

CITY OF RALEIGH, NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014



About the Cover:

On April 25, 2014, The Raleigh Police Memorial Foundation made good on a long-standing promise made by department veterans to honor and keep the memory sacred of the officers who made the ultimate sacrifice serving Raleigh with the dedication of the Raleigh Police Memorial.

The memorial was created by Raleigh's Clearscapes at the entrance of the Avery C. Upchurch Government Complex at 222 W. Hargett St., conveys a message of honor, appreciation and remembrance rather than loss and sorrow.

The \$500,000 memorial features 21 stone structures of granite representing the community. Flowing out of the community is a 60-foot water table reflecting the sky. Thomas Sayre and his team of artists and architects at Clearscapes see the reflecting pool as representative of the ideal that Raleigh's officers serve. The water table features eight holes or voids representing the eight officers who have died in the line of duty in Raleigh.

Dennis Lane, president of Raleigh Police Memorial Foundation and a retired major from the department said the memorial is an inspiring and thought-provoking piece. "It's not the traditional memorial," he said. "We wanted something unique. Raleigh is a unique place to live. We think our department is unique and we wanted something along those lines. The motto for the memorial is 'Honoring the fallen, inspiring the living.' I think it's a fitting tribute to our fallen officers."

The Raleigh Police Memorial Foundation was founded in 2009 by a group of active and retired Raleigh police officers who are dedicated to honoring and remembering Raleigh police officers who made the ultimate sacrifice. The foundation raised funds to support the construction of the police memorial. For more information on the foundation or the memorial, please visit rpdmemorial.wordpress.com.

The Raleigh Police Officers who have lost their lives in the line of duty are:

Officer Tom G. Crabtree
End of Watch, September 1, 1922

Officer Delma D. Adams
End of Watch, February 3, 1980

Officer Robert E. Sparks
End of Watch, March 8, 1968

Officer Denise Holden
End of Watch: August 4, 1995

Officer James W. Allen
End of Watch, December 5, 1968

Detective Paul A. Hale
End of Watch: July 11, 1997

Officer James G. Lee
End of Watch, December 5, 1968

Officer Charles R. Paul
End of Watch: September 10, 2002





The City of Raleigh
NORTH CAROLINA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Prepared by the Finance Department
Perry E. James, III
Chief Financial Officer



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INTRODUCTORY SECTION





Raleigh City Council 2013-2014



First row: Eugene Weeks, Nancy McFarlane, Wayne Maiorano

Second row: Mary-Ann Baldwin, Russ Stephenson

Third Row: Bonner Gaylord, Thomas Crowder, John Odom

Nancy McFarlane - Mayor

Russ Stephenson - At Large

Eugene Weeks - District C

Wayne Maiorano - District A

John Odom - District B

Thomas Crowder - Mayor Pro Tem, District D

Bonner Gaylord - District E

Mary-Ann Baldwin - At Large

City Administrative, Legal and Financial Staff



Ruffin L. Hall
City Manager

Ruffin L. Hall
City Manager

Daniel A. Howe
Assistant City Manager

Thomas A. McCormick, Jr.
City Attorney

Gail G. Smith
City Clerk

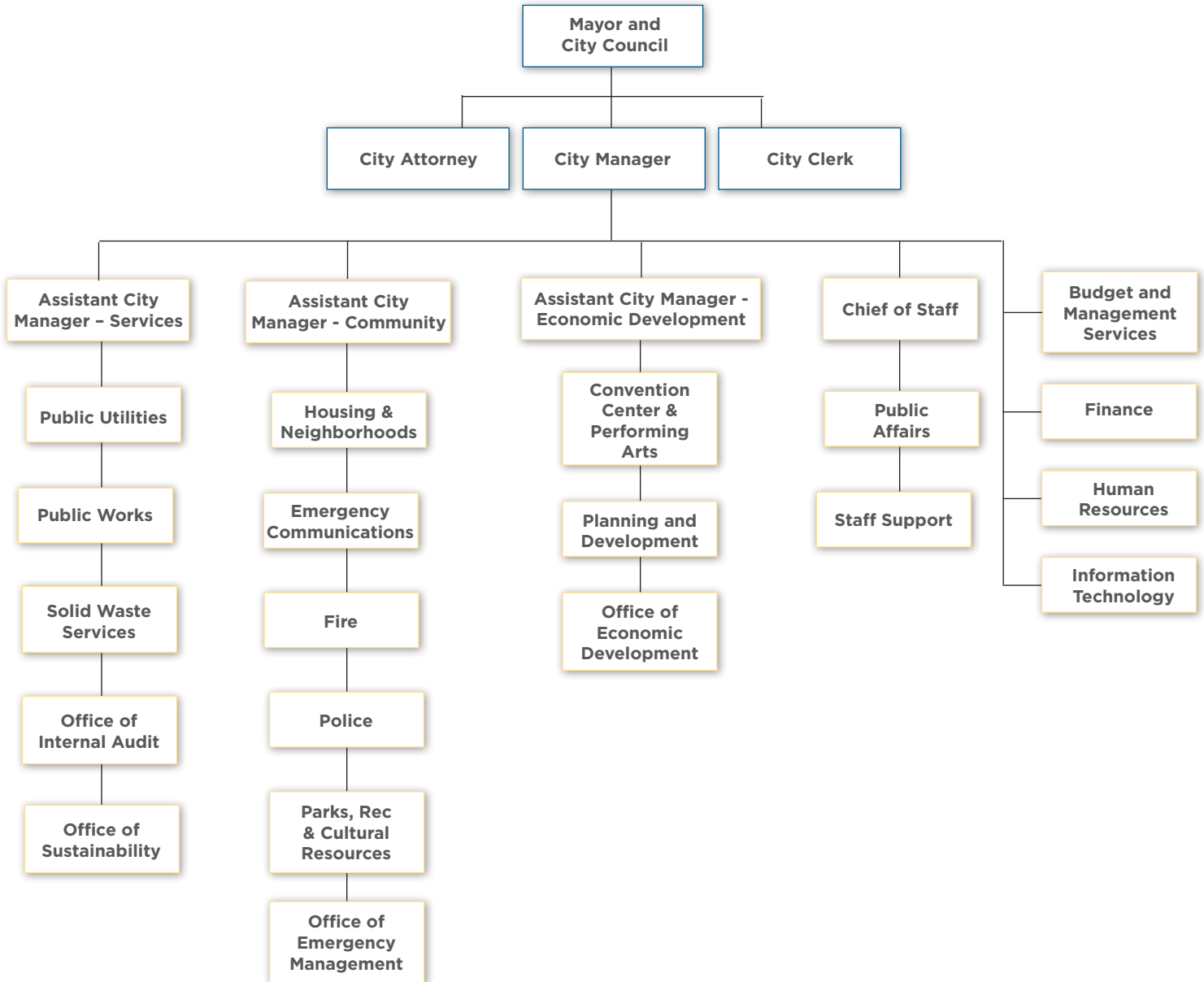
Perry E. James, III
Chief Financial Officer



Perry E. James, III
Chief Financial Officer

City-Wide Organization Chart

Effective July 1, 2014



October 20, 2014



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, 2014. State law requires that all general-purpose local governments annually publish a complete set of financial statements. The financial statements must be presented in accordance with 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. The City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

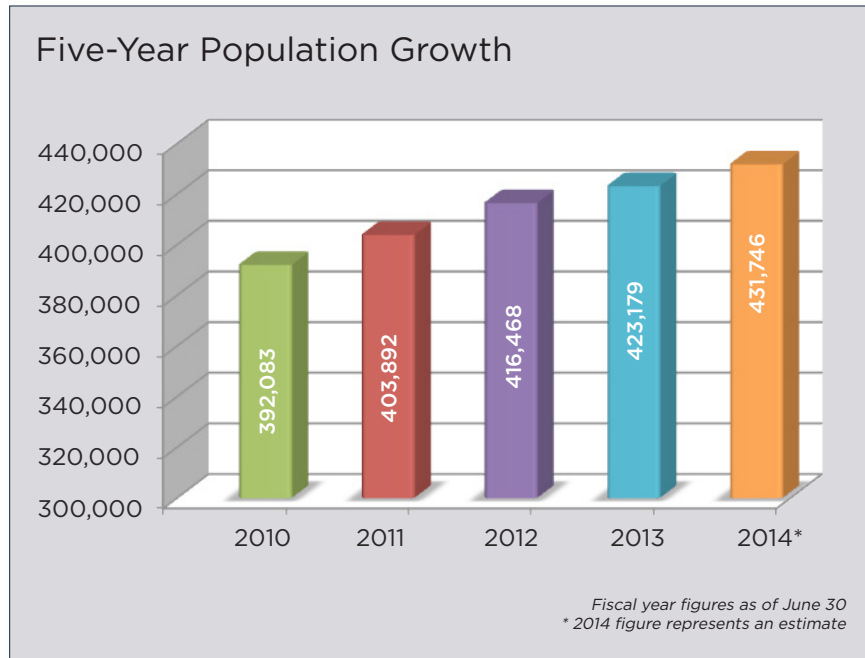
The City's financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2014, are free of material misstatement. The independent auditor concluded, based upon their audit, that the City's financial statements for the fiscal year ended June 30, 2014 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of City of Raleigh

Raleigh is situated in the heart of the State 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 is the county seat of Wake County and the capital of North Carolina which covers an area of more than 180 square miles and has an estimated population of 431,746. 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 1,699,000, which reflects a 31.1% 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.

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

The Annual Budget serves as the foundation of the City's financial planning and 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 may approve transfers of appropriations within a fund up to \$10,000, while transfers between \$10,000 and \$50,000 require approval from the City Manager. Transfers greater than \$50,000 and transfers of appropriations between funds require approval of the City Council.

Economic Conditions and Outlook

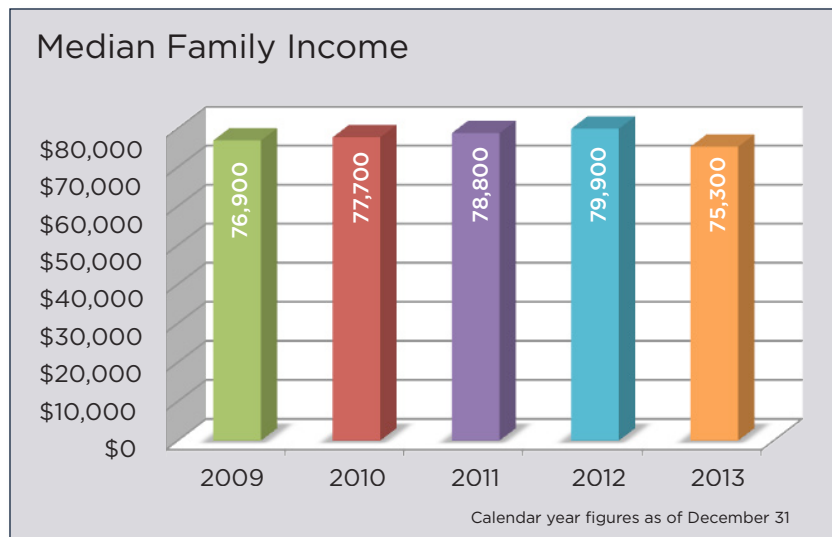
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

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

- 2nd on list of “Fastest-Growing Cities in the U.S.” (February, 2014 - Forbes)
- 5th on list of “Emerging Tech Hubs to Pay Attention To” (February, 2014 - TransferWise)
- 7th on list of “Best Run Cities in the U.S.” (January, 2014 - 24/7 Wall St.)
- Among the “Top Five Places to Retire in the U.S.” (October, 2013 - Money Magazine)
- Among the “Ten Up and Coming Cities for Entrepreneurs” (October, 2013 - Forbes)

The Raleigh area's excellent business environment, its nationally ranked universities, and the outstanding health care facilities are some of the many attributes that attract people to the area. The mild climate, diverse work force and proximity to Research Triangle Park, a nationally recognized 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 governments, 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.

As reported to the City Council during the fiscal year 2014-15 budget process, financial projections for fiscal year 2014-15 show continued signs of positive revenue growth, specifically in sales tax and property tax revenues. As a result, budget resources are directed to rebuilding core service delivery, opening new facilities and improving business processes. Locally, the unemployment rate on June 30, 2014, was 5.2%, which represents a decrease from the June 2013 rate of 6.9%. Median family incomes have slightly decreased from \$79,900 in calendar year 2012 to \$75,300 in calendar year 2013.



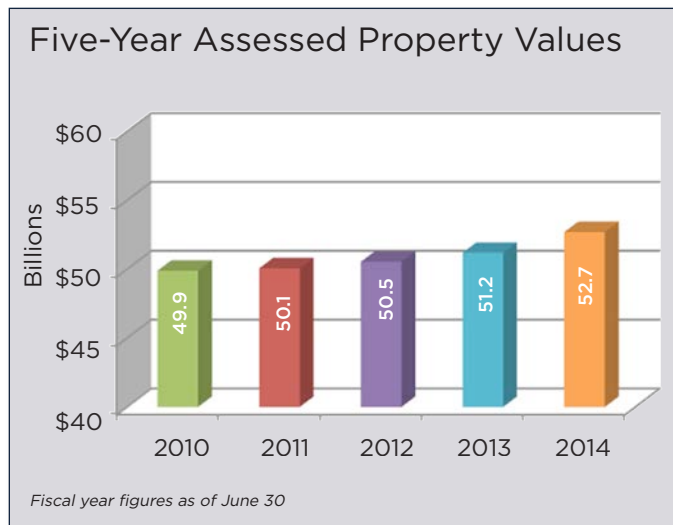
County-wide retail sales have increased approximately 5.8% from 2013 to 2014, while sales tax collections increased by 6.9% over that period. The value of construction permits increased 9.6% from \$1.1 billion in 2013 to \$1.2 billion in 2014. During this period, the City's taxable property base has remained stable and represents a balanced tax base of commercial and industrial property complementing our residential base. Going forward, property tax revenues are projected to increase 1.7% over fiscal year 2014 projections. Sales tax revenues are projected to increase 7.4% over fiscal year 2014 projections, and development revenues are projected to increase 2.5% based on increasing permits and economic development activities. These improving economic conditions, combined with diligent management of both revenues and expenses have allowed the City to maintain an excellent financial position and exceed fund balance objectives for 2014.

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 International Business Machines, Cisco Systems, GlaxoSmithKline, Syngenta and RTI International. Industry clusters such as biotechnology, information technology and emerging industries that are located in RTP reflect the research strengths of the region's renowned universities. The research institutions in RTP employ more than 39,000 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, Red Hat Amphitheater, PNC Arena, Walnut Creek Amphitheater, the Duke Energy Center for the Performing Arts, Marbles Kids Museum and IMAX Theater, numerous state museums, and several major retail shopping malls. PNC Arena 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, located in Duke Energy Center for the Performing Arts, hosts a diversified slate of plays and performances, including productions of the N.C. Theatre and the Broadway Series South. The Duke Energy Center for the Performing Arts is the home of the North Carolina Symphony and the Carolina Ballet, and 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 has been met with outstanding bookings by regional, national and international conference groups, and continues to experience positive momentum. The Convention Center held 219 events with approximately 481,500 attendees during the twelve month period ending June 30, 2014. The events during fiscal year 2014 included 47 conventions and tradeshow which had an estimated \$46.1 million economic impact on Wake County.



The Red Hat Amphitheater has also held a large number of events since opening in June 2010. Twenty-nine shows brought more than 100,000 attendees in the most recent summer season. The Wide Open Bluegrass Festival and other events within the International Bluegrass Music Association's World of Bluegrass, began a very popular run in FY 14 and will remain in Raleigh through at least 2018.

In August 2013, a contract was awarded for the design and construction phases of the new Critical Public Safety Center. The 95,000-square-foot facility will house the City's Emergency Communication Center, Emergency Operations Center, Data Center and Traffic Control Center. In September 2013, the City was awarded a federal transportation grant to assist in funding Union Station, a passenger train station in Downtown Raleigh that is intended to enhance connectivity and spur economic growth.

In October 2013, the Raleigh City Council hired Ruffin Hall as City Manager. The City's Office of Sustainability won the North Carolina Sustainable Energy Association (NCSEA) 2013 Community Leadership award in November 2013, which recognizes notable accomplishments, innovative programs or exemplary leadership

in advancing sustainable energy in any non-profit or government organization. The City broke ground on the Downtown Remote Operations Center in November 2013, which will house divisions such as Vehicle Fleet Services, Street Maintenance and Traffic Engineering. The Raleigh Police Memorial Foundation dedicated the Raleigh Police Memorial to the City in April 2014 as part of a long-standing promise by Raleigh Police Department veterans to honor officers making the ultimate sacrifice serving Raleigh.

Long-term Financial Planning



The City seeks to consistently maintain a strong financial position as evidenced by its AAA/Aaa ratings from the three major credit rating agencies. This objective requires regular long-term planning of operating and capital requirements for its major general government and enterprise programs. In doing so, the City relies on key financial policies and procedures for 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 2013-14 through 2017-18. The major areas included in Phase I are transportation, public utilities, parks, housing, stormwater utility, technology 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.

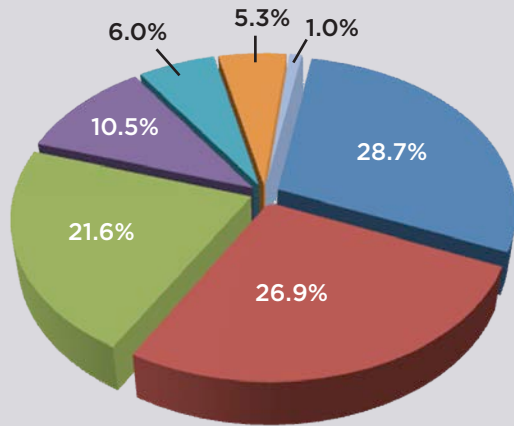
A key financial goal of the City for many years has been the maintenance of a 14.0% unassigned fund balance level in the general fund. In addition, the City has desired to appropriate a consistent level of fund balance each year resulting from positive budget variances. These goals are met in the fiscal year 2014 results that are built into the 2014-15 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 financial 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 2013-2014

The City's annual budget for 2013-14, inclusive of operating and capital programs, increased by 5.3% from the prior year. The budget reflected signs of positive growth in property and sales tax revenues, but also increasing service demands as the Raleigh community grows. The fiscal year 2013-14 budget reflected a 1.8% increase in property tax revenues from the prior year and a 4% increase in sales tax over fiscal year 2012-13 revenues. Budgeted water and sewer revenues were increased to incorporate a 14% sewer rate increase and a redesign of the water and sewer administrative fee. The 2013-14 operating budget funds the continuation of current operations and

Adopted Budget 2014

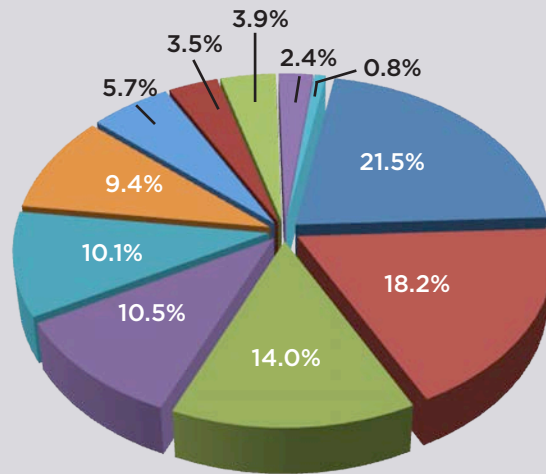


Revenues \$707,834,774

- Property tax - \$203.4 m
- Water/sewer charges - \$190.1 m
- Interest, fees, miscellaneous - \$152.7 m
- Sales tax - \$74.2 m
- Intergovernmental - \$42.8 m
- Debt and program reserves - \$37.7 m
- Federal and state grants - \$6.9 m

Expenditures \$707,834,774

- Public safety - \$152.1 m
- Capital debt service - \$129.1 m
- Public utilities - \$99.0 m
- Capital improvements - \$74.4 m
- Leisure services - \$71.7 m
- Public Works & Public Transit - \$66.2 m
- General government and external agencies - \$40.3 m
- Solid waste services - \$27.4 m
- Community development services - \$24.7 m
- Information technology - \$17.1 m
- Financial management - \$5.8 m



Amount in millions

provides additional funding for structural and service-demand driven operational costs and reinvestment in capital equipment and maintenance.

Capital improvement budgets in fiscal year 2013-14 included new and/or continuing projects totaling \$149.1 million, including traditional project funding for transportation, utilities, parks, stormwater, housing and general public improvements. Utility and transportation projects represented over 70% of the annual capital budget.

For the Future

The fiscal year 2014-15 Annual Budget was adopted by the City Council on June 9, 2014. The combined capital and operating budget for the fiscal year beginning July 1, 2014 totals \$754.2 million, representing a 6.6% increase from the fiscal year 2013-14 Annual Budget. The fiscal year 2014-15 General Fund budget reflects a projected 1.7% increase in property tax revenues, an increase in development revenues of 2.5% due to increasing permits and economic development activities, and a 7.4% increase in sales tax revenue. Budgets for the City's enterprise funds reflect a 4.4% sewer rate increase, a \$1 solid waste fee increase, various adjustments in parking reserved rates and a 3% rate increase in rental rates at the Duke Energy Center for the Performing Arts. Overall, the 2014-15 operating budget sustains the City's long tradition of financial strength and flexibility, balanced with infrastructure investment and services that support economic development for the City. Priorities established in the 2014-15 budget included reinvesting in core services and leveraging new facilities to catch up and respond to City growth, retaining current

workforce with competitive compensation and benefits, and reinvesting in existing capital and technology infrastructure needs.

The 2014-15 capital budget includes new and/or continuing projects totaling \$148.9 million. This budget includes traditional project funding for transportation, utilities, parks, stormwater, housing and general public improvements. Fiscal year 2014-15 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 since 1980.

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

The preparation of this report has been accomplished by the City's Finance Department staff. The contributions of all are invaluable and clearly reflect the high standards we have set for ourselves.

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

Respectfully submitted,



Ruffin L. Hall
City Manager



Perry E. James III
Chief Financial Officer





Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Raleigh North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2013

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.



Jeffrey R. Emer
Executive Director/CEO



FINANCIAL SECTION





Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raleigh, North Carolina (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by 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, as listed in the table of contents, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Raleigh, North Carolina
October 20, 2014

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, 2014. 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

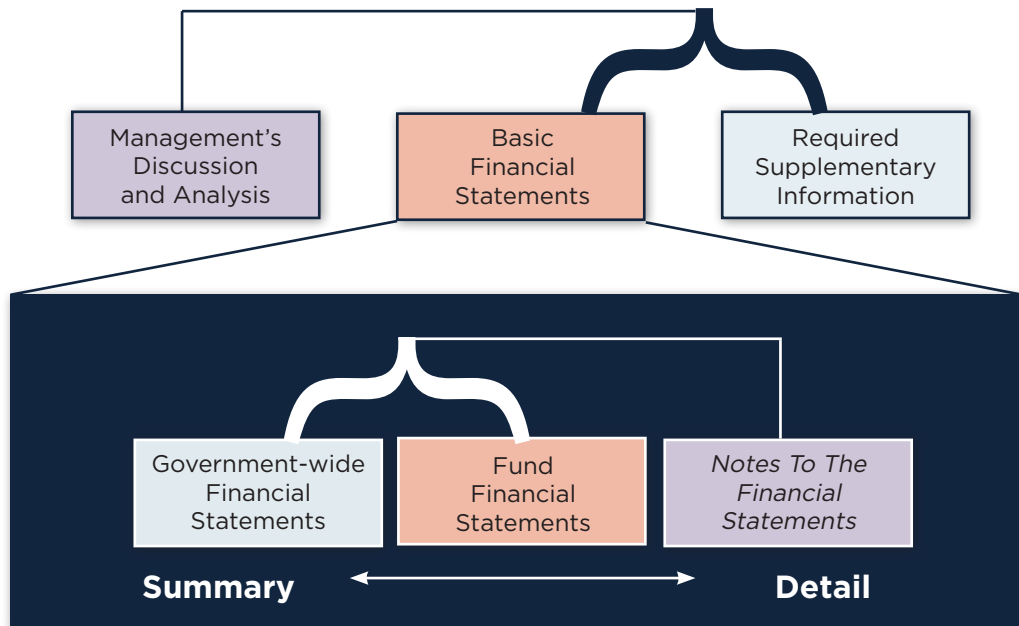
- The assets and deferred outflows of resources of the City of Raleigh exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,947.8 million (*net position*).
 - This amount represents a \$92.5 million increase from prior year or 5.0%
 - Of this amount, \$363.0 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$465.6 million.
 - Of this total amount, 47.8% or \$222.7 million is assigned for specific purposes as identified by the City
 - \$73.1 million or 15.7% is unassigned in the General fund and is available for spending at the City's discretion
- At the end of the current fiscal year, fund balance for the general fund was \$226.7 million.
- Highlights of financing issues and activities for the City during 2013-14 are as follows:
 - The City issued \$51.7 million in limited obligation bonds to finance the construction of the downtown remote operations site
 - The City issued \$15.0 million in general obligation bonds to fund Moore Square capital improvements and a fire station project
 - The City issued \$14.7 million in limited obligation bonds to refund remaining certificate of participation obligations which will reduce future debt service payments by \$1.8 million over the next twelve years
 - The City drew down \$8.5 million from the PNC Bank drawdown program to fund various capital projects as follows:
 - General fund - \$6.3 million
 - Convention Center Complex (Performing Arts) enterprise fund - \$2.2 million
- The City of Raleigh maintained its AAA/Aaa general obligation bond rating from all three major rating agencies.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City’s 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 such as public safety and public works, for example, were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates as a business, including the water and sewer enterprise, the convention and performing arts complex and the operations of mass transit, stormwater management, parking facilities and solid waste services.
 - Fiduciary fund statements provide information about the financial relationships—for example, the retirement plan for the City’s employees—in which the City acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

Components of the Financial Section



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

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources compared to liabilities and deferred inflows of resources, with the difference between reported as net position. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases and decreases in net position may serve as 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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.

While the focus of governmental funds is narrower than that of the government-wide financial statements, therefore, 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 eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund which is considered to be a major fund. Data from the other seventeen 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 and performing arts complex (referred to as convention center) operations, parking facilities, mass transit, stormwater management operations, and solid waste services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Raleigh uses internal service funds to account for activities associated with risk management, employees' health benefits, vehicle fleet services and equipment replacement funds for governmental, solid waste services and public utilities. All of these services benefit governmental functions except for the public utilities and solid waste services equipment replacement funds, which benefit business-type functions. These services have been included within their respective predominant activities in the government-wide financial statements.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 - 57 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 58 - 61 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 62-116 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The City's, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,947.8 million at the close of the most recent fiscal year, compared to \$1,855.3 million at the end of the previous fiscal year.

The following table reflects the condensed Statement of Net Position:

Net Position						
<i>(in millions of dollars)</i>						
	Governmental Activities		Business-type Activities		Total Activities	
	2013	2014	2013	2014	2013	2014
Current and other assets	\$ 615.1	\$ 635.3	\$363.8	\$383.6	\$978.9	\$1,018.9
Capital assets	872.1	912.2	1,702.2	1,749.4	2,574.3	2,661.6
Deferred outflows of resources	6.9	6.0	85.9	82.9	92.8	88.9
Total assets and deferred outflows of resources	1,494.1	1,553.5	2,151.9	2,215.9	3,646.0	3,769.4
Long-term debt outstanding	525.9	548.2	1,109.8	1,108.9	1,635.7	1,657.1
Other liabilities	43.0	48.7	109.8	112.8	152.8	161.5
Deferred inflows of resources	0.9	0.8	1.3	2.2	2.2	3.0
Total liabilities and deferred inflows of resources	569.8	597.7	1,220.9	1,223.9	1,790.7	1,821.6
Net investment in capital assets	570.8	568.3	717.9	730.8	1,288.7	1,299.1
Restricted	264.4	285.7	-	-	264.4	285.7
Unrestricted	89.1	101.8	213.1	261.2	302.2	363.0
Total net position	\$ 924.3	\$ 955.8	\$ 931.0	\$ 992.0	\$ 1,855.3	\$ 1,947.8

By far the largest portion of the City of Raleigh's net position (\$1,299.0 million or 66.7%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) net of any related debt used to acquire those assets that is still outstanding. The City 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 outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$285.7 million or 14.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$363.1 million or 18.6%) may be used to meet the City'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 position both for the City as a whole, as well as for its separate governmental and business-type activities.

The City's net position increased by \$92.5 million during the current fiscal year. The following table summarizes the changes in net position:

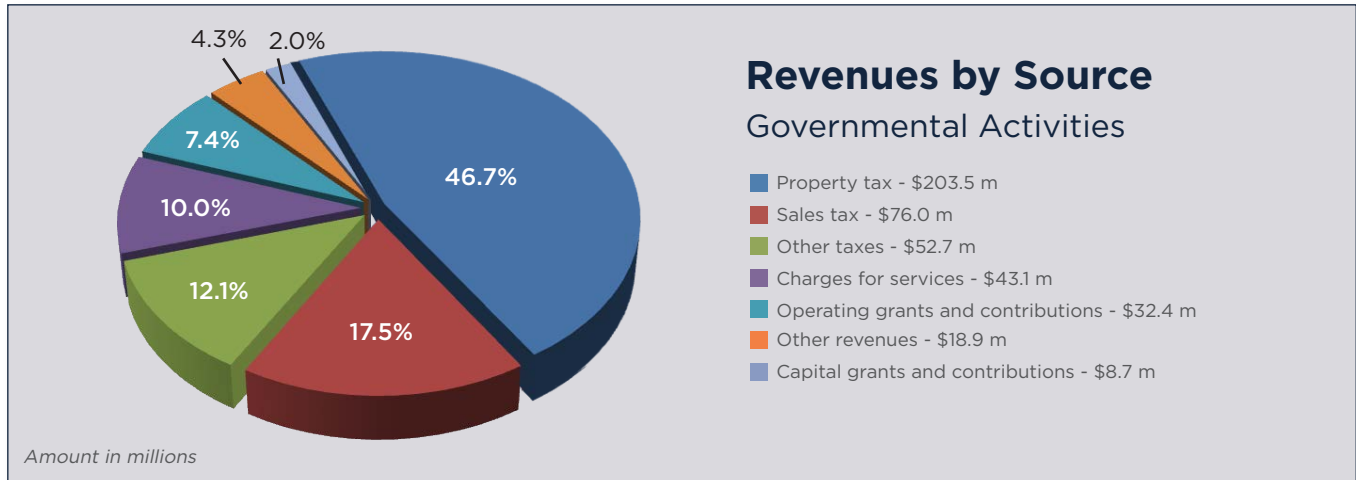
Changes in Net Position						
<i>(in millions of dollars)</i>						
	Governmental Activities		Business-type Activities		Total Activities	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program revenues:						
Charges for services	\$45.5	\$43.1	\$250.7	\$267.8	\$296.2	\$310.9
Operating grants and contributions	35.9	32.4	9.3	6.8	45.2	39.2
Capital grants and contributions	20.9	8.7	7.1	3.8	28.0	12.5
General revenues:						
Property taxes	195.6	203.5	-	-	195.6	203.5
Other taxes	111.9	128.7	-	-	111.9	128.7
Other	21.6	18.9	0.3	3.3	21.9	22.2
Total revenues	431.4	435.3	267.4	281.7	698.8	717.0
Expenses:						
General government	39.2	40.8	-	-	39.2	40.8
Community development services	25.1	23.3	-	-	25.1	23.3
Public works	48.5	57.9	-	-	48.5	57.9
Public safety	142.1	155.6	-	-	142.1	155.6
Leisure services	56.2	61.7	-	-	56.2	61.7
Economic development programs	4.6	7.9	-	-	4.6	7.9
Interest on long-term debt	14.8	16.6	-	-	14.8	16.6
Water and sewer	-	-	135.1	144.9	135.1	144.9
Convention center	-	-	34.1	33.9	34.1	33.9
Mass transit	-	-	33.8	35.4	33.8	35.4
Parking facilities	-	-	11.8	11.8	11.8	11.8
Stormwater management	-	-	11.2	10.4	11.2	10.4
Solid waste services	-	-	27.9	30.5	27.9	30.5
Total expenses	330.5	363.8	253.9	266.9	584.4	630.7
Increase in net position before transfers	100.9	71.5	13.5	14.8	114.4	86.3
Transfers in (out)	(41.2)	(46.2)	41.2	46.2	-	-
Gain on the sale of property	-	6.2	-	-	-	6.2
Increase in net position	59.7	31.5	54.7	61.0	114.4	92.5
Net position, beginning of year	865.0	924.3	879.2	931.0	1,744.2	1,855.3
Prior period adjustment*	(0.4)	-	(2.9)	-	(3.3)	-
Net position, end of year	\$924.3	\$955.8	\$931.0	\$992.0	\$1,855.3	\$1,947.8

*The prior period adjustment shown in 2013 reflects the implementation of GASB 63 and 65.

Compared to 2012-13, the City's overall change in net position was \$22.0 million less. This is a result of total revenues increasing by 2.6% compared to the total costs of all programs and services increasing by 7.9%. The largest driver of the cost increase was a one-time reacquisition of downtown property as well as investments in our employee workforce.

GOVERNMENTAL ACTIVITIES

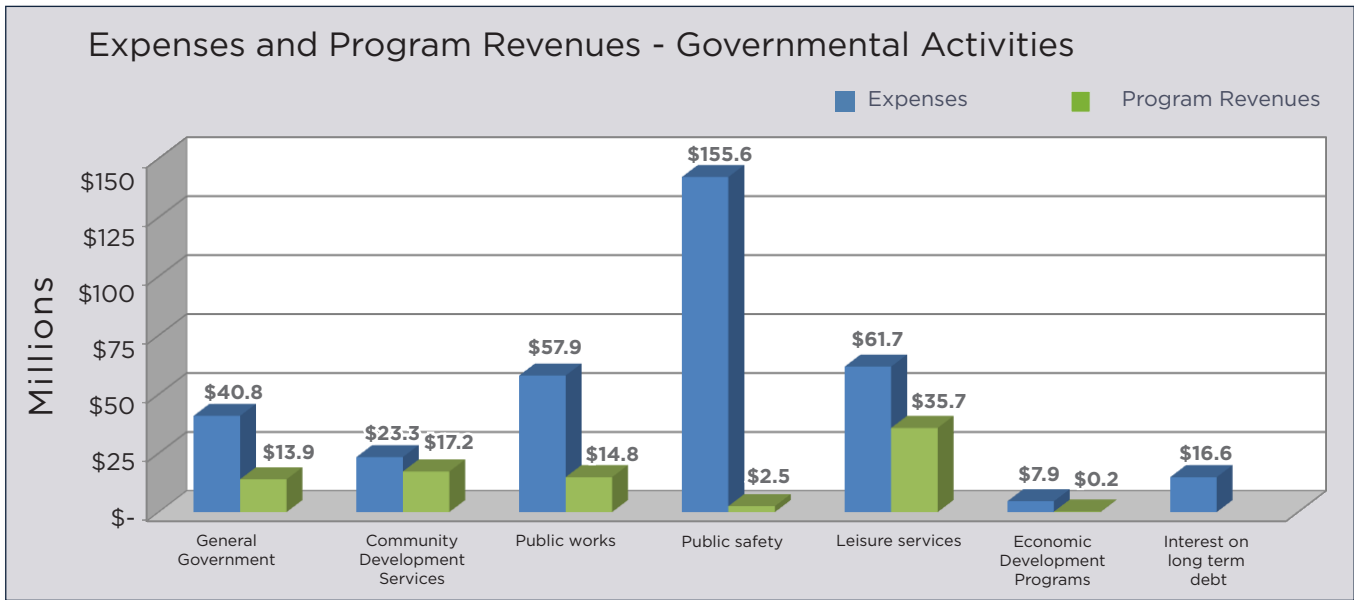
Revenues for the City's governmental activities were \$435.3 million, while expenses were \$363.8 million. The increase in net position for governmental activities (after transfers out of \$46.2 million) and the gain on the sale of property of \$6.2 million was \$31.5 million in fiscal year 2013-14.



