



CITY OF RALEIGH

NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015



What was once Capital Area Transit, CAT for short, is now known as GoRaleigh. In March 2015, the City of Raleigh's transit program announced the brand change that was three years in the making. The new brand of GoRaleigh buses have continuously rolled out (pictured far right) and the fleet should be completely covered with the new GoRaleigh images by the end of 2016.

Since 2009, the city of Raleigh's transit program, GoRaleigh, has partnered with the Office of Raleigh Arts to feature local artists' work for Art on the Move. During the annual Artsposure event in the spring of 2015, twelve buses, fully wrapped in artwork, were unveiled. The artwork on the bus pictured on the left, SWR in the 21st century, was designed by artist Frank Kreacic. This was the only one of the twelve Art on the Move buses that featured 3D in its design. The buses display the art for more than six months at a time.

During FY2015 GoRaleigh saw over 5.6 million boardings for the year, an average of nearly 16,000 per day. Accessible Raleigh Transportation, the city's paratransit program, had over 418,000 boardings for the year, averaging over 1,000 per day. The fast growth of the city and the anticipated expansions of public transportation lead to the opening of the new Operations and Maintenance facility (pictured in the middle) on 23 acres on the south side of Poole Road, just east of the Interstate 440 beltline. The facility, opened in May 2011, consists of a 27,400 square foot administration operations building; a 56,000 square foot maintenance building; a bus wash building; a fuel depot and a bus shelter on Poole Road for riders of GoRaleigh. The facility accommodates a 125-bus fleet, with the ability to expand to 200 buses.

Riding the bus is beneficial in several ways for the city of Raleigh. Convenient routes throughout the city include easy downtown access with the R-line, museums, major shopping centers, parks, greenways and more. Economical, earth friendly and convenient, not only does it save people money on gas and wear and tear on their own vehicles, it saves the environment when you take more of those people off of the roads.

GoRaleigh Mission Statement:

“To improve mobility for Raleigh residents and visitors by providing safe, affordable and customer-oriented transportation while proactively promoting economic opportunity, intermodal connection and sustainable regional development.”



Photo credits:

Photo on left and right by Kelly Wright, Transit Marketing
Photo in middle by Jerry Blow of Architectural Photography



The City of Raleigh
NORTH CAROLINA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

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





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INTRODUCTORY SECTION





Raleigh City Council 2014-2015



First row: Mary-Ann Baldwin, Nancy McFarlane, Kay Crowder

Second row: Bonner Gaylord, Eugene Weeks, John Odom

Third Row: Wayne Maiorano, Russ Stephenson

Nancy McFarlane - Mayor

Russ Stephenson - At Large

Eugene Weeks - District C

Wayne Maiorano - District A

John Odom - Mayor Pro Tem, District B

Kay Crowder - 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

Tansy Hayward
Assistant City Manager

Marchell Adams-David
Assistant City Manager

James Greene Jr.
Assistant City Manager

Thomas A. McCormick, Jr.
City Attorney

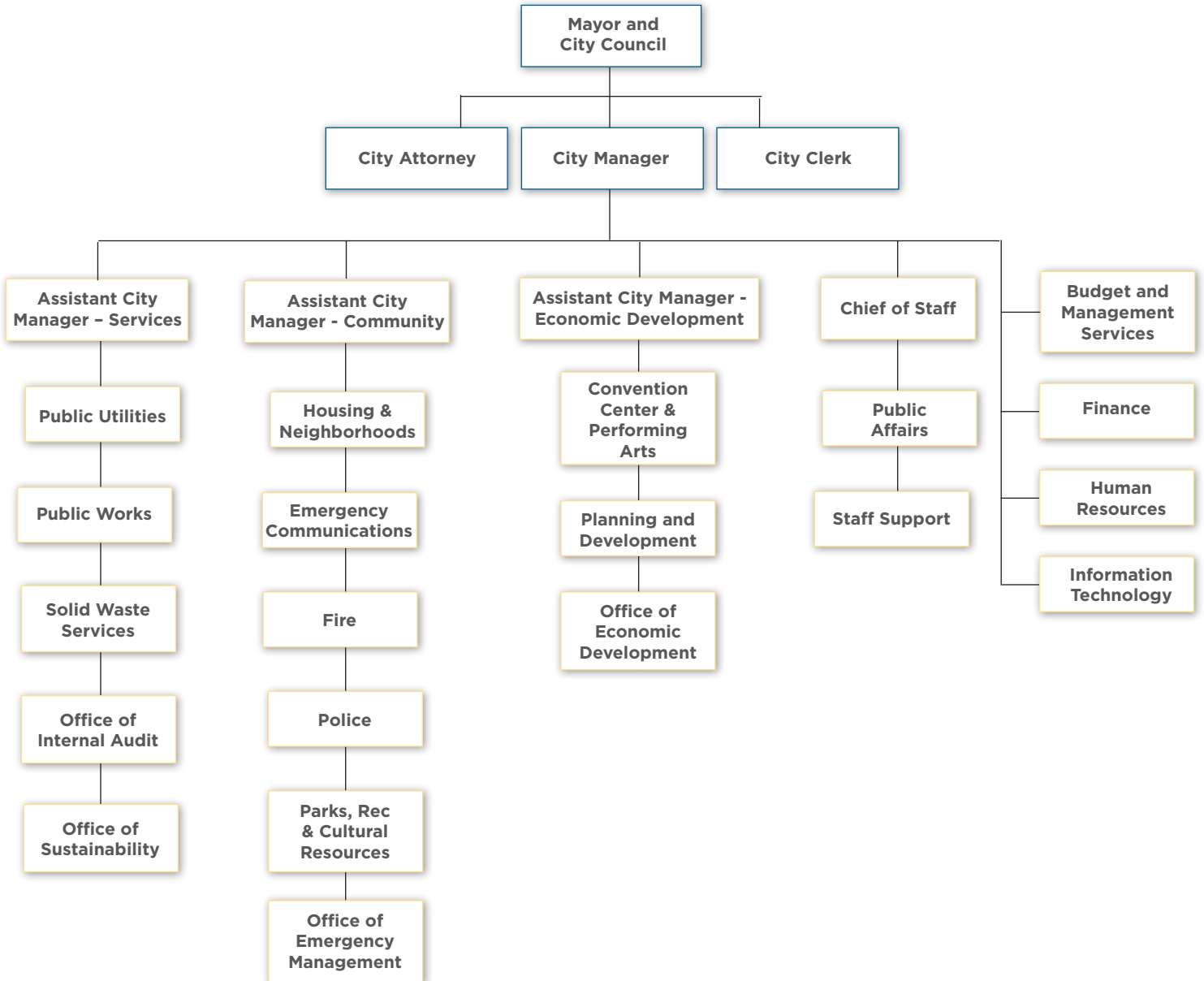
Gail G. Smith
City Clerk

Perry E. James, III
Chief Financial Officer



Perry E. James, III
Chief Financial Officer

City-Wide Organization Chart



October 28, 2015



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, 2015. State law requires that all general-purpose local governments annually publish a complete set of financial statements. The financial statements must be presented in accordance with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report complies with these requirements.

The 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 accounting principles generally accepted in the United States of America. 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, 2015, 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, 2015 are fairly presented in accordance with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

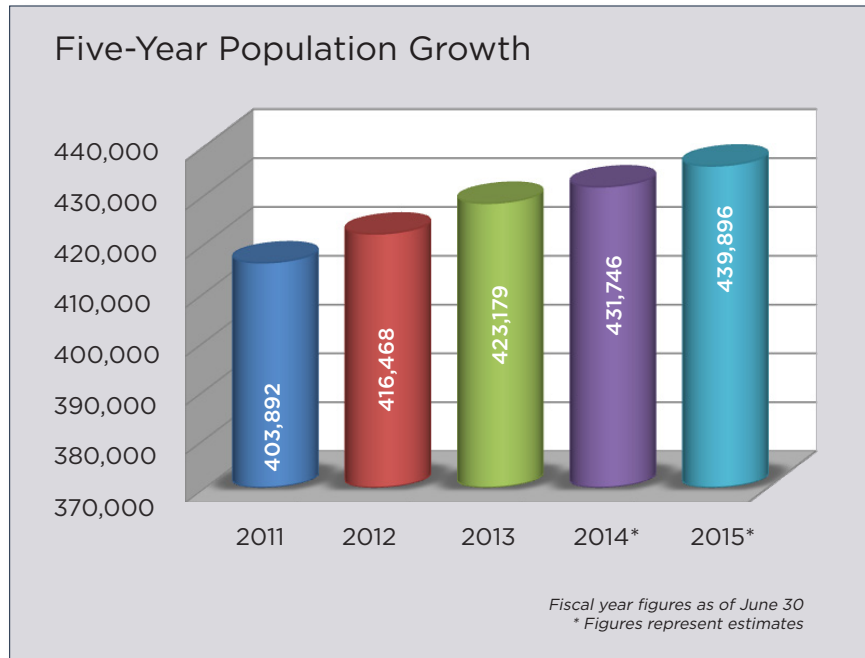
The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation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

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of 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.

222 West Hargett Street • Post Office Box 590 • Raleigh, NC 27602-0590

Profile of City of Raleigh

Raleigh is situated in the heart of the State of North Carolina, in a section called the Piedmont region, 150 miles from the Atlantic Ocean and 190 miles from the Great Smoky Mountains. The City, the county seat of Wake County and the capital of North Carolina, covers an area of more than 180 square miles and has an estimated population of 439,896. 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 1,729,000, which reflects a 30.0% 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

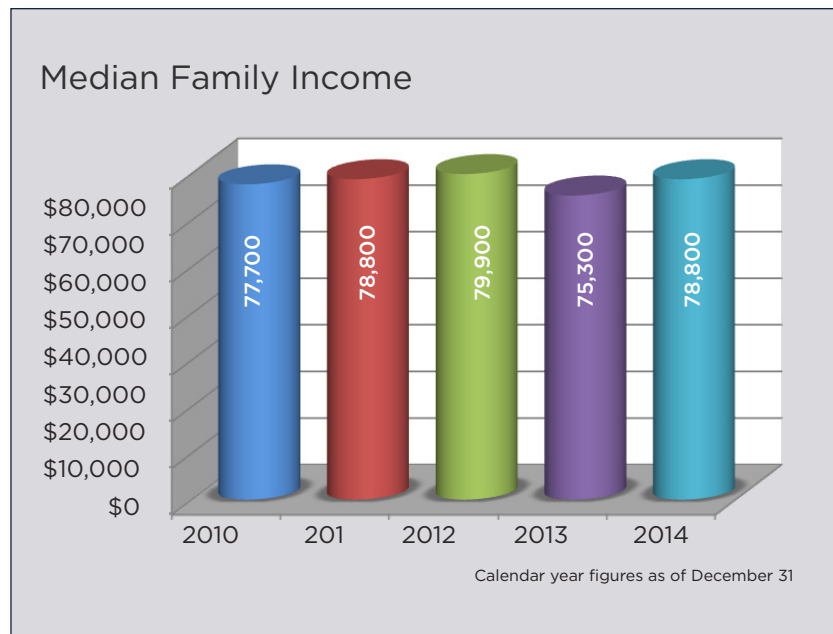
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

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

- Best Place for Business and Careers (July, 2014 - Forbes)
- 1st on list of "Mid-Sized American Cities of the Future" (April, 2015 - The Financial Times)
- 2nd on list of "Best American Cities to Find a Job" (November, 2014 - Forbes)
- 2nd on list of "Most Educated Cities/Towns in America" (September, 2014 - WalletHub)
- 3rd on list of "Best Cities to Work" (May, 2015 - WalletHub)

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 government, higher education, information technology, scientific research, healthcare 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.

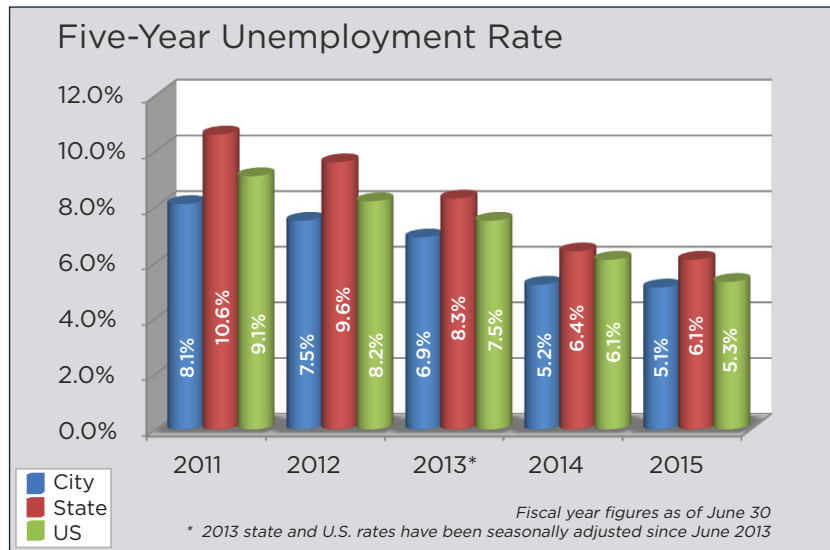
The 2015-16 budget sustains the City's long tradition of financial strength and flexibility, balanced with reinvestment in the infrastructure and services that support economic development and a high quality of life for residents. As reported to Council during the fiscal year 2015-16 budget process, financial projections for fiscal year 2015-16 show continued signs of positive revenue growth, specifically in sales tax and property tax revenues. This growth is slowed by the loss of \$7.1 million from the business privilege license tax beginning in fiscal year 2015-2016. Locally, the unemployment rate at June 30, 2015 was 5.1%, which represents a decrease from the June 2014 rate of 5.2%. Median family incomes have slightly increased from \$75,300 in calendar year 2013 to \$78,800 in calendar year 2014.



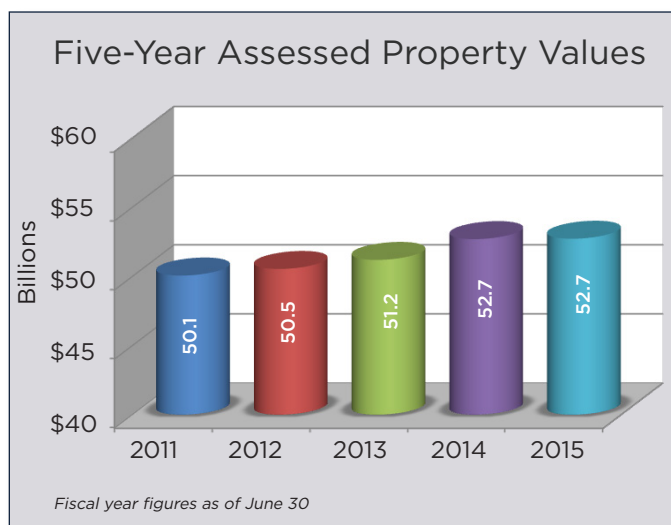
County-wide retail sales have increased approximately 10.1% from 2014 to 2015, while sales tax collections increased by 8.9% over that period. The value of construction permits increased 32.0% from \$1.2 billion in 2014 to \$1.6 billion in 2015. During this period, the City's taxable property base has gradually increased and represents a balanced tax base of commercial and industrial property complementing our residential base. Going forward, property tax revenues are projected to increase 1.5% over fiscal year 2015 projections. Park bonds approved in the November 2014 referendum increase the tax rate by 1.72 cents per \$100 valuation. Sales tax revenues are projected to increase 4% over fiscal year 2015 projections, and development revenues are projected to increase 3% 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 2015.

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 200 organizations including those of International Business Machines, Cisco Systems, GlaxoSmithKline, Syngenta and RTI International. Industry clusters such as biotechnology, information technology and emerging industries such as advanced gaming, green and nanotechnology located in RTP reflect the research strengths of the region's renowned universities. The research institutions in RTP employ more than 50,000 full-time equivalent employees and contract workers.

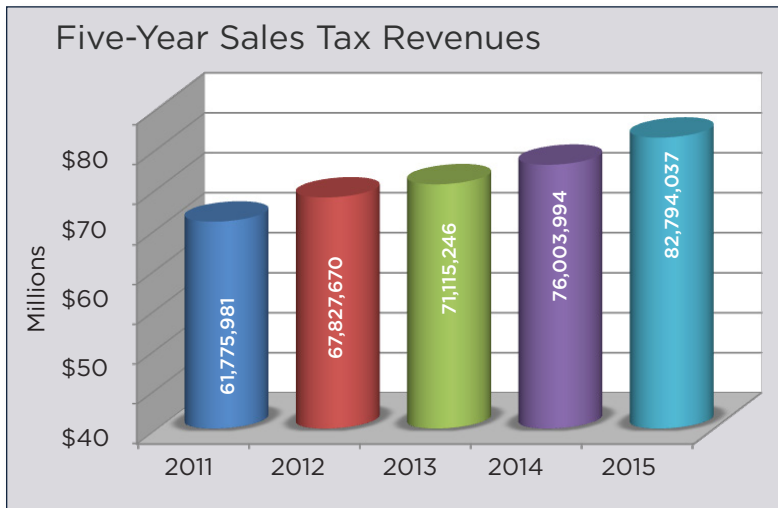


Raleigh annually attracts over 14 million visitors for conferences, special events, shopping and other attractions. This experience is enhanced by facilities such as the Raleigh Convention Center, Red Hat Amphitheater and Festival Site, PNC Arena, Walnut Creek Amphitheater, the Progress Energy Center for the Performing Arts, Marbles Museum and IMAX Theater, numerous state museums, and several major retail shopping malls. The 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, at the Progress Energy Center for the Performing Arts, hosts a diversified slate of plays and performances including productions of the NC Theatre and the Broadway Series South. The Progress Energy Center for the Performing Arts is the home of the North Carolina Symphony and the Carolina Ballet, and provides four performing arts theaters.



The City continues to recognize the economic benefits from its investment in downtown and other areas of the City. The Raleigh Convention Center has been met with outstanding bookings by regional, national and international conference groups, and continues to experience positive momentum. The Center held 238 events with approximately 404,864 attendees during the twelve month period ending June 30, 2015. The events during fiscal year 2015 included 51 conventions and tradeshow which had an estimated \$57.9 million economic impact on Wake County. The Red Hat Amphitheater has also held a large number of events since opening in June 2010. Thirty-three shows brought more than 111,000 attendees in the most recent summer season.

The City broke ground on the new communications center in July 2014, which will be a 95,000 square foot facility housing the Raleigh-Wake Emergency Communications Center, the Raleigh Emergency Operations Center, Raleigh Traffic Control Center and Raleigh Data Center. In October 2014, the City Council approved an interlocal agreement with Johnston County for future water resource planning. The City of Raleigh and Johnston County both use the Neuse River as a primary water supply source,



and this agreement is intended to make the pursuit of water supply development favorable to both entities. In November 2014, Raleigh residents approved a \$92 million bond referendum that will improve existing park and recreation facilities, acquire additional parkland and construct new parks and facilities throughout Raleigh. In May 2015, officials led a groundbreaking ceremony for Raleigh Union Station, a passenger rail station in downtown Raleigh. Raleigh Union Station is a joint initiative of the North Carolina Department of Transportation and the City of Raleigh, with assistance from GoTriangle. The project will increase safety, capacity and efficiency to the railroad corridor between

Raleigh and Charlotte. Also in May 2015, the Governor of North Carolina and Mayor of Raleigh signed a purchase contract allowing the City of Raleigh to acquire the Dorothea Dix property from the State of North Carolina, a 308-acre site that the City plans to develop into a destination park. This deal was finalized for \$52 million in July 2015.

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 2014-15 through 2018-19. 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 2015 results that are built into the 2015-16 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.

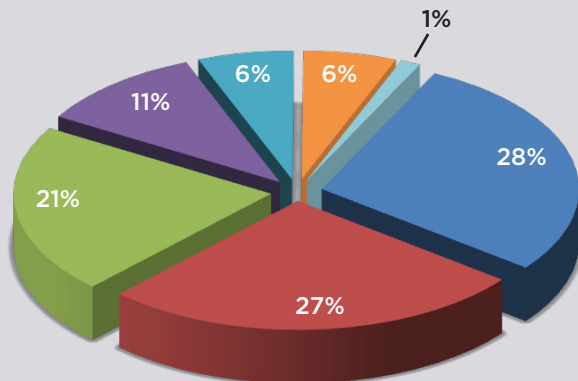
Major Initiatives

For the Year 2014-2015

The City's Annual Budget for 2014-15, inclusive of operating and capital programs, increased by 6.6% from the prior year. The budget reflects signs of positive growth in property and sales tax revenues, as well as increasing service demands as the Raleigh community grows. The fiscal year 2014-15 budget reflects a projected 1.7% increase in property tax revenues over projected fiscal year 2014 results, an increase in development revenues of 2.5% due to increasing permits and economic development activities, as well as a 7.4% increase in sales tax over projected fiscal year 2014 results. The 2014-15 operating budget funds the continuation of current operations and provides additional funding for structural and service-demand driven operational costs and reinvestment in capital equipment and maintenance.

Capital improvement budgets in fiscal year 2014-15 included new and/or continuing projects totaling \$148.9 million, including traditional project funding for transportation, utilities, parks, stormwater, housing and general public improvements. The capital improvement budget remained relatively flat compared to fiscal year 2013-14.

Adopted Budget 2014 - 2015

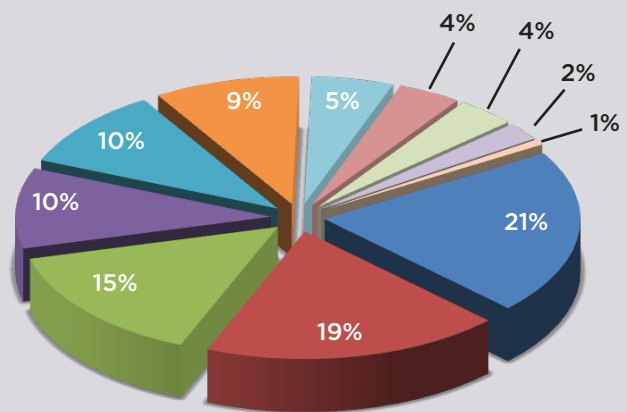


Revenues \$754,208,491

- Property tax - \$212.9 m
- Water/sewer charges - \$201.6 m
- Interest, fees, miscellaneous - \$160.8 m
- Sales tax - \$79.7 m
- Intergovernmental - \$45.6 m
- Debt and program reserves - \$44.2 m
- Federal and state grants - \$9.4 m

Expenditures \$754,208,491

- Public safety - \$157.6 m
- Capital debt service - \$142.7 m
- Public utilities - \$111.4 m
- Capital improvements - \$77.1 m
- Leisure services - \$75.7 m
- Public Works & Public Transit - \$69.4 m
- General government and external agencies - \$39.2 m
- Solid waste services - \$30.1 m
- Community development services - \$28.3 m
- Information technology - \$17.3 m
- Financial management - \$5.4 m



Amount in millions

For the Future

The fiscal year 2015-16 Annual Budget was adopted by the City Council on June 15, 2015. The combined capital and operating budget for the fiscal year beginning July 1, 2015 totals \$833.6 million, representing a 10.5% increase from the fiscal year 2014-15 Annual Budget. The fiscal year 2015-16 budget reflects a projected 1.5% increase in property tax revenues over projected fiscal year 2015 results, an increase in development revenues of 3.0% due to increasing permits and economic development activities, as well as a 4.0% increase in sales tax over projected fiscal year 2015 projections. The 2015-16 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 2015-16 budget included responding to increasing development activity, plan review and inspections, addressing community growth pressures, investing in human capital with competitive compensation and benefits, and improving service efficiency and business processes.

The 2015-16 capital budget includes new and/or continuing projects totaling \$215.6 million. This budget includes traditional project funding for transportation, utilities, parks, stormwater, housing and general public improvements. Fiscal year 2015-16 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.

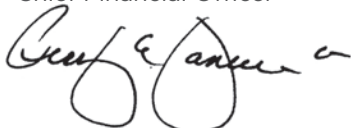
It is also appropriate to thank the Mayor and members of the City Council for making possible the excellent financial position of the City through their interest and support in planning and conducting the financial affairs of the City.

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, 2014

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, 2015, 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, 2015, 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.

Emphasis of Matter

As discussed in Note 4.G to the basic financial statements, the City adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, net positions as of June 30, 2014 of the governmental and business-type activities, and fund balance of the proprietary fund have been restated. Our opinion is not modified with respect to this matter.

As discussed in Note 4.G to the basic financial statements, effective July 1, 2014, the City adopted an alternate accounting principle related to the accounting treatment and reporting of long-term loans receivable which it believes are preferable to the principles which were replaced. Our opinion is not modified with respect to this matter.

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 28, 2015, 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.

A handwritten signature in black ink that reads "Cherry Beckett CP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 28, 2015

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, 2015. 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

In 2014-15, the City maintained its strong financial position for both its general governmental and business-type funds. Key indicators of that were overall positive budget variances, increases in fund balance amounts, growth of key general tax and business-type revenues, and continued funding of long-term pensions, risk management claims and OPEB liabilities on an actuarial basis. Consistent with those indicators, the City's general obligation ratings remained AAA/Aaa.

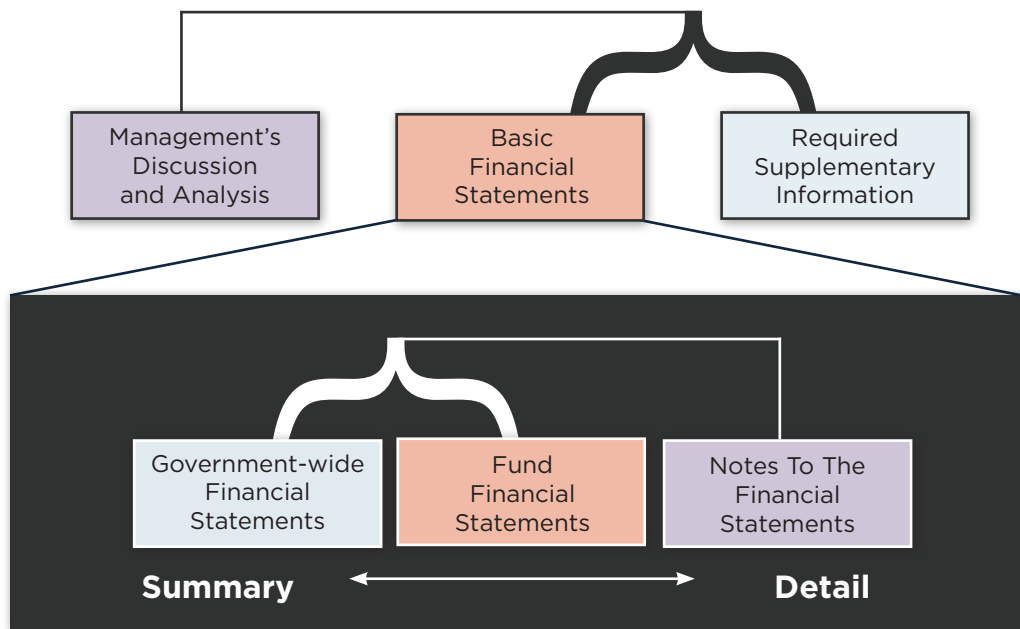
- The assets and deferred outflows of resources of the City of Raleigh exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,067.9 million (*net position*).
 - This amount represents a \$159.1 million increase in operating results from prior year, or 8.2%
 - Of this amount, \$387.2 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 \$573.7 million.
 - Of this total amount, 56.5% or \$324.0 million is assigned for specific purposes as identified by the City
 - \$83.4 million, or 14.5%, is unassigned in the general fund and is available for spending at the City's discretion
 - \$78.2 million is assigned in fund balance for future debt service
- At the end of the current fiscal year, fund balance for the General fund was \$249.8 million.
- Highlights of financing issues and activities for the City during 2014-15 are as follows:
 - The City issued \$66.7 million in limited obligation bonds to finance the construction of the new communications center and a fire station
 - The City issued \$21.4 million in limited obligation bonds to refund remaining parking certificate of participation obligations, which will reduce future gross debt service payments by \$4.9 million over an average of twenty years
 - The City issued \$47.8 million in revenue bonds to refund remaining revenue bond obligations, which will reduce future gross debt service payments by \$10.1 million over an average of twenty years
 - The City issued \$35.1 million in general obligation bonds to finance capital projects for Street improvement (\$5.1 million), Parks (\$20.0 million) and taxable Housing bonds (\$10.0 million)
 - The City drew down \$4.7 million from the PNC Bank drawdown program to fund various capital projects as follows:
 - General Government (Sandy Forks Road improvements) - \$1.0 million
 - Convention Center Complex (Performing Arts) enterprise fund - \$3.7 million
- The City of Raleigh maintained its AAA/Aaa general obligation bond rating from all three major rating agencies. Further, the water and sewer fund's revenue bond program, already rated AAA by two of the three major rating agencies, was put on positive outlook by the third rating agency.

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. Internal service funds are also presented within this section.
 - Fiduciary fund statements provide information about the financial relationships—for example, the retirement plan for the City's employees—in which the City acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

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. The figure above shows how the required parts of this annual report are arranged and relate to one another. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources compared to liabilities and deferred inflows of resources, with the difference between reported as net position. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases and decreases in net position may serve as useful indicators of whether the financial position of the City 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*), an organization formed to be the financing conduit for certain debt issuances such as certificate of participation. The WCFAC, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

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

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

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Raleigh, like all other governmental entities in North Carolina, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as the general statutes or the City's budget ordinance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains nineteen 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 eighteen 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 governmental and business-type activities such as risk management, employees' health benefits trust and vehicle fleet services. The City also maintains equipment replacement funds for governmental, solid waste services and public utilities. The internal services benefit government-wide functions except for the public utilities and solid waste services equipment replacement funds, which benefit business-type functions. These services have been included within their respective predominant activities in the government-wide financial statements.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-64 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Raleigh's progress in funding its obligation to provide pension benefits to City employees, which includes Other Post-Employment Benefits (OPEB), Local Government Employees' Retirement System (LGERS), as well as Law Enforcement Officers (LEO). Required supplementary information can be found on pages 65 - 70 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 71 - 125 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 \$2,067.9 million at the close of the most recent fiscal year, compared to \$1,947.8 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	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$635.3	\$700.1	\$383.6	\$444.1	\$1,018.9	\$1,144.2
Capital assets	912.2	998.9	1,749.4	1,784.8	2,661.6	2,783.7
Deferred outflows of resources	6.0	16.6	82.9	91.6	88.9	108.2
Total assets and deferred outflows of resources	1,553.5	1,715.6	2,215.9	2,320.5	3,769.4	4,036.1
Long-term debt outstanding	548.2	637.1	1,108.9	1,105.7	1,657.1	1,742.8
Other liabilities	48.7	47.5	112.8	117.6	161.5	165.1
Deferred inflows of resources	0.8	44.8	2.2	15.5	3.0	60.3
Total liabilities and deferred inflows of resources	597.7	729.4	1,223.9	1,238.8	1,821.6	1,968.2
Net investment in capital assets	568.3	601.8	730.8	763.3	1,299.1	1,365.1
Restricted	285.7	315.7	-	-	285.7	315.7
Unrestricted	101.8	68.7	261.2	318.4	363.0	387.1
Total net position	\$955.8	\$986.2	\$992.0	\$1,081.7	\$1,947.8	\$2,067.9

By far the largest portion of the City of Raleigh's net position (\$1,365.1 million or 66.0%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) net of any related debt used to acquire those assets that is still outstanding. The City 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 (\$315.7 million or 15.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$387.1 million or 18.7%) may be used to meet the City's ongoing operations.

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 \$159.1 million in operating results from prior year. The following table summarizes the changes in net position, including a restatement amount of \$39.0 million:

Changes in Net Position						
<i>(in millions of dollars)</i>						
	Governmental Activities		Business-type Activities		Total Activities	
	2014	2015	2014	2015	2014	2015
Revenues:						
Program revenues:						
Charges for services	\$43.1	\$46.2	\$267.8	\$289.1	\$310.9	\$335.3
Operating grants and contributions	32.4	35.3	6.8	9.0	39.2	44.3
Capital grants and contributions	8.7	10.1	3.8	13.7	12.5	23.8
General revenues:						
Property taxes	203.5	214.3	-	-	203.5	214.3
Other taxes	128.7	135.8	-	-	128.7	135.8
Other	18.9	20.5	3.3	2.0	22.2	22.5
Total revenues	435.3	462.2	281.7	313.8	717.0	776.0
Expenses:						
General government	40.8	37.4	-	-	40.8	37.4
Community development services	23.3	22.9	-	-	23.3	22.9
Public works	57.9	50.7	-	-	57.9	50.7
Public safety	155.6	147.9	-	-	155.6	147.9
Leisure services	61.7	63.8	-	-	61.7	63.8
Economic development programs	7.9	4.9	-	-	7.9	4.9
Interest on long-term debt	16.6	18.7	-	-	16.6	18.7
Water and sewer	-	-	144.9	146.9	144.9	146.9
Convention center	-	-	33.9	33.9	33.9	33.9
Mass transit	-	-	35.4	37.9	35.4	37.9
Parking facilities	-	-	11.8	11.5	11.8	11.5
Stormwater management	-	-	10.4	12.2	10.4	12.2
Solid waste services	-	-	30.5	28.4	30.5	28.4
Total expenses	363.8	346.3	266.9	270.8	630.7	617.1
Increase in net position before transfers	71.5	115.9	14.8	43.0	86.3	158.9
Transfers in (out)	(46.2)	(54.8)	46.2	54.8	-	-
Gain on the sale of property	6.2	0.2	-	-	6.2	0.2
Increase in net position	31.5	61.3	61.0	97.8	92.5	159.1
Net position, beginning of year	924.3	955.8	931.0	992.0	1,855.3	1,947.8
Restatement	-	(30.9)	-	(8.1)	-	(39.0)
Net position, end of year	\$955.8	\$986.2	\$992.0	\$1,081.7	\$1,947.8	\$2,067.9

During fiscal year 2015 the City’s beginning net position was impacted by the required implementation of two changes in accounting principles. Each restatement is detailed in the below sections.

Pension Restatement. The City implemented Governmental Accounting Standards Board (GASB), Statement No. 68, “Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27” for the fiscal year ended 2015. The primary objective of this Statement is to improve accounting and financial reporting for pensions, provide decision-useful information and additional transparency. The implementation of this standard impacted both the governmental and business-type activities.

With the reporting change, the City was allocated its proportionate share of the Local Government Employees’ Retirement System’s net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. The previous standard focused on funding levels of the pension plan as a basis for calculating the data presented in financial statements. The new standard calculates the fair value of assets held compared to the present value of benefits owed, and pension expense is recognized when the benefit is earned rather than when it is paid. As of June 30, 2015, the City’s share of the net pension asset is \$21,863,612. A restatement, due to a change in accounting principal, was required by the Statement to record the effects of the reporting guidance, which decreased beginning net position by \$31,044,483.

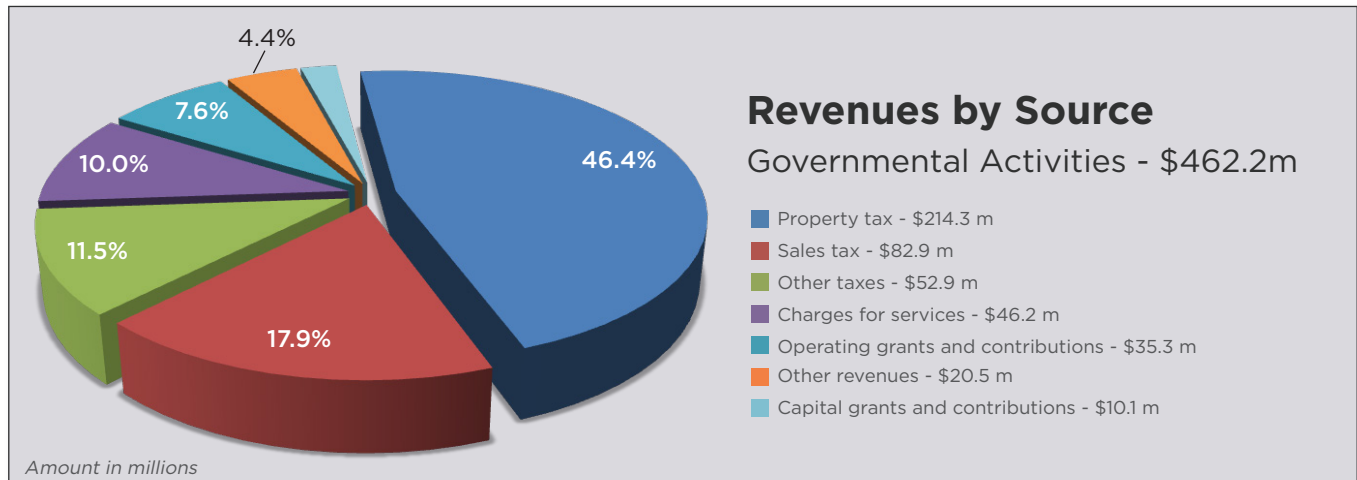
While the City reported a net pension asset for June 30, 2015, there will be fluctuations from year to year due to actuarial assumptions and investment earnings. The North Carolina pension plan ranks among one of the top three funded pension plans in the country. The decisions regarding the allocations are made by the administrators of the pension plan, not by the City of Raleigh’s management.

