



City of Raleigh Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2017





CITY OF RALEIGH

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City of Raleigh

NORTH CAROLINA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Prepared by the Finance Department
Allison E. Bradsher
Chief Financial Officer

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INTRODUCTORY SECTION



CITY OF RALEIGH



Raleigh City Council 2016-2017



First row: Mary-Ann Baldwin, Nancy McFarlane, Kay Crowder, Bonner Gaylord
Second row: Richard “Dickie” Thompson, Corey Branch, Russ Stephenson, David Cox

Nancy McFarlane - Mayor
Richard “Dickie” Thompson - District A
David Cox - District B
Corey Branch - District C

Kay Crowder - District D
Bonner Gaylord - District E
Russ Stephenson - At Large
Mary-Ann Baldwin - At Large

City Administrative, Legal and Financial Staff

Ruffin L. Hall
City Manager

Tansy Hayward
Assistant City Manager

Marchell Adams-David
Assistant City Manager

James Greene, Jr.
Assistant City Manager

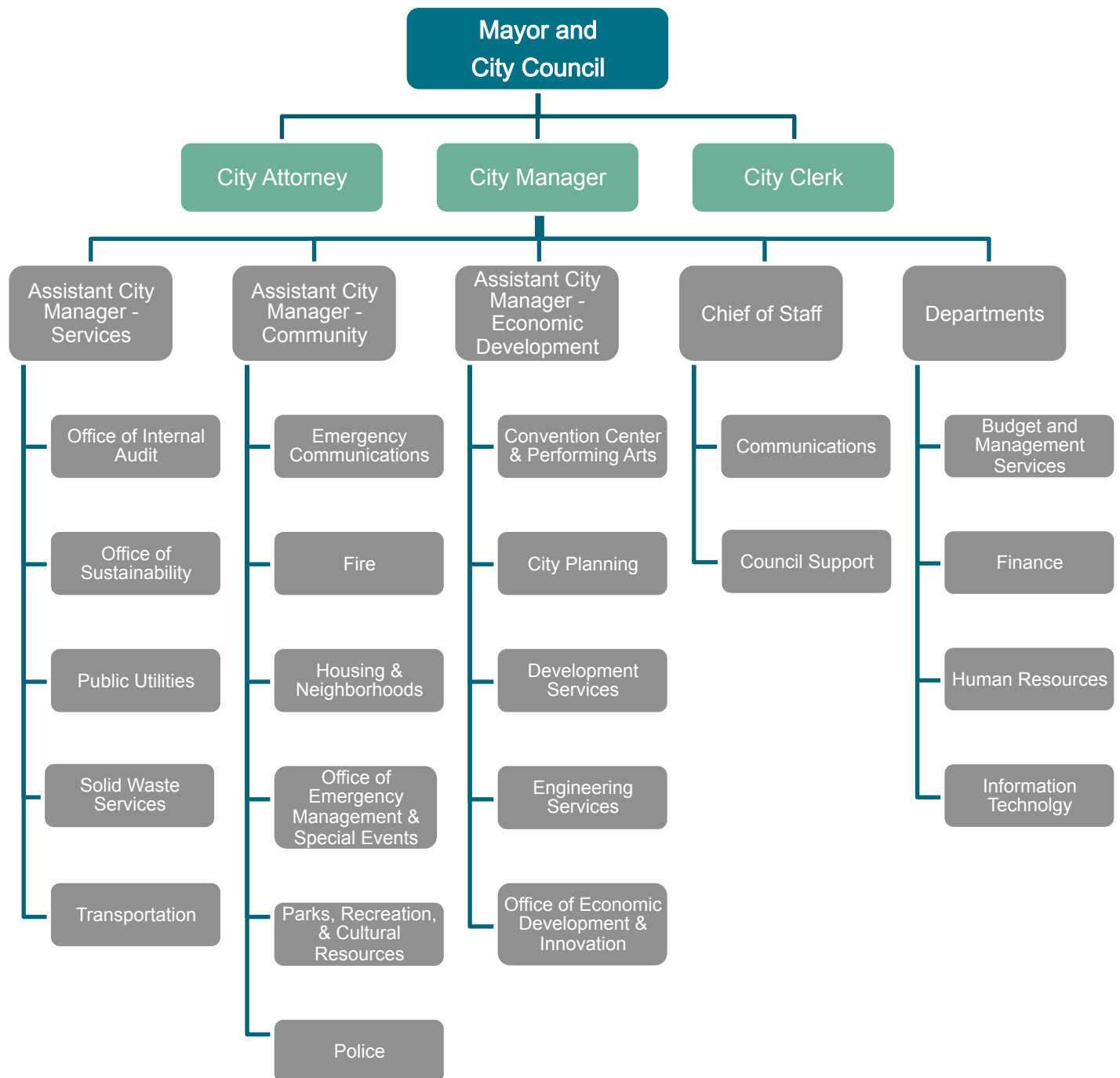
Louis Buonpane
Chief of Staff

Thomas A. McCormick, Jr.
City Attorney

Gail G. Smith
City Clerk

Allison E. Bradsher
Chief Financial Officer

City-Wide Organization Chart



October 31, 2017



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, 2017. 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 internal control framework 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.

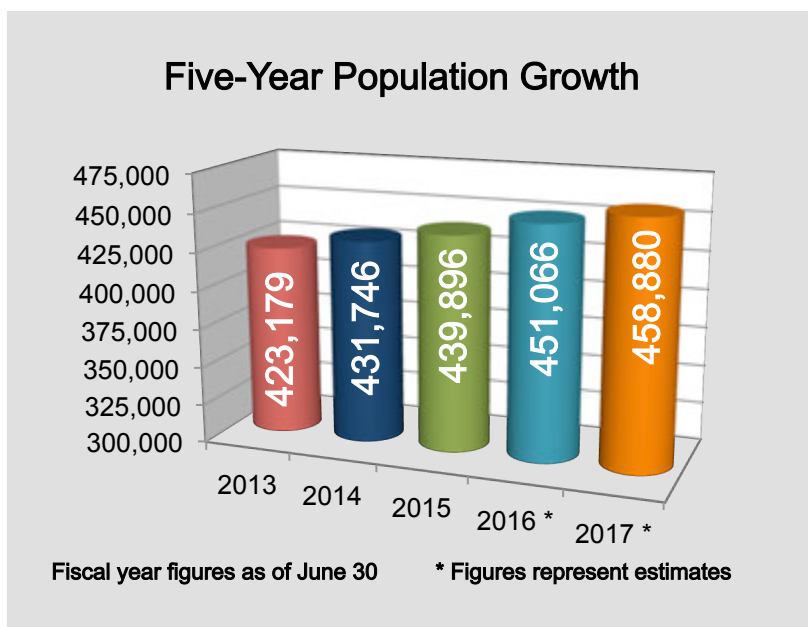
The City's financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent auditor concluded that the City's financial statements, for the fiscal year ended June 30, 2017, 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 City's financial statements was further 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 a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of City of Raleigh

Raleigh is situated in the heart of the State of North Carolina, in a section called the Piedmont region, which is 150 miles from the Atlantic Ocean and 190 miles from the Great Smoky Mountains. The City serves as the county seat of Wake County and the capital of North Carolina, and covers an area of more than 180 square miles with an estimated population of 458,880. The City forms one point of the Research Triangle Park (RTP) 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 cumulative population for these areas is estimated to be 1,823,000, which reflects a 28.4% increase over the past 10 years.



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 is responsible to the Council for the administration of daily operations and programs of the City, as well as the management of all City employees.

The City provides the full range of governmental services, including police and fire protection, street construction and maintenance, solid waste management, water and sewer services, parks, recreation and cultural services, planning and development services, a variety of transportation and public infrastructure 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 annually adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may approve budget transfers 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

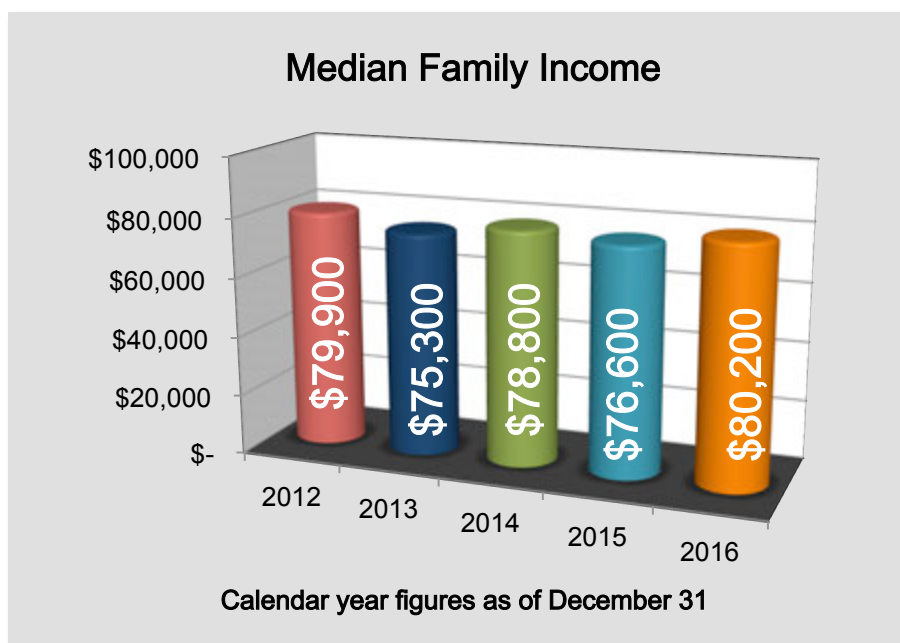
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

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

- Best Big City in the Southeast (September 2016 – Money Magazine)
- Among Top 10 Boomtowns of 2016 (January 2017, SmartAsset)
- Among Top 12 Destinations of 2017 (January 2017, Forbes Travel Guide)
- 2nd on list of America's Hottest Spots for Tech Jobs (August 2016 – Forbes)
- 3rd Best City for Job Seekers (May 2017 – Wake County Economic Development/USA Today)

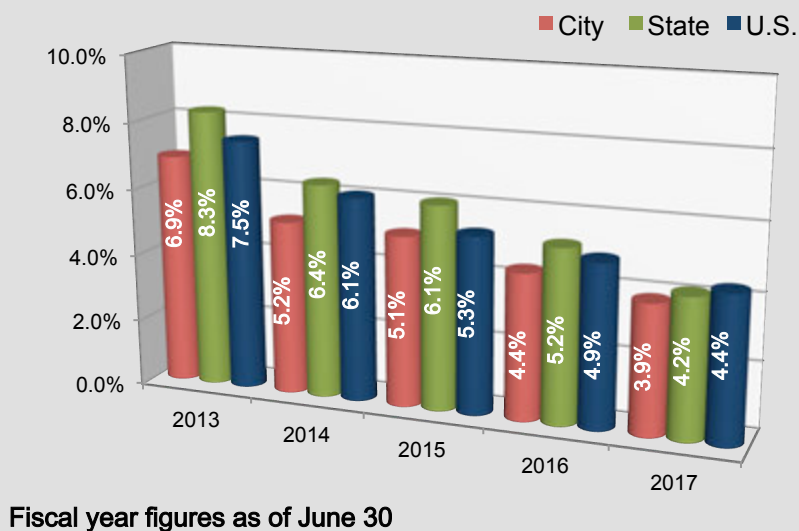
Raleigh has experienced steady growth in population and commercial activity over the past several years, becoming the 41st largest city in the United States. As the capital of the state, the City derives its economic profile from a diverse combination of business and employment centers, including Federal and State government, higher education, information technology, scientific research, healthcare and retail trade. Raleigh 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.

A thriving business environment, nationally ranked universities and outstanding health care facilities are some of the many features that attract people to the area. Specifically, downtown Raleigh has seen rapid growth in residential populations, expanding retail and continued increases in employment opportunities. Red Hat and Martin Marietta Materials, both Fortune 500 companies, are headquartered in Raleigh. The mild climate, diverse work force and proximity to Research Triangle Park, a nationally recognized epicenter of innovation in more than a dozen industries, all further attribute to making the City a great place to live.



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. Its corporate residents currently consist of more than 200 organizations including International Business Machines, Cisco Systems, Cree, GlaxoSmithKline, Syngenta and RTI International, employing more than 50,000 full-time equivalent employees and contract workers. Industries such as micro-electronics, telecommunications, biotechnology, chemicals, pharmaceuticals, and environmental sciences also invest more than twice the national average in research and development at the region's universities each year.

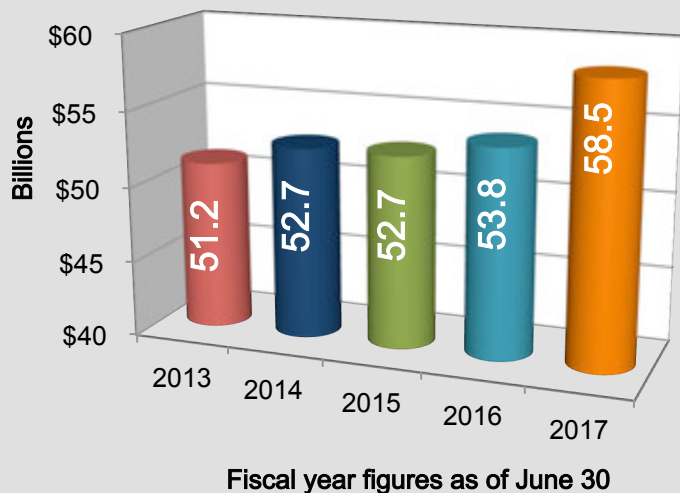
Five-Year Unemployment Rates



Looking ahead, the 2017-2018 budget represents the culmination of a major milestone in a two-year journey to create a new compensation system for our employees. In addition, the Community Survey guided investments to service areas that manage growth, traffic flow, stormwater management and continued investment in public safety and citizen engagement. Financial projections show signs of continued revenue growth, specifically for property and sales taxes, the City's largest governmental revenue streams. Future revenue streams could be impacted by legislative changes to local governments including sales tax reallocations and imposed limitations on development fees.

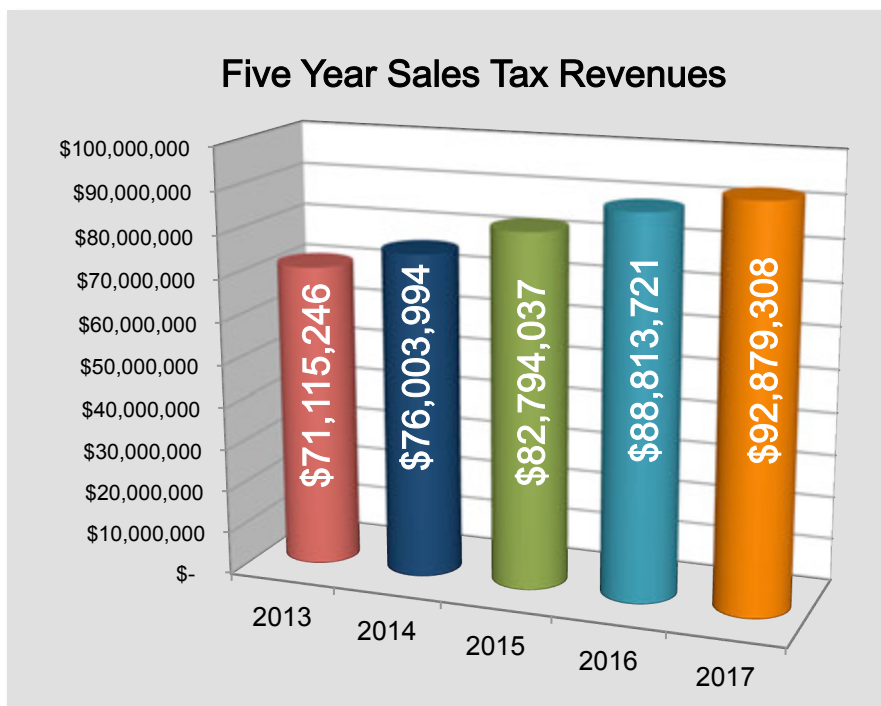
Locally, the unemployment rate at June 30, 2017 was 3.9%, which represents a decrease from the June 30, 2016 rate of 4.4%. Median family incomes have increased from \$76,600 in calendar year 2015 to \$80,200 in calendar year 2016. Retail sales for the county have continued to grow at a strong pace, with the City's distributions increasing by 4.6% from 2016 to 2017.