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

- The City received \$351.1 million (or 80.7%) in general revenues from taxes and other revenues:
 - Property taxes - \$203.5 million
 - Sales taxes - \$76.0 million
 - Other taxes - \$52.7 million
- General revenues are used to pay for \$279.6 million net cost of governmental activities, which represents this cost of services not covered by program revenues.
- Those who directly benefited from service-fee based programs, such as parks, recreation and cultural resources and inspection related fees, paid \$43.1 million in charges for those services.
- Other governments and organizations subsidized certain City programs with grants and contributions totaling \$41.1 million. Some of these grants and contributions include:
 - Support from various federal and state agencies - \$20.0 million
 - Interlocal support from Wake County for debt service and other expenses on the convention center - \$19.5 million
- The total cost of all governmental activities this year was \$363.8 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: public safety (police, fire, emergency communication) leisure services (parks, recreation and cultural resources), public works (street maintenance, transportation), general government (city attorney, finance, information technology) and others. The City's four largest governmental programs represent 86.9% of the total governmental activities:
 - Public safety - 42.8%
 - Public works - 15.9%
 - Leisure services - 17.0%
 - General government - 11.2%

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



BUSINESS-TYPE ACTIVITIES

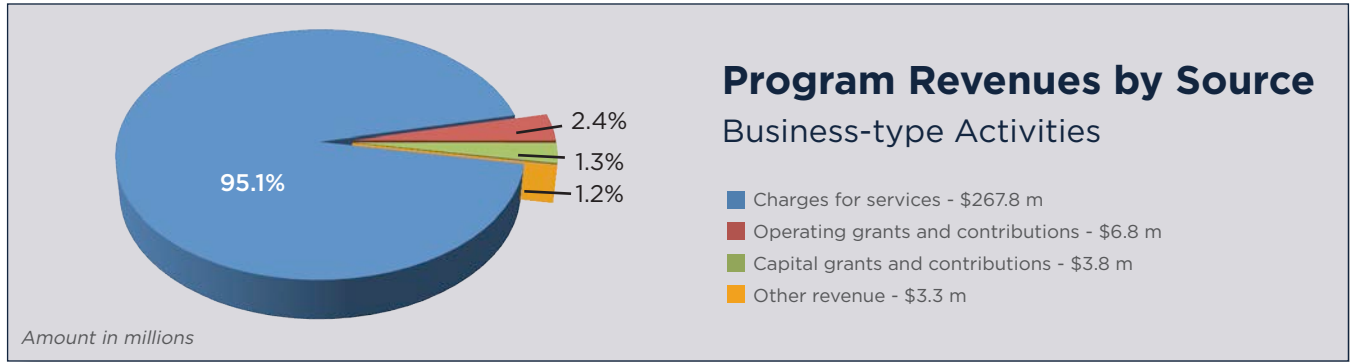
Revenues of the City's business-type activities were \$281.7 million, and expenses were \$267.0 million. The increase in net position for business-type activities (after transfers in of \$46.2 million) was \$60.9 million in 2014. The following table shows the total cost and net cost or revenue for these services.

Net Cost of Business-type Activities

(in millions of dollars)

	Total Cost of Services		Net (Cost) Revenue of Services	
	2013	2014	2013	2014
Water and sewer	\$ 135.1	\$ 145.0	\$ 57.4	\$ 55.9
Convention center	34.1	33.9	(21.8)	(20.9)
Parking facilities	11.8	11.8	(1.1)	0.5
Mass transit	33.8	35.4	(19.3)	(22.7)
Stormwater management	11.2	10.4	6.4	6.7
Solid waste services	27.9	30.5	(8.4)	(8.1)
Total	\$ 253.9	\$ 267.0	\$ 13.2	\$ 11.4

Water and sewer operating revenue of \$197.2 million reflects an increase of 5.7% from the prior year. The increase in revenue was largely the result of an increase in fees associated with financial projection models and approved rate increases. Operating expenses of \$122.5 million increased 2.1% from 2012-13, which were consistent with expectations.



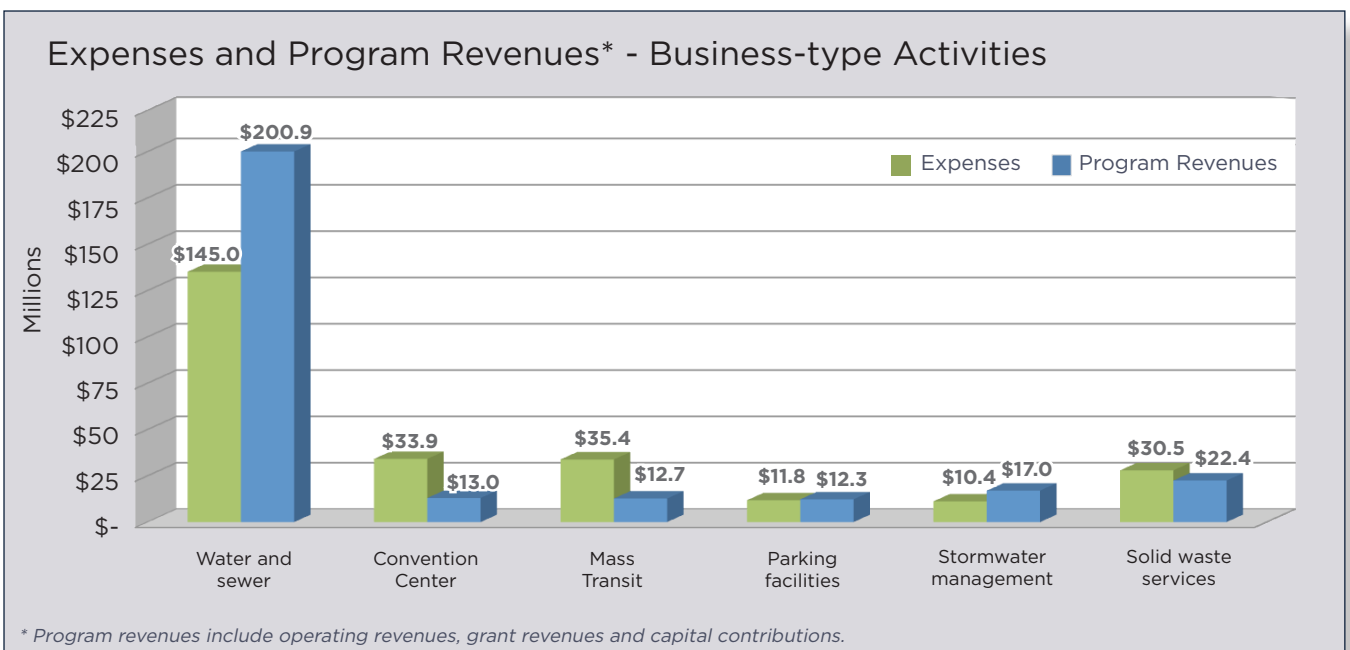
Convention Center operations including the Performing Arts venue delivered \$12.9 million of operating revenues in 2013-14, an increase of 6.0% compared to 2012-13. This increase was a result of positive increases in event revenue as compared to the prior year. Operating expenses remained relatively flat as compared to the prior year. Overall, operations were consistent with expectations.

The parking facilities operations generated \$12.1 million of revenues in 2013-14, an increase of 12.0% compared to 2012-13. This increase was driven by additional metered parking spaces and an increase in downtown parking demand. Parking facilities receives a small subsidy from the general fund. Operating expenses increased by \$0.7 million, or 7.2% compared to 2012-13. This increase is expected given the nature of current operations.

Operating revenues in the mass transit operation of \$5.4 million and operating expenses of \$35.4 million in 2013-14 remained relatively flat when compared to prior year. The mass transit operations are subsidized by the general fund and at the Federal and State level through grant funding.

Stormwater management operating revenues of \$17.0 million in 2013-14 are 5.9% higher than in 2012-13. Stormwater fees were positively impacted by continued development and growth throughout the City. Operating expenses of \$10.6 million decreased 7.5% from 2012-13 which is predominantly due to staffing vacancies throughout the year.

Solid Waste Services operating revenues of \$22.2 million increased 13.6% from the prior year, due to an approved solid waste collection fee increase in 2013-14 and the City's goal for solid waste services to be self-sustaining in the future. Solid waste services operations are subsidized by the general fund. Operating expenses remained relatively flat compared to 2012-13, which is consistent with expectations.



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 \$465.6 million, an increase of \$25.4 million or 5.8%, in comparison with the prior year. Classification of this fund balance is as follows:

- Approximately 3.2% is considered to be *nonspendable*, representing the City's investment in inventories.
- Approximately 18.7% is *restricted* to indicate that it is not available for new spending because it has already been committed to cover:
 - Debt service costs - \$38.6 million
 - Amounts restricted by state statute - \$45.2 million
 - Restricted for federal program reserves - \$1.6 million
 - Restricted for public safety - \$1.9 million.
- Approximately 14.6% is *committed*, which can only be used for specific purposes imposed by majority vote by City Council. Fund balance in this category has been committed for debt service.
- Approximately 47.8% constitutes *assigned fund balance*, which is available for spending at the government's discretion.
- The remaining fund balance of 15.7% is *unassigned*, and represents the City's residual net resources.

Governmental Fund Balance Classification at June 30, 2014 (in millions of dollars)

	General Fund	Nonmajor Governmental	Total Governmental	%
Nonspendable	\$3.2	\$11.6	\$14.8	3.2%
Restricted:				
State statute	45.2	-	45.2	9.7%
Debt service	-	38.6	38.6	8.3%
Federal programs	1.6	-	1.6	0.3%
Public safety	-	1.9	1.9	0.4%
	<u>46.8</u>	<u>40.5</u>	<u>87.3</u>	<u>18.7%</u>
Committed	67.8	-	67.8	14.6%
Assigned	35.8	186.8	222.6	47.8%
Unassigned	73.1	-	73.1	15.7%
	<u>176.7</u>	<u>186.8</u>	<u>363.5</u>	<u>78.1%</u>
Total fund balance	<u>\$226.7</u>	<u>\$238.9</u>	<u>\$465.6</u>	<u>100.0%</u>

The general fund is the chief operating fund of the City. The fund balance of the City's general fund increased by \$11.5 million during the current fiscal year. Revenues continue to show positive growth and were utilized for normal City programs as well as increased investment in employees.

The North Carolina Local Government Commission strongly recommends that local governments maintain an unassigned fund balance of at least 8% of general fund expenditures. The City's policy is to maintain an unassigned fund balance of at least 14% of the succeeding year's expenditure budget. Unassigned fund balance of \$73.0 million represents 16.6% of the 2014-15 general fund expenditure budget. Unassigned fund balance is the amount remaining after management's policy designations.

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

BUDGETARY HIGHLIGHTS

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

General Fund. General fund revenues recognized positive budget variances during 2013-14 with actual results coming in at \$5.8 million above final budget. These positive budget variances continue to be an improvement seen over the recent few years, which is helped by increases in development-related activities and continued improvement within the economy which drives increases for both property tax and sales tax, two of the City's primary revenue streams. General fund expenditures came in well below budget which resulted in a positive budget variance of \$40.3 million. All expenditure functions and departments reported positive budget variances, which is a result of conservative budget practices as well as the City's cost management efforts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Raleigh's cumulative investment in capital assets for its governmental and business type activities as of June 30, 2014, amounts to \$2,661.6 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, watershed protection rights, buildings and machinery, water and sewer systems, streets and sidewalks, parking decks, buses, equipment, furniture and fixtures, enterprise-wide software and general improvements. The City's investment in capital assets for the current fiscal year was \$87.3 million, a 3.4% increase over prior year.

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

- Construction began and/or was completed for governmental activities including a variety of street projects, parks and greenways, and fire stations. Total governmental projects completed and capitalized in fiscal year 2013-14 were \$36.2 million. Examples include:
- There were several individual projects associated with the Neuse River Greenway that were completed, with a total capitalized cost of \$11.6 million
- The Walnut Creek Greenway extension was completed for a total cost of \$3.2 million
- Several road widening projects were completed for a cost of \$5.0 million

- Governmental equipment acquisitions added \$10.1 million to the City's rolling stock inventory
- Construction in progress for all governmental activities was \$259.3 million
- Construction began and/or was completed on additional facilities for various enterprise operations. Total enterprise projects completed and capitalized in fiscal year 2013-14 was \$27.5 million. There were significant water and sewer projects completed that attributed to the total including:
 - Neuse River Waste Water Treatment Plant improvements - \$2.8 million
 - East Beaver Dam Rehabilitation - \$2.4 million
 - Cemetery Branch Sewer Main Replacement - \$2.3 million
- Enterprise equipment acquisitions added \$12.2 million to the City's rolling stock inventory
- Construction in progress for all enterprise activities was \$296.4 million
- Annexations added \$2.0 million to streets for governmental activities and \$2.3 million to water and sewer systems for the business-type activities

Capital Assets*

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Activities	
	2013	2014	2013	2014	2013	2014
Land	\$146.9	\$149.5	\$78.2	\$81.2	\$225.1	\$230.7
Construction in progress	215.6	259.3	274.1	296.4	489.7	555.7
Watershed protection rights	-	-	-	4.7	-	4.7
Buildings and machinery	61.8	60.3	305.5	311.1	367.3	371.4
Water and sewer systems	-	-	812.2	810.0	812.2	810.0
Streets and sidewalks	305.0	289.4	0.9	0.9	305.9	290.3
Parking decks	-	-	114.1	110.4	114.1	110.4
Buses	-	-	10.3	8.3	10.3	8.3
Equipment	23.4	20.2	7.5	21.5	30.9	41.7
Furniture and fixtures	0.1	0.1	0.2	-	0.3	0.1
Improvements	84.7	99.9	99.2	104.9	183.9	204.8
Enterprise-wide software	34.6	33.6	-	-	34.6	33.6
Total	\$872.1	\$912.3	\$1,702.2	\$1,749.4	\$2,574.3	\$2,661.7

* Amounts shown net of accumulated depreciation

Additional information on the City's capital assets can be found on pages 30 - 32 of the notes to the financial statements of this report.

Long-term debt. At the end of the current fiscal year, the City had total general obligation bonds outstanding of \$320.2 million. The remainder of the City's debt represents revenue bonds (\$665.9 million) and installment financing agreements (\$546.0 million - installment notes, COPS, etc.) secured solely by specified revenue sources and property.

Long-Term Debt <i>(stated in millions)</i>						
	Governmental Activities		Business-type Activities		Total Activities	
	2013	2014	2013	2014	2013	2014
General obligation bonds	\$322.8	\$316.8	\$5.0	\$3.4	\$327.8	\$320.2
Revenue bonds	-	-	681.6	665.9	681.6	665.9
Installment financing agreements	139.1	157.4	368.6	388.6	507.7	546.0
Total	\$461.9	\$474.2	\$1,055.2	\$1,057.9	\$1,517.1	\$1,532.1

State statute limits the amount of general obligation debt a governmental entity may issue to 8.0% of the total assessed value of taxable property. The City's outstanding net debt of \$974.2 million (*Legal Debt Margin Information statistical schedule*) is significantly less than the current debt limitation of \$4,225.4 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 discussion concerning the outstanding debt of the City has already been addressed in the Financial Highlights section of this report. Further information on the City of Raleigh's long-term debt can be found in the notes to the financial statements on pages 35 - 44 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As noted in the above discussion and analysis, the financial results for the year ended June 30, 2014 were improved from the prior year, reflecting more positive trends in the local and national economy. The moderate improvements in property tax, sales tax and certain growth related revenues are projected to continue for fiscal year 2014-15, and combined with ongoing diligent management of City expenses, should result in the City again meeting our fund balance goals and maintaining our AAA/Aaa general credit ratings. Through these budget plans, City management and staff remain committed to providing Raleigh citizens a high quality of service at a reasonable cost.

Significant factors considered in preparing the City's budget for the 2014-15 fiscal year include the following:

- The 2014-15 combined budgets for operating and capital programs totals \$754.2 million, representing a 6.6% overall increase over the 2013-14 combined budget
- The adopted General Fund budget for 2014-15 of \$416.7 million is increased 2.9% over the prior year adopted budget
 - The primary revenue source, property taxes, is budgeted at \$212.9 million, an increase of \$9.5 million from 2013-14

- The property tax rate increased by 1.12 cents per \$100 valuation for a transportation bond referendum in November 2013, as well as 1 cent per \$100 valuation to fund the street resurfacing program
- The 2014-15 budget for sales tax is \$79.7 million, an increase of \$5.4 million
- Consistent with the City's multi-year utility rate model, the budget for water and sewer charges increased 6.1% from \$190.1 million to \$201.6 million for the 2014-15 budget year. This increase is attributed to water and sewer rate adjustments and a new charge for infrastructure replacement.
- The 2014-15 capital budget includes new and/or continuing projects totaling \$148.9 million, including projects for roads, parks, utilities and general public facilities

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 POSITION

June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 376,615,386	\$ 249,175,686	\$ 625,791,072
Taxes receivable, net of allowance for uncollectibles of \$9,688,965	1,239,837	-	1,239,837
Assessments receivable, net of allowance for uncollectibles of \$234,809	825,080	1,714,809	2,539,889
Customer receivables, net of allowance for uncollectibles of \$8,123,892	21,257	21,750,410	21,771,667
Due from transit management	-	900,031	900,031
Due from other governmental agencies	11,299,558	6,264,641	17,564,199
Accrued interest receivable	637,172	355,340	992,512
Other receivables and assets	8,339,597	1,499,462	9,839,059
Sales tax receivable	22,668,560	2,909,753	25,578,313
Internal balances	(5,762,899)	5,762,899	-
Inventories	4,034,262	8,847,827	12,882,089
Assets held for resale	11,625,378	-	11,625,378
Loans receivable	67,007,567	-	67,007,567
Cash and cash equivalents/investments - restricted deposits and bond proceeds	133,647,163	84,467,714	218,114,877
Net pension assets	3,086,407	-	3,086,407
Capital assets:			
Land and construction in progress	408,792,538	382,320,407	791,112,945
Other capital assets, net of depreciation	503,461,364	1,367,068,094	1,870,529,458
Total assets	<u>1,547,538,227</u>	<u>2,133,037,073</u>	<u>3,680,575,300</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized refunding charges	6,005,863	20,658,870	26,664,733
Accumulated decrease in fair value of hedging derivatives	-	62,196,512	62,196,512
Total deferred outflows of resources	<u>6,005,863</u>	<u>82,855,382</u>	<u>88,861,245</u>
LIABILITIES			
Accounts payable	31,080,732	14,414,545	45,495,277
Accrued salaries and employee payroll taxes	1,360,482	202,083	1,562,565
Accrued interest payable	4,540,788	12,375,900	16,916,688
Sales tax payable	11,810	57,831	69,641
Rehabilitation loans escrow	713,646	-	713,646
Due to other funds	273,164	-	273,164
Due to other governmental agencies	-	366,714	366,714
Other current liabilities	158,356	-	158,356
Escrow and other deposits payable from restricted assets	1,297,744	22,372,476	23,670,220
Reimbursable facility fees	6,929,950	-	6,929,950
Derivative instrument liability	-	62,196,512	62,196,512
Long-term liabilities:			
Due within one year	57,838,158	46,122,883	103,961,041
Due in more than one year	490,329,393	1,062,775,011	1,553,104,404
Net OPEB pension liability	2,350,680	834,487	3,185,167
Total liabilities	<u>596,884,903</u>	<u>1,221,718,442</u>	<u>1,818,603,345</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	251,090	-	251,090
Prepaid taxes and assessments	124,708	-	124,708
Prepaid fees	27,062	12,435	39,497
Unearned revenues	445,713	2,213,679	2,659,392
Total deferred inflows of resources	<u>848,573</u>	<u>2,226,114</u>	<u>3,074,687</u>
NET POSITION			
Net investment in capital assets	568,328,779	730,664,198	1,298,992,977
Restricted for:			
Capital projects	192,781,307	-	192,781,307
Community development projects	46,154,352	-	46,154,352
Stabilization by state statute	45,234,946	-	45,234,946
Federal programs	1,564,991	-	1,564,991
Unrestricted	101,746,239	261,283,701	363,029,940
Total net position	<u>\$ 955,810,614</u>	<u>\$ 991,947,899</u>	<u>\$ 1,947,758,513</u>

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 40,754,204	\$ 10,774,551	\$ 3,146,980	\$ -
Community development services	23,192,249	7,397,625	5,902,263	3,914,146
Public works	57,943,549	8,667,411	1,587,482	4,501,893
Public safety	155,623,164	284,471	2,178,880	-
Leisure services	61,695,005	15,822,010	19,565,905	273,442
Economic development programs	7,930,336	127,745	52,687	-
Interest on long-term debt	16,646,108	-	-	-
Total governmental activities	363,784,615	43,073,813	32,434,197	8,689,481
Business-type activities:				
Water and sewer	144,960,682	197,946,505	-	2,977,292
Convention center complex	33,860,556	12,949,956	-	-
Mass transit	35,386,740	5,441,195	6,695,345	590,069
Parking facilities	11,782,386	12,329,943	-	-
Solid waste services	30,482,552	22,162,444	-	264,081
Stormwater	10,443,635	16,971,504	61,595	-
Total business-type activities	266,916,551	267,801,547	6,756,940	3,831,442
Total City of Raleigh	\$ 630,701,166	\$ 310,875,360	\$ 39,191,137	\$ 12,520,923

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

Gain on the sale of property

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (26,832,673)	\$ -	\$ (26,832,673)
(5,978,215)	-	(5,978,215)
(43,186,763)	-	(43,186,763)
(153,159,813)	-	(153,159,813)
(26,033,648)	-	(26,033,648)
(7,749,904)	-	(7,749,904)
(16,646,108)	-	(16,646,108)
<u>(279,587,124)</u>	<u>-</u>	<u>(279,587,124)</u>
-	55,963,115	55,963,115
-	(20,910,600)	(20,910,600)
-	(22,660,131)	(22,660,131)
-	547,557	547,557
-	(8,056,027)	(8,056,027)
-	6,589,464	6,589,464
<u>-</u>	<u>11,473,378</u>	<u>11,473,378</u>
<u>(279,587,124)</u>	<u>11,473,378</u>	<u>(268,113,746)</u>
203,513,150	-	203,513,150
76,003,995	-	76,003,995
21,944,325	-	21,944,325
23,216,220	-	23,216,220
7,512,196	-	7,512,196
5,044,418	3,268,883	8,313,301
13,821,426	-	13,821,426
<u>351,055,730</u>	<u>3,268,883</u>	<u>354,324,613</u>
(46,235,242)	46,235,242	-
6,270,824	-	6,270,824
<u>311,091,312</u>	<u>49,504,125</u>	<u>360,595,437</u>
31,504,188	60,977,503	92,481,691
924,306,426	930,970,396	1,855,276,822
<u>\$ 955,810,614</u>	<u>\$ 991,947,899</u>	<u>\$ 1,947,758,513</u>

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2014

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 191,335,780	\$ 128,830,716	\$ 320,166,496
Taxes receivable, net of allowance for uncollectibles of \$9,688,965	1,239,837	-	1,239,837
Assessments receivable, net of allowance for uncollectibles of \$141,000	411,298	413,782	825,080
Customer receivables	18,942	-	18,942
Due from other governmental agencies	2,222,922	9,076,636	11,299,558
Accrued interest receivable	486,883	150,289	637,172
Other receivables and assets	7,073,180	2,315	7,075,495
Sales tax receivable	21,496,710	1,171,850	22,668,560
Due from other funds	5,843,256	290,077	6,133,333
Inventories	3,153,426	-	3,153,426
Other assets	84,657	-	84,657
Loans receivable	1,968,305	65,039,262	67,007,567
Assets held for resale	-	11,625,378	11,625,378
Noncurrent assets:			
Cash and cash equivalents /investments - restricted deposits and bond proceeds	9,778,895	117,720,150	127,499,045
Total assets	<u>\$ 245,114,091</u>	<u>\$ 334,320,455</u>	<u>\$ 579,434,546</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 5,134,768	\$ 15,604,398	\$ 20,739,166
Accrued salaries and employee payroll taxes	1,105,040	12,271	1,117,311
Employee taxes and related withholdings	5,527,689	-	5,527,689
Sales tax payable	-	11,810	11,810
Loan servicing escrow	464,476	488,370	952,846
Other liabilities	1,343,797	16,628	1,360,425
Due to other funds	563,241	5,479,174	6,042,415
Reimbursable facility fees	306,138	6,384,612	6,690,750
Escrow and other deposits payable from restricted assets	-	1,297,744	1,297,744
Due to other governmental agencies	-	158,356	158,356
Total liabilities	<u>14,445,149</u>	<u>29,453,363</u>	<u>43,898,512</u>
DEFERRED INFLOWS OF RESOURCES			
Loans receivable	1,968,305	65,039,262	67,007,567
Property tax receivable	1,239,837	-	1,239,837
Assessments receivable	411,298	413,782	825,080
Prepaid assessments	-	5,614	5,614
Prepaid taxes and facility fees	119,094	-	119,094
Unearned revenue	251,090	472,775	723,865
Total deferred inflows of resources	<u>3,989,624</u>	<u>65,931,433</u>	<u>69,921,057</u>
FUND BALANCES			
Nonspendable:			
Assets held for resale	-	11,625,378	11,625,378
Inventories	3,153,426	-	3,153,426
Restricted:			
Stabilization by state statute	45,234,946	-	45,234,946
Debt service	-	38,554,408	38,554,408
Federal programs	1,564,991	-	1,564,991
Public safety	-	1,924,254	1,924,254
Committed:			
Debt service	67,775,767	-	67,775,767
Assigned:			
Subsequent year's appropriation	21,510,354	149,481,904	170,992,258
Community development	755,322	2,883,648	3,638,970
City projects	252,156	33,050,477	33,302,633
Disaster recovery	-	1,415,590	1,415,590
Debt service	13,352,364	-	13,352,364
Unassigned	73,079,992	-	73,079,992
Total fund balances	<u>226,679,318</u>	<u>238,935,659</u>	<u>465,614,977</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 245,114,091</u>	<u>\$ 334,320,455</u>	<u>\$ 579,434,546</u>

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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**
June 30, 2014

Total <i>fund balances</i> for governmental funds	\$	465,614,977
Total <i>net position</i> reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Land and construction in progress - \$408,792,538 capital assets being depreciated, net - \$486,264,848).		895,057,386
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.		735,727
Unamortized refunding charges are reported as expenditures in the funds because current financial resources are used.		6,005,863
Internal service funds are used by management to charge the costs of certain activities, such as print services, risk management, employees' health benefits, equipment replacement and vehicle fleet services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		33,556,648
Taxes receivable - \$1,239,837, and assessments receivable - \$825,080 will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.		2,064,917
Loans receivable - \$67,007,567, a long-term asset, is not available to pay for current expenditures and, therefore is reported as deferred inflows of resources in the funds.		67,007,567
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 issuance premium	\$	(343,738,999)
Installment Financing Agreements - long-term, net of unamortized refunding charges and issuance premium		(148,433,699)
Earned Vacation Pay		(17,518,985)
Accrued Interest Payable		(4,540,788)
	\$	(514,232,471)
Net position of governmental activities	\$	955,810,614

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

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

For the Fiscal Year Ended June 30, 2014

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 204,622,666	\$ -	\$ 204,622,666
Intergovernmental	40,997,509	35,863,447	76,860,956
Non-governmental	-	42,797	42,797
Developer participation	-	164,457	164,457
Assessments	-	1,118,521	1,118,521
Local sales tax	76,003,995	-	76,003,995
Licenses	24,906,081	-	24,906,081
Gain (loss) on investments	3,503,301	1,084,525	4,587,826
Inspections fees	10,829,710	-	10,829,710
Highway maintenance refunds	898,876	-	898,876
Facility fees	-	7,662,543	7,662,543
Other fees and charges	15,494,896	-	15,494,896
Rents	419,858	128,262	548,120
Program income	108,492	2,275,291	2,383,783
Other revenues	1,916,542	-	1,916,542
Miscellaneous other	-	283,943	283,943
Total revenues	<u>379,701,926</u>	<u>48,623,786</u>	<u>428,325,712</u>
EXPENDITURES			
Current:			
General government	38,063,194	49,004	38,112,198
Community development services	16,335,427	7,028,993	23,364,420
Public works	22,207,622	3,814,685	26,022,307
Public safety	145,775,183	2,674,002	148,449,185
Leisure services	51,154,890	2,743,494	53,898,384
Economic development programs	3,249,631	4,680,705	7,930,336
Capital outlay	-	92,752,793	92,752,793
Debt service:			
Principal	30,202,645	-	30,202,645
Interest	17,316,132	-	17,316,132
Other debt service expenditures	333,423	-	333,423
Total expenditures	<u>324,638,147</u>	<u>113,743,676</u>	<u>438,381,823</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,063,779</u>	<u>(65,119,890)</u>	<u>(10,056,111)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	16,578,898	26,975,218	43,554,116
Transfers out	(60,669,705)	(27,829,760)	(88,499,465)
Note proceeds	-	494,392	494,392
Bonds issued	4,223,414	68,659,597	72,883,011
Premium on bonds issued	-	4,490,106	4,490,106
Refunding bonds proceeds	5,885,000	-	5,885,000
Payment to refunded bond escrow agent	(9,625,751)	-	(9,625,751)
Proceeds from the sale of property	-	6,270,824	6,270,824
Total other financing sources (uses)	<u>(43,608,144)</u>	<u>79,060,377</u>	<u>35,452,233</u>
Net change in fund balances	11,455,635	13,940,487	25,396,122
Fund balances - beginning	215,223,683	224,995,172	440,218,855
Fund balances - ending	<u>\$ 226,679,318</u>	<u>\$ 238,935,659</u>	<u>\$ 465,614,977</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, 2014

Net change in <i>fund balances</i> - total governmental funds	\$ 25,396,122
The change in <i>net position</i> 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 \$87,191,651 exceeded depreciation \$39,466,516 in the current period.	47,725,135
Net change in net pension assets/liabilities.	(681,562)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Annexations - \$1,953,350; Property taxes - (\$1,109,516); Assessments - (\$632,088); Loss on the Sale of Assets - (\$6,876,961).	(6,665,215)
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.	4,465,722
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.	
Debt issued or incurred:	
General obligation bonds issued	\$ 15,000,000
Installment financing	58,377,403
Bond Refunding:	
Face amount of new debt	5,885,000
Payment to Escrow Agent	(9,625,751)
Principal repayments:	
General obligation debt	(20,969,543)
Installment financing	(9,233,102)
Net adjustment	<u>\$ 39,434,007</u> (39,434,007)
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 -(\$282,545), and change in accrued interest expense - (\$469,020).	(751,565)
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 refunding charges and premium on bonds are expenses or reduction of expenses in the governmental activities.	(2,625,886)
Internal service funds are used by management to charge the costs of certain activities, such as print services, risk management, employees' health benefits, equipment replacement, and vehicle fleet services to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities.	<u>4,075,444</u>
Change in net position of governmental activities	<u>\$ 31,504,188</u>

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, 2014

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 203,363,787	\$ 203,363,787	\$ 204,622,666	\$ 1,258,879
Intergovernmental	39,654,812	39,828,482	40,997,509	1,169,027
Local sales tax	74,232,347	74,232,347	76,003,995	1,771,648
Licenses	24,410,648	24,410,648	24,906,081	495,433
Gain (loss) on investments	1,184,135	1,184,135	3,464,533	2,280,398
Inspection fees	11,720,125	11,720,125	10,829,710	(890,415)
Highway maintenance refunds	1,150,000	1,150,000	898,876	(251,124)
Parks and recreation fees	5,232,000	5,418,445	5,526,038	107,593
Other fees and charges	10,022,219	10,645,705	9,968,858	(676,847)
Other revenues	1,334,350	1,419,950	1,916,542	496,592
Total revenues	<u>372,304,423</u>	<u>373,373,624</u>	<u>379,134,808</u>	<u>5,761,184</u>
EXPENDITURES				
General government:				
City council	276,385	285,054	241,984	43,070
City clerk	554,499	573,314	445,889	127,425
City attorney	2,829,796	2,833,565	2,610,144	223,421
Special appropriations	16,742,402	16,273,216	15,728,376	544,840
Agency appropriations	3,871,094	4,368,057	3,889,782	478,275
City manager	3,181,945	3,444,983	3,122,793	322,190
Public affairs office	2,331,056	2,447,766	1,762,116	685,650
Human resources	3,522,378	3,600,319	3,246,701	353,618
Administrative service	1,726,831	1,671,268	1,565,877	105,391
Finance	5,865,780	7,372,135	5,097,709	2,274,426
Information technology	17,439,681	18,312,497	15,569,514	2,742,983
Total general government	<u>58,341,847</u>	<u>61,182,174</u>	<u>53,280,885</u>	<u>7,901,289</u>
Community development services:				
Planning	6,799,418	7,036,694	6,391,346	645,348
Inspections	7,321,840	7,343,143	7,095,606	247,537
Community services	1,912,561	1,780,616	1,526,904	253,712
Economic development	3,362,763	3,417,169	3,249,631	167,538
Total community development services	<u>19,396,582</u>	<u>19,577,622</u>	<u>18,263,487</u>	<u>1,314,135</u>
Public works:				
Central engineering	15,093,426	15,118,835	14,199,667	919,168
Transportation	13,246,092	13,504,136	13,080,519	423,617
Total public works	<u>28,339,518</u>	<u>28,622,971</u>	<u>27,280,186</u>	<u>1,342,785</u>
Public safety:				
Emergency communications center	7,587,378	7,832,417	6,876,985	955,432
Police	90,537,318	92,895,050	87,767,204	5,127,846
Fire	51,775,272	52,537,312	51,130,994	1,406,318
Total public safety	<u>149,899,968</u>	<u>153,264,779</u>	<u>145,775,183</u>	<u>7,489,596</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, 2014

	<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	\$ 48,722,519	\$ 50,995,781	\$ 46,297,272	\$ 4,698,509
Walnut creek amphitheatre	350,193	350,193	139,479	210,714
Continuing recreation activities	7,360,070	7,702,293	4,718,139	2,984,154
Total leisure services	<u>56,432,782</u>	<u>59,048,267</u>	<u>51,154,890</u>	<u>7,893,377</u>
Debt service:				
Principal and interest	51,415,404	51,898,068	47,518,777	4,379,291
Other debt service expenditures	1,285,000	1,342,058	333,423	1,008,635
Total debt service	<u>52,700,404</u>	<u>53,240,126</u>	<u>47,852,200</u>	<u>5,387,926</u>
Total expenditures before charge-out	365,111,101	374,935,939	343,606,831	31,329,108
Less: administrative costs charged to other funds	20,560,328	20,560,328	20,290,255	270,073
Total expenditures	<u>344,550,773</u>	<u>354,375,611</u>	<u>323,316,576</u>	<u>31,059,035</u>
Excess (deficiency) of revenues over expenditures	27,753,650	18,998,013	55,818,232	36,820,219
OTHER FINANCING SOURCES (USES)				
Transfers in	13,111,050	13,111,050	16,641,615	3,530,565
Transfers out	(60,598,070)	(61,205,921)	(61,217,797)	(11,876)
Bonds issued	-	4,223,414	4,223,414	-
Refunding bonds issued	-	5,885,000	5,885,000	-
Payment to refunded bond escrow agent	-	(9,625,751)	(9,625,751)	-
Total other financing sources (uses)	<u>(47,487,020)</u>	<u>(47,612,208)</u>	<u>(44,093,519)</u>	<u>3,518,689</u>
Net changes in fund balance	<u>\$ (19,733,370)</u>	<u>\$ (28,614,195)</u>	<u>11,724,713</u>	<u>\$ 40,338,908</u>
Fund balance appropriated	<u>\$ 19,733,370</u>	<u>\$ 28,614,195</u>		
Fund balance - beginning of year			<u>212,921,008</u>	
Fund balance - end of year			<u>224,645,721</u>	
A legally budgeted Housing Development Fund is consolidated into the General Fund for reporting purposes:				
Gain (loss) on investments			38,768	
Rents income			419,858	
Program income			108,492	
Community development expenditures			(1,321,571)	
Net transfer in from the general fund			1,162,514	
Transfer to other funds			(677,139)	
Fund balance - beginning of year			<u>2,302,675</u>	
Fund balance - end of year			<u>2,033,597</u>	
Combined fund balance - end of year - General Fund and Housing Development Fund			<u>\$ 226,679,318</u>	