Loans Receivable Restatement. The City implemented changes in accounting principles for its long-term revolving loan programs accounted for in various governmental funds for the fiscal year ended June, 30 2015. The changes in accounting principles were issued in memorandum # 2016-02 issued on August 3, 2015 by the Department of State Treasurer, Local Government Commission. In summary, this change impacted how loans are presented in the financial statements.

This change in accounting principal resulted in a total restatement of \$59,029,492 of fund balance in the governmental funds noted. This increase to fund balance was the result of writing off the deferred inflows of resources associated with these loans, creating an allowance for doubtful accounts and removing the current year loan activity from the operating statement. The creation of the allowance account ensures the City’s loan receivable balances are stated at realizable value.

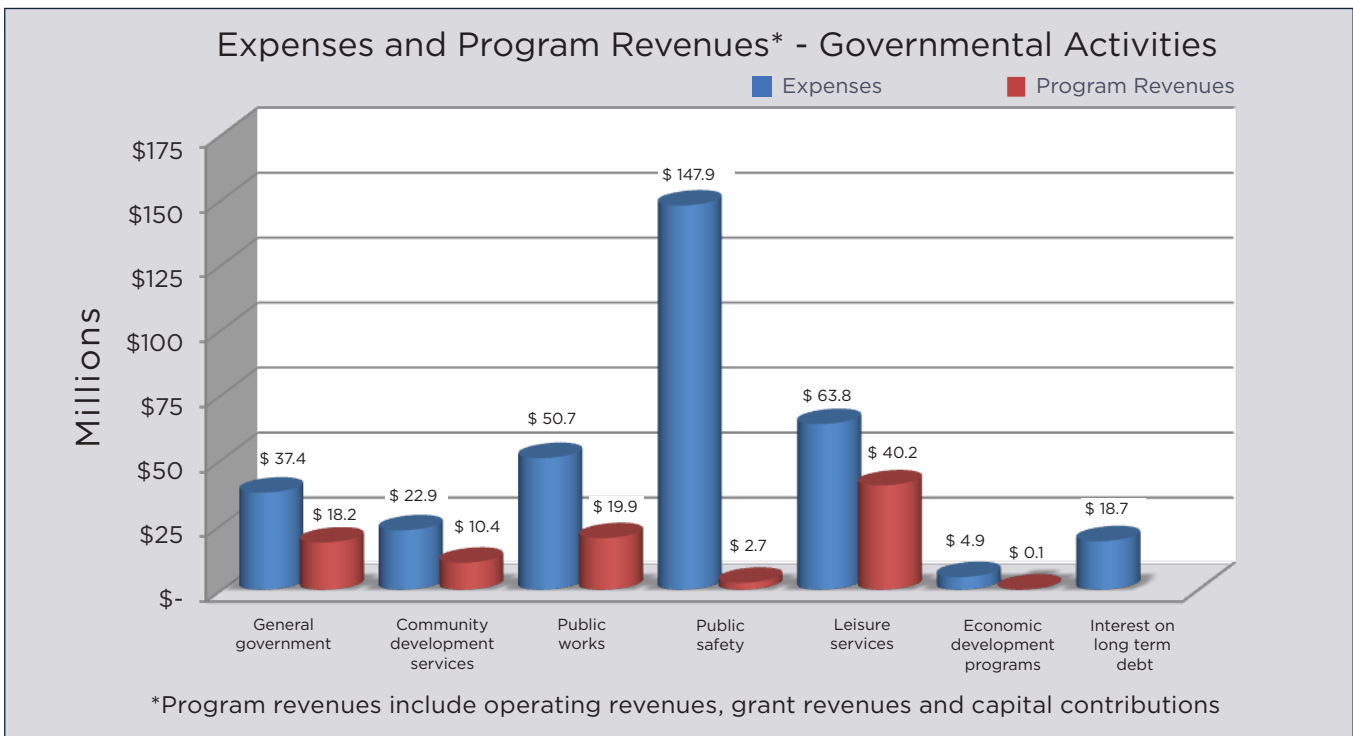
GOVERNMENTAL ACTIVITIES

Revenues for the City’s governmental activities were \$462.2 million, while expenses were \$346.3 million. The increase in net position for governmental activities (after transfers out of \$54.8 million) and the gain on the sale of property of \$0.2 million was \$30.4 million, net of restatements in fiscal year 2014-15.



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

- The City received \$370.6 million (or 80.2%) in general revenues from taxes and other revenues:
 - Property taxes - \$214.3 million
 - Sales taxes - \$82.9 million
 - Other taxes - \$52.9 million
- General revenues are used to pay for \$254.7 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 \$46.2 million in charges for those services.
- Other governments and organizations subsidized certain City programs with grants and contributions totaling \$45.4 million. Some of these grants and contributions include:
 - Support from various federal and state agencies - \$23.0 million
 - Interlocal support from Wake County for debt service and other expenses on the convention center \$22.2 million
- The total cost of all governmental activities this year was \$346.3 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 85.2% of the total governmental activities:
 - Public safety - 35.8%
 - Community development - 21.7%
 - Leisure services - 15.4%
 - Public works - 12.3%
- 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 and sales taxes received by the City are used to subsidize the gap between program expenditures and program revenues.



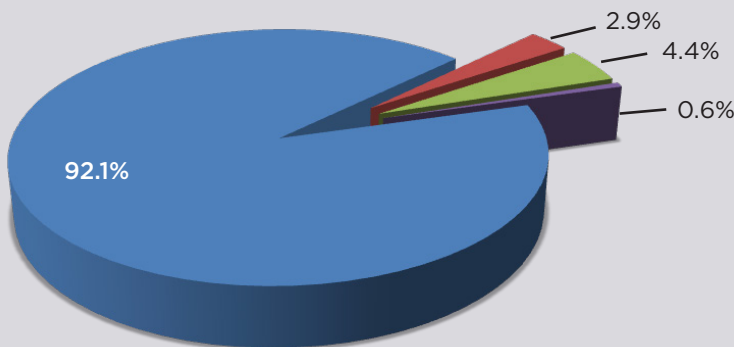
BUSINESS-TYPE ACTIVITIES

Revenues of the City's business-type activities were \$313.8 million, and expenses were \$270.8 million. The increase in net position for business-type activities (after transfers in of \$54.8 million and before restatement associated with GASB 68 of \$8.1 million) was \$97.9 million in 2015. 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	
	2014	2015	2014	2015
Water and sewer	\$145.0	\$146.9	\$55.9	\$71.0
Convention center	33.9	33.9	(20.9)	(20.6)
Mass transit	35.4	37.9	(22.7)	(14.0)
Parking facilities	11.8	11.5	0.5	2.0
Stormwater management	10.4	12.2	6.7	6.9
Solid waste services	30.5	28.4	(8.1)	(4.3)
Total	\$267.0	\$270.8	\$11.4	\$41.0



Revenues by Source

Business-type Activities - \$313.8m

- Charges for services - \$289.1 m
- Operating grants and contributions - \$9.0 m
- Capital grants and contributions - \$13.7 m
- Other revenue - \$2.0 m

Amount in millions

Water and sewer operating revenue of \$212.6 million reflects an increase of 7.8% 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, as well as new infrastructure fees. Operating expenses of \$123.8 million increased 1.1% from 2013-14, which was consistent with expectations.

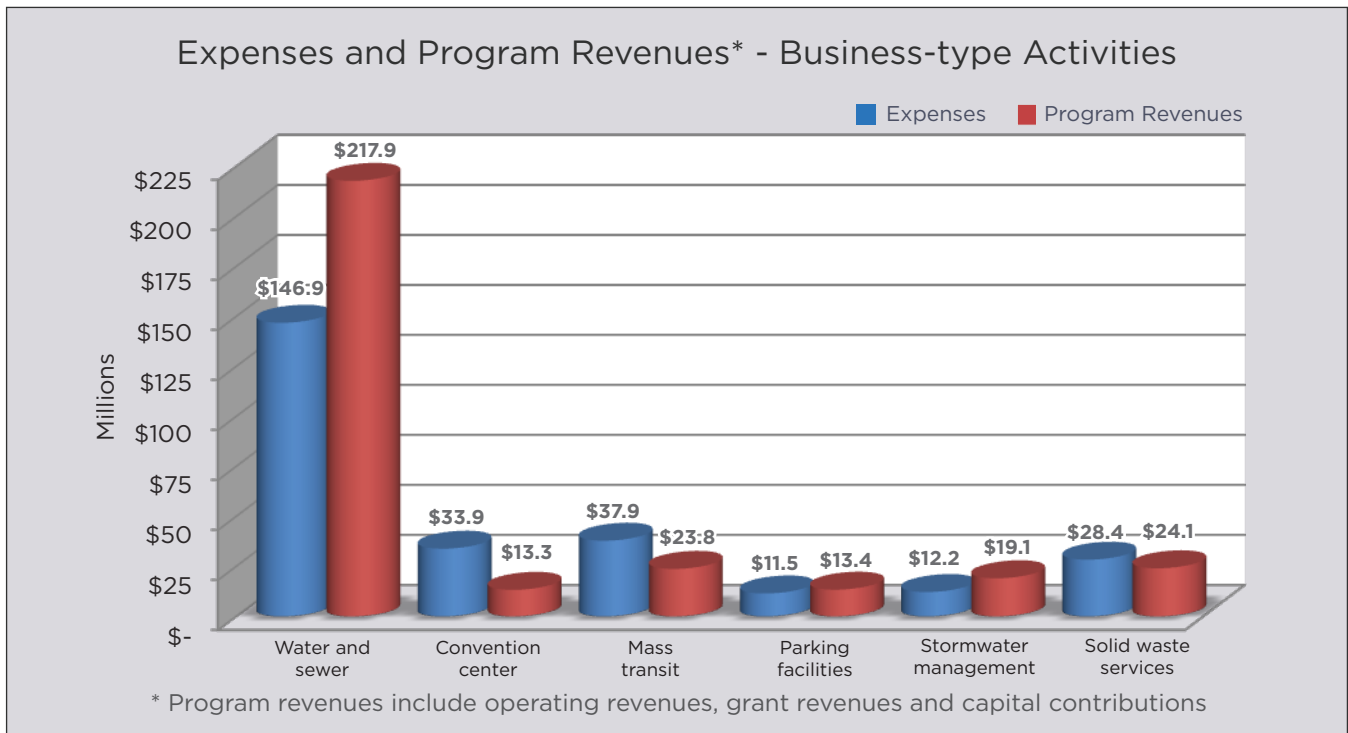
Convention Center operations including the Performing Arts venue delivered \$13.3 million of operating revenues in 2014-15, an increase of 3.1% compared to 2013-14. This increase was a result of positive increases in event revenue as compared to the prior year. Operating expenses remained relatively flat as compared to the prior year. Overall, operations were consistent with expectations.

The parking facilities operations generated \$13.2 million of revenues in 2014-15, an increase of 9.1% compared to 2013-14. This was driven by an increase in reserved parking rates and an increase in downtown parking demand. Parking facilities receives a small subsidy from the general fund. Operating expenses remained relatively flat as compared to prior year, which was consistent with expectations.

Mass transit operating revenues of \$7.3 million reflects a 35.2% increase from the prior year. This was a result of increased ridership and an increase in fares, as well as the addition of express routes. Operating expenses of \$37.9 million increased 7.1% from 2013-14. 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 \$17.5 million in 2014-15 are 2.9% higher than in 2013-14. Stormwater fees were positively impacted by continued development and growth throughout the City. Operating expenses of \$12.2 million increased 15.1% from 2013-14, mostly due to a reorganization that resulted in several new positions and lease payments for new office space.

Solid waste services operating revenues of \$24.1 million increased 8.6% from the prior year due to an approved solid waste collection fee increase for 2014-15, and the City's goal is for solid waste services to have an 80% cost recovery within three years. Solid waste services operations are subsidized by the general fund. Operating expenses remained relatively flat compared to 2013-14, 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 \$573.7 million, an increase of \$108.1 million or 23.2%, in comparison with the prior year. Classification of this fund balance is as follows:

- Approximately 12.8% is considered to be *nonspendable*, representing the City's investment in inventories and loans receivable.
- Approximately 16.2% is *restricted* to indicate that it is not available for new spending because it has already been restricted for:
 - State statute - \$51.2 million
 - Debt service costs and encumbrances - \$36.3 million
 - Federal program reserves - \$3.2 million
 - Public safety - \$2.0 million
- Approximately 56.5% constitutes *assigned fund balance*, which is available for spending at the government's discretion.
- The remaining fund balance of 14.5% is *unassigned*, and represents the City's residual net resources.

Governmental Fund Balance Classification at June 30, 2015 (in millions of dollars)

	General Fund	Nonmajor Governmental	Total Governmental	%
Nonspendable	\$4.0	\$69.5	\$73.5	12.8%
Restricted:				
State statute	51.2	-	51.2	8.9%
Debt service	-	36.3	36.3	6.3%
Federal programs	3.2	-	3.2	0.6%
Public safety	-	2.0	2.0	0.4%
	54.4	38.3	92.7	16.2%
Assigned	108.6	216.0	324.6	56.5%
Unassigned	83.4	-	83.4	14.5%
Total fund balance	\$250.4	\$323.8	\$574.2	100.0%

The general fund is the chief operating fund of the City. The fund balance of the City's general fund increased by \$23.1 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 \$83.4 million represents 18.0% of the 2015-16 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 revenues recognized positive budget variances during 2014-15 with actual results coming in at \$13.6 million above final budget. Revenue was positively impacted by continued improvement in 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 \$52.3 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, 2015, amounts to \$2,783.7 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 \$122.1 million, a 4.6% increase over prior year.

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

- Construction began and/or was completed for governmental activities including a variety of street, park and greenway projects. Total governmental projects completed and capitalized in fiscal year 2014-15 were \$27.9 million. Examples include:
 - Improvements to Pullen Park were completed for a total capitalized cost of \$8.6 million
 - The Five Points Center for Active Adults was completed for a total capitalized cost of \$8.4 million
 - Several other streets and parks projects were completed for a total capitalized cost of \$10.9 million
- Governmental equipment acquisitions added \$11.7 million to the City's rolling stock inventory
- Construction in progress for all governmental activities was \$347.2 million

- Construction began and/or was completed on additional facilities for various enterprise operations. Total enterprise projects completed and capitalized in fiscal year 2014-15 amounted to \$40.1 million. There were significant enterprise projects completed that attributed to the total including:
 - Poplar Creek Sewer Interceptor - \$6.6 million
 - Neuse River Waste Water Treatment Plant Electrical Improvements - \$5.0 million
 - Little River Reservoir Wetland Mitigation - \$4.7 million
 - Mingo Creek Parallel Sewer - \$3.5 million
 - Wendell Infiltration & Inflow Improvements - \$3.1 million
 - Dunn Road Sewer Replacement - \$2.7 million
 - Zebulon Infiltration & Inflow Improvements - \$2.5 million
 - Other enterprise projects were completed for a total capitalized cost of \$12.0 million
- Enterprise equipment acquisitions added \$7.6 million to the City's rolling stock inventory
- Construction in progress for all enterprise activities was \$316.1 million
- Annexations added \$4.4 million to streets for governmental activities and \$4.2 million to water and sewer systems for the business-type activities

Additional information on the City's capital assets can be found on pages 31 - 33 of the notes to the financial statements of this report.

Capital Assets*

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Activities	
	2014	2015	2014	2015	2014	2015
Land	\$149.5	\$149.8	\$81.2	\$81.2	\$230.7	\$231.0
Construction in progress	259.3	347.2	296.4	316.1	555.7	663.3
Watershed protection rights	-	-	4.7	4.7	4.7	4.7
Buildings and machinery	60.3	57.6	311.1	301.3	371.4	358.9
Water and sewer systems	-	-	810.0	823.6	810.0	823.6
Streets and sidewalks	289.4	272.5	0.9	0.8	290.3	273.3
Parking decks	-	-	110.4	106.8	110.4	106.8
Buses	-	-	8.3	14.8	8.3	14.8
Equipment	20.2	25.4	21.5	23.2	41.7	48.6
Furniture and fixtures	0.1	0.1	-	-	0.1	0.1
Improvements	99.9	114.6	104.9	112.3	204.8	226.9
Enterprise-wide software	33.6	31.7	-	-	33.6	31.7
Total	\$912.3	\$998.9	\$1,749.4	\$1,784.8	\$2,661.7	\$2,783.7

* Amounts shown net of accumulated depreciation

Long-term debt. At the end of the current fiscal year, the City had total general obligation bonds outstanding of \$332.2 million. The remainder of the City's debt represents revenue bonds (\$646.4 million) and installment financing agreements (\$631.7 million - installment notes, COPS, etc.) secured solely by specified revenue sources and property.

State statute limits the amount of general obligation debt a governmental entity may issue to 8.0% of the total assessed value of taxable property. The City's outstanding net debt of \$1,134.7 million (*Legal Debt Margin Information statistical schedule*) is significantly less than the current debt limitation of \$4,218.1 million.

Long-Term Debt						
<i>(in millions of dollars)</i>						
	Governmental Activities		Business-type Activities		Total Activities	
	2014	2015	2014	2015	2014	2015
General obligation bonds	\$316.8	\$330.4	\$3.4	\$1.8	\$320.2	\$332.2
Revenue bonds	-	-	665.9	646.4	665.9	646.4
Installment financing agreements	157.4	225.9	388.6	405.8	546.0	631.7
Total	\$474.2	\$556.3	\$1,057.9	\$1,054.0	\$1,532.1	\$1,610.3

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 37 - 48 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, 2015 continued to show improvements year over year, reflecting more positive trends in the local and national economy. The improvements in property tax, sales tax and certain growth related revenues are projected to continue for fiscal year 2015-16 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 2015-16 fiscal year include the following:

- The 2015-16 combined budgets for operating and capital programs totals \$833.6 million, representing a 10.5% overall increase over the 2014-15 combined budget.
- The adopted General Fund budget for 2015-16 of \$434.9 million increased 4.4% over the prior year adopted budget.
 - The primary revenue source, property taxes, is budgeted at \$226.7 million, an increase of \$13.8 million, or 6.5% from 2014-15
 - The property tax rate increased by 1.72 cents per \$100 valuation for a park bond referendum in November 2014
 - The 2015-16 budget for sales tax is \$86.7 million, an increase of \$7.0 million, or 8.8% from 2014-15
- Consistent with the City's multi-year utility rate model, the budget for water and sewer charges increased 6.9% from \$201.6 million to \$215.5 million for the 2015-16 budget year. This increase is attributed to water and sewer rate adjustments.
- The 2015-16 capital budget includes new and/or continuing projects totaling \$215.6 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, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 399,452,765	\$ 302,243,919	\$ 701,696,684
Taxes receivable, net of allowance for uncollectibles of \$9,337,673	485,056	-	485,056
Assessments receivable, net of allowance for uncollectibles of \$227,914	761,291	1,336,915	2,098,206
Customer receivables, net of allowance for uncollectibles of \$9,363,360	21,606	25,137,711	25,159,317
Due from transit management	-	276,806	276,806
Due from other governmental agencies	14,410,637	9,387,487	23,798,124
Accrued interest receivable	785,640	568,331	1,353,971
Other receivables and assets	9,641,802	780,010	10,421,812
Sales tax receivable	25,004,842	3,132,333	28,137,175
Internal balances	(5,847,570)	5,847,570	-
Inventories	4,136,756	9,303,115	13,439,871
Assets held for resale	11,625,378	-	11,625,378
Loans receivable, net of allowance \$7,978,075	58,480,473	-	58,480,473
Cash and cash equivalents/investments - restricted deposits and bond proceeds	161,645,308	80,358,357	242,003,665
Net law enforcement officer's pension asset	3,363,462	-	3,363,462
Net pension asset	16,145,270	5,718,342	21,863,612
Capital assets:			
Land and construction in progress	497,033,941	402,014,616	899,048,557
Other capital assets, net of depreciation	501,888,790	1,382,794,449	1,884,683,239
Total assets	1,699,035,447	2,228,899,961	3,927,935,408
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized refunding charges	5,085,522	19,742,354	24,827,876
Contributions to pension plan	11,560,233	2,919,389	14,479,622
Accumulated decrease in fair value of hedging derivatives	-	68,944,224	68,944,224
Total deferred outflows of resources	16,645,755	91,605,967	108,251,722
LIABILITIES			
Accounts payable	19,154,378	12,130,759	31,285,137
Accrued salaries and employee payroll taxes	10,322,593	299,094	10,621,687
Accrued interest payable	4,955,919	10,939,918	15,895,837
Sales tax payable	-	41,459	41,459
Rehabilitation loans escrow	1,712,767	-	1,712,767
Due to other governmental agencies	-	441,918	441,918
Other current liabilities	171,737	-	171,737
Escrow and other deposits payable from restricted assets	1,535,764	24,048,570	25,584,334
Reimbursable facility fees	7,524,703	-	7,524,703
Derivative instrument liability	-	68,944,224	68,944,224
Long-term liabilities:			
Due within one year	71,776,450	58,564,183	130,340,633
Due in more than one year	565,361,859	1,047,105,386	1,612,467,245
Net OPEB pension liability	2,158,186	764,387	2,922,573
Total liabilities	684,674,356	1,223,279,898	1,907,954,254
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	4,763,537	1,377,318	6,140,855
Pension deferrals	39,935,631	14,144,425	54,080,056
Prepaid taxes and assessments	128,064	-	128,064
Total deferred inflows of resources	44,827,232	15,521,743	60,348,975
NET POSITION			
Net investment in capital assets	601,801,929	763,249,218	1,365,051,147
Restricted for:			
Capital projects	212,329,559	-	212,329,559
Community development projects	48,924,677	-	48,924,677
Stabilization by state statute	51,240,619	-	51,240,619
Federal programs	3,154,969	-	3,154,969
Unrestricted	68,727,861	318,455,069	387,182,930
Total net position	\$ 986,179,614	\$ 1,081,704,287	\$ 2,067,883,901

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 37,368,016	\$ 14,696,292	\$ 3,536,342	\$ -
Community development services	22,866,940	1,901,968	5,088,360	3,435,966
Public works	50,718,923	12,950,237	2,005,021	4,966,483
Public safety	147,887,379	448,243	2,235,572	-
Leisure services	63,834,552	16,189,098	22,363,893	1,677,721
Economic development programs	4,868,486	2,037	66,660	-
Interest on long-term debt	18,734,732	-	-	-
Total governmental activities	346,279,028	46,187,875	35,295,848	10,080,170
Business-type activities:				
Water and sewer	146,918,566	213,297,971	-	4,621,487
Convention center complex	33,885,969	13,341,761	-	-
Mass transit	37,853,739	7,356,151	8,652,531	7,799,716
Parking facilities	11,456,359	13,417,340	-	-
Solid waste services	28,449,904	24,169,660	-	-
Stormwater	12,205,311	17,458,733	376,686	1,267,032
Total business-type activities	270,769,848	289,041,616	9,029,217	13,688,235
Total City of Raleigh	\$ 617,048,876	\$ 335,229,491	\$ 44,325,065	\$ 23,768,405

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Governmental activities:			
General government	\$ (19,135,382)	\$ -	\$ (19,135,382)
Community development services	(12,440,646)	-	(12,440,646)
Public works	(30,797,182)	-	(30,797,182)
Public safety	(145,203,564)	-	(145,203,564)
Leisure services	(23,603,840)	-	(23,603,840)
Economic development programs	(4,799,789)	-	(4,799,789)
Interest on long-term debt	(18,734,732)	-	(18,734,732)
Total governmental activities	(254,715,135)	-	(254,715,135)
Business-type activities:			
Water and sewer	-	71,000,892	71,000,892
Convention center complex	-	(20,544,208)	(20,544,208)
Mass transit	-	(14,045,341)	(14,045,341)
Parking facilities	-	1,960,981	1,960,981
Solid waste services	-	(4,280,244)	(4,280,244)
Stormwater	-	6,897,140	6,897,140
Total business-type activities	-	40,989,220	40,989,220
Total City of Raleigh	(254,715,135)	40,989,220	(213,725,915)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	214,287,622	-	214,287,622
Local sales tax	82,864,205	-	82,864,205
Franchise tax	28,551,466	-	28,551,466
Other taxes	20,123,897	-	20,123,897
Privilege license tax	4,282,329	-	4,282,329
Unrestricted investment earnings	2,288,356	2,029,003	4,317,359
Miscellaneous	18,191,374	-	18,191,374
Total general revenues not including transfers	370,589,249	2,029,003	372,618,252
Transfers	(54,857,727)	54,857,727	-
Gain on the sale of property	255,609	-	255,609
Total general revenues and transfers	315,987,131	56,886,730	372,873,861
Change in net position	61,271,996	97,875,950	159,147,946
Net position - beginning of year	955,810,614	991,947,899	1,947,758,513
Restatement loan allowance (note 4.G, page 64)	(7,978,075)	-	(7,978,075)
Restatement GASB 68 (note 4.G, page 64)	(22,924,921)	(8,119,562)	(31,044,483)
Net position - end of year	\$ 986,179,614	\$ 1,081,704,287	\$ 2,067,883,901

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

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 211,099,634	\$ 135,695,686	\$ 346,795,320
Taxes receivable, net of allowance for uncollectibles of \$9,337,673	485,056	-	485,056
Assessments receivable, net of allowance for uncollectibles of \$152,089	385,848	375,443	761,291
Customer receivables	21,606	-	21,606
Due from other governmental agencies	2,381,854	10,471,446	12,853,300
Due from GoTriangle	-	1,557,337	1,557,337
Accrued interest receivable	526,794	258,846	785,640
Other receivables and assets	8,393,535	-	8,393,535
Sales tax receivable	23,201,368	1,803,475	25,004,843
Due from other funds	6,135,513	414,194	6,549,707
Inventories	3,380,800	-	3,380,800
Other assets	74,572	-	74,572
Loans receivable, net of allowance for uncollectibles of \$7,978,075	595,539	57,884,933	58,480,472
Assets held for resale	-	11,625,378	11,625,378
Cash and cash equivalents /investments - restricted deposits and bond proceeds	9,143,361	139,718,363	148,861,724
Total assets	\$ 265,825,480	\$ 359,805,101	\$ 625,630,581
LIABILITIES			
Liabilities:			
Accounts payable	\$ 3,137,483	\$ 15,178,795	\$ 18,316,278
Accrued salaries and employee payroll taxes	1,745,108	17,569	1,762,677
Employee taxes and related withholdings	7,050,735	2,741	7,053,476
Sales tax payable	-	26,721	26,721
Loan servicing escrow	441,676	1,271,091	1,712,767
Other liabilities	1,495,027	11,413	1,506,440
Due to other funds	414,194	5,801,782	6,215,976
Reimbursable facility fees	375,800	7,148,903	7,524,703
Escrow and other deposits payable from restricted assets	-	1,535,764	1,535,764
Due to other governmental agencies	-	171,737	171,737
Total liabilities	14,660,023	31,166,516	45,826,539
DEFERRED INFLOWS OF RESOURCES			
Property tax receivable	485,056	-	485,056
Assessments receivable	385,848	375,443	761,291
Prepaid assessments	-	7,426	7,426
Prepaid taxes and facility fees	120,638	-	120,638
Unearned revenue	347,001	4,416,537	4,763,538
Total deferred inflows of resources	1,338,543	4,799,406	6,137,949
FUND BALANCES			
Nonspendable:			
Assets held for resale	-	11,625,378	11,625,378
Inventories	3,380,800	-	3,380,800
Loans receivable	595,539	57,884,933	58,480,472
Restricted:			
Stabilization by state statute	51,240,619	-	51,240,619
Debt service	-	36,338,216	36,338,216
Federal program reserves	3,154,969	-	3,154,969
Public safety	-	2,022,007	2,022,007
Assigned:			
Subsequent year's appropriation	27,844,537	131,298,643	159,143,180
Community development	1,605,798	9,777,291	11,383,089
City projects	416,815	73,477,721	73,894,536
Disaster recovery	-	1,414,990	1,414,990
Debt service	78,190,263	-	78,190,263
Unassigned	83,397,574	-	83,397,574
Total fund balances	249,826,914	323,839,179	573,666,093
Total liabilities, deferred inflows of resources and fund balances	\$ 265,825,480	\$ 359,805,101	\$ 625,630,581

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, 2015

Total *fund balances* for governmental funds \$ 573,666,093

Total *net position* reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Land and construction in progress - \$497,033,941 capital assets being depreciated, net - \$479,942,012). 976,975,953

Net pension asset 15,697,090

Contributions to the pension plan in the current fiscal year are deferred outflows of resources in the Statement of Net Position 11,560,233

The net assets / liabilities from the law enforcement officer's separation allowance and OPEB plans 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. 1,205,276

Unamortized refunding charges are reported as expenditures in the funds because current financial resources are used. 5,085,522

Internal service funds are used by management to charge the costs of certain activities, such as risk management, employees' health benefits, equipment replacement and vehicle fleet services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position. 32,517,296

Taxes receivable - \$485,056, and assessments receivable - \$761,292 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. 1,246,348

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	\$	(363,604,932)	
Installment Financing Agreements - long-term, net of unamortized refunding charges and issuance premium		(205,650,474)	
Earned Vacation Pay		(18,735,822)	
Accrued Interest Payable		(4,955,919)	
		\$ (592,947,147)	(592,947,147)

Pension related deferrals (38,827,050)

Net position of governmental activities \$ 986,179,614

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, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 215,042,404	\$ -	\$ 215,042,404
Intergovernmental	48,640,610	39,259,057	87,899,667
Non-governmental	-	79,939	79,939
Assessments	-	1,269,683	1,269,683
Local sales tax	82,864,205	-	82,864,205
Licenses	19,505,966	-	19,505,966
Gain (loss) on investments	1,858,570	992,205	2,850,775
Inspections fees	12,415,433	-	12,415,433
Highway maintenance refunds	1,393,211	-	1,393,211
Facility fees	-	11,990,234	11,990,234
Other fees and charges	15,488,320	-	15,488,320
Rents	378,205	479,052	857,257
Program income	84,621	1,095,579	1,180,200
Other revenues	2,626,255	314,438	2,940,693
Total revenues	400,297,800	55,480,187	455,777,987
EXPENDITURES			
Current:			
General government	37,406,899	2,944,949	40,351,848
Community development services	16,386,320	6,680,416	23,066,736
Public works	23,368,584	58,326,113	81,694,697
Public safety	148,659,370	36,837,406	185,496,776
Leisure services	51,751,012	27,632,978	79,383,990
Economic development programs	4,610,659	257,827	4,868,486
Debt service:			
Principal	31,726,190	-	31,726,190
Interest	19,602,520	-	19,602,520
Other debt service expenditures	596,877	-	596,877
Total expenditures	334,108,431	132,679,689	466,788,120
Excess (deficiency) of revenues over (under) expenditures	66,189,369	(77,199,502)	(11,010,133)
OTHER FINANCING SOURCES (USES)			
Transfers in	11,578,946	24,337,091	35,916,037
Transfers out	(55,861,485)	(32,016,430)	(87,877,915)
Note proceeds	-	1,032,846	1,032,846
Refunding bond issued	584,267	101,614,093	102,198,360
Premium on bonds issued	-	8,506,820	8,506,820
Proceeds from sale of property	-	255,609	255,609
Total other financing sources (uses)	(43,698,272)	103,730,029	60,031,757
Net change in fund balances	22,491,097	26,530,527	49,021,624
Fund balances, beginning of year	226,679,318	238,935,659	465,614,977
Restatement loans (Note 4.G, page 64)	656,499	58,372,993	59,029,492
Fund balances, restated	227,335,817	297,308,652	524,644,469
Fund balances, end of year	\$ 249,826,914	\$ 323,839,179	\$ 573,666,093

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, 2015

Net change in *fund balances* - total governmental funds \$ 49,021,624

The change in *net position* 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 \$117,045,287 exceeded depreciation \$39,545,998 in the current period. 77,499,289

Net change in net assets/liabilities for the law enforcement officer's separation allowance and OPEB plans. 469,549

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Annexations - \$4,419,276; Property taxes - (\$754,781); Assessments - (\$63,788). 3,600,707

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	\$	35,050,000	
Installment financing		67,747,846	
Principal repayments:			
General obligation debt		(21,460,141)	
Installment financing		(10,531,071)	
Net adjustment	\$	70,806,634	(70,806,634)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Change in earned vacation pay - (\$1,216,837), and change in accrued interest expense - (\$415,131) and net pension expense \$10,490,009. 8,858,041

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. (7,196,414)

Internal service funds are used by management to charge the costs of certain activities, such as risk management, employees' health benefits, equipment replacement, and vehicle fleet services to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities. (174,166)

Change in net position of governmental activities \$ 61,271,996

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, 2015

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 212,857,000	\$ 212,857,000	\$ 215,042,404	\$ 2,185,404
Intergovernmental	40,335,336	40,448,336	48,640,610	8,192,274
Local sales tax	79,700,000	79,700,000	82,864,205	3,164,205
Licenses	21,351,000	21,351,000	19,505,966	(1,845,034)
Gain (loss) on investments	1,419,454	1,419,454	1,858,570	439,116
Inspection fees	11,331,660	11,381,317	12,415,433	1,034,116
Highway maintenance refunds	1,100,000	1,100,000	1,393,211	293,211
Parks and recreation fees	5,684,165	5,690,165	5,382,226	(307,939)
Other fees and charges	10,603,751	10,841,054	10,106,094	(734,960)
Other revenues	1,862,935	1,877,935	3,089,081	1,211,146
Total revenues	386,245,301	386,666,261	400,297,800	13,631,539
EXPENDITURES				
General government:				
City council	282,485	289,810	266,977	22,833
City clerk	534,399	553,612	435,874	117,738
City attorney	2,987,075	3,029,116	2,877,677	151,439
Special appropriations	16,244,096	16,237,081	15,574,604	662,477
Agency appropriations	3,859,737	4,332,706	3,668,798	663,908
City manager	2,825,775	3,063,038	2,598,957	464,081
Public affairs office	2,299,845	2,420,710	1,763,015	657,695
Human resources	3,783,768	4,016,325	3,492,125	524,200
Administrative service	1,853,484	1,870,963	1,683,570	187,393
Finance	5,928,928	7,169,488	5,074,249	2,095,239
Information technology	17,282,990	18,454,210	16,023,594	2,430,616
Total general government	57,882,582	61,437,059	53,459,440	7,977,619
Community development services:				
Planning	5,292,346	5,597,110	5,145,123	451,987
Inspections	7,723,316	7,785,331	7,534,044	251,287
Community services	4,039,322	4,242,721	3,707,153	535,568
Economic development	5,403,516	5,541,962	4,610,659	931,303
Total community development services	22,458,500	23,167,124	20,996,979	2,170,145
Public works:				
Central engineering	15,707,416	15,808,875	14,945,513	863,362
Transportation	14,397,171	14,633,612	13,773,918	859,694
Total public works	30,104,587	30,442,487	28,719,431	1,723,056
Public safety:				
Emergency communications center	7,962,570	8,116,046	6,661,700	1,454,346
Police	93,243,894	94,802,847	88,630,613	6,172,234
Fire	54,352,753	54,617,640	53,367,057	1,250,583
Total public safety	155,559,217	157,536,533	148,659,370	8,877,163

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, 2015

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
Leisure services:				
Parks and recreation	\$ 50,711,165	\$ 52,196,617	\$ 46,579,342	\$ 5,617,275
Walnut Creek Amphitheatre	255,817	255,817	221,223	34,594
Continuing recreation activities	8,183,666	8,597,611	4,950,447	3,647,164
Total leisure services	59,150,648	61,050,045	51,751,012	9,299,033
Debt service:				
Principal and interest	57,547,300	58,131,568	51,328,710	6,802,858
Other debt service expenditures	1,285,000	1,324,988	596,877	728,111
Total debt service	58,832,300	59,456,556	51,925,587	7,530,969
Total expenditures before charge-out	383,987,834	393,089,804	355,511,819	37,577,985
Less: administrative costs charged to other funds	21,284,501	21,284,501	21,403,388	(118,887)
Total expenditures	362,703,333	371,805,303	334,108,431	37,696,872
Excess (deficiency) of revenues over expenditures	23,541,968	14,860,958	66,189,369	51,328,411
OTHER FINANCING SOURCES (USES)				
Transfers in	11,966,630	11,966,630	11,578,946	(387,684)
Transfers out	(56,898,201)	(57,191,098)	(55,861,485)	1,329,613
Refunding bond issued	-	584,267	584,267	-
Total other financing sources (uses)	(44,931,571)	(44,640,201)	(43,698,272)	941,929
Net changes in fund balance	\$ (21,389,603)	\$ (29,779,243)	22,491,097	\$ 52,270,340
Fund balance appropriated	\$ 21,389,603	\$ 29,779,243		
Fund balance, beginning of year			226,679,318	
Restatement loans (note 4.G page. 64)			656,499	
Fund balance, restated			227,335,817	
Fund balance, end of year			\$ 249,826,914	