Five-Year Assessed Property Values



The value of construction permits remained relatively consistent, moving from \$1.6 billion in 2016 to \$1.5 billion in 2017. During this period, the City's taxable property base remained steady and represents a balanced tax base of commercial and industrial property complementing our residential base. The overall future economic conditions remain on a positive trend and the City continues diligent management of both revenues and expenditures, allowing the City to maintain an excellent financial position.

Raleigh annually attracts over 15 million visitors for conferences, special events, shopping and other attractions. This experience is enhanced by facilities such as the Raleigh Convention Center Complex, Red Hat Amphitheater and Festival Site, PNC Arena, Coastal Credit Union Music Park at Walnut Creek, the Duke Energy Center for the Performing Arts, Marbles Kids Museum and IMAX Theater, numerous state museums, and 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 Duke 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 Duke Energy Center for the Performing Arts is the home of the North Carolina Symphony and the Carolina Ballet and features four performing arts theaters.



The City continues to recognize economic benefits from its investment in downtown and other areas of the City. The Raleigh Convention Center Complex has been met with outstanding bookings by regional, national and international conference groups, and continues to experience positive momentum. The Center held 241 events with over 407,000 attendees during the twelve month period ending June 30, 2017. During the year, the Duke Energy Center for the Performing Arts held 630 events with over 408,000 attendees. The Red Hat Amphitheater held 42 shows in the most recent summer season and brought more than 131,000 attendees downtown. Collectively in fiscal year 2016-17, these venues had an estimated \$61.0 million economic impact on Wake County.

Major Initiatives

A number of key projects and initiatives in fiscal year 2016-17 reflect the City's continuing involvement in its vital capital infrastructure. The City continues to analyze the need for future transit facilities such as bus stations, park-and-ride facilities, multi-modal facilities and transit centers along major corridors within the City. The Wake County sales tax referendum, which passed in the fall of 2016 will allow Wake County and the City to prioritize transit system needs in conjunction with the Wake Transit Plan. An assessment of public safety training needs was completed which will guide future decisions for training facilities. The City invested in many energy efficient projects including lighting, heating and air condition system upgrades, to name a few. The City implemented a new software tool called CityWorks, an asset work order and service request management tool to streamline operations. The City of Raleigh acquired the Dorothea Dix property from the State of North Carolina and master planning for the 308 acre site commenced in fiscal year 2016-17.

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 managing 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. Spanning fiscal years 2016-17 through 2020-21, major areas included in Phase I are transportation, public utilities, parks, housing, stormwater utility, technology and general public improvements. Public utilities represent the largest portion of the CIP due to the strong growth of our area and immediate infrastructure needs. 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.

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 is able to appropriate a consistent level of fund balance each year resulting from positive budget variances. 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 are designed to avoid using one-time revenues to meet recurring expenditure needs and to ensure an ongoing mix of pay-as-you-go funding and long-term debt for capital needs.

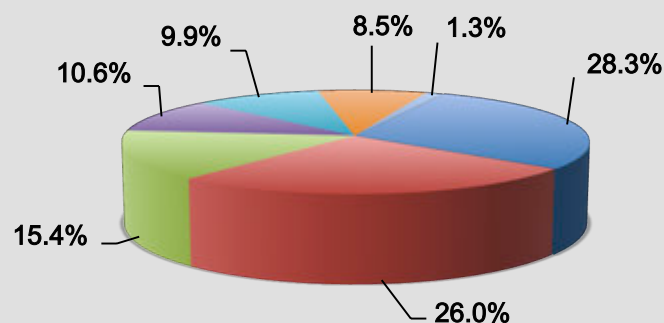
General Budget Information

For the Year 2016-17

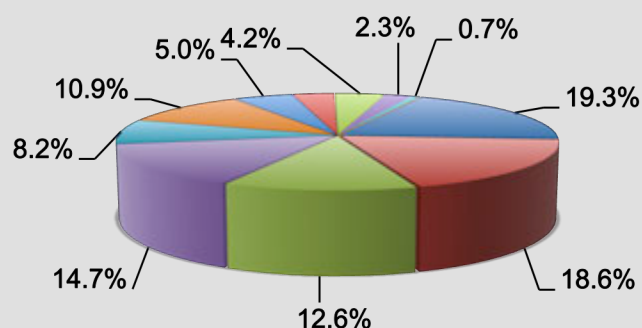
The City's Annual Budget for 2016-17, inclusive of operating and capital programs, increased by 3.0% from the prior year. The fiscal year 2016-17 budget reflected a projected 6.7% increase in property tax revenues over fiscal year 2015-16 results, a 2.5% increase in sales tax over fiscal year 2015-16 results, and steady revenues for water and sewer services, stormwater management and solid waste services. The 2016-17 operating budget sustained 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 2016-17 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.

Adopted Budget 2016-2017

- Property tax - \$242.9 m
- Water/sewer charges - \$223.1 m
- Interest, fees, miscellaneous - \$154.2 m
- Sales tax - \$91.1 m
- Intergovernmental - \$53.6 m
- Debt and program reserves - \$82.7 m
- Federal and state grants - \$11.4 m



REVENUES \$859,021,503



EXPENDITURES \$859,021,503

- Public safety - \$165.4 m
- Capital debt service - \$160.1 m
- Public utilities - \$108.5 m
- Capital improvements - \$126.6 m
- Leisure services - \$70.1 m
- Public infrastructure management - \$94.0 m
- General government and external agencies - \$42.6 m
- Solid waste services - \$30.0 m
- Community development services - \$36.3 m
- Information technology - \$19.4 m
- Financial management - \$6.0 m

Capital improvement budgets in fiscal year 2016-17 included new and/or continuing projects totaling \$180 million, including traditional project funding for transportation, utilities, parks, stormwater, housing and general public improvements.

For the Future

The fiscal year 2017-18 Annual Budget was adopted by the City Council on June 12, 2017. The combined capital and operating budget for the fiscal year beginning July 1, 2017 totals \$919.1 million, which represents a 7.0% increase from the fiscal year 2016-17 Annual Budget and is reflective of the commitment to update the City's compensation and pay structure.

The fiscal year 2017-18 budget reflects a projected 4.2% increase in property tax revenues and a 6.5% increase in sales tax revenues over actual fiscal year 2016-17 results. Utility franchise tax revenues are expected to provide \$29.4 million in fiscal year 2018. User fee revenues for water and sewer services and solid waste services were increased slightly to cover infrastructure needs of the growing population. Priorities established in the 2017-18 budget include investing in economic development and innovation, growth, natural resources, transportation, arts and cultural resources, and human capital; improving service efficiency and business processes; and maintaining a safe community.

The 2017-18 capital budget includes new and/or continuing projects totaling \$335.4 million. This budget includes traditional project funding for transportation, utilities, parks, stormwater, housing and general public improvements. Fiscal year 2017-18 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 generally accepted accounting principles and all legal requirements. The City has received this award for its CAFR for thirty-six straight years 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*



Allison E. Bradsher • *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, 2016

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. Enos
Executive Director/CEO



FINANCIAL SECTION



CITY OF RALEIGH



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, 2017, 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, 2017, 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 fully implemented Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68*, and *Amendments to Certain provisions of GASB Statements 67 and 68*, beginning July 1, 2016. As a result, net position as of June 30, 2016 has been restated. The City also implemented Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, beginning July 1, 2016. Our opinions are not modified with respect to these matters.

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 supplemental 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.

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 is presented for purposes of additional analysis and are not a required part of the basic financial statements. It has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Raleigh, North Carolina
October 31, 2017

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, 2017. 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 2016-17, 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. The following are summary financial highlights:

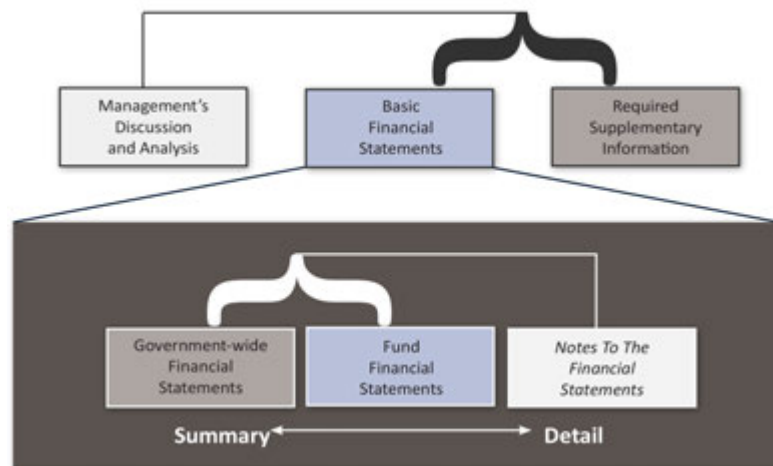
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,366.7 million (*net position*).
 - This amount represents a \$181.2 million increase in operating results from the prior year, or 8.1%
 - Of this amount, \$473.0 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$600.1 million.
 - \$342.7 million, or 57.1% is assigned for specific purposes as identified by the City, with the largest assigned amount being \$104.7 million for future debt service
 - \$76.8 million, or 12.8% is unassigned in the general fund and is available for spending at the City's discretion
 - \$77.3 million, or 12.9% is considered nonspendable
 - \$99.4 million, or 16.6% is restricted by outside agencies
 - \$3.9 million, or 0.6% is committed for the law enforcement officers' special separation allowance fund
- At the end of the current fiscal year, fund balance for the general fund was \$274.5 million.
- Highlights of financing issues and activities for the City during 2016-17 are as follows:
 - The City issued \$110.0 million in new water and sewer revenue bonds for the construction of various utility projects
 - The City issued \$92.2 million in water and sewer revenue refunding bonds to refund prior revenue bond issues which will reduce gross future debt service payments by \$11.9 million
 - The City issued \$68.0 million in general obligation bonds to finance capital projects for Street Improvement (\$59.9 million) and Parks (\$8.1 million)
 - The City entered into a new installment financing agreement of \$42.3 million for the purchase of rolling stock equipment, parking deck equipment and street meters, and police vehicle equipment
- The City maintained its AAA/Aaa general obligation bond rating from all three major rating agencies.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City provides both an introductory and financial section in the Comprehensive Annual Financial Report (CAFR). 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:
 - Governmental fund statements illustrate how general government services, such as public safety and public infrastructure, 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 (referred to as convention center) 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.

A-1: 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, specifically data related to the employee retirement systems and pension plans. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources compared to liabilities and deferred inflows of resources, with the difference between reported as *net position*. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases and decreases in net position may serve as useful indicators of whether the financial position of the City 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 services, public infrastructure, public safety, leisure services, and economic development programs. The business-type activities of the City include water and sewer, convention center complex fund, mass transit, stormwater management, parking facilities 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 eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be a major fund. Data from the other seventeen non-major 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 maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, convention center 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 amongst the City's various functions. The City 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. These 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 21 - 67 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 69 - 77 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 79 - 151 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, 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 \$2,366.7 million at the close of the most recent fiscal year, which increased from \$2,225.4 million at the end of the previous fiscal year.

The following table reflects the condensed Statement of Net Position:

City of Raleigh's Net Position (in millions of dollars)						
	Governmental Activities		Business-Type Activities		Total Activities	
	2016	2017	2016	2017	2016	2017
Current and other assets	\$659.8	\$725.4	\$477.7	\$604.9	\$1,137.5	\$1,330.3
Capital assets	1,104.0	1,163.6	1,832.3	1,913.7	2,936.3	3,077.3
Deferred outflows of resources	23.7	65.3	109.7	105.9	133.4	171.2
Total assets and deferred outflows of resources	1,787.5	1,954.3	2,419.7	2,624.5	4,207.2	4,578.8
Long-term debt outstanding	665.3	710.5	1,091.1	1,190.6	1,756.4	1,901.1
Other liabilities	58.1	155.8	149.7	141.9	207.8	297.7
Deferred inflows of resources	12.1	9.8	5.5	3.5	17.6	13.3
Total liabilities and deferred inflows of resources	735.5	876.1	1,246.3	1,336.0	1,981.8	2,212.1
Net investment in capital assets	597.7	656.3	799.0	855.4	1,396.7	1,511.7
Restricted	347.0	382.0	-	-	347.0	382.0
Unrestricted	107.3	39.9	374.4	433.1	481.7	473.0
Total net position	\$1,052.0	\$1,078.2	\$1,173.4	\$1,288.5	\$2,225.4	\$2,366.7

By far the largest portion of the City's net position (\$1,511.7 million or 63.9%) 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 uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City'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 (\$382.0 million or 16.1%) represents resources that are subject to external restrictions on how they may be used. The largest portions of restricted net position are for capital assets (\$194.7 million) and community development projects (\$131.0 million). The remaining balance of unrestricted net position (\$473.0 million or 20.0%) 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.

City of Raleigh's Changes in Net Position						
<i>(in millions of dollars)</i>						
	Governmental Activities		Business-Type Activities		Total Activities	
	2016	2017	2016	2017	2016	2017
Revenues:						
Program revenues:						
Charges for services	\$43.6	\$44.9	\$308.2	\$327.8	\$351.8	\$372.7
Operating grants and contributions	39.8	37.5	7.7	12.3	47.5	49.8
Capital grants and contributions	11.8	26.5	4.8	9.9	16.6	36.4
General revenues:						
Property taxes	227.7	243.5	-	-	227.7	243.5
Other taxes	139.8	151.8	-	-	139.8	151.8
Other	19.5	16.9	3.8	3.0	23.3	19.9
Total revenues	482.2	521.1	324.5	353.0	806.7	874.1
Expenses:						
General government	46.4	47.4	-	-	46.4	47.4
Community development services	20.1	30.6	-	-	20.1	30.6
Public infrastructure	58.2	69.8	-	-	58.2	69.8
Public safety	156.6	167.2	-	-	156.6	167.2
Leisure services	66.8	63.5	-	-	66.8	63.5
Economic development programs	7.0	3.3	-	-	7.0	3.3
Interest on long-term debt	20.9	19.3	-	-	20.9	19.3
Water and sewer	-	-	152.9	162.0	152.9	162.0
Convention center complex	-	-	34.7	34.2	34.7	34.2
Mass transit	-	-	38.2	41.3	38.2	41.3
Parking facilities	-	-	12.4	12.5	12.4	12.5
Solid waste services	-	-	32.3	30.7	32.3	30.7
Stormwater management	-	-	13.4	15.1	13.4	15.1
Total expenses	376.0	401.1	283.9	295.8	659.9	696.9
Increase in net position before transfers	106.2	120.0	40.6	57.2	146.8	177.2
Transfers in (out)	(51.1)	(55.3)	51.1	55.0	-	(0.3)
Gain on the sale of property	7.6	4.1	-	0.2	7.6	4.3
Capital contribution	-	(2.7)	-	2.7	-	-
Increase in net position	62.7	66.1	91.7	115.1	154.4	181.2
Net position, beginning of year	986.2	1,052.0	1,081.7	1,173.4	2,067.9	2,225.4
Restatement	3.1	(39.9)	-	-	3.1	(39.9)
Net position, end of year	\$1,052.0	\$1,078.2	\$1,173.4	\$1,288.5	\$2,225.4	\$2,366.7

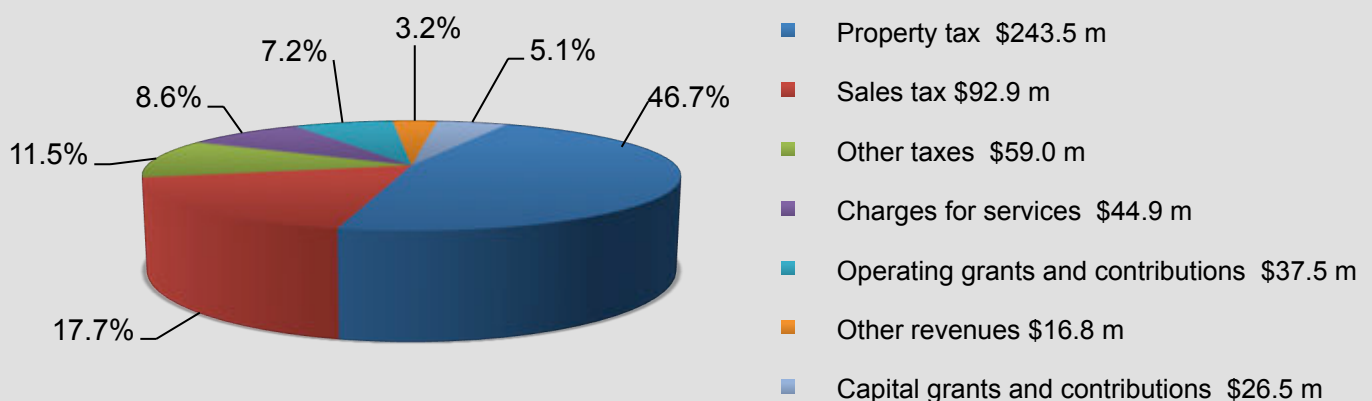
The City's net position increased by \$141.3 million in operating results from prior year. The City complies with new regulations as they are implemented by the Governmental Accounting Standards Board (GASB). GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68." There were two implementation phases related to this pronouncement. In compliance with the standards, the City adopted Phase One in fiscal year 2015-16, at which time the City had a \$3.1 million restatement of fund balance in the general fund that reclassified the Law Enforcement Officers' Special Separation Allowance from a pension trust fund to the general fund. Phase Two of the standard was adopted in fiscal year 2016-17, and the City had to recognize a pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officer's Special Separation Allowance. As a result the net position for the governmental activities decreased \$39.9 million in fiscal year 2016-17. The restatements shown on the preceding table highlight the two year implementation for GASB Statement No. 73.

