,334	10,770	9,290	11,249	(3)	11,451 (1)
134,850	120,419	120,254	158,514	138,568	(3)	141,125 (1)
3.4	3.9	4.1	4.0	4.1	(3)	4.1 (1)

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

Function	Fiscal Year				
	2002	2003	2004	2005	2006
Public safety					
Police stations	5	7	7	7	7
Fire stations	24	26	26	26	27
Highways and streets					
Streets (miles)	1,068	1,089	1,118	1,161	1,194
Streetlights	29,345	29,875	30,628	31,976	32,737
Signalized intersections	473	485	489	493	508
Leisure services					
Number of major parks	58	66	70	71	72
Parks acreage	7,437	7,979	8,010	8,101	8,672
Aquatic facilities	8	8	8	8	8
Community centers (staffed and unstaffed)	58	66	32	32	34
Water					
Water mains (miles)	1,320	1,356	1,380	1,415	2,050
Sewers					
Sanitary sewers (miles)	1,424	1,447	1,468	1,501	2,000

Notes:

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

(1) Streetlights for 2011 are reported as actuals; prior years are estimated.

Source:

Various city departments.

Fiscal Year				
2007	2008	2009	2010	2011
7	7	7	7	6
27	27	27	27	27
1,235	1,274	1,283	1,293	1,296
33,600	33,955	33,974	34,003	33,067 (1)
510	510	515	518	540
72	72	75	78	78
8,818	8,893	9,046	9,399	9,451
8	8	8	8	8
33	33	34	35	35
2,050	2,106	1,870	1,902	1,931
2,000	2,072	1,784	1,803	1,819





CITY OF RALEIGH
NORTH CAROLINA

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 A133, 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, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 26, 2011. 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

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A 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.

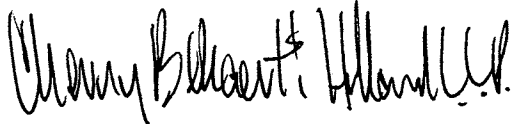
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material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

Compliance and Other Matters

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

This report is intended solely for the information and use of 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, L.L.P.", written in a cursive style.

Raleigh, North Carolina
October 26, 2011



**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, 2011. 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, 2011.

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 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
October 26, 2011



**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, 2011. 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, 2011.

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 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 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", written in a cursive style.