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2015

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Fund	Mass Transit Fund	Stormwater Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 235,382,689	\$ 14,102,923	\$ (1,715,034)	\$ 38,827,030
Customer receivables, net of allowance for uncollectibles of \$9,363,360	21,890,225	-	-	1,130,487
Assessments receivable, net of allowance for uncollectibles of \$75,826	1,336,915	-	-	-
Due from transit management	-	-	276,806	-
Due from other governmental agencies	4,639,646	-	3,564,063	492,405
Due from other funds	101,738	5,746	-	-
Accrued interest receivable	443,039	16,522	-	95,002
Other receivables and assets	362,047	414,417	-	-
Sales tax receivable	2,423,522	255,257	166,031	26,876
Inventories	8,637,665	-	665,450	-
Insurance deposit	-	-	-	-
Total current assets	<u>275,217,486</u>	<u>14,794,865</u>	<u>2,957,316</u>	<u>40,571,800</u>
Noncurrent assets:				
Restricted cash and cash equivalents	55,611,226	289,834	50,305	9,287,728
Net pension asset	3,455,844	561,575	91,796	302,386
Capital assets:				
Land and improvements	41,434,589	20,829,848	3,994,684	3,959,525
Construction in progress	278,302,513	7,625,996	562,790	27,902,217
Watershed protection rights	4,756,459	-	-	-
Water and sewer systems	1,177,369,361	-	-	-
Buildings and machinery	88,737,597	271,091,201	27,539,549	-
Parking decks	-	-	-	-
Buses	-	-	36,562,770	-
Equipment	21,217,200	2,217,708	2,869,721	1,090,536
Furniture and fixtures	61,921	2,511,265	50,046	-
Improvements	123,858,957	27,881,558	1,787,427	28,434,869
Less accumulated depreciation	<u>(456,071,001)</u>	<u>(80,315,534)</u>	<u>(30,038,839)</u>	<u>(9,473,068)</u>
Total noncurrent assets	<u>1,338,734,666</u>	<u>252,693,451</u>	<u>43,470,249</u>	<u>61,504,193</u>
Total assets	<u>1,613,952,152</u>	<u>267,488,316</u>	<u>46,427,565</u>	<u>102,075,993</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized bond refunding charges	19,212,033	-	-	-
Contributions to pension plan	1,764,314	286,701	46,865	154,378
Accumulated decrease in fair value of hedging derivatives	<u>28,413,443</u>	<u>40,530,781</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>49,389,790</u>	<u>40,817,482</u>	<u>46,865</u>	<u>154,378</u>

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

Continued

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2015

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 8,139,323	\$ 5,057,375	\$ 299,794,306	\$ 55,107,058
Customer receivables, net of allowance for uncollectibles of \$9,363,360	720,198	1,396,801	25,137,711	-
Assessments receivable, net of allowance for uncollectibles of \$75,826	-	-	1,336,915	-
Due from transit management	-	-	276,806	-
Due from other governmental agencies	-	691,373	9,387,487	-
Due from other funds	-	-	107,484	34,306
Accrued interest receivable	13,768	-	568,331	91,303
Other receivables and assets	-	3,546	780,010	-
Sales tax receivable	48,580	55,023	2,975,289	839,435
Inventories	-	-	9,303,115	755,956
Insurance deposit	-	-	-	400,000
Total current assets	<u>8,921,869</u>	<u>7,204,118</u>	<u>349,667,454</u>	<u>57,228,058</u>
Noncurrent assets:				
Restricted cash and cash equivalents	84,298	-	65,323,391	27,818,550
Net pension asset	205,191	1,101,550	5,718,342	448,180
Capital assets:				
Land and improvements	8,009,899	2,952,033	81,180,578	-
Construction in progress	1,684,063	-	316,077,579	-
Watershed protection rights	-	-	4,756,459	-
Water and sewer systems	-	-	1,177,369,361	-
Buildings and machinery	-	15,648,174	403,016,521	263,470
Parking decks	146,158,165	-	146,158,165	-
Buses	-	-	36,562,770	-
Equipment	226,488	827,924	28,449,577	132,568,823
Furniture and fixtures	51,382	133,350	2,807,964	5,636
Improvements	1,814,807	7,241,743	191,019,361	-
Less accumulated depreciation	<u>(39,899,170)</u>	<u>(5,023,188)</u>	<u>(620,820,800)</u>	<u>(92,659,621)</u>
Total noncurrent assets	<u>118,335,123</u>	<u>22,881,586</u>	<u>1,837,619,268</u>	<u>68,445,038</u>
Total assets	<u>127,256,992</u>	<u>30,085,704</u>	<u>2,187,286,722</u>	<u>125,673,096</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized bond refunding charges	530,321	-	19,742,354	-
Contributions to pension plan	104,756	562,375	2,919,389	228,809
Accumulated decrease in fair value of hedging derivatives	-	-	68,944,224	-
Total deferred outflows of resources	<u>635,077</u>	<u>562,375</u>	<u>91,605,967</u>	<u>228,809</u>

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

Continued

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2015

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Fund	Mass Transit Fund	Stormwater Fund
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 9,263,783	\$ 1,045,844	\$ 340,787	\$ 892,973
Sales tax payable	13,504	19,221	3,393	6
Accrued salaries and employee payroll taxes	187,375	55,220	2,533	19,271
Accrued interest payable	7,006,301	3,280,211	-	-
Claims payable and other liabilities	-	1,105	-	-
Due to other funds	-	339,477	-	101,738
Due to other governmental agencies	-	-	-	-
Landfill postclosure liability	-	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	25,657,523	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	2,036,771	13,925,314	-	101,738
Total current liabilities	44,165,257	18,666,392	346,713	1,115,726
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	662,603,503	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	34,870,254	228,370,000	-	1,831,276
Landfill postclosure liability	-	-	-	-
Escrow and other deposits payable from restricted assets	14,420,703	289,834	50,305	9,287,728
Derivative instrument liability	28,413,443	40,530,781	-	-
Earned vacation pay	2,559,684	646,971	42,918	236,232
Net OPEB pension liability	461,953	75,067	12,271	40,421
Total noncurrent liabilities	743,329,540	269,912,653	105,494	11,395,657
Total liabilities	787,494,797	288,579,045	452,207	12,511,383
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	107,169	10,306	1,259,843	-
Pension deferrals	8,548,095	1,389,065	227,059	747,958
Total deferred inflows of resources	8,655,264	1,399,371	1,486,902	747,958
NET POSITION				
Net investment in capital assets	614,902,101	9,546,728	43,328,148	49,981,065
Unrestricted	252,289,780	8,780,654	1,207,173	38,989,965
Total net position	\$ 867,191,881	\$ 18,327,382	\$ 44,535,321	\$ 88,971,030

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2015

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 80,216	\$ 157,611	\$ 11,781,214	\$ 1,092,865
Sales tax payable	2,912	2,423	41,459	45,435
Accrued salaries and employee payroll taxes	8,581	26,114	299,094	20,495
Accrued interest payable	521,997	130,004	10,938,513	3,533
Claims payable and other liabilities	-	-	1,105	9,285,166
Due to other funds	-	-	441,215	34,306
Due to other governmental agencies	-	441,918	441,918	-
Landfill postclosure liability	-	402,250	402,250	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	497,800	-	26,155,323	15,690,786
Contracts and other notes payable, net of unamortized premiums and discounts	3,415,000	1,388,245	20,867,068	-
Total current liabilities	<u>4,526,506</u>	<u>2,548,565</u>	<u>71,369,159</u>	<u>26,172,586</u>
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	14,721,134
Bonds, notes and loans payable, net of unamortized premiums and discounts	180,486	-	662,783,989	39,064,535
Contracts and other notes payable, net of unamortized premiums and discounts	76,695,234	16,099,749	357,866,513	-
Landfill postclosure liability	-	3,210,927	3,210,927	-
Escrow and other deposits payable from restricted assets	-	-	24,048,570	-
Derivative instrument liability	-	-	68,944,224	-
Earned vacation pay	114,303	843,191	4,443,299	324,555
Net OPEB pension liability	27,428	147,247	764,387	-
Total noncurrent liabilities	<u>77,017,451</u>	<u>20,301,114</u>	<u>1,122,061,909</u>	<u>54,110,224</u>
Total liabilities	<u>81,543,957</u>	<u>22,849,679</u>	<u>1,193,431,068</u>	<u>80,282,810</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	-	-	1,377,318	-
Pension deferrals	507,543	2,724,705	14,144,425	1,108,581
Total deferred inflows of resources	<u>507,543</u>	<u>2,724,705</u>	<u>15,521,743</u>	<u>1,108,581</u>
NET POSITION				
Net investment in capital assets	37,871,733	4,292,042	759,921,817	13,241,537
Unrestricted	7,968,836	781,653	310,018,061	31,268,977
Total net position	<u>\$ 45,840,569</u>	<u>\$ 5,073,695</u>	<u>1,069,939,878</u>	<u>\$ 44,510,514</u>

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

11,764,409

Net position of business-type activities

\$ 1,081,704,287

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

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

For the fiscal year ended June 30, 2015

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Fund	Mass Transit Fund	Stormwater Fund
Operating revenues				
User charges	\$ 202,678,560	\$ 13,341,761	\$ 7,110,346	\$ 17,322,471
Charges for services - internal	-	-	-	-
Other	9,961,501	-	229,543	134,018
Drug rebate	-	-	-	-
Total operating revenues	<u>212,640,061</u>	<u>13,341,761</u>	<u>7,339,889</u>	<u>17,456,489</u>
Operating expenses				
Personnel services	-	7,973,621	582,684	3,930,330
Other facility operating costs	-	8,422,837	8,074,333	6,778,208
Operational expenses	-	-	-	-
Administration	8,647,200	-	-	-
Water supply and treatment	27,306,260	-	-	-
Sewer system and treatment	21,690,247	-	-	-
Warehousing, maintenance and construction	15,111,686	-	-	-
Utility billing	4,944,512	-	-	-
Other services	3,991,241	-	-	-
Non-departmental charges	8,899,660	-	-	-
Management contract charges	-	-	25,477,507	-
Claims	-	-	-	-
Premiums	-	-	-	-
Depreciation	33,225,979	8,138,102	3,719,431	1,499,804
Other	-	-	-	-
Total operating expenses	<u>123,816,785</u>	<u>24,534,560</u>	<u>37,853,955</u>	<u>12,208,342</u>
Operating income (loss)	<u>88,823,276</u>	<u>(11,192,799)</u>	<u>(30,514,066)</u>	<u>5,248,147</u>
Nonoperating revenue (expense)				
Gain (loss) on investments	1,616,240	53,709	-	310,152
Subsidy income - federal and state	-	-	8,652,531	376,686
Recovery of claims	-	-	-	-
Other revenues	620,134	-	-	-
Interest expense	(21,528,362)	(8,071,698)	-	-
Gain (loss) on disposal of capital assets	37,776	-	16,262	2,244
Miscellaneous expense	(2,295,512)	(1,281,659)	-	-
Total nonoperating revenue (expense)	<u>(21,549,724)</u>	<u>(9,299,648)</u>	<u>8,668,793</u>	<u>689,082</u>
Income (loss) before contributions, transfers and special items	67,273,552	(20,492,447)	(21,845,273)	5,937,229
Capital contributions	4,621,487	-	7,799,716	1,267,032
Transfers in	1,196,123	24,137,502	20,211,832	83,476
Transfers out	<u>(1,913,882)</u>	<u>(298,381)</u>	<u>(65,351)</u>	<u>(174,755)</u>
Change in net position	71,177,280	3,346,674	6,100,924	7,112,982
Net position, beginning of year	800,921,608	15,778,096	38,564,739	82,287,411
Restatement GASB 68 (Note 4 G. page 64)	(4,907,007)	(797,388)	(130,342)	(429,363)
Net position, restated	<u>796,014,601</u>	<u>14,980,708</u>	<u>38,434,397</u>	<u>81,858,048</u>
Net position, end of year	<u>\$ 867,191,881</u>	<u>\$ 18,327,382</u>	<u>\$ 44,535,321</u>	<u>\$ 88,971,030</u>

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

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

For the fiscal year ended June 30, 2015

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
Operating revenues				
User charges	\$ 13,203,639	\$ 24,100,758	\$ 277,757,535	\$ -
Charges for services - internal	-	-	-	70,585,059
Other	5,126	38,515	10,368,703	202,359
Drug rebate	-	-	-	215,652
Total operating revenues	<u>13,208,765</u>	<u>24,139,273</u>	<u>288,126,238</u>	<u>71,003,070</u>
Operating expenses				
Personnel services	1,711,231	10,571,672	24,769,538	4,376,478
Other facility operating costs	4,335,766	18,205,152	45,816,296	9,558,381
Operational expenses	-	-	-	4,043,935
Administration	-	-	8,647,200	-
Water supply and treatment	-	-	27,306,260	-
Sewer system and treatment	-	-	21,690,247	-
Warehousing, maintenance and construction	-	-	15,111,686	-
Utility billing	-	-	4,944,512	-
Other services	-	-	3,991,241	-
Non-departmental charges	-	-	8,899,660	-
Management contract charges	-	-	25,477,507	-
Claims	-	-	-	37,614,511
Premiums	-	-	-	1,650,896
Depreciation	3,618,021	759,071	50,960,408	10,912,015
Other	-	-	-	244,299
Total operating expenses	<u>9,665,018</u>	<u>29,535,895</u>	<u>237,614,555</u>	<u>68,400,515</u>
Operating income (loss)	<u>3,543,747</u>	<u>(5,396,622)</u>	<u>50,511,683</u>	<u>2,602,555</u>
Nonoperating revenue (expense)				
Gain (loss) on investments	45,030	-	2,025,131	433,659
Subsidy income - federal and state	-	-	9,029,217	-
Recovery of claims	-	-	-	1,647,744
Other revenues	-	-	620,134	-
Interest expense	(1,792,207)	(644,965)	(32,037,232)	(288,983)
Gain (loss) on disposal of capital assets	208,575	30,387	295,244	789,690
Miscellaneous expense	-	-	(3,577,171)	-
Total nonoperating revenue (expense)	<u>(1,538,602)</u>	<u>(614,578)</u>	<u>(23,644,677)</u>	<u>2,582,110</u>
Income (loss) before contributions, transfers and special items	2,005,145	(6,011,200)	26,867,006	5,184,665
Capital contributions	-	-	13,688,235	-
Transfers in	500,000	11,628,083	57,757,016	1,680,000
Transfers out	<u>(154,369)</u>	<u>(292,551)</u>	<u>(2,899,289)</u>	<u>(4,575,849)</u>
Change in net position	2,350,776	5,324,332	95,412,968	2,288,816
Net position, beginning of year	43,781,147	1,313,471		42,858,075
Restatement GASB 68 (Note 4 G. page 64)	(291,354)	(1,564,108)		(636,377)
Net position, restated	<u>43,489,793</u>	<u>(250,637)</u>		<u>42,221,698</u>
Net position, end of year	<u>\$ 45,840,569</u>	<u>\$ 5,073,695</u>		<u>\$ 44,510,514</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>2,462,982</u>	
Change in net position of business-type activities			<u>\$ 97,875,950</u>	

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

STATEMENT OF CASH FLOWS**PROPRIETARY FUNDS**

For the fiscal year ended June 30, 2015

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Fund	Mass Transit Fund	Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 210,117,061	\$ 13,063,901	\$ 7,110,346	\$ 17,155,661
Payments to employees	(39,889,925)	(8,144,974)	(622,474)	(4,020,392)
Payments to suppliers and service providers	(52,892,579)	(9,896,574)	(33,096,121)	(6,736,608)
Claims paid	-	-	-	-
Premiums paid	-	-	-	-
Other receipts	620,134	-	229,543	134,018
Other payments	-	(1,281,659)	-	-
Net cash provided by (used in) operating activities	<u>117,954,691</u>	<u>(6,259,306)</u>	<u>(26,378,706)</u>	<u>6,532,679</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers from other funds	1,196,123	24,137,502	20,211,832	83,476
Operating subsidies and transfers to other funds	(1,913,882)	(298,381)	(65,351)	(174,755)
Operating grants received	-	-	2,368,993	376,686
Internal activity - payments from (to) other funds	(101,738)	(30,351)	-	101,738
Net cash provided by (used in) noncapital financing activities	<u>(819,497)</u>	<u>23,808,770</u>	<u>22,515,474</u>	<u>387,145</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	(51,234,525)	(3,914,192)	(9,746,073)	(7,250,367)
Capital grants and other capital contributions	(1,502,104)	-	12,297,965	1,496,052
Proceeds from capital debt	66,429,583	3,730,104	-	-
Principal paid on capital debt	(70,315,320)	(7,360,000)	-	(227,387)
Interest paid on capital debt	(30,223,966)	(8,205,033)	-	-
Other debt related payments	(2,295,512)	-	-	-
Proceeds from the sale of capital assets	37,776	-	16,262	2,244
Escrow deposits	(67,514)	-	-	1,710,672
Net cash provided by (used in) capital and related financing activities	<u>(89,171,582)</u>	<u>(15,749,121)</u>	<u>2,568,154</u>	<u>(4,268,786)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	1,453,809	47,041	-	271,816
Net cash provided by investing activities	<u>1,453,809</u>	<u>47,041</u>	<u>-</u>	<u>271,816</u>
Net increase (decrease) in cash and cash equivalents	29,417,421	1,847,384	(1,295,078)	2,922,854
Cash and cash equivalents - beginning of year	261,576,494	12,545,373	(369,651)	45,191,904
Cash and cash equivalents - end of year	<u>\$ 290,993,915</u>	<u>\$ 14,392,757</u>	<u>\$ (1,664,729)</u>	<u>\$ 48,114,758</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 88,823,276	\$ (11,192,799)	\$ (30,514,066)	\$ 5,248,147
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	33,225,979	8,138,102	3,719,431	1,499,804
Pension expense	185,244	30,102	4,921	16,209
Miscellaneous nonoperating income	620,134	-	-	-
Miscellaneous nonoperating expense	-	(1,281,659)	-	-
Change in assets and liabilities:				
Operating receivables	(3,080,993)	210,845	623,225	(166,810)
Sales tax receivable	(25,631)	(129,591)	(68,923)	20,173
Inventories	(497,860)	-	42,572	-
Other receivables and assets	512,065	-	-	-
Accounts payable and other accrued liabilities	(369,207)	(1,554,991)	(141,155)	21,427
Landfill postclosure liability	-	-	-	-
Escrow and other deposits	-	32,936	-	-
Earned vacation pay and other payroll liabilities	280,070	85,246	2,154	48,107
Increase (decrease) in deferred outflows of resources for pensions	(1,764,314)	(286,701)	(46,865)	(154,378)
Unearned revenue	45,928	(310,796)	-	-
Total adjustments	29,131,415	4,933,493	4,135,360	1,284,532
Net cash provided by (used in) operating activities	<u>\$ 117,954,691</u>	<u>\$ (6,259,306)</u>	<u>\$ (26,378,706)</u>	<u>\$ 6,532,679</u>
Noncash investing, capital, and financing activities:				
Capital contributions from annexations and mergers	\$ 4,199,530	\$ -	\$ -	\$ -
Capital contributions from grant and assessment receivables	\$ 1,924,061	\$ -	\$ 7,799,716	\$ 1,267,032
Restatement of net position, GASB 68	\$ 4,907,007	\$ 797,388	\$ 130,342	\$ 429,363
Acquisition and construction of capital assets	\$ 988,026	\$ 176,384	\$ -	\$ -

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the fiscal year ended June 30, 2015

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 13,223,915	\$ 24,088,978	\$ 284,759,862	\$ 70,585,059
Payments to employees	(1,802,007)	(11,069,706)	(65,549,478)	(4,351,762)
Payments to suppliers and service providers	(4,615,062)	(18,235,007)	(125,471,951)	(14,104,573)
Claims paid	-	-	-	(38,003,255)
Premiums paid	-	-	-	(1,650,896)
Other receipts	5,126	38,515	1,027,336	2,065,755
Other payments	-	-	(1,281,659)	(241,160)
Net cash provided by (used in) operating activities	<u>6,811,972</u>	<u>(5,177,220)</u>	<u>93,484,110</u>	<u>14,299,168</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers from other funds	500,000	11,628,083	57,757,016	1,680,000
Operating subsidies and transfers to other funds	(154,369)	(292,551)	(2,899,289)	(4,575,849)
Operating grants received	-	-	2,745,679	-
Internal activity - payments from (to) other funds	-	-	(30,351)	-
Net cash provided by (used in) noncapital financing activities	<u>345,631</u>	<u>11,335,532</u>	<u>57,573,055</u>	<u>(2,895,849)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	(362,347)	(5,838)	(72,513,342)	(20,827,484)
Capital grants and other capital contributions	-	-	12,291,913	-
Proceeds from capital debt	21,370,000	-	91,529,687	31,850,676
Principal paid on capital debt	(25,137,721)	(1,288,706)	(104,329,134)	(9,401,297)
Interest paid on capital debt	(2,436,677)	(736,689)	(41,602,365)	(292,453)
Other debt related payments	(84,298)	-	(2,379,810)	-
Proceeds from the sale of capital assets	265,924	30,386	352,592	789,690
Escrow deposits	-	-	1,643,158	-
Net cash provided by (used in) capital and related financing activities	<u>(6,385,119)</u>	<u>(2,000,847)</u>	<u>(115,007,301)</u>	<u>2,119,132</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	39,474	-	1,812,140	418,442
Net cash provided by investing activities	<u>39,474</u>	<u>-</u>	<u>1,812,140</u>	<u>418,442</u>
Net increase (decrease) in cash and cash equivalents	811,958	4,157,465	37,862,004	13,940,893
Cash and cash equivalents - beginning of year	7,411,663	899,910	327,255,693	68,984,715
Cash and cash equivalents - end of year	<u>\$ 8,223,621</u>	<u>\$ 5,057,375</u>	<u>\$ 365,117,697</u>	<u>\$ 82,925,608</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 3,543,747	\$ (5,396,622)	\$ 50,511,683	\$ 2,602,555
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	3,618,021	759,071	50,960,408	10,912,015
Pension expense	10,999	59,046	306,521	24,024
Miscellaneous nonoperating income	-	-	620,134	1,647,744
Miscellaneous nonoperating expense	-	-	(1,281,659)	-
Change in assets and liabilities:				
Operating receivables	20,276	(159,774)	(2,553,231)	-
Sales tax receivable	(28,643)	(20,668)	(253,283)	50,722
Inventories	-	-	(455,288)	124,880
Other receivables and assets	-	147,994	660,059	3,264
Accounts payable and other accrued liabilities	(250,653)	(213,244)	(2,507,823)	(876,622)
Landfill postclosure liability	-	204,057	204,057	-
Escrow and other deposits	-	-	32,936	-
Earned vacation pay and other payroll liabilities	2,981	5,295	423,853	39,395
Increase (decrease) in deferred outflows of resources for pensions	(104,756)	(562,375)	(2,919,389)	(228,809)
Unearned revenue	-	-	(264,868)	-
Total adjustments	<u>3,268,225</u>	<u>219,402</u>	<u>42,972,427</u>	<u>11,696,613</u>
Net cash provided by (used in) operating activities	<u>\$ 6,811,972</u>	<u>\$ (5,177,220)</u>	<u>\$ 93,484,110</u>	<u>\$ 14,299,168</u>
Noncash investing, capital, and financing activities:				
Capital contributions from annexations and mergers	\$ -	\$ -	\$ 4,199,530	\$ -
Capital contributions from grant and assessment receivables	\$ -	\$ -	\$ 10,990,809	\$ -
Restatement of net position, GASB 68	<u>\$ 291,354</u>	<u>\$ 1,564,108</u>	<u>\$ 8,119,562</u>	<u>\$ 636,377</u>
Acquisition and construction of capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,164,410</u>	<u>\$ -</u>

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 June 30, 2015

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 83,537,571
Accrued interest receivable	36,359
Due from other funds	-
Total assets	<u>83,573,930</u>
LIABILITIES	
Claims payable	957,834
Accounts payable	1,803
Total liabilities	<u>959,637</u>
NET POSITION	
Held in trust for employees' retirement and other post-employment benefits	<u>\$ 82,614,293</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, 2015

	Pension Trust Funds
ADDITIONS	
Employer contributions	\$ 20,305,695
Retiree contributions	2,089,675
Interest	3,872,699
Net increase (decrease) in the fair value of investments	(2,058,256)
Recovery of claims	155,542
Less investment expense	(77,057)
Total additions	24,288,298
DEDUCTIONS	
Benefits	19,128,544
Withdrawals and forfeitures	106,961
Professional services	25,149
Total deductions	19,260,654
Change in net position restricted for:	
Employees' retirement and other post-employment benefits	5,027,644
Net position, beginning of year	77,586,649
Net position, end of year	\$ 82,614,293

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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. Sales taxes are considered a shared revenue for the City because the tax is levied by Wake County and then remitted to and distributed by the State. Ad valorem taxes receivable are not accrued as 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, 2015, 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 \$41,297,252. Of this amount, \$6,640,764 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 three items that meet this criterion, unamortized bond refunding charges, contributions made to the pension plan in the 2015 fiscal year 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 deferrals of pension expense that result from the implementation of GASB Statement 68.

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.

Loans receivable - portion of fund balance that is not an available resource because it represents revolving loans receivable due to the City, which are not spendable resources.

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.

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 years budgeted expenditures. Any portion of the general fund balance in excess of 14% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the City in a future budget.

10. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Raleigh's employer contributions are recognized when due and the City of Raleigh has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

11. 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, 2015, the effect of such amendments, less eliminating transfers, was as follows:

	Original Budget	Total Amendments	Budget
General Fund	\$ 420,847,694	\$ 5,990,657	\$ 426,838,351
Special Revenue Funds	64,264,253	5,470,337	69,734,590
General Capital Projects Funds	388,457,000	111,080,060	499,537,060
Enterprise Funds	662,668,078	17,578,757	680,246,835
Internal Service Funds	100,284,702	10,350,047	110,634,749

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, 2015.

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, 2015, the City's bank balance in operating accounts was \$74,081,338 and the carrying amount of the City's deposits was \$61,731,609. 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 \$73,823,251 was covered by collateral held under the Pooling Method.

Investments. At June 30, 2015, 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	57,376,614	9.2	26,641,910	18,415,195	11,927,063	392,446
Federal Home Loan Bank	228,177,210	36.6	100,236,248	113,686,562	14,254,400	-
Freddie Mac	61,862,711	9.9	49,385,320	12,477,391	-	-
Fannie Mae	79,426,999	12.8	17,646,282	14,177,038	47,545,952	57,727
Federal Farm Credit Bank	119,348,883	19.1	45,109,948	74,238,935	-	-
Bank certificates of deposit	14,084,538	2.3	14,084,538	-	-	-
NCCMT - Cash Portfolio	4,717,520	0.8	4,717,520	-	-	-
NC Municipal Bonds	16,905,739	2.7	2,020,000	8,212,975	4,774,380	1,898,384
Other investments	40,971,544	6.6	35,807,714	1,058,117	2,992,737	1,112,976
Total City-wide investments	<u>\$ 622,871,758</u>	<u>100%</u>	<u>\$ 295,649,480</u>	<u>\$ 242,266,213</u>	<u>\$ 81,494,532</u>	<u>\$ 3,461,533</u>

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

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The City limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City 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. As of June 30, 2015, there are no investments in Commercial paper within the City's investment portfolio.

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, 2015 is as follows:

	Government-wide	Fiduciary	Total
Petty cash and change funds	\$ 17,405	\$ -	\$ 17,405
Deposits (checking, money market)	82,142,258	-	82,142,258
Fiduciary cash	-	80,202,834	80,202,834
Investments	619,537,021	3,334,737	622,871,758
Total cash and cash equivalents	<u>701,696,684</u>	<u>83,537,571</u>	<u>785,234,255</u>
Restricted deposits and bond proceeds	<u>242,003,665</u>	<u>-</u>	<u>242,003,665</u>
Total cash	<u>\$ 943,700,349</u>	<u>\$ 83,537,571</u>	<u>\$ 1,027,237,920</u>

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.

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, 2015 was as follows (stated in thousands):

	June 30, 2014	Additions	Transfers	Deletions	June 30, 2015
<u>Governmental activities</u>					
Capital assets, not being depreciated:					
Land	\$ 149,498	\$ 340	\$ -	\$ -	\$ 149,838
Construction in progress	259,295	115,683	(27,754)	(28)	347,196
Total capital assets, not being depreciated	<u>408,793</u>	<u>116,023</u>	<u>(27,754)</u>	<u>(28)</u>	<u>497,034</u>
Capital assets, being depreciated:					
Buildings and machinery	114,573	29	-	-	114,602
Streets and sidewalks	712,351	4,443	1,897	-	718,691
Equipment	92,895	11,691	1,026	(2,849)	102,763
Furniture and fixtures	2,225	53	-	-	2,278
Improvements - general and parks	211,075	257	24,632	-	235,964
Software	43,210	-	199	-	43,409
Total capital assets being depreciated	<u>1,176,329</u>	<u>16,473</u>	<u>27,754</u>	<u>(2,849)</u>	<u>1,217,707</u>
Less accumulated depreciation for:					
Buildings and machinery	54,313	2,697	-	-	57,010
Streets and sidewalks	422,953	23,232	-	-	446,185
Equipment	72,689	7,461	-	(2,831)	77,319
Furniture and fixtures	2,157	36	-	-	2,193
Improvements - general and parks	111,137	10,208	-	-	121,345
Software	9,619	2,147	-	-	11,766
Total accumulated depreciation	<u>672,868</u>	<u>45,781</u>	<u>-</u>	<u>(2,831)</u>	<u>715,818</u>
Total capital assets being depreciated, net	<u>503,461</u>	<u>(29,308)</u>	<u>27,754</u>	<u>(18)</u>	<u>501,889</u>
Governmental activities capital assets, net	<u>\$ 912,254</u>	<u>\$ 86,715</u>	<u>\$ -</u>	<u>\$ (46)</u>	<u>\$ 998,923</u>

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

General government	\$ 2,815
Community development	9
Public works	25,540
Public safety	1,995
Leisure services	9,186
Capital assets held by certain internal service funds are charged to the various governmental functions based on the usage of the assets	<u>6,236</u>
Total depreciation expense - governmental activities	<u>\$ 45,781</u>

Annexations: The amount reported as additions for street and sidewalks includes \$4,419,276 from annexations during fiscal year 2014-15.

	June 30, 2014	Additions	Transfers	Deletions	June 30, 2015
<u>Business-type activities</u>					
Capital assets, not being depreciated:					
Land	\$ 81,181	\$ -	\$ -	\$ -	\$ 81,181
Construction in progress	296,384	68,631	(48,868)	(69)	316,078
Watershed protection rights	4,756	-	-	-	4,756
Total capital assets, not being depreciated	<u>382,321</u>	<u>68,631</u>	<u>(48,868)</u>	<u>(69)</u>	<u>402,015</u>
Capital assets, being depreciated:					
Buildings and machinery	403,016	-	-	-	403,016
Streets and sidewalks	1,746	-	-	-	1,746
Water and sewer systems	1,139,321	4,280	33,769	-	1,177,370
Parking decks	146,225	-	-	(67)	146,158
Buses	29,248	9,256	-	(1,941)	36,563
Equipment	80,663	7,550	-	(4,286)	83,927
Furniture and fixtures	2,808	-	-	-	2,808
Improvements	172,732	1,442	15,099	-	189,273
Total capital assets being depreciated	<u>1,975,759</u>	<u>22,528</u>	<u>48,868</u>	<u>(6,294)</u>	<u>2,040,861</u>
Less accumulated depreciation for:					
Buildings and machinery	91,964	9,805	-	-	101,769
Streets and sidewalks	868	70	-	-	938
Water and sewer systems	329,320	24,416	-	-	353,736
Parking decks	35,821	3,607	-	(10)	39,418
Buses	20,970	2,722	-	(1,941)	21,751
Equipment	59,195	5,879	-	(4,310)	60,764
Furniture and fixtures	2,725	38	-	-	2,763
Improvements	67,828	9,100	-	-	76,928
Total accumulated depreciation	<u>608,691</u>	<u>55,637</u>	<u>-</u>	<u>(6,261)</u>	<u>658,067</u>
Total capital assets being depreciated, net	<u>1,367,068</u>	<u>(33,109)</u>	<u>48,868</u>	<u>(33)</u>	<u>1,382,794</u>
Business-type activities capital assets, net	<u>\$ 1,749,389</u>	<u>\$ 35,522</u>	<u>\$ -</u>	<u>\$ (102)</u>	<u>\$ 1,784,809</u>

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

Water/Sewer	\$ 33,226
Convention center	8,138
Parking	3,618
Mass Transit	3,720
Stormwater	1,500
Solid Waste Services	759
Capital assets held by certain internal service funds are charged to the various business-type activities based on the usage of the assets	<u>4,676</u>
Total depreciation expense - business-type activities	<u>\$ 55,637</u>

Annexations: The amount reported as additions for water and sewer systems includes \$4,199,530 added from annexations during fiscal year 2014-15.

Commitments - construction projects. At June 30, 2015, the City has \$158,411,955 in project obligations for business-type activities for construction projects in progress as follows: \$132,720,913 for water and sewer projects, \$788,583 for transit projects, \$12,246,918 for stormwater projects, \$12,030,312 for convention center projects and \$625,229 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 \$204,559,353 in general government project obligations at June 30, 2015. 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, 2015.

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	\$ 122,124	\$ -	\$ 122,124
Cemetery cash account	8,087	-	8,087
Cafeteria plan cash	192,590	-	192,590
Prepaid taxes and assessments	120,638	7,426	128,064
Unearned revenue	24,200	4,416,537	4,440,737
	<u>467,639</u>	<u>4,423,963</u>	<u>4,891,602</u>
Amounts not arising from cash:			
Taxes receivable	485,056	-	485,056
Assessments receivable	385,848	375,443	761,291
	<u>870,904</u>	<u>375,443</u>	<u>1,246,347</u>
Total	<u>\$ 1,338,543</u>	<u>\$ 4,799,406</u>	<u>\$ 6,137,949</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, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 5,796,036
	Convention center fund	339,477
Nonmajor governmental funds	General fund	414,194
Convention center fund	Nonmajor governmental funds	5,746
Water & sewer utility fund	Stormwater utility fund	101,738
Internal service funds	Internal service funds	34,306
	Total	<u>\$ 6,691,497</u>

The largest component of receivables in the general fund represents interfund loans with nonmajor governmental funds of \$3,993,983. Additionally, cash deficits were covered by the general fund and reclassified from the following nonmajor governmental funds; community development \$389,288, and grants fund \$1,412,765. This reclassification occurs due to the nature of grant drawdowns occurring after spending has taken place. The general fund also has \$339,477 in amounts due from a proprietary fund; the Convention Center fund. The \$414,194 shown as a receivable in nonmajor governmental funds represents \$391,098 owed to the Walnut Creek amphitheater capital project fund, \$9,308 owed to the grants and community development funds and \$13,788 owed to the emergency telephone fund. The Convention Center receivable represents the \$5,746 represents amounts owed from the Convention Center financing fund. The Water and Sewer Utility receivable for \$101,738 is due from the Stormwater utility fund. The \$34,306 receivable and payable between internal service funds is for the reallocation of surplus sale proceeds.

A summary of interfund transfers for the fiscal year ended June 30, 2015 is as follows:

<u>Funds</u>	General fund	Nonmajor governmental	Water and sewer	Solid waste services	Parking	Convention center	Mass transit	Storm-water	Internal service	Total Transfers Out
General fund	\$ -	\$ 21,696,375	\$ -	\$ 11,628,083	\$ 500,000	\$ 1,926,756	\$ 18,570,271	\$ -	\$ 1,540,000	55,861,485
Nonmajor governmental	8,099,000	-	146,123	-	-	22,129,746	1,641,561	-	-	32,016,430
Water and sewer	-	1,884,406	-	-	-	-	-	29,476	-	1,913,882
Solid waste services	-	292,551	-	-	-	-	-	-	-	292,551
Parking	-	14,369	-	-	-	-	-	-	140,000	154,369
Convention center	164,946	133,435	-	-	-	-	-	-	-	298,381
Mass transit	-	65,351	-	-	-	-	-	-	-	65,351
Stormwater	-	174,755	-	-	-	-	-	-	-	174,755
Internal service	3,315,000	75,849	1,050,000	-	-	81,000	-	54,000	-	4,575,849
Total Transfers In	\$ 11,578,946	\$ 24,337,091	\$ 1,196,123	\$ 11,628,083	\$ 500,000	\$ 24,137,502	\$ 20,211,832	\$ 83,476	\$ 1,680,000	\$ 95,353,053

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 \$46,562,000. 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 \$6,704,699. The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2015:

Fiscal Year Ending June 30	
2016	\$ 5,517,429
2017	4,353,907
2018	2,173,041
2019	1,447,306
2020	931,436
2021 and beyond	665,256
	<u>\$ 15,088,375</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, 2015 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, 2015</u>
Governmental Activities					
Housing-Series 1996	5.75%	6/1/1996	6/1/2016	\$ 2,280,000	\$ 115,000
Public Improvement Refunding - Series 2004A	3.00% to 3.25%	3/1/2004	4/1/2016	17,338,150	1,571,272
Housing, Series, 2004B	4.375%	3/1/2004	4/1/2017	7,000,000	1,405,000
Housing Series 2007 Taxable	5.20% to 5.40%	3/1/2007	3/1/2027	7,000,000	4,200,000
Public Improvement, Series 2009A	2.25% to 4.25%	3/10/2009	2/1/2029	11,130,000	7,800,000
Public Improvement Refunding - Series 2009B	2.50%	3/11/2009	2/1/2017	13,778,981	2,102,476
Housing, Series 2009C - Taxable	3.70% to 5.50%	3/11/2009	2/1/2029	10,000,000	7,000,000
GO Refunding, Series 2009D	4.00% to 5.00%	7/28/2009	12/1/2020	33,640,000	23,945,000
GO Refunding, Series 2009E	4.00% to 5.00%	7/28/2009	12/1/2018	14,180,000	14,180,000
Public Improvement, Series 2009F	4.00% to 5.00%	9/3/2009	2/1/2029	57,665,000	46,165,000
Housing, Series 2009G	4.00% to 5.30%	9/3/2009	2/1/2030	10,000,000	7,500,000
GO Refunding, Series 2011A	2.50% to 5.00%	10/27/2011	9/1/2022	32,055,000	32,055,000
GO Refunding, Series 2011B	1.15% to 1.50%	10/27/2011	9/1/2015	1,870,000	450,000
Public Improvement, Series 2012A	3.00% to 5.00%	5/15/2012	4/1/2032	9,000,000	8,100,000
Public Improvement, Series 2012B	3.00% to 5.00%	5/16/2012	4/1/2032	138,600,000	124,500,000
Public Improvement, Series 2014	3.00% to 3.25%	6/26/2014	6/1/2032	15,000,000	14,300,000
Street Improvement, Series 2015A	3.00% to 5.00%	6/24/2015	6/1/2034	5,050,000	5,050,000
GO Bonds, Series 2015B	3.00% to 5.00%	6/25/2015	6/1/2034	20,000,000	20,000,000
Housing Bonds, Series 2015C - Taxable	3.00% to 4.00%	6/25/2015	6/1/2034	10,000,000	10,000,000
Total Governmental Activities					\$ 330,438,748

During fiscal year 2014-15 the City issued \$30,050,000 of general obligation bonds. The issuance consisted of \$5,050,000 for streets, \$20,000,000 for parks and \$10,000,000 of taxable bonds for housing. These bonds mature serially over 20 years, and carry fixed coupon rates of 3.0% to 5.0%.