The City's net pension liability also increased in fiscal year 2016-17, and there will continue to be fluctuations from year to year due to actuarial assumptions and investment earnings. The preceding table summarizes the changes in net position, including the restatement discussed above.

GOVERNMENTAL ACTIVITIES

Revenues for the City's governmental activities were \$521.1 million, while expenses were \$401.1 million. The increase in net position for governmental activities (after transfers out of \$55.3 million, a gain on the sale of property of \$4.1 million and a capital contribution to the stormwater fund of \$2.7 million) was \$26.2 million, net of restatements in fiscal year 2016-17. This increase is a result of larger than expected tax and intergovernmental revenues, as well as general government and capital expenditures coming in well under budget.

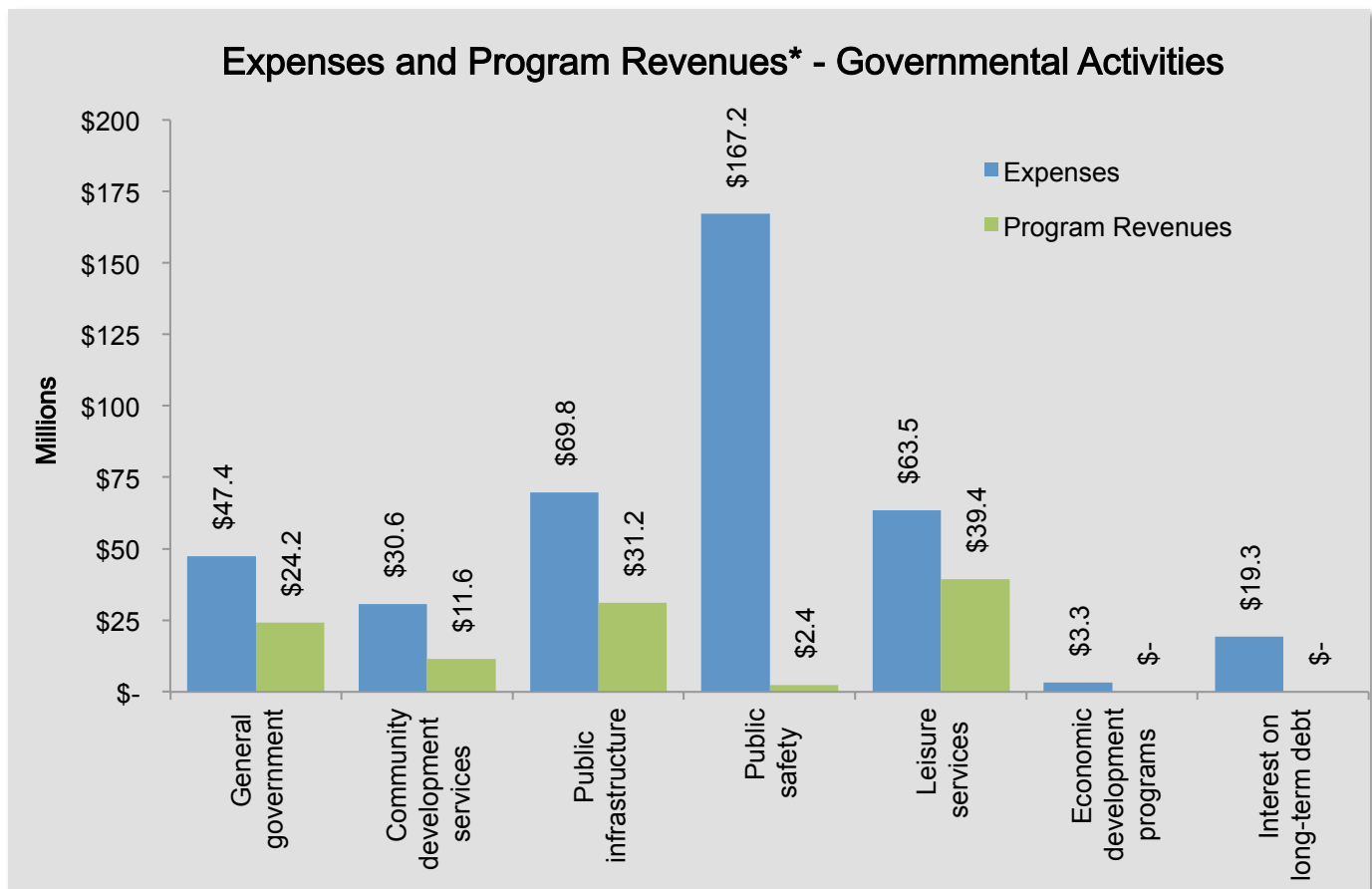
Revenues by Source - Governmental Activities - \$521.1 million



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

- The City received \$412.2 million (or 79.1%) in general revenues from taxes and other revenues:
 - Property taxes - \$243.5 million
 - Sales taxes - \$92.9 million
 - Other taxes - \$59.0 million
 - Other revenues - \$16.8 million

- General revenues are used to pay for the \$292.3 million net cost of governmental activities, which represents the cost of services not covered by program revenues.
- Those who directly benefited from service-fee based programs, such as ones involving parks, recreation and cultural resources and development related fees, paid \$44.9 million in charges for those services.
- Other governments and organizations subsidized certain City programs with grants and contributions totaling \$64.0 million.
 - Support from various federal and state agencies – \$37.3 million
 - Interlocal support from Wake County for debt service and other expenses on the convention center - \$26.7 million
- The total cost of all governmental activities this year was \$401.1 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 infrastructure (street maintenance, transportation), general government (city management, finance, information technology) and others. The City's four largest governmental programs represent 82.5% of the total governmental activities:
 - Public safety – 41.7%
 - Public infrastructure – 17.4%
 - Leisure services - 15.8%
 - Community development – 7.6%
- 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.



- Program revenues include operating revenues, grant revenues and capital contributions

BUSINESS-TYPE ACTIVITIES

Revenues of the City's business-type activities were \$353.0 million, and expenses were \$295.8 million. The increase in net position for business-type activities (after transfers in of \$55.0 million) was \$115.1 million in 2017. The following table shows the total cost and net cost or revenue for these services.

Net Cost of Business-Type Activities <i>(in millions of dollars)</i>				
	Total Cost of Services		Net (Cost) Revenue of Services	
	2016	2017	2016	2017
Water and sewer	\$152.9	\$162.0	\$76.9	\$82.4
Convention center complex	34.7	34.2	(20.9)	(19.1)
Mass transit	38.2	41.3	(21.4)	(16.8)
Parking facilities	12.4	12.5	2.6	3.3
Solid waste services	32.3	30.7	(6.2)	(3.4)
Stormwater management	13.4	15.1	5.8	7.8
Total	\$283.9	\$295.8	\$36.8	\$54.2

The largest business-type operation is the City's water and sewer utility. Water and sewer operating revenue of \$239.8 million reflects an increase of 5.6% from the prior year. The increase in revenue was largely the result of an increase in fees consistent with financial projection models and approved rate increases, as well as an increase in infrastructure fees. Operating expenses of \$138.1 million increased 7.3% from 2015-16, which was consistent with expectations. Water and sewer utility operations are supported by several financial models to ensure both operational and capital infrastructure needs are properly funded.

Convention Center Complex operations, including the Performing Arts venue, delivered \$15.1 million of operating revenues in 2016-17, an increase of 9.4% over 2015-16. This increase was a result of continued positive event revenue as compared to the prior year. Operating expenses decreased \$0.5 million over the prior year, due to diligent management of expenses. Convention Center Complex is partially funded by outside sources, specifically Wake County room occupancy tax and prepared food and beverage tax. In addition, the general fund provides a subsidy to the Performing Arts Center. Overall, operations were consistent with expectations.

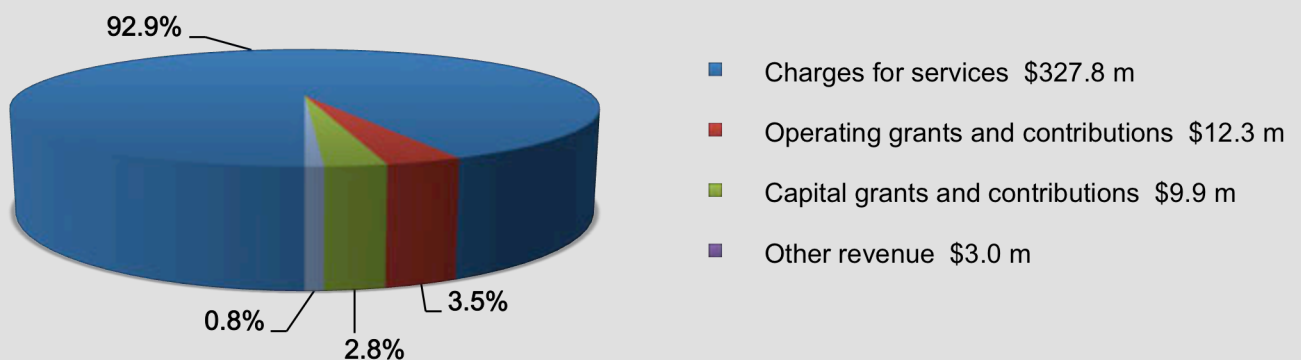
The parking facilities operations generated \$15.8 million of revenues in 2016-17, an increase of 6.0% from 2015-16. This was driven by an increase in special event parking at the Performing Arts Center, as well as strong night and weekend parking revenues. Operating expenses increased 2.8% from the prior year. Parking operations receive a relatively small subsidy from the general fund. Overall, the parking operations fund met expectations.

Mass transit operating revenues of \$6.7 million reflects a 5.6% decrease from the prior year. Operating expenses increased 8.1% compared to prior year. The mass transit operations are subsidized by the general fund and at the federal and state level through grant funding. The mass transit operations met expectations.

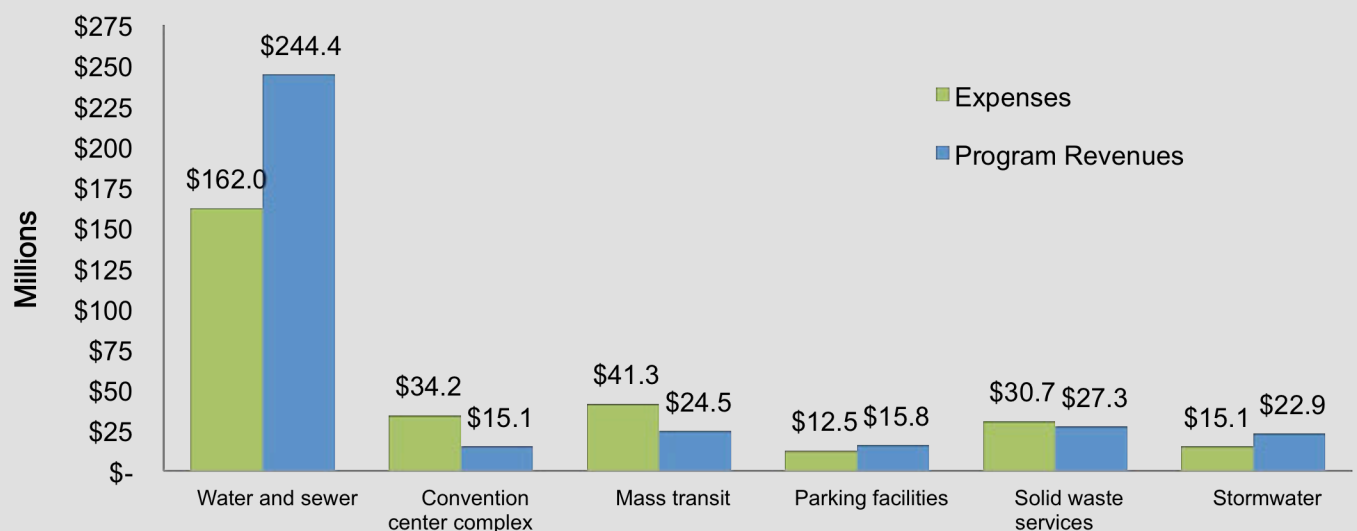
Stormwater management operating revenues of \$22.7 million are 26.8% higher than in the prior year. Stormwater fees have been positively impacted by continued development and growth throughout the City, as well as a \$1 per customer rate increase that went into effect in 2016-17. Operating expenses of \$15.2 million increased 15.2% from prior year, mostly due to an increase in personnel for stormwater street maintenance. Stormwater management results met expectations.

Solid waste services operating revenues of \$26.8 million increased 4.7% from the prior year. Solid waste services operations are partially subsidized by the general fund. Operating expenses decreased \$0.9 million compared to 2015-16. Overall results are in line with expectations. Solid waste services maintains a long-term financial model to support operations and ongoing capital requirements.

Revenues by Source - Business-type Activities - \$353.0 million



Expenses and Program Revenues* - Business-type Activities



* Program revenues include operating revenues, grant revenues and capital contributions

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 \$600.1 million, an increase of \$40.8 million or 7.3%, in comparison with the prior year. Classification of this fund balance is as follows:

- Approximately 12.9% is considered to be *nonspendable*, representing the City's investment in inventories and loans receivable.
- Approximately 16.6% is *restricted* to indicate that it is not available for new spending because it has already been restricted for:
 - State statute - \$53.8 million
 - Debt service costs and encumbrances - \$42.7 million
 - Federal program reserves - \$2.6 million
 - Public safety - \$0.3 million
- Approximately 57.1% constitutes *assigned* fund balance, which is available for spending at the government's discretion.
- Approximately 0.6% is *committed* fund balance, and represents the accumulated assets of the law enforcement officers' separation allowance plan.
- The remaining 12.8% of fund balance is *unassigned*, and represents the City's residual net resources.

Governmental Fund Balance Classification at June 30, 2017 (in millions of dollars)

	Major General Fund	Nonmajor Governmental	Total Governmental	%
Nonspendable	\$4.8	\$72.5	\$77.3	12.9%
Restricted:				
State statute	53.8	-	53.8	9.0%
Debt service	-	42.7	42.7	7.1%
Federal programs	2.6	-	2.6	0.4%
Public safety	-	0.3	0.3	0.0%
	56.4	43.0	99.4	16.6%
Committed	3.9	-	3.9	0.6%
Assigned	132.6	210.1	342.7	57.1%
Unassigned	76.8	-	76.8	12.8%
Total fund balance	\$274.5	\$325.6	\$600.1	100.0%

The general fund is the chief operating fund of the City. The fund balance of the general fund increased by \$6.3 million during the current fiscal year. Revenues continue to show positive growth and were utilized for normal City programs and operations, including the multi-year compensation and pay structure program. General governmental expenditures were almost \$9.6 million less than expected for the current year.

The North Carolina Local Government Commission strongly recommends that local governments maintain an unassigned fund balance of at least 8.0% of general fund expenditures. The City's policy is to maintain an unassigned fund balance of at least 14.0% of the succeeding year's expenditure budget. Unassigned fund balance of \$76.8 million represents 15.1% of the 2017-18 general fund expenditure budget. Unassigned fund balance is the amount remaining after management's policy designations.