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2014

	Enterprise Funds		
	Water and Sewer Fund	Convention Center Fund	Mass Transit Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 189,540,851	\$ 12,288,475	\$ (419,956)
Customer receivables, net of allowance for uncollectibles of \$8,123,892	18,809,232	-	-
Assessments receivable, net of allowance for uncollectibles of \$93,809	1,714,809	-	-
Due from transit management	-	-	900,031
Due from other governmental agencies	2,337,691	-	2,350,267
Accrued interest receivable	280,608	9,854	-
Other receivables and assets	874,112	625,262	-
Sales tax receivable	2,397,891	125,666	97,108
Inventories	8,139,805	-	708,022
Insurance deposit	-	-	-
Total current assets	<u>224,094,999</u>	<u>13,049,257</u>	<u>3,635,472</u>
Noncurrent assets:			
Restricted cash and cash equivalents	72,035,643	256,898	50,305
Capital assets:			
Land and improvements	41,434,589	20,829,848	3,994,684
Construction in progress	264,645,438	4,684,970	435,020
Watershed protection rights	4,756,459	-	-
Water and sewer systems	1,139,320,744	-	-
Buildings and machinery	88,737,597	271,091,201	27,539,549
Parking decks	-	-	-
Buses	-	-	29,247,860
Equipment	20,750,215	2,123,478	2,514,931
Furniture and fixtures	61,921	2,511,264	50,046
Improvements	113,029,532	26,826,240	1,787,427
Less accumulated depreciation	(422,905,765)	(72,177,433)	(28,268,011)
Total noncurrent assets	<u>1,321,866,373</u>	<u>256,146,466</u>	<u>37,351,811</u>
Total assets	<u>1,545,961,372</u>	<u>269,195,723</u>	<u>40,987,283</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized bond refunding charges	20,523,489	-	-
Accumulated decrease in fair value of hedging derivatives	24,415,028	37,781,484	-
Total deferred outflows of resources	<u>44,938,517</u>	<u>37,781,484</u>	<u>-</u>

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



Enterprise Funds				
Stormwater Fund	Parking Fund	Solid Waste Services Fund	Total	Internal Service Funds
\$ 37,614,848	\$ 7,411,662	\$ 899,910	\$ 247,335,790	\$ 58,288,786
963,677	740,474	1,237,027	21,750,410	-
-	-	-	1,714,809	-
-	-	-	900,031	-
733,860	-	842,823	6,264,641	-
56,666	8,212	-	355,340	76,086
-	-	88	1,499,462	3,264
47,049	19,937	34,355	2,722,006	890,157
-	-	-	8,847,827	880,836
-	-	-	-	400,000
<u>39,416,100</u>	<u>8,180,285</u>	<u>3,014,203</u>	<u>291,390,316</u>	<u>60,539,129</u>
7,577,056	1	-	79,919,903	10,695,929
3,959,525	8,009,899	2,952,033	81,180,578	-
25,296,226	1,321,716	-	296,383,370	-
-	-	-	4,756,459	-
-	-	-	1,139,320,744	-
-	-	15,648,174	403,016,521	263,470
-	146,225,634	-	146,225,634	-
-	-	-	29,247,860	-
1,106,209	240,773	922,510	27,658,116	121,636,521
-	51,382	133,350	2,807,963	5,636
23,778,353	1,814,807	7,241,743	174,478,102	-
(7,988,937)	(36,305,554)	(4,364,541)	(572,010,241)	(88,385,716)
<u>53,728,432</u>	<u>121,358,658</u>	<u>22,533,269</u>	<u>1,812,985,009</u>	<u>44,215,840</u>
<u>93,144,532</u>	<u>129,538,943</u>	<u>25,547,472</u>	<u>2,104,375,325</u>	<u>104,754,969</u>
-	135,381	-	20,658,870	-
-	-	-	62,196,512	-
-	<u>135,381</u>	-	<u>82,855,382</u>	-

Continued

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
 June 30, 2014

	Enterprise Funds		
	Water and Sewer Fund	Convention Center Fund	Mass Transit Fund
LIABILITIES			
Liabilities:			
Accounts payable	\$ 8,695,568	\$ 2,406,576	\$ 485,335
Sales tax payable	-	37,096	-
Accrued salaries and employee payroll taxes	107,543	35,248	1,786
Accrued interest payable	8,049,853	3,413,546	-
Claims payable and other liabilities	-	1,105	-
Due to other funds	-	364,082	-
Due to other governmental agencies	-	-	-
Landfill postclosure liability	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	23,312,050	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	2,105,950	7,360,000	-
Total current liabilities	<u>42,270,964</u>	<u>13,617,653</u>	<u>487,121</u>
Noncurrent liabilities:			
Claims payable and other liabilities	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	687,804,447	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	18,154,085	238,565,210	-
Landfill postclosure liability	-	-	-
Escrow and other deposits payable from restricted assets	14,488,217	256,898	50,305
Derivative instrument liability	24,415,028	37,781,484	-
Earned vacation pay	2,279,614	573,715	41,804
Net OPEB pension liability	504,685	83,049	11,978
Total noncurrent liabilities	<u>747,646,076</u>	<u>277,260,356</u>	<u>104,087</u>
Total liabilities	<u>789,917,040</u>	<u>290,878,009</u>	<u>591,208</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	61,241	321,102	1,831,336
Advance construction reimbursements	-	-	-
Total deferred inflows of resources	<u>61,241</u>	<u>321,102</u>	<u>1,831,336</u>
NET POSITION			
Net investment in capital assets	596,525,113	9,964,358	37,301,505
Unrestricted	204,396,495	5,813,738	1,263,234
Total net position	<u>\$ 800,921,608</u>	<u>\$ 15,778,096</u>	<u>\$ 38,564,739</u>

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

Enterprise Funds					
Stormwater Fund	Parking Fund	Solid Waste Services Fund	Total		Internal Service Funds
\$ 859,284	\$ 333,125	\$ 448,481	\$ 13,228,369	\$	4,861,051
128	656	-	37,880		19,951
12,939	6,957	37,610	202,083		15,282
-	771,527	138,189	12,373,115		7,003
-	-	-	1,105		9,048,248
-	-	-	364,082		-
-	-	366,714	366,714		-
-	-	343,760	343,760		-
-	530,502	-	23,842,552		9,401,358
6,981	3,426,343	1,372,245	14,271,519		-
<u>879,332</u>	<u>5,069,110</u>	<u>2,706,999</u>	<u>65,031,179</u>		<u>23,352,893</u>
-	-	-	-		15,349,044
-	659,914	-	688,464,361		22,904,584
2,153,420	80,023,779	17,487,994	356,384,488		-
-	-	3,065,360	3,065,360		-
7,577,056	-	-	22,372,476		-
-	-	-	62,196,512		-
191,756	110,029	812,340	4,009,258		290,373
43,122	30,345	161,308	834,487		-
<u>9,965,354</u>	<u>80,824,067</u>	<u>21,527,002</u>	<u>1,137,326,942</u>		<u>38,544,001</u>
<u>10,844,686</u>	<u>85,893,177</u>	<u>24,234,001</u>	<u>1,202,358,121</u>		<u>61,896,894</u>
-	-	-	2,213,679		-
12,435	-	-	12,435		-
<u>12,435</u>	<u>-</u>	<u>-</u>	<u>2,226,114</u>		<u>-</u>
43,990,975	36,853,501	3,673,031	728,308,483		11,909,898
38,296,436	6,927,646	(2,359,560)	254,337,989		30,948,177
<u>\$ 82,287,411</u>	<u>\$ 43,781,147</u>	<u>\$ 1,313,471</u>	<u>982,646,472</u>		<u>\$ 42,858,075</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds 9,301,427

Net position of business-type activities \$ 991,947,899

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

For the fiscal year ended June 30, 2014

	Enterprise Funds		
	Water and Sewer Fund	Convention Center Fund	Mass Transit Fund
Operating revenues			
User charges	\$ 185,141,412	\$ 12,945,689	\$ 5,242,249
Charges for services - internal	-	-	-
Other	12,090,281	-	199,392
Drug rebate	-	-	-
Total operating revenues	<u>197,231,693</u>	<u>12,945,689</u>	<u>5,441,641</u>
Operating expenses			
Personnel services	-	7,907,885	561,125
Other facility operating costs	-	8,185,870	7,185,956
Operational expenses	-	-	-
Administration	9,945,113	-	-
Water supply and treatment	26,452,548	-	-
Sewer system and treatment	20,645,103	-	-
Warehousing, maintenance and construction	15,087,440	-	-
Utility billing	4,922,485	-	-
Other services	3,921,199	-	-
Non-departmental charges	9,614,688	-	-
Management contract charges	-	-	24,443,655
Claims	-	-	-
Premiums	-	-	-
Depreciation	31,867,789	8,297,057	3,206,055
Other	-	-	-
Total operating expenses	<u>122,456,365</u>	<u>24,390,812</u>	<u>35,396,791</u>
Operating income (loss)	<u>74,775,328</u>	<u>(11,445,123)</u>	<u>(29,955,150)</u>
Nonoperating revenue (expense)			
Gain (loss) on investments	2,758,635	70,659	-
Subsidy income - federal and state	-	-	6,695,345
Recovery of claims	-	-	-
Other revenues	694,007	4,267	-
Interest expense	(20,303,999)	(8,254,827)	-
Gain (loss) on disposal of capital assets	20,805	-	(446)
Miscellaneous expense	(3,106,152)	(1,310,397)	-
Total nonoperating revenue (expense)	<u>(19,936,704)</u>	<u>(9,490,298)</u>	<u>6,694,899</u>
Income (loss) before contributions, transfers and special items	54,838,624	(20,935,421)	(23,260,251)
Capital contributions	2,977,292	-	590,069
Transfers in	-	16,212,184	20,076,517
Transfers out	(2,674,324)	(131,859)	(67,048)
Change in net position	<u>55,141,592</u>	<u>(4,855,096)</u>	<u>(2,660,713)</u>
Total net position, beginning of year	<u>745,780,016</u>	<u>20,633,192</u>	<u>41,225,452</u>
Total net position, end of year	<u>\$ 800,921,608</u>	<u>\$ 15,778,096</u>	<u>\$ 38,564,739</u>

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

Enterprise Funds				
Stormwater Fund	Parking Fund	Solid Waste Services Fund	Total	Internal Service Funds
\$ 16,890,699	\$ 12,014,908	\$ 22,130,194	\$ 254,365,151	\$ -
-	-	-	-	70,729,023
80,805	48,265	32,250	12,450,993	51,619
-	-	-	-	1,071,868
<u>16,971,504</u>	<u>12,063,173</u>	<u>22,162,444</u>	<u>266,816,144</u>	<u>71,852,510</u>
3,467,999	1,722,584	11,590,441	25,250,034	3,983,581
5,890,353	4,433,604	17,328,486	43,024,269	12,993,688
-	-	-	-	4,121,580
-	-	-	9,945,113	-
-	-	-	26,452,548	-
-	-	-	20,645,103	-
-	-	-	15,087,440	-
-	-	-	4,922,485	-
-	-	-	3,921,199	-
-	-	-	9,614,688	-
-	-	-	24,443,655	-
-	-	-	-	34,862,209
-	-	-	-	1,843,671
1,220,965	3,613,489	760,188	48,965,543	9,098,465
-	-	-	-	163,601
<u>10,579,317</u>	<u>9,769,677</u>	<u>29,679,115</u>	<u>232,272,077</u>	<u>67,066,795</u>
6,392,187	2,293,496	(7,516,671)	34,544,067	4,785,715
376,890	52,756	-	3,258,940	1,551,060
61,595	-	-	6,756,940	-
-	-	-	-	460,431
-	-	-	698,274	-
-	(2,042,861)	(694,309)	(31,295,996)	(483,430)
-	266,770	-	287,129	129,575
-	-	-	(4,416,549)	-
<u>438,485</u>	<u>(1,723,335)</u>	<u>(694,309)</u>	<u>(24,711,262)</u>	<u>1,657,636</u>
6,830,672	570,161	(8,210,980)	9,832,805	6,443,351
-	-	264,081	3,831,442	-
96,622	1,000,000	11,020,702	48,406,025	5,880,468
(297,237)	(154,607)	(261,550)	(3,586,625)	(5,754,519)
<u>6,630,057</u>	<u>1,415,554</u>	<u>2,812,253</u>	<u>58,483,647</u>	<u>6,569,300</u>
75,657,354	42,365,593	(1,498,782)		36,288,775
<u>\$ 82,287,411</u>	<u>\$ 43,781,147</u>	<u>\$ 1,313,471</u>		<u>\$ 42,858,075</u>

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

2,493,856

Change in net position of business-type activities

\$ 60,977,503

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the fiscal year ended June 30, 2014

	Enterprise Funds		
	Water and Sewer Fund	Convention Center Fund	Mass Transit Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 195,720,811	\$ 12,968,063	\$ 5,242,249
Payments to employees	(37,967,573)	(7,836,640)	(550,651)
Payments to suppliers and service providers	(51,225,382)	(6,577,092)	(31,314,829)
Claims paid	-	-	-
Premiums paid	-	-	-
Other receipts	694,007	4,267	199,392
Other payments	-	(1,310,397)	-
Net cash provided by (used in) operating activities	<u>107,221,863</u>	<u>(2,751,799)</u>	<u>(26,423,839)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	-	16,212,184	21,023,178
Operating subsidies and transfers to other funds	(2,674,324)	(131,859)	(67,048)
Operating grants received	-	-	2,579,974
Internal activity - payments from (to) other funds	60,606	(160,699)	46,324
Net cash provided by (used in) noncapital financing activities	<u>(2,613,718)</u>	<u>15,919,626</u>	<u>23,582,428</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	(60,516,874)	(4,580,209)	(737,584)
Capital grants and other capital contributions	154,122	-	3,318,040
Proceeds from capital debt	8,293,976	2,235,366	-
Principal paid on capital debt	(18,549,105)	-	-
Interest paid on capital debt	(28,989,782)	(8,283,352)	-
Other debt related payments	(3,106,152)	-	-
Proceeds from the sale of capital assets	80,771	-	4,860
Escrow deposits	(207,356)	-	-
Net cash used in capital and related financing activities	<u>(102,840,400)</u>	<u>(10,628,195)</u>	<u>2,585,316</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Gain (loss) on investments held	2,714,196	72,757	-
Net cash provided by investing activities	<u>2,714,196</u>	<u>72,757</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	4,481,941	2,612,389	(256,095)
Cash and cash equivalents - beginning of year	257,094,553	9,932,984	(113,556)
Cash and cash equivalents - end of year	<u>\$ 261,576,494</u>	<u>\$ 12,545,373</u>	<u>\$ (369,651)</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 74,775,328	\$ (11,445,123)	\$ (29,955,150)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	31,867,789	8,297,057	3,206,055
Miscellaneous nonoperating income	694,007	4,267	-
Miscellaneous nonoperating expense	-	(1,310,397)	-
Change in assets and liabilities:			
Operating receivables	(1,668,767)	(177,845)	262,745
Sales tax receivable	66,522	30,362	21,331
Inventories	178,221	-	(170,229)
Other receivables and assets	161,286	-	-
Accounts payable and other accrued liabilities	907,717	1,756,261	200,934
Landfill postclosure liability	-	-	-
Escrow and other deposits	-	1,973	-
Earned vacation pay and other payroll liabilities	243,161	71,245	10,475
Unearned revenue	(3,401)	20,401	-
Total adjustments	<u>32,446,535</u>	<u>8,693,324</u>	<u>3,531,311</u>
Net cash provided by (used in) operating activities	<u>\$ 107,221,863</u>	<u>\$ (2,751,799)</u>	<u>\$ (26,423,839)</u>
Noncash investing, capital, and financing activities:			
Capital contributions from annexations and mergers	<u>\$ 2,300,823</u>	<u>\$ -</u>	<u>\$ -</u>
Capital contributions from grant and assessment receivables	<u>\$ 522,336</u>	<u>\$ -</u>	<u>\$ -</u>
Net transfer of assets (liabilities) from other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Acquisition and construction of capital assets	<u>\$ (221,142)</u>	<u>\$ (7,991)</u>	<u>\$ -</u>

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

Enterprise Funds				
Stormwater Fund	Parking Fund	Solid Waste Services Fund	Total	Internal Service Funds
\$ 16,928,793	\$ 11,828,499	\$ 21,511,177	\$ 264,199,592	\$ 70,729,023
(3,459,868)	(1,679,207)	(11,471,227)	(62,965,166)	(3,955,699)
(6,038,741)	(4,385,519)	(17,834,161)	(117,375,724)	(17,698,316)
-	-	-	-	(36,091,502)
-	-	-	-	(1,843,671)
80,805	48,265	32,250	1,058,986	1,583,918
-	-	-	(1,310,397)	(166,740)
<u>7,510,989</u>	<u>5,812,038</u>	<u>(7,761,961)</u>	<u>83,607,291</u>	<u>12,557,013</u>
96,622	1,000,000	11,020,702	49,352,686	5,880,468
(297,237)	(154,607)	(261,550)	(3,586,625)	(5,754,519)
61,595	-	-	2,641,569	-
(830)	(936)	-	(55,535)	-
<u>(139,850)</u>	<u>844,457</u>	<u>10,759,152</u>	<u>48,352,095</u>	<u>125,949</u>
(6,831,258)	(379,411)	(8,074)	(73,053,410)	(17,380,326)
(422,190)	-	-	3,049,972	-
2,034,751	8,086,000	-	20,650,093	-
(6,981)	(12,232,666)	(1,276,706)	(32,065,458)	(12,885,253)
-	(2,125,673)	(785,439)	(40,184,246)	(486,840)
-	-	-	(3,106,152)	-
-	362,627	-	448,258	129,575
262,695	-	-	55,339	-
<u>(4,962,983)</u>	<u>(6,289,123)</u>	<u>(2,070,219)</u>	<u>(124,205,604)</u>	<u>(30,622,844)</u>
376,995	52,014	-	3,215,962	1,560,550
<u>376,995</u>	<u>52,014</u>	<u>-</u>	<u>3,215,962</u>	<u>1,560,550</u>
2,785,151	419,386	926,972	10,969,744	(16,379,332)
42,406,753	6,992,277	(27,062)	316,285,949	85,364,047
<u>\$ 45,191,904</u>	<u>\$ 7,411,663</u>	<u>\$ 899,910</u>	<u>\$ 327,255,693</u>	<u>\$ 68,984,715</u>
\$ 6,392,187	\$ 2,293,496	\$ (7,516,671)	\$ 34,544,067	\$ 4,785,715
1,220,965	3,613,489	760,188	48,965,543	9,098,465
-	-	-	698,274	460,431
-	-	-	(1,310,397)	-
38,094	(186,409)	(72,816)	(1,804,998)	-
(9,295)	(190)	(12,358)	96,372	(372,944)
-	-	-	7,992	(91,197)
-	-	(546,201)	(384,915)	(3,089)
(139,093)	48,275	(73,102)	2,700,992	(1,348,200)
-	-	(420,215)	(420,215)	-
-	-	-	1,973	-
8,131	43,377	119,214	495,603	27,832
-	-	-	17,000	-
<u>1,118,802</u>	<u>3,518,542</u>	<u>(245,290)</u>	<u>49,063,224</u>	<u>7,771,298</u>
<u>\$ 7,510,989</u>	<u>\$ 5,812,038</u>	<u>\$ (7,761,961)</u>	<u>\$ 83,607,291</u>	<u>\$ 12,557,013</u>
\$ -	\$ -	\$ -	\$ 2,300,823	\$ -
\$ -	\$ -	\$ -	\$ 522,336	\$ -
\$ -	\$ -	\$ 264,081	\$ 264,081	\$ -
\$ -	\$ 379,410	\$ -	\$ 150,277	\$ -

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2014

	Pension Trust Funds
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 78,187,554
Accrued interest receivable	53,690
Due from other funds	273,164
Total assets	<u>78,514,408</u>
LIABILITIES	
Claims payable	914,000
Accounts payable	13,759
Total liabilities	<u>927,759</u>
NET POSITION	
Held in trust for employees' retirement and other post-employment benefits	<u>\$ 77,586,649</u>

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

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

For the Fiscal Year Ended June 30, 2014

	Pension Trust Funds
ADDITIONS	
Employer contributions	\$ 19,040,968
Retiree contributions	1,959,156
Interest	2,860,377
Net increase in the fair value of investments	7,031,351
Less investment expense	(76,871)
Total additions	<u>30,814,981</u>
DEDUCTIONS	
Benefits	17,327,452
Withdrawals and forfeitures	86,911
Professional services	27,083
Total deductions	<u>17,441,446</u>
Change in net position restricted for:	
Employees' retirement and other post-employment benefits	13,373,535
Net position, beginning of year	<u>64,213,114</u>
Net position, end of year	<u>\$ 77,586,649</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

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

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

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

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

Fiduciary funds - The pension trust funds account for the City’s contributions to a supplemental money purchase pension plan fund, the law enforcement officers’ special separation allowance fund, and other post-employment benefits.

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

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

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

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

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

D. Assets, liabilities, Deferred Outflows/Inflows of Resources and net position or equity

1. Deposits and investments

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. 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.

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 unavailable 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 restricted in fund balance at year-end.

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

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

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

3. Inventories, prepaid items and assets held for resale

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

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

Assets held for resale in the amount of \$11,625,378 as of June 30, 2014, can be found on the combining balance sheet for capital project funds as well as the government wide statement of net position and represents property that was repurchased during 2013-14 which is currently being held for resale.

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 \$40,122,403. Of this amount, \$8,531,453 was included as part of the cost of capital assets under construction in connection with water and sewer 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. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, unamortized bond refunding charges and an accumulated decrease in the fair value of hedging derivatives for the City's interest rate swap agreements.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has multiple items that meet the criterion for this category - prepaid taxes, loans receivable, assessments and property taxes receivable and other unavailable revenues.

7. Earned vacation pay

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

8. Long-term obligations

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

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

9. Net Position/Fund Balances

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

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

The governmental fund types classify fund balance as follows:

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

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

Assets held for resale – portion of fund balance that is not an available resource because it represents property that is available for sale, which is not a spendable resource.

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

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

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

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

Restricted for 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 a resolution from 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.

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

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

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

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

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

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

Assigned for parks and recreation – portion of fund balance that the City intends to use for specific parks and recreation programs.

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 year's 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.

10. Interest rate swap

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

Note 2. Stewardship, compliance, and accountability

A. Budgetary information

As required by the North Carolina Budget and Fiscal Control Act, the City adopts balanced budget ordinances for all funds except the trust funds which are not budgeted. The budgets shown in the financial statements reflect amounts adopted by the budget ordinances as amended and approved at the close of the day on June 30, 2014. 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, 2014, the effect of such amendments, less eliminating transfers, was as follows:

	Original Budget	Total Amendments	Budget
General Fund	\$ 405,148,843	\$ 24,048,271	\$ 429,197,114
Special Revenue Funds	55,669,966	11,336,847	67,006,813
General Capital Projects Funds	576,852,317	(132,236,360)	444,615,957
Enterprise Funds	637,995,077	28,440,982	666,436,059
Internal Service Funds	106,437,917	8,265,565	114,703,482

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

B. Deficit net position

There are no funds which report a deficit net position as of June 30, 2014.

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, 2014, the City's bank balance in operating accounts was \$45,641,353 and the carrying amount of the City's deposits was \$42,816,679. The difference represents reconciling items such as deposits and payments in transit. Of the bank balance, \$258,087 was covered by federal depository insurance and \$45,383,266 was covered by collateral held under the Pooling Method.

Investments. At June 30, 2014, the City had the following investments and maturities:

Investment Type	Fair Value	%	< 1 Year	1- 3 Years	>3 - 5 Years	> 5 Years
US Government Treasuries	\$ 40,291,455	7.2	\$ 15,499,180	\$ 14,123,965	\$ 9,675,879	\$ 992,431
Federal Home Loan Bank	86,725,632	15.5	47,032,930	13,656,942	26,035,760	-
Freddie Mac	70,356,753	12.5	41,940,610	19,537,933	8,878,210	-
Fannie Mae	132,891,507	23.7	53,520,903	22,517,433	56,780,132	73,039
Federal Farm Credit Bank	128,798,851	23.0	63,626,354	39,346,827	25,825,670	-
Commercial paper	16,975,608	3.0	16,975,608	-	-	-
Bank certificates of deposit	9,050,628	1.6	9,050,628	-	-	-
NCCMT - Cash Portfolio	6,533,653	1.2	6,533,653	-	-	-
NC Municipal Bonds	22,710,919	4.0	11,333,165	3,361,269	6,125,320	1,891,165.00
Other investments	46,780,328	8.3	36,466,781	344,627	8,061,947	1,906,973
Total City-wide investments	\$ 561,115,334	100%	\$ 301,979,812	\$ 112,888,996	\$ 141,382,918	\$ 4,863,608

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

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

Bank	Long-term Credit Ratings		
	S & P	Moody's	Fitch
Bank of North Carolina (certificates of deposit)	N/A	NA	N/A
NCCMT - Cash Portfolio	AAAm	N/A	N/A
US Agencies	AA+	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 3.0% of the total investment portfolio and is within the City's policy.

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

A summary of cash and investments at June 30, 2014 is as follows:

	Government-wide	Fiduciary
Petty cash and change funds	\$ 17,405	\$ -
Deposits (checking, money market)	67,971,065	-
Fiduciary cash	-	74,874,822
Investments	557,802,602	3,312,732
Total cash and cash equivalents	625,791,072	78,187,554
Restricted deposits and bond proceeds	218,114,877	-
Total cash	\$ 843,905,949	\$ 78,187,554

Investment results shown in the financial statements are a combination of actual interest received, realized gains and losses on current year activity, and unrealized gains and losses as of the balance sheet date. For the fiscal year ended June 30, 2014, the City's realized and unrealized losses outpaced gains and actual interest received in many funds, resulting in a loss on investments shown on the face of the financial statements.

The cash deficit reported in the mass transit fund, an enterprise fund, represents amounts owed to the mass transit fund from other government agencies which are reported as a receivable in the fund due to the nature of grant drawdowns occurring after spending has taken place.

B. Capital assets

Capital asset activity for the year ended June 30, 2014 was as follows (stated in thousands):

	June 30, 2013	Additions	Transfers	Deletions	June 30, 2014
<u>Governmental activities</u>					
Capital assets, not being depreciated:					
Land	\$ 146,977	\$ 2,091	\$ 430	\$ -	\$ 149,498
Construction in progress	215,550	80,508	(29,891)	6,872	259,295
Total capital assets, not being depreciated	<u>362,527</u>	<u>82,599</u>	<u>(29,461)</u>	<u>6,872</u>	<u>408,793</u>
Capital assets, being depreciated:					
Buildings and machinery	113,446	-	1,151	24	114,573
Streets and sidewalks	703,960	2,504	5,890	3	712,351
Equipment	107,091	10,518	(22,884)	1,830	92,895
Furniture and fixtures	2,239	35	-	49	2,225
Improvements - general and parks	186,730	3,134	21,211	-	211,075
Software	42,073	17	1,120	-	43,210
Total capital assets being depreciated	<u>1,155,539</u>	<u>16,208</u>	<u>6,488</u>	<u>1,906</u>	<u>1,176,329</u>
Less accumulated depreciation for:					
Buildings and machinery	51,617	2,720	-	24	54,313
Streets and sidewalks	398,915	24,038	-	-	422,953
Equipment	83,736	6,472	(15,692)	1,827	72,689
Furniture and fixtures	2,153	53	-	49	2,157
Improvements - general and parks	102,043	9,094	-	-	111,137
Software	7,458	2,161	-	-	9,619
Total accumulated depreciation	<u>645,922</u>	<u>44,538</u>	<u>(15,692)</u>	<u>1,900</u>	<u>672,868</u>
Total capital assets being depreciated, net	<u>509,617</u>	<u>(28,330)</u>	<u>22,180</u>	<u>6</u>	<u>503,461</u>
Governmental activities capital assets, net	<u>\$ 872,144</u>	<u>\$ 54,269</u>	<u>\$ (7,281)</u>	<u>\$ 6,878</u>	<u>\$ 912,254</u>

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

General government	\$ 3,064
Community development	9
Public works	26,417
Public safety	2,009
Leisure services	7,968
Capital assets held by certain internal service funds are charged to the various governmental functions based on the usage of the assets	5,071
Total depreciation expense - governmental activities	<u>\$ 44,538</u>

Annexations: The amount reported as additions for street and sidewalks includes \$1,953,350 from annexations during fiscal year 2013-14.

	June 30, 2013	Additions	Transfers	Deletions	June 30, 2014
<u>Business-type activities</u>					
Capital assets, not being depreciated:					
Land	\$ 78,247	\$ 1,919	\$ 1,515	\$ 500	\$ 81,181
Construction in progress	274,097	73,618	(51,639)	(308)	296,384
Watershed protection rights	-	2,974	1,782	-	4,756
Total capital assets, not being depreciated	<u>352,344</u>	<u>78,511</u>	<u>(48,342)</u>	<u>192</u>	<u>382,321</u>
Capital assets, being depreciated:					
Buildings and machinery	387,609	264	15,143	-	403,016
Streets and sidewalks	1,746	-	-	-	1,746
Water and sewer systems	1,118,181	2,382	19,819	1,061	1,139,321
Parking decks	146,334	-	-	109	146,225
Buses	29,526	201	-	479	29,248
Equipment	45,741	12,163	23,020	261	80,663
Furniture and fixtures	2,776	32	-	-	2,808
Improvements	158,810	585	13,337	-	172,732
Total capital assets being depreciated	<u>1,890,723</u>	<u>15,627</u>	<u>71,319</u>	<u>1,910</u>	<u>1,975,759</u>
Less accumulated depreciation for:					
Buildings and machinery	82,166	9,798	-	-	91,964
Streets and sidewalks	798	70	-	-	868
Water and sewer systems	305,974	23,431	-	85	329,320
Parking decks	32,249	3,586	-	14	35,821
Buses	19,212	2,237	-	479	20,970
Equipment	38,192	5,563	15,696	256	59,195
Furniture and fixtures	2,636	89	-	-	2,725
Improvements	59,609	8,219	-	-	67,828
Total accumulated depreciation	<u>540,836</u>	<u>52,993</u>	<u>15,696</u>	<u>834</u>	<u>608,691</u>
Total capital assets being depreciated, net	<u>1,349,887</u>	<u>(37,366)</u>	<u>55,623</u>	<u>1,076</u>	<u>1,367,068</u>
Business-type activities capital assets, net	<u>\$ 1,702,231</u>	<u>\$ 41,145</u>	<u>\$ 7,281</u>	<u>\$ 1,268</u>	<u>\$ 1,749,389</u>

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

Water/Sewer	\$ 31,868
Convention center	8,297
Parking	3,613
Mass Transit	3,206
Stormwater	1,221
Solid Waste Services	760
Capital assets held by certain internal service funds are charged to the various business-type activities based on the usage of the assets	<u>4,028</u>
Total depreciation expense - business-type activities	<u><u>\$ 52,993</u></u>

Annexations: The amount reported as additions for water and sewer systems includes \$2,300,834 added from annexations during fiscal year 2013-14.

Commitments - construction projects

At June 30, 2014, the City has \$146,777,408 in project obligations for business-type activities for construction projects in progress as follows: \$115,019,307 for water and sewer projects, \$9,986,851 for transit projects, \$12,982,953 for stormwater projects, \$8,253,938 for convention center projects and \$534,359 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 \$201,286,919 in general government project obligations at June 30, 2014. 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, 2014.

C. Unavailable Revenue and Unearned Revenue

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

	General	Nonmajor Governmental	Total
Amounts arising from cash:			
Police informant account	\$ 130,995	\$ -	\$ 130,995
Cemetery cash account	8,087	-	8,087
Cafeteria plan cash	112,008	-	112,008
Prepaid taxes and assessments	119,094	5,614	124,708
Grants, program income	-	445,713	445,713
Streets and sidewalk advance	-	27,062	27,062
	<u>370,184</u>	<u>478,389</u>	<u>848,573</u>
Amounts not arising from cash:			
Loans receivable	1,968,305	65,039,262	67,007,567
Taxes receivable	1,239,837	-	1,239,837
Assessments receivable	411,298	413,782	825,080
	<u>3,619,440</u>	<u>65,453,044</u>	<u>69,072,484</u>
Total	<u>\$ 3,989,624</u>	<u>\$ 65,931,433</u>	<u>\$ 69,921,057</u>

D. Interfund receivables, payables, and transfers

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

The composition of interfund balances as of June 30, 2014, is as follows:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	\$ 5,479,174
	Convention center fund	364,082
Nonmajor governmental funds	General fund	290,077
Fiduciary funds	General fund	273,164
	Total	<u>\$ 6,406,497</u>

The largest component of receivables to the general fund represents an interfund loan with a nonmajor governmental fund of \$3,667,877. Additionally, cash deficits were covered by the general fund and reclassified from the following nonmajor governmental funds; community development \$465,822, disaster recovery \$108,687 and grants fund \$1,236,788. This reclass occurs due to the nature of grant drawdowns occurring after spending has taken place. The general fund also has \$365,082 in amounts due from a proprietary fund; the Convention Center fund. The \$290,077 shown as a receivable in nonmajor governmental funds represents \$225,827 owed to Walnut Creek amphitheater capital project fund and \$64,250 owed to the grants and community development funds. The fiduciary funds receivable of \$273,164 from the general fund represents monies held by the general fund to be transferred to the OPEB trust after year-end.

A summary of interfund transfers for the fiscal year ended June 30, 2014 is as follows:

	General Fund	Nonmajor governmental funds	Solid waste services fund	Parking facilities operating funds	Convention center funds	Mass transit fund	Stormwater funds	Internal service funds	Total Transfers Out
General Fund	\$ -	\$ 24,305,168	\$ 11,020,702	\$ 1,000,000	\$ 1,891,481	\$ 18,127,728	\$ -	\$ 4,324,626	60,669,705
Nonmajor governmental funds	11,560,268	-	-	-	14,320,703	1,948,789	-	-	27,829,760
Water and sewer funds	-	1,853,151	-	-	-	-	96,622	724,551	2,674,324
Solid waste services fund	-	261,550	-	-	-	-	-	-	261,550
Parking facilities operating funds	-	14,607	-	-	-	-	-	140,000	154,607
Convention center funds	18,630	113,229	-	-	-	-	-	-	131,859
Mass transit fund	-	67,048	-	-	-	-	-	-	67,048
Stormwater funds	-	297,237	-	-	-	-	-	-	297,237
Internal service funds	5,000,000	63,228	-	-	-	-	-	691,291	5,754,519
Total Transfers In	\$ 16,578,898	\$ 26,975,218	\$ 11,020,702	\$ 1,000,000	\$ 16,212,184	\$ 20,076,517	\$ 96,622	\$ 5,880,468	\$ 97,840,609

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 \$40,757,568. 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 2014-15 total rental payments on noncancelable operating leases was \$6,751,109. The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2014:

Fiscal Year Ending June 30	
2015	\$ 5,246,531
2016	3,642,071
2017	3,011,527
2018	974,887
2019	358,085
2020 and beyond	158,263
	<u>\$ 13,391,364</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, 2014 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2014</u>
Governmental Activities					
Housing-Series 1996	5.75%	6/1/1996	6/1/2016	\$ 2,280,000	\$ 230,000
Public Improvement, Series 2004	3.25%	3/1/2004	4/1/2015	15,000,000	500,000
Public Improvement Refunding - Series 2004A	3.0% to 3.25%	3/1/2004	4/1/2016	17,338,150	3,183,973
Housing, Series, 2004B	4.3% to 4.375%	3/1/2004	4/1/2017	7,000,000	2,105,000
Street Improvement, Series 2005A	4.0%	8/1/2005	2/1/2015	10,600,000	600,000
Public Improvement, Series 2005B	4.0%	8/1/2005	2/1/2015	50,585,000	2,900,000
Housing Series 2007 Taxable	5.1% to 5.4%	3/1/2007	3/1/2027	7,000,000	4,550,000
Public Improvement, Series 2009A	2.25% to 4.25%	3/10/2009	2/1/2029	11,130,000	8,355,000
Public Improvement Refunding - Series 2009B	2.25% to 2.5%	3/11/2009	2/1/2017	13,778,981	3,689,916
Housing, Series 2009C - Taxable	3.7% to 5.5%	3/11/2009	2/1/2029	10,000,000	7,500,000
GO Refunding, Series 2009D	3.5% to 5.0%	7/28/2009	12/1/2020	33,640,000	27,130,000
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	3.5% to 5.0%	9/3/2009	2/1/2029	57,665,000	48,465,000
Housing, Series 2009G	4.0% to 5.3%	9/3/2009	2/1/2030	10,000,000	8,000,000
GO Refunding, Series 2011A	3.0% to 5.0%	10/27/2011	9/1/2022	32,055,000	32,055,000
GO Refunding, Series 2011B	0.85% to 1.5%	10/27/2011	9/1/2015	1,870,000	805,000
Public Improvement, Series 2012A	2.0% to 5.0%	5/15/2012	4/1/2032	9,000,000	8,400,000
Public Improvement, Series 2012B	2.0% to 5.0%	5/16/2012	4/1/2032	138,600,000	129,200,000
Public Improvement, Series 2014	3.0% to 3.25%	6/26/2014	6/1/2032	15,000,000	15,000,000
Total Governmental Activities					<u>\$ 316,848,889</u>

Subsequent debt issuance

In August 2014, the City issued \$66,715,000 limited obligation bonds for the construction of the Critical Public Safety Facility and a new fire station. The City also sold \$23,410,000 refunding limited obligation bonds associated with the outstanding series 2005A parking facility certificates of participation. Delivery of the refunding bonds will occur in November 2014.