General obligation bonds outstanding at June 30, 2015:

<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, 2015</u>
<u>Business-type Activities</u>					
Water and Sewer:					
Water Refunding, Series 2004A	3.00% to 3.25%	3/1/2004	4/1/2016	\$ 6,187,620	\$ 560,753
Sanitary Sewer Refunding - Series 2004A	3.00% to 3.25%	3/1/2004	4/1/2016	3,674,230	332,978
Sanitary Sewer Refunding - Series 2009B	2.25% to 2.50%	3/11/2009	2/1/2017	1,305,737	<u>199,237</u>
Water and Sewer Total					<u>1,092,968</u>
Parking Facilities:					
Parking Facilities Refunding-Series 2009B	2.25% to 2.50%	3/11/2009	2/1/2017	4,445,282	<u>678,287</u>
Parking Facilities Total					<u>678,287</u>
Total Business-type Activities					<u>\$ 1,771,255</u>

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

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 22,419,502	\$ 13,750,833	\$ 1,385,498	\$ 50,984
2017	22,189,246	12,851,025	385,757	9,644
2018	22,505,000	11,803,400	-	-
2019	22,820,000	10,746,913	-	-
2020	22,820,000	9,676,613	-	-
2021-2025	101,620,000	34,542,525	-	-
2026-2030	88,565,000	14,774,688	-	-
2031-2034	27,500,000	1,733,813	-	-
	<u>\$ 330,438,748</u>	<u>\$ 109,879,810</u>	<u>\$ 1,771,255</u>	<u>\$ 60,628</u>

Status of Bond Authorizations. The following represent continuing authorization of general obligation bonds, which were unsold at June 30, 2015:

<u>October 11, 2011</u>	
Housing	\$ 6,000,000
Transportation	20,000,000
	<u>26,000,000</u>
 <u>October 8, 2013</u>	
Transportation	<u>75,000,000</u>
 <u>November 4, 2014</u>	
Parks and Recreation	71,775,000
Total	<u>\$ 172,775,000</u>

2. *Defeased debt and refundings*

During fiscal year 2014-15, the City issued \$21,370,000 of limited obligation refunding bonds to generate resources for future debt service payments on \$23,410,000 of Series 2005A parking certificates of participation. The reacquisition price exceeded the net carrying amount of the old debt by \$442,798. 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 20 years by \$4,904,265 and resulted in an economic gain of \$3,339,285.

During fiscal year 2014-15, the City issued \$47,815,000 of revenue refunding bonds to generate resources for future debt service payments on \$47,835,000 of series 2006A water and sewer revenue bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$311,971. 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 20 years by \$10,069,133 and resulted in an economic gain of \$6,975,603.

Subsequent to year-end, the City intends to issue \$49,860,000 of revenue refunding bonds to generate resources for future debt service payments on \$56,755,000 of series 2006B water and sewer revenue bonds. Delivery of these refunding bonds will occur in December 2015.

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, 2015, the amount of defeased debt outstanding was \$218,890,000 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, 2015.

The City has pledged water and sewer customer revenues, net of specified operating expenses, to repay \$646,425,000 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 2014-15 were 24.5% 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
2016	\$ 22,155,000	\$ 28,343,475
2017	23,150,000	27,467,525
2018	24,035,000	26,590,448
2019	24,960,000	25,656,350
2020	26,000,000	24,687,938
2021-2025	138,005,000	106,193,129
2026-2030	152,045,000	73,839,184
2031-2035	160,330,000	36,859,676
2036-2040	64,320,000	10,259,194
2041-2043	11,425,000	1,161,000
	<u>\$ 646,425,000</u>	<u>\$ 361,057,919</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, 2015.

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

Operating revenues	\$ 212,640,061
Operating expenses	(123,816,785)
Operating income	88,823,276
Nonoperating revenues	8,091,760
Nonoperating expenses	(25,737,756)
Change in net position	71,177,280
Allowable revenue adjustments for calculation	(5,734,257)
Allowable expense adjustments for calculation	59,828,820
Income available for debt service	<u>\$ 125,271,843</u>
Debt service, principal and interest paid on revenue bonds and certain state loans (Parity)	\$ 46,718,053
Debt service coverage ratio	2.68

4. 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 \$902,962,503.

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 \$334,225,600. The following schedule shows the expiration dates, which can be renewed, fees paid in fiscal year 2014-15 pursuant to the terms of the debt agreements, and the interest rate at year-end for these issues.

Issue	Balance June 30, 2015	Agreement Expiration	Fees Paid FY 2015	Interest Rate June 30, 2015
2004A	\$ 55,000,000	January 5, 2016	\$ 225,622	0.04 %
2005B	\$ 181,065,000	December 26, 2017	\$ 805,995	0.04 %

During fiscal year 2014-15, the City drew down \$3,730,104 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 prior draws of \$2,500,210, and interest is a variable rate which was 0.52% at June 30, 2015. 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
2016	\$ 13,925,314	\$ 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	9,185,000	7,760,229
2021-2025	52,955,000	32,197,291
2026-2030	66,555,000	19,515,184
2031-2035	74,430,000	5,383,934
	<u>\$ 242,295,314</u>	<u>\$ 99,402,575</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, 2015, 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 2014-15, the City issued \$66,715,000 of limited obligation bonds to finance the construction of the critical public safety center and a fire station. These bonds mature serially over 25 years, and carry fixed coupon rates of 4.25% to 5.0%. Also during fiscal year 2014-15, the City drew down \$1,032,846 in debt proceeds from a PNC Drawdown Program for 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 including prior draws of \$6,262,553 and interest is a variable rate which was 0.52% at June 30, 2015. This program has both governmental and business-type activity components, with a total maximum limit of \$25,300,000.

Subsequent Debt Issuance. On July 24th, 2015, the City of Raleigh and the State of North Carolina completed the closing process for the City's acquisition of 308 acres of the Dorothea Dix Campus. As such, the City issued \$52,000,000 in a private placement installment financing. The loan is to be repaid at a fixed interest rate of 2.18%, with final maturity at July 1, 2025.

Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 19,275,693	\$ 8,093,159
2017	11,953,295	8,550,083
2018	11,930,571	8,046,173
2019	9,057,814	7,537,424
2020	9,026,074	7,076,414
2021-2025	41,496,370	28,434,278
2026-2030	38,585,068	17,831,617
2031-2035	38,169,490	9,292,533
2036-2040	21,600,000	2,087,353
	<u>\$ 201,094,375</u>	<u>\$ 96,949,034</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 0.25% at June 30, 2015. There are also two variable rate agreements that each had an interest rate of 0.18% at June 30, 2015. 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
2016	\$ 3,415,000	\$ 2,624,074
2017	3,520,000	2,680,337
2018	3,635,000	2,556,509
2019	3,980,000	2,427,372
2020	4,115,000	2,433,931
2021-2025	20,165,000	10,266,045
2026-2030	19,445,000	7,262,675
2031-2035	19,415,000	2,475,275
	<u>\$ 77,690,000</u>	<u>\$ 32,726,218</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 0.25% (design and construction of remote operations center).

Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2016	\$ 1,304,706	\$ 732,961
2017	1,316,706	689,974
2018	1,328,706	637,323
2019	1,342,189	581,867
2020	1,353,926	528,604
2021-2025	7,033,630	1,759,936
2025-2029	3,104,932	277,770
2030-2034	285,506	21,370
	<u>\$ 17,070,301</u>	<u>\$ 5,229,805</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
2016	\$ 7,230,381	\$ 247,021	\$ 8,460,405	\$ 288,143
2017	5,784,492	190,457	7,511,665	223,431
2018	5,593,027	125,099	7,202,259	141,325
2019	3,083,119	72,774	3,360,180	79,313
2020	3,125,207	31,387	3,404,586	34,207
	<u>\$ 24,816,226</u>	<u>\$ 666,738</u>	<u>\$ 29,939,095</u>	<u>\$ 766,419</u>

State Revolving Loans. During the current fiscal year, the City's Water and Sewer Utility enterprise received \$18,614,583 in proceeds from state revolving fund loans. These loans carry fixed interest rates of 0.0% to 2.00% and are payable over 20 years. Final amounts for these loans will be determined when the associated projects close. Repayment will begin six months after respective project completion.

The City has previously entered into state revolving loans to finance various water and sewer capital projects. These debt issues carry fixed interest rates 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, 2015</u>
Water and Sewer:					
Crabtree Creek Interceptor-State Bond Loan	5.85%	3/1/1998	5/1/2016	\$ 5,000,000	\$ 250,000
Neuse River Nitrogen Removal	2.95%	7/31/1998	5/1/2018	7,972,965	1,194,152
Crabtree Creek Interceptor Phase 3	2.60%	1/7/2000	5/1/2020	3,300,000	825,000
Rolesville Projects (F-97-0931)	2.66%	11/14/2005	5/1/2025	2,316,247	1,158,124
Rolesville Projects (F-98-0931)	2.66%	11/14/2005	5/1/2025	683,753	341,876
Spray Irrigation	0.00%	9/1/2010	5/1/2030	625,694	422,035
Crabtree Creek North Bank Interceptor	2.45%	7/5/2011	5/1/2033	11,094,556	8,739,880
Centennial Reuse Pipeline Segment 4	0.00%	5/1/2012	5/1/2033	5,125,312	2,432,036
DE Benton Backwash Waste Facility	0.00%	5/18/2013	5/1/2034	7,075,847	6,655,618
NRWWTP 15MGD Expansion	2.00%	4/18/2013	5/1/2037	27,638,450	14,888,304
Water and Sewer Total					<u>36,907,025</u>
Stormwater:					
Upper Longview Restoration	0.00%	1/16/2013	5/1/2035	2,034,751	1,933,013
Stormwater Total					<u>1,933,013</u>
Total Loan Amount					<u>\$ 38,840,038</u>

Annual maturities for Water and Sewer Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2016	\$ 2,036,771	\$ 314,579
2017	1,786,771	279,199
2018	1,786,771	247,256
2019	2,770,643	917,254
2020	2,770,643	720,244
2021-2025	13,028,215	2,926,538
2026-2030	9,921,830	1,877,722
2031-2035	2,805,381	900,675
2036-2034	-	165,831
	<u>\$ 36,907,025</u>	<u>\$ 8,349,298</u>

The City has previously entered into a state revolving loan program to fund lake and stream enhancements. The loan is to be repaid in annual payments over 20 years at 0% interest.

Annual maturities for the Stormwater Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	
2016	\$	101,738
2017		101,738
2018		101,738
2019		101,738
2020		101,738
2021-2025		508,690
2026-2030		508,690
2031-2035		406,943
	<u>\$</u>	<u>1,933,013</u>

Earned Vacation Pay. At June 30, 2015, earned vacation pay consists of \$19,060,377 for governmental activities and \$4,443,299 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 \$3,613,177 reported as landfill postclosure liability as of June 30, 2015 includes the CAP report cost estimate as well as the cost to perform the ongoing postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

5. *Changes in long-term liabilities*

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 316,848,889	\$ 35,050,000	\$ 21,460,141	\$ 330,438,748	\$ 22,419,502
Unamortized premiums - GO bonds	26,890,110	8,940,163	2,664,089	33,166,184	2,664,089
Installment financing agreements	157,413,076	82,988,701	14,491,176	225,910,601	26,506,074
Unamortized premiums on IFA	4,811,074	-	254,975	4,556,099	254,975
Earned vacation pay	17,809,358	11,897,663	10,646,644	19,060,377	10,646,644
Claims payable	24,395,044	-	388,744	24,006,300	9,285,166
Total governmental activities	<u>\$ 548,167,551</u>	<u>\$ 138,876,527</u>	<u>\$ 49,905,769</u>	<u>\$ 637,138,309</u>	<u>\$ 71,776,450</u>
<u>Business-type activities:</u>					
General obligation bonds	\$ 3,351,112	\$ -	\$ 1,579,857	\$ 1,771,255	\$ 1,385,498
Unamortized premium - GO bonds	115,548	-	46,291	69,257	46,291
Revenue bonds	665,890,000	47,815,000	67,280,000	646,425,000	22,155,000
Unamortized premium - Rev. bonds	43,005,373	2,399,553	4,694,381	40,710,545	2,469,220
Installment financing agreements	388,615,142	60,324,508	43,104,902	405,834,748	29,243,934
Unamortized premiums - IFA	501,236	2,482,798	182,851	2,801,183	182,851
Earned vacation pay	4,009,258	3,112,075	2,678,034	4,443,299	2,678,034
Landfill postclosure	3,409,120	204,057	-	3,613,177	402,250
Claims payable	1,105	-	-	1,105	1,105
Total business-type activities	<u>\$ 1,108,897,894</u>	<u>\$ 116,337,991</u>	<u>\$ 119,566,316</u>	<u>\$ 1,105,669,569</u>	<u>\$ 58,564,183</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 \$324,555 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.

The LGERS plan had a net pension asset of \$21,863,612 as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

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, 2015, 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 \$181,065,000 matches the variable rates certificates of participation. Beginning in February 2015, the notional value of the swap and the principal amount of the associated debt started to decline annually. Under the swap agreement, the City pays the counterparty a fixed interest payment semiannually at 4.36% of the notional amount and receives a variable interest payment equivalent to the Bond Market Association Municipal Swap Index (BMA). At June 30, 2015, the swap had a negative fair value to the City of \$40,530,781. 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, 2015, 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, 2015, Citibank NA, the counterparty, was rated "A1" by Moody's Investor's Service, "A" by Standard and Poor's Ratings Services, and "A+" by Fitch Ratings. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make or being entitled to receive an unanticipated termination payment based on the market value on the date of termination. As rates vary, variable rate bond interest payments and net swap payments will vary. The principal and interest payments shown below are components of the business-type activities demand bond debt service requirements as reported on page 38.

Using rates as of June 30, 2015, 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
2016-2019	\$ 32,940,000	\$ 338,343	\$ 29,165,124	\$ 29,503,467
2020-2024	50,580,000	340,443	29,346,144	29,686,587
2025-2029	63,570,000	201,608	17,378,567	17,580,175
2030-2034	33,975,000	60,233	5,192,042	5,252,275
Total	\$ 181,065,000	\$ 940,627	\$ 81,081,877	\$ 82,022,504

*Computed using 4.36% less floating rate paid to the City (0.05% at June 30, 2015) times \$188,425,000 less accumulated annual reductions.

2008 Swap

On February 9, 2006, the City entered into forward starting swap transactions with two financial institutions as related to \$150,000,000 of water and sewer revenue bonds to be issued in 2008. The City engaged the swap transactions effective June 18, 2008 in conjunction with the issue of variable rate revenue bonds. Under the swap agreements, the City pays the counterparties a fixed interest rate payment at 4.163% of the swap notional amount (\$150,000,000) and receives a variable interest rate payment equivalent to the BMA. At June 30, 2015, the swaps had a combined negative fair value to the City of \$28,413,443, which mitigates the City's exposure to

credit risk. However, should interest rates change and the fair value of swaps become positive, the City would be exposed to credit risk in the amount of the derivatives' positive fair values. At June 30, 2015, Citigroup and Wells Fargo Bank, N.A., the counterparties, were rated "A1"/"Aa2", "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, 2015, 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
2016-2019	\$ 17,990,000	\$ 249,928	\$ 20,559,036	\$ 20,808,964
2020-2024	27,415,000	257,445	21,177,426	21,434,871
2025-2029	34,090,000	182,553	15,016,769	15,199,322
2030-2034	42,350,000	89,445	7,357,746	7,447,191
2035	9,630,000	4,815	396,082	400,897
Total	\$ 131,475,000	\$ 784,186	\$ 64,507,059	\$ 65,291,245

*Computed using 4.163% less floating rate paid to the City (0.05% at June 30, 2015) times \$150,000,000 less accumulated annual reductions.

G. Restricted assets

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

	<u>Deposits</u>	<u>Unspent Debt Proceeds</u>
<u>Governmental</u>		
General Fund	\$ -	\$ 9,143,361
Nonmajor governmental funds	1,535,764	138,182,599
Total governmental	<u>1,535,764</u>	<u>147,325,960</u>
 <u>Enterprise</u>		
Water and sewer fund	14,420,703	41,190,523
Convention center fund	289,834	-
Mass transit fund	50,305	-
Stormwater fund	9,287,728	-
Parking Fund	-	84,298
Total enterprise	<u>24,048,570</u>	<u>41,274,821</u>
 <u>Internal service funds</u>		
Governmental equipment replacement fund	-	12,783,584
Public utilities equipment replacement fund	-	11,390,788
Solid waste services equipment replacement fund	-	3,644,178
Total internal service fund	<u>-</u>	<u>27,818,550</u>
Total	<u>\$ 25,584,334</u>	<u>\$ 216,419,331</u>

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 \$24,006,300 reported for these two internal service funds at June 30, 2015, 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 2014-15 and 2013-15 are as follows:

	2015	2014
Insurance claims payable, beginning of year	\$ 24,395,044	\$ 25,646,536
Current year claims and changes in estimates	37,225,767	33,610,717
Claim payments	(37,614,511)	(34,862,209)
Insurance claims payable, end of year	<u>\$ 24,006,300</u>	<u>\$ 24,395,044</u>

Employees' health benefits and risk management current portion of pending claims is \$9,285,166.

B. Commitments and contingent liabilities

Commitment - Enterprise Funds. In February 1972, the City entered into a raw water storage contract and joint use construction costs with the U. S. Corps of Engineers for raw water usage of up to 100 million gallons per day from Falls Lake. The City's estimated share of construction cost for the project was estimated at \$12,170,000 payable annually over 50 years beginning in 1984. The contract requires that the City pay certain capital and operating costs of the lake which are dependent upon future costs of operation. The City's fiscal year 2014-15 obligation was \$677,241. It is estimated, at this time, that the future cost to the City will not exceed \$800,000 annually and will be repaid in 2033 with a final payment of \$3,453,641.

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, 2015 was \$14,177,851. Of this amount, \$7,148,903 was recorded as a liability, and the remaining \$7,028,948 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 \$121,120 to the council during the fiscal year ended June 30, 2015. 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, 2015 the City appropriated \$42,106 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, 2015 the balance of the trust maintained by the County was \$1,621,723, which is not available to the City except for current and future projects jointly determined by the City and the County. During fiscal year 2014-15, 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 \$22,235,261 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, 2015. 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, 2015. 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 of Raleigh is a participating employer in the statewide Local Government Employees' Retirement System (LGERS); a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. 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 or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits

are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Raleigh employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Raleigh's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Raleigh were \$14,479,622 for the year ended June 30, 2015.

Refunds of Contributions. City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the City reported an asset of \$21,863,612 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the City's proportion was 3.71%, which was a decrease of 0.01% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the City recognized pension expense of \$1,171,961. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	2,388,978
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	50,897,977
Changes in proportion and differences between City contributions and proportionate share of contributions	-	793,101
City contributions subsequent to the measurement date	14,479,622	-
Total	<u>14,479,622</u>	<u>54,080,056</u>

\$14,479,622 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Pension deferrals
2016	\$ (13,522,008)
2017	(13,522,008)
2018	(13,522,008)
2019	(13,514,032)
	<u>\$ (54,080,056)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent inflating and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate
Fixed Income	36.0%	2.5%
Global equity	40.5%	6.1%
Real estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation protection	4.5%	3.7%
	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LRS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1 % Decrease (6.25%)	Discount Rate (7.25%)	Discount Rate (8.25%)
City's proportionate share of the net pension liability (asset)	\$ 74,214,526	\$ (21,863,612)	\$ (102,758,283)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Law Enforcement Supplemental Plans

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a section 401(k) defined contribution pension plan administered by the Department of State Treasurer and a board of trustees. The plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officers' salary, and all amounts collected are vested immediately. Also, law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$3,636,585 which consisted of \$2,247,676 from the City and \$1,388,909 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.

The separation allowance has assets which are accumulated in a stand-alone custodial account. However, these assets are not accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

Therefore, GASB Statements 67 and 68 do not apply to the City's separation allowance.

All full-time City law enforcement officers are covered by the separation allowance. At December 31, 2014, the separation allowance's membership consisted of:

Retirees and beneficiaries currently receiving benefits	142
Current active employees	<u>742</u>
Total	<u>884</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. The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

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 \$3,000,000 or 6.8% 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	\$ 2,666,453
Interest paid on pension obligation	(154,320)
Adjustment to annual required contribution	210,812
Annual pension cost	<u>2,722,945</u>
Employer contributions made for current fiscal year	<u>(3,000,000)</u>
Increase in net pension asset	(277,055)
Net pension (asset) obligation beginning of fiscal year	<u>(3,086,407)</u>
Net pension (asset) obligation end of fiscal year	<u><u>\$ (3,363,462)</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:

Funding Status:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset End of Year
June 30, 2013	\$ 2,433,884	111.5%	\$ (2,111,278)
June 30, 2014	2,563,263	138.0%	(3,086,407)
June 30, 2015	2,722,945	110.2%	(3,363,462)

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, 2014, the most recent actuarial valuation date, the plan was 10.8% funded. The actuarial accrued liability for benefits was \$30,424,139, and the actuarial value of assets was \$3,280,188, resulting in an unfunded actuarial accrued liability (UAAL) of \$27,143,951. The covered payroll (annual payroll of active employees covered by the plan) was \$43,831,182, and the ratio of UAAL to the covered payroll was 61.9%.

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, 2014, the plan membership consisted of:

Law enforcement officers	742
Firefighters	584
General employees	2,455
Retirees	<u>1,712</u>
Total	<u>5,493</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 \$13,952,076 or 7.0% of the annual covered payroll. Contributions made by retirees for dependent coverage and Medicare supplement premiums were \$2,089,675.

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		222,961
Adjustment to annual required contribution		(193,856)
Annual OPEB cost		<u>13,689,492</u>
Employer contributions made for current fiscal year		(13,952,076)
Increase in net OPEB obligation		(262,584)
Net OPEB (asset) obligation beginning of fiscal year		<u>3,185,157</u>
Net OPEB (asset) obligation end of fiscal year	\$	<u><u>2,922,573</u></u>

The annual required contribution for the current year was determined as part of the December 31, 2013 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 7.75% 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 25 years.

The trend information is as follows:

<u>Fiscal Year Ending</u>	<u>Annual Plan Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB Obligation End of Year</u>
June 30, 2013	\$ 13,276,012	100.1%	\$ 2,742,630
June 30, 2014	13,685,448	96.8	3,185,157
June 30, 2015	13,689,492	101.9	2,922,573

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was 16.4% funded. The actuarial accrued liability for benefits was \$167,302,907, and the actuarial value of assets was \$27,367,097, resulting in an unfunded actuarial accrued liability (UAAL) of \$139,935,810. The covered payroll (annual payroll of active employees covered by the plan) was \$198,589,085, and the ratio of UAAL to the covered payroll was 70.5%.

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 3.0%) into the 401a plan. During fiscal year 2014-15, the City contributed \$3,353,619 to the plan.

The 2014-15 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	\$ 51,101,548	\$ 3,073,762	\$ 29,362,261	\$ 83,537,571
Accrued interest receivable	-	3,410	32,949	36,359
Total assets	<u>51,101,548</u>	<u>3,077,172</u>	<u>29,395,210</u>	<u>83,573,930</u>
LIABILITIES				
Claims payable	-	-	957,834	957,834
Accounts payable	-	-	1,803	1,803
Total liabilities	<u>-</u>	<u>-</u>	<u>959,637</u>	<u>959,637</u>
NET POSITION				
Held in trust for employees' retirement and other post-employment benefits	<u>\$ 51,101,548</u>	<u>\$ 3,077,172</u>	<u>\$ 28,435,573</u>	<u>\$ 82,614,293</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	\$ 3,353,619	\$ 3,000,000	\$ 13,952,076	\$ 20,305,695
Retiree contributions	-	-	2,089,675	2,089,675
Interest	2,294,616	133,543	1,444,540	3,872,699
Net increase (decrease) in the fair value of investments	(432,592)	(124,602)	(1,501,062)	(2,058,256)
Recovery of claims	-	-	155,542	155,542
Less investment expense	(77,057)	-	-	(77,057)
Total additions	<u>5,138,586</u>	<u>3,008,941</u>	<u>16,140,771</u>	<u>24,288,298</u>
DEDUCTIONS				
Benefits	2,389,709	3,034,054	13,704,781	19,128,544
Withdrawals and forfeitures	106,961	-	-	106,961
Professional services	-	-	25,149	25,149
Total deductions	<u>2,496,670</u>	<u>3,034,054</u>	<u>13,729,930</u>	<u>19,260,654</u>
Change in net position restricted for:				
Employees' retirement and other post-employment benefits	2,641,916	(25,113)	2,410,841	5,027,644
Net position, beginning of year	48,459,632	3,102,285	26,024,732	77,586,649
Net position, end of year	<u>\$ 51,101,548</u>	<u>\$ 3,077,172</u>	<u>\$ 28,435,573</u>	<u>\$ 82,614,293</u>

E. New pronouncements

The GASB has issued pronouncements which are effective for the fiscal year ended June 30, 2015.

The GASB has issued Statement No. 67, "Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25." This Statement replaces the requirements of Statements No. 25 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. 68, "Accounting and Financial Reporting for Pensions; 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 and equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2104. Management has determined that the impacts of this Statement did have a material effect on the City.

The GASB has issued Statement No. 69, "Government Combinations and Disposals of Government Operations." The requirements of this Statement should be applied prospectively and are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application of the Statement is encouraged. 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." The requirements 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. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB 68." The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. The requirements of this Statement are effective for financial statements for fiscal year beginning after June 15, 2014. Management has determined that the impacts of this Statement did have a material effect on the City.

The GASB has issued pronouncements prior to June 30, 2015 which have an effective date that may impact future presentations.

GASB Statement No. 72, "Fair Value Measurement and Application." This Statement is effective for periods beginning after June 15, 2015.

GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68." This Statement is effective for periods beginning after June 15, 2015.

GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans." This Statement is effective for periods beginning after June 15, 2016.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This Statement is effective for periods beginning after June 15, 2017.

GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This Statement is effective for periods beginning after June 15, 2015.

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 28, 2015 in connection with the preparation of these financial statements which is the date the financials were available to be issued.

G. Change in accounting principles/restatement

GASB 68. The City implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$22,924,921 and \$8,119,562, respectively.

Long-term Loans Receivable. The City has adopted new accounting principles, effective July 1, 2014, that it believes are preferable to its previous principles. The City now uses expenditure and revenue contra accounts to eliminate the effect of expenditures and revenues reported for budgetary purposes in conjunction with the issuance of long-term loans receivable in governmental funds and expends loans which are not expected to be collected. Deferred inflows reported under the City's previous accounting principles have been reclassified to an appropriate component of fund balance or reserved, as appropriate. Additionally, the City has determined that it is appropriate to adjust beginning net position for certain loans that are not expected to be repaid in the amount of \$7,978,075.

The effects of these changes in accounting principles on fund balance are presented below:

	General Fund	Nonmajor Funds	Total Governmental Activities
Fund balance, as previously reported	\$ 226,679,318	\$ 238,935,659	\$ 465,614,977
Adjustments:			
Total loans deferred	2,100,799	64,906,768	67,007,567
Expenditure of loans not expected to be paid	(1,444,300)	(6,533,775)	(7,978,075)
Net restatement	656,499	58,372,993	59,029,492
Fund balance, as adjusted	<u>\$ 227,335,817</u>	<u>\$ 297,308,652</u>	<u>\$ 524,644,469</u>



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]
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
2014	3,280,188	30,424,139	27,143,951	10.8	43,831,182	61.9

Note:

Information presented as of December 31 actuarial valuation date.

**LAW ENFORCEMENT OFFICERS'
SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
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
2015	2,666,453	112.5

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, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	16 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]
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
2014	27,367,097	167,302,907	139,935,810	16.4	198,589,085	70.5

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
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
2015	13,660,387	102.1

Notes to the Required Schedules:

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

Valuation date	December 31, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	24 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	7.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.50% to 5.00%
Post-Medicare trend rate	0.00%
Year of ultimate trend rate	2020
*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.

**City of Raleigh's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Two Fiscal Years ***

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Raleigh's proportion of the net pension liability (asset) (%)	3.72410%	3.72410%
Raleigh's proportion of the net pension liability (asset) (\$)	\$ (21,863,612)	\$ 44,889,706
Raleigh's covered-employee payroll	\$ 202,649,654	\$ 194,516,160
Raleigh's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(10.79%)	23.08%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

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

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

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 14,479,623	\$ 13,845,270
Contributions in relation to the contractually required contribution	14,479,623	13,845,270
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Raleigh's covered-employee payroll	\$ 202,649,654	\$ 194,516,160
Contributions as a percentage of covered-employee payroll	7.15%	7.12%



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, 2015

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 40,212,887	\$ 95,482,799	\$ 135,695,686
Assessments receivable, net of allowance for uncollectibles of \$96,509	-	375,443	375,443
Due from other funds	23,096	391,098	414,194
Due from other governmental agencies	8,962,043	1,509,403	10,471,446
Due from GoTriangle	-	1,557,337	1,557,337
Accrued interest receivable	88,118	170,728	258,846
Sales tax receivable	60,946	1,742,529	1,803,475
Loans receivable, net of allowance for uncollectibles of \$6,533,775	57,884,933	-	57,884,933
Assets held for resale	-	11,625,378	11,625,378
Cash and cash equivalents/investments - restricted deposits and bond proceeds	8,538,975	131,179,388	139,718,363
Total assets	\$ 115,770,998	\$ 244,034,103	\$ 359,805,101
LIABILITIES			
Accounts payable	\$ 658,029	\$ 14,520,766	\$ 15,178,795
Accrued salaries and employee payroll taxes	17,455	114	17,569
Employee taxes and related withholdings	2,741	-	2,741
Sales tax payable	388	26,333	26,721
Loan servicing escrow	1,271,091	-	1,271,091
Other liabilities	-	11,413	11,413
Due to other funds	1,807,799	3,993,983	5,801,782
Reimbursable facility fees	-	7,148,903	7,148,903
Escrow and other deposits payable from restricted assets	-	1,535,764	1,535,764
Due to other governmental agencies	171,737	-	171,737
Total liabilities	3,929,240	27,237,276	31,166,516
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	332,138	4,084,399	4,416,537
Assessment receivable	-	375,443	375,443
Prepaid assessments	-	7,426	7,426
Total deferred inflows of resources	332,138	4,467,268	4,799,406
FUND BALANCES			
Nonspendable:			
Assets held for resale	-	11,625,378	11,625,378
Loans receivable	57,884,933	-	57,884,933
Restricted:			
Debt service	36,338,216	-	36,338,216
Public safety	2,022,007	-	2,022,007
Assigned:			
Subsequent year's appropriation	4,072,183	127,226,460	131,298,643
City projects	-	73,477,721	73,477,721
Community development	9,777,291	-	9,777,291
Disaster recovery	1,414,990	-	1,414,990
Total fund balances	111,509,620	212,329,559	323,839,179
Total liabilities, deferred inflows of resources and fund balances	\$ 115,770,998	\$ 244,034,103	\$ 359,805,101

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

For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Combining Eliminations	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 32,899,767	\$ 6,359,290	\$ -	\$ 39,259,057
Non-governmental	79,939	-	-	79,939
Assessments	-	1,269,683	-	1,269,683
Gain (loss) on investments	288,384	703,821	-	992,205
Facility fees	-	11,990,234	-	11,990,234
Rents	87,954	391,098	-	479,052
Program income	1,095,579	-	-	1,095,579
Miscellaneous other	16,439	297,999	-	314,438
Total revenues	<u>34,468,062</u>	<u>21,012,125</u>	<u>-</u>	<u>55,480,187</u>
EXPENDITURES				
Current:				
General government	600	2,944,349	-	2,944,949
Community development services	6,680,416	-	-	6,680,416
Public works	3,151,201	55,174,912	-	58,326,113
Public safety	2,818,665	34,018,741	-	36,837,406
Leisure services	3,108,918	24,524,060	-	27,632,978
Economic development programs	257,827	-	-	257,827
Total expenditures	<u>16,017,627</u>	<u>116,662,062</u>	<u>-</u>	<u>132,679,689</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,450,435</u>	<u>(95,649,937)</u>	<u>-</u>	<u>(77,199,502)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	869,612	23,669,500	(202,021)	24,337,091
Transfers out	(22,688,911)	(9,529,540)	202,021	(32,016,430)
Note proceeds	-	1,032,846	-	1,032,846
Issuance of debt	10,000,005	91,614,088	-	101,614,093
Premium on issuance of debt	95,525	8,411,295	-	8,506,820
Proceeds from sale of property	255,609	-	-	255,609
Total other financing sources and uses	<u>(11,468,160)</u>	<u>115,198,189</u>	<u>-</u>	<u>103,730,029</u>
Net change in fund balances	6,982,275	19,548,252	-	26,530,527
Fund balances, beginning of year	46,154,352	192,781,307	-	238,935,659
Restatement loans (Note 4. G, page 64)	58,372,993	-	-	58,372,993
Fund balances, restated	<u>104,527,345</u>	<u>192,781,307</u>	<u>-</u>	<u>297,308,652</u>
Fund balances, end of year	<u>\$ 111,509,620</u>	<u>\$ 212,329,559</u>	<u>\$ -</u>	<u>\$ 323,839,179</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, 2015

	Grants Fund	Housing Bond Fund	Community Development Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ 5,700,717	\$ 17,965
Due from other funds	531	-	8,777
Due from other governmental agencies	2,047,982	-	1,717,826
Accrued interest receivable	-	-	-
Sales tax receivable	21,450	-	406
Loans receivable, net of allowance of \$6,533,775	-	35,153,043	22,731,890
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	8,538,975	-
Total assets	\$ 2,069,963	\$ 49,392,735	\$ 24,476,864
LIABILITIES			
Accounts payable	\$ 426,737	\$ 30,524	\$ 156,308
Accrued salaries and employee payroll taxes	10,132	-	4,047
Employee taxes and related withholdings	-	-	-
Sales tax payable	388	-	-
Loan servicing escrow	-	359,694	911,397
Due to other funds	1,412,765	-	389,288
Due to other governmental agencies	-	-	171,737
Total liabilities	1,850,022	390,218	1,632,777
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	219,941	-	112,197
Total deferred inflows of resources	219,941	-	112,197
FUND BALANCES			
Nonspendable:			
Loans receivable	-	35,153,043	22,731,890
Restricted:			
Debt service	-	-	-
Public safety	-	-	-
Assigned:			
Subsequent year's appropriation	-	4,072,183	-
Community development	-	9,777,291	-
Disaster recovery	-	-	-
Total fund balances	-	49,002,517	22,731,890
Total liabilities, deferred inflows of resources and fund balances	\$ 2,069,963	\$ 49,392,735	\$ 24,476,864

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015**

	Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ 434,225	\$ 32,049,777	\$ 2,010,203	\$ 40,212,887
Due from other funds	-	-	13,788	23,096
Due from other governmental agencies	980,965	4,210,198	5,072	8,962,043
Accrued interest receivable	-	83,987	4,131	88,118
Sales tax receivable	-	-	39,090	60,946
Loans receivable, net of allowance of \$6,533,775	-	-	-	57,884,933
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	-	-	8,538,975
Total assets	\$ 1,415,190	\$ 36,343,962	\$ 2,072,284	\$ 115,770,998
LIABILITIES				
Accounts payable	\$ 200	\$ -	\$ 44,260	\$ 658,029
Accrued salaries and employee payroll taxes	-	-	3,276	17,455
Employee taxes and related withholdings	-	-	2,741	2,741
Sales tax payable	-	-	-	388
Loan servicing escrow	-	-	-	1,271,091
Due to other funds	-	5,746	-	1,807,799
Due to other governmental agencies	-	-	-	171,737
Total liabilities	200	5,746	50,277	3,929,240
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	-	-	-	332,138
Total deferred inflows of resources	-	-	-	332,138
FUND BALANCES				
Nonspendable:				
Loans receivable	-	-	-	57,884,933
Restricted:				
Debt service	-	36,338,216	-	36,338,216
Public safety	-	-	2,022,007	2,022,007
Assigned:				
Subsequent year's appropriation	-	-	-	4,072,183
Community development	-	-	-	9,777,291
Disaster recovery	1,414,990	-	-	1,414,990
Total fund balances	1,414,990	36,338,216	2,022,007	111,509,620
Total liabilities, deferred inflows of resources and fund balances	\$ 1,415,190	\$ 36,343,962	\$ 2,072,284	\$ 115,770,998