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

BUDGETARY HIGHLIGHTS

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

General Fund. General fund revenues recognized positive budget variances during 2016-17 with actual results coming in very close to the final budget. Revenue was positively impacted by 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 \$38.8 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, 2017, amounts to \$3.1 billion (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 \$141.1 million, a 4.8% 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 2016-17 were \$40.4 million. Examples include:
 - Various street resurfacing projects completed for a total capitalized cost of \$9.7 million
 - Portions of the Lower Neuse Greenway were completed for a total capitalized cost of \$9.8 million

- The Crabtree Creek Greenway Extension was completed for a total capitalized cost of \$4.8 million
- A 115 acre tract of land to be used as a future park site on Pearl Road was purchased for a total capitalized cost of \$3.7 million
- Improvements to the Walnut Creek Amphitheater were completed for a total capitalized cost of \$2.2 million
- Various park building improvements and roof repairs were completed for a total capitalized cost of \$1.4 million
- Several other technology, streets, parks and miscellaneous projects were completed for a total capitalized cost of \$8.8 million
- Governmental equipment acquisitions added \$11.1 million to the City's rolling stock inventory
- Construction in progress for all governmental activities was \$318.4 million
- Construction began and/or was completed on additional facilities for various enterprise operations. Total enterprise projects completed and capitalized in fiscal year 2016-17 amounted to \$31.8 million. There were significant enterprise projects completed that attributed to the total including:
 - Improvements to the City's water and sewer treatment plants:
 - Dempsey Benton - \$10.0 million
 - Neuse River - \$6.2 million
 - Lower Crabtree Sewer Main Improvements - \$2.1 million
 - Fire Hydrant Nozzle Replacements - \$1.4 million
 - Other enterprise projects were completed for a total capitalized cost of \$12.1 million
- Enterprise equipment acquisitions added \$11.8 million to the City's rolling stock inventory
- Construction in progress for all enterprise activities was \$434.8 million
- Annexations added \$2.5 million to streets for governmental activities and \$4.0 million to water and sewer systems for the business-type activities.

Capital Assets*						
(in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Activities	
	2016	2017	2016	2017	2016	2017
Land	\$205.0	\$208.3	\$81.8	\$82.6	\$286.8	\$290.9
Construction in progress	256.8	318.4	348.5	435.5	605.3	753.9
Watershed protection rights	-	-	4.7	4.7	4.7	4.7
Buildings and machinery	175.8	170.0	292.0	282.2	467.8	452.2
Water and sewer systems	-	-	829.6	828.3	829.6	828.3
Streets and sidewalks	280.6	270.9	0.7	1.5	281.3	272.4
Parking decks	-	-	103.1	99.5	103.1	99.5
Buses	-	-	12.1	13.9	12.1	13.9
Equipment	26.9	29.7	25.3	29.9	52.2	59.6
Improvements	126.0	135.9	134.5	135.6	260.5	271.5
Enterprise-wide software	32.8	30.4	-	-	32.8	30.4
Total	\$1,103.9	\$1,163.6	\$1,832.3	\$1,913.7	\$2,936.2	\$3,077.3

*Amounts shown net of accumulated depreciation

Additional information on the City's capital assets can be found on pages 32 - 34 of the notes to the financial statements of this report.

Long-term debt. At the end of the current fiscal year, the City had total general obligation bonds outstanding of \$349.4 million. The remainder of the City's debt represents revenue bonds (\$696.9 million) and installment financing agreements (\$677.3 million – installment notes, certificates of participation, limited obligation bonds, etc.) secured solely by specified revenue sources and property.

Long-Term Debt (in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Activities	
	2016	2017	2016	2017	2016	2017
General obligation bonds	\$303.9	\$349.4	\$ 0.4	\$ -	\$304.3	\$349.4
Revenue bonds	-	-	617.4	696.9	617.4	696.9
Installment financing agreements	259.9	264.4	410.1	412.9	670.0	677.3
Total	\$563.8	\$613.8	\$1,027.9	\$1,109.8	\$1,591.7	\$1,723.6

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 \$1,124.4 million (*Legal Debt Margin Information statistical schedule*) is significantly less than the current debt limitation of \$4,677.2 million.

Raleigh continues to benefit from outstanding credit ratings as evidenced by the aforementioned placements, earning the highest general obligation and revenue bond credit ratings and excellent certificate of participation 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 - 47 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, 2017 continue to reflect positive trends in the local economy. The improvements in property tax, sales tax and certain growth related revenues are projected to continue for fiscal year 2017-18 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.

Highlights of the City's budget for the 2017-18 fiscal year include the following:

- The 2017-18 combined budgets for operating and capital programs totals \$919.1 million, representing a 7.0% overall increase over the 2016-17 combined budget.
- The adopted General Fund budget for 2017-18 of \$490.6 million increased 5.2% over the prior year adopted budget.
 - The primary revenue source, property taxes, is budgeted at \$253.8 million, an increase of \$11.0 million, or 4.5% from 2016-17.
 - The 2017-18 budget for sales tax is \$98.9 million, an increase of \$7.8 million, or 8.6% from 2016-17.
- Consistent with the City's multi-year utility rate model, the budget for water and sewer charges increased 6.5% from \$223.7 million to \$238.4 million for the 2017-18 budget year. This increase is attributed to water and sewer rate adjustments.
- The 2017-18 capital budget includes new and/or continuing projects totaling \$335.4 million, including projects for roads, parks, utilities and general public facilities.

REQUESTS FOR INFORMATION

This report is designed to provide readers with a full accountability of the City of Raleigh'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) 996-3215

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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 454,945,712	\$ 430,664,126	\$ 885,609,838
Taxes receivable, net of allowance for uncollectibles of \$9,390,436	282,648	-	282,648
Assessments receivable, net of allowance for uncollectibles of \$269,565	1,110,680	875,190	1,985,870
Customer receivables, net of allowance for uncollectibles of \$9,900,018	24,916	26,470,536	26,495,452
Due from transit management	-	2,989,500	2,989,500
Due from other governmental agencies	14,064,312	8,165,849	22,230,161
Accrued interest receivable	1,647,192	1,541,681	3,188,873
Other receivables and assets	9,709,378	1,496,597	11,205,975
Sales tax receivable	26,797,486	4,271,558	31,069,044
Internal balances	514,516	(514,516)	-
Inventories	5,005,489	9,057,726	14,063,215
Assets held for resale	11,625,378	-	11,625,378
Loans receivable, net of allowance \$8,194,845	61,372,877	-	61,372,877
Cash and cash equivalents/investments - restricted deposits and bond proceeds	138,300,517	119,846,976	258,147,493
Capital assets:			
Land, construction in progress, watershed protection rights	526,690,249	522,838,512	1,049,528,761
Other capital assets, net of depreciation	636,870,483	1,390,876,328	2,027,746,811
Total assets	<u>1,888,961,833</u>	<u>2,518,580,063</u>	<u>4,407,541,896</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized refunding charges	10,194,080	30,407,120	40,601,200
Pension deferrals	-	3,184	3,184
Contributions to pension plan	55,144,199	15,877,562	71,021,761
Accumulated decrease in fair value of hedging derivatives	-	59,658,139	59,658,139
Total deferred outflows of resources	<u>65,338,279</u>	<u>105,946,005</u>	<u>171,284,284</u>
LIABILITIES			
Accounts payable	22,782,421	21,731,555	44,513,976
Accrued salaries and employee payroll taxes	11,900,180	632,791	12,532,971
Accrued interest payable	4,612,950	8,699,962	13,312,912
Sales tax payable	19,042	63,948	82,990
Loan servicing escrow	669,359	-	669,359
Due to other governmental agencies	1,134,546	627,308	1,761,854
Due to fiduciary funds	167,769	-	167,769
Other current liabilities	547,801	-	547,801
Escrow and other deposits payable from restricted assets	2,730,996	27,278,060	30,009,056
Reimbursable facility fees	6,344,118	-	6,344,118
Derivative instrument liability	-	59,658,139	59,658,139
Long-term liabilities:			
Due within one year	78,229,833	59,540,214	137,770,047
Due in more than one year	632,216,895	1,131,030,973	1,763,247,868
Net pension liability - LEOSSA	41,779,030	-	41,779,030
Net pension liability - LGERS	59,357,573	21,787,783	81,145,356
Net pension liability - OPEB	3,787,635	1,414,659	5,202,294
Total liabilities	<u>866,280,148</u>	<u>1,332,465,392</u>	<u>2,198,745,540</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	5,818,695	2,333,952	8,152,647
Pension deferrals	3,949,990	1,212,119	5,162,109
Prepaid taxes and assessments	63,828	-	63,828
Total deferred inflows of resources	<u>9,832,513</u>	<u>3,546,071</u>	<u>13,378,584</u>
NET POSITION			
Net investment in capital assets	656,257,807	855,401,006	1,511,658,813
Restricted for:			
Capital projects	194,671,523	-	194,671,523
Community development projects	130,958,275	-	130,958,275
Stabilization by state statute	53,805,524	-	53,805,524
Federal programs	2,583,231	-	2,583,231
Unrestricted	39,911,091	433,113,599	473,024,690
Total net position	<u>\$ 1,078,187,451</u>	<u>\$ 1,288,514,605</u>	<u>\$ 2,366,702,056</u>

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 47,445,609	\$ 21,426,540	\$ 2,733,776	\$ -
Community development services	30,613,082	1,485,234	4,809,579	5,313,809
Public infrastructure	69,784,822	9,466,167	1,239,059	20,449,927
Public safety	167,154,964	413,897	2,023,822	-
Leisure services	63,483,085	12,073,037	26,719,568	646,967
Economic development programs	3,331,430	-	-	48,351
Interest on long-term debt	19,302,217	-	-	-
Total governmental activities	401,115,209	44,864,875	37,525,804	26,459,054
Business-type activities:				
Water and sewer	162,002,295	240,162,609	-	4,250,345
Convention center complex	34,157,885	15,084,529	-	-
Mass transit	41,318,530	6,720,352	12,332,070	5,462,276
Parking facilities	12,505,585	15,784,153	-	-
Solid waste services	30,683,388	27,280,801	-	-
Stormwater	15,130,989	22,724,646	-	210,853
Total business-type activities	295,798,672	327,757,090	12,332,070	9,923,474
Total City of Raleigh	\$ 696,913,881	\$ 372,621,965	\$ 49,857,874	\$ 36,382,528

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Governmental activities:			
General government	\$ (23,285,293)	\$ -	\$ (23,285,293)
Community development services	(19,004,460)	-	(19,004,460)
Public infrastructure	(38,629,669)	-	(38,629,669)
Public safety	(164,717,245)	-	(164,717,245)
Leisure services	(24,043,513)	-	(24,043,513)
Economic development programs	(3,283,079)	-	(3,283,079)
Interest on long-term debt	(19,302,217)	-	(19,302,217)
Total governmental activities	(292,265,476)	-	(292,265,476)
Business-type activities:			
Water and sewer	-	82,410,659	82,410,659
Convention center complex	-	(19,073,356)	(19,073,356)
Mass transit	-	(16,803,832)	(16,803,832)
Parking facilities	-	3,278,568	3,278,568
Solid waste services	-	(3,402,587)	(3,402,587)
Stormwater	-	7,804,510	7,804,510
Total business-type activities	-	54,213,962	54,213,962
Total City of Raleigh	(292,265,476)	54,213,962	(238,051,514)
General revenues:			
Gain on the sale of property	4,195,619	145,613	4,341,232
Taxes:			
Property taxes, levied for general purpose	243,510,973	-	243,510,973
Local sales tax	92,879,308	-	92,879,308
Franchise tax	28,699,407	-	28,699,407
Other taxes	30,340,868	-	30,340,868
Unrestricted investment earnings	4,500,728	3,032,137	7,532,865
Miscellaneous	12,280,229	-	12,280,229
Total general revenues not including transfers	416,407,132	3,177,750	419,584,882
Transfers	(55,334,199)	54,984,199	(350,000)
Capital Contribution	(2,722,552)	2,722,552	-
Total general revenues and transfers	358,350,381	60,884,501	419,234,882
Change in net position	66,084,905	115,098,463	181,183,368
Net position - beginning of year	1,051,971,398	1,173,416,142	2,225,387,540
Restatement, LEO separation allowance	(39,868,852)	-	(39,868,852)
Net position - end of year	\$ 1,078,187,451	\$ 1,288,514,605	\$ 2,366,702,056

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

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2017

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 243,580,411	\$ 159,717,152	\$ 403,297,563
Taxes receivable, net of allowance for uncollectibles of \$9,390,436	282,648	-	282,648
Assessments receivable, net of allowance for uncollectibles of \$209,451	364,508	746,172	1,110,680
Customer receivables	24,916	-	24,916
Due from other governmental agencies	2,717,836	11,346,476	14,064,312
Due from GoTriangle	-	-	-
Accrued interest receivable	1,146,457	500,735	1,647,192
Other receivables and assets	7,931,007	822	7,931,829
Sales tax receivable	25,750,871	1,046,615	26,797,486
Due from other funds	8,217,168	1,004,789	9,221,957
Inventories	4,307,659	-	4,307,659
Other assets	145,555	-	145,555
Loans receivable, net of allowance for uncollectibles of \$8,198,510	515,679	60,857,198	61,372,877
Assets held for resale	-	11,625,378	11,625,378
Cash and cash equivalents /investments - restricted deposits and bond proceeds	27,476	113,487,646	113,515,122
Total assets	<u>\$ 295,012,191</u>	<u>\$ 360,332,983</u>	<u>\$ 655,345,174</u>
LIABILITIES			
Accounts payable	\$ 4,661,129	\$ 16,193,706	\$ 20,854,835
Accrued salaries and employee payroll taxes	2,895,144	43,347	2,938,491
Employee taxes and related withholdings	8,921,483	-	8,921,483
Sales tax payable	10,603	4,793	15,396
Loan servicing escrow	397,367	271,992	669,359
Other liabilities	531,892	15,909	547,801
Due to other funds	606,819	3,158,216	3,765,035
Reimbursable facility fees	405,192	5,938,926	6,344,118
Escrow and other deposits payable from restricted assets	-	2,730,996	2,730,996
Due to other governmental agencies	1,134,546	-	1,134,546
Total liabilities	<u>19,564,175</u>	<u>28,357,885</u>	<u>47,922,060</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax receivable	282,648	-	282,648
Assessments receivable	364,508	746,172	1,110,680
Prepaid assessments	-	6,653	6,653
Prepaid taxes and facility fees	57,175	-	57,175
Unearned revenue	226,220	5,592,475	5,818,695
Total deferred inflows of resources	<u>930,551</u>	<u>6,345,300</u>	<u>7,275,851</u>
FUND BALANCES			
Nonspendable:			
Assets held for resale	-	11,625,378	11,625,378
Inventories	4,307,659	-	4,307,659
Loans receivable	515,679	60,857,198	61,372,877
Restricted:			
Stabilization by state statute	53,805,524	-	53,805,524
Debt service	-	42,757,974	42,757,974
Federal program reserves	2,583,231	-	2,583,231
Public safety	-	298,098	298,098
Committed:			
LEO	3,924,329	-	3,924,329
Assigned:			
Subsequent year's appropriation	22,133,914	133,425,401	155,559,315
Community development	5,401,296	12,196,052	17,597,348
City projects	358,658	59,542,819	59,901,477
Disaster recovery	-	4,926,878	4,926,878
Debt service	104,730,554	-	104,730,554
Unassigned	76,756,621	-	76,756,621
Total fund balances	<u>274,517,465</u>	<u>325,629,798</u>	<u>600,147,263</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 295,012,191</u>	<u>\$ 360,332,983</u>	<u>\$ 655,345,174</u>

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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2017

Total *fund balances* for governmental funds \$ 600,147,263

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	\$ 526,690,249	
Capital Assets being depreciated, net	611,034,061	
	<u>\$ 1,137,724,310</u>	1,137,724,310

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

Other Post Retirement Benefits	\$ (3,787,635)	
Law Enforcement Officer's	(41,779,030)	
Pensions	(57,768,904)	
	<u>\$ (103,335,569)</u>	(103,335,569)

The deferred outflows of resources related to pensions are not reported in the funds.

Law Enforcement Officer's	\$ 2,029,296	
Pensions	51,952,558	
	<u>\$ 53,981,854</u>	53,981,854

The deferred inflows of resources related to pensions are not reported in the funds.

Law Enforcement Officer's	\$ (776,539)	
Pensions	(3,054,124)	
	<u>\$ (3,830,663)</u>	(3,830,663)

Deferred issuance costs are reported as expenditures in the funds because current financial resources are used. In the governmental activities issuance costs are recorded as a long-term asset and amortized over the life of the debt. 10,194,080

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. 37,060,648

Taxes receivable and assessments receivable, 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.