General obligation bonds outstanding at June 30, 2014:

<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, 2014</u>
<u>Business-type Activities</u>					
Water and Sewer:					
Water Refunding, Series 2004A	3.0% to 3.25%	3/1/2004	4/1/2016	\$ 6,187,620	\$ 1,136,293
Sanitary Sewer Refunding - Series 2004A	3.0% to 3.25%	3/1/2004	4/1/2016	3,674,230	674,735
Sanitary Sewer Refunding - Series 2009B	2.25% to 2.5%	3/11/2009	2/1/2017	1,305,737	349,668
Water and Sewer Total					<u>2,160,696</u>
Parking Facilities:					
Parking Facilities Refunding-Series 2009B	2.25% to 2.5%	3/11/2009	2/1/2017	4,445,282	<u>1,190,416</u>
Parking Facilities Total					<u>1,190,416</u>
Total Business-type Activities					<u>\$ 3,351,112</u>

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

<u>Fiscal Year 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>
2015	\$ 21,460,143	\$ 13,284,478	\$ 1,579,857	\$ 95,068
2016	20,669,503	12,448,122	1,385,497	50,984
2017	20,439,243	11,533,400	385,758	9,645
2018	20,755,000	10,563,275	-	-
2019	21,070,000	9,584,287	-	-
2020-2024	97,235,000	34,239,525	-	-
2025-2029	82,720,000	15,829,300	-	-
2030-2032	32,500,000	2,096,000	-	-
	<u>\$ 316,848,889</u>	<u>\$ 109,578,387</u>	<u>\$ 3,351,112</u>	<u>\$ 155,697</u>

Status of bond authorizations

The following represent continuing authorization of general obligation bonds, which were unsold at June 30, 2014:

<u>October 11, 2011</u>	
Housing	\$ 16,000,000
Transportation	20,000,000
	<u>36,000,000</u>
<u>October 8, 2013</u>	
Transportation	75,000,000
Total	<u>\$ 111,000,000</u>

2. Defeased debt and refundings

During fiscal year 2013-14, the City issued \$14,745,000 of limited obligation refunding bonds to generate resources for future debt service payments on \$8,490,000 of series 2004B parking certificates of participation and \$5,645,000 of series 2004B Fayetteville Street Renaissance certificates of participation. The reacquisition price exceeded the net carrying amount of the old debt by \$111,323. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$1,848,503 and resulted in an economic gain of \$1,389,436. New money proceeds from the same issue, together with City funding, was used to retire \$5,032,541 of a 2007 private placement installment financing used to purchase land for remote operations facilities.

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, 2014, the amount of defeased debt outstanding was \$37,785,000 for general obligation and \$215,705,000 for non-general obligation.

3. Revenue bonds

The City also issues revenue bonds to fund various water and sewer utility capital projects. The bonds are payable serially over the next 30 years and have stated interest rates between 0.65% and 5.0% and one variable rate issue at 4.163% at June 30, 2014.

The City has pledged water and sewer customer revenues, net of specified operating expenses, to repay \$665,890,000 in water and sewer system revenue bonds. This pledge relates to all water and sewer revenue bonds outstanding, issued for the purpose of making water and sewer system improvements. The bonds are payable solely from water and sewer customer net revenues and are payable through 2043. Annual debt service requirements for 2013-14 were 23.3% 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
2015	\$ 19,445,000	\$ 29,540,822
2016	22,155,000	28,648,658
2017	23,150,000	27,934,175
2018	24,035,000	27,057,098
2019	24,960,000	26,123,000
2020-2024	136,190,000	114,424,510
2025-2029	146,905,000	83,073,142
2030-2034	159,225,000	46,807,458
2035-2039	87,960,000	14,784,761
2040-2043	21,865,000	2,254,250
	<u>\$ 665,890,000</u>	<u>\$ 400,647,874</u>

A trust agreement, dated December 1, 1996 and amended by the First Amending Trust Agreement, dated as of April 15, 2004, authorizes and secures all outstanding revenue bonds. Certain financial covenants are contained in the trust agreement, controlled by the trustee, including the requirement that the City maintain a long-term debt service coverage ratio on all utility debt of not less than 1.00. The City was in compliance with all such covenants during the fiscal year ended June 30, 2014.

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

Operating revenues	\$ 197,231,693
Operating expenses	122,456,365
Operating income	<u>74,775,328</u>
Nonoperating revenues	6,450,739
Nonoperating expenses	<u>(26,084,475)</u>
Change in net position	55,141,592
Allowable revenue adjustments for calculation	(2,422,980)
Allowable expense adjustments for calculation	<u>57,513,451</u>
Income available for debt service	<u><u>\$ 110,232,063</u></u>
Debt service, principal and interest paid on revenue bonds and certain state loans (Parity)	\$ 42,124,934
Debt service coverage ratio	2.62

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 \$797,033,099.

Installment financing agreements

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

This debt was sold by the Walnut Creek Financing Assistance Corporation, a blended component unit of the City, whose main purpose is to issue certificates of participation for the City. The City has remarketing and standby purchase agreements with banks related to 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 \$346,675,800. The following schedule shows the expiration dates, which can be renewed, fees paid in fiscal year 2013-14 pursuant to the terms of the debt agreements, and the interest rate at year-end for these issues.

Issue	Balance June 30, 2014	Agreement Expiration	Fees Paid FY 2014	Interest Rate June 30, 2014
2004A	\$ 55,000,000	January 5, 2016	\$ 269,602	0.04 %
2005B	\$ 188,425,000	December 26, 2014	\$ 997,252	0.04/0.05 %

During fiscal year 2013-14, the City drew down \$2,235,366 in debt proceeds from a PNC Drawdown Program for improvements to the Duke Energy Center for the Performing Arts. This installment financing program was initiated in May 2013 and operates similar to a credit line in that the City reimburses its capital expenditures by drawing down proceeds. The City owes only what it has drawn to date including 2012-13 draw downs of \$264,844, and interest is a variable rate which was 0.52% at June 30, 2014. This program has both governmental and business-type activity components, with a total maximum limit of \$25,300,000.

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

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2015	\$ 7,360,000	\$ 9,458,610
2016	10,195,210	9,138,605
2017	8,040,000	8,825,032
2018	8,410,000	8,474,488
2019	8,795,000	8,107,812
2020-2024	50,580,000	34,414,831
2025-2029	63,570,000	22,310,464
2030-2034	88,975,000	8,131,343
	<u>\$ 245,925,210</u>	<u>\$ 108,861,185</u>

The City has previously entered into installment financing agreements to finance various general governmental capital projects. These debt issues carry fixed interest rates of 5.54% (outdoor amphitheater), 3.0% to 5.25% (downtown improvement projects), 1.76% (enterprise resource planning technology), and 3.0% to 4.25% (parks projects). The City also previously entered into limited obligation bonds that carry fixed coupon interest rates from 3.0% to 5.57%, and one variable rate at 0.16% at June 30, 2014, for the purpose of rehabilitating existing structures and constructing remote operations centers. Principal and interest requirements will be provided by appropriation in the year in which they become due.

During fiscal year 2013-14, the City issued \$51,735,000 of limited obligation bonds to finance the construction of a remote operations facility to be constructed on approximately 36 acres adjacent to the downtown area. These bonds mature serially over 25 years, and carry fixed coupon rates of 4.25% to 5.0%. Also during fiscal year 2013-14, the City drew down \$6,262,314 in debt proceeds from a PNC Drawdown Program for the purchase of two adjacent parcels of land in downtown and the design of street improvement project. This installment financing program was initiated in May 2013 and operates similar to a credit line in that the City reimburses its capital expenditures by drawing down proceeds. The City owes only what it has drawn to date and interest is a variable rate which was 0.52% at June 30, 2014. This program has both governmental and business-type activity components, with a total maximum limit of \$25,300,000.

Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2015	\$ 10,237,813	\$ 5,721,147
2016	15,572,847	5,394,353
2017	9,288,295	4,881,082
2018	9,265,571	4,583,807
2019	6,387,814	4,308,468
2020-2024	29,253,370	17,922,500
2025-2029	25,270,519	12,297,333
2030-2034	26,118,115	6,464,477
2035-2039	12,190,000	1,394,486
	<u>\$ 143,584,344</u>	<u>\$ 62,967,653</u>

The City has previously entered into installment financing agreements to finance various downtown parking facilities. These agreements bear interest at rates ranging from 4.20% to 5.25% with a variable rate component for one agreement, not to exceed 15%, which was 0.15% at June 30, 2014. There are also two variable rate agreements that had interest rates of 0.15% and 0.16% at June 30, 2014. 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
2015	\$ 3,400,000	\$ 2,884,283
2016	3,485,000	2,789,432
2017	3,595,000	2,841,881
2018	3,710,000	2,719,228
2019	4,055,000	2,591,492
2020-2024	20,255,000	11,739,946
2025-2029	20,035,000	8,696,425
2030-2034	21,420,000	3,882,300
2035-2039	3,440,000	163,250
	<u>\$ 83,395,000</u>	<u>\$ 38,308,237</u>

The City has previously issued debt associated with the Solid Waste Services function. These include certificates of participation that carry fixed interest rates of 4.0% to 5.0% (solid waste transfer station), limited obligation bonds that carry fixed coupon interest rates from 3.0% to 5.57% and a variable rate of 0.16% (design and construction of remote operations center).

Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2015	\$ 1,288,705	\$ 777,030
2016	1,304,706	732,961
2017	1,316,706	689,974
2018	1,328,706	637,323
2019	1,342,187	581,867
2020-2024	6,941,630	2,065,052
2025-2029	4,479,481	490,504
2030-2034	356,884	32,124
	<u>\$ 18,359,005</u>	<u>\$ 6,006,835</u>

The City has previously issued certificates of participation and master installment financing agreements to fund separate internal service funds for the purchase of rolling stock equipment for governmental and business-type activities. The debt issues carry fixed interest rates ranging from 0.90% to 1.75%. 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
2015	\$ 4,215,267	\$ 131,033	\$ 5,186,091	\$ 161,361
2016	4,241,927	79,791	5,202,901	105,884
2017	2,782,510	36,547	4,239,912	55,690
2018	2,550,747	11,486	3,886,587	17,503
	<u>\$ 13,790,451</u>	<u>\$ 258,857</u>	<u>\$ 18,515,491</u>	<u>\$ 340,438</u>

State Revolving Loans

During the current fiscal year, the City's Water and Sewer Utility enterprise received \$8,293,976 in proceeds from state revolving fund loans. These loans carry fixed interest rates of 0.0% to 2.0% and are payable over 20 years. Final amounts for these loans will be determined when the associated projects close. Repayment will begin six months after project completion.

The City has previously entered into state revolving loans to finance various water and sewer capital projects. These debt issues carry fixed interest rates of 2.45% to 5.85% (water/sewer system improvements), 2.66% (water improvements to Rolesville merged utilities), and 0.0% (spray irrigation). Principal and interest requirements for these debt issues will be provided by appropriation in the year they become due. The City's participation in the state revolving fund loan program is summarized below:

<u>State Revolving Loans</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, 2014</u>
Water and Sewer:					
Crabtree Creek Interceptor-State Bond Loan	5.85%	3/1/1998	5/1/2016	\$ 5,000,000	\$ 500,000
Neuse River Nitrogen Removal	2.95%	7/31/1998	5/1/2018	7,972,965	1,592,203
Crabtree Creek Interceptor Phase 3	2.60%	1/7/2000	5/1/2020	3,300,000	990,000
Rolesville Projects (F-97-0931)	2.66%	11/14/2005	5/1/2025	2,316,247	1,273,936
Rolesville Projects (F-98-0931)	2.66%	11/14/2005	5/1/2025	683,753	376,064
Spray Irrigation	0.00%	9/1/2010	5/1/2030	625,694	450,171
Crabtree Creek North Bank Interceptor	2.45%	7/5/2011	5/1/2033	11,094,556	7,972,917
Centennial Reuse Pipeline Segment 4	0.00%	5/1/2012	5/1/2033	5,125,312	2,638,279
DE Benton Backwash Waste Facility	0.00%	5/18/2013	5/1/2034	7,075,847	2,336,273
NRWWTP 15MGD Expansion	2.00%	4/18/2013	5/1/2037	27,638,450	2,130,192
Water and Sewer Total					<u>20,260,035</u>
Stormwater:					
Stormwater-Water Pollution Control	0.00%	3/11/2009	5/1/2032	139,610	125,649
Upper Longview Restoration	0.00%	1/16/2013	5/1/2035	2,034,751	2,034,751
Stormwater Total					<u>2,160,400</u>
Total Loan Amount					<u>\$ 22,420,435</u>

In September 2014, the Crabtree Creek Wastewater Conveyance project received a \$12,300,000 loan increase from North Carolina Department of Environment and Natural Resources to an existing state revolving loan. This increase increases the total loan amount eligible to \$29,300,000.

Annual maturities for Water and Sewer Utility are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,105,950	\$ 393,603
2016	2,105,950	345,149
2017	1,855,950	308,071
2018	1,855,950	274,430
2019	3,588,092	942,729
2020-2024	5,427,847	3,250,472
2025-2029	3,292,160	2,138,947
2030-2034	28,136	1,103,531
2035-2039	-	276,385
	<u>\$ 20,260,035</u>	<u>\$ 9,033,317</u>

During fiscal year 2013-14, the City’s Stormwater Utility enterprise received \$2,034,751 in proceeds from a state revolving loan to fund lake and stream enhancements. The loan is to be repaid in annual payments over 20 years at 0% interest, with the first payment due during fiscal year 2015-16. The City has previously entered into a revolving loan 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.

Annual maturities for the Stormwater Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities Principal
2015	\$ 6,981
2016	108,718
2017	108,718
2018	108,718
2019	108,717
2020-2024	543,590
2025-2029	543,590
2030-2034	529,631
2035-2039	101,737
	\$ 2,160,400

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 8.0%. 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
2015	\$ 38,282	\$ 623

Earned vacation pay

At June 30, 2014, earned vacation pay consists of \$17,809,358 for governmental activities and \$4,009,258 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 2013-14 the third party cost estimate was updated for both postclosure costs and the corrective action plan (CAP) costs associated with ground water violations at the landfill identified in 2007-08. The \$3,409,120 reported as landfill postclosure liability as of June 30, 2014 includes the CAP report cost estimate as well as the cost to perform the on-going postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to demonstrate financial assurance for postclosure care. The City is in compliance with these requirements, and, demonstrated such by completion of the local government financial assurance test submitted to DENR on November 4, 2013.

5. Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 322,818,432	\$ 15,000,000	\$ 20,969,543	\$ 316,848,889	\$ 21,460,143
Unamortized premiums - GO bonds	28,793,321	380,089	2,283,300	26,890,110	2,283,309
Installment financing agreements	139,070,303	63,882,314	45,539,541	157,413,076	14,491,362
Unamortized premiums on IFA	832,577	4,490,106	511,609	4,811,074	276,361
Earned vacation pay	17,506,913	10,583,428	10,280,983	17,809,358	10,280,983
Claims payable	25,646,536	-	1,251,492	24,395,044	9,046,000
Total governmental activities	<u>\$ 534,668,082</u>	<u>\$ 94,335,937</u>	<u>\$ 80,836,468</u>	<u>\$ 548,167,551</u>	<u>\$ 57,838,158</u>
<u>Business-type activities:</u>					
General obligation bonds	\$ 4,956,569	\$ -	\$ 1,605,457	\$ 3,351,112	\$ 1,579,857
Unamortized premium - GO bonds	161,840	-	46,292	115,548	46,291
Revenue bonds	681,605,000	-	15,715,000	665,890,000	19,445,000
Unamortized premium - Rev. bonds	45,776,778	-	2,771,405	43,005,373	2,771,405
Installment financing agreements	368,596,106	42,045,045	22,026,009	388,615,142	19,347,727
Unamortized premiums - IFA	874,555	-	373,319	501,236	109,882
Earned vacation pay	3,779,446	2,707,668	2,477,856	4,009,258	2,477,856
Landfill postclosure	3,829,335	57,440	477,655	3,409,120	343,760
Claims payable	95,484	-	94,379	1,105	1,105
Total business-type activities	<u>\$ 1,109,675,113</u>	<u>\$ 44,810,153</u>	<u>\$ 45,587,372</u>	<u>\$ 1,108,897,894</u>	<u>\$ 46,122,883</u>

There were no current year additions to the noncash related installment financing 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 \$290,373 of internal service funds earned vacation pay are included above as part of governmental activities. Also, for the governmental activities, earned vacation pay is generally liquidated by the general fund.

6. Arbitrage

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the City must rebate to the federal government "arbitrage profits" earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2014, the City had no arbitrage liabilities.

7. Interest rate swaps

2005 Swap

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

The certificates of participation and the related swap agreement mature on February 1, 2034. The swap notional amount of \$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, 2014, the swap had a negative fair value to the City of \$37,781,484. 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, 2014, 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, 2014, Citibank NA, the counterparty, was rated "A2" 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 38.

Using rates as of June 30, 2014, 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
2015-2019	\$ 40,300,000	\$ 519,066	\$ 37,199,730	\$ 37,718,796
2020-2024	50,580,000	386,451	27,695,655	28,082,106
2025-2029	63,570,000	219,849	15,755,845	15,975,694
2030-2034	33,975,000	50,199	3,597,595	3,647,794
Total	\$ 188,425,000	\$ 1,175,565	\$ 84,248,825	\$ 85,424,390

*Computed using 4.36% less floating rate paid to the City (0.06% at June 30, 2014) 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, 2014, the swaps had a combined negative fair value to the City of \$24,415,028, 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, 2014, Citigroup and Wells Fargo, the counterparties, were rated "A2"/"Aa3", "A"/"AA-" and "A"/"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 37.

Using the rates as of June 30, 2014, 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
2014	\$ 3,880,000	\$ 83,643	\$ 5,719,787	\$ 5,803,430
2015-2019	22,040,000	381,228	26,069,641	26,450,869
2020-2024	27,415,000	308,934	21,125,937	21,434,871
2025-2029	34,090,000	219,063	14,980,258	15,199,321
2030-2034	42,350,000	107,334	7,339,857	7,447,191
2035	9,630,000	5,778	395,119	400,897
Total	\$ 139,405,000	\$ 1,105,980	\$ 75,630,599	\$ 76,736,579

*Computed using 4.163% less floating rate paid to the City (0.06% at June 30, 2014) 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	\$ -	\$ 9,778,895
Nonmajor governmental funds	1,297,744	116,422,406
Total governmental	1,297,744	126,201,301
<u>Enterprise</u>		
Water and sewer fund	14,488,217	57,547,426
Convention center fund	256,898	-
Mass transit fund	50,305	-
Stormwater fund	7,577,056	-
Parking Fund	-	1
Total enterprise	22,372,476	57,547,427
<u>Internal service funds</u>		
Governmental equipment replacement fund	-	6,148,118
Public utilities equipment replacement fund	-	1,996,820
Solid waste services equipment replacement fund	-	2,550,991
Total internal service fund	-	10,695,929
Total	\$ 23,670,220	\$ 194,444,657

Note 4. Other information

A. Risk management and employees' health benefits

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

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

City insurance coverage includes workers' compensation, general liability, automobile liability, police liability, automobile comprehensive, real and personal property. For workers' compensation, the City self-insures the first \$1,100,000 per occurrence with excess coverage of \$10,000,000 per occurrence and employers' liability coverage of \$1,000,000 per occurrence and in the aggregate. For liability, the City self-insures the first \$1,000,000 per occurrence, with excess coverage of \$10,000,000 in the aggregate. For property, the City self-insures the first \$100,000 per occurrence, with excess coverage up to the replacement value of \$300,000,000 in the aggregate. The excess coverage includes \$100,000,000 in the aggregate for loss due to flood and \$10,000,000 annual aggregate for flood plain location losses.

The City of Raleigh, in accordance with NC General Statute §159-29, maintains a Public Official Bond on The Chief Financial Officer in the amount of \$500,000. In addition, the City purchases a Crime and Fidelity insurance policy for all other employees in the amount of \$1,000,000. City taxes are collected by the Wake and Durham County tax collectors. Wake and Durham County tax collectors are endorsed onto the City of Raleigh's Crime and Fidelity insurance policy for their collection of taxes on behalf of the City of Raleigh up to the \$1,000,000 coverage limit.

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

The City, as allowed by GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, uses internal service funds, the risk management fund and the employees' health benefits fund, to account for its risk financing activities. The claims liability total of \$24,395,044 reported for these two internal service funds at June 30, 2014, 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 2013-14 and 2012-13 are as follows:

	<u>2014</u>	<u>2013</u>
Insurance claims payable, beginning of year	\$ 25,646,536	\$ 27,660,006
Current year claims and changes in estimates	33,610,717	29,466,002
Claim payments	<u>(34,862,209)</u>	<u>(31,479,472)</u>
Insurance claims payable, end of year	<u>\$ 24,395,044</u>	<u>\$ 25,646,536</u>

Employees' health benefits and risk management current portion of pending claims is \$9,046,000.

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, 2014 was \$0 as it was paid off in January 2014. 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 2013-14 obligation was \$725,075. 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.

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, 2014 was \$14,177,851. Of this amount, \$6,384,612 was recorded as a liability, and the remaining \$7,793,239 represents a contingent liability.

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 \$124,462 to the council during the fiscal year ended June 30, 2014. 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, 2014 the City appropriated \$46,350 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, 2014 the balance of the trust maintained by the County was \$988,742, which is not available to the City except for current and future projects jointly determined by the City and the County. During fiscal year 2013-14, 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; an annual \$680,000 to fund visitor-related programs and activities and \$19,464,305 to support the financing of the convention center facility. The City will continue to receive \$1,000,000 allocations that the City Council may use for any eligible purpose in the original state legislation. In addition, the City will annually receive 85% of all uncommitted interlocal tax funds for debt service and other costs related to the convention center facility.

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

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, 2014. 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, 2014. 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 7.07% and 7.28%, 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, 2014, 2013, and 2012 were \$13,845,270, \$12,793,475, and \$13,036,530, 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, 2014 were \$3,554,106 which consisted of \$2,212,938 from the City and \$1,341,168 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, 2013, the separation allowance's membership consisted of:

Retirees and beneficiaries currently receiving benefits	131
Current active employees	<u>755</u>
Total	<u>886</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 \$3,538,392 or 8.1% 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	\$ 2,531,389
Interest paid on pension obligation	(105,564)
Adjustment to annual required contribution	137,438
Annual pension cost	<u>2,563,263</u>
Employer contributions made for current fiscal year	<u>(3,538,392)</u>
Increase in net pension asset	(975,129)
Net pension (asset) obligation beginning of fiscal year	<u>(2,111,278)</u>
Net pension (asset) obligation end of fiscal year	<u><u>\$ (3,086,407)</u></u>

Annual required contribution for the current year was determined as part of the December 31, 2013 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 4.25% to 7.85% per year. Item (b) included an inflation component of 3.00%. 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, 2013 was 17 years.

The trend information is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset End of Year
June 30, 2012	\$ 2,279,862	103.1%	\$ (1,832,312)
June 30, 2013	2,433,884	111.5%	(2,111,278)
June 30, 2014	2,563,263	138.0%	(3,086,407)

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.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was 11.3% funded. The actuarial accrued liability for benefits was \$28,342,548, and the actuarial value of assets was \$3,208,552, resulting in an unfunded actuarial accrued liability (UAAL) of \$25,133,996. The covered payroll (annual payroll of active employees covered by the plan) was \$43,504,631, and the ratio of UAAL to the covered payroll was 57.8%.

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

Retirees that were hired on or after June 30, 2008 will pay a maximum of 50% 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 limited or no cost.

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

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

All active full-time employees are eligible for membership. At December 31, 2013, the plan membership consisted of:

Law enforcement officers	777
Firefighters	540
General employees	2,431
Retirees	<u>1,595</u>
Total	<u>5,343</u>

Summary of significant accounting policies:

Funding policy. The City pays the full cost or almost full cost of coverage, depending on coverage plan selected, for health care and life insurance benefits, and a \$100 monthly Medicare supplement for eligible retirees. The City has chosen to fund the plan benefits based on an actuarially determined annual required contribution. For the current year the City contributed \$13,242,921 or 6.9% of the annual covered payroll. Contributions made by retirees for dependent coverage and Medicare supplement premiums were \$1,959,156.

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	\$ 13,660,387
Interest paid on OPEB obligation	191,984
Adjustment to annual required contribution	(166,923)
Annual OPEB cost	<u>13,685,448</u>
Employer contributions made for current fiscal year	<u>(13,242,921)</u>
Increase in net OPEB obligation	442,527
Net OPEB (asset) obligation beginning of fiscal year	<u>2,742,630</u>
Net OPEB (asset) obligation end of fiscal year	<u><u>\$ 3,185,157</u></u>

The annual required contribution for the current year was determined as part of the December 31, 2012 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 8.5% 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 26 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, 2012	\$ 13,419,845	86.9%	\$ 2,874,694
June 30, 2013	13,276,012	100.1	2,742,630
June 30, 2014	13,685,448	96.8	3,185,157

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was 15.3% funded. The actuarial accrued liability for benefits was \$160,144,987, and the actuarial value of assets was \$24,497,654, resulting in an unfunded actuarial accrued liability (UAAL) of \$135,647,333. The covered payroll (annual payroll of active employees covered by the plan) was \$193,037,094, and the ratio of UAAL to the covered payroll was 70.3%.

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 1.0% of salary to a Section 457 Supplemental Retirement Plan, the City contributes double this percentage (to a maximum of 2.0%) into the 401a plan. During fiscal year 2013-14, the City contributed \$2,259,654 to the plan.

The 2013-14 combining financial statements for the City's pension trust funds are as follows:

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits Trust	Total
ASSETS				
Cash and cash equivalents	\$ 48,459,632	\$ 3,085,811	\$ 26,642,111	\$ 78,187,554
Accrued interest receivable	-	16,474	37,216	53,690
Due from other funds	-	-	273,164	273,164
Total assets	<u>48,459,632</u>	<u>3,102,285</u>	<u>26,952,491</u>	<u>78,514,408</u>
LIABILITIES				
Claims payable	-	-	914,000	914,000
Accounts payable	-	-	13,759	13,759
Total liabilities	<u>-</u>	<u>-</u>	<u>927,759</u>	<u>927,759</u>
NET POSITION				
Held in trust for employees' retirement and other post-employment benefits	<u>\$ 48,459,632</u>	<u>\$ 3,102,285</u>	<u>\$ 26,024,732</u>	<u>\$ 77,586,649</u>

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits Trust	Total
ADDITIONS				
Employer contributions	\$ 2,259,655	\$ 3,538,392	\$ 13,242,921	\$ 19,040,968
Retiree contributions	-	-	1,959,156	1,959,156
Interest	1,766,749	84,493	1,009,135	2,860,377
Net increase (decrease) in the fair value of investments	5,283,873	143,939	1,603,539	7,031,351
Less investment expense	(76,871)	-	-	(76,871)
Total additions	<u>9,233,406</u>	<u>3,766,824</u>	<u>17,814,751</u>	<u>30,814,981</u>
DEDUCTIONS				
Benefits	1,949,893	2,760,424	12,617,135	17,327,452
Withdrawals and forfeitures	86,911.00	-	-	86,911
Professional services	-	-	27,083	27,083
Total deductions	<u>2,036,804</u>	<u>2,760,424</u>	<u>12,644,218</u>	<u>17,441,446</u>
Change in net position restricted for:				
Employees' retirement and other post-employment benefits	7,196,602	1,006,400	5,170,533	13,373,535
Net position, beginning of year	41,263,030	2,095,885	20,854,199	64,213,114
Net position, end of year	<u>\$ 48,459,632</u>	<u>\$ 3,102,285</u>	<u>\$ 26,024,732</u>	<u>\$ 77,586,649</u>

E. New Pronouncements

The GASB has issued pronouncements which are effective for the fiscal year ended June 30, 2014.

The GASB has issued Statement No. 66, "Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62." The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Management has determined that the impacts of this Statement did not have a material effect on the City.

The GASB has issued Statement No. 67, "Financial Reporting for Pension Plans; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trust or equivalent arrangements. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2013. Management has determined that the impacts of this Statement did not have a material effect on the City.

The GASB has issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees." This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified

conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee. The provisions of this Statement are effective for financial statements for reporting periods beginning after June 15, 2013. Management has determined that the impacts of this Statement are not applicable to the City.

The GASB has issued pronouncements prior to June 30, 2014 which have an effective date that may impact future presentations.

GASB Statement No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This Statement is effective for periods beginning after June 15, 2014.

GASB Statement No. 69, “Government Combinations and Disposals of Government Operations.” This Statement is effective for periods beginning after December 15, 2013.

GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.” This statement is effective for periods beginning after June 15, 2014 and should be applied simultaneously with the provisions of GASB Statement No. 68.

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

F. Subsequent Events

The City has evaluated events through October 20, 2014 in connection with the preparation of these financial statements which is the date the financials were available to be issued.





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]
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
2011	2,935,667	26,577,019	23,641,352	11.1	43,872,223	53.9
2012	3,103,169	27,480,439	24,377,270	11.3	43,960,650	55.5
2013	3,208,552	28,342,548	25,133,996	11.3	43,504,631	57.8

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
2009	\$ 1,734,482	101.4%
2010	1,825,948	97.3
2011	2,350,053	78.7
2012	2,262,849	103.9
2013	2,411,473	112.5
2014	2,531,389	139.8

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, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	17 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 Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
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
2011	12,879,600	151,583,713	138,704,113	8.5	189,054,112	73.4
2012	18,679,039	159,349,708	140,670,669	11.7	184,795,621	76.1
2013	24,497,654	160,144,987	135,647,333	15.3	193,037,094	70.3

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
2009	\$ 10,715,321	106.2%
2010	11,243,180	95.5
2011	11,580,475	97.1
2012	13,405,285	87.0
2013	13,242,037	101.3
2014	13,660,387	96.9

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, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	25 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	7.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.75% to 5.00%
Post-Medicare trend rate	0.00%
Year of ultimate trend rate	2019
*Includes inflation at	3.00%

**The June 30, 2013 trend information has been revised to reflect the updated Net OPEB obligation as of June 30, 2013.



Combining and Individual Financial Statements and Schedules

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

Included are the following:

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



Nonmajor Governmental Funds

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

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014**

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 40,931,993	\$ 87,898,723	\$ 128,830,716
Assessments receivable, net of allowance for uncollectibles of \$92,808	-	413,782	413,782
Due from other funds	64,250	225,827	290,077
Due from other governmental agencies	8,251,338	825,298	9,076,636
Accrued interest receivable	52,560	97,729	150,289
Other receivables and assets	2,315	-	2,315
Sales tax receivable	60,049	1,111,801	1,171,850
Loans receivable	65,039,262	-	65,039,262
Assets held for resale	-	11,625,378	11,625,378
Cash and cash equivalents/investments - restricted deposits and bond proceeds	672,549	117,047,601	117,720,150
Total assets	\$ 115,074,316	\$ 219,246,139	\$ 334,320,455
LIABILITIES			
Accounts payable	\$ 960,359	\$ 14,644,039	\$ 15,604,398
Accrued salaries and employee payroll taxes	12,214	57	12,271
Sales tax payable	4,393	7,417	11,810
Loan servicing escrow	488,370	-	488,370
Other liabilities	-	16,628	16,628
Due to other funds	1,811,297	3,667,877	5,479,174
Reimbursable facility fees	-	6,384,612	6,384,612
Escrow and other deposits payable from restricted assets	-	1,297,744	1,297,744
Due to other governmental agencies	158,356	-	158,356
Total liabilities	3,434,989	26,018,374	29,453,363
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	445,713	27,062	472,775
Assessment receivable	-	413,782	413,782
Prepaid assessments	-	5,614	5,614
Loans receivable	65,039,262	-	65,039,262
Total deferred inflows of resources	65,484,975	446,458	65,931,433
FUND BALANCES			
Nonspendable:			
Assets held for resale	-	11,625,378	11,625,378
Restricted for debt service	38,554,408	-	38,554,408
Restricted for public safety	1,924,254	-	1,924,254
Assigned:			
Assigned for subsequent year's appropriation	1,376,452	148,105,452	149,481,904
Assigned for city projects	-	33,050,477	33,050,477
Assigned for community development	2,883,648	-	2,883,648
Assigned for disaster recovery	1,415,590	-	1,415,590
Total fund balances	46,154,352	192,781,307	238,935,659
Total liabilities, deferred inflows of resources and fund balances	\$ 115,074,316	\$ 219,246,139	\$ 334,320,455

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Combining Eliminations	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 31,438,514	\$ 4,424,933	\$ -	\$ 35,863,447
Non-governmental	42,797	-	-	42,797
Developer participation	-	164,457	-	164,457
Assessments	-	1,118,521	-	1,118,521
Gain (loss) on investments	364,123	720,402	-	1,084,525
Facility fees	-	7,662,543	-	7,662,543
Rents	128,262	-	-	128,262
Program income	2,275,291	-	-	2,275,291
Miscellaneous other	5,200	278,743	-	283,943
Total revenues	<u>34,254,187</u>	<u>14,369,599</u>	<u>-</u>	<u>48,623,786</u>
EXPENDITURES				
Current:				
General government	49,004	-	-	49,004
Community development services	7,028,993	-	-	7,028,993
Public works	3,814,685	-	-	3,814,685
Public safety	2,674,002	-	-	2,674,002
Leisure services	2,743,494	-	-	2,743,494
Economic development programs	4,680,705	-	-	4,680,705
Street paving/sidewalk projects	-	21,410,248	-	21,410,248
Parks and recreation projects	-	20,848,956	-	20,848,956
Walnut creek amphitheater projects	-	448,974	-	448,974
Other public improvements	-	49,475,456	-	49,475,456
Technology capital projects	-	569,159	-	569,159
Total expenditures	<u>20,990,883</u>	<u>92,752,793</u>	<u>-</u>	<u>113,743,676</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,263,304</u>	<u>(78,383,194)</u>	<u>-</u>	<u>(65,119,890)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,244,851	25,744,556	(14,189)	26,975,218
Transfers out	(14,720,703)	(13,123,246)	14,189	(27,829,760)
Note proceeds	-	494,392	-	494,392
Bonds issued	-	68,659,597	-	68,659,597
Premium on bonds issued	-	4,490,106	-	4,490,106
Proceeds from sale of property	-	6,270,824	-	6,270,824
Total other financing sources and uses	<u>(13,475,852)</u>	<u>92,536,229</u>	<u>-</u>	<u>79,060,377</u>
Net change in fund balances	(212,548)	14,153,035	-	13,940,487
Fund balances - beginning	<u>46,366,900</u>	<u>178,628,272</u>	<u>-</u>	<u>224,995,172</u>
Fund balances - ending	<u>\$ 46,154,352</u>	<u>\$ 192,781,307</u>	<u>\$ -</u>	<u>\$ 238,935,659</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, 2014**