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

For the Fiscal Year Ended June 30, 2015

	Grants Fund	Housing Bond Fund	Community Development Fund
REVENUES			
Intergovernmental	\$ 4,147,470	\$ -	\$ 4,294,957
Non-governmental	79,939	-	-
Gain (loss) on investments	-	221	-
Rents	-	-	87,954
Program income	-	762,332	333,247
Miscellaneous other	-	1,739	14,700
Total revenues	<u>4,227,409</u>	<u>764,292</u>	<u>4,730,858</u>
EXPENDITURES			
Current:			
General government	-	-	-
Community development services	510,970	-	6,169,446
Public works	3,151,201	-	-
Public safety	680,846	-	-
Leisure services	512,541	-	-
Economic development programs	-	257,827	-
Total expenditures	<u>4,855,558</u>	<u>257,827</u>	<u>6,169,446</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(628,149)</u>	<u>506,465</u>	<u>(1,438,588)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	628,149	-	241,463
Transfers out	-	(541,000)	(18,165)
Issuance of debt	-	10,000,005	-
Premium on issuance of debt	-	95,525	-
Proceeds from sale of property	-	-	255,609
Total other financing sources and uses	<u>628,149</u>	<u>9,554,530</u>	<u>478,907</u>
Net change in fund balances	-	10,060,995	(959,681)
Fund balances, beginning of year	-	4,260,100	-
Restatement loans (Note 4. G, page 64)	-	34,681,422	23,691,571
Fund balances, restated	-	38,941,522	23,691,571
Fund balances, end of year	<u>\$ -</u>	<u>\$ 49,002,517</u>	<u>\$ 22,731,890</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

For the Fiscal Year Ended June 30, 2015

	Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
REVENUES				
Intergovernmental	\$ -	\$ 22,235,261	\$ 2,222,079	\$ 32,899,767
Non-governmental	-	-	-	79,939
Gain (loss) on investments	-	274,670	13,493	288,384
Rents	-	-	-	87,954
Program income	-	-	-	1,095,579
Miscellaneous other	-	-	-	16,439
Total revenues	<u>-</u>	<u>22,509,931</u>	<u>2,235,572</u>	<u>34,468,062</u>
EXPENDITURES				
Current:			-	
General government	600	-	-	600
Community development services	-	-	-	6,680,416
Public works	-	-	-	3,151,201
Public safety	-	-	2,137,819	2,818,665
Leisure services	-	2,596,377	-	3,108,918
Economic development programs	-	-	-	257,827
Total expenditures	<u>600</u>	<u>2,596,377</u>	<u>2,137,819</u>	<u>16,017,627</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(600)</u>	<u>19,913,554</u>	<u>97,753</u>	<u>18,450,435</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	869,612
Transfers out	-	(22,129,746)	-	(22,688,911)
Issuance of debt	-	-	-	10,000,005
Premium on issuance of debt	-	-	-	95,525
Proceeds from sale of property	-	-	-	255,609
Total other financing sources and uses	<u>-</u>	<u>(22,129,746)</u>	<u>-</u>	<u>(11,468,160)</u>
Net change in fund balances	(600)	(2,216,192)	97,753	6,982,275
Fund balances, beginning of year	1,415,590	38,554,408	1,924,254	46,154,352
Restatement loans (Note 4. G, page 64)	-	-	-	58,372,993
Fund balances, restated	<u>1,415,590</u>	<u>38,554,408</u>	<u>1,924,254</u>	<u>104,527,345</u>
Fund balances, end of year	<u>\$ 1,414,990</u>	<u>\$ 36,338,216</u>	<u>\$ 2,022,007</u>	<u>\$ 111,509,620</u>

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

For the Fiscal Year Ended June 30, 2015

	<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 Corporation for National and Community Service	\$ 5,104,508	\$ 3,186,220	\$ 8,290,728	\$ 11,011,386	\$ (2,720,658)
U.S. Department of Justice	405,168	492,311	897,479	914,079	(16,600)
U.S. Department of Homeland Security	231,740	136,252	367,992	746,504	(378,512)
U.S. Department of the Interior	23,555	24,596	48,151	55,564	(7,413)
Office of National Drug Control Policy	9,000	21,000	30,000	30,000	-
State of North Carolina	18,514	25,599	44,113	51,957	(7,844)
Wake County	62,950	168,090	231,040	249,148	(18,108)
	<u>125,237</u>	<u>93,402</u>	<u>218,639</u>	<u>219,442</u>	<u>(803)</u>
	5,980,672	4,147,470	10,128,142	13,278,080	(3,149,938)
Non-governmental	108,644	79,939	188,583	443,097	(254,514)
Total revenues	<u>6,089,316</u>	<u>4,227,409</u>	<u>10,316,725</u>	<u>13,721,177</u>	<u>(3,404,452)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	392,248	392,248	392,248	-
Street improvement fund	-	183,856	183,856	183,856	-
Mass transit fund	-	52,045	52,045	52,045	-
Total other financing sources	<u>-</u>	<u>628,149</u>	<u>628,149</u>	<u>628,149</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 6,089,316</u>	<u>\$ 4,855,558</u>	<u>\$ 10,944,874</u>	<u>\$ 14,349,326</u>	<u>\$ (3,404,452)</u>
EXPENDITURES					
Community development services	\$ 405,168	\$ 510,970	\$ 916,138	\$ 932,738	\$ (16,600)
Public works	4,385,453	3,151,201	7,536,654	9,842,690	(2,306,036)
Public safety	722,326	680,846	1,403,172	1,998,671	(595,499)
Leisure services	576,369	512,541	1,088,910	1,575,227	(486,317)
Total expenditures	<u>\$ 6,089,316</u>	<u>\$ 4,855,558</u>	<u>\$ 10,944,874</u>	<u>\$ 14,349,326</u>	<u>\$ (3,404,452)</u>

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

For the Fiscal Year Ended June 30, 2015

	<u>Prior</u>	<u>Actual</u>			<u>Over</u>
	<u>Years</u>	<u>Current</u>	<u>Total</u>	<u>Budget</u>	<u>(Under)</u>
		<u>Year</u>			<u>Budget</u>
REVENUES					
Gain (loss) on investments	\$ -	\$ 221	\$ 221	\$ -	\$ 221
Program income	47,795	762,332	810,127	200,000	610,127
Miscellaneous other	-	1,739	1,739	-	1,739
Total revenues	<u>47,795</u>	<u>764,292</u>	<u>812,087</u>	<u>200,000</u>	<u>612,087</u>
OTHER FINANCING SOURCES					
Bonds issued	-	10,000,005	10,000,005	15,745,684	(5,745,679)
Premium on bonds issued	-	95,525	95,525	-	95,525
Total other financing sources	<u>-</u>	<u>10,095,530</u>	<u>10,095,530</u>	<u>15,745,684</u>	<u>(5,650,154)</u>
Total revenues and other financing sources	<u>\$ 47,795</u>	<u>\$ 10,859,822</u>	<u>\$ 10,907,617</u>	15,945,684	<u>\$ (5,038,067)</u>
Fund balance appropriated				<u>19,415,665</u>	
				<u>\$ 35,361,349</u>	
EXPENDITURES					
Economic development programs	<u>\$ 21,274,184</u>	<u>\$ 257,827</u>	<u>\$ 21,532,011</u>	<u>\$ 34,820,349</u>	<u>\$ (13,288,338)</u>
OTHER FINANCING USES					
Transfer to:					
General fund	<u>-</u>	<u>541,000</u>	<u>541,000</u>	<u>541,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 21,274,184</u>	<u>\$ 798,827</u>	<u>\$ 22,073,011</u>	<u>\$ 35,361,349</u>	<u>\$ (13,288,338)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
COMMUNITY DEVELOPMENT FUND**

For the Fiscal Year Ended June 30, 2015

	<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	\$ 4,892,683	\$ 4,294,957	\$ 9,187,640	\$ 24,687,025	\$ (15,499,385)
Rents	128,262	87,954	216,216	570,721	(354,505)
Program income	864,275	333,247	1,197,522	4,055,475	(2,857,953)
Miscellaneous other	-	14,700	14,700	-	14,700
Total revenues	<u>5,885,220</u>	<u>4,730,858</u>	<u>10,616,078</u>	<u>29,313,221</u>	<u>(18,697,143)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	645,332	241,463	886,795	487,169	399,626
Proceeds from sale of property	-	255,609	255,609	951,737	(696,128)
Total other financing sources	<u>645,332</u>	<u>497,072</u>	<u>1,142,404</u>	<u>1,438,906</u>	<u>(296,502)</u>
Total revenues and other financing sources	<u>\$ 6,530,552</u>	<u>\$ 5,227,930</u>	<u>\$ 11,758,482</u>	30,752,127	<u>\$ (18,993,645)</u>
Fund balance appropriated				3,142,236	
				<u>\$ 33,894,363</u>	
EXPENDITURES					
Community development services	<u>\$ 6,530,552</u>	<u>\$ 6,169,446</u>	<u>\$ 12,699,998</u>	<u>\$ 33,876,198</u>	<u>\$ (21,176,200)</u>
OTHER FINANCING USES					
Transfer to:					
Technology capital projects fund	-	18,165	18,165	18,165	-
Total expenditures and other financing uses	<u>\$ 6,530,552</u>	<u>\$ 6,187,611</u>	<u>\$ 12,718,163</u>	<u>\$ 33,894,363</u>	<u>\$ (21,176,200)</u>



**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 DISASTER RECOVERY FUND
 For the Fiscal Year Ended June 30, 2015**

	<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	\$ 4,751,225	\$ -	\$ 4,751,225	\$ 5,846,921	\$ (1,095,696)
NC Department of Transportation	80,347	-	80,347	-	80,347
Total revenues	<u>\$ 4,831,572</u>	<u>\$ -</u>	<u>\$ 4,831,572</u>	<u>\$ 5,846,921</u>	<u>\$ (1,015,349)</u>
EXPENDITURES					
General government	<u>\$ 4,831,572</u>	<u>\$ 600</u>	<u>\$ 4,832,172</u>	<u>\$ 5,846,921</u>	<u>\$ (1,014,749)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
CONVENTION CENTER FINANCING FUND**

For the Fiscal Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
Wake County	\$ 22,235,261	\$ 19,966,000	\$ 2,269,261
Gain (loss) on investments	274,670	1,081,000	(806,330)
Total revenues	<u>\$ 22,509,931</u>	<u>21,047,000</u>	<u>\$ 1,462,931</u>
Fund balance appropriated		8,271,000	
		<u>\$ 29,318,000</u>	
EXPENDITURES			
Leisure services	<u>\$ 2,596,377</u>	<u>\$ 4,550,000</u>	<u>\$ (1,953,623)</u>
OTHER FINANCING USES			
Transfers to:			
Convention and performing arts complex operating fund	19,683,746	22,322,000	(2,638,254)
Convention center complex capital projects fund	2,446,000	2,446,000	-
Total other financing uses	<u>22,129,746</u>	<u>24,768,000</u>	<u>(2,638,254)</u>
Total expenditures and other financing uses	<u>\$ 24,726,123</u>	<u>\$ 29,318,000</u>	<u>\$ (4,591,877)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
EMERGENCY TELEPHONE SYSTEM FUND**

For the Fiscal Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 2,222,079	\$ 2,161,215	\$ 60,864
Gain (loss) on investments	13,493	-	13,493
Total revenues	<u>\$ 2,235,572</u>	<u>2,161,215</u>	<u>\$ 74,357</u>
Fund balance appropriated		1,784,599	
		<u>\$ 3,945,814</u>	
EXPENDITURES			
Public safety:			
Telephone	\$ 1,252,781	\$ 1,672,111	\$ (419,330)
Furniture	20,565	1,334,565	(1,314,000)
Software maintenance	591,189	454,122	137,067
Hardware maintenance	252,093	439,706	(187,613)
Training	21,191	45,310	(24,119)
Total expenditures	<u>\$ 2,137,819</u>	<u>\$ 3,945,814</u>	<u>\$ (1,807,995)</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.

New Communications Center Bond Fund (nonmajor fund)

The New Communications Center Bond Fund accounts for capital project costs for construction of the new facility that will house the emergency communications center. This project is financed from limited obligation bond debt issues.

Remote Operations Facilities Bond Fund (nonmajor fund)

The Remote Operations Facilities Bond Fund accounts for capital project costs for construction of new public facilities, including remote operations centers for streets, parks and public works. These projects are financed from limited obligation bond debt issues.

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**
June 30, 2015

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Raleigh Union Station Fund	Facility Fees Fund	Park Bond Fund
ASSETS							
Cash and cash equivalents	\$ 21,092,861	\$ 10,088,513	\$ 4,934,682	\$ 10,798,695	\$ 2,227,772	\$ 16,074,411	\$ 12,000,001
Assessments receivable, net of allowance for uncollectibles of \$96,509	375,443	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governmental agencies	501,979	-	36,120	-	964,273	-	7,031
Due from GoTriangle	-	-	-	-	1,557,337	-	-
Accrued interest receivable	39,928	17,899	12,392	15,145	-	15,145	27,537
Sales tax receivable	25,186	79,202	2,576	83,746	-	-	186,798
Assets held for resale	-	-	-	-	-	-	-
Cash and cash equivalents/investments - restricted deposits and bond proceeds	1,117,710	17,491,891	418,054	-	5,483,469	-	42,595,510
Total assets	\$ 23,153,107	\$ 27,677,505	\$ 5,403,824	\$ 10,897,586	\$ 10,232,851	\$ 16,089,556	\$ 54,816,877
LIABILITIES							
Accounts payable	\$ 1,406,212	\$ 1,347,752	\$ 111,148	\$ 509,645	\$ 836,376	\$ -	\$ 2,428,925
Accrued salaries and employee payroll taxes	-	114	-	-	-	-	-
Sales tax payable	1,306	14,182	115	9,550	-	-	-
Other liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	2,000,000
Reimbursable facility fees	-	-	-	-	-	7,148,903	-
Escrow and other deposits payable from restricted assets	1,117,710	-	418,054	-	-	-	-
Total liabilities	2,525,228	1,362,048	529,317	519,195	836,376	7,148,903	4,428,925
DEFERRED INFLOWS OF RESOURCES							
Unearned revenues	-	-	-	27,062	4,057,337	-	-
Assessments receivable	375,443	-	-	-	-	-	-
Prepaid assessments	-	-	7,426	-	-	-	-
Total deferred inflows of resources	375,443	-	7,426	27,062	4,057,337	-	-
FUND BALANCES							
Nonspendable:							
Assets held for resale	-	-	-	-	-	-	-
Assigned:							
Subsequent year's appropriation	11,789,882	26,315,457	4,867,081	6,157,905	-	-	47,039,944
City projects	8,462,554	-	-	4,193,424	5,339,138	8,940,653	3,348,008
Total fund balances	20,252,436	26,315,457	4,867,081	10,351,329	5,339,138	8,940,653	50,387,952
Total liabilities, deferred inflows of resources and fund balances	\$ 23,153,107	\$ 27,677,505	\$ 5,403,824	\$ 10,897,586	\$ 10,232,851	\$ 16,089,556	\$ 54,816,877

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**
June 30, 2015

	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	New Communications Center Bond Fund	Remote Operations Facilities Bond Fund	Total Nonmajor Capital Projects Funds
ASSETS						
Cash and cash equivalents	\$ 6,438,919	\$ 1,310,933	\$ 9,675,052	\$ 840,960	\$ -	\$ 95,482,799
Assessments receivable, net of allowance for uncollectibles of \$96,509	-	-	-	-	-	375,443
Due from other funds	-	391,098	-	-	-	391,098
Due from other governmental agencies	-	-	-	-	-	1,509,403
Due from GoTriangle	-	-	-	-	-	1,557,337
Accrued interest receivable	27,537	-	15,145	-	-	170,728
Sales tax receivable	119,687	11,740	22,775	342,137	868,682	1,742,529
Assets held for resale	11,625,378	-	-	-	-	11,625,378
Cash and cash equivalents/investments - restricted deposits and bond proceeds	15,297,226	-	-	40,367,086	8,408,442	131,179,388
Total assets	\$ 33,508,747	\$ 1,713,771	\$ 9,712,972	\$ 41,550,183	\$ 9,277,124	\$ 244,034,103
LIABILITIES						
Accounts payable	\$ 33,565	\$ 205,353	\$ 19,756	\$ 4,030,218	\$ 3,591,816	\$ 14,520,766
Accrued salaries and employee payroll taxes	-	-	-	-	-	114
Sales tax payable	-	-	-	-	1,180	26,333
Other liabilities	11,413	-	-	-	-	11,413
Due to other funds	1,993,983	-	-	-	-	3,993,983
Reimbursable facility fees	-	-	-	-	-	7,148,903
Escrow and other deposits payable from restricted assets	-	-	-	-	-	1,535,764
Total liabilities	2,038,961	205,353	19,756	4,030,218	3,592,996	27,237,276
DEFERRED INFLOWS OF RESOURCES						
Unearned revenues	-	-	-	-	-	4,084,399
Assessments receivable	-	-	-	-	-	375,443
Prepaid assessments	-	-	-	-	-	7,426
Total deferred inflows of resources	-	-	-	-	-	4,467,268
FUND BALANCES						
Nonspendable:						
Assets held for resale	11,625,378	-	-	-	-	11,625,378
Assigned:						
Subsequent year's appropriation	15,101,336	1,372,664	8,423,609	474,454	5,684,128	127,226,460
City projects	4,743,072	135,754	1,269,607	37,045,511	-	73,477,721
Total fund balances	31,469,786	1,508,418	9,693,216	37,519,965	5,684,128	212,329,559
Total liabilities, deferred inflows of resources and fund balances	\$ 33,508,747	\$ 1,713,771	\$ 9,712,972	\$ 41,550,183	\$ 9,277,124	\$ 244,034,103

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS**
For the Fiscal Year Ended June 30, 2015

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Raleigh Union Station Fund	Facility Fees Fund	Park Bond Fund
REVENUES							
Intergovernmental	\$ 1,155,238	\$ 84,316	\$ 136,372	\$ 1,505,605	\$ 3,468,691	\$ -	\$ 7,031
Assessments	817,192	-	308,189	144,302	-	-	-
Gain (loss) on investments	132,711	80,695	41,057	49,523	114	49,729	128,632
Facility fees	-	-	-	165,378	-	11,824,856	-
Rents	-	-	-	-	-	-	-
Miscellaneous other	29,664	-	-	115,562	-	-	150,000
Total revenues	<u>2,134,805</u>	<u>165,011</u>	<u>485,618</u>	<u>1,980,370</u>	<u>3,468,805</u>	<u>11,874,585</u>	<u>285,663</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public works	5,251,615	9,229,037	1,922,301	-	6,653,022	-	-
Public safety	-	-	-	-	-	-	-
Leisure services	-	-	-	4,090,655	-	-	19,307,199
Total expenditures	<u>5,251,615</u>	<u>9,229,037</u>	<u>1,922,301</u>	<u>4,090,655</u>	<u>6,653,022</u>	<u>-</u>	<u>19,307,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,116,810)</u>	<u>(9,064,026)</u>	<u>(1,436,683)</u>	<u>(2,110,285)</u>	<u>(3,184,217)</u>	<u>11,874,585</u>	<u>(19,021,536)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	11,484,000	-	502,500	4,750,000	3,040,000	-	-
Transfers out	(1,825,417)	(3,186,123)	(42,000)	-	-	(7,021,000)	-
Note proceeds	-	1,032,846	-	-	-	-	-
Issuance of debt	-	-	-	-	5,483,355	-	20,000,000
Premium on issuance of debt	-	-	-	-	-	-	1,788,555
Total other financing sources and uses	<u>9,658,583</u>	<u>(2,153,277)</u>	<u>460,500</u>	<u>4,750,000</u>	<u>8,523,355</u>	<u>(7,021,000)</u>	<u>21,788,555</u>
Net change in fund balances	6,541,773	(11,217,303)	(976,183)	2,639,715	5,339,138	4,853,585	2,767,019
Fund balances, beginning of year	13,710,663	37,532,760	5,843,264	7,711,614	-	4,087,068	47,620,933
Fund balances, end of year	<u>\$ 20,252,436</u>	<u>\$ 26,315,457</u>	<u>\$ 4,867,081</u>	<u>\$ 10,351,329</u>	<u>\$ 5,339,138</u>	<u>\$ 8,940,653</u>	<u>\$ 50,387,952</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS**
For the Fiscal Year Ended June 30, 2015

	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	New Communications Center Bond Fund	Remote Operations Facilities Bond Fund	Combining Eliminations	Total Nonmajor Capital Projects Funds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 2,037	\$ -	\$ 6,359,290
Assessments	-	-	-	-	-	-	1,269,683
Gain (loss) on investments	104,853	-	49,847	26,364	40,296	-	703,821
Facility fees	-	-	-	-	-	-	11,990,234
Rents	-	391,098	-	-	-	-	391,098
Miscellaneous other	2,773	-	-	-	-	-	297,999
Total revenues	<u>107,626</u>	<u>391,098</u>	<u>49,847</u>	<u>26,364</u>	<u>42,333</u>	<u>-</u>	<u>21,012,125</u>
EXPENDITURES							
Current:							
General government	381,242	-	2,563,107	-	-	-	2,944,349
Public works	486,174	-	-	-	31,632,763	-	55,174,912
Public safety	3,483,697	-	-	30,535,044	-	-	34,018,741
Leisure services	335,070	791,136	-	-	-	-	24,524,060
Total expenditures	<u>4,686,183</u>	<u>791,136</u>	<u>2,563,107</u>	<u>30,535,044</u>	<u>31,632,763</u>	<u>-</u>	<u>116,662,062</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,578,557)</u>	<u>(400,038)</u>	<u>(2,513,260)</u>	<u>(30,508,680)</u>	<u>(31,590,430)</u>	<u>-</u>	<u>(95,649,937)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	3,000,000	-	6,625,000	-	-	(5,732,000)	23,669,500
Transfers out	-	-	(3,187,000)	-	-	5,732,000	(9,529,540)
Note proceeds	-	-	-	-	-	-	1,032,846
Issuance of debt	4,863,222	-	-	61,267,511	-	-	91,614,088
Premium on issuance of debt	487,033	-	-	6,135,707	-	-	8,411,295
Total other financing sources and uses	<u>8,350,255</u>	<u>-</u>	<u>3,438,000</u>	<u>67,403,218</u>	<u>-</u>	<u>-</u>	<u>115,198,189</u>
Net change in fund balances	3,771,698	(400,038)	924,740	36,894,538	(31,590,430)	-	19,548,252
Fund balances, beginning of year	<u>27,698,088</u>	<u>1,908,456</u>	<u>8,768,476</u>	<u>625,427</u>	<u>37,274,558</u>	<u>-</u>	<u>192,781,307</u>
Fund balances, end of year	<u>\$ 31,469,786</u>	<u>\$ 1,508,418</u>	<u>\$ 9,693,216</u>	<u>\$ 37,519,965</u>	<u>\$ 5,684,128</u>	<u>\$ -</u>	<u>\$ 212,329,559</u>

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

For the Fiscal Year Ended June 30, 2015

	<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	\$ 29,345,355	\$ 1,155,238	\$ 30,500,593	\$ 41,594,712	\$ (11,094,119)
Developer participation	334,471	-	334,471	1,312,744	(978,273)
Assessments	198,967	817,192	1,016,159	719,276	296,883
Gain (loss) on investments	-	132,711	132,711	190,000	(57,289)
Miscellaneous other	-	29,664	29,664	2,277,000	(2,247,336)
Total revenues	<u>29,878,793</u>	<u>2,134,805</u>	<u>32,013,598</u>	<u>46,093,732</u>	<u>(14,080,134)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	9,942,000	9,942,000	9,942,000	-
Sidewalk fund	-	42,000	42,000	42,000	-
Facility fees fund	-	1,500,000	1,500,000	1,500,000	-
Total other financing sources	<u>-</u>	<u>11,484,000</u>	<u>11,484,000</u>	<u>11,484,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 29,878,793</u>	<u>\$ 13,618,805</u>	<u>\$ 43,497,598</u>	57,577,732	<u>\$ (14,080,134)</u>
Fund balance appropriated				<u>70,057,015</u>	
				<u>\$ 127,634,747</u>	
EXPENDITURES					
Public works	\$ 88,244,426	\$ 5,251,615	\$ 93,496,041	\$ 125,725,806	\$ (32,229,765)
OTHER FINANCING USES					
Transfers to:					
Grants fund	-	183,856	183,856	267,380	(83,524)
Mass transit fund	-	1,641,561	1,641,561	1,641,561	-
Total other financing uses	<u>-</u>	<u>1,825,417</u>	<u>1,825,417</u>	<u>1,908,941</u>	<u>(83,524)</u>
Total expenditures and other financing uses	<u>\$ 88,244,426</u>	<u>\$ 7,077,032</u>	<u>\$ 95,321,458</u>	<u>\$ 127,634,747</u>	<u>\$ (32,313,289)</u>

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

For the Fiscal Year Ended June 30, 2015

	<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	\$ 901,473	\$ 84,316	\$ 985,789	\$ 3,089,975	\$ (2,104,186)
Developer participation	527,831	-	527,831	2,027,831	(1,500,000)
Gain (loss) on investments	-	80,695	80,695	100,000	(19,305)
Total revenues	<u>1,429,304</u>	<u>165,011</u>	<u>1,594,315</u>	<u>5,217,806</u>	<u>(3,623,491)</u>
OTHER FINANCING SOURCES					
Issuance of debt	50,000,000	-	50,000,000	108,674,318	(58,674,318)
Note proceeds	-	1,032,846	1,032,846	1,500,000	(467,154)
Total other financing sources	<u>50,000,000</u>	<u>1,032,846</u>	<u>51,032,846</u>	<u>110,174,318</u>	<u>(59,141,472)</u>
Total revenues and other financing sources	<u>\$ 51,429,304</u>	<u>\$ 1,197,857</u>	<u>\$ 52,627,161</u>	115,392,124	<u>\$ (62,764,963)</u>
Fund balance appropriated				38,593,086	
				<u>\$ 153,985,210</u>	
EXPENDITURES					
Public works	<u>\$ 58,786,152</u>	<u>\$ 9,229,037</u>	<u>\$ 68,015,189</u>	<u>\$ 140,139,087</u>	<u>\$ (72,123,898)</u>
OTHER FINANCING USES					
Transfers to:					
Raleigh Union Station fund	-	3,040,000	3,040,000	13,700,000	(10,660,000)
Water capital projects fund	-	146,123	146,123	146,123	-
Total other financing uses	<u>-</u>	<u>3,186,123</u>	<u>3,186,123</u>	<u>13,846,123</u>	<u>(10,660,000)</u>
Total expenditures and other financing uses	<u>\$ 58,786,152</u>	<u>\$ 12,415,160</u>	<u>\$ 71,201,312</u>	<u>\$ 153,985,210</u>	<u>\$ (82,783,898)</u>

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

For the Fiscal Year Ended June 30, 2015

	<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	\$ 733,781	\$ 53,872	\$ 787,653	\$ 2,454,695	\$ (1,667,042)
Other local sources	-	82,500	82,500	82,500	-
Assessments	57,251	308,189	365,440	106,553	258,887
Gain (loss) on investments	-	41,057	41,057	40,000	1,057
Miscellaneous other	-	-	-	35,000	(35,000)
Total revenues	<u>791,032</u>	<u>485,618</u>	<u>1,276,650</u>	<u>2,718,748</u>	<u>(1,442,098)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	502,500	502,500	502,500	-
Total revenues and other financing sources	<u>\$ 791,032</u>	<u>\$ 988,118</u>	<u>\$ 1,779,150</u>	3,221,248	<u>\$ (1,442,098)</u>
Fund balance appropriated				9,440,906	
				<u>\$ 12,662,154</u>	
EXPENDITURES					
Public works	\$ 4,043,414	\$ 1,922,301	\$ 5,965,715	\$ 12,578,154	\$ (6,612,439)
OTHER FINANCING USES					
Transfers to:					
Street improvement fund	-	42,000	42,000	84,000	(42,000)
Total expenditures and other financing uses	<u>\$ 4,043,414</u>	<u>\$ 1,964,301</u>	<u>\$ 6,007,715</u>	<u>\$ 12,662,154</u>	<u>\$ (6,654,439)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARK IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2015**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
Wake County	\$ -	\$ 1,505,605	\$ 1,505,605	\$ 1,505,605	\$ -
Assessments	-	144,302	144,302	-	144,302
Gain (loss) on investments	-	49,523	49,523	95,000	(45,477)
Facility fees	-	165,378	165,378	-	165,378
Miscellaneous other	396,916	115,562	512,478	672,903	(160,425)
Total revenues	<u>396,916</u>	<u>1,980,370</u>	<u>2,377,286</u>	<u>2,273,508</u>	<u>103,778</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	3,600,000	3,600,000	3,600,000	-
Facility fees fund	-	1,150,000	1,150,000	1,150,000	-
Total other financing sources	<u>-</u>	<u>4,750,000</u>	<u>4,750,000</u>	<u>4,750,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 396,916</u>	<u>\$ 6,730,370</u>	<u>\$ 7,127,286</u>	7,023,508	<u>\$ 103,778</u>
Fund balance appropriated				<u>25,026,646</u>	
				<u>\$ 32,050,154</u>	
EXPENDITURES					
Leisure services	<u>\$ 18,972,512</u>	<u>\$ 4,090,655</u>	<u>\$ 23,063,167</u>	<u>\$ 32,050,154</u>	<u>\$ (8,986,987)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
RALEIGH UNION STATION FUND
For the Fiscal Year Ended June 30, 2015**

	<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	\$ 2,776,544	\$ 3,979,403	\$ 38,000,000	\$ (34,020,597)
State of North Carolina	408,473	692,147	1,100,620	9,000,000	(7,899,380)
GoTriangle	-	-	-	4,042,143	(4,042,143)
Gain (loss) on investments	-	114	114	-	114
Total revenues	<u>1,611,332</u>	<u>3,468,805</u>	<u>5,080,137</u>	<u>51,042,143</u>	<u>(45,962,006)</u>
OTHER FINANCING SOURCES					
Transfers from:					
Miscellaneous capital projects fund	-	-	-	523,533	(523,533)
Street bond fund	-	3,040,000	3,040,000	13,700,000	(10,660,000)
Issuance of debt	-	5,483,355	5,483,355	5,050,000	433,355
Total other financing sources	<u>-</u>	<u>8,523,355</u>	<u>8,523,355</u>	<u>19,273,533</u>	<u>(10,750,178)</u>
Total revenues and other financing sources	<u>\$ 1,611,332</u>	<u>\$ 11,992,160</u>	<u>\$ 13,603,492</u>	<u>\$ 70,315,676</u>	<u>\$ (56,712,184)</u>
EXPENDITURES					
Public works	<u>\$ 1,861,332</u>	<u>\$ 6,653,022</u>	<u>\$ 8,514,354</u>	<u>\$ 70,315,676</u>	<u>\$ (61,801,322)</u>



**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 FACILITY FEES FUND
 For the Fiscal Year Ended June 30, 2015**

	<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	\$ -	\$ 49,729	\$ 49,729	\$ -	\$ 49,729
Facility fees	-	11,824,856	11,824,856	7,021,000	4,803,856
Total revenues	<u>\$ -</u>	<u>\$ 11,874,585</u>	<u>\$ 11,874,585</u>	<u>\$ 7,021,000</u>	<u>\$ 4,853,585</u>
OTHER FINANCING USES					
Transfers to:					
General fund	\$ -	\$ 4,371,000	\$ 4,371,000	\$ 4,371,000	\$ -
Park improvement fund	-	1,150,000	1,150,000	1,150,000	-
Street improvement fund	-	1,500,000	1,500,000	1,500,000	-
Total other financing uses	<u>\$ -</u>	<u>\$ 7,021,000</u>	<u>\$ 7,021,000</u>	<u>\$ 7,021,000</u>	<u>\$ -</u>

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

For the Fiscal Year Ended June 30, 2015

	<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	\$ 455,139	\$ 7,031	\$ 462,170	\$ 1,025,749	\$ (563,579)
North Carolina Department of Transportation	4,665,596	-	4,665,596	4,665,596	-
North Carolina Department of Environment and Natural Resources	-	-	-	200,000	(200,000)
Other municipalities	1,393,838	-	1,393,838	1,846,499	(452,661)
Other local sources	50,000	-	50,000	639,742	(589,742)
Gain (loss) on investments	-	128,632	128,632	-	128,632
Miscellaneous other	22,969	150,000	172,969	172,969	-
Total revenues	<u>6,587,542</u>	<u>285,663</u>	<u>6,873,205</u>	<u>8,550,555</u>	<u>(1,677,350)</u>
OTHER FINANCING SOURCES					
Transfers from:					
Park improvement fund	-	-	-	251,038	(251,038)
Issuance of debt	108,460,000	20,000,000	128,460,000	160,478,750	(32,018,750)
Premium on issuance of debt	305,956	1,788,555	2,094,511	305,956	1,788,555
Total other financing sources	<u>108,765,956</u>	<u>21,788,555</u>	<u>130,554,511</u>	<u>161,035,744</u>	<u>(30,481,233)</u>
Total revenues and other financing sources	<u>\$ 115,353,498</u>	<u>\$ 22,074,218</u>	<u>\$ 137,427,716</u>	169,586,299	<u>\$ (32,158,583)</u>
Fund balance appropriated				<u>16,699,632</u>	
				<u>\$ 186,285,931</u>	
EXPENDITURES					
Leisure services	<u>\$ 84,681,918</u>	<u>\$ 19,307,199</u>	<u>\$ 103,989,117</u>	<u>\$ 186,285,931</u>	<u>\$ (82,296,814)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MISCELLANEOUS CAPITAL IMPROVEMENTS FUND**

For the Fiscal Year Ended June 30, 2015

	<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	\$ 104,853	\$ 155,186	\$ 200,000	\$ (44,814)
Miscellaneous other	25,638	2,773	28,411	150,000	(121,589)
Total revenues	<u>75,971</u>	<u>107,626</u>	<u>183,597</u>	<u>350,000</u>	<u>(166,403)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	3,000,000	3,000,000	3,000,000	-
Issuance of debt	2,714,133	4,863,222	7,577,355	20,098,229	(12,520,874)
Premium on issuance of debt	-	487,033	487,033	-	487,033
Total other financing sources	<u>2,714,133</u>	<u>8,350,255</u>	<u>11,064,388</u>	<u>23,098,229</u>	<u>(12,033,841)</u>
Total revenues and other financing sources	<u>\$ 2,790,104</u>	<u>\$ 8,457,881</u>	<u>\$ 11,247,985</u>	23,448,229	<u>\$ (12,200,244)</u>
Fund balance appropriated				38,411,928	
				<u>\$ 61,860,157</u>	
EXPENDITURES					
General government	\$ 2,094,996	\$ 381,242	\$ 2,476,238	\$ 7,480,532	\$ (5,004,294)
Community development services	5,830,677	-	5,830,677	5,876,250	(45,573)
Public works	10,947,321	486,174	11,433,495	15,055,511	(3,622,016)
Public safety	4,332,132	3,483,697	7,815,829	32,792,864	(24,977,035)
Leisure services	290,110	335,070	625,180	655,000	(29,820)
Total expenditures	<u>\$ 23,495,236</u>	<u>\$ 4,686,183</u>	<u>\$ 28,181,419</u>	<u>\$ 61,860,157</u>	<u>\$ (33,678,738)</u>



**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 WALNUT CREEK AMPHITHEATER PROJECTS FUND
 For the Fiscal Year Ended June 30, 2015**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Rents	\$ -	\$ 391,098	\$ 391,098	\$ -	\$ 391,098
Fund balance appropriated				4,278,001	
				<u>\$ 4,278,001</u>	
EXPENDITURES					
Leisure services	\$ 2,905,337	\$ 791,136	\$ 3,696,473	\$ 4,278,001	\$ (581,528)

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 TECHNOLOGY CAPITAL PROJECTS FUND
 For the Fiscal Year Ended June 30, 2015**

	<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	\$ -	\$ 49,847	\$ 49,847	\$ -	\$ 49,847
OTHER FINANCING SOURCES					
Transfers from:					
Convention center operating fund	-	133,435	133,435	133,435	-
General fund	-	4,018,164	4,018,164	4,018,164	-
Community development fund	-	18,165	18,165	18,165	-
Mass transit operating fund	-	13,306	13,306	13,306	-
Parking facilities operating fund	-	14,369	14,369	14,369	-
Solid waste services operating fund	-	292,551	292,551	292,551	-
Stormwater utility operating fund	-	174,755	174,755	174,755	-
Vehicle fleet services fund	-	75,849	75,849	75,849	-
Water and sewer operating fund	-	1,884,406	1,884,406	1,884,406	-
Total other financing sources	-	6,625,000	6,625,000	6,625,000	-
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 6,674,847</u>	<u>\$ 6,674,847</u>	6,625,000	<u>\$ 49,847</u>
Fund balance appropriated				11,308,595	
				<u>\$ 17,933,595</u>	
EXPENDITURES					
General government	\$ 2,768,799	\$ 2,563,107	\$ 5,331,906	\$ 14,746,595	\$ (9,414,689)
OTHER FINANCING USES					
Transfers to:					
General fund	-	3,187,000	3,187,000	3,187,000	-
Total expenditures and other financing uses	<u>\$ 2,768,799</u>	<u>\$ 5,750,107</u>	<u>\$ 8,518,906</u>	<u>\$ 17,933,595</u>	<u>\$ (9,414,689)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
NEW COMMUNICATIONS CENTER BOND FUND
For the Fiscal Year Ended June 30, 2015**