Taxes receivable	\$ 282,648	
Assessments receivable	1,110,680	
	<u>\$ 1,393,328</u>	1,393,328

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds as these payables are long-term in nature.

General Obligation Bonds, net	\$ (399,515,280)	
Installment Financing Agreements, net	(230,510,418)	
Earned Vacation Pay	(20,533,866)	
Accrued Interest Payable	(4,588,236)	
	<u>\$ (655,147,800)</u>	(655,147,800)

Net position of governmental activities \$ 1,078,187,451

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, 2017

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 243,502,797	\$ -	\$ 243,502,797
Intergovernmental	48,151,165	56,564,528	104,715,693
Project revenue (non-grant)	-	3,650,000	3,650,000
Non-governmental	-	45,946	45,946
Assessments	-	1,426,972	1,426,972
Local sales tax	92,879,308	-	92,879,308
Licenses	15,087,438	-	15,087,438
Gain (loss) on investments	2,958,739	850,771	3,809,510
Inspections fees	12,250,214	-	12,250,214
Highway maintenance refunds	1,148,378	-	1,148,378
Facility fees	-	8,234,592	8,234,592
Other fees and charges	16,868,779	-	16,868,779
Rents	356,822	406,437	763,259
Program income	19,713	858,201	877,914
Other revenues	2,347,720	219,717	2,567,437
Total revenues	<u>435,571,073</u>	<u>72,257,164</u>	<u>507,828,237</u>
EXPENDITURES			
Current:			
General government	41,662,220	4,162,657	45,824,877
Community development services	23,846,134	6,574,726	30,420,860
Public infrastructure	36,395,288	78,152,558	114,547,846
Public safety	157,712,797	11,568,583	169,281,380
Leisure services	49,973,422	17,693,540	67,666,962
Economic development programs	1,827,556	1,503,874	3,331,430
Debt service:			
Principal	40,092,074	-	40,092,074
Interest	21,201,132	-	21,201,132
Other debt service expenditures	920,711	-	920,711
Total expenditures	<u>373,631,334</u>	<u>119,655,938</u>	<u>493,287,272</u>
Excess (deficiency) of revenues over (under) expenditures	<u>61,939,739</u>	<u>(47,398,774)</u>	<u>14,540,965</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	12,895,086	39,423,504	52,318,590
Transfers out	(68,540,029)	(35,451,687)	(103,991,716)
Bonds issuance	-	68,000,000	68,000,000
Premium on bonds issued	-	5,774,999	5,774,999
Refunding note issuance	-	-	-
Refunding bonds issuance	-	-	-
Payment to refunded bond escrow agent	-	-	-
Proceeds from sale of property	-	4,195,619	4,195,619
Total other financing sources (uses)	<u>(55,644,943)</u>	<u>81,942,435</u>	<u>26,297,492</u>
Net change in fund balances	6,294,796	34,543,661	40,838,457
Fund balances, beginning of year	268,222,669	291,086,137	559,308,806
Fund balances, end of year	<u>\$ 274,517,465</u>	<u>\$ 325,629,798</u>	<u>\$ 600,147,263</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2017

Net change in *fund balances* - total governmental funds \$ 40,838,457

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

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

Capital Outlays	\$ 102,753,445	
Depreciation	(46,186,040)	
	<u>\$ 56,567,405</u>	56,567,405

The net book value less total accumulated depreciation of capital assets contributed to the Stormwater Enterprise fund, which is reported in business type activities.

Contributed Asset	\$ (7,179,572)	
Depreciation	4,457,020	
	<u>\$ (2,722,552)</u>	(2,722,552)

Net change in pension assets/liabilities

Other Post Retirement Benefits	\$ (1,504,921)	
Law Enforcement Officer's	(3,366,891)	
	<u>\$ (4,871,812)</u>	(4,871,812)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Annexations	\$ 2,506,464	
Property taxes	8,176	
Assessments	337,214	
Loss on sale of assets	(177,249)	
	<u>\$ 2,674,605</u>	2,674,605

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	\$ 73,774,999	
Installment financing	-	
Bond Refunding:		
Face amount of new debt	-	
Payment to Escrow Agent	-	
Principal repayments:		
General obligation debt	(22,499,243)	
Installment financing	(17,592,831)	
Net adjustment	<u>\$ 33,682,925</u>	(33,682,925)

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. Changes in these expenses are shown below.

Earned vacation pay	\$ (1,368,257)	
Accrued interest expense	422,634	
Net pension expense - LEO	(657,421)	
Net pension expense - LGERS	(1,870,401)	
	<u>\$ (3,473,445)</u>	(3,473,445)

Governmental funds report premiums on bonds issued as an other financing source. In the governmental activities bond premiums are recorded as a liability and amortized over the life of the debt. Amortization for bond issue costs, deferred refunding and premium on bonds are expenses or reduction of expenses in the governmental activities. 2,651,513

Internal service funds are used by management to charge the costs of certain activities, such as risk management, equipment replacement, and central garage to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities. 8,103,659

Change in net position of governmental activities \$ 66,084,905

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, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 242,875,000	\$ 242,875,000	\$ 243,502,797	\$ 627,797
Intergovernmental	50,657,445	50,657,445	48,151,165	(2,506,280)
Local sales tax	91,085,000	91,085,000	92,879,308	1,794,308
Licenses	14,658,000	14,658,000	15,087,438	429,438
Gain (loss) on investments	2,803,370	2,803,370	2,958,739	155,369
Inspection fees	12,798,200	12,798,200	12,250,214	(547,986)
Highway maintenance refunds	1,300,000	1,300,000	1,148,378	(151,622)
Parks and recreation fees	6,068,113	6,420,313	6,215,138	(205,175)
Other fees and charges	10,937,823	11,197,746	10,653,641	(544,105)
Other revenues	1,759,375	1,451,275	2,724,255	1,272,980
Total revenues	434,942,326	435,246,349	435,571,073	324,724
EXPENDITURES				
General government:				
City council	407,633	425,197	313,460	111,737
City clerk	626,825	666,356	559,251	107,105
City attorney	3,440,202	3,479,078	3,189,052	290,026
Special appropriations	16,814,331	16,664,848	15,801,562	863,286
Agency appropriations	4,229,548	4,782,864	4,088,879	693,985
City manager	2,846,556	3,035,977	2,695,317	340,660
Communications	3,311,056	3,344,739	2,726,823	617,916
Human resources	4,680,831	5,032,327	4,021,638	1,010,689
Administrative service	2,552,421	2,604,870	1,058,823	1,546,047
Finance	6,076,429	6,579,464	4,955,853	1,623,611
Information technology	19,409,025	21,433,146	18,687,424	2,745,722
Total general government	64,394,857	68,048,866	58,098,082	9,950,784
Community development services:				
Planning	5,016,802	5,139,054	4,417,365	721,689
Development Services	13,326,811	13,507,343	12,598,180	909,163
Community services	13,186,529	13,467,176	6,830,589	6,636,587
Economic development	2,070,868	1,975,959	1,827,556	148,403
Total community development services	33,601,010	34,089,532	25,673,690	8,415,842
Public infrastructure:				
Engineering services	17,614,688	17,757,069	15,184,260	2,572,809
Transportation	30,092,379	30,219,927	26,689,649	3,530,278
Total public infrastructure	47,707,067	47,976,996	41,873,909	6,103,087
Public safety:				
Emergency communications center	8,952,091	9,027,845	8,030,134	997,711
Police	96,607,029	96,708,667	92,434,918	4,273,749
Fire	57,388,705	59,119,046	57,247,745	1,871,301
Total public safety	162,947,825	164,855,558	157,712,797	7,142,761

Continued

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
Leisure services:				
Parks, recreation and cultural resources	\$ 44,959,682	\$ 47,816,246	\$ 44,787,093	\$ 3,029,153
Walnut Creek Amphitheatre	197,600	198,223	193,967	4,256
Continuing recreation activities	8,049,899	8,584,612	4,992,362	3,592,250
Total leisure services	53,207,181	56,599,081	49,973,422	6,625,659
Debt service:				
Principal and interest	71,547,849	63,282,887	61,293,206	1,989,681
Other debt service expenditures	1,440,475	1,472,244	920,711	551,533
Total debt service	72,988,324	64,755,131	62,213,917	2,541,214
Total expenditures before charge-out	434,846,264	436,325,164	395,545,817	40,779,347
Less: administrative costs charged to other funds	23,245,586	23,245,586	21,914,483	1,331,103
Total expenditures	411,600,678	413,079,578	373,631,334	39,448,244
Excess (deficiency) of revenues over expenditures	23,341,648	22,166,771	61,939,739	39,772,968
OTHER FINANCING SOURCES (USES)				
Transfers in	11,555,163	13,055,163	12,895,086	(160,077)
Transfers out	(52,976,952)	(69,607,199)	(68,540,029)	1,067,170
Total other financing sources (uses)	(41,421,789)	(56,552,036)	(55,644,943)	907,093
Net changes in fund balance	\$ (18,080,141)	\$ (34,385,265)	6,294,796	\$ 40,680,061
Fund balance appropriated	\$ 18,080,141	\$ 34,385,265		
Fund balance, beginning of year			268,222,669	
Fund balance, end of year			\$ 274,517,465	

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2017

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 338,609,069	\$ 24,576,729	\$ -	\$ 46,616,859
Customer receivables, net of allowance for uncollectibles of \$9,900,018	22,786,392	-	-	1,395,536
Assessments receivable, net of allowance for uncollectibles of \$60,114	875,190	-	-	-
Due from transit management	-	-	2,989,500	-
Due from other governmental agencies	2,015,590	-	4,186,616	506,303
Due from other funds	136,043	24,298	-	-
Accrued interest receivable	1,232,681	44,422	-	195,330
Other receivables and assets	820,759	671,403	-	3,664
Sales tax receivable	3,230,676	204,486	418,111	20,790
Inventories	8,452,799	-	604,927	-
Insurance deposit	-	-	-	-
Total current assets	<u>378,159,199</u>	<u>25,521,338</u>	<u>8,199,154</u>	<u>48,738,482</u>
Noncurrent assets:				
Restricted cash and cash equivalents	94,184,619	2,044,162	50,305	12,186,067
Capital assets:				
Land and improvements	41,434,589	20,829,848	3,994,684	5,980,458
Construction in progress	381,588,478	19,637,796	3,824,610	23,292,946
Watershed protection rights	4,756,459	-	-	-
Water and sewer systems	1,232,704,334	-	-	-
Buildings and machinery	88,737,597	271,091,201	28,102,339	-
Parking decks	-	-	-	-
Buses	-	-	40,588,852	-
Equipment	22,255,297	2,354,857	2,981,747	990,738
Furniture and fixtures	61,921	2,511,265	50,046	-
Improvements	151,882,251	30,275,723	1,787,426	49,089,582
Less accumulated depreciation	(526,261,460)	(96,797,842)	(36,623,895)	(18,652,617)
Total noncurrent assets	<u>1,491,344,085</u>	<u>251,947,010</u>	<u>44,756,114</u>	<u>72,887,174</u>
Total assets	<u>1,869,503,284</u>	<u>277,468,348</u>	<u>52,955,268</u>	<u>121,625,656</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized bond refunding charges	29,311,315	74,958	-	-
Pension deferrals	-	-	3,184	-
Contributions to pension plan	9,145,945	1,492,669	296,803	1,472,744
Accumulated decrease in fair value of hedging derivatives	25,950,764	33,707,375	-	-
Total deferred outflows of resources	<u>64,408,024</u>	<u>35,275,002</u>	<u>299,987</u>	<u>1,472,744</u>

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

Continued

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2017

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 8,454,559	\$ 9,179,190	\$ 427,436,406	\$ 54,875,869
Customer receivables, net of allowance for uncollectibles of \$9,900,018	841,670	1,446,938	26,470,536	-
Assessments receivable, net of allowance for uncollectibles of \$60,114	-	-	875,190	-
Due from transit management	-	-	2,989,500	-
Due from other governmental agencies	-	1,457,340	8,165,849	-
Due from other funds	-	-	160,341	325,033
Accrued interest receivable	26,458	42,790	1,541,681	149,467
Other receivables and assets	771	-	1,496,597	458,953
Sales tax receivable	81,388	69,929	4,025,380	869,752
Inventories	-	-	9,057,726	697,830
Insurance deposit	-	-	-	400,000
Total current assets	<u>9,404,846</u>	<u>12,196,187</u>	<u>482,219,206</u>	<u>57,776,904</u>
Noncurrent assets:				
Restricted cash and cash equivalents	85,000	-	108,550,153	36,082,218
Capital assets:				
Land and improvements	7,414,706	2,952,033	82,606,318	-
Construction in progress	7,131,905	-	435,475,735	-
Watershed protection rights	-	-	4,756,459	-
Water and sewer systems	-	-	1,232,704,334	-
Buildings and machinery	-	15,648,174	403,579,311	230,912
Parking decks	146,120,540	-	146,120,540	-
Buses	-	-	40,588,852	-
Equipment	213,095	382,565	29,178,299	151,639,280
Furniture and fixtures	51,382	133,350	2,807,964	-
Improvements	1,972,311	7,241,743	242,249,036	-
Less accumulated depreciation	(47,183,853)	(5,982,876)	(731,502,543)	(100,883,235)
Total noncurrent assets	<u>115,805,086</u>	<u>20,374,989</u>	<u>1,997,114,458</u>	<u>87,069,175</u>
Total assets	<u>125,209,932</u>	<u>32,571,176</u>	<u>2,479,333,664</u>	<u>144,846,079</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized bond refunding charges	676,645	344,202	30,407,120	-
Pension deferrals	-	-	3,184	-
Contributions to pension plan	543,405	2,925,996	15,877,562	1,162,345
Accumulated decrease in fair value of hedging derivatives	-	-	59,658,139	-
Total deferred outflows of resources	<u>1,220,050</u>	<u>3,270,198</u>	<u>105,946,005</u>	<u>1,162,345</u>

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

Continued

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2017

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 18,055,150	\$ 1,817,185	\$ 137,262	\$ 1,074,381
Sales tax payable	4,579	47,733	8,838	276
Accrued salaries and employee payroll taxes	384,513	90,062	5,484	38,705
Accrued interest payable	4,874,989	3,267,809	-	-
Claims payable and other liabilities	-	1,105	-	-
Due to other funds	-	836,510	4,937,769	-
Due to other governmental agencies	-	-	-	-
Landfill postclosure liability	-	-	-	-
Earned vacation pay	1,908,252	323,136	36,298	205,584
Bonds, notes and loans payable, net of unamortized premiums and discounts	25,596,547	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	5,157,396	9,380,582	-	101,738
Total current liabilities	55,981,426	15,764,122	5,125,651	1,420,684
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	735,873,449	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	58,019,463	229,300,391	-	1,627,801
Landfill postclosure liability	-	-	-	-
Escrow and other deposits payable from restricted assets	14,594,001	447,687	50,305	12,186,067
Derivative instrument liability	25,950,764	33,707,375	-	-
Earned vacation pay	1,068,084	336,220	7,713	108,893
Net pension liability	12,605,425	2,036,344	420,194	1,940,613
Net OPEB pension liability	809,081	131,969	27,134	139,369
Total noncurrent liabilities	848,920,267	265,959,986	505,346	16,002,743
Total liabilities	904,901,693	281,724,108	5,630,997	17,423,427
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	33,434	340,802	1,959,716	-
Pension deferrals	772,039	145,731	-	8,550
Total deferred inflows of resources	805,473	486,533	1,959,716	8,550
NET POSITION				
Net investment in capital assets	681,414,544	12,893,308	44,705,809	58,971,568
Unrestricted	346,789,598	17,639,401	958,733	46,694,855
Total net position	\$ 1,028,204,142	\$ 30,532,709	\$ 45,664,542	\$ 105,666,423