	Grants Fund	Housing Bond Fund	Community Development Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ 3,905,366	\$ 411,662
Due from other governmental agencies	2,069,343	-	839,689
Accrued interest receivable	-	-	-
Other receivables and assets	-	-	2,315
Sales tax receivable	20,816	-	19
Due from other funds	63,192	-	1,058
Loans receivable	-	38,468,871	26,570,391
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	672,549	-
Total assets	<u>\$ 2,153,351</u>	<u>\$ 43,046,786</u>	<u>\$ 27,825,134</u>
LIABILITIES			
Accounts payable	\$ 635,963	\$ 78,615	\$ 205,229
Accrued salaries and employee payroll taxes	7,773	-	2,636
Sales tax payable	4,393	-	-
Loan servicing escrow	-	239,200	249,170
Due to other funds	1,236,788	-	465,822
Due to other governmental agencies	-	-	154,607
Total liabilities	<u>1,884,917</u>	<u>317,815</u>	<u>1,077,464</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	268,434	-	177,279
Loans receivable	-	38,468,871	26,570,391
Total deferred inflows of resources	<u>268,434</u>	<u>38,468,871</u>	<u>26,747,670</u>
FUND BALANCES			
Restricted:			
Debt service	-	-	-
Public safety	-	-	-
Assigned:			
Assigned for subsequent year's appropriation	-	1,376,452	-
Assigned for community development	-	2,883,648	-
Assigned for disaster recovery	-	-	-
Total fund balances	<u>-</u>	<u>4,260,100</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,153,351</u>	<u>\$ 43,046,786</u>	<u>\$ 27,825,134</u>

Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ 34,698,923	\$ 1,916,042	\$ 40,931,993
1,524,377	3,809,138	8,791	8,251,338
-	50,096	2,464	52,560
-	-	-	2,315
-	-	39,214	60,049
-	-	-	64,250
-	-	-	65,039,262
-	-	-	672,549
<u>\$ 1,524,377</u>	<u>\$ 38,558,157</u>	<u>\$ 1,966,511</u>	<u>\$ 115,074,316</u>
\$ 100	\$ -	\$ 40,452	\$ 960,359
-	-	1,805	12,214
-	-	-	4,393
-	-	-	488,370
108,687	-	-	1,811,297
-	3,749	-	158,356
<u>108,787</u>	<u>3,749</u>	<u>42,257</u>	<u>3,434,989</u>
-	-	-	445,713
-	-	-	65,039,262
-	-	-	65,484,975
-	38,554,408	-	38,554,408
-	-	1,924,254	1,924,254
-	-	-	1,376,452
-	-	-	2,883,648
1,415,590	-	-	1,415,590
<u>1,415,590</u>	<u>38,554,408</u>	<u>1,924,254</u>	<u>46,154,352</u>
<u>\$ 1,524,377</u>	<u>\$ 38,558,157</u>	<u>\$ 1,966,511</u>	<u>\$ 115,074,316</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2014**

	Grants Fund	Housing Bond Fund	Community Development Fund
REVENUES			
Intergovernmental	\$ 4,871,307	\$ -	\$ 4,892,683
Non-governmental	42,797	-	-
Gain (loss) on investments	-	4,422	-
Rents	-	-	128,262
Program income	-	1,411,016	864,275
Miscellaneous other	-	5,200	-
Total revenues	<u>4,914,104</u>	<u>1,420,638</u>	<u>5,885,220</u>
EXPENDITURES			
Current:			
General government	-	-	-
Community development services	498,441	-	6,530,552
Public works	3,814,685	-	-
Public safety	581,271	-	-
Leisure services	619,226	-	-
Economic development programs	-	4,680,705	-
Total expenditures	<u>5,513,623</u>	<u>4,680,705</u>	<u>6,530,552</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(599,519)</u>	<u>(3,260,067)</u>	<u>(645,332)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	599,519	-	645,332
Transfers out	-	(400,000)	-
Total other financing sources and uses	<u>599,519</u>	<u>(400,000)</u>	<u>645,332</u>
Net change in fund balances	-	(3,660,067)	-
Fund balances - beginning	-	7,920,167	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 4,260,100</u>	<u>\$ -</u>



Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
\$ 49,004	\$ 19,464,305	\$ 2,161,215	\$ 31,438,514
-	-	-	42,797
-	342,036	17,665	364,123
-	-	-	128,262
-	-	-	2,275,291
-	-	-	5,200
<u>49,004</u>	<u>19,806,341</u>	<u>2,178,880</u>	<u>34,254,187</u>
49,004	-	-	49,004
-	-	-	7,028,993
-	-	-	3,814,685
-	-	2,092,731	2,674,002
-	2,124,268	-	2,743,494
-	-	-	4,680,705
<u>49,004</u>	<u>2,124,268</u>	<u>2,092,731</u>	<u>20,990,883</u>
-	17,682,073	86,149	13,263,304
-	-	-	1,244,851
-	(14,320,703)	-	(14,720,703)
-	(14,320,703)	-	(13,475,852)
-	3,361,370	86,149	(212,548)
1,415,590	35,193,038	1,838,105	46,366,900
<u>\$ 1,415,590</u>	<u>\$ 38,554,408</u>	<u>\$ 1,924,254</u>	<u>\$ 46,154,352</u>

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

For the Fiscal Year Ended June 30, 2014

	<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	\$ 5,156,742	\$ 4,221,890	\$ 9,378,632	\$ 10,786,740	\$ (1,408,108)
Corporation for National and Community Service	491,814	331,676	823,490	1,033,600	(210,110)
U.S. Department of Justice	364,736	95,032	459,768	774,794	(315,026)
U.S. Department of Agriculture	5,728	11,374	17,102	22,899	(5,797)
U.S. Department of Homeland Security	764,934	13,040	777,974	818,786	(40,812)
U.S. Department of the Interior	-	(6,000)	(6,000)	15,000	(21,000)
Office of National Drug Control Policy	15,440	17,642	33,082	72,822	(39,740)
State of North Carolina	61,944	91,416	153,360	206,928	(53,568)
Wake County	128,805	95,237	224,042	225,087	(1,045)
	<u>6,990,143</u>	<u>4,871,307</u>	<u>11,861,450</u>	<u>13,956,656</u>	<u>(2,095,206)</u>
Non-governmental	<u>134,890</u>	<u>42,797</u>	<u>177,687</u>	<u>284,527</u>	<u>(106,840)</u>
Total revenues	<u>7,125,033</u>	<u>4,914,104</u>	<u>12,039,137</u>	<u>14,241,183</u>	<u>(2,202,046)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	524,101	524,101	524,101	-
Street improvement fund	-	14,189	14,189	14,189	-
Mass transit fund	-	55,229	55,229	55,229	-
Solid waste services fund	-	6,000	6,000	6,000	-
Total other financing sources	<u>-</u>	<u>599,519</u>	<u>599,519</u>	<u>599,519</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 7,125,033</u>	<u>\$ 5,513,623</u>	<u>\$ 12,638,656</u>	<u>\$ 14,840,702</u>	<u>\$ (2,202,046)</u>
EXPENDITURES					
Community development services	\$ 491,814	\$ 498,441	\$ 990,255	\$ 1,200,364	\$ (210,109)
Public works	1,127,954	3,814,685	4,942,639	5,931,175	(988,536)
Public safety	1,203,046	581,271	1,784,317	2,363,392	(579,075)
Leisure services	4,302,219	619,226	4,921,445	5,345,771	(424,326)
Total expenditures	<u>\$ 7,125,033</u>	<u>\$ 5,513,623</u>	<u>\$ 12,638,656</u>	<u>\$ 14,840,702</u>	<u>\$ (2,202,046)</u>

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

For the Fiscal Year Ended June 30, 2014

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Gain (loss) on investments	\$ -	\$ 4,422	\$ 4,422	\$ -	\$ 4,422
Program income	42,795	1,411,016	1,453,811	142,795	1,311,016
Miscellaneous other	-	5,200	5,200	-	5,200
Total revenues	<u>42,795</u>	<u>1,420,638</u>	<u>1,463,433</u>	<u>142,795</u>	<u>1,320,638</u>
OTHER FINANCING SOURCES					
Bonds issued	-	-	-	15,325,000	(15,325,000)
Total revenues and other financing sources	<u>\$ 42,795</u>	<u>\$ 1,420,638</u>	<u>\$ 1,463,433</u>	15,467,795	<u>\$ (14,004,362)</u>
Fund balance appropriated				16,381,516	
				<u>\$ 31,849,311</u>	
EXPENDITURES					
Economic development programs	<u>\$ 16,886,974</u>	<u>\$ 4,680,705</u>	<u>\$ 21,567,679</u>	<u>\$ 31,449,311</u>	<u>\$ (9,881,632)</u>
OTHER FINANCING USES					
Transfer to general fund	-	400,000	400,000	400,000	-
Total expenditures and other financing uses	<u>\$ 16,886,974</u>	<u>\$ 5,080,705</u>	<u>\$ 21,967,679</u>	<u>\$ 31,849,311</u>	<u>\$ (9,881,632)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
COMMUNITY DEVELOPMENT FUND
For the Fiscal Year Ended June 30, 2014**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
US Department of HUD	\$ 7,572,495	\$ 4,892,683	\$ 12,465,178	\$ 23,041,402	\$ (10,576,224)
Rents	432,936	128,262	561,198	474,967	86,231
Program income	<u>2,789,477</u>	<u>864,275</u>	<u>3,653,752</u>	<u>3,305,475</u>	<u>348,277</u>
Total revenues	<u>10,794,908</u>	<u>5,885,220</u>	<u>16,680,128</u>	<u>26,821,844</u>	<u>(10,141,716)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	645,332	645,332	891,038	(245,706)
Total revenues and other financing sources	<u>\$ 10,794,908</u>	<u>\$ 6,530,552</u>	<u>\$ 17,325,460</u>	<u>\$ 27,712,882</u>	<u>\$ (10,387,422)</u>
EXPENDITURES					
Community development services	<u>\$ 10,794,908</u>	<u>\$ 6,530,552</u>	<u>\$ 17,325,460</u>	<u>\$ 27,712,882</u>	<u>\$ (10,387,422)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 DISASTER RECOVERY FUND
 For the Fiscal Year Ended June 30, 2014**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
Federal Emergency Management Agency	\$ 4,702,221	\$ 49,004	\$ 4,751,225	\$ 5,846,921	\$ (1,095,696)
NC Department of Transportation	80,347	-	80,347	-	80,347
Total revenues	<u>\$ 4,782,568</u>	<u>\$ 49,004</u>	<u>\$ 4,831,572</u>	<u>\$ 5,846,921</u>	<u>\$ (1,015,349)</u>
EXPENDITURES					
General government	<u>\$ 4,782,568</u>	<u>\$ 49,004</u>	<u>\$ 4,831,572</u>	<u>\$ 5,846,921</u>	<u>\$ (1,015,349)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
CONVENTION CENTER FINANCING FUND
For the Fiscal Year Ended June 30, 2014**

	<u>Actual</u>	<u>Budget</u>	Over (Under) Budget
REVENUES			
Intergovernmental:			
Wake County	\$ 19,464,305	\$ 17,820,875	\$ 1,643,430
Gain (loss) on investments	342,036	1,026,855	(684,819)
Total revenues	<u>\$ 19,806,341</u>	<u>18,847,730</u>	<u>\$ 958,611</u>
Fund balance appropriated		1,674,268	
		<u>\$ 20,521,998</u>	
EXPENDITURES			
Leisure services	<u>\$ 2,124,268</u>	<u>\$ 3,590,410</u>	<u>\$ (1,466,142)</u>
OTHER FINANCING USES			
Transfers to:			
Convention and performing arts complex operating fund	12,340,269	14,951,154	(2,610,885)
Convention center complex capital projects fund	1,980,434	1,980,434	-
Total other financing uses	<u>14,320,703</u>	<u>16,931,588</u>	<u>(2,610,885)</u>
Total expenditures and other financing uses	<u>\$ 16,444,971</u>	<u>\$ 20,521,998</u>	<u>\$ (4,077,027)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
EMERGENCY TELEPHONE SYSTEM FUND
For the Fiscal Year Ended June 30, 2014**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 2,161,215	\$ 2,161,215	\$ -
Gain (loss) on investments	17,665	-	17,665
Total revenues	<u>\$ 2,178,880</u>	<u>2,161,215</u>	<u>\$ 17,665</u>
Fund balance appropriated		528,904	
		<u>\$ 2,690,119</u>	
EXPENDITURES			
Telephone	\$ 1,261,720	\$ 1,619,236	\$ (357,516)
Furniture	7,974	16,183	(8,209)
Software maintenance	641,282	787,574	(146,292)
Hardware maintenance	172,681	214,916	(42,235)
Training	9,074	30,210	(21,136)
S.L. 2010-158 expenditures	-	22,000	(22,000)
	<u>\$ 2,092,731</u>	<u>\$ 2,690,119</u>	<u>\$ (597,388)</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.

Raleigh Union Station Fund (nonmajor fund)

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

Facility Fees Fund (nonmajor fund)

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

Park Bond Fund (nonmajor fund)

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

Miscellaneous Capital Improvements Fund (nonmajor fund)

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

Walnut Creek Amphitheater Fund (nonmajor fund)

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

Technology Capital Projects Fund (nonmajor fund)

The Technology Capital Projects Fund accounts for long-term technology projects as recommended by the City's technology governance process. These projects are financed 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, 2014**

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Raleigh Union Station Fund
ASSETS					
Cash and cash equivalents	\$ 13,564,860	\$ 11,220,266	\$ 6,351,352	\$ 7,892,494	\$ -
Assessments receivable, net of allowance for uncollectibles of \$92,808	413,782	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governmental agencies	356,865	193,713	-	-	89,891
Accrued interest receivable	20,531	10,676	6,570	9,034	-
Sales tax receivable	22,198	100,668	13,333	62,104	-
Assets held for resale	-	-	-	-	-
Cash and cash equivalents/investments - restricted deposits and bond proceeds	1,110,927	30,622,686	186,817	-	-
Total assets	<u>\$ 15,489,163</u>	<u>\$ 42,148,009</u>	<u>\$ 6,558,072</u>	<u>\$ 7,963,632</u>	<u>\$ 89,891</u>
LIABILITIES					
Accounts payable	\$ 253,791	\$ 4,615,192	\$ 522,377	\$ 218,817	\$ 89,891
Accrued salaries and employee payroll taxes	-	57	-	-	-
Taxes payable	-	-	-	6,139	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Reimbursable facility fees	-	-	-	-	-
Escrow and other deposits payable from restricted assets	1,110,927	-	186,817	-	-
Total liabilities	<u>1,364,718</u>	<u>4,615,249</u>	<u>709,194</u>	<u>224,956</u>	<u>89,891</u>
DEFERRED INFLOWS OF RESOURCES					
Assessments receivable	413,782	-	-	-	-
Prepaid assessments	-	-	5,614	-	-
Unearned revenues	-	-	-	27,062	-
Total deferred inflows of resources	<u>413,782</u>	<u>-</u>	<u>5,614</u>	<u>27,062</u>	<u>-</u>
FUND BALANCES					
Nonspendable:					
Assets held for resale	-	-	-	-	-
Assigned:					
Assigned for subsequent year's appropriation	11,891,821	32,986,414	5,843,264	6,539,896	-
Assigned for city projects	1,818,842	4,546,346	-	1,171,718	-
Total fund balances	<u>13,710,663</u>	<u>37,532,760</u>	<u>5,843,264</u>	<u>7,711,614</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,489,163</u>	<u>\$ 42,148,009</u>	<u>\$ 6,558,072</u>	<u>\$ 7,963,632</u>	<u>\$ 89,891</u>

Facility Fees Fund	Park Bond Fund	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	Major Public Facilities Fund	Total Nonmajor Capital Projects Funds
\$ 10,634,476	\$ 16,485,437	\$ 10,128,969	\$ 1,681,788	\$ 8,762,445	\$ 1,176,636	\$ 87,898,723
-	-	-	-	-	-	413,782
-	-	-	225,827	-	-	225,827
-	183,824	-	-	-	1,005	825,298
9,034	16,425	16,425	-	9,034	-	97,729
-	44,144	73,648	11,903	12,009	771,794	1,111,801
-	-	11,625,378	-	-	-	11,625,378
-	35,174,372	10,249,881	-	-	39,702,918	117,047,601
<u>\$ 10,643,510</u>	<u>\$ 51,904,202</u>	<u>\$ 32,094,301</u>	<u>\$ 1,919,518</u>	<u>\$ 8,783,488</u>	<u>\$ 41,652,353</u>	<u>\$ 219,246,139</u>
\$ 171,830	\$ 4,283,110	\$ 710,632	\$ 11,062	\$ 14,969	\$ 3,752,368	\$ 14,644,039
-	-	-	-	-	-	57
-	159	1,119	-	-	-	7,417
-	-	16,585	-	43	-	16,628
-	-	3,667,877	-	-	-	3,667,877
6,384,612	-	-	-	-	-	6,384,612
-	-	-	-	-	-	1,297,744
<u>6,556,442</u>	<u>4,283,269</u>	<u>4,396,213</u>	<u>11,062</u>	<u>15,012</u>	<u>3,752,368</u>	<u>26,018,374</u>
-	-	-	-	-	-	413,782
-	-	-	-	-	-	5,614
-	-	-	-	-	-	27,062
-	-	-	-	-	-	446,458
-	-	11,625,378	-	-	-	11,625,378
-	47,620,933	10,746,380	1,372,665	8,423,296	22,680,783	148,105,452
4,087,068	-	5,326,330	535,791	345,180	15,219,202	33,050,477
<u>4,087,068</u>	<u>47,620,933</u>	<u>27,698,088</u>	<u>1,908,456</u>	<u>8,768,476</u>	<u>37,899,985</u>	<u>192,781,307</u>
<u>\$ 10,643,510</u>	<u>\$ 51,904,202</u>	<u>\$ 32,094,301</u>	<u>\$ 1,919,518</u>	<u>\$ 8,783,488</u>	<u>\$ 41,652,353</u>	<u>\$ 219,246,139</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2014

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Raleigh Union Station Fund
REVENUES					
Intergovernmental	\$ 1,419,605	\$ 503,236	\$ 674,504	\$ -	\$ 1,611,332
Developer participation	74,131	90,326	-	-	-
Assessments	1,024,966	-	74,754	18,801	-
Gain (loss) on investments	146,596	108,282	51,395	59,868	-
Facility fees	-	-	-	33,482	-
Miscellaneous other	852	-	133,539	125,063	-
Total revenues	<u>2,666,150</u>	<u>701,844</u>	<u>934,192</u>	<u>237,214</u>	<u>1,611,332</u>
EXPENDITURES					
Current:					
Street paving/sidewalk projects	4,699,886	15,476,897	1,233,465	-	-
Parks and recreation projects	-	-	-	3,602,017	-
Walnut Creek Amphitheater projects	-	-	-	-	-
Other public improvements	-	-	-	-	1,861,332
Technology capital projects	-	-	-	-	-
Total expenditures	<u>4,699,886</u>	<u>15,476,897</u>	<u>1,233,465</u>	<u>3,602,017</u>	<u>1,861,332</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,033,736)</u>	<u>(14,775,053)</u>	<u>(299,273)</u>	<u>(3,364,803)</u>	<u>(250,000)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	7,434,150	3,040,000	3,442,850	6,627,520	-
Transfers out	(6,093,070)	-	(462,806)	(1,466,057)	-
Note proceeds	-	494,392	-	-	-
Bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Proceeds from sale of property	-	-	-	-	-
Total other financing sources and uses	<u>1,341,080</u>	<u>3,534,392</u>	<u>2,980,044</u>	<u>5,161,463</u>	<u>-</u>
Net change in fund balances	(692,656)	(11,240,661)	2,680,771	1,796,660	(250,000)
Fund balances beginning	14,403,319	48,773,421	3,162,493	5,914,954	250,000
Fund balances - ending	<u>\$ 13,710,663</u>	<u>\$ 37,532,760</u>	<u>\$ 5,843,264</u>	<u>\$ 7,711,614</u>	<u>\$ -</u>

Facility Fees Fund	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
\$ -	\$ 88,511	\$ -	\$ -	\$ -	\$ 127,745	\$ -	\$ 4,424,933
-	-	-	-	-	-	-	164,457
-	-	-	-	-	-	-	1,118,521
37,815	101,600	124,343	-	37,816	52,687	-	720,402
7,403,234	-	-	225,827	-	-	-	7,662,543
-	7,969	11,320	-	-	-	-	278,743
<u>7,441,049</u>	<u>198,080</u>	<u>135,663</u>	<u>225,827</u>	<u>37,816</u>	<u>180,432</u>	<u>-</u>	<u>14,369,599</u>
-	-	-	-	-	-	-	21,410,248
-	17,246,939	-	-	-	-	-	20,848,956
-	-	-	448,974	-	-	-	448,974
-	-	11,346,935	-	-	36,267,189	-	49,475,456
-	-	-	-	569,159	-	-	569,159
-	17,246,939	11,346,935	448,974	569,159	36,267,189	-	92,752,793
<u>7,441,049</u>	<u>(17,048,859)</u>	<u>(11,211,272)</u>	<u>(223,147)</u>	<u>(531,343)</u>	<u>(36,086,757)</u>	<u>-</u>	<u>(78,383,194)</u>
-	1,110,307	9,402,898	-	6,695,786	-	(12,008,955)	25,744,556
(9,993,600)	-	(3,676,881)	-	(3,439,787)	-	12,008,955	(13,123,246)
-	-	-	-	-	-	-	494,392
-	12,665,956	8,482,055	-	-	47,511,586	-	68,659,597
-	-	-	-	-	4,490,106	-	4,490,106
-	-	6,270,824	-	-	-	-	6,270,824
<u>(9,993,600)</u>	<u>13,776,263</u>	<u>20,478,896</u>	<u>-</u>	<u>3,255,999</u>	<u>52,001,692</u>	<u>-</u>	<u>92,536,229</u>
<u>(2,552,551)</u>	<u>(3,272,596)</u>	<u>9,267,624</u>	<u>(223,147)</u>	<u>2,724,656</u>	<u>15,914,935</u>	<u>-</u>	<u>14,153,035</u>
<u>6,639,619</u>	<u>50,893,529</u>	<u>18,430,464</u>	<u>2,131,603</u>	<u>6,043,820</u>	<u>21,985,050</u>	<u>-</u>	<u>178,628,272</u>
<u>\$ 4,087,068</u>	<u>\$ 47,620,933</u>	<u>\$ 27,698,088</u>	<u>\$ 1,908,456</u>	<u>\$ 8,768,476</u>	<u>\$ 37,899,985</u>	<u>\$ -</u>	<u>\$ 192,781,307</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STREET IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2014**

	<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	\$ 27,925,750	\$ 1,419,605	\$ 29,345,355	\$ 42,321,686	\$ (12,976,331)
Developer participation	198,967	74,131	273,098	1,199,145	(926,047)
Assessments	294,340	1,024,966	1,319,306	774,423	544,883
Gain (loss) on investments	64,367	146,596	210,963	214,367	(3,404)
Miscellaneous other	21,749	852	22,601	1,523,749	(1,501,148)
Total revenues	<u>28,505,173</u>	<u>2,666,150</u>	<u>31,171,323</u>	<u>46,033,370</u>	<u>(14,862,047)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	4,934,150	4,934,150	4,934,150	-
Facility fees fund	-	2,500,000	2,500,000	2,500,000	-
Total other financing sources	<u>-</u>	<u>7,434,150</u>	<u>7,434,150</u>	<u>7,434,150</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 28,505,173</u>	<u>\$ 10,100,300</u>	<u>\$ 38,605,473</u>	53,467,520	<u>\$ (14,862,047)</u>
Fund balance appropriated				<u>69,366,225</u>	
				<u>\$ 122,833,745</u>	
EXPENDITURES					
Street projects	<u>\$ 85,310,876</u>	<u>\$ 4,699,886</u>	<u>\$ 90,010,762</u>	<u>\$ 116,654,864</u>	<u>\$ (26,644,102)</u>
OTHER FINANCING USES					
Transfers to:					
Grants fund	-	14,189	14,189	100,000	(85,811)
Miscellaneous capital projects fund	-	4,130,092	4,130,092	4,130,092	-
Mass transit fund	-	1,948,789	1,948,789	1,948,789	-
Total other financing uses	<u>-</u>	<u>6,093,070</u>	<u>6,093,070</u>	<u>6,178,881</u>	<u>(85,811)</u>
Total expenditures and other financing uses	<u>\$ 85,310,876</u>	<u>\$ 10,792,956</u>	<u>\$ 96,103,832</u>	<u>\$ 122,833,745</u>	<u>\$ (26,729,913)</u>

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

For the Fiscal Year Ended June 30, 2014

	<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	\$ 398,237	\$ 503,236	\$ 901,473	\$ 2,262,765	\$ (1,361,292)
Developer participation	437,506	90,326	527,832	527,832	-
Interest on investments	-	108,282	108,282	221,239	(112,957)
Total revenues	<u>835,743</u>	<u>701,844</u>	<u>1,537,587</u>	<u>3,011,836</u>	<u>(1,474,249)</u>
OTHER FINANCING SOURCES					
Transfers from general fund	-	3,040,000	3,040,000	3,040,000	-
Bonds issued	50,000,000	-	50,000,000	63,376,318	(13,376,318)
Note proceeds	-	494,392	494,392	1,500,000	(1,005,608)
Total other financing sources	<u>50,000,000</u>	<u>3,534,392</u>	<u>53,534,392</u>	<u>67,916,318</u>	<u>(14,381,926)</u>
Total revenues and other financing sources	<u>\$ 50,835,743</u>	<u>\$ 4,236,236</u>	<u>\$ 55,071,979</u>	70,928,154	<u>\$ (15,856,175)</u>
Fund balance appropriated				<u>57,942,293</u>	
				<u>\$ 128,870,447</u>	
EXPENDITURES					
Street projects	<u>\$ 59,135,030</u>	<u>\$ 15,476,897</u>	<u>\$ 74,611,927</u>	<u>\$ 128,870,447</u>	<u>\$ (54,258,520)</u>

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

For the Fiscal Year Ended June 30, 2014

	<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	\$ 110,493	\$ 674,504	\$ 784,997	\$ 1,379,046	\$ (594,049)
Gain (loss) on investments	-	51,395	51,395	40,000	11,395
Sidewalk paving assessment	57,251	74,754	132,005	98,849	33,156
Miscellaneous other	-	133,539	133,539	38,100	95,439
Total revenues	<u>167,744</u>	<u>934,192</u>	<u>1,101,936</u>	<u>1,555,995</u>	<u>(454,059)</u>
OTHER FINANCING SOURCES					
Transfers from general fund	-	3,442,850	3,442,850	3,442,850	-
Total revenues and other financing sources	<u>\$ 167,744</u>	<u>\$ 4,377,042</u>	<u>\$ 4,544,786</u>	4,998,845	<u>\$ (454,059)</u>
Fund balance appropriated				6,605,437	
				<u>\$ 11,604,282</u>	
EXPENDITURES					
Sidewalk projects	\$ 3,016,298	\$ 1,233,465	\$ 4,249,763	\$ 11,140,936	\$ (6,891,173)
OTHER FINANCING USES					
Transfers to miscellaneous capital projects fund	-	462,806	462,806	463,346	(540)
Total expenditures and other financing uses	<u>\$ 3,016,298</u>	<u>\$ 1,696,271</u>	<u>\$ 4,712,569</u>	<u>\$ 11,604,282</u>	<u>\$ (6,891,713)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARK IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2014**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Assessments	\$ -	\$ 18,801	\$ 18,801	\$ -	\$ 18,801
Gain (loss) on investments	-	59,868	59,868	45,000	14,868
Facility fees	-	33,482	33,482	-	33,482
Miscellaneous other	272,110	125,063	397,173	557,814	(160,641)
Total revenues	<u>272,110</u>	<u>237,214</u>	<u>509,324</u>	<u>602,814</u>	<u>(93,490)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	3,377,520	3,377,520	3,377,520	-
Facility fees fund	-	3,250,000	3,250,000	3,250,000	-
Total other financing sources	<u>-</u>	<u>6,627,520</u>	<u>6,627,520</u>	<u>6,627,520</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 272,110</u>	<u>\$ 6,864,734</u>	<u>\$ 7,136,844</u>	7,230,334	<u>\$ (93,490)</u>
Fund balance appropriated				21,709,986	
				<u>\$ 28,940,320</u>	
EXPENDITURES					
Park improvement projects	<u>\$ 15,753,574</u>	<u>\$ 3,602,017</u>	<u>\$ 19,355,591</u>	<u>\$ 27,474,263</u>	<u>\$ (8,118,672)</u>
OTHER FINANCING USES					
Transfers to:					
Miscellaneous capital projects fund	-	460,000	460,000	460,000	-
Park bond fund	-	1,006,057	1,006,057	1,006,057	-
Total other financing uses	<u>-</u>	<u>1,466,057</u>	<u>1,466,057</u>	<u>1,466,057</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 15,753,574</u>	<u>\$ 5,068,074</u>	<u>\$ 20,821,648</u>	<u>\$ 28,940,320</u>	<u>\$ (8,118,672)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
RALEIGH UNION STATION FUND
For the Fiscal Year Ended June 30, 2014**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
Federal Railroad Authority	\$ -	\$ 1,202,859	\$ 1,202,859	\$ 26,500,000	\$ (25,297,141)
State of North Carolina	-	408,473	408,473	9,000,000	(8,591,527)
Total revenues	<u>\$ -</u>	<u>\$ 1,611,332</u>	<u>\$ 1,611,332</u>	35,500,000	<u>\$ (33,888,668)</u>
Fund balance appropriated				250,000	
				<u>\$ 35,750,000</u>	
EXPENDITURES					
Other public improvements	<u>\$ -</u>	<u>\$ 1,861,332</u>	<u>\$ 1,861,332</u>	<u>\$ 35,750,000</u>	<u>\$ (33,888,668)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
FACILITY FEES FUND
For the Fiscal Year Ended June 30, 2014**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 37,815	\$ 37,815	\$ -	\$ 37,815
Facility fees	-	7,403,234	7,403,234	6,493,600	909,634
Total revenues	<u>\$ -</u>	<u>\$ 7,441,049</u>	<u>\$ 7,441,049</u>	6,493,600	<u>\$ 947,449</u>
Fund balance appropriated				3,500,000	
				<u>\$ 9,993,600</u>	
OTHER FINANCING USES					
Transfers to:					
General fund	\$ -	\$ 4,243,600	\$ 4,243,600	\$ 4,243,600	\$ -
Park improvement fund	-	3,250,000	3,250,000	3,250,000	-
Street improvement fund	-	2,500,000	2,500,000	2,500,000	-
Total other financing uses	<u>\$ -</u>	<u>\$ 9,993,600</u>	<u>\$ 9,993,600</u>	<u>\$ 9,993,600</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARK BOND FUND
For the Fiscal Year Ended June 30, 2014**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 949,875	\$ -	\$ 949,875	\$ 1,125,624	\$ (175,749)
Wake County	8,833,361	66,639	8,900,000	8,900,000	-
North Carolina Department of Transportation	4,240,749	4,515	4,245,264	5,327,742	(1,082,478)
North Carolina Department of Environment and Natural Resources	-	-	-	200,000	(200,000)
Other municipalities	1,901,059	17,357	1,918,416	2,223,142	(304,726)
Other local sources	100,000	-	100,000	100,000	-
Gain (loss) on investments	-	101,600	101,600	-	101,600
Miscellaneous other	15,000	7,969	22,969	22,969	-
Total revenues	16,040,044	198,080	16,238,124	17,899,477	(1,661,353)
OTHER FINANCING SOURCES					
Transfers from:					
Park improvement fund	-	1,006,057	1,006,057	1,006,057	-
Stormwater capital projects fund	-	104,250	104,250	104,250	-
Bonds issued	96,100,000	12,665,956	108,765,956	96,118,750	12,647,206
Total other financing sources	96,100,000	13,776,263	109,876,263	97,229,057	12,647,206
Total revenues and other financing sources	\$ 112,140,044	\$ 13,974,343	\$ 126,114,387	115,128,534	\$ 10,985,853
Fund balance appropriated				25,062,620	
				<u>\$ 140,191,154</u>	
EXPENDITURES					
Parks and recreation projects	\$ 87,503,826	\$ 17,246,939	\$ 104,750,765	\$ 140,191,154	\$ (35,440,389)

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MISCELLANEOUS CAPITAL IMPROVEMENTS FUND
For the Fiscal Year Ended June 30, 2014**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Gain (loss) on investments	\$ 50,333	\$ 124,343	\$ 174,676	\$ 150,333	\$ 24,343
Miscellaneous income	138,683	11,320	150,003	288,683	(138,680)
Total revenues	<u>189,016</u>	<u>135,663</u>	<u>324,679</u>	<u>439,016</u>	<u>(114,337)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	4,150,000	4,150,000	4,150,000	-
Park improvement fund	-	460,000	460,000	460,000	-
Sidewalk fund	-	462,806	462,806	462,806	-
Street improvement fund	-	4,130,092	4,130,092	4,130,092	-
Technology fund	-	200,000	200,000	200,000	-
Bonds issued	-	8,482,055	8,482,055	18,052,000	(9,569,945)
Proceeds from sale of property	-	6,270,824	6,270,824	-	6,270,824
Total other financing sources	<u>-</u>	<u>24,155,777</u>	<u>24,155,777</u>	<u>27,454,898</u>	<u>(3,299,121)</u>
Total revenues and other financing sources	<u>\$ 189,016</u>	<u>\$ 24,291,440</u>	<u>\$ 24,480,456</u>	27,893,914	<u>\$ (3,413,458)</u>
Fund balance appropriated				<u>71,930,568</u>	
				<u>\$ 99,824,482</u>	
EXPENDITURES					
Miscellaneous capital projects	<u>\$ 44,103,133</u>	<u>\$ 11,346,935</u>	<u>\$ 55,450,068</u>	<u>\$ 96,147,601</u>	<u>\$ (40,697,533)</u>
OTHER FINANCING USES					
Transfers to general fund	<u>-</u>	<u>3,676,881</u>	<u>3,676,881</u>	<u>3,676,881</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 44,103,133</u>	<u>\$ 15,023,816</u>	<u>\$ 59,126,949</u>	<u>\$ 99,824,482</u>	<u>\$ (40,697,533)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 WALNUT CREEK AMPHITHEATER PROJECTS FUND
 For the Fiscal Year Ended June 30, 2014**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Amphitheater rent	\$ -	\$ 225,827	\$ 225,827	\$ -	\$ 225,827
Fund balance appropriated				3,803,001	
				<u>\$ 3,803,001</u>	
EXPENDITURES					
Amphitheater capital projects	<u>\$ 2,456,363</u>	<u>\$ 448,974</u>	<u>\$ 2,905,337</u>	<u>\$ 3,803,001</u>	<u>\$ (897,664)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
TECHNOLOGY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2014**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 37,816	\$ 37,816	\$ -	\$ 37,816
OTHER FINANCING SOURCES					
Transfers from:					
Convention center operating fund	-	113,229	113,229	113,229	-
General fund	-	4,191,215	4,191,215	4,191,215	-
Mass transit operating fund	-	11,819	11,819	11,819	-
Parking facilities operating fund	-	14,607	14,607	14,607	-
Solid waste services operating fund	-	255,550	255,550	255,550	-
Stormwater utility operating fund	-	192,987	192,987	192,987	-
Vehicle fleet services fund	-	63,228	63,228	63,228	-
Water and sewer operating fund	-	1,853,151	1,853,151	1,853,151	-
Total other financing sources	-	6,695,786	6,695,786	6,695,786	-
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 6,733,602</u>	<u>\$ 6,733,602</u>	6,695,786	<u>\$ 37,816</u>
Fund balance appropriated				9,128,563	
				<u>\$ 15,824,349</u>	
EXPENDITURES					
Technology projects	\$ 3,148,178	\$ 569,159	\$ 3,717,337	\$ 12,384,562	\$ (8,667,225)
OTHER FINANCING USES					
Transfers to:					
General fund	-	3,239,787	3,239,787	3,239,787	-
Miscellaneous capital projects fund	-	200,000	200,000	200,000	-
Total other financing uses	-	3,439,787	3,439,787	3,439,787	-
Total expenditures and other financing uses	<u>\$ 3,148,178</u>	<u>\$ 4,008,946</u>	<u>\$ 7,157,124</u>	<u>\$ 15,824,349</u>	<u>\$ (8,667,225)</u>



**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 MAJOR PUBLIC FACILITIES FUND
 For the Fiscal Year Ended June 30, 2014**

	<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	\$ 2,337,995	\$ 127,745	\$ 2,465,740	\$ 1,173,377	\$ 1,292,363
Gain (loss) on investments	-	52,687	52,687	-	52,687
Total revenues	<u>2,337,995</u>	<u>180,432</u>	<u>2,518,427</u>	<u>1,173,377</u>	<u>1,345,050</u>
OTHER FINANCING SOURCES					
Certificates of participation issued	-	-	-	32,281,364	(32,281,364)
Bonds issued	46,225,000	47,511,586	93,736,586	150,667,726	(56,931,140)
Premium on bonds issued	<u>1,359,612</u>	<u>4,490,106</u>	<u>5,849,718</u>	<u>1,359,612</u>	<u>4,490,106</u>
Total other financing sources	<u>47,584,612</u>	<u>52,001,692</u>	<u>99,586,304</u>	<u>184,308,702</u>	<u>(84,722,398)</u>
Total revenues and other financing sources	<u>\$ 49,922,607</u>	<u>\$ 52,182,124</u>	<u>\$ 102,104,731</u>	185,482,079	<u>\$ (83,377,348)</u>
Fund balance appropriated				<u>7,785,151</u>	
				<u>\$ 193,267,230</u>	
EXPENDITURES					
Major public facilities projects	<u>\$ 49,995,257</u>	<u>\$ 36,267,189</u>	<u>\$ 86,262,446</u>	<u>\$ 193,267,230</u>	<u>\$ (107,004,784)</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, stormwater utility and solid waste services.