	<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	\$ -	\$ 26,364	\$ 26,364	\$ -	\$ 26,364
OTHER FINANCING SOURCES					
Issuance of debt	-	61,267,511	61,267,511	67,400,000	(6,132,489)
Premium on issuance of debt	-	6,135,707	6,135,707	-	6,135,707
Total other financing sources	-	67,403,218	67,403,218	67,400,000	3,218
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 67,429,582</u>	<u>\$ 67,429,582</u>	67,400,000	<u>\$ 29,582</u>
Fund balance appropriated				5,003,468	
				<u>\$ 72,403,468</u>	
EXPENDITURES					
Public safety	<u>\$ 4,529,014</u>	<u>\$ 30,535,044</u>	<u>\$ 35,064,058</u>	<u>\$ 72,403,468</u>	<u>\$ (37,339,410)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
REMOTE OPERATIONS FACILITIES BOND FUND**

For the Fiscal Year Ended June 30, 2015

	<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	\$ 2,465,740	\$ 2,037	\$ 2,467,777	\$ 2,584,959	\$ (117,182)
Gain (loss) on investments	-	40,296	40,296	-	40,296
Total revenues	<u>2,465,740</u>	<u>42,333</u>	<u>2,508,073</u>	<u>2,584,959</u>	<u>(76,886)</u>
OTHER FINANCING SOURCES					
Issuance of debt	93,736,585	-	93,736,585	100,590,124	(6,853,539)
Premium on issuance of debt	5,849,718	-	5,849,718	1,359,612	4,490,106
Total other financing sources	<u>99,586,303</u>	<u>-</u>	<u>99,586,303</u>	<u>101,949,736</u>	<u>(2,363,433)</u>
Total revenues and other financing sources	<u>\$ 102,052,043</u>	<u>\$ 42,333</u>	<u>\$ 102,094,376</u>	104,534,695	<u>\$ (2,440,319)</u>
Fund balance appropriated				<u>2,657,729</u>	
				<u>\$ 107,192,424</u>	
EXPENDITURES					
Public works	<u>\$ 68,900,375</u>	<u>\$ 31,632,763</u>	<u>\$ 100,533,138</u>	<u>\$ 107,192,424</u>	<u>\$ (6,659,286)</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, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Water and sewer user charges	\$ 183,228,060	\$ 179,399,605	\$ 3,828,455
Water infrastructure replacement	2,968,572	2,888,422	80,150
Sewer infrastructure replacement	6,151,381	6,112,089	39,292
Capital facility fees	7,779,419	7,997,000	(217,581)
Connections and tap fees	1,540,931	1,004,000	536,931
Water and sewer penalties	1,021,182	1,155,000	(133,818)
Water and sewer sales - municipalities	279,263	158,400	120,863
Facility charges	4,688,949	1,745,000	2,943,949
Water and sewer assessments	183,210	650,000	(466,790)
Acreage connection fees	1,394,387	250,000	1,144,387
Miscellaneous other	2,195,232	2,678,229	(482,997)
Total operating revenues	<u>211,430,586</u>	<u>204,037,745</u>	<u>7,392,841</u>
NONOPERATING REVENUES			
Gain (loss) on investments	1,149,747	835,100	314,647
Other	1,247,933	772,600	475,333
Total nonoperating revenues	<u>2,397,680</u>	<u>1,607,700</u>	<u>789,980</u>
OTHER FINANCING SOURCES			
Transfer from:			-
Risk management fund	1,050,000	1,050,000	-
Refunding bonds issued	47,815,000	47,815,000	-
Total other financing sources	<u>48,865,000</u>	<u>48,865,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 262,693,266</u>	254,510,445	<u>\$ 8,182,821</u>
Fund balance appropriated		16,296,180	
		<u>\$ 270,806,625</u>	
EXPENDITURES			
Public utilities:			
Administration	\$ 9,987,621	\$ 11,529,848	\$ (1,542,227)
Water plant	16,889,782	20,688,599	(3,798,817)
Waste treatment plant	20,896,080	22,393,348	(1,497,268)
Utility billing	4,944,512	5,931,342	(986,830)
Sewer maintenance	9,228,541	11,987,142	(2,758,601)
Water distribution	9,812,522	10,580,198	(767,676)
Meter operations	4,746,165	5,687,619	(941,454)
Warehouse	1,052,331	2,460,893	(1,408,562)
Repairs and maintenance	1,850,798	2,260,058	(409,260)
	<u>79,408,352</u>	<u>93,519,047</u>	<u>(14,110,695)</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, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
EXPENDITURES (CONTINUED)			
Special appropriations:			
Reimbursement to general fund	\$ 8,387,229	\$ 8,387,229	\$ -
Insurance and risk management charges	3,991,241	4,027,103	(35,862)
Other expenditures	512,431	20,113,264	(19,600,833)
	<u>12,890,901</u>	<u>32,527,596</u>	<u>(19,636,695)</u>
Debt service:			
General obligations bonds:			
Principal	1,067,728	1,067,728	-
Interest	65,308	65,308	-
Revenue bonds:			
Principal	19,445,000	19,445,072	(72)
Interest	29,860,095	29,540,892	319,203
Installment financing agreements	2,286,154	2,549,700	(263,546)
Escrow expenditures - merged systems' debt	1,945,971	2,068,650	(122,679)
Other expenditures	900,380	1,174,708	(274,328)
	<u>55,570,636</u>	<u>55,912,058</u>	<u>(341,422)</u>
Total expenditures	<u>147,869,889</u>	<u>181,958,701</u>	<u>(34,088,812)</u>
OTHER FINANCING USES			
Transfers to:			
Water capital projects fund	16,438,978	18,700,000	(2,261,022)
Sewer capital projects fund	15,326,829	20,700,000	(5,373,171)
Stormwater utility operating fund	29,476	29,476	-
Technology capital projects fund	1,884,406	1,884,406	-
Total transfers	<u>33,679,689</u>	<u>41,313,882</u>	<u>(7,634,193)</u>
Payment to refunded bond escrow agent	47,534,042	47,534,042	-
Total other financing uses	<u>81,213,731</u>	<u>88,847,924</u>	<u>(7,634,193)</u>
Total expenditures and other financing uses	<u>\$ 229,083,620</u>	<u>\$ 270,806,625</u>	<u>\$ (41,723,005)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER CAPITAL PROJECTS FUND**
For the Fiscal Year Ended June 30, 2015

	<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	\$ -	\$ 180,789	\$ 180,789	\$ -	\$ 180,789
OTHER FINANCING SOURCES					
Transfer from:					
Water and sewer operating fund	-	16,438,978	16,438,978	18,700,000	(2,261,022)
Street bond fund	-	146,123	146,123	146,123	-
Total other financing sources	-	16,585,101	16,585,101	18,846,123	(2,261,022)
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 16,765,890</u>	<u>\$ 16,765,890</u>	18,846,123	<u>\$ (2,080,233)</u>
Fund balance appropriated				45,108,097	
				<u>\$ 63,954,220</u>	
EXPENDITURES					
Water capital projects	<u>\$ 22,218,963</u>	<u>\$ 9,970,888</u>	<u>32,189,851</u>	<u>\$ 63,954,220</u>	<u>\$ (31,764,369)</u>



**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SEWER CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2015**

	<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	\$ -	\$ 149,352	\$ 149,352	\$ -	\$ 149,352
OTHER FINANCING SOURCES					
Transfer from:					
Water and sewer operating fund	-	15,326,829	15,326,829	20,700,000	(5,373,171)
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 15,476,181</u>	<u>\$ 15,476,181</u>	20,700,000	<u>\$ (5,223,819)</u>
Fund balance appropriated				48,837,687	
				<u>\$ 69,537,687</u>	
EXPENDITURES					
Sewer capital projects	<u>\$ 15,774,405</u>	<u>\$ 9,286,083</u>	<u>\$ 25,060,488</u>	<u>\$ 69,537,687</u>	<u>\$ (44,477,199)</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, 2015**

	<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	\$ 691,158	\$ 338,604	\$ 1,029,762	\$ 1,870,607	\$ (840,845)
N.C. Department of Natural Resources	15,838,632	18,614,583	34,453,215	86,676,976	(52,223,761)
Gain (loss) on investments	-	136,352	136,352	-	136,352
Total revenues	<u>16,529,790</u>	<u>19,089,539</u>	<u>35,619,329</u>	<u>88,547,583</u>	<u>(52,928,254)</u>
OTHER FINANCING SOURCES					
Issuance of debt	66,750,430	-	66,750,430	136,907,433	(70,157,003)
Premium on issuance of debt	<u>8,542,927</u>	<u>-</u>	<u>8,542,927</u>	<u>8,542,927</u>	<u>-</u>
Total other financing sources	<u>75,293,357</u>	<u>-</u>	<u>75,293,357</u>	<u>145,450,360</u>	<u>(70,157,003)</u>
Total revenues and other financing sources	<u>\$ 91,823,147</u>	<u>\$ 19,089,539</u>	<u>\$ 110,912,686</u>	233,997,943	<u>\$ (123,085,257)</u>
Fund balance appropriated				<u>219,687,919</u>	
				<u>\$ 453,685,862</u>	
EXPENDITURES					
Water capital projects	\$ 104,511,885	\$ 5,853,053	\$ 110,364,938	\$ 155,998,092	\$ (45,633,154)
Sewer capital projects	165,470,679	27,343,033	192,813,712	297,687,770	(104,874,058)
Total expenditures	<u>\$ 269,982,564</u>	<u>\$ 33,196,086</u>	<u>\$ 303,178,650</u>	<u>\$ 453,685,862</u>	<u>\$ (150,507,212)</u>

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

For the Fiscal Year Ended June 30, 2015

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	\$ 262,693,266
Water capital projects fund	16,765,890
Sewer capital projects fund	15,476,181
Water and sewer revenue bond fund	19,089,539

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

Water and sewer operating fund	(229,083,620)
Water capital projects fund	(9,970,888)
Sewer capital projects fund	(9,286,083)
Water and sewer revenue bond fund	<u>(33,196,086)</u>

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

32,488,199

Adjustments to full accrual basis:

Amortization of refunding charges	(1,311,456)
Amortization of bond premiums and discounts	2,322,743
Bond and note proceeds	(66,429,583)
Bond and note principal payments	70,315,320
Capital contributions	4,199,530
Capital outlay	52,222,551
Capitalized interest	6,640,764
Depreciation	(33,225,979)
Earned vacation pay expense	(280,070)
Interest expense accrual	1,043,552
Other escrow expenditures	867,102
OPEB expense	42,732
Pension expense	1,579,070
Revenue accruals from receivables	<u>702,805</u>

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

\$ 71,177,280

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER AND PERFORMING ARTS COMPLEX OPERATING FUND
For the Fiscal Year Ended June 30, 2015**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
User charges:			
Convention and civic center	\$ 5,947,255	\$ 5,521,120	\$ 426,135
Performing arts center	5,539,648	5,438,850	100,798
Red Hat amphitheater	1,545,999	1,328,500	217,499
Special events	308,859	234,500	74,359
Total user charges	<u>13,341,761</u>	<u>12,522,970</u>	<u>818,791</u>
Gain (loss) on investments	53,922	24,003	29,919
Total revenues	<u>13,395,683</u>	<u>12,546,973</u>	<u>848,710</u>
OTHER FINANCING SOURCES			
Transfers from:			
General fund	1,926,756	1,926,756	-
Risk management fund	81,000	81,000	-
Convention center financing fund	19,683,746	22,322,000	(2,638,254)
Total other financing sources	<u>21,691,502</u>	<u>24,329,756</u>	<u>(2,638,254)</u>
Total revenues and other financing sources	<u>\$ 35,087,185</u>	36,876,729	<u>\$ (1,789,544)</u>
Fund balance appropriated		144,555	
		<u>\$ 37,021,284</u>	
EXPENDITURES			
Convention and civic center	\$ 7,970,609	\$ 9,485,165	\$ (1,514,556)
Performing arts center	6,781,036	6,851,022	(69,986)
Red Hat amphitheater	1,382,507	1,457,751	(75,244)
Special events	429,967	445,965	(15,998)
Total expenditures	<u>16,564,119</u>	<u>18,239,903</u>	<u>(1,675,784)</u>
DEBT SERVICE			
Principal	7,360,000	7,360,000	-
Interest	8,205,033	9,532,000	(1,326,967)
Other debt service costs	1,281,659	1,591,000	(309,341)
Total debt service	<u>16,846,692</u>	<u>18,483,000</u>	<u>(1,636,308)</u>
OTHER FINANCING USES			
Transfers to:			
General fund	164,946	164,946	-
Technology capital projects fund	133,435	133,435	-
Total other financing uses	<u>298,381</u>	<u>298,381</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 33,709,192</u>	<u>\$ 37,021,284</u>	<u>\$ (3,312,092)</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, 2015**

	<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	\$ -	\$ 3,730,104	\$ 3,730,104	\$ 14,642,419	\$ (10,912,315)
Fund balance appropriated				3,510,961	
				<u>\$ 18,153,380</u>	
EXPENDITURES					
Convention center and performing arts complex projects	\$ 4,307,119	\$ 3,205,879	\$ 7,512,998	\$ 18,153,380	\$ (10,640,382)

**SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 CONVENTION CENTER COMPLEX CAPITAL PROJECTS FUND
 For the Fiscal Year Ended June 30, 2015**

	<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	\$ -	\$ (213)	\$ (213)	\$ -	\$ (213)
OTHER FINANCING SOURCES					
Transfers from:					
Convention center financing fund	-	2,446,000	2,446,000	2,446,000	-
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 2,445,787</u>	<u>\$ 2,445,787</u>	2,446,000	<u>\$ (213)</u>
Fund balance appropriated				5,834,284	
				<u>\$ 8,280,284</u>	
EXPENDITURES					
Convention center projects	<u>\$ 1,834,209</u>	<u>\$ 908,360</u>	<u>\$ 2,742,569</u>	<u>\$ 8,280,284</u>	<u>\$ (5,537,715)</u>

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

For the Fiscal Year Ended June 30, 2015

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	\$	35,087,185
Convention center and performing arts complex projects fund		3,730,104
Convention center complex capital projects fund		2,445,787
Total current expenditures and other financing uses - modified accrual basis		
Convention center and performing arts complex operating fund		(33,709,192)
Convention center and performing arts complex projects fund		(3,205,879)
Convention center complex capital projects fund		<u>(908,360)</u>
Excess of revenues and other financing sources over expenditures and other financing uses		3,439,645
Adjustments to full accrual basis:		
Bond and note proceeds		(3,730,104)
Bond and note principal payments		7,360,000
Capital outlay		4,090,575
Depreciation		(8,138,102)
Interest expense accrual		133,335
OPEB expense		7,982
Pension expense		256,599
Vacation expense		<u>(73,256)</u>
Change in net position per statement of revenues, expenses and changes in net position	\$	<u><u>3,346,674</u></u>

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

For the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Farebox	\$ -	\$ 6,352,076	\$ 6,352,076	\$ 6,814,714	\$ (462,638)
ART program fees	-	758,269	758,269	750,000	8,269
Intergovernmental revenue:					
Federal Transit Administration	25,264,414	12,840,492	38,104,906	50,735,170	(12,630,264)
State of North Carolina	409,989	3,611,755	4,021,744	5,240,798	(1,219,054)
Miscellaneous other	-	229,543	229,543	125,000	104,543
Total revenues	<u>25,674,403</u>	<u>23,792,135</u>	<u>49,466,538</u>	<u>63,665,682</u>	<u>(14,199,144)</u>
OTHER FINANCING SOURCES					
Proceeds on disposal of capital assets	-	16,262	16,262	-	16,262
Transfers from:					
General fund	-	18,570,271	18,570,271	18,570,271	-
Street improvement fund	-	1,641,561	1,641,561	1,672,031	(30,470)
Total other financing sources	<u>-</u>	<u>20,228,094</u>	<u>20,228,094</u>	<u>20,242,302</u>	<u>(14,208)</u>
Total revenues and other financing sources	<u>\$ 25,674,403</u>	<u>\$ 44,020,229</u>	<u>\$ 69,694,632</u>	83,907,984	<u>\$ (14,213,352)</u>
Fund balance appropriated				<u>2,813,393</u>	
				<u>\$ 86,721,377</u>	
EXPENDITURES					
Mass transit operating expenditures	\$ -	\$ 19,828,771	\$ 19,828,771	\$ 21,397,400	\$ (1,568,629)
ART program operating expenditures	-	8,317,250	8,317,250	8,293,666	23,584
Capital grant expenditures	31,090,685	16,346,605	47,437,290	56,964,960	(9,527,670)
Total expenditures	<u>31,090,685</u>	<u>44,492,626</u>	<u>75,583,311</u>	<u>86,656,026</u>	<u>(11,072,715)</u>
OTHER FINANCING USES					
Transfers to:					
Grants fund	-	52,045	52,045	52,045	-
Technology capital projects fund	-	13,306	13,306	13,306	-
Total other financing uses	<u>-</u>	<u>65,351</u>	<u>65,351</u>	<u>65,351</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 31,090,685</u>	<u>\$ 44,557,977</u>	<u>\$ 75,648,662</u>	<u>\$ 86,721,377</u>	<u>\$ (11,072,715)</u>

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

For the Fiscal Year Ended June 30, 2015

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 44,020,229
Total current year expenditures and other financing uses - modified accrual basis	<u>(44,557,977)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	(537,748)
Adjustments to full accrual basis:	
Capital outlay	9,746,073
Unearned contributions from other funds	571,493
Depreciation	(3,719,431)
Net OPEB pension liability	(293)
Pension expense	41,944
Vacation expense	<u>(1,114)</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u><u>\$ 6,100,924</u></u>

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

For the Fiscal Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
User charges	\$ 17,322,471	\$ 16,550,000	\$ 772,471
Gain (loss) on investments	67,053	35,000	32,053
Miscellaneous other	17,698	20,000	(2,302)
Total revenues	<u>17,407,222</u>	<u>16,605,000</u>	<u>802,222</u>
OTHER FINANCING SOURCES			
Proceeds from disposal of capital assets	2,244	-	2,244
Transfers from:			
Risk management fund	54,000	54,000	-
Stormwater utility capital projects fund	103,859	103,859	-
Water and sewer operating fund	29,476	29,476	-
Total other financing sources	<u>189,579</u>	<u>187,335</u>	<u>2,244</u>
Total revenues and other financing sources	<u>\$ 17,596,801</u>	16,792,335	<u>\$ 804,466</u>
Fund balance appropriated		109,785	
		<u>\$ 16,902,120</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 10,981,341</u>	<u>\$ 11,727,365</u>	<u>\$ (746,024)</u>
OTHER FINANCING USES			
Transfers to:			
Stormwater utility capital projects fund	5,000,000	5,000,000	-
Technology capital projects fund	174,755	174,755	-
Total other financing uses	<u>5,174,755</u>	<u>5,174,755</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 16,156,096</u>	<u>\$ 16,902,120</u>	<u>\$ (746,024)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY CAPITAL PROJECTS FUND**
For the Fiscal Year Ended June 30, 2015

	<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	\$ 279,743	\$ 12,435	\$ 292,178	\$ 453,302	\$ (161,124)
Federal Emergency Management Agency	3,030,784	126,086	3,156,870	3,442,950	(286,080)
U.S. Department of Homeland Security	-	806,371	806,371	1,100,785	(294,414)
U.S. EPA	328,000	-	328,000	346,992	(18,992)
State of North Carolina	1,060,577	698,825	1,759,402	2,804,363	(1,044,961)
Gain (loss) on investments	-	243,099	243,099	300,000	(56,901)
Miscellaneous other	80,695	116,320	197,015	96,715	100,300
Total revenues	<u>4,779,799</u>	<u>2,003,136</u>	<u>6,782,935</u>	<u>8,545,107</u>	<u>(1,762,172)</u>
OTHER FINANCING SOURCES					
Transfer from:					
Stormwater utility operating fund	-	5,000,000	5,000,000	5,000,000	-
Total revenues and other financing sources	<u>\$ 4,779,799</u>	<u>\$ 7,003,136</u>	<u>\$ 11,782,935</u>	13,545,107	<u>\$ (1,762,172)</u>
Fund balance appropriated				<u>49,013,414</u>	
				<u>\$ 62,558,521</u>	
EXPENDITURES					
Stormwater capital projects	<u>\$ 26,857,750</u>	<u>\$ 7,313,483</u>	<u>\$ 34,171,233</u>	<u>\$ 62,454,662</u>	<u>\$ (28,283,429)</u>
OTHER FINANCING USES					
Transfer to :					
Stormwater utility operating fund	-	103,859	103,859	103,859	-
Total expenditures and other financing uses	<u>\$ 26,857,750</u>	<u>\$ 7,417,342</u>	<u>\$ 34,275,092</u>	<u>\$ 62,558,521</u>	<u>\$ (28,283,429)</u>



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

For the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
OTHER FINANCING SOURCES					
Fund balance appropriated	\$ -	\$ -	\$ -	\$ 547,217	\$ -
EXPENDITURES					
Stormwater capital projects	\$ 519,103	\$ -	\$ 519,103	\$ 547,217	\$ (28,114)

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

For the Fiscal Year Ended June 30, 2015

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	
Stormwater utility operating fund	\$ 17,596,801
Stormwater utility capital projects fund	7,003,136
Stormwater utility bond fund	-
 Total current year expenditures and other financing uses - modified accrual basis	
Stormwater utility operating fund	(16,156,096)
Stormwater utility capital projects fund	(7,417,342)
Stormwater utility bond fund	-
 Excess of revenues and other financing sources over expenditures and other financing uses	 1,026,499
 Adjustments to full accrual basis:	
Capital outlay	7,262,507
Depreciation	(1,499,804)
Net OPEB pension liability	2,701
Note principal	227,387
Pension expense	138,169
Vacation expense	(44,477)
 Change in net position per statement of revenues, expenses, and changes in fund net position	 <u>\$ 7,112,982</u>

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

For the fiscal year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Parking fees	\$ 13,203,639	\$ 12,071,912	\$ 1,131,727
Gain (loss) on investments	45,030	37,000	8,030
Miscellaneous other	5,126	18,737	(13,611)
Total revenues	<u>13,253,795</u>	<u>12,127,649</u>	<u>1,126,146</u>
OTHER FINANCING SOURCES			
Proceeds from sale of capital assets	265,923	-	265,923
Refunding bonds issued	21,370,000	21,370,000	-
Transfers from:			
General fund	500,000	500,000	-
Total other financing sources	<u>22,135,923</u>	<u>21,870,000</u>	<u>265,923</u>
Total revenues and other financing sources	<u>\$ 35,389,718</u>	33,997,649	<u>\$ 1,392,069</u>
Fund balance appropriated		4,994,643	
		<u>\$ 38,992,292</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 5,917,463</u>	<u>\$ 9,212,923</u>	<u>\$ (3,295,460)</u>
DEBT SERVICE			
Bond principal	512,129	512,129	-
Bond interest	29,760	30,000	(240)
Note principal	3,665,000	3,400,000	265,000
Note interest	2,081,805	2,884,000	(802,195)
Other debt service expenditures	283,048	758,871	(475,823)
Total debt service	<u>6,571,742</u>	<u>7,585,000</u>	<u>(1,013,258)</u>
OTHER FINANCING USES			
Payment to refunded bond escrow agent	21,285,703	21,370,000	(84,297)
Transfers to:			
Parking facilities capital projects fund	670,000	670,000	-
Technology capital projects fund	14,369	14,369	-
Vehicle fleet services fund	140,000	140,000	-
Total other financing uses	<u>22,110,072</u>	<u>22,194,369</u>	<u>(84,297)</u>
Total expenditures and other financing uses	<u>\$ 34,599,277</u>	<u>\$ 38,992,292</u>	<u>\$ (4,393,015)</u>



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

For the fiscal year ended June 30, 2015

	<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	\$ -	\$ 670,000	\$ 670,000	\$ 670,000	\$ -
Fund balance appropriated				4,639,264	
				<u>\$ 5,309,264</u>	
EXPENDITURES					
Parking facilities capital projects	\$ 1,423,677	\$ 385,530	\$ 1,809,207	\$ 5,309,264	\$ (3,500,057)

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

For the fiscal year ended June 30, 2015

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	
Parking facilities operating fund	\$ 35,389,718
Parking facilities capital projects fund	670,000
Total current year expenditures and other financing uses - modified accrual basis	
Parking facilities operating fund	(34,599,277)
Parking facilities capital projects fund	<u>(385,530)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	1,074,911
Adjustments to full accrual basis:	
Accrued interest expense	249,530
Amortization of bond refunding costs	(47,858)
Amortization of premiums and discounts	117,686
Bond and note principal	4,177,129
Bond and note proceeds	(21,285,703)
Capital outlay	362,347
Depreciation	(3,618,021)
Gain (loss) on disposal of assets	(57,348)
Net OPEB liability	2,917
Pension expense	93,757
Refunded bond escrow expense	21,285,703
Vacation expense	<u>(4,274)</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u>\$ 2,350,776</u>

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

For the Fiscal Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Solid waste residential collection	\$ 15,858,966	\$ 16,385,398	\$ (526,432)
Recycling residential collection	6,536,883	6,379,536	157,347
Yardwaste center	504,138	512,500	(8,362)
Miscellaneous other	54,636	93,000	(38,364)
Total revenues	<u>22,954,623</u>	<u>23,370,434</u>	<u>(415,811)</u>
OTHER FINANCING SOURCES			
Transfer from:			
General fund	<u>11,628,083</u>	<u>11,628,083</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 34,582,706</u>	<u>34,998,517</u>	<u>\$ (415,811)</u>
Fund balance appropriated		<u>1,040,136</u>	
		<u>\$ 36,038,653</u>	
EXPENDITURES			
Administration	\$ 6,058,345	\$ 7,701,515	\$ (1,643,170)
Residential collection	15,515,442	18,108,280	(2,592,838)
Residential recycling	4,924,296	5,453,714	(529,418)
Yardwaste center	1,352,025	2,416,594	(1,064,569)
Total expenditures	<u>27,850,108</u>	<u>33,680,103</u>	<u>(5,829,995)</u>
DEBT SERVICE			
Note principal	1,288,704	1,289,066	(362)
Note interest	736,688	776,933	(40,245)
Total expenditures	<u>2,025,392</u>	<u>2,065,999</u>	<u>(40,607)</u>
Total expenditures	<u>29,875,500</u>	<u>35,746,102</u>	<u>(5,870,602)</u>
OTHER FINANCING USES			
Transfer to:			
Technology capital projects fund	292,551	292,551	-
Grants fund	-	-	-
Total other financing uses	<u>292,551</u>	<u>292,551</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 30,168,051</u>	<u>\$ 36,038,653</u>	<u>\$ (5,870,602)</u>

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

For the Fiscal Year Ended June 30, 2015

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 34,582,706
Total current year expenditures and other financing uses - modified accrual basis	<u>(30,168,051)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	4,414,655
Adjustments to full accrual basis:	
Amortization of note premiums and discounts	83,539
Bond and note principal payments	1,288,706
Capital outlay	5,837
Depreciation	(759,071)
Interest expense accrual	8,184
Landfill closure/postclosure liability adjustment	(204,057)
OPEB expense	14,061
Pension expense	503,329
Vacation expense	<u>(30,851)</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u><u>\$ 5,324,332</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, 2015

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 38,292,657	\$ 10,278,734	\$ 1,842,038	\$ 1,704,925
Accrued interest receivable	91,227	76	-	-
Sales tax receivable	433	-	386,929	65,476
Due from other funds	-	-	12,012	-
Inventories	-	-	-	-
Insurance deposit	400,000	-	-	-
Total current assets	<u>38,784,317</u>	<u>10,278,810</u>	<u>2,240,979</u>	<u>1,770,401</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	12,783,584	3,644,178
Net pension asset	32,399	-	-	-
Capital assets:				
Buildings and machinery	-	-	-	-
Equipment	-	-	75,564,805	31,379,638
Furniture and fixtures	-	-	-	-
Less: accumulated depreciation	-	-	(53,804,327)	(18,369,238)
Total noncurrent assets	<u>32,399</u>	<u>-</u>	<u>34,544,062</u>	<u>16,654,578</u>
Total assets	<u>38,816,716</u>	<u>10,278,810</u>	<u>36,785,041</u>	<u>18,424,979</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan	<u>16,540</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	68,250	319,422	-
Accrued salaries and employee payroll taxes	1,976	-	-	-
Accrued interest payable	-	-	2,128	1,003
Taxes payable	-	-	44,102	-
Claims payable and other liabilities	6,367,000	2,918,166	-	-
Due to other funds	-	-	-	-
Bonds, notes and loans payable	-	-	7,230,381	5,338,989
Total current liabilities	<u>6,368,976</u>	<u>2,986,416</u>	<u>7,596,033</u>	<u>5,339,992</u>
Noncurrent liabilities:				
Claims payable and other liabilities	14,721,134	-	-	-
Bonds, notes and loans payable	-	-	17,585,845	11,258,166
Earned vacation pay	16,522	-	-	-
Total noncurrent liabilities	<u>14,737,656</u>	<u>-</u>	<u>17,585,845</u>	<u>11,258,166</u>
Total liabilities	<u>21,106,632</u>	<u>2,986,416</u>	<u>25,181,878</u>	<u>16,598,158</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	<u>80,138</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	-	-	9,727,836	57,423
Unrestricted	17,646,486	7,292,394	1,875,327	1,769,398
Total net position	<u>\$ 17,646,486</u>	<u>\$ 7,292,394</u>	<u>\$ 11,603,163</u>	<u>\$ 1,826,821</u>

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

June 30, 2015

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 744,688	\$ 2,244,016	\$ 55,107,058
Accrued interest receivable	-	-	91,303
Sales tax receivable	91,568	295,029	839,435
Due from other funds	22,294	-	34,306
Inventories	-	755,956	755,956
Insurance deposit	-	-	400,000
Total current assets	<u>858,550</u>	<u>3,295,001</u>	<u>57,228,058</u>
Noncurrent assets:			
Restricted cash and cash equivalents	11,390,788	-	27,818,550
Net pension asset	-	415,781	448,180
Capital assets:			
Buildings and machinery	-	263,470	263,470
Equipment	24,098,349	1,526,031	132,568,823
Furniture and fixtures	-	5,636	5,636
Less: accumulated depreciation	<u>(18,877,219)</u>	<u>(1,608,837)</u>	<u>(92,659,621)</u>
Total noncurrent assets	<u>16,611,918</u>	<u>602,081</u>	<u>68,445,038</u>
Total assets	<u>17,470,468</u>	<u>3,897,082</u>	<u>125,673,096</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan	-	212,269	228,809
LIABILITIES			
Current liabilities:			
Accounts payable	349,545	355,648	1,092,865
Accrued salaries and employee payroll taxes	-	18,519	20,495
Accrued interest payable	402	-	3,533
Taxes payable	-	1,333	45,435
Claims payable and other liabilities	-	-	9,285,166
Due to other funds	-	34,306	34,306
Bonds, notes and loans payable	3,121,416	-	15,690,786
Total current liabilities	<u>3,471,363</u>	<u>409,806</u>	<u>26,172,586</u>
Noncurrent liabilities:			
Claims payable and other liabilities	-	-	14,721,134
Bonds, notes and loans payable	10,220,524	-	39,064,535
Earned vacation pay	-	308,033	324,555
Total noncurrent liabilities	<u>10,220,524</u>	<u>308,033</u>	<u>54,110,224</u>
Total liabilities	<u>13,691,887</u>	<u>717,839</u>	<u>80,282,810</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	-	1,028,443	1,108,581
NET POSITION			
Net investment in capital assets	3,269,978	186,300	13,241,537
Unrestricted	508,603	2,176,769	31,268,977
Total net position	<u>\$ 3,778,581</u>	<u>\$ 2,363,069</u>	<u>\$ 44,510,514</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2015

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
OPERATING REVENUES				
Charges for services - internal	\$ 9,467,507	\$ 35,551,650	\$ 5,487,403	\$ 4,707,220
Other charges	-	-	84,317	-
Drug rebate	-	215,652	-	-
Total operating revenues	<u>9,467,507</u>	<u>35,767,302</u>	<u>5,571,720</u>	<u>4,707,220</u>
OPERATING EXPENSES				
Personnel services	399,497	-	-	-
Other facility operating costs	-	-	229,931	44,443
Operational expenses	813,543	3,230,392	-	-
Claims	4,136,702	33,477,809	-	-
Premiums	1,650,896	-	-	-
Depreciation	-	-	6,209,966	3,143,840
Other	-	-	153,919	29,903
Total operating expenses	<u>7,000,638</u>	<u>36,708,201</u>	<u>6,593,816</u>	<u>3,218,186</u>
Operating income (loss)	<u>2,466,869</u>	<u>(940,899)</u>	<u>(1,022,096)</u>	<u>1,489,034</u>
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on investments	424,142	2,005	3,640	2,009
Recovery of claims	1,331,947	315,797	-	-
Interest expense	-	-	(128,974)	(131,388)
Gain (loss) on sale of capital assets	-	-	272,014	363,675
Total nonoperating revenues (expenses)	<u>1,756,089</u>	<u>317,802</u>	<u>146,680</u>	<u>234,296</u>
Income (loss) before transfers	4,222,958	(623,097)	(875,416)	1,723,330
Transfers in	-	-	1,540,000	-
Transfers out	<u>(4,500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(277,042)	(623,097)	664,584	1,723,330
Net position, beginning of year	17,969,531	7,915,491	10,938,579	103,491
Restatement GASB 68 (Note 4.G, page 64)	(46,003)	-	-	-
Net position, restated	<u>17,923,528</u>	<u>7,915,491</u>	<u>10,938,579</u>	<u>103,491</u>
Net position, end of year	<u>\$ 17,646,486</u>	<u>\$ 7,292,394</u>	<u>\$ 11,603,163</u>	<u>\$ 1,826,821</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2015**

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
OPERATING REVENUES			
Charges for services - internal	\$ 2,189,107	\$ 13,182,172	\$ 70,585,059
Other charges	-	118,042	202,359
Drug rebate	-	-	215,652
Total operating revenues	<u>2,189,107</u>	<u>13,300,214</u>	<u>71,003,070</u>
OPERATING EXPENSES			
Personnel services	-	3,976,981	4,376,478
Other facility operating costs	8,825	9,275,182	9,558,381
Operational expenses	-	-	4,043,935
Claims	-	-	37,614,511
Premiums	-	-	1,650,896
Depreciation	1,532,544	25,665	10,912,015
Other	60,477	-	244,299
Total operating expenses	<u>1,601,846</u>	<u>13,277,828</u>	<u>68,400,515</u>
Operating income (loss)	<u>587,261</u>	<u>22,386</u>	<u>2,602,555</u>
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on investments	1,863	-	433,659
Recovery of claims	-	-	1,647,744
Interest expense	(28,621)	-	(288,983)
Gain (loss) on sale of capital assets	147,123	6,878	789,690
Total nonoperating revenues (expenses)	<u>120,365</u>	<u>6,878</u>	<u>2,582,110</u>
Income (loss) before transfers	707,626	29,264	5,184,665
Transfers in	-	140,000	1,680,000
Transfers out	-	(75,849)	(4,575,849)
Change in net position	707,626	93,415	2,288,816
Net position, beginning of year	3,070,955	2,860,028	42,858,075
Restatement GASB 68 (Note 4.G, page 64)	-	(590,374)	(636,377)
Net position, restated	<u>3,070,955</u>	<u>2,269,654</u>	<u>42,221,698</u>
Net position, end of year	<u>\$ 3,778,581</u>	<u>\$ 2,363,069</u>	<u>\$ 44,510,514</u>