Raleigh, North Carolina
October 26, 2011

Single Audit Schedules

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local
EXPENDITURES OF FEDERAL AWARDS:					
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
Direct Programs: Federal Transit Administration:					
Capital Assistance - Section 9	20.507	NC-90-X367	\$ 29,363	\$ -	\$ -
Capital Assistance - Section 9	20.507	NC-90-X427	67,111	-	-
Capital Assistance - Section 9	20.507	NC-90-X455	142,147	(6,777)	-
Capital Assistance - Section 9	20.507	NC-90-X460	1,910,257	-	-
Capital Assistance - Section 9	20.507	NC-90-X488	1,222,643	-	-
ARRA Operations/Maintenance	20.507	NC-96-X015-00	5,960,871	-	-
STP-DA Ops & Maintenance Facility	20.507	NC-95-X037-00	3,080,000	-	-
Replacement Buses & Facility	20.507	NC-0036-01	3,755,287	-	-
ARRA N.C. 50 Hwy Study	20.205	STM-0050(1)	84,491	-	-
Job Access Remote Commute	20.516	NC-37-X012	55,600	-	-
New Freedom	20.521	NC-57-X001	32,317	-	-
Total Direct Programs U.S. Dept. of Transportation:			16,340,087	(6,777)	-
Passed-Through North Carolina Department of Transportation:					
Planning Assistance - Section 9	20.505	NC-90-X460/10-08-101	196,966	39,810	41,057
Planning Assistance - Section 9	20.505	NC-90-X-460/11-08-101	309,660	38,708	38,739
Planning Assistance - Section 9	20.505	09-08-101	-	4,562	30,371
NCDOT Hwy 50 Study	20.205	U999B	160,000	(83,959)	-
Section 104(f) Technical Assistance	20.205	WBS39225.1.4	1,558,102	-	508,195
NCDOT_SPR	20.205	SPR-0SPR(50)	80,000	20,000	-
City-wide Traffic Signal Upgrade	20.205	C-4923	5,097,331	-	-
FHWA Falls of Neuse Widening	20.205	U-4901	4,676,659	-	-
ARRA FHWA Neuse River Greenway	20.205	EB-4829	2,436,771	-	-
GHSP Heed the Speed Grant	20.600	PT10030323	1,625	-	1,625
GHSP Operation Drive Safe	20.600	PT-11-03-03-19	30,160	-	10,053
Total Passed-Through North Carolina Department of Transportation:			14,547,274	19,121	630,040
Total U.S. Department of Transportation			30,887,361	12,344	630,040
<u>U.S. DEPARTMENT OF ENERGY</u>					
Direct Programs:					
ARRA Grant - US DOE LEAP	81.122	DE-OE-0000325	84,710	-	-
ARRA EECBG Sustainability	81.128	DE-EE-0000768	684,268	-	-
ARRA - Geothermal Technologies	81.087	DE-EE0002808	756,370	-	838,695
Total Direct Programs U.S. Department of Energy:			1,525,348	-	838,695
Passed-Through Triangle J Council of Governments:					
ARRA - Carolina Blue Skies & Green Jobs Initiative	81.129	DE-EE0002491/TJCOG-CBS-00	8,700	-	6,407
Passed-Through N.C. Department of Commerce:					
ARRA - Alternate Fuel and Advanced Vehicle Tech Grant	81.041	4390014751	3,240	-	9,263
ARRA -Student Energy Internship Program	81.041	DE-EE0000-157	23,421	-	22,361
Total Indirect Programs U.S. Department of Energy:			35,361	-	38,031
Total U.S. Department of Energy			1,560,709	-	876,726
<u>CORPORATION FOR NATIONAL SERVICE</u>					
Direct Programs:					
Foster Grandparents Program	94.011	10SF11278	238,068	-	141,251
Retired Senior Volunteers Program	94.002	10SR116745	54,648	-	49,275
ARRA VISTA Support	94.013	09RVSN001	7,554	-	-
AmeriCorps VISTA-State Support	94.013	09VSSNC004	14,000	-	2,884
Total Corporation for National Service			314,270	-	193,410