Enterprise Funds

Water and Sewer Fund (major fund)

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

Mass Transit Fund (major 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 (major fund)

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

Parking Facilities Fund (major fund)

The Parking Facilities Fund accounts for 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.

Solid Waste Services Fund (major fund)

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

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

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

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

For the Fiscal Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Water and sewer user charges	\$ 178,084,533	\$ 175,241,923	\$ 2,842,610
Capital facility fees	3,935,815	9,497,000	(5,561,185)
Connections and tap fees	2,119,540	1,004,000	1,115,540
Water and sewer penalties	1,182,018	1,155,000	27,018
Water and sewer sales - municipalities	356,613	908,400	(551,787)
Facility charges	6,856,501	1,745,000	5,111,501
Water and sewer assessments	674,127	787,554	(113,427)
Acreage connection fees	114,317	-	114,317
Miscellaneous other	1,866,945	1,724,708	142,237
Total operating revenues	<u>195,190,409</u>	<u>192,063,585</u>	<u>3,126,824</u>
NONOPERATING REVENUES			
Gain (loss) on investments	2,256,967	810,847	1,446,120
Other	2,871,682	1,022,600	1,849,082
Total nonoperating revenues	<u>5,128,649</u>	<u>1,833,447</u>	<u>3,295,202</u>
OTHER FINANCING SOURCES			
Transfer from sewer capital projects fund	<u>892,709</u>	<u>892,709</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 201,211,767</u>	<u>194,789,741</u>	<u>\$ 6,422,026</u>
Fund balance appropriated		<u>14,704,311</u>	
		<u>\$ 209,494,052</u>	
EXPENDITURES			
Public utilities:			
Administration	\$ 11,279,443	\$ 13,293,931	\$ (2,014,488)
Water plant	17,420,515	21,933,127	(4,512,612)
Waste treatment plant	20,131,594	22,729,004	(2,597,410)
Utility Billing	4,922,485	5,567,454	(644,969)
Sewer maintenance	8,596,358	10,703,546	(2,107,188)
Water distribution	8,738,127	9,705,822	(967,695)
Meter operations	4,775,906	5,536,115	(760,209)
Warehouse	1,664,873	2,455,050	(790,177)
Repairs and maintenance	1,543,047	2,237,331	(694,284)
	<u>79,072,348</u>	<u>94,161,380</u>	<u>(15,089,032)</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, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
EXPENDITURES (CONTINUED)			
Special appropriations:			
Reimbursement to general fund	\$ 8,519,011	\$ 8,753,628	\$ (234,617)
Insurance and risk management charges	3,921,199	4,029,717	(108,518)
Other expenditures	1,082,920	9,042,155	(7,959,235)
	<u>13,523,130</u>	<u>21,825,500</u>	<u>(8,302,370)</u>
Debt service:			
General obligations bonds:			
Principal	1,081,947	1,081,947	-
Interest	96,611	96,611	-
Revenue bonds:			
Principal	15,715,000	15,715,000	-
Interest	28,387,720	32,148,139	(3,760,419)
Installment financing agreements	2,257,610	2,642,072	(384,462)
Escrow expenditures - merged systems' debt	2,461,758	2,485,815	(24,057)
Other expenditures	1,504,389	2,097,264	(592,875)
	<u>51,505,035</u>	<u>56,266,848</u>	<u>(4,761,813)</u>
OTHER EXPENDITURES			
Refunds and other	12,757	150,000	(137,243)
Total expenditures	<u>144,113,270</u>	<u>172,403,728</u>	<u>(28,290,458)</u>
OTHER FINANCING USES			
Transfers to:			
Public utilities equipment replacement fund	724,551	724,551	-
Water capital projects fund	13,891,000	13,891,000	-
Sewer capital projects fund	20,525,000	20,525,000	-
Stormwater utility operating fund	96,622	96,622	-
Technology capital projects fund	1,853,151	1,853,151	-
Total transfers	<u>37,090,324</u>	<u>37,090,324</u>	<u>-</u>
Total other financing uses	<u>37,090,324</u>	<u>37,090,324</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 181,203,594</u>	<u>\$ 209,494,052</u>	<u>\$ (28,290,458)</u>



**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER CAPITAL PROJECTS FUND**
For the Fiscal Year Ended June 30, 2014

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Gain (loss) on investments	\$ -	\$ 188,973	\$ 188,973	\$ -	\$ 188,973
OTHER FINANCING SOURCES					
Transfer from:					
Water & sewer operating fund	-	13,891,000	13,891,000	14,037,123	(146,123)
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 14,079,973</u>	<u>\$ 14,079,973</u>	14,037,123	<u>\$ 42,850</u>
Fund balance appropriated				37,402,687	
				<u>\$ 51,439,810</u>	
EXPENDITURES					
Water capital projects	<u>\$ 14,374,202</u>	<u>\$ 11,773,828</u>	<u>\$ 26,148,030</u>	<u>\$ 51,439,810</u>	<u>\$ (25,291,780)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SEWER CAPITAL PROJECTS FUND**
For the Fiscal Year Ended June 30, 2014

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Gain (loss) on investments	\$ -	\$ 133,663	\$ 133,663	\$ -	\$ 133,663
OTHER FINANCING SOURCES					
Transfer from water and sewer operating fund	-	20,525,000	20,525,000	20,525,000	-
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 20,658,663</u>	<u>\$ 20,658,663</u>	20,525,000	<u>\$ 133,663</u>
Fund balance appropriated				<u>31,940,874</u>	
				<u>\$ 52,465,874</u>	
EXPENDITURES					
Sewer capital projects	\$ 9,955,394	\$ 8,552,686	\$ 18,508,080	\$ 51,573,165	\$ (33,065,085)
OTHER FINANCING USES					
Transfers to:					
Water and sewer operating fund	-	892,709	892,709	892,709	-
Total expenditures and other financing uses	<u>\$ 9,955,394</u>	<u>\$ 9,445,395</u>	<u>\$ 19,400,789</u>	<u>\$ 52,465,874</u>	<u>\$ (33,065,085)</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, 2014

	<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	\$ 569,012	\$ 122,146	\$ 691,158	\$ 1,817,332	\$ (1,126,174)
State of North Carolina	7,610,768	8,293,976	15,904,744	73,866,838	(57,962,094)
Gain (loss) on investments	-	179,031	179,031	-	179,031
Total revenues	<u>8,179,780</u>	<u>8,595,153</u>	<u>16,774,933</u>	<u>75,684,170</u>	<u>(58,909,237)</u>
OTHER FINANCING SOURCES					
Bonds issued	66,750,430	-	66,750,430	167,891,767	(101,141,337)
Premium on bonds issued	8,542,927	-	8,542,927	-	8,542,927
Total other financing sources	<u>75,293,357</u>	<u>-</u>	<u>75,293,357</u>	<u>167,891,767</u>	<u>(92,598,410)</u>
Total revenues and other financing sources	<u>\$ 83,473,137</u>	<u>\$ 8,595,153</u>	<u>\$ 92,068,290</u>	243,575,937	<u>\$ (151,507,647)</u>
Fund balance appropriated				<u>438,915,662</u>	
				<u>\$ 682,491,599</u>	
EXPENDITURES					
Water capital projects	\$ 211,343,169	\$ 9,839,007	\$ 221,182,176	\$ 275,083,530	\$ (53,901,354)
Sewer capital projects	254,131,460	27,736,062	281,867,522	407,408,069	(125,540,547)
Total expenditures	<u>\$ 465,474,629</u>	<u>\$ 37,575,069</u>	<u>\$ 503,049,698</u>	<u>\$ 682,491,599</u>	<u>\$ (179,441,901)</u>

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

For the Fiscal Year Ended June 30, 2014

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	\$ 201,211,767
Water capital projects fund	14,079,973
Sewer capital projects fund	20,658,663
Water and sewer revenue bond fund	8,595,153
Total current year expenditures and other financing uses - modified accrual basis:	
Water and sewer operating fund	(181,203,594)
Water capital projects fund	(11,773,828)
Sewer capital projects fund	(9,445,395)
Water and sewer revenue bond fund	<u>(37,575,069)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	4,547,670
Adjustments to full accrual basis:	
Amortization of refunding charges	(1,609,247)
Amortization of bond premiums and discounts	2,799,322
Bond and note proceeds	(8,293,976)
Bond and note principal payments	18,549,105
Capital contributions	2,300,834
Capital outlay	60,295,735
Capitalized interest	8,531,453
Depreciation	(31,867,789)
Earned vacation pay expense	(243,161)
Interest expense accrual	(1,035,744)
Loss on disposal of asset	(59,967)
OPEB expense	(361,188)
Other escrow expenditures	1,089,853
Revenue accruals from receivables	<u>498,692</u>
Change in net position per statement of revenues, expenses and changes in fund net position	<u>\$ 55,141,592</u>

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

For the Fiscal Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
User charges:			
Convention center	\$ 5,412,347	\$ 5,405,327	\$ 7,020
Performing arts center	5,767,594	4,925,050	842,544
Red Hat amphitheater	1,478,116	1,295,500	182,616
Special events	287,632	273,969	13,663
Total user charges	<u>12,945,689</u>	<u>11,899,846</u>	<u>1,045,843</u>
Gain (loss) on investments	<u>70,659</u>	<u>27,403</u>	<u>43,256</u>
Total revenues	<u>13,016,348</u>	<u>11,927,249</u>	<u>1,089,099</u>
OTHER FINANCING SOURCES			
Transfers from:			
General fund	1,891,481	1,891,481	-
Convention center financing fund	12,340,269	14,951,154	(2,610,885)
Total other financing sources	<u>14,231,750</u>	<u>16,842,635</u>	<u>(2,610,885)</u>
Total revenues and other financing sources	<u>\$ 27,248,098</u>	<u>28,769,884</u>	<u>\$ (1,521,786)</u>
Fund balance appropriated		<u>149,474</u>	
		<u>\$ 28,919,358</u>	
EXPENDITURES			
Convention center	\$ 7,939,748	\$ 9,102,453	\$ (1,162,705)
Performing arts center	6,313,865	6,524,916	(211,051)
Red Hat amphitheater	1,433,945	1,474,013	(40,068)
Special events	343,615	340,831	2,784
Total operating expenditures	<u>16,031,173</u>	<u>17,442,213</u>	<u>(1,411,040)</u>
DEBT SERVICE			
Interest	8,283,352	9,527,071	(1,243,719)
Other debt service costs	1,310,397	1,671,899	(361,502)
Total debt service	<u>9,593,749</u>	<u>11,198,970</u>	<u>(1,605,221)</u>
OTHER FINANCING USES			
Transfers to:			
General fund	164,946	164,946	-
Technology capital projects fund	113,229	113,229	-
Total other financing uses	<u>278,175</u>	<u>278,175</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 25,903,097</u>	<u>\$ 28,919,358</u>	<u>\$ (3,016,261)</u>



**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION AND PERFORMING ARTS COMPLEX PROJECTS FUND**
For the Fiscal Year Ended June 30, 2014

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
OTHER FINANCING SOURCES					
Note Proceeds	\$ 264,844	\$ 2,235,367	\$ 2,500,211	\$ 9,846,761	\$ (7,346,550)
				1,704,276	
				<u>\$ 11,551,037</u>	
EXPENDITURES					
Convention center and performing arts complex projects	\$ 1,473,000	\$ 4,046,309	\$ 5,519,309	\$ 11,551,037	\$ (6,031,728)

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER COMPLEX CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2014**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Miscellaneous other	\$ 775,393	\$ 4,266	\$ 779,659	\$ 775,386	\$ 4,273
OTHER FINANCING SOURCES					
Transfer from:					
Convention center financing fund	-	1,980,434	1,980,434	1,980,434	-
Total revenues and other financing sources	<u>\$ 775,393</u>	<u>\$ 1,984,700</u>	<u>\$ 2,760,093</u>	2,755,820	<u>\$ 4,273</u>
Fund balance appropriated				<u>3,078,174</u>	
				<u>\$ 5,833,994</u>	
EXPENDITURES					
Convention center projects	<u>\$ 1,305,595</u>	<u>\$ 528,614</u>	<u>\$ 1,834,209</u>	<u>\$ 5,833,994</u>	<u>\$ (3,999,785)</u>

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

For the Fiscal Year Ended June 30, 2014

RECONCILIATION OF MODIFIED ACCRUAL TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis (Convention center and performing arts complex operating fund)	\$ 27,248,098
Total current expenditures and other financing uses - modified accrual basis (Convention center and performing arts complex operating fund)	(25,903,097)
Total current year revenues - modified accrual basis (Convention center and performing arts projects fund)	2,235,367
Total current expenditures - modified accrual basis (Convention center and performing arts projects fund)	(4,046,309)
Total current year revenues - modified accrual basis (Convention center complex capital projects fund)	1,984,700
Total current expenditures - modified accrual basis (Convention center complex capital projects fund)	<u>(528,614)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	990,145
Adjustments to full accrual basis:	
Bond and note proceeds	(2,235,367)
Capital outlay	4,572,219
Depreciation	(8,297,057)
Interest expense accrual	28,526
Net OPEB pension liability	(57,582)
Principal payment on internal note	146,316
Vacation expense	<u>(2,296)</u>
Change in net position per statement of revenues, expenses and changes in fund net position	<u>\$ (4,855,096)</u>

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

For the Fiscal Year Ended June 30, 2014

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Farebox	\$ -	\$ 4,742,166	\$ 4,742,166	\$ 5,385,972	\$ (643,806)
ART program fees	-	500,083	500,083	750,000	(249,917)
Intergovernmental revenue:					
Federal Transit Administration	52,448,064	4,683,267	57,131,331	66,974,189	(9,842,858)
State of North Carolina	5,737,598	2,602,147	8,339,745	7,370,653	969,092
Miscellaneous other	132,007	199,392	331,399	125,000	206,399
Total revenues	<u>58,317,669</u>	<u>12,727,055</u>	<u>71,044,724</u>	<u>80,605,814</u>	<u>(9,561,090)</u>
OTHER FINANCING SOURCES					
Proceeds on disposal of capital assets	-	4,860	4,860	-	4,860
Transfers from:					
General fund	-	18,127,728	18,127,728	18,127,728	-
Street improvement fund	-	1,948,789	1,948,789	2,421,667	(472,878)
Total other financing sources	<u>-</u>	<u>20,081,377</u>	<u>20,081,377</u>	<u>20,549,395</u>	<u>(468,018)</u>
Total revenues and other financing sources	<u>\$ 58,317,669</u>	<u>\$ 32,808,432</u>	<u>\$ 91,126,101</u>	101,155,209	<u>\$ (10,029,108)</u>
Fund balance appropriated				9,576,330	
				<u>\$ 110,731,539</u>	
EXPENDITURES					
Mass transit operating expenditures	\$ -	\$ 18,308,004	\$ 18,308,004	\$ 19,729,413	\$ (1,421,409)
ART program operating expenditures	-	7,849,867	7,849,867	8,010,827	(160,960)
Capital grant expenditures	65,923,261	5,814,030	71,737,291	82,924,251	(11,186,960)
Total expenditures	<u>65,923,261</u>	<u>31,971,901</u>	<u>97,895,162</u>	<u>110,664,491</u>	<u>(12,769,329)</u>
OTHER FINANCING USES					
Transfers to:					
Grants fund	-	55,229	55,229	55,229	-
Technology capital projects fund	-	11,819	11,819	11,819	-
Total other financing uses	<u>-</u>	<u>67,048</u>	<u>67,048</u>	<u>67,048</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 65,923,261</u>	<u>\$ 32,038,949</u>	<u>\$ 97,962,210</u>	<u>\$ 110,731,539</u>	<u>\$ (12,769,329)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND
For the Fiscal Year Ended June 30, 2014**

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 32,808,432
Total current year expenditures and other financing uses - modified accrual basis	<u>(32,038,949)</u>
Excess of revenues and other financing sources over expenditures and other financing sources	769,483
Adjustments to full accrual basis:	
Capital outlay	737,586
Unearned contributions from other funds	(946,661)
Depreciation	(3,206,055)
Gain/loss on disposal	(5,307)
Net OPEB pension liability	(8,305)
Vacation expense	<u>(1,454)</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u><u>\$ (2,660,713)</u></u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY OPERATING FUND
For the Fiscal Year Ended June 30, 2014**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
User charges	\$ 16,890,699	\$ 14,800,000	\$ 2,090,699
Gain (loss) on investments	77,298	300,000	(222,702)
Miscellaneous other	36,500	460,000	(423,500)
Total revenues	<u>17,004,497</u>	<u>15,560,000</u>	<u>1,444,497</u>
OTHER FINANCING SOURCES			
Transfer from water and sewer operating fund	96,622	96,622	-
Total revenues and other financing sources	<u>\$ 17,101,119</u>	15,656,622	<u>\$ 1,444,497</u>
Fund balance appropriated		724,501	
		<u>\$ 16,381,123</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 9,567,380</u>	<u>\$ 10,788,136</u>	<u>\$ (1,220,756)</u>
OTHER FINANCING USES			
Transfers to:			
Stormwater utility capital projects fund	5,400,000	5,400,000	-
Technology capital projects fund	192,987	192,987	-
Total other financing uses	<u>5,592,987</u>	<u>5,592,987</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 15,160,367</u>	<u>\$ 16,381,123</u>	<u>\$ (1,220,756)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY CAPITAL PROJECTS FUND**
For the Fiscal Year Ended June 30, 2014

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Gain (loss) on investments	\$ -	\$ 299,592	\$ 299,592	\$ -	\$ 299,592
Intergovernmental:					
American Recovery and Reinvestment Act	279,220	523	279,743	453,302	(173,559)
Federal Emergency Management Agency	1,294,058	2,092,571	3,386,629	3,861,528	(474,899)
U.S. EPA	328,000	-	328,000	328,000	-
State of North Carolina	1,057,327	3,250	1,060,577	2,453,654	(1,393,077)
Miscellaneous other	86,310	44,305	130,615	71,637	58,978
Total revenues	<u>3,044,915</u>	<u>2,440,241</u>	<u>5,485,156</u>	<u>7,168,121</u>	<u>(1,682,965)</u>
OTHER FINANCING SOURCES					
Bonds issued	-	-	-	11,482,896	(11,482,896)
Transfer from stormwater utility operating fund	-	5,400,000	5,400,000	5,400,000	-
	<u>-</u>	<u>5,400,000</u>	<u>5,400,000</u>	<u>16,882,896</u>	<u>(11,482,896)</u>
Total revenues and other financing sources	<u>\$ 3,044,915</u>	<u>\$ 7,840,241</u>	<u>\$ 10,885,156</u>	24,051,017	<u>\$ (13,165,861)</u>
Fund balance appropriated				40,359,376	
				<u>\$ 64,410,393</u>	
EXPENDITURES					
Stormwater capital projects	<u>\$ 16,131,923</u>	<u>\$ 5,830,412</u>	<u>\$ 21,962,335</u>	<u>\$ 64,306,143</u>	<u>\$ (42,343,808)</u>
OTHER FINANCING USES					
Transfer to park bond fund	<u>-</u>	<u>104,250</u>	<u>104,250</u>	<u>104,250</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 16,131,923</u>	<u>\$ 5,934,662</u>	<u>\$ 22,066,585</u>	<u>\$ 64,410,393</u>	<u>\$ (42,343,808)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY BOND FUND**
For the Fiscal Year Ended June 30, 2014

	<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	\$ -	\$ -	\$ -	\$ 90,472	\$ (90,472)
Fund balance appropriated				505,418	
				<u>\$ 595,890</u>	
EXPENDITURES					
Stormwater capital projects	\$ 556,203	\$ 18,066	\$ 574,269	\$ 595,890	\$ (21,621)

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY FUNDS**
For the Fiscal Year Ended June 30, 2014

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis (Stormwater utility operating fund)	\$ 17,101,119
Total current year expenditures and other financing uses - modified accrual basis (Stormwater utility operating fund)	(15,160,367)
Total current year revenues and other financing sources - modified accrual basis (Stormwater utility capital projects fund)	7,840,241
Total current year expenditures and other financing uses - modified accrual basis (Stormwater utility capital projects fund)	(5,934,662)
Total current year expenditures and other financing uses - modified accrual basis (Stormwater utility bond fund)	<u>(18,066)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	3,828,265
Adjustments to full accrual basis:	
Capital outlay	6,054,292
Depreciation	(1,220,965)
Net OPEB pension liability	(31,368)
Note principal	6,981
Note proceeds	(2,034,751)
Vacation expense	<u>27,603</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u><u>\$ 6,630,057</u></u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES OPERATING FUND**

For the fiscal year ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Parking fees	\$ 12,014,908	\$ 11,166,199	\$ 848,709
Gain (loss) on investments	52,756	30,700	22,056
Miscellaneous other	48,265	5,000	43,265
Total revenues	<u>12,115,929</u>	<u>11,201,899</u>	<u>914,030</u>
OTHER FINANCING SOURCES			
Proceeds from sale of capital assets	362,627	360,000	2,627
Refunding bonds issued	8,860,000	8,860,000	-
Transfers from:			
General fund	1,000,000	1,000,000	-
Parking capital projects	550,000	550,000	-
Total other financing sources	<u>10,772,627</u>	<u>10,770,000</u>	<u>2,627</u>
Total revenues and other financing sources	<u>\$ 22,888,556</u>	21,971,899	<u>\$ 916,657</u>
Fund balance appropriated		<u>4,330,098</u>	
		<u>\$ 26,301,997</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 5,865,867</u>	<u>\$ 8,552,390</u>	<u>\$ (2,686,523)</u>
DEBT SERVICE			
Bond principal	523,510	523,510	-
Bond interest	41,539	166,624	(125,085)
Note principal	3,685,000	3,685,000	-
Note interest	2,022,291	3,067,798	(1,045,507)
Other debt service expenditures	249,791	652,068	(402,277)
Total debt service	<u>6,522,131</u>	<u>8,095,000</u>	<u>(1,572,869)</u>
OTHER FINANCING USES			
Payment to refunded bond escrow agent	8,860,000	8,860,000	-
Transfers to:			
Parking capital projects fund	640,000	640,000	-
Technology capital projects fund	14,607	14,607	-
Vehicle fleet services fund	140,000	140,000	-
Total other financing uses	<u>9,654,607</u>	<u>9,654,607</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 22,042,605</u>	<u>\$ 26,301,997</u>	<u>\$ (4,259,392)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES CAPITAL PROJECTS FUND
For the fiscal year ended June 30, 2014**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
OTHER FINANCING SOURCES					
Transfer from:					
Parking facilities operating fund	\$ -	\$ 640,000	\$ 640,000	\$ 640,000	\$ -
Fund balance appropriated				3,007,670	
				<u>\$ 3,647,670</u>	
EXPENDITURES					
Parking facilities capital projects	\$ 1,404,267	\$ 379,410	\$ 1,783,677	\$ 3,097,670	\$ (1,313,993)
OTHER FINANCING USES					
Transfer to:					
Parking facilities operating fund	-	550,000	550,000	550,000	-
Total expenditures and other financing uses	<u>\$ 1,404,267</u>	<u>\$ 929,410</u>	<u>\$ 2,333,677</u>	<u>\$ 3,647,670</u>	<u>\$ (1,313,993)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES FUNDS**

For the fiscal year ended June 30, 2014

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis (Parking facilities operating fund)	\$ 22,888,556
Total current year expenditures and other financing uses - modified accrual basis (Parking facilities operating fund)	(22,042,605)
Total current year revenues and other financing sources - modified accrual basis (Parking facilities capital projects fund)	640,000
Total current year expenditures and other financing uses - modified accrual basis (Parking facilities capital projects fund)	<u>(929,410)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	556,541
Adjustments to full accrual basis:	
Accrued interest expense	3,984
Amortization of bond refunding costs	(27,732)
Amortization of premiums and discounts	44,717
Bond and note principal	4,208,510
Bond and note proceeds	(8,860,000)
Capital outlay	379,410
Depreciation	(3,613,489)
Gain/loss on disposal of assets	(95,857)
Net OPEB liability	(21,774)
Refunded bond escrow expense	8,860,000
Vacation expense	<u>(18,756)</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u><u>\$ 1,415,554</u></u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SOLID WASTE SERVICES FUND**

For the Fiscal Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Solid waste residential collection	\$ 15,203,654	\$ 15,244,008	\$ (40,354)
Recycling residential collection	6,448,364	5,869,745	578,619
Yardwaste center	478,176	570,000	(91,824)
Miscellaneous other	32,250	93,300	(61,050)
Total revenues	<u>22,162,444</u>	<u>21,777,053</u>	<u>385,391</u>
OTHER FINANCING SOURCES			
Transfer from the general fund	<u>11,020,702</u>	<u>11,020,702</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 33,183,146</u>	<u>32,797,755</u>	<u>\$ 385,391</u>
Fund balance appropriated		<u>1,103,935</u>	
		<u>\$ 33,901,690</u>	
EXPENDITURES			
Administration	\$ 6,822,466	\$ 6,938,613	\$ (116,147)
Residential collection	16,497,658	16,797,967	(300,309)
Residential recycling	4,570,765	5,302,905	(732,140)
Yardwaste center	1,353,225	2,496,579	(1,143,354)
	<u>29,244,114</u>	<u>31,536,064</u>	<u>(2,291,950)</u>
DEBT SERVICE			
Note principal	1,276,706	1,276,706	-
Note interest	785,439	827,370	(41,931)
	<u>2,062,145</u>	<u>2,104,076</u>	<u>(41,931)</u>
Total expenditures	<u>31,306,259</u>	<u>33,640,140</u>	<u>(2,333,881)</u>
OTHER FINANCING USES			
Transfer to technology capital projects fund	255,550	255,550	-
Transfer to grants fund	6,000	6,000	-
Total other financing uses	<u>261,550</u>	<u>261,550</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 31,567,809</u>	<u>\$ 33,901,690</u>	<u>\$ (2,333,881)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SOLID WASTE SERVICES FUND
For the Fiscal Year Ended June 30, 2014**

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 33,183,146
Total current year expenditures and other financing uses - modified accrual basis	<u>(31,567,809)</u>
Excess of revenues and other financing sources over expenditures	1,615,337
Adjustments to full accrual basis:	
Amortization of note premiums and discounts	83,539
Capital contributions	264,081
Capital outlay	8,074
Depreciation	(760,188)
Interest expense accrual	7,590
Landfill closure/postclosure liability adjustment	420,215
Net OPEB pension liability	(111,353)
Note principal	1,276,706
Vacation expense	<u>8,252</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u><u>\$ 2,812,253</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 risk management, health benefits, equipment replacement programs, and vehicle fleet services.



Internal Service Funds

Risk Management Fund

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

Employees' Health Benefits Fund

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

Governmental Equipment Replacement Fund

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

Solid Waste Services Equipment Replacement Fund

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

Public Utilities Equipment Replacement Fund

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

Vehicle Fleet Services Fund

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

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

June 30, 2014

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 39,217,884	\$ 10,677,612	\$ 3,959,883
Accrued interest receivable	76,009	77	-
Sales tax receivable	642	-	430,665
Other receivables and assets	125	-	-
Inventories	-	-	-
Insurance deposit	400,000	-	-
Total current assets	39,694,660	10,677,689	4,390,548
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	6,148,118
Capital assets:			
Buildings and machinery	-	-	-
Equipment	-	-	66,901,958
Furniture and fixtures	-	-	-
Less accumulated depreciation	-	-	(49,917,407)
Total noncurrent assets	-	-	23,132,669
Total assets	39,694,660	10,677,689	27,523,217
LIABILITIES			
Current liabilities:			
Accounts payable	24,945	57,198	2,787,721
Accrued salaries and employee payroll taxes	1,354	-	-
Accrued interest payable	-	-	4,218
Taxes payable	-	-	-
Claims payable and other liabilities	6,341,000	2,705,000	2,248
Bonds, notes and loans payable	-	-	4,215,267
Total current liabilities	6,367,299	2,762,198	7,009,454
Noncurrent liabilities:			
Claims payable and other liabilities	15,349,044	-	-
Bonds, notes and loans payable	-	-	9,575,184
Earned vacation pay	8,786	-	-
Total noncurrent liabilities	15,357,830	-	9,575,184
Total liabilities	21,725,129	2,762,198	16,584,638
NET POSITION			
Net investment in capital assets	-	-	9,342,218
Unrestricted	17,969,531	7,915,491	1,596,361
Total net position	\$ 17,969,531	\$ 7,915,491	\$ 10,938,579

Solid Waste Services Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
\$ 914,699	\$ 925,197	\$ 2,593,511	\$ 58,288,786
-	-	-	76,086
168,027	19,720	271,103	890,157
-	-	3,139	3,264
-	-	880,836	880,836
-	-	-	400,000
<u>1,082,726</u>	<u>944,917</u>	<u>3,748,589</u>	<u>60,539,129</u>
1,996,820	2,550,991	-	10,695,929
-	-	263,470	263,470
32,175,882	20,828,981	1,729,700	121,636,521
-	-	5,636	5,636
<u>(18,602,235)</u>	<u>(18,079,233)</u>	<u>(1,786,841)</u>	<u>(88,385,716)</u>
<u>15,570,467</u>	<u>5,300,739</u>	<u>211,965</u>	<u>44,215,840</u>
<u>16,653,193</u>	<u>6,245,656</u>	<u>3,960,554</u>	<u>104,754,969</u>
1,150,401	35,775	805,011	4,861,051
-	-	13,928	15,282
1,988	797	-	7,003
19,951	-	-	19,951
-	-	-	9,048,248
<u>4,253,587</u>	<u>932,504</u>	<u>-</u>	<u>9,401,358</u>
<u>5,425,927</u>	<u>969,076</u>	<u>818,939</u>	<u>23,352,893</u>
-	-	-	15,349,044
11,123,775	2,205,625	-	22,904,584
-	-	281,587	290,373
<u>11,123,775</u>	<u>2,205,625</u>	<u>281,587</u>	<u>38,544,001</u>
<u>16,549,702</u>	<u>3,174,701</u>	<u>1,100,526</u>	<u>61,896,894</u>
193,105	2,162,610	211,965	11,909,898
<u>(89,614)</u>	<u>908,345</u>	<u>2,648,063</u>	<u>30,948,177</u>
<u>\$ 103,491</u>	<u>\$ 3,070,955</u>	<u>\$ 2,860,028</u>	<u>\$ 42,858,075</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2014**

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund
OPERATING REVENUES			
Charges for services - internal	\$ 10,264,748	\$ 35,796,389	\$ 4,387,966
Other charges	-	-	51,619
Drug rebate	-	1,071,868	-
Total operating revenues	<u>10,264,748</u>	<u>36,868,257</u>	<u>4,439,585</u>
OPERATING EXPENSES			
Personnel services	347,891	-	-
Other facility operating costs	-	-	210,031
Operational expenses	448,649	3,672,931	-
Claims	3,644,359	31,217,850	-
Premiums	1,843,671	-	-
Depreciation	-	-	5,039,879
Other	-	-	132,048
Total operating expenses	<u>6,284,570</u>	<u>34,890,781</u>	<u>5,381,958</u>
Operating income (loss)	<u>3,980,178</u>	<u>1,977,476</u>	<u>(942,373)</u>
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on investments	1,527,552	1,334	12,231
Recovery of claims	460,431	-	-
Interest expense	-	-	(223,915)
Gain (loss) on sale of capital assets	-	-	93,375
Total nonoperating revenues (expenses)	<u>1,987,983</u>	<u>1,334</u>	<u>(118,309)</u>
Income (loss) before transfers	5,968,161	1,978,810	(1,060,682)
Transfers in	-	-	4,324,626
Transfers out	(5,000,000)	-	(691,291)
Change in net position	<u>968,161</u>	<u>1,978,810</u>	<u>2,572,653</u>
Total net position, beginning of year	17,001,370	5,936,681	8,365,926
Total net position, end of year	<u>\$ 17,969,531</u>	<u>\$ 7,915,491</u>	<u>\$ 10,938,579</u>

Solid Waste Services Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
\$ 4,276,280	\$ 1,295,434	\$ 14,708,206	\$ 70,729,023
-	-	-	51,619
-	-	-	1,071,868
<u>4,276,280</u>	<u>1,295,434</u>	<u>14,708,206</u>	<u>71,852,510</u>
-	-	3,635,690	3,983,581
1,752,126	-	11,031,531	12,993,688
-	-	-	4,121,580
-	-	-	34,862,209
-	-	-	1,843,671
2,896,629	1,130,961	30,996	9,098,465
20,287	11,266	-	163,601
<u>4,669,042</u>	<u>1,142,227</u>	<u>14,698,217</u>	<u>67,066,795</u>
<u>(392,762)</u>	<u>153,207</u>	<u>9,989</u>	<u>4,785,715</u>
8,779	1,164	-	1,551,060
-	-	-	460,431
(203,817)	(55,698)	-	(483,430)
-	13,077	23,123	129,575
<u>(195,038)</u>	<u>(41,457)</u>	<u>23,123</u>	<u>1,657,636</u>
(587,800)	111,750	33,112	6,443,351
691,291	724,551	140,000	5,880,468
-	-	(63,228)	(5,754,519)
<u>103,491</u>	<u>836,301</u>	<u>109,884</u>	<u>6,569,300</u>
-	2,234,654	2,750,144	36,288,775
<u>\$ 103,491</u>	<u>\$ 3,070,955</u>	<u>\$ 2,860,028</u>	<u>\$ 42,858,075</u>

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

For the Fiscal Year Ended June 30, 2014

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 10,264,748	\$ 35,796,389	\$ 4,387,966
Payments to employees	(348,612)	-	-
Payments to suppliers and service providers	(460,863)	(3,709,475)	(409,618)
Claims paid	(5,324,851)	(30,788,850)	2,248
Premiums paid	(1,843,671)	-	-
Other receipts	460,431	1,071,868	51,619
Other payments	-	-	(132,048)
Net cash provided by (used in) operating activities	<u>2,747,182</u>	<u>2,369,932</u>	<u>3,900,167</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	-	-	4,324,626
Operating subsidies and transfers to other funds	(5,000,000)	-	(691,291)
Net cash provided by (used in) noncapital financing activities	<u>(5,000,000)</u>	<u>-</u>	<u>3,633,335</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	-	-	(8,558,369)
Capital grants and other contributions	-	-	(13,334,889)
Principal paid on capital debt	-	-	(6,070,084)
Interest paid on capital debt	-	-	(228,925)
Proceeds from sale of capital assets	-	-	93,375
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(28,098,892)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Gain (loss) on investments held	1,532,573	1,321	15,219
Net cash provided by (used in) investing activities	<u>1,532,573</u>	<u>1,321</u>	<u>15,219</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>(720,245)</u>	<u>2,371,253</u>	<u>(20,550,171)</u>
Cash and cash equivalents/investments			
Beginning of year	39,938,129	8,306,359	30,658,172
End of year	<u>\$ 39,217,884</u>	<u>\$ 10,677,612</u>	<u>\$ 10,108,001</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 3,980,178	\$ 1,977,476	\$ (942,373)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	-	5,039,879
Miscellaneous nonoperating income	460,431	-	-
Change in assets and liabilities:			
Sales tax receivable	832	-	(229,293)
Inventories	-	-	59,621
Other receivables and assets	50	-	-
Accounts payable and other accrued liabilities	(1,693,538)	392,456	(27,667)
Earned vacation pay and other payroll liabilities	(771)	-	-
Total adjustments	<u>(1,232,996)</u>	<u>392,456</u>	<u>4,842,540</u>
Net cash provided by (used in) operating activities	<u>\$ 2,747,182</u>	<u>\$ 2,369,932</u>	<u>\$ 3,900,167</u>