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

Continued

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2017

	Enterprise Funds			
	Parking Fund	Solid Waste Services Fund	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 43,120	560,899	\$ 21,687,997	\$ 1,971,144
Sales tax payable	41	2,481	63,948	3,646
Accrued salaries and employee payroll taxes	14,802	99,225	632,791	40,206
Accrued interest payable	434,949	97,792	8,675,539	49,137
Claims payable and other liabilities	-	-	1,105	8,037,000
Due to other funds	8,830	1,923	5,785,032	325,033
Due to other governmental agencies	-	627,308	627,308	-
Landfill postclosure liability	-	813,950	813,950	-
Earned vacation pay	77,435	625,530	3,176,235	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	25,596,547	20,956,878
Contracts and other notes payable, net of unamortized premiums and discounts	3,883,171	1,463,690	19,986,577	-
Total current liabilities	4,462,348	4,292,798	87,047,029	31,383,044
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	11,701,902
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	735,873,449	47,114,495
Contracts and other notes payable, net of unamortized premiums and discounts	69,020,427	13,534,670	371,502,752	-
Landfill postclosure liability	-	3,568,303	3,568,303	-
Escrow and other deposits payable from restricted assets	-	-	27,278,060	-
Derivative instrument liability	-	-	59,658,139	-
Earned vacation pay	34,578	166,236	1,721,724	407,434
Net pension liability	751,883	4,033,324	21,787,783	1,588,669
Net OPEB pension liability	48,101	259,005	1,414,659	-
Total noncurrent liabilities	69,854,989	21,561,538	1,222,804,869	60,812,500
Total liabilities	74,317,337	25,854,336	1,309,851,898	92,195,544
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	-	-	2,333,952	-
Pension deferrals	42,713	243,086	1,212,119	119,327
Total deferred inflows of resources	42,713	243,086	3,546,071	119,327
NET POSITION				
Net investment in capital assets	43,578,133	5,720,831	847,284,193	18,997,802
Unrestricted	8,491,799	4,023,121	424,597,507	34,695,751
Total net position	\$ 52,069,932	\$ 9,743,952	\$ 1,271,881,700	\$ 53,693,553

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

16,632,905

Net position of business-type activities

\$ 1,288,514,605

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, 2017

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
Operating revenues				
User charges	\$ 233,033,861	\$ 13,964,072	\$ 6,557,484	\$ 22,643,060
Charges for services - internal	-	-	-	-
Other	6,739,892	1,120,457	162,868	81,586
Drug rebate	-	-	-	-
Total operating revenues	239,773,753	15,084,529	6,720,352	22,724,646
Operating expenses				
Personnel services	-	9,097,852	787,737	5,033,300
Other facility operating costs	-	7,755,031	11,310,701	7,626,150
Operational expenses	-	-	-	-
Administration	11,828,064	-	-	-
Water supply and treatment	29,574,442	-	-	-
Sewer system and treatment	21,999,074	-	-	-
Warehousing, maintenance and construction	19,133,141	-	-	-
Utility billing	6,610,941	-	-	-
Other services	4,190,236	-	-	-
Non-departmental charges	8,859,196	-	-	-
Management contract charges	-	-	24,945,810	-
Claims	-	-	-	-
Premiums	-	-	-	-
Depreciation	35,893,343	8,266,557	4,283,131	2,520,207
Other	-	-	-	-
Total operating expenses	138,088,437	25,119,440	41,327,379	15,179,657
Operating income (loss)	101,685,316	(10,034,911)	(34,607,027)	7,544,989
Nonoperating revenue (expense)				
Gain (loss) on investments	2,724,269	42,867	-	130,202
Gain on actuarial estimate	-	-	-	-
Subsidy income - federal and state	-	-	12,332,070	-
Recovery of claims	-	-	-	-
Other revenues	388,856	-	-	-
Interest expense	(22,484,642)	(7,880,087)	-	-
Gain (loss) on sale of capital assets	94,326	-	36,833	1,481
Miscellaneous expense	(3,013,345)	(1,198,177)	-	-
Total nonoperating revenue (expense)	(22,290,536)	(9,035,397)	12,368,903	131,683
Income (loss) before contributions, transfers and special items	79,394,780	(19,070,308)	(22,238,124)	7,676,672
Capital contributions	4,250,345	-	5,462,276	2,933,405
Transfers in	997,910	29,450,795	19,788,304	46,829
Transfers out	(1,841,470)	(131,336)	(295,789)	(295,288)
Change in net position	82,801,565	10,249,151	2,716,667	10,361,618
Net position, beginning of year	945,402,577	20,283,558	42,947,875	95,304,805
Net position, end of year	\$ 1,028,204,142	\$ 30,532,709	\$ 45,664,542	\$ 105,666,423

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, 2017

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	Funds
Operating revenues				
User charges	\$ 15,748,578	\$ 26,745,465	\$ 318,692,520	\$ -
Charges for services - internal	-	-	-	80,934,071
Other	35,575	64,980	8,205,358	13,956
Drug rebate	-	-	-	-
Total operating revenues	15,784,153	26,810,445	326,897,878	80,948,027
Operating expenses				
Personnel services	1,978,721	12,749,554	29,647,164	5,446,083
Other facility operating costs	5,334,346	18,544,553	50,570,781	7,684,153
Operational expenses	-	-	-	4,655,333
Administration	-	-	11,828,064	-
Water supply and treatment	-	-	29,574,442	-
Sewer system and treatment	-	-	21,999,074	-
Warehousing, maintenance and construction	-	-	19,133,141	-
Utility billing	-	-	6,610,941	-
Other services	-	-	4,190,236	-
Non-departmental charges	-	-	8,859,196	-
Management contract charges	-	-	24,945,810	-
Claims	-	-	-	42,850,928
Premiums	-	-	-	1,521,955
Depreciation	3,680,331	739,179	55,382,748	13,614,545
Other	-	-	-	342,947
Total operating expenses	10,993,398	32,033,286	262,741,597	76,115,944
Operating income (loss)	4,790,755	(5,222,841)	64,156,281	4,832,083
Nonoperating revenue (expense)				
Gain (loss) on investments	11,939	102,706	3,011,983	1,562,143
Gain on actuarial estimate	-	-	-	7,234,493
Subsidy income - federal and state	-	-	12,332,070	-
Recovery of claims	-	-	-	968,519
Other revenues	-	470,356	859,212	-
Interest expense	(1,540,945)	(487,585)	(32,393,259)	(405,931)
Gain (loss) on sale of capital assets	-	12,973	145,613	1,141,285
Miscellaneous expense	-	-	(4,211,522)	-
Total nonoperating revenue (expense)	(1,529,006)	98,450	(20,255,903)	10,500,509
Income (loss) before contributions, transfers and special items	3,261,749	(5,124,391)	43,900,378	15,332,592
Capital contributions	-	-	12,646,026	-
Transfers in	537,961	7,883,285	58,705,084	1,301,713
Transfers out	(671,331)	(485,671)	(3,720,885)	(4,962,786)
Change in net position	3,128,379	2,273,223	111,530,603	11,671,519
Net position, beginning of year	48,941,553	7,470,729		42,022,034
Net position, end of year	\$ 52,069,932	\$ 9,743,952		\$ 53,693,553
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			3,567,860	
Change in net position of business-type activities			\$ 115,098,463	

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, 2017

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 232,006,816	\$ 14,366,691	\$ 6,557,484	\$ 22,401,364
Payments to employees	(45,166,603)	(8,825,614)	(736,283)	(4,668,220)
Payments to suppliers and service providers	(55,247,337)	(8,397,640)	(39,282,480)	(7,078,541)
Claims paid	-	-	-	-
Premiums paid	-	-	-	-
Other receipts	7,128,748	1,120,457	162,868	81,586
Other payments	-	(1,198,177)	-	-
Net cash provided by (used in) operating activities	138,721,624	(2,934,283)	(33,298,411)	10,736,189
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Insurance deposits	-	-	-	-
Operating subsidies and transfers from other funds	997,910	29,450,795	19,788,304	46,829
Operating subsidies and transfers to other funds	(1,841,470)	(131,336)	(295,789)	(295,288)
Operating grants received	-	-	2,803,207	-
Internal activity - payments from (to) other funds	(34,305)	1,607,822	3,319,367	(115,467)
Gain on actuarial estimate	-	-	-	-
Net cash provided by (used in) noncapital financing activities	(877,865)	30,927,281	25,615,089	(363,926)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	(101,941,657)	(3,303,571)	(6,956,659)	(5,458,564)
Developer refund of excess construction costs	-	-	-	-
Capital grants and other capital contributions	1,834,477	-	12,826,300	1,175,019
Proceeds from capital debt	203,054,335	-	-	-
Gain (loss) on disposal of capital assets	94,326	-	36,833	1,481
Intergovernmental proceeds for capital debt	-	-	-	-
Principal paid on capital debt	(113,856,656)	(8,883,943)	-	(101,738)
Interest paid on capital debt	(20,309,299)	(7,865,958)	-	-
Other debt related payments	(3,013,345)	-	-	-
Escrow deposits	460,811	-	-	1,289,650
Net cash provided by (used in) capital and related financing activities	(33,677,008)	(20,053,472)	5,906,474	(3,094,152)
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	2,385,011	35,502	-	97,598
Net cash provided by investing activities	2,385,011	35,502	-	97,598
Net increase (decrease) in cash and cash equivalents	106,551,762	7,975,028	(1,776,848)	7,375,709
Cash and cash equivalents - beginning of year	326,241,926	18,645,863	1,827,153	51,427,217
Cash and cash equivalents - end of year	\$ 432,793,688	\$ 26,620,891	\$ 50,305	\$ 58,802,926
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 101,685,316	\$ (10,034,911)	\$ (34,607,027)	\$ 7,544,989
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	35,893,343	8,266,557	4,283,131	2,520,207
Miscellaneous nonoperating income	388,856	-	-	-
Miscellaneous nonoperating expense	-	(1,198,177)	-	-
Change in assets and liabilities:				
Operating receivables	(1,306,493)	(109,034)	(2,118,185)	(241,696)
Sales tax receivable	(897,881)	175,544	(328,395)	(3,058)
Inventories	318,375	-	169,868	-
Other receivables and assets	288,890	-	-	274
Accounts payable and other accrued liabilities	885,499	(709,119)	(749,257)	550,393
Landfill postclosure liability	-	-	-	-
(Increase) decrease in deferred outflows of resources - pensions	(7,923,924)	(1,292,469)	(262,557)	(1,364,944)
Increase (decrease) in deferred inflows of resources - pensions	(828,165)	(135,082)	(30,958)	(142,657)
Increase in pension liability	9,998,132	1,630,792	335,303	1,722,239
Escrow and other deposits	-	78,209	-	-
Earned vacation pay and other payroll liabilities	229,118	68,997	9,666	150,442
Unearned revenue	(9,442)	324,410	-	-
Total adjustments	37,036,308	7,100,628	1,308,616	3,191,200
Net cash provided by (used in) operating activities	\$ 138,721,624	\$ (2,934,283)	\$ (33,298,411)	\$ 10,736,189
Noncash investing, capital, and financing activities:				
Capital contributions from annexations and mergers	\$ 3,990,020	\$ -	\$ -	\$ -
Capital contributions from grant and assessment receivables	\$ (1,574,152)	\$ -	\$ -	\$ -
Net transfer of assets (liabilities) from other funds	\$ -	\$ -	\$ -	\$ 2,722,551
Acquisition and construction of capital assets	\$ 2,197,206	\$ -	\$ -	\$ -
Gain (loss) of debt refundings	\$ -	\$ -	\$ -	\$ -

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, 2017

	Enterprise Funds			
	Parking Fund	Solid Waste Services Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 15,901,677	\$ 26,002,143	\$ 317,236,175	\$ 80,934,071
Payments to employees	(1,881,865)	(12,293,514)	(73,572,099)	(5,230,756)
Payments to suppliers and service providers	(5,403,871)	(18,409,412)	(133,819,281)	(12,400,310)
Claims paid	-	-	-	(51,031,706)
Premiums paid	-	-	-	(1,521,955)
Other receipts	35,575	64,980	8,594,214	982,475
Other payments	-	-	(1,198,177)	(342,947)
Net cash provided by (used in) operating activities	8,651,516	(4,635,803)	117,240,832	11,388,872
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Insurance deposits	-	-	-	-
Operating subsidies and transfers from other funds	537,961	7,883,285	58,705,084	1,301,713
Operating subsidies and transfers to other funds	(671,331)	(485,671)	(3,720,885)	(4,962,866)
Operating grants received	-	-	2,803,207	-
Internal activity - payments from (to) other funds	8,830	1,923	4,788,170	13,729
Gain on actuarial estimate	-	-	-	7,234,493
Net cash provided by (used in) noncapital financing activities	(124,540)	7,399,537	62,575,576	3,587,149
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	(1,923,778)	(37,941)	(119,622,170)	(21,145,962)
Developer refund of excess construction costs	-	-	-	-
Capital grants and other capital contributions	-	-	15,835,796	-
Proceeds from capital debt	-	-	203,054,335	42,303,111
Gain (loss) on disposal of capital assets	-	12,973	145,613	1,141,285
Intergovernmental proceeds for capital debt	-	470,356	470,356	-
Principal paid on capital debt	(3,823,966)	(1,317,434)	(127,983,737)	(13,296,157)
Interest paid on capital debt	(1,738,254)	(614,734)	(30,528,245)	(413,833)
Other debt related payments	-	-	(3,013,345)	-
Escrow deposits	-	-	1,750,461	-
Net cash provided by (used in) capital and related financing activities	(7,485,998)	(1,486,780)	(59,890,936)	8,588,444
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	10,496	59,916	2,588,523	1,564,735
Net cash provided by investing activities	10,496	59,916	2,588,523	1,564,735
Net increase (decrease) in cash and cash equivalents	1,051,474	1,336,870	122,513,995	25,129,200
Cash and cash equivalents - beginning of year	7,488,085	7,842,320	413,472,564	65,828,887
Cash and cash equivalents - end of year	\$ 8,539,559	\$ 9,179,190	\$ 535,986,559	\$ 90,958,087
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 4,790,755	\$ (5,222,841)	\$ 64,156,281	\$ 4,832,083
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	3,680,331	739,179	55,382,748	13,614,545
Miscellaneous nonoperating income	-	-	388,856	968,519
Miscellaneous nonoperating expense	-	-	(1,198,177)	-
Change in assets and liabilities:				
Operating receivables	153,418	(80,571)	(3,702,561)	-
Sales tax receivable	(50,701)	26,399	(1,078,092)	(138,763)
Inventories	-	-	488,243	(26,788)
Other receivables and assets	(319)	(662,751)	(373,906)	(458,953)
Accounts payable and other accrued liabilities	(18,824)	164,084	122,776	(7,617,098)
Landfill postclosure liability	-	(55,342)	(55,342)	-
(Increase) decrease in deferred outflows of resources - pensions	(471,087)	(2,536,622)	(13,851,603)	(1,002,570)
Increase (decrease) in deferred inflows of resources - pensions	(49,235)	(265,114)	(1,451,211)	(104,784)
Increase in pension liability	594,401	3,200,622	17,481,489	1,265,008
Escrow and other deposits	-	-	78,209	-
Earned vacation pay and other payroll liabilities	22,777	57,154	538,154	57,673
Unearned revenue	-	-	314,968	-
Total adjustments	3,860,761	587,038	53,084,551	6,556,789
Net cash provided by (used in) operating activities	\$ 8,651,516	\$ (4,635,803)	\$ 117,240,832	\$ 11,388,872
Noncash investing, capital, and financing activities:				
Capital contributions from annexations and mergers	\$ -	\$ -	\$ 3,990,020	\$ -
Capital contributions from grant and assessment receivables	\$ -	\$ -	\$ (1,574,152)	\$ -
Net transfer of assets (liabilities) from other funds	\$ -	\$ -	\$ 2,722,551	\$ -
Acquisition and construction of capital assets	\$ -	\$ -	\$ 2,197,206	\$ -
Gain (loss) of debt refundings	\$ -	\$ -	\$ -	\$ -

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 91,735,735
Accrued interest receivable	22,588
Due from other funds	167,769
Other receivables	20,829
Sales tax receivable	351
Total assets	<u>91,947,272</u>
LIABILITIES	
Claims payable	1,078,000
Accounts payable	13,216
Total liabilities	<u>1,091,216</u>
NET POSITION	
Restricted for pensions	59,054,975
Restricted for postemployment benefits other than pensions	31,801,081
Total net pension	<u>\$ 90,856,056</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, 2017

	Pension Trust Funds
ADDITIONS	
Employer contributions	\$ 18,240,021
Retiree contributions	2,730,861
Interest	2,582,170
Net increase (decrease) in the fair value of investments	7,657,101
Recovery of claims	117,711
Total additions	<u>31,327,864</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	<u>350,000</u>
Total other financing sources (uses)	<u>350,000</u>
DEDUCTIONS	
Benefits	19,885,104
Withdrawals and forfeitures	176,305
Investment expense	91,355
Professional services	36,252
Total deductions	<u>20,189,016</u>
Change in net position restricted for:	
Employees' retirement and other post-employment benefits	11,488,848
Net position, beginning of year	<u>79,367,208</u>
Net position, end of year	<u>\$ 90,856,056</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2017

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 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 funds:

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 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. For arbitrage purposes, the City maintains separate investments of proceeds of bond issues and other tax-exempt financings. All deposits are made in designated official depositories and are secured as required by State law (G.S. 159-31). The City may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. The City may make deposits in FDIC-insured or collateralized demand accounts, certificates of deposit, or such other forms of time deposits as the North Carolina Local Government Commission may approve.