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

For the Fiscal Year Ended June 30, 2015

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 9,467,507	\$ 35,551,650	\$ 5,487,403	\$ 4,707,220
Payments to employees	(405,818)	-	-	-
Payments to suppliers and service providers	(838,279)	(3,219,340)	(145,103)	(6,564)
Claims paid	(4,738,612)	(33,264,643)	-	-
Premiums paid	(1,650,896)	-	-	-
Other receipts	1,331,947	531,449	84,317	-
Other payments	-	-	(153,919)	(29,903)
Net cash provided by (used in) operating activities	<u>3,165,849</u>	<u>(400,884)</u>	<u>5,272,698</u>	<u>4,670,753</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers from other funds	-	-	1,540,000	-
Operating subsidies and transfers to other funds	(4,500,000)	-	-	-
Internal activity - payments from (to) other funds	-	-	(12,012)	-
Net cash provided by (used in) noncapital financing activities	<u>(4,500,000)</u>	<u>-</u>	<u>1,527,988</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	-	-	(13,453,430)	(3,686,273)
Proceeds from capital debt	-	-	15,240,855	5,473,080
Principal paid on capital debt	-	-	(4,215,080)	(4,253,287)
Interest paid on capital debt	-	-	(131,064)	(132,373)
Proceeds from sale of capital assets	-	-	272,014	363,675
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(2,286,705)</u>	<u>(2,235,178)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	408,924	2,006	3,640	2,009
Net cash provided by (used in) investing activities	<u>408,924</u>	<u>2,006</u>	<u>3,640</u>	<u>2,009</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>(925,227)</u>	<u>(398,878)</u>	<u>4,517,621</u>	<u>2,437,584</u>
Cash and cash equivalents/investments				
Beginning of year	39,217,884	10,677,612	10,108,001	2,911,519
End of year	<u>\$ 38,292,657</u>	<u>\$ 10,278,734</u>	<u>\$ 14,625,622</u>	<u>\$ 5,349,103</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 2,466,869	\$ (940,899)	\$ (1,022,096)	\$ 1,489,034
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	6,209,966	3,143,840
Pension expense	1,736	-	-	-
Miscellaneous nonoperating income	1,331,947	315,797	-	-
Change in assets and liabilities:				
Sales tax receivable	209	-	43,736	102,551
Inventories	-	-	-	-
Other receivables and assets	125	-	-	-
Accounts payable and other accrued liabilities	(626,855)	224,218	41,092	(64,672)
(Increase) decrease in deferred outflows of resources for pensions	(16,540)	-	-	-
Earned vacation pay and other payroll liabilities	8,358	-	-	-
Total adjustments	<u>698,980</u>	<u>540,015</u>	<u>6,294,794</u>	<u>3,181,719</u>
Net cash provided by (used in) operating activities	<u>\$ 3,165,849</u>	<u>\$ (400,884)</u>	<u>\$ 5,272,698</u>	<u>\$ 4,670,753</u>
Noncash investing, capital, and financing activities				
Restatement for GASB 68 implementation	<u>\$ 46,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

For the Fiscal Year Ended June 30, 2015

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,189,107	\$ 13,182,172	\$ 70,585,059
Payments to employees	-	(3,945,944)	(4,351,762)
Payments to suppliers and service providers	(83,048)	(9,812,239)	(14,104,573)
Claims paid	-	-	(38,003,255)
Premiums paid	-	-	(1,650,896)
Other receipts	-	118,042	2,065,755
Other payments	(60,477)	3,139	(241,160)
Net cash provided by (used in) operating activities	<u>2,045,582</u>	<u>(454,830)</u>	<u>14,299,168</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	-	140,000	1,680,000
Operating subsidies and transfers to other funds	-	(75,849)	(4,575,849)
Internal activity - payments from (to) other funds	(22,294)	34,306	-
Net cash provided by (used in) noncapital financing activities	<u>(22,294)</u>	<u>98,457</u>	<u>(2,895,849)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	(3,687,781)	-	(20,827,484)
Proceeds from capital debt	11,136,741	-	31,850,676
Principal paid on capital debt	(932,930)	-	(9,401,297)
Interest paid on capital debt	(29,016)	-	(292,453)
Proceeds from sale of capital assets	147,123	6,878	789,690
Net cash provided by (used in) capital and related financing activities	<u>6,634,137</u>	<u>6,878</u>	<u>2,119,132</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Gain (loss) on investments held	1,863	-	418,442
Net cash provided by (used in) investing activities	<u>1,863</u>	<u>-</u>	<u>418,442</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>8,659,288</u>	<u>(349,495)</u>	<u>13,940,893</u>
Cash and cash equivalents/investments			
Beginning of year	3,476,188	2,593,511	68,984,715
End of year	<u>\$ 12,135,476</u>	<u>\$ 2,244,016</u>	<u>\$ 82,925,608</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 587,261	\$ 22,386	\$ 2,602,555
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	1,532,544	25,665	10,912,015
Pension expense	-	22,288	24,024
Miscellaneous nonoperating income	-	-	1,647,744
Change in assets and liabilities:			
Sales tax receivable	(71,848)	(23,926)	50,722
Inventories	-	124,880	124,880
Other receivables and assets	-	3,139	3,264
Accounts payable and other accrued liabilities	(2,375)	(448,030)	(876,622)
(Increase) decrease in deferred outflows of resources for pensions	-	(212,269)	(228,809)
Earned vacation pay and other payroll liabilities	-	31,037	39,395
Total adjustments	<u>1,458,321</u>	<u>(477,216)</u>	<u>11,696,613</u>
Net cash provided by (used in) operating activities	<u>\$ 2,045,582</u>	<u>\$ (454,830)</u>	<u>\$ 14,299,168</u>
Noncash investing, capital, and financing activities			
Restatement for GASB 68 implementation	<u>\$ -</u>	<u>\$ 590,374</u>	<u>\$ 636,377</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, 2015

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits Trust	Total
ASSETS				
Cash and cash equivalents	\$ 51,101,548	\$ 3,073,762	\$ 29,362,261	\$ 83,537,571
Accrued interest receivable	-	3,410	32,949	36,359
Total assets	<u>51,101,548</u>	<u>3,077,172</u>	<u>29,395,210</u>	<u>83,573,930</u>
LIABILITIES				
Claims payable	-	-	957,834	957,834
Accounts payable	-	-	1,803	1,803
Total liabilities	<u>-</u>	<u>-</u>	<u>959,637</u>	<u>959,637</u>
NET POSITION				
Held in trust for employees' retirement and other post- employment benefits	<u>\$ 51,101,548</u>	<u>\$ 3,077,172</u>	<u>\$ 28,435,573</u>	<u>\$ 82,614,293</u>

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

For the Fiscal Year Ended June 30, 2015

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits Trust	Total
ADDITIONS				
Employer contributions	\$ 3,353,619	\$ 3,000,000	\$ 13,952,076	\$ 20,305,695
Retiree contributions	-	-	2,089,675	2,089,675
Interest	2,294,616	133,543	1,444,540	3,872,699
Net increase (decrease) in the fair value of investments	(432,592)	(124,602)	(1,501,062)	(2,058,256)
Recovery of claims	-	-	155,542	155,542
Less: investment expense	(77,057)	-	-	(77,057)
Total additions	<u>5,138,586</u>	<u>3,008,941</u>	<u>16,140,771</u>	<u>24,288,298</u>
DEDUCTIONS				
Benefits	2,389,709	3,034,054	13,704,781	19,128,544
Withdrawals and forfeitures	106,961	-	-	106,961
Professional services	-	-	25,149	25,149
Total deductions	<u>2,496,670</u>	<u>3,034,054</u>	<u>13,729,930</u>	<u>19,260,654</u>
Change in net position restricted for: employees' retirement and other post-employment benefits	2,641,916	(25,113)	2,410,841	5,027,644
Net position, beginning of year	48,459,632	3,102,285	26,024,732	77,586,649
Net position, end of year	<u>\$ 51,101,548</u>	<u>\$ 3,077,172</u>	<u>\$ 28,435,573</u>	<u>\$ 82,614,293</u>



Other Schedules

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

**SCHEDULE OF LONG-TERM OBLIGATION MATURITIES
AND DEBT SERVICE REQUIREMENTS**

June 30, 2015

Maturities on all long-term obligations are:

General Obligation Bonded Debt: Fiscal Year Ended June 30	Enterprise					
	Water and Sewer		Convention Center		Parking Facilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,005,384	\$ 34,027	\$ -	\$ -	\$ 380,114	16,957
2017	87,584	2,190	-	-	298,173	7,454
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021-2025	-	-	-	-	-	-
2026-2030	-	-	-	-	-	-
2031-2034	-	-	-	-	-	-
Total General Obligation Bonded Debt	1,092,968	36,217	-	-	678,287	24,411
Revenue Bonds:						
2016	22,155,000	28,343,475	-	-	-	-
2017	23,150,000	27,467,525	-	-	-	-
2018	24,035,000	26,590,448	-	-	-	-
2019	24,960,000	25,656,350	-	-	-	-
2020	26,000,000	24,687,938	-	-	-	-
2021-2025	138,005,000	106,193,129	-	-	-	-
2026-2030	152,045,000	73,839,184	-	-	-	-
2031-2035	160,330,000	36,859,676	-	-	-	-
2036-2040	64,320,000	10,259,194	-	-	-	-
2041-2043	11,425,000	1,161,000	-	-	-	-
Total Revenue Bonded Debt	646,425,000	361,057,919	-	-	-	-
Other Long-Term Obligations:						
Installment Financing Agreement:						
2016	2,036,771	314,579	13,925,314	9,138,605	3,415,000	2,624,074
2017	1,786,771	279,199	8,040,000	8,825,032	3,520,000	2,680,337
2018	1,786,771	247,256	8,410,000	8,474,488	3,635,000	2,556,509
2019	2,770,643	917,254	8,795,000	8,107,812	3,980,000	2,427,372
2020	2,770,643	720,244	9,185,000	7,760,229	4,115,000	2,433,931
2021-2025	13,028,215	2,926,538	52,955,000	32,197,291	20,165,000	10,266,045
2026-2030	9,921,830	1,877,722	66,555,000	19,515,184	19,445,000	7,262,675
2031-2035	2,805,381	900,675	74,430,000	5,383,934	19,415,000	2,475,275
2036-2040	-	165,831	-	-	-	-
	36,907,025	8,349,298 (2)	242,295,314	99,402,575	77,690,000	32,726,218
Other:						
Earned Vacation Pay (1)	2,559,684	-	646,971	-	114,303	-
Landfill Postclosure Costs (1)	-	-	-	-	-	-
	2,559,684	-	646,971	-	114,303	-
Total Other Long-Term Obligations	39,466,709	8,349,298	242,942,285	99,402,575	77,804,303	32,726,218
Total Long-Term Obligations	\$ 686,984,677	\$ 369,443,434	\$ 242,942,285	\$ 99,402,575	\$ 78,482,590	\$ 32,750,629

Notes:

- (1) Interest not applicable.
- (2) Interest indicated includes full interest amounts per preliminary amortization schedule. Not all proceeds were drawn at 6/30/2015 for some issues. Therefore actual interest amounts could differ, depending on what principal amounts are finalized on these state revolving loans.

<u>Other Enterprise</u>		<u>General Governmental</u>		<u>Internal Service</u>		<u>Total</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ -	\$ -	\$ 22,419,502	\$ 13,750,833	\$ -	\$ -	\$ 23,805,000	\$ 13,801,817
-	-	22,189,246	12,851,025	-	-	22,575,003	12,860,669
-	-	22,505,000	11,803,400	-	-	22,505,000	11,803,400
-	-	22,820,000	10,746,913	-	-	22,820,000	10,746,913
-	-	22,820,000	9,676,613	-	-	22,820,000	9,676,613
-	-	101,620,000	34,542,525	-	-	101,620,000	34,542,525
-	-	88,565,000	14,774,688	-	-	88,565,000	14,774,688
-	-	27,500,000	1,733,813	-	-	27,500,000	1,733,813
-	-	<u>330,438,748</u>	<u>109,879,810</u>	-	-	<u>332,210,003</u>	<u>109,940,438</u>
-	-	-	-	-	-	22,155,000	28,343,475
-	-	-	-	-	-	23,150,000	27,467,525
-	-	-	-	-	-	24,035,000	26,590,448
-	-	-	-	-	-	24,960,000	25,656,350
-	-	-	-	-	-	26,000,000	24,687,938
-	-	-	-	-	-	138,005,000	106,193,129
-	-	-	-	-	-	152,045,000	73,839,184
-	-	-	-	-	-	160,330,000	36,859,676
-	-	-	-	-	-	64,320,000	10,259,194
-	-	-	-	-	-	11,425,000	1,161,000
-	-	-	-	-	-	<u>646,425,000</u>	<u>361,057,919</u>
1,406,444	732,961	19,275,693	8,093,159	15,690,786	535,165	55,750,008	21,438,543
1,418,444	689,974	11,953,295	8,550,083	13,296,157	413,888	40,014,667	21,438,513
1,430,444	637,323	11,930,571	8,046,173	12,795,172	266,423	39,987,958	20,228,172
1,443,925	581,867	9,057,814	7,537,424	6,443,298	152,087	32,490,680	19,723,816
1,455,664	528,604	9,026,074	7,076,414	6,529,908	65,594	33,082,289	18,585,016
7,542,320	1,759,936	41,496,370	28,434,278	-	-	135,186,905	75,584,088
3,613,622	277,770	38,585,068	17,831,617	-	-	138,120,520	46,764,968
692,449	21,370	38,169,491	9,292,533	-	-	135,512,321	18,073,787
-	-	21,600,000	2,087,353	-	-	21,600,000	2,253,184
<u>19,003,312</u>	<u>5,229,805</u>	<u>201,094,376</u>	<u>96,949,034</u>	<u>54,755,321</u>	<u>1,433,157</u>	<u>631,745,348</u>	<u>244,090,087</u>
1,122,341	-	18,735,822	-	324,555	-	23,503,676	-
3,613,177	-	-	-	-	-	3,613,177	-
<u>4,735,518</u>	<u>-</u>	<u>18,735,822</u>	<u>-</u>	<u>324,555</u>	<u>-</u>	<u>27,116,853</u>	<u>-</u>
<u>23,738,830</u>	<u>5,229,805</u>	<u>219,830,198</u>	<u>96,949,034</u>	<u>55,079,876</u>	<u>1,433,157</u>	<u>658,862,201</u>	<u>244,090,087</u>
<u>\$ 23,738,830</u>	<u>\$ 5,229,805</u>	<u>\$ 550,268,946</u>	<u>\$ 206,828,844</u>	<u>\$ 55,079,876</u>	<u>\$ 1,433,157</u>	<u>\$ 1,637,497,204</u>	<u>\$ 715,088,444</u>

SCHEDULE OF GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2015

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2014</u>	<u>Issued During Year</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>				
Housing, Series 1996, Taxable	5.75%	6/01/96	\$ 230,000	\$ -
Public Improvement, Series 2004	3.25%	3/01/04	500,000	-
Public Improvement Refunding, Series 2004A	3.00 - 3.25%	3/01/04	3,183,973	-
Housing, Series 2004B, Taxable	4.375%	3/01/04	2,105,000	-
Street Improvement, Series 2005A	4.00%	8/01/05	600,000	-
Public Improvement, Series 2005B	4.00%	8/01/05	2,900,000	-
Housing, Series 2007, Taxable	5.20 - 5.40%	3/01/07	4,550,000	-
Public Improvement, Series 2009A	2.25 - 4.25%	3/10/09	8,355,000	-
Public Improvement Refunding, Series 2009B	2.50%	3/11/09	3,689,916	-
Housing, Series 2009C Taxable	3.70 - 5.50%	3/11/09	7,500,000	-
General Obligation Refunding, Series 2009D	4.00 - 5.00%	7/28/09	27,130,000	-
General Obligation Refunding, Series 2009E	4.00 - 5.00%	7/28/09	14,180,000	-
Public Improvement, Series 2009F	4.00 - 5.00%	9/03/09	48,465,000	-
Housing, Series 2009G, Taxable	4.00 - 5.30%	9/03/09	8,000,000	-
General Obligation Refunding, Series 2011A	2.50 - 5.00%	10/27/11	32,055,000	-
General Obligation Refunding Housing, S2011B	1.15 - 1.50%	10/27/11	805,000	-
Public Improvement, Series 2012A	3.00 - 5.00%	5/15/12	8,400,000	-
Public Improvement, Series 2012B	3.00 - 5.00%	5/16/12	129,200,000	-
Public Improvement, Series 2014 Two-thirds	3.00 - 3.25%	6/26/14	15,000,000	-
Street Improvement, Series 2015A	3.00 - 5.00%	6/24/15	-	5,050,000
General Obligation Bonds, Series 2015B	3.00 - 5.00%	6/25/15	-	20,000,000
Housing Bonds, Series 2015C (Taxable)	3.00 - 4.00%	6/25/15	-	10,000,000
Total General Obligation Bonded Debt			<u>316,848,889</u>	<u>35,050,000</u>
<u>OTHER GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreement			143,584,344	67,747,846
Other Installment Obligations			38,282	-
Earned Vacation Pay			17,518,985	11,681,782
Total Other General Governmental Long-Term Obligations			<u>161,141,611</u>	<u>79,429,628</u>
Total General Governmental Long-Term Obligations			<u>\$ 477,990,500</u>	<u>\$ 114,479,628</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.
- (2) During 2015, the outstanding amounts in Other Installment Obligations were paid off in full \$28,065 and retired \$10,217 due to the City no longer having an obligation to pay.

Payments During Fiscal 2014-2015		Principal Balance June 30, 2015	Due Fiscal 2015-2016		
Principal	Interest		Principal	Interest	Total
\$ 115,000	\$ 13,225	\$ 115,000	\$ 115,000	\$ 6,613	\$ 121,613
500,000	16,250	-	-	-	-
1,612,701	99,447	1,571,272	1,571,272	51,066	1,622,338
700,000	92,094	1,405,000	700,000	61,469	761,469
600,000	24,000	-	-	-	-
2,900,000	116,000	-	-	-	-
350,000	239,225	4,200,000	350,000	221,025	571,025
555,000	298,200	7,800,000	555,000	285,713	840,713
1,587,440	92,248	2,102,476	1,178,232	52,562	1,230,794
500,000	367,500	7,000,000	500,000	349,000	849,000
3,185,000	1,166,050	23,945,000	3,315,000	1,036,050	4,351,050
-	674,650	14,180,000	3,435,000	605,950	4,040,950
2,300,000	2,200,100	46,165,000	2,300,000	2,108,100	4,408,100
500,000	380,250	7,500,000	500,000	360,250	860,250
-	1,355,575	32,055,000	-	1,355,575	1,355,575
355,000	8,791	450,000	450,000	3,375	453,375
300,000	348,625	8,100,000	300,000	336,625	636,625
4,700,000	5,370,125	124,500,000	4,700,000	5,182,125	9,882,125
700,000	422,123	14,300,000	700,000	432,625	1,132,625
-	-	5,050,000	250,000	200,445	450,445
-	-	20,000,000	1,000,000	793,333	1,793,333
-	-	10,000,000	500,000	308,933	808,933
<u>21,460,141</u>	<u>13,284,478</u>	<u>330,438,748</u>	<u>22,419,504</u>	<u>13,750,834</u>	<u>36,170,338</u>
10,237,814	6,314,843	201,094,376	19,275,693	8,093,159	27,368,852
38,282 (2)	646	-	-	-	-
10,464,945	-	18,735,822	- (1)	-	-
<u>20,741,041</u>	<u>6,315,489</u>	<u>219,830,198</u>	<u>19,275,693</u>	<u>8,093,159</u>	<u>27,368,852</u>
<u>\$ 42,201,182</u>	<u>\$ 19,599,967</u>	<u>\$ 550,268,946</u>	<u>\$ 41,695,197</u>	<u>\$ 21,843,993</u>	<u>\$ 63,539,190</u>

SCHEDULE OF ENTERPRISE LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2015

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2014</u>	<u>Issued During Year</u>
WATER AND SEWER				
GENERAL OBLIGATION BONDS PAYABLE				
Water Refunding, Series 2004A	3.00 - 3.25%	3/1/04	\$ 1,136,293	\$ -
Sanitary Sewer Refunding, Series 2004A	3.00 - 3.25%	3/1/04	674,735	-
Sanitary Sewer Refunding, Series 2009B	2.25 - 2.50%	3/11/09	349,668	-
Total Water and Sewer General Obligation Debt			<u>2,160,696</u>	<u>-</u>
REVENUE BONDS PAYABLE				
Water/Sewer Refunding, Series 2005	5.00%	5/5/05	3,605,000	-
Water/Sewer, Series 2006A	5.00%	10/10/06	6,005,000	-
Water/Sewer, Series 2006A	5.00%	10/10/06	6,305,000	-
Water/Sewer, Series 2006A - Refunded by 2015A dtd 4/30/15	5.00%	10/10/06	15,175,000	-
Water/Sewer, Series 2006A - Refunded by 2015A dtd 4/30/15	5.00%	10/10/06	15,930,000	-
Water/Sewer, Series 2006A - Refunded by 2015A dtd 4/30/15	5.00%	10/10/06	6,730,000	-
Water/Sewer, Series 2006A - Refunded by 2015A dtd 4/30/15	4.50%	10/10/06	10,000,000	-
Water/Sewer, Series 2006A	4.00 - 5.00%	10/10/06	60,145,000	-
Water/Sewer Refunding, Series 2006B	3.90 - 4.25%	10/10/06	57,300,000	-
Water/Sewer, Series 2008A Variable Rate	4.163%	6/12/08	81,310,000	-
Water/Sewer, Series 2008B Variable Rate	4.163%	6/12/08	54,215,000	-
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	106,195,000	-
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%		23,470,000	-
Water/Sewer Refunding, Series 2015A	3.25 - 4.00%		-	47,815,000
Total Water and Sewer Revenue Debt			<u>665,890,000</u>	<u>47,815,000</u>
OTHER WATER AND SEWER LONG TERM OBLIGATIONS				
Installment Financing Agreement			20,260,034	18,614,583
Other Installment Obligations			-	-
Earned Vacation Pay			2,279,614	1,946,546
Total Other Water and Sewer Long-Term Obligations			<u>22,539,648</u>	<u>20,561,129</u>
Total Water and Sewer Long-Term Obligations			<u>690,590,344</u>	<u>68,376,129</u>
PARKING FACILITIES FUND				
Parking Facilities Refunding Series 2009B	2.25 - 2.50%	3/11/09	1,190,416	-
Total Parking Facilities General Obligation Bonded Debt			<u>1,190,416</u>	<u>-</u>
OTHER PARKING FACILITIES LONG-TERM OBLIGATIONS				
Installment Financing Agreements			83,395,000	21,370,000
Earned Vacation Pay			110,029	86,418
Total Other Parking Facilities Long-Term Obligations			<u>83,505,029</u>	<u>21,456,418</u>
Total Parking Facilities Long-Term Obligations			<u>84,695,445</u>	<u>21,456,418</u>
CONVENTION CENTER FACILITIES LONG-TERM OBLIGATIONS				
Installment Financing Agreements			245,925,210	3,730,104
Earned Vacation Pay			573,715	318,853
Total Convention Center Facilities Long-Term Obligations			<u>246,498,925</u>	<u>4,048,957</u>
MASS TRANSIT LONG-TERM OBLIGATIONS				
Mass Transit Earned Vacation Pay			41,804	27,607
Total Mass Transit Long-Term Obligations			<u>41,804</u>	<u>27,607</u>
SOLID WASTE SERVICES LONG-TERM OBLIGATIONS				
Installment Financing Agreements			18,359,005	-
Solid Waste Services Earned Vacation Pay			812,340	513,201
Landfill closure and Postclosure Costs			3,409,120	204,057
Total Solid Waste Services Long-Term Obligations			<u>22,580,465</u>	<u>717,258</u>
STORMWATER LONG-TERM OBLIGATIONS				
Installment Financing Agreements			2,160,400	-
Stormwater Earned Vacation Pay			191,756	219,450
Total Stormwater Long-Term Obligations			<u>2,352,156</u>	<u>219,450</u>
Total Enterprise Long-Term Obligations			<u>\$ 1,046,759,139</u>	<u>\$ 94,845,819</u>

Notes:

- (1) 2006A maturities refunded on 4/30/15 by 2015A Rev Refunding Bonds
- (2) 2006B maturities will be fully refunded on 12/8/15 by 2015B Rev Refunding Bonds in the amount of \$57,035,000
- (3) Assumed rate is the synthetically fixed rate of SWAP Agreement. Actual variable rate interest paid may differ
- (4) Amounts shown as due in one year represent outstanding draws from the PNC draw down program as of 6/30/15. Permanent financing of these drawdowns is expected to occur in May 2016.
- (5) 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 2014-2015		Principal Balance June 30, 2015	Due Fiscal 2015-2016		
Principal	Interest		Principal	Interest	Total
\$ 575,540	\$ 35,491	\$ 560,753	\$ 560,753	\$ 18,224	\$ 578,977
341,757	21,075	332,978	332,978	10,822	343,800
150,431	8,742	199,237	111,653	4,981	116,634
<u>1,067,728</u>	<u>65,308</u>	<u>1,092,968</u>	<u>1,005,384</u>	<u>34,027</u>	<u>1,039,411</u>
3,605,000	180,250	-	-	-	-
6,005,000	300,250	-	-	-	-
	315,250	6,305,000	6,305,000	315,250	6,620,250
15,175,000 (1)	883,101	-	-	-	-
15,930,000 (1)	927,038	-	-	-	-
6,730,000 (1)	391,649	-	-	-	-
10,000,000 (1)	523,750	-	-	-	-
53,840,000 (1)	3,341,037	6,305,000	6,305,000	315,250	6,620,250
265,000	2,319,873	57,035,000	280,000 (2)	1,779,091	2,059,091
2,430,000	3,346,434	78,880,000	2,530,000	3,283,774 (3)	5,813,774
1,620,000	2,230,959	52,595,000	1,685,000	2,189,530 (3)	3,874,530
3,310,000	3,256,875	65,435,000	3,465,000	3,091,375	6,556,375
2,210,000	5,130,860	103,985,000	2,275,000	5,064,560	7,339,560
-	1,561,500	31,230,000	-	1,561,500	1,561,500
-	2,855,294	66,895,000	1,340,000	2,855,294	4,195,294
-	5,333,975	112,780,000	-	5,333,975	5,333,975
-	303,041	23,470,000	4,275,000	303,040	4,578,040
-	-	47,815,000	-	2,036,568	2,036,568
<u>67,280,000</u>	<u>29,860,097</u>	<u>646,425,000</u>	<u>22,155,000</u>	<u>27,813,957</u>	<u>49,968,957</u>
1,967,592	318,562	36,907,025	2,036,771	314,579	2,351,350
-	-	-	-	-	-
1,666,476	-	2,559,684	- (5)	-	-
<u>3,634,068</u>	<u>318,562</u>	<u>39,466,709</u>	<u>2,036,771</u>	<u>314,579</u>	<u>2,351,350</u>
<u>71,981,796</u>	<u>30,243,967</u>	<u>686,984,677</u>	<u>25,197,155</u>	<u>28,162,563</u>	<u>53,359,719</u>
512,129	29,760	678,287	380,114	16,957	397,071
<u>512,129</u>	<u>29,760</u>	<u>678,287</u>	<u>380,114</u>	<u>16,957</u>	<u>397,071</u>
27,075,000	2,081,805	77,690,000	3,415,000	2,624,274	6,039,274
82,144	-	114,303	- (5)	-	-
<u>27,157,144</u>	<u>2,081,805</u>	<u>77,804,303</u>	<u>3,415,000</u>	<u>2,624,274</u>	<u>6,039,274</u>
<u>27,669,273</u>	<u>2,111,565</u>	<u>78,482,590</u>	<u>3,795,114</u>	<u>2,641,231</u>	<u>6,436,345</u>
7,360,000	8,205,033	242,295,314	13,925,314 (4)	9,138,605 (3)	23,063,919
245,597	-	646,971	- (5)	-	-
<u>7,605,597</u>	<u>8,205,033</u>	<u>242,942,285</u>	<u>13,925,314</u>	<u>9,138,605 (3)</u>	<u>23,063,919</u>
26,493	-	42,918	- (5)	-	-
<u>26,493</u>	<u>-</u>	<u>42,918</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,288,706	736,688	17,070,299	1,304,706	732,961	2,037,667
482,350	-	843,191	- (5)	-	-
-	-	3,613,177	402,250	-	402,250
<u>1,771,056</u>	<u>736,688</u>	<u>21,526,667</u>	<u>1,706,956</u>	<u>732,961</u>	<u>2,439,917</u>
227,387	-	1,933,013	101,738	-	101,738
174,974	-	236,232	- (5)	-	-
<u>402,361</u>	<u>-</u>	<u>2,169,245</u>	<u>101,738</u>	<u>-</u>	<u>101,738</u>
<u>\$ 109,456,576</u>	<u>\$ 41,297,253</u>	<u>\$ 1,032,148,382</u>	<u>\$ 44,726,277</u>	<u>\$ 40,675,360</u>	<u>\$ 85,401,637</u>



SCHEDULE OF INTERNAL SERVICE LONG-TERM OBLIGATIONS
 For the Fiscal Year Ended June 30, 2015

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2014</u>	<u>Issued During Year</u>
<u>EQUIPMENT INTERNAL SERVICE</u>				
<u>LONG-TERM OBLIGATIONS PAYABLE</u>				
<u>INSTALLMENT FINANCING AGREEMENTS:</u>				
Equipment Acquisition Project, Series 2011	1.75%	05/18/11	\$ 4,801,458	\$ -
Equipment Acquisition Project, Series 2013	0.9007	05/13/13	27,504,484	-
Equipment Acquisition Project, Series 2015	1.3379	06/18/15	-	31,850,676
Total Installment Financing Agreements:			32,305,942	31,850,676
<u>OTHER INTERNAL SERVICE</u>				
<u>LONG-TERM OBLIGATIONS</u>				
Earned Vacation Pay - Risk Management			8,786	21,260
Earned Vacation Pay - Vehicle Fleet Services			281,587	194,621
Total Other Internal Service Long-Term Obligations			290,373	215,881
Total Internal Service Long-Term Obligations			\$ 32,596,315	\$ 32,066,557

Note:

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



Payments During Fiscal 2014-2015		Principal Balance June 30, 2015	Due Fiscal 2015-2016		
Principal	Interest		Principal	Interest	Total
\$ 2,378,875	\$ 73,661	\$ 2,422,583	\$ 2,422,583	\$ 30,191	\$ 2,452,774
7,022,422	218,713	20,482,062	7,022,305	155,485	7,177,790
-	-	31,850,676	6,245,898	349,489	6,595,387
<u>9,401,297</u>	<u>292,374</u>	<u>54,755,321</u>	<u>15,690,786</u>	<u>535,165</u>	<u>16,225,951</u>
13,524	-	16,522	- (1)	-	-
168,175	-	308,033	- (1)	-	-
<u>181,699</u>	<u>-</u>	<u>324,555</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 9,582,996</u>	<u>\$ 292,374</u>	<u>\$ 55,079,876</u>	<u>\$ 15,690,786</u>	<u>\$ 535,165</u>	<u>\$ 16,225,951</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)

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

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	\$ 574,134	\$ 563,336	\$ 570,848	\$ 568,329	\$ 601,802
Restricted	203,561	294,462	264,363	285,736	315,650
Unrestricted	61,324	7,234	89,096	101,746	68,728
Total governmental activities net position	<u>839,019</u>	<u>865,032</u>	<u>924,307</u>	<u>955,811</u>	<u>986,180</u>
Business-type activities					
Net investment in capital assets	692,069	703,484	717,882	730,664	763,249
Unrestricted	147,898	175,696	213,088	261,284	318,455
Total business-type activities net position	<u>839,967</u>	<u>879,180</u>	<u>930,970</u>	<u>991,948</u>	<u>1,081,704</u>
Total government					
Net investment in capital assets	1,266,203	1,266,820	1,288,730	1,298,993	1,365,051
Restricted	203,561	294,462	264,363	285,736	315,650
Unrestricted	209,222	182,930	302,184	363,030	387,183
Total government net position	<u>\$ 1,678,986</u>	<u>\$ 1,744,212</u>	<u>\$ 1,855,277</u>	<u>\$ 1,947,759</u>	<u>\$ 2,067,884</u>

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
Expenses					
Governmental activities:					
General government	\$ 46,666	\$ 37,624	\$ 37,801	\$ 36,884	\$ 51,866
Community development services	33,174	15,084	19,827	22,269	25,247
Public works	44,786	50,141	53,691	54,530	44,084
Public safety	110,965	118,436	130,067	136,331	143,480
Solid waste services (2)	17,494	17,996	22,383	24,460	23,769
Leisure services	39,645	42,690	45,530	49,674	53,314
Economic development programs	4,003	4,456	5,329	4,399	4,375
Interest on long-term debt	9,936	10,035	10,772	11,541	13,516
Total governmental activities expenses	<u>306,669</u>	<u>296,462</u>	<u>325,400</u>	<u>340,088</u>	<u>359,651</u>
Business-type activities:					
Water and sewer	86,099	108,461	124,613	136,935	129,034
Convention center	26,337	29,880	20,100	28,409	33,889
Mass transit	18,376	19,923	23,895	28,552	28,724
Parking facilities	6,395	6,641	7,149	8,874	11,307
Solid waste services (3)	-	-	-	-	-
Stormwater (1)	4,512	5,359	7,951	8,728	10,249
Total business-type activities	<u>141,719</u>	<u>170,264</u>	<u>183,708</u>	<u>211,498</u>	<u>213,203</u>
Total government expenses	<u>\$ 448,388</u>	<u>\$ 466,726</u>	<u>\$ 509,108</u>	<u>\$ 551,586</u>	<u>\$ 572,854</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 947	\$ 864	\$ 782	\$ 854	\$ -
Community development services	22,488	12,805	9,635	8,042	13,417
Public works	1,638	663	2,058	3,040	4,592
Public safety	2,905	3,081	3,304	3,248	2,862
Solid waste services (2)	12,521	13,347	15,868	16,840	16,600
Leisure services	7,695	7,732	8,501	8,749	11,924
Economic development programs	965	1,324	1,041	966	981
Operating grants and contributions	27,593	28,725	33,794	32,338	11,913
Capital grants and contributions	40,263	22,666	27,419	19,434	29,968
Total governmental activities program revenues	<u>117,015</u>	<u>91,207</u>	<u>102,402</u>	<u>93,511</u>	<u>92,257</u>
Business-type activities:					
Charges for services:					
Water and sewer	98,207	106,758	109,384	112,280	137,228
Convention center	13,374	20,794	13,518	13,269	12,394
Mass transit	2,423	2,787	3,215	3,314	4,466
Parking facilities	5,203	6,001	7,961	8,467	7,815
Solid waste services	-	-	-	-	-
Stormwater	12,480	13,257	14,268	14,413	14,213
Operating grants and contributions	4,501	4,831	5,560	6,281	5,245
Capital grants and contributions	67,099	49,740	22,627	20,024	12,198
Total business-type activities program revenues	<u>203,287</u>	<u>204,168</u>	<u>176,533</u>	<u>178,048</u>	<u>193,559</u>
Total government program revenues	<u>\$ 320,302</u>	<u>\$ 295,375</u>	<u>\$ 278,935</u>	<u>\$ 271,559</u>	<u>\$ 285,816</u>
Net (expense)/revenue					
Governmental activities	\$ (189,654)	\$ (205,255)	\$ (222,998)	\$ (246,577)	\$ (267,394)
Business-type activities	61,568	33,904	(7,175)	(33,450)	(19,644)
Total government net expense	<u>\$ (128,086)</u>	<u>\$ (171,351)</u>	<u>\$ (230,173)</u>	<u>\$ (280,027)</u>	<u>\$ (287,038)</u>

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses					
Governmental activities:					
General government	\$ 57,866	\$ 52,370	\$ 39,185	\$ 40,754	\$ 37,368
Community development services	25,695	25,031	25,084	23,193	22,867
Public works	42,207	51,828	48,525	57,944	50,719
Public safety	145,189	141,602	142,121	155,623	147,887
Solid waste services (2)	24,453	23,621	-	-	-
Leisure services	56,473	60,265	56,160	61,695	63,835
Economic development programs	5,710	5,656	4,601	7,930	4,868
Interest on long-term debt	14,401	11,043	14,816	16,646	18,735
Total governmental activities expenses	371,994	371,416	330,492	363,785	346,279
Business-type activities:					
Water and sewer	134,033	133,804	135,146	144,960	146,919
Convention center	35,130	34,106	34,058	33,861	33,886
Mass transit	30,358	34,769	33,766	35,387	37,854
Parking facilities	12,043	11,699	11,826	11,782	11,456
Solid waste services (2)	-	-	27,919	30,482	28,450
Stormwater (1)	9,980	10,583	11,209	10,444	12,205
Total business-type activities	221,544	224,961	253,924	266,916	270,770
Total government expenses	\$ 593,538	\$ 596,377	\$ 584,416	\$ 630,701	\$ 617,049
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 16,362	\$ 9,293	\$ 9,906	\$ 10,775	\$ 14,697
Community development services	7,637	5,326	5,316	7,398	1,902
Public works	7,792	8,308	10,607	8,667	12,950
Public safety	337	337	333	285	448
Solid waste services (2)	18,472	18,054	-	-	-
Leisure services	17,843	20,199	19,252	15,822	16,189
Economic development programs	906	277	53	128	2
Operating grants and contributions	40,557	41,706	35,942	32,434	35,296
Capital grants and contributions	18,211	17,210	20,887	8,689	10,080
Total governmental activities program revenues	128,117	120,710	102,296	84,198	91,564
Business-type activities:					
Charges for services:					
Water and sewer	150,648	171,221	186,969	197,947	213,298
Convention center	11,857	12,490	12,231	12,950	13,342
Mass transit	5,001	5,216	5,194	5,441	7,356
Parking facilities	10,288	10,838	10,772	12,330	13,417
Solid waste services	-	-	19,515	22,162	24,170
Stormwater	15,657	15,521	16,025	16,972	17,459
Operating grants and contributions	3,438	7,505	9,328	6,757	9,029
Capital grants and contributions	21,108	6,032	7,139	3,831	13,688
Total business-type activities program revenues	217,997	228,823	267,173	278,390	311,759
Total government program revenues	\$ 346,114	\$ 349,533	\$ 369,469	\$ 362,588	\$ 403,323
Net (expense)/revenue					
Governmental activities	\$ (243,877)	\$ (250,706)	\$ (228,196)	\$ (279,587)	\$ (254,715)
Business-type activities	(3,547)	3,862	13,249	11,474	40,989
Total government net expense	\$ (247,424)	\$ (246,844)	\$ (214,947)	\$ (268,113)	\$ (213,726)

Continued

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

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
General Revenues and Change in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 125,131	\$ 144,428	\$ 151,695	\$ 180,534	\$ 184,697
Local sales tax	61,496	67,178	70,313	62,442	58,651
Franchise tax	16,747	18,326	19,553	23,438	22,500
Other taxes	6,037	6,730	7,502	9,119	5,473
Privilege license tax	14,166	14,800	17,585	19,627	19,098
Unrestricted grants and contributions	680	680	680	-	-
Investment earnings	10,883	16,131	17,555	10,632	1,703
Miscellaneous	2,243	4,673	1,959	3,250	5,659
Transfers	(11,776)	(12,845)	(32,455)	(24,423)	(31,144)
Gain on sale of property	-	-	-	-	-
Total governmental activities	<u>225,607</u>	<u>260,101</u>	<u>254,387</u>	<u>284,619</u>	<u>266,637</u>
Business-type activities:					
Investment earnings	11,650	20,609	17,770	10,632	2,379
Transfers	11,776	12,845	32,455	24,423	31,144
Gain on the sale of land	-	-	-	2,075	-
Special item, loss on capital asset impairment	-	-	-	-	-
Total business-type activities	<u>23,426</u>	<u>33,454</u>	<u>50,225</u>	<u>37,130</u>	<u>33,523</u>
Total government general revenues	<u>\$ 249,033</u>	<u>\$ 293,555</u>	<u>\$ 304,612</u>	<u>\$ 321,749</u>	<u>\$ 300,160</u>
Change in Net Position					
Governmental activities	\$ 35,953	\$ 54,846	\$ 31,389	\$ 38,042	\$ (757)
Business-type activities	84,994	67,358	43,050	3,680	13,879
Total government change in net position	<u>\$ 120,947</u>	<u>\$ 122,204</u>	<u>\$ 74,439</u>	<u>\$ 41,722</u>	<u>\$ 13,122</u>

Notes:

- (1) The City converted the Stormwater Projects fund into the enterprise Stormwater Utility fund effective FY11.
- (2) The City began reporting the solid waste services operations as an enterprise fund effective FY13. Prior to that, the operations were included as part of the City's general fund.