Solid Waste Services Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
\$ 4,276,280	\$ 1,295,434	\$ 14,708,206	\$ 70,729,023
-	-	(3,607,087)	(3,955,699)
(1,855,481)	(12,373)	(11,230,555)	(17,678,365)
-	-	-	(36,111,453)
-	-	-	(1,843,671)
-	-	-	1,583,918
(20,287)	(11,266)	(3,139)	(166,740)
<u>2,400,512</u>	<u>1,271,795</u>	<u>(132,575)</u>	<u>12,557,013</u>
691,291	724,551	140,000	5,880,468
-	-	(63,228)	(5,754,519)
<u>691,291</u>	<u>724,551</u>	<u>76,772</u>	<u>125,949</u>
(8,078,533)	(661,982)	(81,442)	(17,380,326)
13,334,889	-	-	-
(5,243,590)	(1,571,579)	-	(12,885,253)
(201,829)	(56,086)	-	(486,840)
-	13,077	23,123	129,575
<u>(189,063)</u>	<u>(2,276,570)</u>	<u>(58,319)</u>	<u>(30,622,844)</u>
8,779	2,658	-	1,560,550
<u>8,779</u>	<u>2,658</u>	<u>-</u>	<u>1,560,550</u>
2,911,519	(277,566)	(114,122)	(16,379,332)
-	3,753,754	2,707,633	85,364,047
<u>\$ 2,911,519</u>	<u>\$ 3,476,188</u>	<u>\$ 2,593,511</u>	<u>\$ 68,984,715</u>
\$ (392,762)	\$ 153,207	\$ 9,989	\$ 4,785,715
2,896,629	1,130,961	30,996	9,098,465
-	-	-	460,431
(168,027)	(14,748)	38,292	(372,944)
-	-	(150,818)	(91,197)
-	-	(3,139)	(3,089)
64,672	2,375	(86,498)	(1,348,200)
-	-	28,603	27,832
<u>2,793,274</u>	<u>1,118,588</u>	<u>(142,564)</u>	<u>7,771,298</u>
<u>\$ 2,400,512</u>	<u>\$ 1,271,795</u>	<u>\$ (132,575)</u>	<u>\$ 12,557,013</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 POSITION
PENSION TRUST FUNDS**
June 30, 2014

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits Trust	Total
ASSETS				
Cash and cash equivalents	\$ 48,459,632	\$ 3,085,811	\$ 26,642,111	\$ 78,187,554
Accrued interest receivable	-	16,474	37,216	53,690
Due from other funds	-	-	273,164	273,164
Total assets	48,459,632	3,102,285	26,952,491	78,514,408
LIABILITIES				
Claims payable	-	-	914,000	914,000
Accounts payable	-	-	13,759	13,759
Total liabilities	-	-	927,759	927,759
NET POSITION				
Held in trust for employees' retirement and other post- employment benefits	<u>\$ 48,459,632</u>	<u>\$ 3,102,285</u>	<u>\$ 26,024,732</u>	<u>\$ 77,586,649</u>

**COMBINING STATEMENT OF CHANGES
IN PLAN NET POSITION
PENSION TRUST FUNDS**

For the Fiscal Year Ended June 30, 2014

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits Trust	Total
ADDITIONS				
Employer contributions	\$ 2,259,655	\$ 3,538,392	\$ 13,242,921	\$ 19,040,968
Retiree contributions	-	-	1,959,156	1,959,156
Interest	1,766,749	84,493	1,009,135	2,860,377
Net increase (decrease) in the fair value of investments	5,283,873	143,939	1,603,539	7,031,351
Less investment expense	(76,871)	-	-	(76,871)
Total additions	9,233,406	3,766,824	17,814,751	30,814,981
DEDUCTIONS				
Benefits	1,949,893	2,760,424	12,617,135	17,327,452
Withdrawals and forfeitures	86,911	-	-	86,911
Professional services	-	-	27,083	27,083
Total deductions	2,036,804	2,760,424	12,644,218	17,441,446
Change in net position restricted for:				
Employees' retirement and other post-employment benefits	7,196,602	1,006,400	5,170,533	13,373,535
Net position, beginning of year	41,263,030	2,095,885	20,854,199	64,213,114
Net position, end of year	\$ 48,459,632	\$ 3,102,285	\$ 26,024,732	\$ 77,586,649



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, 2014

Maturities on all long-term obligations are:

General Obligation Bonded Debt: Fiscal Year Ended June 30	Water and Sewer		Convention Center		Enterprise Parking Facilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,067,728	\$ 65,308	\$ -	\$ -	\$ 512,129	\$ 29,760
2016	1,005,383	34,027	-	-	380,114	16,957
2017	87,585	2,190	-	-	298,173	7,455
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020-2024	-	-	-	-	-	-
2025-2029	-	-	-	-	-	-
2030-2032	-	-	-	-	-	-
Total General Obligation Bonded Debt	2,160,696	101,525	-	-	1,190,416	54,172
Revenue Bonds:						
2015	19,445,000	29,540,821	-	-	-	-
2016	22,155,000	28,648,658	-	-	-	-
2017	23,150,000	27,934,175	-	-	-	-
2018	24,035,000	27,057,098	-	-	-	-
2019	24,960,000	26,123,000	-	-	-	-
2020-2024	136,190,000	114,424,510	-	-	-	-
2025-2029	146,905,000	83,073,142	-	-	-	-
2030-2034	159,225,000	46,807,458	-	-	-	-
2035-2039	87,960,000	14,784,761	-	-	-	-
2040-2043	21,865,000	2,254,250	-	-	-	-
Total Revenue Bonded Debt	665,890,000	400,647,873	-	-	-	-
Other Long-Term Obligations:						
Installment Financing Agreement:						
2015	2,105,950	393,603	7,360,000	9,458,610	3,400,000	2,884,283
2016	2,105,950	345,149	10,195,210	9,138,605	3,485,000	2,789,432
2017	1,855,950	308,071	8,040,000	8,825,032	3,595,000	2,841,881
2018	1,855,950	274,430	8,410,000	8,474,488	3,710,000	2,719,228
2019	3,588,092	942,729	8,795,000	8,107,812	4,055,000	2,591,492
2020-2024	5,427,847	3,250,472	50,580,000	34,414,831	20,255,000	11,739,946
2025-2029	3,292,160	2,138,947	63,570,000	22,310,464	20,035,000	8,696,425
2030-2034	28,136	1,103,531	88,975,000	8,131,343	21,420,000	3,882,300
2035-2039	-	276,385	-	-	3,440,000	163,250
	20,260,035	9,033,317 (2)	245,925,210	108,861,185	83,395,000	38,308,237
Other Installment Obligations:						
2015	-	-	-	-	-	-
	-	-	-	-	-	-
Other:						
Earned Vacation Pay (1)	2,279,614	-	573,715	-	110,029	-
Landfill Postclosure Costs (1)	-	-	-	-	-	-
	2,279,614	-	573,715	-	110,029	-
Total Other Long-Term Obligations	22,539,649	9,033,317	246,498,925	108,861,185	83,505,029	38,308,237
Total Long-Term Obligations	\$ 690,590,345	\$ 409,782,715	\$ 246,498,925	\$ 108,861,185	\$ 84,695,445	\$ 38,362,409

Notes:

(1) Interest not applicable.

(2) Interest indicated includes full interest amounts per preliminary amortization schedule. Not all proceeds were drawn at 6/30/2014 for some issues. Therefore actual interest amounts could differ, depending on what principal amounts are finalized on these state revolving loans.



Other Enterprise		General Governmental		Internal Service		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ -	\$ -	\$ 21,460,143	\$ 13,284,478	\$ -	\$ -	\$ 23,040,000	\$ 13,379,546
-	-	20,669,503	12,448,122	-	-	22,055,000	12,499,106
-	-	20,439,243	11,533,400	-	-	20,825,001	11,543,045
-	-	20,755,000	10,563,275	-	-	20,755,000	10,563,275
-	-	21,070,000	9,584,287	-	-	21,070,000	9,584,287
-	-	97,235,000	34,239,525	-	-	97,235,000	34,239,525
-	-	82,720,000	15,829,300	-	-	82,720,000	15,829,300
-	-	32,500,000	2,096,000	-	-	32,500,000	2,096,000
-	-	316,848,889	109,578,387	-	-	320,200,001	109,734,084
-	-	-	-	-	-	19,445,000	29,540,821
-	-	-	-	-	-	22,155,000	28,648,658
-	-	-	-	-	-	23,150,000	27,934,175
-	-	-	-	-	-	24,035,000	27,057,098
-	-	-	-	-	-	24,960,000	26,123,000
-	-	-	-	-	-	136,190,000	114,424,510
-	-	-	-	-	-	146,905,000	83,073,142
-	-	-	-	-	-	159,225,000	46,807,458
-	-	-	-	-	-	87,960,000	14,784,761
-	-	-	-	-	-	21,865,000	2,254,250
-	-	-	-	-	-	665,890,000	400,647,873
1,295,686	777,030	10,237,813	5,721,147	9,401,358	292,394	33,800,807	19,527,067
1,413,424	732,961	15,572,847	5,394,353	9,444,828	185,675	42,217,259	18,586,175
1,425,424	689,974	9,288,295	4,881,082	7,022,422	92,237	31,227,091	17,638,277
1,437,424	637,323	9,265,571	4,583,807	6,437,334	28,989	31,116,279	16,718,265
1,450,904	581,867	6,387,814	4,308,468	-	-	24,276,810	16,532,368
7,485,220	2,065,052	29,253,370	17,922,500	-	-	113,001,437	69,392,801
5,023,071	490,504	25,270,519	12,297,333	-	-	117,190,750	45,933,673
886,515	32,124	26,118,115	6,464,477	-	-	137,427,766	19,613,776
101,737	-	12,190,000	1,394,486	-	-	15,731,737	1,834,120
20,519,405	6,006,835	143,584,344	62,967,653	32,305,942	599,295	545,989,936	225,776,522
-	-	38,282	623	-	-	38,282	623
-	-	38,282	623	-	-	38,282	623
1,045,900	-	17,518,985	-	290,373	-	21,818,616	-
3,409,120	-	-	-	-	-	3,409,120	-
4,455,020	-	17,518,985	-	290,373	-	25,227,736	-
24,974,425	6,006,835	161,141,611	62,968,276	32,596,315	599,295	571,255,954	225,777,145
\$ 24,974,425	\$ 6,006,835	\$ 477,990,500	\$ 172,546,663	\$ 32,596,315	\$ 599,295	\$ 1,557,345,955	\$ 736,159,102

SCHEDULE OF GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS

For the Fiscal Year Ended June 30, 2014

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2013</u>	<u>Issued During Year</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>				
Housing, Series 1996, Taxable	5.75	6/01/96	\$ 345,000	\$ -
Public Improvement, Series 2004	3.25	3/01/04	1,000,000	-
Public Improvement Refunding, Series 2004A	3.00 - 3.25	3/01/04	4,815,799	-
Housing, Series 2004B, Taxable	4.30 - 4.375	3/01/04	2,805,000	-
Street Improvement, Series 2005A	4.00	8/01/05	1,200,000	-
Public Improvement, Series 2005B	4.00	8/01/05	5,800,000	-
Housing, Series 2007, Taxable	5.10 - 5.40	3/01/07	4,900,000	-
Public Improvement, Series 2009A	2.25 - 4.25	3/10/09	8,910,000	-
Public Improvement Refunding, Series 2009B	2.25 - 2.50	3/11/09	5,312,633	-
Housing, Series 2009C Taxable	3.70 - 5.50	3/11/09	8,000,000	-
General Obligation Refunding, Series 2009D	3.50 - 5.00	7/28/09	30,325,000	-
General Obligation Refunding, Series 2009E	4.00 - 5.00	7/28/09	14,180,000	-
Public Improvement, Series 2009F	3.50 - 5.00	9/03/09	50,765,000	-
Housing, Series 2009G, Taxable	4.00 - 5.30	9/03/09	8,500,000	-
General Obligation Refunding, Series 2011A	3.00 - 5.00	10/27/11	32,055,000	-
General Obligation Refunding Housing, S2011B	0.85 - 1.50	10/27/11	1,305,000	-
Public Improvement, Series 2012A	2.00 - 5.00	5/15/12	8,700,000	-
Public Improvement, Series 2012B	2.00 - 5.00	5/16/12	133,900,000	-
Public Improvement, Series 2014 Two-thirds	3.00 - 3.25	6/26/14	-	15,000,000
Total General Obligation Bonded Debt			<u>322,818,432</u>	<u>15,000,000</u>
<u>OTHER GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreement			98,496,978	63,882,314
Other Installment Obligations			91,837	-
Earned Vacation Pay			17,238,337	10,407,100
Total Other General Governmental Long-Term Obligations			<u>115,827,152</u>	<u>74,289,414</u>
Total General Governmental Long-Term Obligations			<u>\$ 438,645,584</u>	<u>\$ 89,289,414</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 2013-2014		Principal Balance June 30, 2014	Due Fiscal 2014-2015		
Principal	Interest		Principal	Interest	Total
\$ 115,000	\$ 19,838	\$ 230,000	\$ 115,000	\$ 13,225	\$ 128,225
500,000	32,500	500,000	500,000	16,250	516,250
1,631,826	148,402	3,183,973	1,612,703	99,447	1,712,150
700,000	122,194	2,105,000	700,000	92,094	792,094
600,000	48,000	600,000	600,000	24,000	624,000
2,900,000	232,000	2,900,000	2,900,000	116,000	3,016,000
350,000	257,075	4,550,000	350,000	239,225	589,225
555,000	310,688	8,355,000	555,000	298,200	853,200
1,622,717	128,759	3,689,916	1,587,440	92,248	1,679,688
500,000	386,000	7,500,000	500,000	367,500	867,500
3,195,000	1,293,650	27,130,000	3,185,000	1,166,050	4,351,050
-	674,650	14,180,000	-	674,650	674,650
2,300,000	2,280,600	48,465,000	2,300,000	2,200,100	4,500,100
500,000	400,250	8,000,000	500,000	380,250	880,250
-	1,355,575	32,055,000	-	1,355,575	1,355,575
500,000	12,957	805,000	355,000	8,791	363,791
300,000	354,625	8,400,000	300,000	348,625	648,625
4,700,000	5,464,125	129,200,000	4,700,000	5,370,125	10,070,125
-	-	15,000,000	700,000	422,123	1,122,123
<u>20,969,543</u>	<u>13,521,888</u>	<u>316,848,889</u>	<u>21,460,143</u>	<u>13,284,478</u>	<u>34,744,621</u>
18,794,948	3,789,652	143,584,344	10,237,813	5,721,147	15,958,960
53,555	4,592	38,282	38,282	623	38,905
10,126,452	-	17,518,985	- (1)	-	-
<u>28,974,955</u>	<u>3,794,244</u>	<u>161,141,611</u>	<u>10,276,095</u>	<u>5,721,770</u>	<u>15,997,865</u>
<u>\$ 49,944,498</u>	<u>\$ 17,316,132</u>	<u>\$ 477,990,500</u>	<u>\$ 31,736,238</u>	<u>\$ 19,006,248</u>	<u>\$ 50,742,486</u>

SCHEDULE OF ENTERPRISE LONG-TERM OBLIGATIONS

For the Fiscal Year Ended June 30, 2014

Description	Interest Rate	Date of Issue	Principal Balance June 30, 2013	Issued During Year
WATER AND SEWER				
GENERAL OBLIGATION BONDS PAYABLE				
Water Refunding, Series 2004A	3.00 - 3.25	3/1/04	\$ 1,718,657	\$ -
Sanitary Sewer Refunding, Series 2004A	3.00 - 3.25	3/1/04	1,020,545	-
Sanitary Sewer Refunding, Series 2009B	2.25 - 2.50	3/11/09	503,441	-
Total Water and Sewer General Obligation Debt			3,242,643	-
REVENUE BONDS PAYABLE				
Water/Sewer, Series 2004	5.00	5/4/04	3,210,000	-
Water/Sewer Refunding, Series 2005	5.00	5/5/05	7,035,000	-
Water/Sewer, Series 2006A	4.00 - 5.00	10/10/06	62,940,000	-
Water/Sewer Refunding, Series 2006B	3.90 - 4.25	10/10/06	57,555,000	-
Water/Sewer, Series 2008A Variable Rate	4.163	6/12/08	83,640,000	-
Water/Sewer, Series 2008B Variable Rate	4.163	6/12/08	55,765,000	-
Water/Sewer Refunding, Series 2010A	2.25 - 5.00	3/20/10	68,745,000	-
Water/Sewer, Series 2011	3.00 - 5.00	2/10/11	108,340,000	-
Water/Sewer Refunding, Series 2012A	5.00	4/05/12	31,230,000	-
Water/Sewer, Series 2013A	2.00 - 5.00	05/16/13	66,895,000	-
Water/Sewer Refunding, Series 2013A	3.75 - 5.00	05/16/13	112,780,000	-
Water/Sewer Refunding, Series 2013B, Taxable	0.65 - 2.14	05/16/13	23,470,000	-
Total Water and Sewer Revenue Debt			681,605,000	-
OTHER WATER AND SEWER LONG-TERM OBLIGATIONS				
Installment Financing Agreement			13,718,217	8,293,976
Earned Vacation Pay			2,036,453	1,661,776
Total Other Water and Sewer Long-Term Obligations			15,754,670	9,955,752
Total Water and Sewer Long-Term Obligations			700,602,313	9,955,752
PARKING FACILITIES FUND				
Parking Facilities Refunding Series 2009B	2.25 - 2.50	3/11/09	1,713,926	-
Total Parking Facilities General Obligation Bonded Debt			1,713,926	-
OTHER PARKING FACILITIES LONG-TERM OBLIGATIONS				
Installment Financing Agreements			86,710,000	8,860,000
Earned Vacation Pay			91,273	68,699
Total Other Parking Facilities Long-Term Obligations			86,801,273	8,928,699
Total Parking Facilities Long-Term Obligations			88,515,199	8,928,699
CONVENTION CENTER FACILITIES LONG-TERM OBLIGATIONS				
Installment Financing Agreements			243,689,844	2,235,366
Earned Vacation Pay			571,419	281,865
Total Convention Center Facilities Long-Term Obligations			244,261,263	2,517,231
MASS TRANSIT LONG-TERM OBLIGATIONS				
Mass Transit Earned Vacation Pay			40,350	25,543
Total Mass Transit Long-Term Obligations			40,350	25,543
SOLID WASTE SERVICES LONG-TERM OBLIGATIONS				
Installment Financing Agreements			19,635,710	-
Solid Waste Services Earned Vacation Pay			820,592	479,839
Landfill closure and Postclosure Costs			3,829,335	57,440
Total Solid Waste Services Long-Term Obligations			24,285,637	537,279
STORMWATER LONG-TERM OBLIGATIONS				
Installment Financing Agreements			132,630	2,034,751
Stormwater Earned Vacation Pay			219,359	189,946
Total Stormwater Long-Term Obligations			351,989	2,224,697
Total Enterprise Long-Term Obligations			\$ 1,058,056,751	\$ 24,189,201

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.
- * Certain maturities were refunded during the year.

Payments During Fiscal 2013-2014		Principal Balance June 30, 2014	Due Fiscal 2014-2015		
Principal	Interest		Principal	Interest	Total
\$ 582,364	\$ 52,961	\$ 1,136,293	\$ 575,540	\$ 35,491	\$ 611,031
345,810	31,449	674,735	341,757	21,075	362,832
153,773	12,201	349,668	150,431	8,742	159,173
<u>1,081,947</u>	<u>96,611</u>	<u>2,160,696</u>	<u>1,067,728</u>	<u>65,308</u>	<u>1,133,036</u>
3,210,000	160,500	-	-	-	-
3,430,000	351,750	3,605,000	3,605,000	180,250	3,785,250
2,795,000	3,069,050	60,145,000	6,005,000	2,957,250	8,962,250
255,000	2,330,072	57,300,000	265,000	2,319,873	2,584,873
2,330,000	3,443,808	81,310,000	2,430,000	3,384,935 (1)	5,814,935
1,550,000	2,295,876	54,215,000	1,620,000	2,256,970 (1)	3,876,970
-	3,256,875	68,745,000	3,310,000	3,256,875	6,566,875
2,145,000	5,195,210	106,195,000	2,210,000	5,130,860	7,340,860
-	1,561,500	31,230,000	-	1,561,500	1,561,500
-	2,260,442	66,895,000	-	2,855,294	2,855,294
-	4,222,729	112,780,000	-	5,333,975	5,333,975
-	239,906	23,470,000	-	303,040	303,040
<u>15,715,000</u>	<u>28,387,718</u>	<u>665,890,000</u>	<u>19,445,000</u>	<u>29,540,822</u>	<u>48,985,822</u>
1,752,158	505,452	20,260,035	2,105,950	393,603	2,499,553
1,418,615	-	2,279,614	- (2)	-	-
<u>3,170,773</u>	<u>505,452</u>	<u>22,539,649</u>	<u>2,105,950</u>	<u>393,603</u>	<u>2,499,553</u>
19,967,720	28,989,781	690,590,345	22,618,678	29,999,733	52,618,411
523,510	41,539	1,190,416	512,129	29,760	541,889
<u>523,510</u>	<u>41,539</u>	<u>1,190,416</u>	<u>512,129</u>	<u>29,760</u>	<u>541,889</u>
12,175,000	2,022,291	83,395,000 *	3,400,000	2,884,283	6,284,283
49,943	-	110,029	- (2)	-	-
<u>12,224,943</u>	<u>2,022,291</u>	<u>83,505,029</u>	<u>3,400,000</u>	<u>2,884,283</u>	<u>6,284,283</u>
12,748,453	2,063,830	84,695,445	3,912,129	2,914,043	6,826,172
-	8,283,352	245,925,210	7,360,000	9,458,610 (1)	16,818,610
279,569	-	573,715	- (2)	-	-
<u>279,569</u>	<u>8,283,352</u>	<u>246,498,925</u>	<u>7,360,000</u>	<u>9,458,610 (1)</u>	<u>16,818,610</u>
24,089	-	41,804	- (2)	-	-
<u>24,089</u>	<u>-</u>	<u>41,804</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,276,705	785,439	18,359,005	1,288,705	777,030	2,065,735
488,091	-	812,340	- (2)	-	-
477,655	-	3,409,120	343,760	-	343,760
<u>2,242,451</u>	<u>785,439</u>	<u>22,580,465</u>	<u>1,632,465</u>	<u>777,030</u>	<u>2,409,495</u>
6,981	-	2,160,400	6,981	-	6,981
217,549	-	191,756	- (2)	-	-
<u>224,530</u>	<u>-</u>	<u>2,352,156</u>	<u>6,981</u>	<u>-</u>	<u>6,981</u>
<u>\$ 35,486,812</u>	<u>\$ 40,122,402</u>	<u>\$ 1,046,759,140</u>	<u>\$ 35,530,253</u>	<u>\$ 43,149,416</u>	<u>\$ 78,679,669</u>

SCHEDULE OF INTERNAL SERVICE LONG-TERM OBLIGATIONS

For the Fiscal Year Ended June 30, 2014

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2013</u>	<u>Issued During Year</u>
<u>EQUIPMENT INTERNAL SERVICE LONG-TERM OBLIGATIONS PAYABLE</u>				
<u>INSTALLMENT FINANCING AGREEMENTS:</u>				
Equipment Acquisition Project, Series 2009	2.785	06/23/09	\$ 3,525,100	\$ -
Equipment Acquisition Project, Series 2011	1.75	05/18/11	7,139,189	-
Equipment Acquisition Project, Series 2013	.9007	05/13/13	34,526,906	-
Total Installment Financing Agreements:			<u>45,191,195</u>	<u>-</u>
<u>OTHER INTERNAL SERVICE LONG-TERM OBLIGATIONS</u>				
Earned Vacation Pay - Risk Management			10,034	13,361
Earned Vacation Pay - Vehicle Fleet Services			258,542	162,967
Total Other Internal Service Long-Term Obligations			<u>268,576</u>	<u>176,328</u>
Total Internal Service Long-Term Obligations			<u>\$ 45,459,771</u>	<u>\$ 176,328</u>

Note:

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



Payments During Fiscal 2013-2014		Principal Balance June 30, 2014	Due Fiscal 2014-2015		
Principal	Interest		Principal	Interest	Total
\$ 3,525,100	\$ 89,993	\$ -	\$ -	\$ -	\$ -
2,337,731	114,980	4,801,458	2,378,936	73,661	2,452,597
7,022,422	281,981	27,504,484	7,022,422	218,733	7,241,155
<u>12,885,253</u>	<u>486,954</u>	<u>32,305,942</u>	<u>9,401,358</u>	<u>292,394</u>	<u>9,693,752</u>
14,609	-	8,786	- (1)	-	-
139,922	-	281,587	- (1)	-	-
154,531	-	290,373	-	-	-
<u>\$ 13,039,784</u>	<u>\$ 486,954</u>	<u>\$ 32,596,315</u>	<u>\$ 9,401,358</u>	<u>\$ 292,394</u>	<u>\$ 9,693,752</u>





STATISTICAL SECTION

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





Statistical Schedules

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

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed 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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 440,349	\$ 455,991	\$ 462,286	\$ 493,738
Restricted	76,234	96,224	120,362	113,337
Unrestricted	131,575	131,896	156,309	163,270
Total governmental activities net position	<u>648,158</u>	<u>684,111</u>	<u>738,957</u>	<u>770,345</u>
Business-type activities				
Net investment in capital assets	514,326	584,402	662,101	701,221
Unrestricted	75,199	90,117	79,776	88,288
Total business-type activities net position	<u>589,525</u>	<u>674,519</u>	<u>741,877</u>	<u>789,509</u>
Total government				
Net investment in capital assets	954,675	1,040,393	1,124,387	1,194,959
Restricted	76,234	96,224	120,362	113,337
Unrestricted	206,774	222,013	236,085	251,558
Total government net position	<u>\$ 1,237,683</u>	<u>\$ 1,358,630</u>	<u>\$ 1,480,834</u>	<u>\$ 1,559,854</u>

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 525,177	\$ 559,035	\$ 574,134	\$ 563,336	\$ 570,848	\$ 568,329	
120,517	112,849	203,561	294,462	264,363	285,736	
162,693	135,746	61,324	7,234	89,096	101,746	
<u>808,387</u>	<u>807,630</u>	<u>839,019</u>	<u>865,032</u>	<u>924,307</u>	<u>955,811</u>	
682,123	682,642	692,069	703,484	717,882	730,664	
111,066	124,426	147,898	175,696	213,088	261,284	
<u>793,189</u>	<u>807,068</u>	<u>839,967</u>	<u>879,180</u>	<u>930,970</u>	<u>991,948</u>	
1,207,300	1,241,677	1,266,203	1,266,820	1,288,730	1,298,993	
120,517	112,849	203,561	294,462	264,363	285,736	
273,759	260,172	209,222	182,930	302,184	363,030	
<u>\$ 1,601,576</u>	<u>\$ 1,614,698</u>	<u>\$ 1,678,986</u>	<u>\$ 1,744,212</u>	<u>\$ 1,855,277</u>	<u>\$ 1,947,759</u>	

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	2005	2006	2007	2008	2009
Expenses					
Governmental activities:					
General government	\$ 30,698	\$ 46,666	\$ 37,624	\$ 37,801	\$ 36,884
Community development services	19,269	33,174	15,084	19,827	22,269
Public works	43,768	44,786	50,141	53,691	54,530
Public safety	104,268	110,965	118,436	130,067	136,331
Solid waste services (3)	21,706	17,494	17,996	22,383	24,460
Leisure services	36,640	39,645	42,690	45,530	49,674
Economic development programs	2,644	4,003	4,456	5,329	4,399
Interest on long-term debt	9,354	9,936	10,035	10,772	11,541
Total governmental activities expenses	<u>268,347</u>	<u>306,669</u>	<u>296,462</u>	<u>325,400</u>	<u>340,088</u>
Business-type activities:					
Water and sewer	75,710	86,099	108,461	124,613	136,935
Convention center (1)	22,593	26,337	29,880	20,100	28,409
Mass transit	16,621	18,376	19,923	23,895	28,552
Parking facilities	4,723	6,395	6,641	7,149	8,874
Solid waste services (3)	-	-	-	-	-
Stormwater (2)	3,328	4,512	5,359	7,951	8,728
Total business-type activities	<u>122,975</u>	<u>141,719</u>	<u>170,264</u>	<u>183,708</u>	<u>211,498</u>
Total government expenses	<u>\$ 391,322</u>	<u>\$ 448,388</u>	<u>\$ 466,726</u>	<u>\$ 509,108</u>	<u>\$ 551,586</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,491	\$ 947	\$ 864	\$ 782	\$ 854
Community development services	10,825	22,488	12,805	9,635	8,042
Public works	2,045	1,638	663	2,058	3,040
Public safety	2,470	2,905	3,081	3,304	3,248
Solid waste services	9,705	12,521	13,347	15,868	16,840
Leisure services	8,579	7,695	7,732	8,501	8,749
Economic development programs	977	965	1,324	1,041	966
Operating grants and contributions	25,193	27,593	28,725	33,794	32,338
Capital grants and contributions	61,891	40,263	22,666	27,419	19,434
Total governmental activities program revenues	<u>123,176</u>	<u>117,015</u>	<u>91,207</u>	<u>102,402</u>	<u>93,511</u>
Business-type activities:					
Charges for services:					
Water and sewer	77,877	98,207	106,758	109,384	112,280
Convention center	13,555	13,374	20,794	13,518	13,269
Mass transit	2,241	2,423	2,787	3,215	3,314
Parking facilities	4,029	5,203	6,001	7,961	8,467
Solid waste services	-	-	-	-	-
Stormwater	11,516	12,480	13,257	14,268	14,413
Operating grants and contributions	4,408	4,501	4,831	5,560	6,281
Capital grants and contributions	22,685	67,099	49,740	22,627	20,024
Total business-type activities program revenues	<u>136,311</u>	<u>203,287</u>	<u>204,168</u>	<u>176,533</u>	<u>178,048</u>
Total government program revenues	<u>\$ 259,487</u>	<u>\$ 320,302</u>	<u>\$ 295,375</u>	<u>\$ 278,935</u>	<u>\$ 271,559</u>
Net (expense)/revenue					
Governmental activities	\$ (145,171)	\$ (189,654)	\$ (205,255)	\$ (222,998)	\$ (246,577)
Business-type activities	13,336	61,568	33,904	(7,175)	(33,450)
Total government net expense	<u>\$ (131,835)</u>	<u>\$ (128,086)</u>	<u>\$ (171,351)</u>	<u>\$ (230,173)</u>	<u>\$ (280,027)</u>

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

Continued

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	2005	2006	2007	2008	2009
General Revenues and Change in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 120,835	\$ 125,131	\$ 144,428	\$ 151,695	\$ 180,534
Local sales tax	55,954	61,496	67,178	70,313	62,442
Franchise tax	15,717	16,747	18,326	19,553	23,438
Other taxes	5,929	6,037	6,730	7,502	9,119
Privilege license tax	12,151	14,166	14,800	17,585	19,627
Unrestricted grants and contributions	973	680	680	680	-
Investment earnings	5,827	10,883	16,131	17,555	10,632
Miscellaneous	1,331	2,243	4,673	1,959	3,250
Transfers	(16,968)	(11,776)	(12,845)	(32,455)	(24,423)
Gain on sale of property	-	-	-	-	-
Total governmental activities	<u>201,749</u>	<u>225,607</u>	<u>260,101</u>	<u>254,387</u>	<u>284,619</u>
Business-type activities:					
Investment earnings	7,089	11,650	20,609	17,770	10,632
Transfers	16,968	11,776	12,845	32,455	24,423
Gain on the sale of land	-	-	-	-	2,075
Special item, loss on capital asset impairment	(12,498)	-	-	-	-
Total business-type activities	<u>11,559</u>	<u>23,426</u>	<u>33,454</u>	<u>50,225</u>	<u>37,130</u>
Total government general revenues	<u>\$ 213,308</u>	<u>\$ 249,033</u>	<u>\$ 293,555</u>	<u>\$ 304,612</u>	<u>\$ 321,749</u>
Change in Net Position					
Governmental activities	\$ 56,578	\$ 35,953	\$ 54,846	\$ 31,389	\$ 38,042
Business-type activities	24,895	84,994	67,358	43,050	3,680
Total government change in net position	<u>\$ 81,473</u>	<u>\$ 120,947</u>	<u>\$ 122,204</u>	<u>\$ 74,439</u>	<u>\$ 41,722</u>

Notes:

- (1) The City began reporting the convention center operations as an enterprise fund effective FY 2005. Prior to that, the operations were included as part of the City's general fund.
- (2) The City converted the Stormwater Projects fund into the nonmajor enterprise Stormwater Utility fund effective FY 2011.
- (3) The City began reporting the solid waste services operations as an enterprise fund effective FY 2013. Prior to that, the operations were included as part of the City's general fund.