The Local Government Budget and Fiscal Control Act of North Carolina governs all investments permitted to local governments. 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; certain repurchase agreements; and the North Carolina Capital Management Trust (NCCMT).

The City's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT – Government Portfolio, a SEC-registered (2a-7) money market mutual fund, and securities of the NCCMT – Term Portfolio are valued at fair value, which is the NCCMT's share price.

2. Receivables and payables

Activities 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, 2017, 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 received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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 \$32,610,635. Of this amount, \$3,987,018 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 four items that meet this criterion, unamortized bond refunding charges, contributions made to the pension plan in the 2017 fiscal year, LEO benefit payments and administrative expenses incurred subsequent to the actuarial measurement date, 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, assessments and property taxes receivable, deferrals of pension expense that result from the implementation of GASB Statement 68, and change of LEO actuarial assumptions and other inputs that result from the implementation of GASB Statement 74.

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.

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.

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.

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

Committed Fund Balance – This classification includes a portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of City of Raleigh's City Council. The City Council, by adoption of an ordinance prior to the end of the fiscal year, commits fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Law Enforcement Officers' Special Separation Allowance Fund - portion of fund balance committed for contributions to a defined benefit plan provided to City law enforcement officers.

Assigned Fund Balance – This classification includes a 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.

Unassigned Fund Balance – This classification includes 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, 2017. 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, 2017, the effect of such amendments, less eliminating transfers, was as follows:

	Original Budget	Total Amendments	Budget June 30, 2017
General Fund	\$ 455,491,013	\$ 17,497,869	\$ 472,988,882
Special Revenue Funds	107,442,424	9,278,881	116,721,305
General Capital Projects Funds	676,641,652	12,995,279	689,636,931
Enterprise Funds	947,831,617	25,952,922	973,784,539
Internal Service Funds	112,215,254	12,766,503	124,981,757

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, 2017.

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, 2017, the City's bank balance in operating accounts was \$36,179,741 and the carrying amount of the City's deposits was \$32,693,015. The difference represents reconciling items such as deposits and payments in transit. Of the bank balance, \$258,088 was covered by federal depository insurance and \$35,921,653 was covered by collateral held under the Pooling Method.

Investments. At June 30, 2017, the City had the following investments and maturities:

Investment Type	Valuation Measurement	Fair Value	%	< 1 Year	1- 3 Years	>3 - 5 Years	> 5 Years
	Method						
US Government Treasuries	Fair Value, Level 1	\$ 101,817,149	11.9%	\$ 67,315,653	\$ 786,312	\$ 24,424,447	\$ 9,290,737
Federal Home Loan Bank	Fair Value, Level 2	234,777,541	27.5%	30,116,840	-	202,526,081	2,134,620
Freddie Mac	Fair Value, Level 1	86,635,521	10.2%	58,705,126	-	20,452,328	7,478,067
Fannie Mae	Fair Value, Level 1	206,479,922	24.2%	60,110,293	36,301	138,098,253	8,235,075
Federal Farm Credit Bank	Fair Value, Level 1	124,793,816	14.6%	68,765,966	-	56,027,850	-
NCCMT - Cash Portfolio	Amortized Cost	19,789,521	2.3%	19,789,521	-	-	-
NC Municipal Bonds	Fair Value, Level 1	26,991,574	3.2%	10,637,810	1,498,545	13,908,796	946,423
Other investments	Fair Value, Level 1	5,558,779	0.7%	5,558,779	-	-	-
Commercial Paper	Amortized Cost	45,893,244	5.4%	40,293,561	1,959,097	2,942,418	698,168
Total City-wide investments		<u>\$ 852,737,067</u>	<u>100.00%</u>	<u>\$ 361,293,549</u>	<u>\$ 4,280,255</u>	<u>\$ 458,380,173</u>	<u>\$ 28,783,090</u>

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

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
US Treasury Obligations	AA+	Aaa	AAA
US Government Agency Securities	AA+	Aaa	AAA
NCCMT - Government Portfolio	AAAm	N/A	N/A

Concentration of Credit Risk. The City's investment policy does not restrict the level of investment in US Treasury Obligations, US Government Agency Securities or the NCCMT, but it restricts investment in NC municipal bonds to no more than 10.0% of the total investment portfolio and commercial paper or bankers' acceptances of a single issuer to no more than 5.0% of the total investment portfolio. As of June 30, 2017, NC municipal bonds comprise 2.93% of the total investment portfolio and commercial paper is 0.66% of the total 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, 2017 is as follows:

	Government-wide	Fiduciary	Total
Petty cash and change funds	\$ 16,125	\$ -	\$ 16,125
Deposits (checking, money market)	32,856,646	-	32,856,646
Fiduciary cash	-	91,735,735	91,735,735
Investments	852,737,067	-	852,737,067
Total cash and cash equivalents	885,609,838	91,735,735	977,345,573
Restricted deposits and bond proceeds	258,147,493	-	258,147,493
Total cash	\$ 1,143,757,331	\$ 91,735,735	\$ 1,235,493,066

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.

B. Capital assets

Capital asset activity for the year ended June 30, 2017 was as follows (stated in thousands):

	June 30, 2016	Additions	Transfers	Deletions	June 30, 2017
<u>Governmental activities</u>					
Capital assets, not being depreciated:					
Land	\$ 205,085,504	\$ 3,727,035	\$ -	\$ (523,213)	\$ 208,289,326
Construction in progress	256,782,402	97,515,590	(35,889,638)	(7,431)	318,400,923
Total capital assets, not being depreciated	461,867,906	101,242,625	(35,889,638)	(530,644)	526,690,249
Capital assets, being depreciated:					
Buildings and machinery	236,863,780	44,872	8,846	(254,280)	236,663,218
Streets and sidewalks	750,671,627	2,657,722	12,889,050	(2,369,706)	763,848,693
Equipment	105,931,067	11,580,869	47,162	(5,730,375)	111,828,723
Furniture and fixtures	1,380,506	-	-	(11,848)	1,368,658
Improvements - general and parks	258,138,643	595,023	22,957,242	(4,557,445)	277,133,463
Software	46,851,680	-	-	-	46,851,680
Total capital assets being depreciated	1,399,837,303	14,878,486	35,902,300	(12,923,654)	1,437,694,435
Less accumulated depreciation for:					
Buildings and machinery	61,108,218	5,794,521	-	(222,495)	66,680,244
Streets and sidewalks	470,104,001	24,468,378	-	(1,607,126)	492,965,253
Equipment	79,044,625	8,830,956	12,662	(5,726,776)	82,161,467
Furniture and fixtures	1,331,916	20,463	-	(11,847)	1,340,532
Improvements - general and parks	132,092,320	12,152,564	-	(3,042,057)	141,202,827
Software	14,084,926	2,388,703	-	-	16,473,629
Total accumulated depreciation	757,766,006	53,655,585	12,662	(10,610,301)	800,823,952
Total capital assets being depreciated, net	642,071,297	(38,777,099)	35,889,638	(2,313,353)	636,870,483
Governmental activities capital assets, net	\$ 1,103,939,203	\$ 62,465,526	\$ -	\$ (2,843,997)	\$ 1,163,560,732

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

General government	\$ 3,357,976
Community development	26,757
Engineering services	19,507,620
Transportation	9,895,450
Public safety	2,109,052
Leisure services	11,289,185
Capital assets held by certain internal service funds are charged to the various governmental functions based on the usage of the assets	7,469,545
Total depreciation expense - governmental activities	\$ 53,655,585

Annexations: The amount reported as additions for street and sidewalks includes \$2,506,464 from annexations during fiscal year 2016-17.

	June 30, 2016	Additions	Transfers	Deletions	June 30, 2017
<u>Business-type activities</u>					
Capital assets, not being depreciated:					
Land	\$ 81,745,622	\$ 523,213	\$ 337,483	\$ -	\$ 82,606,318
Construction in progress	348,505,691	116,375,271	(29,374,536)	(30,691)	435,475,735
Watershed protection rights	4,756,459	-	-	-	4,756,459
Total capital assets, not being depreciated	435,007,772	116,898,484	(29,037,053)	(30,691)	522,838,512
Capital assets, being depreciated:					
Buildings and machinery	403,579,311	-	-	-	403,579,311
Water and sewer systems	1,208,427,008	5,482,095	18,810,221	(14,990)	1,232,704,334
Parking decks	146,120,540	-	-	-	146,120,540
Buses	36,304,781	5,340,004	-	(1,055,933)	40,588,852
Equipment	85,927,551	11,769,622	(12,662)	(2,998,478)	94,686,033
Furniture and fixtures	2,807,964	-	-	-	2,807,964
Improvements	224,096,162	7,926,042	10,226,832	-	242,249,036
Total capital assets being depreciated	2,107,263,317	30,517,763	29,024,391	(4,069,401)	2,162,736,070
Less accumulated depreciation for:					
Buildings and machinery	111,588,250	9,820,242	-	-	121,408,492
Water and sewer systems	378,797,359	25,638,718	-	(151,051)	404,285,026
Parking decks	43,017,130	3,317,055	-	-	46,334,185
Buses	24,214,711	3,535,258	-	(1,055,933)	26,694,036
Equipment	60,678,781	7,168,669	(12,662)	(2,862,417)	64,972,371
Furniture and fixtures	2,796,095	5,434	-	-	2,801,529
Improvements	88,864,710	16,499,393	-	-	105,364,103
Total accumulated depreciation	709,957,036	65,984,769	(12,662)	(4,069,401)	771,859,742
Total capital assets being depreciated, net	1,397,306,281	(35,467,006)	29,037,053	-	1,390,876,328
Business-type activities capital assets, net	\$ 1,832,314,053	\$ 81,431,478	\$ -	\$ (30,691)	\$ 1,913,714,840

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

Water/Sewer	\$ 35,893,343
Convention center	8,266,557
Parking	3,680,331
Mass Transit	4,283,131
Stormwater	2,520,207
Solid Waste Services	739,179
Capital assets held by certain internal service funds are charged to the various business-type activities based on the usage of the assets	6,145,000
Total depreciation expense - business-type activities	61,527,748
Capital contribution from governmental activities	4,457,021
Total accumulated depreciation additions	\$ 65,984,769

Annexations: The amount reported as additions for water and sewer systems includes \$3,990,020 added from annexations during fiscal year 2016-17.

Commitments - construction projects. At June 30, 2017, the City has \$259,589,568 in project obligations for business-type activities for construction projects in progress as follows: \$220,715,214 for water and sewer projects, \$5,224,818 for transit projects, \$16,375,792 for stormwater projects, \$6,640,362 for convention center projects and \$10,633,382 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 \$203,629,933 in general government project obligations at June 30, 2017. 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, 2017.

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	\$ 7,052	\$ -	\$ 7,052
Cemetery cash account	8,088	-	8,088
Cafeteria plan cash	211,080	-	211,080
Prepaid taxes and assessments	57,175	6,653	63,828
Unearned revenue	-	5,592,475	5,592,475
	<u>283,395</u>	<u>5,599,128</u>	<u>5,882,523</u>
Amounts not arising from cash:			
Taxes receivable	282,648	-	282,648
Assessments receivable	364,508	746,172	1,110,680
	<u>647,156</u>	<u>746,172</u>	<u>1,393,328</u>
Total	<u>\$ 930,551</u>	<u>\$ 6,345,300</u>	<u>\$ 7,275,851</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, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	\$ 2,451,319
	Transit fund	4,918,586
	Solid waste fund	1,923
	Parking fund	8,830
	Convention center fund	836,510
	Subtotal	<u>8,217,168</u>
Nonmajor governmental funds	General fund	303,007
	Nonmajor governmental funds	682,599
	Transit fund	19,183
	Subtotal	<u>1,004,789</u>
Water and sewer fund	General fund	136,043
Convention center fund	Nonmajor governmental funds	24,298
Internal service fund	Internal service fund	325,033
Fiduciary fund	General fund	<u>167,769</u>
	Total	<u><u>\$ 9,875,100</u></u>

The largest component of the \$8,217,168 receivables in the general fund represents an interfund loan for cash deficits that were covered by the general fund and reclassified to the transit enterprise fund (\$3,869,749), as well as the community development (\$387,289) and grants (\$9,523) nonmajor governmental funds. This reclassification occurs due to the nature of grant drawdowns and the fact the City has pre-spending authority on most grant projects. The balance of the remaining receivables in the general fund and the amounts owed to the nonmajor governmental funds is representative of normal fiscal operations. The amounts owed to the business-type activities also represent normal fiscal operations. The \$167,769 general fund payable is owed to the OPEB fund, which is a fiduciary fund. The \$325,033 internal service fund receivable and payable represents an adjustment between the general government and enterprise equipment funds.

A summary of interfund transfers for the fiscal year ended June 30, 2017 is as follows:

<u>Funds</u>	General fund	Nonmajor governmental	Fiduciary	Water and sewer	Solid waste services	Parking	Convention center	Mass transit	Storm- water	Internal service	Total Transfers Out
General fund	\$ -	\$ 36,447,685	\$ -	\$ -	\$ 7,616,835	\$ 500,000	\$ 5,992,030	\$ 17,821,766	\$ -	\$ 161,713	\$ 68,540,029
Nonmajor governmental	9,618,483	-	-	-	-	-	23,381,501	1,951,703	-	500,000	35,451,687
Water and sewer	-	1,841,470	-	-	-	-	-	-	-	-	1,841,470
Solid waste services	-	262,688	-	222,983	-	-	-	-	-	-	485,671
Parking	-	31,331	-	-	-	-	-	-	-	640,000	671,331
Convention center	4,869	126,467	-	-	-	-	-	-	-	-	131,336
Mass transit	-	295,789	-	-	-	-	-	-	-	-	295,789
Stormwater	-	295,288	-	-	-	-	-	-	-	-	295,288
Internal service	3,271,734	122,786	350,000	774,927	266,450	37,961	77,264	14,835	46,829	-	4,962,786
Total Transfers In	\$ 12,895,086	\$ 39,423,504	\$ 350,000	\$ 997,910	\$ 7,883,285	\$ 537,961	\$ 29,450,795	\$ 19,788,304	\$ 46,829	\$ 1,301,713	\$ 112,675,387

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 \$62,570,595. 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 2016-17 total rental payments on noncancelable operating leases was \$6,017,528. The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2017:

<u>Fiscal Year Ending June 30</u>	
2018	\$ 4,933,732
2019	3,855,299
2020	3,058,186
2021	1,903,837
2022 and beyond	7,706,560
	<u>\$ 21,457,614</u>

F. Long-term obligations

1. General obligation bonds

The City issues general obligation bonds to fund the acquisition and/or construction of major Parks and Recreation, Transportation and Housing Program capital and noncapital needs. 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 portion issued for Public Utility purposes was fully repaid with utility system user charges in the current year while 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, 2017 are as follows:

Purpose	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2017
<u>Governmental Activities</u>					
Housing Series 2007 Taxable	5.20%	3/1/2007	3/1/2027	\$ 7,000,000	\$ -
Public Improvement, Series 2009A	2.50% to 3.00%	3/10/2009	2/1/2029	11,130,000	1,110,000
Public Improvement Refunding - Series 2009B	2.50%	3/11/2009	2/1/2017	13,778,981	-
Housing, Series 2009C - Taxable	4.15% to 4.70%	3/11/2009	2/1/2029	10,000,000	1,000,000
GO Refunding, Series 2009D	3.50% to 5.00%	7/28/2009	12/1/2020	33,640,000	15,910,000
GO Refunding, Series 2009E	5.00%	7/28/2009	12/1/2018	14,180,000	7,230,000
Public Improvement, Series 2009F	5.00%	9/3/2009	2/1/2029	57,665,000	4,600,000
Housing, Series 2009G	4.00% to 4.25%	9/3/2009	2/1/2030	10,000,000	1,000,000
GO Refunding, Series 2011A	2.50% to 5.00%	10/27/2011	9/1/2022	32,055,000	31,385,000
Public Improvement, Series 2012A	3.00% to 5.00%	5/15/2012	4/1/2032	9,000,000	3,150,000
Public Improvement, Series 2012B	3.00% to 5.00%	5/16/2012	4/1/2032	138,600,000	48,450,000
Public Improvement, Series 2014	3.00% to 3.25%	6/26/2014	6/1/2032	15,000,000	12,900,000
Street Improvement, Series 2015A	3.00% to 5.00%	6/24/2015	6/1/2034	5,050,000	4,550,000
GO Bonds, Series 2015B	3.00% to 5.00%	6/25/2015	6/1/2034	20,000,000	18,000,000
Housing Bonds, Series 2015C - Taxable	3.00% to 4.00%	6/25/2015	6/1/2034	10,000,000	9,000,000
General Obligation Refunding, Series 2016A	2.25% to 5.00%	3/2/2016	9/1/2030	101,850,000	101,850,000
General Obligation Refunding, Series 2016B	.5% to 1.99%	3/2/2016	9/1/2022	16,255,000	15,540,000
Housing Bonds, Series 2016C	2.00% to 3.375%	3/2/2016	2/1/2036	6,000,000	5,700,000
Public Improvement Bonds, Series 2017	3.00% to 5.00%	2/14/2017	2/1/2037	68,000,000	68,000,000
Total Governmental Activities					<u>\$ 349,375,000</u>

During fiscal year 2017-18, the City issued \$68,000,000 of general obligation public improvement bonds. These bonds mature serially over 20 years, and carry fixed coupon rates of 3.0% to 5.0%.