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

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Revenues and Change in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 186,379	\$ 189,422	\$ 195,568	\$ 203,513	\$ 214,288
Local sales tax	61,776	67,828	71,115	76,004	82,864
Franchise tax	22,634	21,190	21,313	21,944	28,552
Other taxes	13,937	11,875	11,517	23,216	20,124
Privilege license tax	7,166	7,663	7,949	7,512	4,282
Unrestricted grants and contributions	-	-	-	-	-
Investment earnings	5,280	946	1,204	5,045	2,288
Miscellaneous	11,182	11,982	20,416	13,821	18,191
Transfers	(32,231)	(34,186)	(41,210)	(46,235)	(54,858)
Gain on sale of property	-	-	-	6,271	256
Total governmental activities	<u>276,123</u>	<u>276,720</u>	<u>287,872</u>	<u>311,091</u>	<u>315,987</u>
Business-type activities:					
Investment earnings	3,357	1,165	253	3,269	2,029
Transfers	32,231	34,186	41,210	46,235	54,858
Gain on the sale of land	-	-	-	-	-
Special item, loss on capital asset impairment	-	-	-	-	-
Total business-type activities	<u>35,588</u>	<u>35,351</u>	<u>41,463</u>	<u>49,504</u>	<u>56,887</u>
Total government general revenues	<u>\$ 311,711</u>	<u>\$ 312,071</u>	<u>\$ 329,335</u>	<u>\$ 360,595</u>	<u>\$ 372,874</u>
Change in Net Position					
Governmental activities	\$ 32,246	\$ 26,014	\$ 59,676	\$ 31,504	\$ 61,272
Business-type activities	32,041	39,213	54,712	60,978	97,876
Total government change in net position	<u>\$ 64,287</u>	<u>\$ 65,227</u>	<u>\$ 114,388</u>	<u>\$ 92,482</u>	<u>\$ 159,148</u>

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund					
Reserved	\$ 35,607	\$ 42,321	\$ 44,293	\$ 43,647	\$ 49,722
Unreserved	78,774	84,164	92,797	116,900	116,162
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 114,381</u>	<u>\$ 126,485</u>	<u>\$ 137,090</u>	<u>\$ 160,547</u>	<u>\$ 165,884</u>
All other governmental funds					
Reserved	\$ 29,055	\$ 40,105	\$ 34,559	\$ 37,361	\$ 36,105
Unreserved, reported in:					
Special revenue funds	6,245	9,870	6,281	11,917	127,157
Capital projects funds	144,863	137,677	157,982	126,845	7,027
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 180,163</u>	<u>\$ 187,652</u>	<u>\$ 198,822</u>	<u>\$ 176,123</u>	<u>\$ 170,289</u>

Notes:

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

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	3,090	3,415	3,020	3,153	3,976
Restricted	40,783	43,367	40,302	46,800	54,396
Committed	-	66,317	68,466	67,776	-
Assigned	72,987	34,305	35,446	35,870	108,058
Unassigned	58,176	62,813	67,990	73,080	83,397
Total general fund	<u>\$ 175,036</u>	<u>\$ 210,217</u>	<u>\$ 215,224</u>	<u>\$ 226,679</u>	<u>\$ 249,827</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	-	-	-	11,625	69,510
Restricted	36,177	35,793	37,031	40,478	38,360
Assigned	123,024	215,302	187,964	186,832	215,969
Total all other governmental funds	<u>\$ 159,201</u>	<u>\$ 251,095</u>	<u>\$ 224,995</u>	<u>\$ 238,935</u>	<u>\$ 323,839</u>

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

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

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

2006-2015 - capital outlay as per reconciliation of statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities

(2) The City began reporting the solid waste services operations as an enterprise fund effective FY13. Prior to that, the operations were included as part of the City's general fund.

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
Revenues					
Ad valorem taxes	\$ 186,625	\$ 189,486	\$ 195,392	\$ 204,623	\$ 215,042
Intergovernmental	87,156	85,624	85,143	76,861	87,900
Non-governmental	-	-	-	42	80
Developer participation	2,313	510	57	164	-
Assessments	562	1,336	1,124	1,119	1,270
Local sales tax	61,776	67,828	71,115	76,004	82,864
Licenses	19,671	21,050	21,280	24,906	19,506
Gain (loss) on investments	5,000	1,683	1	4,588	2,851
Inspections	7,164	7,695	9,291	10,830	12,416
Highway maintenance refunds	786	772	1,125	899	1,393
Facility fees	7,310	6,632	9,571	7,663	11,990
Other fees and charges	32,429	37,175	18,900	15,495	15,488
Rents	514	787	649	548	857
Program income	2,536	2,619	2,340	2,384	1,180
Other revenues	1,589	1,831	2,467	1,916	2,941
Miscellaneous	1,024	745	875	284	-
Total revenues	416,455	425,773	419,330	428,326	455,778
Expenditures					
General government	42,096	38,709	36,724	38,112	40,352
Community development services	25,332	25,268	25,388	23,364	23,067
Public works	24,723	23,143	22,215	26,022	81,695
Public safety	145,251	144,448	144,463	148,450	185,497
Solid waste services (2)	24,949	24,556	-	-	-
Leisure services	49,415	54,355	50,023	53,898	79,384
Economic development programs	5,710	5,656	2,312	7,931	4,868
Other expenditures	3	402	2,290	-	-
Capital outlay	73,332	78,785	66,279	92,753	-
Debt service					
Principal	26,900	26,699	30,371	30,203	31,726
Interest	13,494	12,601	15,841	17,316	19,602
Other debt service expenditures	572	652	436	333	597
Total expenditures	431,777	435,274	396,342	438,382	466,788
Less: Administrative costs charged to water and sewer	-	-	-	-	-
Total expenditures	431,777	435,274	396,342	438,382	466,788
Other financing sources (uses)					
Transfers in	26,759	27,185	32,982	43,554	35,916
Transfers out	(60,307)	(56,101)	(77,063)	(88,499)	(87,878)
Proceeds from sale of property	-	-	-	6,271	256
Proceeds from borrowing	46,430	147,600	-	-	-
Premium on bonds issued	1,360	17,765	-	73,377	103,231
Premium on refunding bond issued	-	5,331	-	4,490	8,507
Refunding bonds issued	-	33,925	-	5,885	-
Payments to escrow agent	-	(39,129)	-	(9,626)	-
Total other financing sources (uses)	14,242	136,576	(44,081)	35,452	60,032
Net change in fund balances	\$ (1,080)	\$ 127,075	\$ (21,093)	\$ 25,396	\$ 49,022
Debt service as a percentage of noncapital expenditures (1)	11.17%	10.74%	13.97%	13.53%	14.68%

**ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

(in thousands of dollars)

Fiscal Year	Real Property	Personal Property	Corporate Excess	Total Taxable Assessed Value	Property Tax Rate (Per \$100 Assessed Value)
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
2015	45,837,276	6,170,996	717,557	52,725,829	0.4038

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>
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
2015	0.4038	0.5780	0.9818

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	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Progress, Inc.	\$ 346,360	1	0.66%	\$ 336,474	1	1.04%
CVM Holdings LLC	334,466	2	0.63%	173,086	3	0.54%
Highwoods Realty LP	283,587	3	0.54%	189,842	2	0.59%
Triangle Town Center LLC	173,177	4	0.33%			
First Citizens Bank & Trust Co.	168,791	5	0.32%	83,895	8	0.26%
State Employees Credit Union	138,641	6	0.26%			
North Hills Owner 1 LLC	132,802	7	0.25%			
Highwoods DLF Forum LLC	116,825	8	0.22%			
ARI RCC 32 LLC	110,377	9	0.21%			
Bellsouth Telephone	105,598	10	0.20%	150,482	4	0.47%
Cisco Systems Inc.				133,406	5	0.41%
UDRT of North Carolina				115,509	6	0.36%
JG North Raleigh LLC				99,290	7	0.31%
Prudential Insurance				78,839	9	0.24%
Capital Center Acquisition LLC				69,328	10	0.22%
Totals	<u>\$ 1,910,624</u>		<u>3.62%</u>	<u>\$ 1,430,151</u>		<u>4.44%</u>

Note:

Above taxable assessed valuations are as of January 1, 2014 and 2005 respectively, and the associated tax levies were due in the fiscal years ended June 30, 2015 and 2006 respectively.

Source:

Wake County website, Statistics and Reports and 2006 City of Raleigh CAFR.

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

(amounts expressed in thousands)

<u>Fiscal Year Ended June 30,</u>	<u>Original Levy for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Adjusted Levy</u>
2006	\$ 127,767	\$ 125,745	98.42%	\$ 1,974	\$ 127,719	99.96%
2007	146,117	142,895	97.79%	1,980	144,875	99.15%
2008	153,544	150,661	98.12%	2,350	153,011	99.65%
2009	184,579	181,468	98.31%	2,372	183,840	99.60%
2010	187,901	185,225	98.58%	2,022	187,247	99.65%
2011	188,777	186,280	98.68%	1,878	188,158	99.67%
2012	190,578	188,329	98.82%	1,626	189,955	99.67%
2013	197,617	195,117	98.73%	1,881	196,998	99.69%
2014	203,033	201,842	99.41%	791	202,633	99.80%
2015	212,617	211,668	99.55%	-	211,668 (1)	99.55%

Note:

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

Total collected as per above	\$ 211,668
Penalties collected	760
Prior year collections in current year	1,136
Special districts	<u>1,478</u>
Ad valorem taxes collected per general fund financial statements	<u><u>\$ 215,042</u></u>

ANALYSIS OF CURRENT TAX LEVY
CITY - WIDE LEVY
For the Fiscal Year Ended June 30, 2015

	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	\$ 51,769,091,257	\$.4038	\$ 208,973,922	\$ 198,004,231	\$ 10,969,691
Registered motor vehicles taxed at prior year's rate	956,738,607	.3826	3,642,840	-	3,642,840
	<u>52,725,829,864</u>		<u>212,616,762</u>	<u>198,004,231</u>	<u>14,612,531</u>
Discoveries:					
Prior years' taxes	111,296,492	(1)	424,427	417,765	6,662
Total property valuation	<u>\$ 52,837,126,356</u>				
Deferred and waived			1,017,507	1,017,507	-
Penalty			760,238	760,238	-
Rebates			(436,430)	(436,430)	-
Net levy			214,382,504	199,763,311	14,619,193
Uncollected taxes at June 30, 2015			(512,003)	(487,598)	(24,405)
Current year's taxes collected			<u>\$ 213,870,501</u>	<u>\$ 199,275,713</u>	<u>\$ 14,594,788</u>
Current levy collection percentage			<u>99.76%</u>	<u>99.76%</u>	<u>99.83%</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, 2015

Fiscal Year Ended June 30	Taxes Receivable June 30, 2014	Additions	Collections and Other Reductions	Taxes Receivable June 30, 2015
				(1)
2006 & prior	\$ 2,300,906	\$ -	\$ 7,549	\$ 2,293,357
2007	877,462	-	8,287	869,175
2008	337,696	-	9,898	327,798
2009	243,485	-	11,677	231,808
2010	309,725	-	13,830	295,895
2011	514,216	-	19,607	494,609
2012	387,972	-	54,306	333,666
2013	597,723	-	213,730	383,993
2014	1,190,865	-	802,449	388,416
2015	-	214,319,181	213,721,743	597,438
TOTALS	\$ 6,760,050	\$ 214,319,181	\$ 214,863,076	\$ 6,216,155
			(2)	

Notes:

(1) Ad valorem taxes receivable only; does not include vehicle tag fee receivable (\$3,606,574).

(2) Reconciliation to revenues collected:

Collections and other reductions per above	\$ 214,863,076
Late list penalties collected	(150,903)
Miscellaneous adjustments	6,423
Penalties collected	760,238
Rebates and waived taxes	(436,430)
Ad valorem taxes collected per general fund financial statements	<u>\$ 215,042,404</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			
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 (3)	322,818	139,903	4,957	681,605	368,596	1,517,879	8.16%	3,586.85
2014 (3)	343,739	162,224	3,467	708,895	389,116	1,607,441	(2)	3,723.12
2015 (3)	363,605	230,467	1,840	687,136	408,636	1,691,684	(2)	3,845.65

Notes:

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

- (1) See the Schedule of Demographic and Economic Statistics on page 146 for personal income and population data.
- (2) Personal income data unavailable for 2014 and 2015.
- (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	363,605	1,840
Revenue bonds	-	687,136
Installment financing agreements	230,467	408,636
Earned vacation payable	19,060	4,443
Landfill postclosure costs	-	3,613
Claims payable	24,006	1
	<u>637,138</u>	<u>1,105,669</u>

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	General Bonded Debt	Net Bonded Debt	Percentage Actual Taxable Value of Property	Per Capita Bonded Debt	
	(1)	(2)	(3)	General	Net
				(4)	
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
2015 (5)	363,605	361,578	0.69%	755	751

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 146 for property value data.
- (4) See Demographic and Economic Statistics schedule on page 157 for population data.
- (5) Amounts shown here are net of premiums, discounts and adjustments.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2015

(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)	\$ 594,071	100.00%	\$ 594,071
Overlapping Debt: (2)			
Wake County Debt (3)	<u>1,967,590</u>	41.21% (4)	<u>810,823</u>
Total Direct and Overlapping Debt	<u><u>\$ 2,561,661</u></u>		<u><u>\$ 1,404,894</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 \$1,625,289,840 of Wake County School Bonds.
- (4) Percentage of direct and overlapping debt is based on June 30, 2015 assessed valuation of the City of Raleigh (\$52,725,829,865) as compared to the June 30, 2015 assessed valuation of Wake County (\$127,947,523,008).

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
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%
2015	4,218,066	1,134,703	3,083,363	26.90%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 52,725,830
Debt limit (8% of assessed value)	4,218,066
Debt applicable to limit:	
General Obligation bonds	332,210
GO bonds authorized not issued	172,775
Other outstanding debt	631,745
Less: Statutory deductions	
Bonded debt included in gross debt incurred for water	(561)
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	(1,466)
Total net debt applicable to limit	<u>1,134,703</u>
Legal debt margin	<u>\$ 3,083,363</u>

**PLEGGED 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>										
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
2015	214,997,564	37,843,467	89,725,721	125,271,843	19,695,000	27,027,053	46,722,053	2.68	3.49	1.20

Parity and Subordinate Debt Service Coverage (4)

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
2015	214,997,564		89,725,721	125,271,843	22,480,320	27,388,673	49,868,993	2.51		1.00

Notes:

- (1) The City has issued 10 series of water and sewer revenue bonds between FY97 and FY15.
- (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 Amending 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)
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	18,597,448	43,947	156,073	7.4
2014	431,746	Unavailable	Unavailable	159,984	5.1
2015	439,896	Unavailable	Unavailable	Unavailable	5.0

Sources:

- (1) Census Population Estimates Program for 2011, 2013, 2014 and 2015
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 2014 and 2015 are unavailable.
- (3) North Carolina Department of Public Instruction, Information Analysis and Reporting.
ADM = Average daily membership - (final ADM). Includes fifteen charter schools.
Data for 2015 unavailable.
- (4) North Carolina Employment Security Commission.
Estimated percentage of unemployment in Wake County as of June 30, 2015.

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

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of North Carolina	20,635	1	9.11%	26,021	1	13.68%
Wake County Public School System	18,554	2	8.19%	15,000	2	7.89%
Wake Med Health and Hospitals	8,422	3	3.72%	6,500	4	3.42%
North Carolina State University	7,876	4	3.48%	7,787	3	4.09%
Rex Healthcare	5,300	5	2.34%	3,800	6	2.00%
City of Raleigh	4,049	6	1.79%	3,000	9	1.58%
NC DHHS	3,800	7	1.68%	-	-	-
Duke Energy Progress	3,700	8	1.63%	3,400	7	1.79%
Wake County	3,692	9	1.63%	3,300	8	1.73%
Wake Technical Community College	2,547	10	1.12%	-	-	-
Wake Med Faculty Physicians	-	-	-	4,000	5	2.10%
Waste Industries	-	-	-	2,000	10	1.05%
Total	78,575		34.69%	74,808		39.33%

Notes:

City-wide employment as of June 30, 2015: 226,537

City-wide employment as of June 30, 2006: 190,219

Duke Energy Progress was Progress Energy Inc. in 2005.

Source:

Wake County Economic Development - 2015

Raleigh Chamber of Commerce (Employers) - 2006

NC Office of State Human Resources - 2006 and 2015

NC Employment Security Commission (Laus City Wide Employment) 2006 and 2015

City of Raleigh Budget Office

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

Function	Employees as of June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Policy & Management Services										
General Government	62	70	77	74	94	131	88	90	105	103
Human Resources	22	23	25	26	25	25	25	29	30	30
Administrative Services (2)	17	17	19	20	25	-	-	-	-	-
Finance (4)	113	122	129	127	127	112	111	65	61	61
Information Services	63	69	74	74	77	78	79	78	78	81
Community Development Services										
Public Works (1)	354	392	405	421	416	395	397	403	430	445
Planning & Development (3)	41	46	47	45	42	60	200	203	169	191
Inspections	154	153	153	141	121	97	-	-	-	-
Community Services	19	19	23	18	18	18	18	18	18	-
Community Development	21	23	23	23	23	23	23	23	23	-
Housing and Neighborhood preservation	-	-	-	-	-	-	-	-	-	-
Housing and Neighborhoods (5)	-	-	-	-	-	-	-	-	-	73
Public Safety										
Police	851	888	902	902	892	882	879	876	890	898
Fire	523	553	568	568	568	575	575	577	607	609
Emergency Communications	78	94	103	102	102	102	109	115	115	115
Solid Waste Services										
	199	240	237	234	223	211	204	200	202	204
Public Utilities (4)										
	438	547	571	571	570	586	586	642	632	640
Leisure Services										
Convention Center	71	72	109	107	109	108	104	104	104	104
Parks & Recreation	355	391	418	391	401	408	428	443	472	495
Total	3,381	3,719	3,883	3,844	3,833	3,811	3,826	3,866	3,936	4,049

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.

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

Source:

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

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

Function	Fiscal Year				
	2006	2007	2008	2009	2010
Community Development Services					
Inspections:					
Permits issued (all trade types)	47,862	47,493	54,644	45,022	45,000
Construction - inspections requested	132,539	126,695	116,667	103,798	93,844
Community Development:					
New housing units constructed	28	34	6	11	9
Homeownership loans provided	51	85	62	66	81
Rehabilitation loans provided	29	45	42	36	27
Public Works					
Asphalt failures repaired	7,300	4,860	3,828	1,880	2,068
Drainage structures repaired/maintained	1,030	Unavailable	1,073	700	461
Police					
Physical arrests	87,929	135,083	120,005	113,568	116,481
Traffic accidents investigated	18,551	19,257	19,262	18,557	18,439
Fire					
Emergency responses	21,249	20,063	20,478	21,791	22,278
Fire calls answered	1,539	1,582	1,739	1,319	1,167
Emergency Communications					
911 calls processed	483,921	502,492	523,184	520,431	497,778
Solid Waste					
Refuse collected (tons)	83,600	84,538	85,139	87,054	87,562
Recyclables collected (tons)	17,052	18,808	18,740	19,325	20,104
Water					
Number of consumers	158,007	169,324	174,517	165,298	167,307
Average daily consumption (millions of gallons per day)	48.80	50.63	47.09	48.00	49.00
Maximum daily flow (millions of gallons per day)	69.20	72.20	75.00	67.00	71.36
Wastewater					
Average daily sewage treatment (millions of gallons per day)	45.24	44.80	42.00	40.90	42.50
Maximum daily flow (millions of gallons per day)	98.05	75.00	63.77	81.75	88.01
Leisure Services					
Convention center events	570	634	837	687	641
Event attendance	559,989	654,152	718,841	608,842	489,446
Parks and recreation programs	8,302	10,334	10,770	9,290	11,249
Registrants	134,850	120,419	120,254	158,514	138,568
Attendance at parks & recreation facilities (millions)	3.4	3.9	4.1	4.0	4.1

Notes:

- (1) Estimates shown for 2015 data.
- (2) Amounts shown for 2014 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).
- (4) Parks and Recreation changed reporting measure to no longer include attendance at facilities.

Source:

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

Function	Fiscal Year				
	2011	2012	2013	2014	2015
Community Development Services					
Inspections:					
Permits issued (all trade types)	47,723	39,144	95,547	105,105 (2)	115,224 (1)
Construction - inspections requested	77,000	88,640	-	- (3)	- (3)
Community Development:					
New housing units constructed	17	25	7	21 (2)	14 (1)
Homeownership loans provided	39	60	43	55 (2)	50 (1)
Rehabilitation loans provided	13	24	13	50 (2)	55 (1)
Public Works					
Asphalt failures repaired	5,000	1,906	4,000	5,544 (2)	5,000 (1)
Drainage structures repaired/maintained	1,000	594	505	1,120 (2)	1,200 (1)
Police					
Physical arrests	115,361	92,387	88,321	98,857 (2)	86,498 (1)
Traffic accidents investigated	19,328	19,810	20,283	21,189 (2)	21,706 (1)
Fire					
Emergency responses	22,790	21,912	21,951	23,119 (2)	24,349 (1)
Fire calls answered	1,489	1,354	1,077	1,133 (2)	1,192 (1)
Emergency Communications					
911 calls processed	454,223	475,453	608,770	580,465 (2)	594,618 (1)
Solid Waste					
Refuse collected (tons)	85,217	84,700	84,582	87,068 (2)	92,812 (1)
Recyclables collected (tons)	22,370	23,890	26,040	26,176 (2)	27,584 (1)
Water					
Number of consumers	167,746	170,353	171,123	174,010	176,918
Average daily consumption (millions of gallons per day)	52.00	53.50	52.00	47.90	47.30
Maximum daily flow (millions of gallons per day)	68.71	70.13	68.93	61.10	67.88
Wastewater					
Average daily sewage treatment (millions of gallons per day)	45.70	44.10	45.60	45.40	48.19
Maximum daily flow (millions of gallons per day)	78.94	59.23	72.63	83.53	68.03
Leisure Services					
Convention center events	649	576	601	726 (2)	705 (1)
Event attendance	460,012	537,804	355,012	766,107 (2)	768,501 (1)
Parks and recreation programs	11,233	12,717	13,062	13,204 (2)	13,170 (1)
Registrants	136,489	142,965	151,545	158,257 (2)	158,500 (1)
Attendance at parks & recreation facilities (millions)	4.0	4.0	4.3	4.3 (2)	Unavailable (4)

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

Function	Fiscal Year				
	2006	2007	2008	2009	2010
Public safety					
Police stations	7	7	7	7	7
Fire stations	27	27	27	27	27
Highways and streets					
Streets (miles)	1,194	1,235	1,274	1,283	1,293
Streetlights (1)	32,737	33,600	33,955	33,974	34,003
Signalized intersections	508	510	510	515	518
Leisure services					
Number of major parks	72	72	72	75	78
Parks acreage	8,672	8,818	8,893	9,046	9,399
Aquatic facilities	8	8	8	8	8
Community centers (staffed and unstaffed)	34	33	33	34	35
Water					
Water mains (miles)	2,050	2,050	2,106	1,870	1,902
Sewers					
Sanitary sewers (miles)	2,000	2,000	2,072	1,784	1,803

Notes:

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

(1) Streetlights for 2011-2015 are reported as actuals; prior years are estimated.

Source:

Various city departments and Budget Office.

Function	Fiscal Year				
	2011	2012	2013	2014	2015
Public safety					
Police stations	6	6	6	6	6
Fire stations	27	27	27	27	28
Highways and streets					
Streets (miles)	1,296	1,306	1,310	1,342	1,358
Streetlights (1)	33,067	33,914	34,323	34,567	34,749
Signalized intersections	540	552	550	615	619
Leisure services					
Number of major parks	78	77	85	85	86
Parks acreage	9,451	9,494	9,846	9,846	10,194
Aquatic facilities	8	8	9	9	9
Community centers (staffed and unstaffed)	35	34	47	47	47
Water					
Water mains (miles)	1,931	2,508	2,515	2,226	2,245
Sewers					
Sanitary sewers (miles)	1,819	2,612	2,620	2,281	2,297





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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 28, 2015.

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 that reads "Cherry Berkant CP". The signature is written in a cursive style with a large initial "C".

Raleigh, North Carolina
October 28, 2015

**Report of Independent Auditor on Compliance for Each Major Federal Program and
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 the 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, 2015. 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, 2015.

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.

A handwritten signature in black ink that reads "Cheryl Bokant CP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 28, 2015

**Report of Independent Auditor on Compliance for Each Major State Program and
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, 2015. 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, 2015.

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 that reads "Cherry Bokant CP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 28, 2015



Single Audit Schedules



**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local
EXPENDITURES OF FEDERAL AWARDS:					
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
Direct Programs: Federal Transit Administration:					
Capital Assistance - Section 9	20.507	NC-90-X488-00	\$ 102,216	\$ -	\$ 25,554
Capital Assistance - Section 9	20.507	NC-90-X509-00	37,132	-	9,283
Capital Assistance - FTA 5307	20.507	NC-90-X528-00	669,849	-	171,007
Capital Assistance - FTA 5307	20.507	NC-90-X559-00	4,878,501	385,738	833,887
Planning Assistance - Section 9	20.507	NC-90-X488-00	40,000	-	10,000
CMAQ Replacement Buses	20.507	NC-95-X065-00	3,647,623	451,908	460,000
Federal Transit Buses	20.507	NC-34-0005	676,165	84,520	-
Federal Transit Cap & Maint 2015	20.507	FFY 15 CAP PL	2,564,073	-	641,018
Job Access Remote Commute	20.516	NC-37-X031-01	86,167	-	-
Job Access Remote Commute	20.516	NC-37-X031-02	57,326	-	-
New Freedom 2013	20.521	NC-57-X016-00	5,138	-	-
New Freedom 2014	20.521	NC-57-X016-01	64,465	-	-
New Freedom 2015	20.521	NC-57-X016-02	7,558	-	-
Total Direct Programs Federal Transit Administration:			12,836,213	922,166	2,235,270
Direct Programs: Federal Railroad Administration:					
FY12 TIGER Raleigh Union Station - Phase I	20.933	FR-TII-0020-13-01-00	2,776,544	692,147	-
Total Direct Programs U.S. Department of Transportation:			15,612,757	1,614,313	2,235,270
Passed-Through North Carolina Department of Transportation:					
Planning Assistance - Section 9	20.507	NC-90-X559-00	26,034	-	17,269
Planning Assistance - Section 9 (5307)	20.507	15-08-101	151,862	18,983	18,983
Moore Square Station-FY10 STPDA	20.507	NC-95-X043-00	44,279	-	11,070
Raleigh Priority Sidewalk	20.205	EL-5100ID	32,000	-	8,000
STP-DA Lake Wheeler Road	20.205	U-5504	84,316	-	21,079
Creedmoor Road Sidewalk Improvements	20.205	EL-5100IE	21,872	-	5,468
City-wide Traffic Signal Upgrade	20.205	C-4923	708,590	-	177,148
FHWA Falls of Neuse Widening	20.205	U-4901	319,488	-	79,872
Capital Boulevard Improvements	20.205	U-5514	85,707	-	21,427
Section 104(f) PL	20.205	WBS39225.1.4	657,191	-	167,355
Section 104(f) STPDA	20.205	WBS39225.1.21	899,233	-	439,803
NE Area Study	20.205	WBS49004.1	25,000	-	-
Downtown Pedestrian Safety Improvements	20.205	EL-5100IF	41,453	-	10,363
Neuse River Trail - Horseshoe Bend	20.205	EB-5545	287,114	71,778	-
Planning Assistance - Section 9 (5303)	20.505	15-08-101	353,224	44,153	44,153
GHSP Crash Reconstruction	20.600	PT-15-09-29	32,421	-	10,807
DWI Squad	20.607	154AL-14-18-05	108,733	-	-
DWI Squad	20.607	154AL-15-02-04	238,080	-	42,014
Total Passed-Through North Carolina Department of Transportation:			4,116,597	134,914	1,074,811
Passed-Through N.C. Department of Environment and Natural Resources:					
NCDENR Recreational Trail Program	23.219	Contract 4150	7,031	-	2,344
Total U.S. Department of Transportation			19,736,385	1,749,227	3,312,425
<u>U.S. DEPARTMENT OF ENERGY</u>					
Direct Programs:					
ARRA - Geothermal Technologies	81.087	DE-EE0002808	2,037	-	2,037
Total U.S. Department of Energy			2,037	-	2,037
<u>CORPORATION FOR NATIONAL SERVICE</u>					
Direct Programs:					
Retired Senior Volunteers Program	94.002	11SR5NC001	40,953	-	86,579
Foster Grandparents Program	94.011	14SFSNC001	250,538	-	130,076
Total Corporation for National Service			291,491	-	216,655
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Direct Programs:					
Community Development Block Grant - Entitlement	14.218	B13MC370009	2,013,492	-	-
HOME Grant Program	14.239	M08-MC370206	194,872	-	48,793
HOME Grant Program	14.239	M09-MC370206	100,819	-	25,244
HOME Grant Program	14.239	M10-MC370206	213,977	-	53,577
HOME Grant Program	14.239	M11-MC370206	201,704	-	50,504
HOME Grant Program	14.239	M13-MC370206	30,448	-	7,624
HOME Grant Program	14.239	M14-MC370206	482,467	-	120,802
Emergency Shelter	14.231	E13MC370005	56,487	-	-
Emergency Shelter	14.231	E14MC370005	131,718	-	-
Total U.S. Department of Housing and Urban Development			3,425,984	-	306,544
<u>U.S. DEPARTMENT OF JUSTICE</u>					
Direct Programs:					
2013 JAG Asst Grant	16.738	2014-DJ-BX-0967	2,698	-	-
Equitable Sharing	16.922	2015 Equitable Sharing	284,295	-	-
Total Direct Programs U.S. Department of Justice:			286,993	-	-
Passed-Through Wake County:					
2011 JAG Asst Grant	16.738	2011-DJ-BX-2526	1,750	-	-
2012 JAG Asst Grant	16.738	2012-H2540-NC-DJ	4,440	-	-
2013 JAG Asst Grant	16.738	2013-H4841-NC-DJ	83,713	-	-
Total Passed-Through Wake County:			89,903	-	-
Passed-Through N.C. Department of Crime Control & Public Safety:					
Facial Recognition Software	16.738	2013-DJ-BX-0189	43,650	-	14,550
Total U.S. Department of Justice			420,546	-	14,550

<u>ENVIRONMENTAL PROTECTION AGENCY</u>						
Direct Programs:						
	D.E. Benton Water Treatment Waste Facility STAG	66.202	95491712	338,604	-	-
Passed-Through N.C. Department of Environment and Natural Resources:						
	Crabtree Creek North Bank	66.458	CS-370419-13	1,183,333	-	-
	Neuse River WWTP Phase III	66.458	CS-370419-18	12,758,112	-	-
	D.E. Benton Water Treatment Waste Facility	66.468	FS-984338	4,673,138	-	-
Total Passed-Through N.C. Department of Environment and Natural Resources:				18,614,583	-	-
Total Environmental Protection Agency				18,953,187	-	-
<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	126,086	-	42,029
	Hazardous Materials Response Equipment	97.067	EMW-2014-SS-00069-S01	24,596	-	-
Total Passed-Through N.C. Department of Crime Control & Public Safety:				150,682	-	42,029
Passed-Through N.C. Division of Emergency Management: Hazard Mitigation						
		97.039	HMGF 1969-008	806,371	268,790	-
Total U.S. Department of Homeland Security				957,053	268,790	42,029
<u>OFFICE OF NATIONAL DRUG CONTROL POLICY</u>						
	HTDA-2014(Durham FA)	95.001	G14GA0004A	18,810	-	2,980
	HTDA-2015(Durham FA)	95.001	G15GA0004A	818	-	47
Total Office of National Drug Control and Policy				19,628	-	3,027
<u>U.S. DEPARTMENT OF THE INTERIOR</u>						
Passed-Through N.C. Department of Cultural Resources:						
	Historic Preservation Analysis	15.904	N/A	10,500	-	10,500
Total U.S. Department of the Interior				10,500	-	10,500
TOTAL EXPENDITURES OF FEDERAL AWARDS:				43,816,811	2,018,017	3,907,767
EXPENDITURES OF STATE AWARDS:						
<u>N.C. DEPARTMENT OF TRANSPORTATION</u>						
	Powell Bill		WBS32570	-	10,512,455	-
	Public Transportation Maint Asst Prog		15-SM-015	-	2,368,993	-
	Advanced Technology Grant		15-AT-101	-	320,596	37,844
Total N.C. Department of Transportation				-	13,202,044	37,844
<u>N.C. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY</u>						
	Fire Regional Response Team		RRT42012	-	50,739	-
Total N.C. Department of Crime Control & Public Safety				-	50,739	-
<u>N.C. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES</u>						
	Energy Crop Production at Wastewater Treatment Facilities		G40100278814RS	-	87,647	-
Total N.C. Department of Agriculture and Consumer Services				-	87,647	-
<u>N.C. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES</u>						
	Innovative Stormwater Proposal 2008-1018		GA-10046	-	46,176	-
	Rainwater Harvesting at Fire Stations		2008-1019	-	103,859	-
	Community Waste Reduction and Recycling Grant		Contract #5961	-	12,154	17,550
	Fletcher Park Retentions Pond		2007-714	-	116,370	-
	Pigeon House Branch		2007-714	-	163,630	-
Total N.C. Department of Environment and Natural Resources				-	442,189	17,550
TOTAL EXPENDITURES OF STATE AWARDS:				-	13,782,619	55,394
EXPENDITURES OF OTHER AWARDS:						
<u>WAKE COUNTY</u>						
	Juvenile Crime Prevention Council		N/A	-	-	120,657 (1)
<u>TRIANGLE J COUNCIL OF GOVERNMENTS</u>						
	Bicycle & Pedestrian Outreach		TDMRALBP15	-	13,159	12,780 (1)
	Transportation Demand Management Grant		TDMRALJ4	-	1,186	-
	Transportation Demand Management Grant		TDMRALI5	-	51,272	50,915 (1)
TOTAL EXPENDITURES OF OTHER AWARDS:				-	65,617	184,352
TOTAL EXPENDITURES ALL AWARDS:				\$ 43,816,811	\$ 15,866,253	\$ 4,147,513

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, 2015. 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, 2015 is \$-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, 2015. 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, 2015. The loan balance outstanding is included in the federal expenditures presented in the schedule:

SRF Crabtree Revolving Loan CFDA # 66.458 Project CS-370419-13

The loan balance outstanding of \$8,739,880 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 \$6,655,618 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 \$14,888,304 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.

(1) 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, 2015

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

14.218
 16.922
 20.505
 20.507
 20.600, 20.607
 66.468
 97.039

Names of Federal Program or Cluster

CDBG – Entitlement Grants Cluster
 Equitable Sharing Program
 Planning Assistance – Section 9 (5303)
 Federal Transit Cluster
 Highway Safety Cluster
 D.E. Benton Water Treatment Waste Facility
 Hazard Mitigation Grant

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

\$ 1,314,504

Auditee qualified as low-risk auditee? yes _____ no

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

YEAR ENDED JUNE 30, 2015

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
Public Transportation Maintenance Assistance Program
Advanced Technology Grant

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

None

IV – State Award Findings and Questioned Costs

None

CITY OF RALEIGH, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2015

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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