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Direct Programs:					
Community Development Block Grant - Entitlement Grants Cluster	14.218	B08MC370009	72,158	-	-
Community Development Block Grant - Entitlement Grants Cluster	14.218	B09MC370009	1,963,765	-	-
ARRA CDBG-R	14.253	B09MY370009	546,577	-	-
HOME Grant Program	14.239	M06MC370206	750,547	-	-
HOME Grant Program	14.239	M07MC370206	1,260,376	-	-
HOME Grant Program	14.239	M08MC370206	335,418	-	-
ARRA Homelessness Prevention	14.257	S09MY370005	368,976	-	-
Emergency Shelter	14.231	S09MC370005	107,655	-	-
Total Direct U.S. Department of Housing and Urban Development:			5,405,472	-	-
Passed-Through N.C. Department of Commerce: Neighborhood Stabilization Program	14.228	08-N-1885	1,027,668	-	-
Passed-Through N.C. Housing Finance Agency: FAF HUD Funds Job Training	14.CTP09-03	CTP09-03	14,954	-	-
FAF HUD Funds Job Training	14.CTP09-03	CTP09-03	62,999	-	-
Total Passed-Through N.C. Housing Finance Agency:			77,953	-	-
Total U.S. Department of Housing and Urban Development			6,511,093	-	-
U.S. DEPARTMENT OF JUSTICE					
Direct Programs:					
Weed & Seed Program	16.595	2009WSQX0054	13,676	-	7,829
JAG - Criminal Nuisance Abatement	16.609	2008-PG-BX-0004	110,335	-	-
2009 JAG Asst Grant	16.738	DJ-BX-0832	4,640	-	-
ARRA Byrne JAG Program 2009	16.804	2009SBB90401	643,667	-	8,738
2009 Bullet Proof Vest Grant	16.607	N/A	13,259	-	-
2010 Bullet Proof Vest Grant	16.607	N/A	21,033	-	-
Cops Technology Grant	16.710	2010CKWX0211	2,956	-	-
Total Direct U.S. Department of Justice:			809,566	-	16,567
Passed -Through Wake County: JAG - Criminal Nuisance Abatement	16.609	2010-DJ-BX-0778	120,160	-	-
Passed-Through N.C. Department of Crime Control and Public Safety GCC-Raleigh Burglaries Grant	16.738	092-1-10-001-BH-043	103,769	-	36,644
GCC-Raleigh Blvd Initiative Grant	16.609	092-1-10-001-AZ-003	16,770	-	-
			120,539	-	36,644
Total U.S. Department of Justice			1,050,265	-	53,211
ENVIRONMENTAL PROTECTION AGENCY					
Passed-Through N.C. Department of Environment and Natural Resources:					
ARRA Cleanwater Trust Loan	66.458	2W37041914	-	-	-
ARRA NRWWTTP Reuse Pump	66.458	2W370419-15	1,073,851	-	-
ARRA Clean Diesel Grant	66.040	2D-95421809	79,738	-	-
			1,153,589	-	-
Total Environmental Protection Agency			1,153,589	-	-
U.S. DEPARTMENT OF AGRICULTURE					
Passed-Through N.C. Department of Environment and Natural Resources:					
USFS - Street Tree Inventory	10.664	2615	10,000	-	5,817
Total U.S. Department of Agriculture			10,000	-	5,817

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local
U.S. DEPARTMENT OF HOMELAND SECURITY					
Direct Programs:					
Federal Emergency Management Assistance	97.036	N/A	3,667,544	80,347	-
Passed-Through N.C. Department of Crime Control & Public Safety					
GCC- Active Shooter Kit	97.067	N/A	73,500	-	-
GCC-Remote Firing System	97.067	08GET8-00331121	57,410	-	-
USAR Base Equipment	97.073	4702-53692008	9,780	-	-
USAR Base Equipment	97.073	4702-53692009	245,968	-	-
USAR Base Equipment	97.073	4702-53692010	137,403	-	-
Total Passed-Through N.C. Department of Crime Control & Public Safety			524,061	-	-
Passed-Through Wake County					
Wake Co BZPP EM Grant	97.078	2009-BFT9-0028	103,833	-	-
Total U.S. Department of Homeland Security			4,295,438	80,347	-
OFFICE OF NATIONAL DRUG CONTROL POLICY					
HIDTA (Durham FA)	95.001	18PGAD701Z	13,504	-	1,401
HIDTA (Durham FA)	95.001	G09GA004A	9,007	-	4,816
HIDTA (Durham FA)	95.001	G10GA004A	16,611	-	21
Total Office of National Drug Control and Policy			39,122	-	6,238
U.S. DEPARTMENT OF COMMERCE					
Passed-Through One Economy Corp. Information and Support Eco-System					
	11.557	11-43-B10516	2,454	-	-
Total U. S. Department of Commerce			2,454	-	-
U.S. DEPARTMENT OF THE INTERIOR					
Passed-Through N.C. Department of Cultural Resources					
Raleigh Historic Districts Update	15.904	N/A	-	14,600	3,000
Total U.S. Department of the Interior			-	14,600	3,000
TOTAL EXPENDITURES OF FEDERAL AWARDS:			45,824,301	107,291	1,768,442
EXPENDITURES OF STATE AWARDS:					
N.C. DEPARTMENT OF TRANSPORTATION					
Morgan Street Two Way Traffic		B-2655	-	110,000	-
NCSU-Clean Fuel Adv Tec (CFAT)		N/A	-	20,429	1,201
Public Transportation Maintenance Assistance Program - Operating					
FHWA/NCDOT Bike/Ped Planning		11-SM-013	-	2,591,751	-
NCDOT Bike Grant EB.4013R		WBS37309.1.1	-	4,837	4,837
Powell Bill		EB.401.3R	-	17,100	-
Sustainability Grant		WBS32570	-	9,116,704	-
NCDENR Blue Ridge Road Study		10-DG-018	-	940,000	-
		46285	-	40,000	-
Total N.C. Department of Transportation			-	12,840,821	6,038