Fiscal Year				
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 184,697	\$ 186,379	\$ 189,422	\$ 195,568	\$ 203,513
58,651	61,776	67,828	71,115	76,004
22,500	22,634	21,190	21,313	21,944
5,473	13,937	11,875	11,517	23,216
19,098	7,166	7,663	7,949	7,512
-	-	-	-	-
1,703	5,280	946	1,204	5,045
5,659	11,182	11,982	20,416	13,821
(31,144)	(32,231)	(34,186)	(41,210)	(46,235)
-	-	-	-	6,271
<u>266,637</u>	<u>276,123</u>	<u>276,720</u>	<u>287,872</u>	<u>311,091</u>
2,379	3,357	1,165	253	3,269
31,144	32,231	34,186	41,210	46,235
-	-	-	-	-
-	-	-	-	-
<u>33,523</u>	<u>35,588</u>	<u>35,351</u>	<u>41,463</u>	<u>49,504</u>
<u>\$ 300,160</u>	<u>\$ 311,711</u>	<u>\$ 312,071</u>	<u>\$ 329,335</u>	<u>\$ 360,595</u>
\$ (757)	\$ 32,246	\$ 26,014	\$ 59,676	\$ 31,504
13,879	32,041	39,213	54,712	60,978
<u>\$ 13,122</u>	<u>\$ 64,287</u>	<u>\$ 65,227</u>	<u>\$ 114,388</u>	<u>\$ 92,482</u>

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2005	2006	2007	2008
General fund				
Reserved	\$ 39,246	\$ 35,607	\$ 42,321	\$ 44,293
Unreserved	74,379	78,774	84,164	92,797
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 113,625</u>	<u>\$ 114,381</u>	<u>\$ 126,485</u>	<u>\$ 137,090</u>
All other governmental funds				
Reserved	\$ 19,001	\$ 29,055	\$ 40,105	\$ 34,559
Unreserved, reported in:				
Special revenue funds	11,491	6,245	9,870	6,281
Capital projects funds	93,354	144,863	137,677	157,982
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 123,846</u>	<u>\$ 180,163</u>	<u>\$ 187,652</u>	<u>\$ 198,822</u>

Notes:

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

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 43,647	\$ 49,722	\$ -	\$ -	\$ -	\$ -
116,900	116,162	-	-	-	-
-	-	3,090	3,415	3,020	3,153
-	-	40,783	43,367	40,302	46,800
-	-	-	66,317	68,466	67,776
-	-	72,987	34,305	35,446	35,870
-	-	58,176	62,813	67,990	73,080
<u>\$ 160,547</u>	<u>\$ 165,884</u>	<u>\$ 175,036</u>	<u>\$ 210,217</u>	<u>\$ 215,224</u>	<u>\$ 226,679</u>
\$ 37,361	\$ 36,105	\$ -	\$ -	\$ -	\$ -
11,917	127,157	-	-	-	-
126,845	7,027	-	-	-	-
-	-	-	-	-	11,625
-	-	36,177	35,793	37,031	40,478
-	-	123,024	215,302	187,964	186,832
<u>\$ 176,123</u>	<u>\$ 170,289</u>	<u>\$ 159,201</u>	<u>\$ 251,095</u>	<u>\$ 224,995</u>	<u>\$ 238,935</u>

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

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

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

2005-2013 - 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				
2010	2011	2012	2013	2014
\$ 184,930	\$ 186,625	\$ 189,486	\$ 195,392	\$ 204,623
64,174	87,156	85,624	85,143	76,861
-	-	-	-	42
15	2,313	510	57	164
493	562	1,336	1,124	1,119
58,651	61,776	67,828	71,115	76,004
19,098	19,671	21,050	21,280	24,906
3,853	5,000	1,683	1	4,588
7,408	7,164	7,695	9,291	10,830
1,242	786	772	1,125	899
4,084	7,310	6,632	9,571	7,663
30,995	32,429	37,175	18,900	15,495
437	514	787	649	548
2,188	2,536	2,619	2,340	2,384
2,149	1,589	1,831	2,467	1,916
2,022	1,024	745	875	284
<u>381,739</u>	<u>416,455</u>	<u>425,773</u>	<u>419,330</u>	<u>428,326</u>
34,791	42,096	38,709	36,724	38,112
25,421	25,332	25,268	25,388	23,364
21,762	24,723	23,143	22,215	26,022
143,173	145,251	144,448	144,463	148,450
24,043	24,949	24,556	-	-
43,973	49,415	54,355	50,023	53,898
4,375	5,710	5,656	2,312	7,931
-	3	402	2,290	-
94,470	73,332	78,785	66,279	92,753
20,717	26,900	26,699	30,371	30,203
13,195	13,494	12,601	15,841	17,316
335	572	652	436	333
<u>426,255</u>	<u>431,777</u>	<u>435,274</u>	<u>396,342</u>	<u>438,382</u>
-	-	-	-	-
<u>426,255</u>	<u>431,777</u>	<u>435,274</u>	<u>396,342</u>	<u>438,382</u>
23,253	26,759	27,185	32,982	43,554
(52,146)	(60,307)	(56,101)	(77,063)	(88,499)
177	-	-	-	6,271
109,550	46,430	147,600	-	-
6,405	1,360	17,765	-	73,377
-	-	5,331	-	4,490
52,197	-	33,925	-	5,885
(95,418)	-	(39,129)	-	(9,626)
<u>44,018</u>	<u>14,242</u>	<u>136,576</u>	<u>(44,081)</u>	<u>35,452</u>
<u>\$ (498)</u>	<u>\$ (1,080)</u>	<u>\$ 127,075</u>	<u>\$ (21,093)</u>	<u>\$ 25,396</u>
9.95%	11.17%	10.74%	13.97%	12.74%

**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)
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	44,147,844	5,260,838	654,892	50,063,574	0.3735
2012	44,414,047	5,467,141	659,756	50,540,944	0.3735
2013	44,786,140	5,752,586	655,403	51,194,129	0.3826
2014	45,123,087	6,855,399	719,248	52,697,734	0.3826

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>
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
2012	0.3735	0.5340	0.9075
2013	0.3826	0.5340	0.9166
2014	0.3826	0.5340	0.9166

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	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Progress	\$ 399,913	1	0.76%	\$ 348,864	1	1.14%
CVM Holdings LLC	334,466	2	0.63%	173,086	2	0.56%
Highwoods Realty	249,571	3	0.47%	161,954	3	0.53%
First Citizens Bank & Trust Co.	177,595	4	0.34%			
Triangle Town Center	173,177	5	0.33%			
G&I VI LP	141,403	6	0.27%			
NHM Owner 1 LLC	133,002	7	0.25%			
State Employees Credit Union	120,702	8	0.23%			
Highwoods DLF Forum LLC	116,825	9	0.22%			
ARI RCC 32 LLC	110,377	10	0.21%			
UDRT of North Carolina				115,509	6	0.38%
Prudential Insurance				78,839	8	0.26%
Bellsouth Telephone				154,182	4	0.50%
JG North Raleigh LLC				102,400	7	0.33%
Cisco Systems Inc.				141,017	5	0.46%
Capital Center Acquisition LLC				69,328	9	0.23%
Mallinckrodt Inc.				53,291	10	0.17%
Totals	<u>\$ 1,957,031</u>		<u>3.71%</u>	<u>\$ 1,398,470</u>		<u>4.56%</u>

Note:

Above taxable assessed valuations are as of January 1, 2013 and 2004 respectively, and the associated tax levies were due in the fiscal year ended June 30, 2014 and 2005 respectively.

Source:

Wake County website, Statistics and Reports and 2005 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
2005	\$ 121,770	\$ 119,880	98.45%	\$ 2,535	\$ 122,415	100.53%
2006	127,767	125,745	98.42%	2,535	128,280	100.40%
2007	146,117	142,895	97.79%	2,888	145,783	99.77%
2008	153,544	150,661	98.12%	3,727	154,388	100.55%
2009	184,579	181,468	98.31%	4,917	186,385	100.98%
2010	187,901	185,225	98.58%	6,152	191,377	101.85%
2011	188,777	186,280	98.68%	6,171	192,451	101.95%
2012	190,578	188,329	98.82%	23,420	211,749	111.11%
2013	197,617	195,117	98.73%	189,933	385,050	194.85%
2014	203,033	201,842	99.41%	-	201,842 (1)	99.41%

Note:

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

Total collected as per above	\$ 201,842
Late list collections	(121)
Penalties collected	958
Prior year collections in current year	2,244
Rebates and waived taxes	(752)
State refund of tag/tax interest	452
	<u>452</u>
Ad valorem taxes collected per general fund financial statements	<u>\$ 204,623</u>

ANALYSIS OF CURRENT TAX LEVY
CITY - WIDE LEVY
For the Fiscal Year Ended June 30, 2014

	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	\$ 51,223,529,499	.3826	\$ 195,811,343	\$ 184,361,905	\$ 11,449,438
Registered motor vehicles taxed at prior year's rate	1,474,202,774	.3735	5,696,168	-	5,696,168
	<u>52,697,732,273</u>		<u>201,507,511</u>	<u>184,361,905</u>	<u>17,145,606</u>
Discoveries:					
Prior years' taxes	96,526,452	(1)	366,721	352,105	14,616
Total property valuation	<u>\$ 52,794,258,725</u>				
Deferred and waived			956,004	956,004	-
Penalty			958,134	958,134	-
Rebates			(651,334)	(651,334)	-
Net levy			203,137,036	185,976,814	17,160,222
Uncollected taxes at June 30, 2014			(1,180,876)	(572,097)	(608,779)
Current year's taxes collected			<u>\$ 201,956,160</u>	<u>\$ 185,404,717</u>	<u>\$ 16,551,443</u>
Current levy collection percentage			<u>99.42%</u>	<u>99.69%</u>	<u>96.45%</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, 2014

Fiscal Year Ended June 30	Taxes Receivable June 30, 2013	Additions	Collections and Other Reductions	Taxes Receivable June 30, 2014 (1)
2005 & prior	\$ 2,307,397	\$ -	\$ 6,814	\$ 2,300,583
2006	5,936	-	5,613	323
2007	886,544	-	9,082	877,462
2008	351,452	-	13,756	337,696
2009	268,935	-	25,450	243,485
2010	351,022	-	41,297	309,725
2011	557,142	-	42,926	514,216
2012	605,909	-	217,937	387,972
2013	2,478,575	-	1,880,852	597,723
2014	-	203,032,716	201,841,851	1,190,865
TOTALS	<u>\$ 7,812,912</u>	<u>\$ 203,032,716</u>	<u>\$ 204,085,578</u>	<u>\$ 6,760,050</u>

(2)

Notes:

(1) Ad valorem taxes receivable only; does not include vehicle tag fee receivable (\$4,168,752)

(2) Reconciliation to revenues collected:

Collections and other reductions per above	\$ 204,085,578
Late list penalties collected	(121,236)
Penalties collected	958,134
Rebates and waived taxes	(752,042)
State refund of tag/tax interest	<u>452,232</u>
Ad valorem taxes collected per general fund financial statements	<u>\$ 204,622,666</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			
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	8.21%	3,239.69
2011	213,916	161,229	8,569	643,725	352,794	1,380,233	8.41%	3,417.33
2012	344,046	142,883	6,679	629,750	342,932	1,466,290	8.35%	3,567.62
2013	322,818	139,070	4,957	681,605	368,596	1,517,046	(2)	3,584.88
2014 (3)	343,739	162,224	3,467	708,895	389,116	1,607,441	(2)	3,723.12

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 147 for personal income and population data.

(2) Personal income data unavailable for 2013 and 2014.

(3) Amounts shown are net of premiums, discounts, and adjustments. Certain non-debt long term liabilities are excluded here, but are included in long term liabilities on page 1 and in the notes to the financial statements. A reconciliation to page 1 is below:

	Governmental Activities	Business-type Activities
General obligation bonds	\$ 343,739	\$ 3,467
Revenue bonds	-	708,895
Installment financing agreements	162,224	389,116
Earned vacation payable	17,809	4,009
Landfill postclosure costs	-	3,409
Claims Payable	24,395	1
	<u>\$ 548,167</u>	<u>\$ 1,108,897</u>

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 (4)	
				Gross	Net
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
2012	350,725	345,852	0.69%	853	841
2013	327,775	324,002	0.64%	775	766
2014	320,200	317,188	0.61%	742	735

Notes:

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

- (1) Total includes all general obligation bonded debt.
- (2) Represents gross bonded debt less allowable statutory deductions.
- (3) See Assessed Value of Taxable Property schedule on page 136 for property value data.
- (4) See Demographic and Economic Statistics schedule on page 147 for population data.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2014

(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)	\$ 474,252	100.00%	\$ 474,252
Overlapping Debt: (2)			
Wake County Debt (3)	<u>1,664,875</u>	41.45% (4)	<u>690,088</u>
Total Direct and Overlapping Debt	<u><u>\$ 2,139,127</u></u>		<u><u>\$ 1,164,340</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 \$1,368,804,000 of Wake County School Bonds.
- (4) Percentage of direct and overlapping debt is based on June 30, 2014 assessed valuation of the City of Raleigh (\$52,818,069,034) as compared to the June 30, 2014 assessed valuation of Wake County (\$127,426,491,226).

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
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%
2012	4,043,155	867,667	3,175,488	21.46%
2013	4,095,530	867,668	3,227,862	21.19%
2014	4,225,446	974,216	3,251,230	23.06%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$ 52,818,069
Debt limit (8% of assessed value)	4,225,446
Debt applicable to limit:	
General Obligation bonds	320,200
GO bonds authorized not issued	111,000
Other outstanding debt	546,028
Less: Statutory deductions	
Bonded debt included in gross debt incurred for water	(1,136)
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	(1,876)
Total net debt applicable to limit	<u>974,216</u>
Legal debt margin	<u>\$ 3,251,230</u>

**PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year Ended (1)	Gross Revenues (2)	15% of CY Unrestricted Net Position (5)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3 and 4)			Coverage Ratios		
					Principal	Interest	Total	Net Coverage	With 15% (5)	Required Coverage
<u>Parity Debt Service Coverage (3)</u>										
2005	\$ 79,603,480	\$ 5,363,204	\$ 52,518,696	\$ 27,084,784	\$ 2,575,000	\$ 3,664,485	\$ 6,239,485	4.34	5.20	1.20
2006 (6)	105,022,276	11,026,707	61,868,891	43,153,385	3,005,000	8,425,141	11,430,141	3.78	4.74	1.20
2007 (6)	122,529,240	10,619,640	71,042,733	51,486,507	5,465,000	8,238,046	13,703,046	3.76	4.53	1.20
2008 (6)	122,551,257	7,611,436	83,987,047	38,564,210	5,550,000	8,123,779	13,673,779	2.82	3.38	1.20
2009 (6)	120,957,554	7,992,892	88,596,831	32,360,723	5,750,000	7,909,634	13,659,634	2.37	2.95	1.20
2010	140,145,189	11,314,260	85,916,982	54,228,207	6,985,000	21,041,497	28,026,497	1.93	2.34	1.20
2011	153,349,630	14,913,980	85,869,606	67,480,024	11,115,000	24,899,417	36,014,417	1.87	2.29	1.20
2012	173,365,019	19,133,381	90,783,309	82,581,710	12,050,000	24,671,035	36,721,035	2.25	2.77	1.20
2013	187,414,283	24,812,247	89,197,234	98,217,049	13,145,000	23,917,626	37,062,626	2.65	3.32	1.20
2014	201,259,452	30,659,474	91,027,389	110,232,063	15,965,000	26,159,934	42,124,934	2.62	3.34	1.20
<u>Parity and Subordinate Debt Service Coverage (4)</u>										
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		85,869,606	67,480,024	13,643,740	25,351,895	38,995,635	1.73		1.00
2012	173,365,019		90,783,309	82,581,710	14,011,829	25,037,720	39,049,549	2.11		1.00
2013	187,414,283		89,197,234	98,217,049	15,072,689	24,215,588	39,288,277	2.50		1.00
2014	201,259,452		91,027,389	110,232,063	18,549,105	26,729,341	45,278,446	2.43		1.00

Notes:

- (1) The City has issued 10 series of water and sewer revenue bonds between December 1996 and May, 2013.
- (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) Parity and subordinate debt service includes interest and principal of revenue bonds, State loans, and water and sewer general obligation bonds. Certain other debt paid within the Utility Fund is not subject to legal coverage requirements, and is not included above.
- (5) The City entered into the First Amendatory Trust Agreement dated April 15, 2004. The first amendment provides that 15% of Water and Sewer unrestricted net positions 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)
2005	342,194	\$ 12,190,319	\$ 35,624	117,986	4.3
2006	353,604	13,161,494	37,221	120,381	3.5
2007	367,995	14,741,512	40,059	124,474	3.9
2008	380,173	15,055,611	39,602	133,228	4.8
2009	388,926	15,065,826	38,737	142,732	8.8
2010	392,083	15,479,045	39,479	145,040	8.3
2011	403,892	16,410,536	40,631	148,470	9.9
2012	411,000	17,553,399	42,709	152,474	9.4
2013	423,179	Unavailable	Unavailable	156,073	7.4
2014	431,746	Unavailable	Unavailable	Unavailable	5.1

Sources:

- (1) Census Population Estimates Program for 2011, 2013 and 2014, City of Raleigh Planning Department - estimate for other years.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis.
Per capita income for the Raleigh-Cary MSA.
Data for 2013 and 2014 are unavailable.
- (3) North Carolina Department of Public Instruction, Statistical Research and Data Center.
ADM = Average daily membership - (final ADM). Includes thirteen charter schools.
Data for 2014 unavailable. Implementation of new data collection and reporting system is in progress.
- (4) North Carolina Employment Security Commission.
Estimated percentage of unemployment in Wake County as of June 30, 2014.

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

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of North Carolina	24,083	1	11.05%	25,394	1	13.99%
Wake County Public School System	17,572	2	8.06%	15,000	2	8.26%
Wake Med Health and Hospitals	8,423	3	3.86%	6,000	5	3.31%
North Carolina State University	8,080	4	3.71%	7,787	4	4.29%
Rex Healthcare	5,400	5	2.48%	3,800	7	2.09%
Wake County	4,341	6	1.99%	3,300	9	1.82%
City of Raleigh	3,936	7	1.49%	3,000	10	1.77%
NC DHHS	3,879	8	1.78%	-	-	-
NC Dept of Commerce	2,884	9	1.32%	-	-	-
Fidelity Investments	2,400	10	1.10%	-	-	-
Duke Energy Progress	-	-	-	3,400	8	1.87%
Fedex-Kinkos	-	-	-	9,528	3	5.24%
Wake Med Faculty Physicians	-	-	-	4,000	6	2.20%
Total	80,998		36.84%	81,209		44.84%

Notes:

City-wide employment as of June 30, 2014: 217,948

City-wide employment as of June 30, 2005: 181,520

Duke Energy Progress was Progress Energy Inc. in 2005.

Source:

Wake County Economic Development - 2014

Raleigh Chamber of Commerce (Employers) - 2005

NC Office of State Human Resources - 2005

NC Employment Security Commission (Laus City Wide Employment) 2005 and 2014

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

Function	Employees as of June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Policy & Management Services										
General Government	57	62	70	77	74	94	131	88	90	105
Human Resources	21	22	23	25	26	25	25	25	29	30
Administrative Services (2)	17	17	17	19	20	25	-	-	-	-
Finance (4)	103	113	122	129	127	127	112	111	65	61
Information Services	61	63	69	74	74	77	78	79	78	78
Community Development Services										
Public Works (1)	342	354	392	405	421	416	395	397	403	430
Planning & Development (3)	41	41	46	47	45	42	60	200	203	169
Inspections	148	154	153	153	141	121	97	-	-	-
Community Services	21	19	19	23	18	18	18	18	18	18
Community Development	21	21	23	23	23	23	23	23	23	23
Public Safety										
Police	835	851	888	902	902	892	882	879	876	890
Fire	522	523	553	568	568	568	575	575	577	607
Emergency Communications	76	78	94	103	102	102	102	109	115	115
Solid Waste Services (4)										
	189	199	240	237	234	223	211	204	200	202
Public Utilities										
	377	438	547	571	571	570	586	586	642	632
Leisure Services										
Convention Center	71	71	72	109	107	109	108	104	104	104
Parks & Recreation	339	355	391	418	391	401	408	428	443	472
Total	3,241	3,381	3,719	3,883	3,844	3,833	3,811	3,826	3,866	3,936

Notes:

Numbers presented are authorized positions.

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

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

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

(4) Utility Billing employees moved from Finance to the Public Utilities Department - 2014.

Source:

City of Raleigh Budget Office.

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

Function	Fiscal Year			
	2005	2006	2007	2008
Community Development Services				
Inspections:				
Permits issued (all trade types)	63,000	47,862	47,493	54,644
Construction - inspections requested	162,000	132,539	126,695	116,667
Community Development:				
New housing units constructed	17	28	34	6
Homeownership loans provided	38	51	85	62
Rehabilitation loans provided	47	29	45	42
Public Works				
Asphalt failures repaired	7,222	7,300	4,860	3,828
Drainage structures repaired/maintained	1,000	1,030	Unavailable	1,073
Police				
Physical arrests	118,098	87,929	135,083	120,005
Traffic accidents investigated	18,005	18,551	19,257	19,262
Fire				
Emergency responses	17,244	21,249	20,063	20,478
Fire calls answered	8,530	1,539	1,582	1,739
Emergency Communications				
911 calls processed	464,728	483,921	502,492	523,184
Solid Waste				
Refuse collected (tons)	80,400	83,600	84,538	85,139
Recyclables collected (tons)	15,719	17,052	18,808	18,740
Water				
Number of consumers	137,330	158,007	169,324	174,517
Average daily consumption (millions of gallons per day)	47.69	48.80	50.63	47.09
Maximum daily flow (millions of gallons per day)	68.00	69.20	72.20	75.00
Wastewater				
Average daily sewage treatment (millions of gallons per day)	46.45	45.24	44.80	42.00
Maximum daily flow (millions of gallons per day)	72.18	98.05	75.00	63.77
Leisure Services				
Convention center events	571	570	634	837
Event attendance	661,968	559,989	654,152	718,841
Parks and recreation programs	6,977	8,302	10,334	10,770
Registrants	134,798	134,850	120,419	120,254
Attendance at parks & recreation facilities (millions)	3.1	3.4	3.9	4.1

Notes:

- (1) Estimates shown for 2013 and 2014 data.
(2) Amounts shown for 2013 data have been updated to reflect actuals rather than estimates.
(3) Change in reporting measure beginning in 2014 for 2013. Combined construction inspections with permits issued (all trade and types).

Source:

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

Fiscal Year							
2009	2010	2011	2012	2013	2014		
45,022	45,000	47,723	39,144	95,547	(3)	106,823	(1)
103,798	93,844	77,000	88,640	-	(3)	-	(1)
11	9	17	25	7	(2)	17	(1)
66	81	39	60	43	(2)	45	(1)
36	27	13	24	13	(2)	35	(1)
1,880	2,068	5,000	1,906	4,000	(1)	3,500	(1)
700	461	1,000	594	505	(2)	1,000	(1)
113,568	116,481	115,361	92,387	88,321	(2)	82,847	(1)
18,557	18,439	19,328	19,810	20,283	(2)	20,730	(1)
21,791	22,278	22,790	21,912	21,951	(2)	21,768	(1)
1,319	1,167	1,489	1,354	1,077	(2)	1,171	(1)
520,431	497,778	454,223	475,453	608,770	(2)	613,336	(1)
87,054	87,562	85,217	84,700	84,582	(2)	86,600	(1)
19,325	20,104	22,370	23,890	26,040	(2)	25,560	(1)
165,298	167,307	167,746	170,353	171,123		174,010	
48.00	49.00	52.00	53.50	52.00		51.50	
67.00	71.36	68.71	70.13	68.93		61.10	
40.90	42.50	45.70	44.10	45.60		45.40	
81.75	88.01	78.94	59.23	72.63		83.53	
687	641	649	576	601	(2)	672	(1)
608,842	489,446	460,012	537,804	355,012	(2)	626,000	(1)
9,290	11,249	11,233	12,717	13,062	(2)	13,505	(1)
158,514	138,568	136,489	142,965	151,545	(2)	153,000	(1)
4.0	4.1	4.0	4.0	4.3	(2)	4.3	(1)

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

Function	Fiscal Year			
	2005	2006	2007	2008
Public safety				
Police stations	7	7	7	7
Fire stations	26	27	27	27
Highways and streets				
Streets (miles)	1,161	1,194	1,235	1,274
Streetlights (1)	31,976	32,737	33,600	33,955
Signalized intersections	493	508	510	510
Leisure services				
Number of major parks	71	72	72	72
Parks acreage	8,101	8,672	8,818	8,893
Aquatic facilities	8	8	8	8
Community centers (staffed and unstaffed)	32	34	33	33
Water				
Water mains (miles)	1,415	2,050	2,050	2,106
Sewers				
Sanitary sewers (miles)	1,501	2,000	2,000	2,072

Notes:

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

(1) Streetlights for 2011-2014 are reported as actuals; prior years are estimated.

Source:

Various city departments.

Fiscal Year					
2009	2010	2011	2012	2013	2014
7	7	6	6	6	6
27	27	27	27	27	27
1,283	1,293	1,296	1,306	1,310	1,342
33,974	34,003	33,067	33,914	34,323	34,567
515	518	540	552	550	615
75	78	78	77	85	85
9,046	9,399	9,451	9,494	9,846	9,846
8	8	8	8	9	9
34	35	35	34	47	47
1,870	1,902	1,931	2,508	2,515	2,525
1,784	1,803	1,819	2,612	2,620	2,650





SINGLE AUDIT SECTION

The *Single Audit Section* contains schedules, exhibits and auditor reports reflecting federal, state and other participation in various projects and programs of the City as required by OMB Circular A-133, the North Carolina Single Audit Implementation Act and the American Recovery and Reinvestment Act.





**Report of Independent Auditor on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Raleigh, North Carolina (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Cherry Bokant" followed by a stylized flourish.

Raleigh, North Carolina
October 20, 2014

**Report of Independent Auditor on Compliance for Each Major Federal Program,
Report on Internal Control Over Compliance; in Accordance with OMB Circular A-133;
and the State Single Audit Implementation Act**

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

Report on Compliance for Each Major Federal Program

We have audited City of Raleigh, North Carolina (the "City"), compliance with the types of compliance requirements described in the 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, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Raleigh, North Carolina
October 20, 2014

**Report of Independent Auditor on Compliance for Each Major State Program;
Report on Internal Control Over Compliance; In Accordance with OMB Circular A-133;
and the State Single Audit Implementation Act**

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

Report on Compliance for Each Major State Program

We have audited the City of Raleigh, North Carolina (the "City"), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City's major state programs for the year ended June 30, 2014. The City's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 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 on compliance for each major state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Cherry Berkant" followed by a stylized flourish.

Raleigh, North Carolina
October 20, 2014



Single Audit Schedules

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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:					
Vet Transp Comm Living Initiative	20.500	NC-04-0053-00	\$ 601,659	\$ -	\$ 150,416
Capital Assistance - Section 9	20.507	NC-90-X455-00	16,788	-	-
Capital Assistance - Section 9	20.507	NC-90-X488-00	3,956	-	989
Capital Assistance - Section 9	20.507	NC-90-X509-00	641,950	-	110,513
Capital Assistance - FTA 5307	20.507	NC-90-X528-00	1,602,109	-	400,527
Capital Assistance - FTA 5307	20.507	NC-90-X559-00	2,157,582	-	539,396
Job Access Remote Commute	20.516	NC-37-X031-00	63,265	-	-
New Freedom 2013	20.521	NC-57-X016-00	41,879	-	-
Total Direct Programs Federal Transit Administration:			5,129,188	-	1,201,841
Direct Programs: Federal Railroad Administration:					
FY12 TIGER Raleigh Union Station - Phase I	20.933	FR-TII-0020-13-01-00	1,202,859	408,473	-
Total Direct Programs U.S. Dept. of Transportation			6,332,047	408,473	1,201,841
Passed-Through North Carolina Department of Transportation:					
Planning Assistance - Section 9	20.507	NC-90-X-509/11-08-101	32,233	36,200	16,476
Planning Assistance - Section 9	20.507	NC-90-X528-00	243,838	30,479	30,218
Planning Assistance - Section 9	20.507	NC-90-X559-00	436,224	54,528	54,528
Moore Square Station-FY10 STPDA	20.507	NC-95-X043-00	77,605	22,173	-
Dwllk Imp STPDA-0520(42)	20.205	EL-5100ID	298,856	-	74,714
STP-DA Wade Ave Ped	20.205	EL-5100IE	(45,422)	-	(11,355)
STP-DA Lake Wheeler Road	20.205	U-5504	548,659	-	137,165
Creedmoor Road Sidewalk Improvements	20.205	EL-5100IE	375,649	-	93,912
City-wide Traffic Signal Upgrade	20.205	C-4923	866,551	-	216,638
FHWA Falls of Neuse Widening	20.205	U-4901	534,890	-	133,723
Lower Neuse Greenway-STPDA-0520(33)	20.205	EL-5100 IA	(57,047)	-	-
Mingo Creek Greenway-TCSP-0512(6)	20.205	EB-5002A	(3,161)	-	-
Section 104(f) PL	20.205	WBS39225.1.4	766,800	-	198,408
Section 104(f) STPDA	20.205	WBS39225.1.21	674,317	-	179,203
NE Area Study	20.205	SPR-OSPR(50)	156,250	-	-
Downtown Pedestrian Safety Improvements	20.205	EL-5100IF	18,163	-	4,541
Neuse River Trail - Horseshoe Bend	20.205	EB-5545	355,451	-	88,863
DWI Squad	20.607	154AL-14-18-05	397,919	-	-
Total Passed-Through North Carolina Department of Transportation:			5,677,775	143,380	1,217,034
Total U.S. Department of Transportation			12,009,822	551,853	2,418,875
<u>U.S. DEPARTMENT OF ENERGY</u>					
Direct Programs:					
ARRA - Geothermal Technologies	81.087	DE-EE0002808	3,118	-	3,118
Total U.S. Department of Energy			3,118	-	3,118
<u>CORPORATION FOR NATIONAL SERVICE</u>					
Direct Programs:					
Retired Senior Volunteers Program	94.002	HSRNC001	42,026	-	48,077
Retired Senior Volunteers Program	94.002	HSRNC001	9,300	-	5,769
Foster Grandparents Program	94.011	HISFNC003	-	-	3,313
Foster Grandparents Program	94.011	HISFNC003	250,538	-	139,561
Total Corporation for National Service			301,864	-	196,720
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Direct Programs:					
Community Development Block Grant - Entitlement Grants	14.218	B11MC370009	84,304	-	-
Community Development Block Grant - Entitlement Grants	14.218	B12MC370009	2,682,243	-	-
HOME Grant Program	14.239	M07-MC370206	273,361	-	71,463
HOME Grant Program	14.239	M10-MC370206	822,140	-	214,929
HOME Grant Program	14.239	M11-MC370206	622,775	-	162,810
HOME Grant Program	14.239	M12-MC370206	2,952	-	772
HOME Grant Program	14.239	M13-MC370206	69,156	-	18,079
Emergency Shelter	14.231	E12MC370005	58,529	-	-
Emergency Shelter	14.231	E13MC370005	131,639	-	-
Total Direct U.S. Department of Housing and Urban Development:			4,747,099	-	468,053
Passed-Through:					
Neighborhood Stabilization Program	14.228	11-N-2191	296,192	-	-
Neighborhood Stabilization Program	14.228	08-N-1885	181,277	-	-
			477,469	-	-
Total U.S. Department of Housing and Urban Development			5,224,568	-	468,053
<u>U.S. DEPARTMENT OF JUSTICE</u>					
Passed -Through Wake County:					
2010 JAG Asst Grant	16.738	2010-DJ-BX-0778	17,951	-	-
2011 JAG Asst Grant	16.738	2011-DJ-BX-2526	10,837	-	-
2012 JAG Asst Grant	16.738	2012-H2540-NC-DJ	66,067	-	3,113
2013 JAG Asst Grant	16.738	2013-H4841-NC-DJ	178	-	-
Total U.S. Department of Justice			95,033	-	-

<u>ENVIRONMENTAL PROTECTION AGENCY</u>					
Direct Programs:					
D.E. Benton Water Treatment Waste Facility STAG	66.468	95491712	122,146	-	-
Passed-Through N.C. Department of Environment and Natural Resources:					
Upper Longview Restoration CWMTF	66.458	CS370419-16	2,034,751	-	-
Centennial Reuse Pipeline	66.458	CS-370419-17	1,136,357	-	-
Crabtree Creek North Bank	66.458	CS-370419-13	2,691,154	-	-
D.E. Benton Water Treatment Waste Facility	66.468	FS-984338	2,336,273	-	-
Neuse River WWTP Phase III	66.458	CS-370419-18	2,130,192	-	-
E.M. Johnson WTP - Sodium Permanganate	66.468	FS-984338.13	-	-	-
Crabtree Creek Wastewater Conveyance	66.458	CS-370419-19	-	-	-
Total Passed-Through N.C. Department of Environment and Natural Resources			10,328,727	-	-
Total Environmental Protection Agency			10,450,873	-	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>					
Passed-Through N.C. Department of Crime Control & Public Safety					
FEMA-Pre-Disaster Mitigation	97.017	PDMC-PJ-04-NC-2011-004	199,273	-	66,424
Federal Emergency Management Assistance	97.036	N/A	49,004	-	-
Fire Equipment Grant	97.067	2008-GE-T8-0033	14,000	-	-
2011 Homeland Grant	97.067	2011-SS-00119-S01	156	-	-
Total U.S. Department of Homeland Security			262,433	-	66,424
<u>OFFICE OF NATIONAL DRUG CONTROL POLICY</u>					
HITDA-2013(Durham FA)	95.001	G12GA0004A	4,525	-	1,643
HITDA-2014(Durham FA)	95.001	G13GA0004A	15,000	-	2,323
HITDA-2015(Durham FA)	95.001	G14GA0004A	1,190	-	-
Total Office of National Drug Control and Policy			20,715	-	3,966
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Passed-Through N.C. Department of Agriculture: NC Urban and Forestry-Tree Inventory	10.664	N/A	4,237	-	4,237
Total U.S. Department of Agriculture			4,237	-	4,237
<u>U.S. DEPARTMENT OF THE INTERIOR</u>					
Passed-Through N.C. Department of Cultural Resources: Historic Preservation Analysis	15.904	N/A	4,500	-	4,500
Total U.S. Department of the Interior			4,500	-	4,500
TOTAL EXPENDITURES OF FEDERAL AWARDS:			28,377,163	551,853	3,165,893
EXPENDITURES OF STATE AWARDS:					
<u>N.C. DEPARTMENT OF TRANSPORTATION</u>					
Powell Bill		WBS32570	-	10,343,674	-
Public Transportation Maint Asst Prog		14-SM-014	-	2,579,974	-
Total N.C. Department of Transportation			-	12,923,648	-
<u>N.C. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY</u>					
Fire Regional Response Team		RRT42012	-	50,598	-
Total N.C. Department of Crime Control & Public Safety			-	50,598	-
<u>N.C. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES</u>					
Innovative Stormwater Proposal 2008-1018		GA-10046	-	3,250	-
NCDENR Recycling Carts		Contract 5393	-	28,876	6,000
Walnut Creek Cistern		N/A	-	7,373	22,119
NCCWMTF Walnut Grwy		2010-210	-	4,515	9,030
Total N. C. Department of Environment and Natural Resources			-	44,014	37,149
TOTAL EXPENDITURES OF STATE AWARDS:			-	13,018,260	37,149
EXPENDITURES OF OTHER AWARDS:					
<u>WAKE COUNTY</u>					
Juvenile Crime Prevention Council		692-XXXX	-	-	125,237 (1)
<u>BIOFUELS CENTER OF NORTH CAROLINA</u>					
Production at Wastewater Treatment Facilities		N/A	-	-	7,204
<u>TRIANGLE J COUNCIL OF GOVERNMENTS</u>					
Travel Demand Management Grant		TDMRAL14	-	48,828	52,999 (1)
TOTAL EXPENDITURES OF OTHER AWARDS:			-	48,828	185,440
TOTAL EXPENDITURES ALL AWARDS:			\$ 28,377,163	\$ 13,618,941	\$ 3,388,482

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, 2014. 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, 2014 is S-0.

Where allowed by grant agreement, prior year expenditures that have not been previously tested may be included in the Schedule of Awards at June 30, 2014. Generally, this occurs when grants are awarded after the related project or program has started incurring expenses and retroactive reimbursement is allowed per the funding agreement or when corrections are made due to previous year(s) omissions.

Loans Outstanding

City of Raleigh had the following loan balances outstanding at June 30, 2014. The loan balance outstanding is included in the federal expenditures presented in the schedule:

SRF Upper Longview Restoration Revolving Loan CFDA # 66.458 Project CS370419-16
The loan balance outstanding of \$2,034,751 is included in the federal expenditures per the above schedule.
The outstanding loan balance differs from expenditures presented in schedule above due to timing of cash receipts.

SRF Crabtree Revolving Loan CFDA # 66.458 Project CS-370419-13
The loan balance outstanding of \$7,972,917 is included in the federal expenditures per the above schedule.
The outstanding loan balance includes expenditures from prior years, however, expenditures in the above schedule include only current year activity.

SRF Centennial Revolving Loan CFDA # 66.458 Project CS-370419-17
The loan balance outstanding of \$2,638,279 is included in the federal expenditures per the above schedule.
The outstanding loan balance includes expenditures from prior years, however, expenditures in the above schedule include only current year activity.

SRF D.E. Benton Water Treatment Waste Facility Revolving Loan CFDA # 66.468 Project FS-984338
The loan balance outstanding of \$2,336,273 is included in the federal expenditures per the above schedule.
The outstanding loan balance differs from expenditures presented in schedule above due to timing of cash receipts.

SRF Neuse River WWTP Phase II Revolving Loan CFDA # 66.458 Project CS-370419-18
The loan balance outstanding of \$2,130,192 is included in the federal expenditures per the above schedule.
The outstanding loan balance differs from expenditures presented in schedule above due to timing of cash receipts.

Negative current year expenditures represent adjustments to previously reported balances for grant projects completed during FY14.

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

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

YEAR ENDED JUNE 30, 2014

I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

Type of auditor’s report issued on compliance for major federal programs: *Unmodified*

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

Identification of major federal programs:

CFDA Numbers

20.205
14.239
20.933

Names of Federal Program or Cluster

Highway Planning and Construction Cluster
HOME Grant Program
FY12 TIGER Raleigh Union Station - Phase I

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 851,315

Auditee qualified as low-risk auditee? yes _____ no

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

YEAR ENDED JUNE 30, 2014

I – Summary of Auditor’s Results (continued)

State Awards

Internal control over major state programs:

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

Noncompliance material to state awards? _____ yes X no

Type of auditor’s report issued on compliance for major state programs: *Unmodified*

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

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

YEAR ENDED JUNE 30, 2014

There were no findings reported in the prior year audit of the basic financial statements, findings and questioned costs related to our audit of federal and state awards.





CITY OF RALEIGH

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