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local
<u>N.C. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY</u>					
Fire Equipment Grant		2007GET70048	-	166	-
Fire Equipment Grant		2008GET80033	-	159,074	-
Fire Equipment Grant		2009SST90046	-	124,167	-
Fire RRT4 Response		RRT42009	-	56,145	-
NC USAR Task Force 8 Training		N/A	-	105,749	-
NC USAR Task Force 8 Training		N/A	-	9,642	-
HELO OT Grant		N/A	-	22,043	-
Total N.C. Department of Crime Control & Public Safety			-	476,986	-
<u>N. C. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES</u>					
NCCWMT Fletcher Park Retention Pond		2007-714	-	163,832	-
NCDENR Urban and Community Forestry Grant		16106128	-	9,027	8,000
Total N. C. Department of Environment and Natural Resources			-	172,859	8,000
<u>N.C. OFFICE OF INFORMATION TECHNOLOGY SERVICES</u>					
NC 911 Board		29005003003	-	266,755	-
Total N.C. Office of Information Technology Services			-	266,755	-
TOTAL EXPENDITURES OF STATE AWARDS:			-	13,757,421	14,038
EXPENDITURES OF OTHER AWARDS:					
<u>WAKE COUNTY</u>					
Juvenile Crime Prevention Council		#492056	-	-	413,840 (1)
Transportation - EDTAP		N/A	-	-	27,318 (1)
<u>TRIANGLE J COUNCIL OF GOVERNMENTS</u>					
Travel Demand Management Grant		TDMRAL11	-	-	64,291 (1)
TOTAL EXPENDITURES OF OTHER AWARDS:			-	-	505,449
TOTAL EXPENDITURES ALL AWARDS:			\$ 45,824,301	\$ 13,864,712	\$ 2,287,929

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, 2011. 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, 2011 is \$-0-.

Negative current year expenditures represent adjustments to previously reported balances for grant projects completed during FY11.

(1) Represents represent City of Raleigh matching and awards from local governments.



CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2011

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? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

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

Noncompliance material to federal awards? _____ yes X no

Type of 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:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
14.239	HOME Grant Program
16.738	2009 JAG Assistance Grant
16.804	ARRA Byrne JAG Program 2009
20.205	Federal Highway Administration
20.205	ARRA N.C. 50 Hwy Study
20.205	ARRA FHWA Neuse River Greenway
20.500, 20.507	Federal Transit Cluster
20.507	ARRA Operations/Maintenance
66.458	ARRA NRWWTP Reuse Pump
97.036	Federal Emergency Management Assistance

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 1,374,729

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, 2011

I – Summary of Auditors’ Results (continued)

State Awards

Internal control over major state programs:

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

Noncompliance material to state awards? _____ yes X no

Type of 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 X no

Identification of major state programs:

Names of State Program or Cluster

Powell Bill
Sustainability Grant

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

None

IV – State Award Findings and Questioned Costs

None

CITY OF RALEIGH, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2011

VI – Financial Statement Findings

Finding 10-01

Status: Corrected





OFFICE OF THE CITY MANAGER

City of Raleigh
Post Office Box 590
Raleigh, North Carolina 27602
919.996.3070

OFFICE OF THE CHIEF FINANCIAL OFFICER

City of Raleigh
Post Office Box 590
Raleigh North Carolina 27602
919.996.4930

WWW.RALEIGHNC.GOV