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 25,855,000	\$ 14,219,943
2019	26,170,000	13,109,403
2020	25,920,000	11,859,781
2021	24,535,000	10,777,591
2022	24,800,000	9,783,551
2023-2027	110,850,000	34,021,077
2028-2032	87,745,000	12,225,338
2033-2037	23,500,000	2,086,100
	<u>\$ 349,375,000</u>	<u>\$ 108,082,784</u>

Status of Bond Authorizations. The following represent continuing authorization of general obligation bonds, which were unsold at June 30, 2017:

<u>October 8, 2013</u>	
Transportation	<u>35,090,000</u>
<u>November 4, 2014</u>	
Parks and Recreation	<u>63,685,000</u>
Total	<u>\$ 98,775,000</u>

2. Defeased debt and refundings

During fiscal year 2016-17, the City issued \$92,190,000 of Series 2016B revenue refunding bonds to generate resources for future debt service payments on \$88,930,000 of Series 2011 water and sewer revenue bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$11,721,519. 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 by \$11,868,630 and resulted in an economic gain of \$9,110,780.

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, 2017, the amount of defeased debt outstanding was \$124,045,000.

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, 2017.

The City has pledged water and sewer customer revenues, net of specified operating expenses, to repay \$696,945,000 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 2046. Annual debt service requirements for 2016-17 were 20.9% 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
2018	\$ 23,130,000	\$ 30,076,438
2019	25,980,000	29,126,790
2020	27,200,000	27,982,278
2021	28,365,000	26,792,480
2022	29,940,000	25,523,328
2023-2027	152,165,000	106,680,316
2028-2032	175,010,000	69,470,474
2033-2037	150,335,000	31,705,746
2038-2042	59,250,000	12,094,250
2043-2046	25,570,000	2,399,550
	<u>\$ 696,945,000</u>	<u>\$ 361,851,650</u>

A trust agreement, dated December 1, 1996 and amended by the First Amendatory 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, 2017.

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

Operating revenues	\$ 239,773,753
Operating expenses	(138,088,437)
Operating income	101,685,316
Nonoperating revenues	8,455,706
Nonoperating expenses	(27,339,457)
Change in net position	82,801,565
Allowable revenue adjustments for calculation	(5,054,678)
Allowable expense adjustments for calculation	65,531,486
Income available for debt service	<u>\$ 143,278,373</u>
Debt service, principal and interest paid on revenue bonds and certain state loans (Parity)	\$ 51,557,006
Debt service coverage ratio	2.78

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 \$922,121,099.

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

This debt was sold by the Walnut Creek Financing Assistance Corporation, a blended component unit of the City, whose main purpose is to issue certificates of participation for the City. The City has remarketing and standby purchase agreements with banks related to two variable rate issues. 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 \$305,034,600. The interest rates for each of the two variable rate issues were 0.9 % and 4.36% at June 30, 2017. The following schedule shows the expiration dates, which can be renewed, fees paid in fiscal year 2016-17 pursuant to the terms of the debt agreements, and the swap interest rate at year-end for these issues.

Issue	Balance June 30, 2017	Agreement Expiration	Fees Paid FY 2017	Interest Rate June 30, 2017
2004A	\$ 55,000,000	January 5, 2019	\$ 182,740	0.09 %
2005B	\$ 165,330,000	December 26, 2017	\$ 993,437	0.09 %

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
2018	\$ 9,260,734	\$ 9,123,338
2019	9,645,734	8,731,140
2020	10,035,734	8,358,035
2021	10,530,735	7,854,006
2022	10,945,735	7,444,344
2023-2027	62,263,703	29,603,900
2028-2032	81,842,948	14,828,097
2033-2037	41,915,906	1,906,581
	<u>\$ 236,441,229</u>	<u>\$ 87,849,441</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 0.89% at June 30, 2017, 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.

Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 17,543,568	\$ 8,578,656
2019	14,653,241	8,049,007
2020	14,608,511	7,574,837
2021	14,046,201	7,089,700
2022	14,015,472	6,595,019
2023-2027	62,367,071	25,546,191
2028-2032	41,682,562	15,316,847
2033-2037	33,600,296	6,107,837
2038-2040	12,125,000	661,216
	<u>\$ 224,641,922</u>	<u>\$ 85,519,310</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 0.89% at June 30, 2017. There are also two variable rate agreements that each had an interest rate of 1.17% at June 30, 2017. 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
2018	\$ 3,622,057	\$ 2,460,250
2019	3,956,262	2,336,246
2020	4,083,475	2,350,361
2021	3,661,382	2,200,466
2022	3,810,614	2,076,992
2023-2027	19,491,925	9,059,370
2028-2032	20,240,000	5,243,150
2033-2037	10,235,000	891,750
	<u>\$ 69,100,715</u>	<u>\$ 26,618,585</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 agreement that had an interest rate of 0.89% at June 30, 2017 (design and construction of remote operations center).

Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2018	\$ 1,317,919	\$ 611,329
2019	1,324,763	561,014
2020	1,332,281	510,893
2021	1,346,682	457,951
2022	1,353,179	406,441
2023-2027	6,947,299	1,094,185
2028-2032	359,490	71,898
2033-2037	143,796	8,628
	<u>\$ 14,125,409</u>	<u>\$ 3,722,339</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 1.87%. 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
2018	\$ 10,991,077	\$ 540,351	\$ 9,965,802	\$ 354,998
2019	8,571,040	468,614	6,170,804	283,302
2020	8,715,440	324,215	6,268,806	185,300
2021	5,678,295	187,940	2,934,996	97,143
2022	5,784,976	81,260	2,990,137	42,002
	<u>\$ 39,740,828</u>	<u>\$ 1,602,380</u>	<u>\$ 28,330,545</u>	<u>\$ 962,745</u>

State Revolving Loans. During the current fiscal year, the City's Water and Sewer Utility enterprise received \$11,694,335 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 2.00% to 2.95% (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:

	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2017
<u>State Revolving Loans</u>					
Water and Sewer:					
Neuse River Nitrogen Removal	2.95%	7/31/1998	5/1/2018	\$ 7,972,965	\$ 398,051
Crabtree Creek Interceptor Phase 3	2.60%	1/7/2000	5/1/2020	3,300,000	495,000
Rolesville Projects (F-97-0931)	2.66%	11/14/2005	5/1/2025	2,316,247	926,499
Rolesville Projects (F-98-0931)	2.66%	11/14/2005	5/1/2025	683,753	273,501
Spray Irrigation	0.00%	9/1/2010	5/1/2030	625,694	365,763
Crabtree Creek North Bank Interceptor	2.45%	7/5/2011	5/1/2033	11,094,556	7,768,782
Centennial Reuse Pipeline Segment 4	0.00%	5/1/2012	5/1/2033	5,125,312	2,985,499
NRWWTP 15MGD Expansion	2.00%	4/18/2013	5/1/2037	27,638,450	26,500,369
DE Benton Backwash Waste Facility	0.00%	5/18/2013	5/1/2034	7,075,847	6,241,667
Sodium Permanganate Facility	0.00%	3/26/2015	5/1/2036	3,678,800	2,967,750
Crabtree Creek Improvement Phase II	2.00%	7/13/2015	5/1/2037	37,500,000	14,253,978
Water and Sewer Total					<u>63,176,859</u>
Stormwater:					
Upper Longview Restoration	0.00%	1/16/2013	5/1/2035	2,034,751	1,729,539
Stormwater Total					<u>1,729,539</u>
Total Loan Amount					<u>\$ 64,906,398</u>

Annual maturities for Water and Sewer Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2018	\$ 5,157,396	\$ 1,062,343
2019	4,822,225	965,262
2020	4,822,225	879,923
2021	4,657,225	794,584
2022	4,657,225	713,536
2023-2027	18,490,105	2,423,280
2028-2032	13,104,856	1,230,134
2033-2037	7,465,602	312,689
	<u>\$ 63,176,859</u>	<u>\$ 8,381,751</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
2018	\$ 101,738
2019	101,738
2020	101,738
2021	101,738
2022	101,738
2023-2027	508,687
2028-2032	508,687
2033-2037	203,475
	<u>\$ 1,729,539</u>

Earned Vacation Pay. At June 30, 2017, earned vacation pay consists of \$20,941,300 for governmental activities and \$4,897,959 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 2016-17 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 and new proposed stream bank repairs. The \$4,382,253 reported as landfill postclosure liability as of June 30, 2017 includes the CAP report cost estimate as well as the cost to perform the on-going postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to demonstrate financial assurance for postclosure care. The City is in compliance with these requirements, and, demonstrated such by completion of the local government financial assurance test submitted to DENR on November 29, 2016.

5. *Changes in long-term liabilities*

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 303,874,246	\$ 68,000,000	\$ 22,499,246	\$ 349,375,000	\$ 25,855,000
Unamortized premiums - GO bonds	47,988,382	5,840,965	3,689,067	50,140,280	3,772,228
Installment financing agreements	259,889,335	27,888,242	23,394,827	264,382,750	28,534,646
Unamortized premiums on IFA	6,123,471	-	254,975	5,868,496	395,157
Earned vacation pay	19,521,435	13,055,667	11,635,802	20,941,300	11,635,802
Claims payable	27,871,426	6,284,864	14,417,388	19,738,902	8,037,000
Total governmental activities	<u>\$ 665,268,295</u>	<u>\$ 121,069,738</u>	<u>\$ 75,891,305</u>	<u>\$ 710,446,728</u>	<u>\$ 78,229,833</u>
<u>Business-type activities:</u>					
General obligation bonds	\$ 385,757	\$ -	\$ 385,757	\$ -	\$ -
Unamortized premium - GO bonds	22,962	-	22,962	-	-
Revenue bonds	617,375,000	191,360,000	111,790,000	696,945,000	23,130,000
Unamortized premium - Rev. bonds	46,709,646	22,495,003	4,679,653	64,524,996	2,466,547
Installment financing agreements	410,097,233	26,109,204	23,302,141	412,904,296	29,425,643
Unamortized premiums - IFA	7,440,346	-	524,768	6,915,578	526,734
Earned vacation pay	4,683,796	3,390,398	3,176,235	4,897,959	3,176,235
Landfill postclosure	4,437,595	-	55,342	4,382,253	813,950
Claims payable	1,105	-	-	1,105	1,105
Total business-type activities	<u>\$ 1,091,153,440</u>	<u>\$ 243,354,605</u>	<u>\$ 143,936,858</u>	<u>\$ 1,190,571,187</u>	<u>\$ 59,540,214</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 \$407,434 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 liability of \$81,145,356 as of June 30, 2017.

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, 2017, 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 \$165,330,000 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, 2017, the swap had a negative fair value to the City of \$33,707,375. 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, 2017, 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, 2017, 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 40.

Using rates as of June 30, 2017, 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
2018-2019	\$ 17,205,000	\$ 2,932,475	\$ 11,117,625	\$ 14,050,100
2020-2024	50,580,000	6,911,996	26,204,820	33,116,816
2025-2029	63,570,000	4,385,199	16,625,205	21,010,404
2030-2034	33,975,000	1,812,174	6,870,330	8,682,504
Total	<u>\$ 165,330,000</u>	<u>\$ 16,041,844</u>	<u>\$ 60,817,980</u>	<u>\$ 76,859,824</u>

*Computed using 4.36% less floating rate paid to the City (0.91% at June 30, 2017) 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, 2017, the swaps had a combined negative fair value to the City of \$25,950,764, 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, 2017, Citibank NA, one of the counterparties, was rated "A1" by Moody's Investor's Service, "A+" by Standard and Poor's Ratings Services, and "A+" by Fitch Ratings. Wells Fargo Bank, N.A., the other counterparty, was rated "Aa2" by Moody's Investor's Service, "AA-" by Standard and Poor's Ratings Services, and "AA-" by Fitch Ratings. 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 39.

Using the rates as of June 30, 2017, 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
2018-2019	\$ 9,375,000	\$ 2,194,192	\$ 7,843,634	\$ 10,037,826
2020-2024	27,415,000	4,685,499	16,749,372	21,434,871
2025-2029	34,090,000	3,322,456	11,876,866	15,199,322
2030-2034	42,350,000	1,627,899	5,819,292	7,447,191
2035	9,630,000	87,633	313,264	400,897
Total	<u>\$ 122,860,000</u>	<u>\$ 11,917,679</u>	<u>\$ 42,602,428</u>	<u>\$ 54,520,107</u>

**Computed using 4.163% less floating rate paid to the City (0.91% at June 30, 2017) 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:

	Deposits	Unspent Debt Proceeds
<u>Governmental</u>		
General Fund	\$ -	\$ 27,476
Nonmajor governmental funds	2,730,996	110,756,650
Total governmental	2,730,996	110,784,126
 <u>Enterprise</u>		
Water and sewer fund	14,594,001	79,590,618
Convention center fund	447,687	1,596,475
Mass transit fund	50,305	-
Stormwater fund	12,186,067	-
Parking Fund	-	85,000
Total enterprise	27,278,060	81,272,093
 <u>Internal service funds</u>		
Governmental equipment replacement fund	-	24,785,395
Public utilities equipment replacement fund	-	5,663,789
Solid waste services equipment replacement fund	-	5,633,034
Total internal service fund	-	36,082,218
 Total	\$ 30,009,056	\$ 228,138,437

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; however the City did add cyber insurance effective July 1, 2015.

City insurance coverage includes workers' compensation, general liability, automobile liability, police liability, cyber 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 cyber liability, the City has coverage up to \$5,000,000. For property, the City self-insures the first \$100,000 per occurrence, with excess coverage up to the replacement value of \$500,000,000 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 \$19,738,902 reported for these two internal service funds at June 30, 2017, 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 2016-17 and 2015-16 are as follows:

	2017	2016
Insurance claims payable, beginning of year	\$ 27,871,426	\$ 24,006,300
Current year claims and changes in estimates	34,718,404	50,498,958
Claim payments	(42,850,928)	(46,633,832)
Insurance claims payable, end of year	<u>\$ 19,738,902</u>	<u>\$ 27,871,426</u>

Employees' health benefits and risk management current portion of pending claims is \$8,037,000.

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 2016-17 obligation was \$859,565. It is estimated, at this time, that the future cost to the City will not exceed \$850,000 annually and will be repaid in 2033 with a final payment of \$3,726,122.

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, 2017 was \$13,059,004. Of this amount, \$6,344,118 was recorded as a liability, and the remaining \$6,714,886 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 is a member of the Triangle J Council of Governments, which serves a seven county region and forty-one local governments. The participating member 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 \$123,927 to the council during the fiscal year ended June 30, 2017. 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, 2017 the City appropriated \$137,434 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, 2017 the balance of the trust maintained by the County was \$2,454,846, which is not available to the City except for current and future projects jointly determined by the City and the County. During fiscal year 2016-17, 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 \$26,719,568 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, 2017. 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, 2017. 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, 2017, was 8.00% of compensation for law enforcement officers and 7.25% 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 \$17,046,989 for the year ended June 30, 2017.

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, 2017, the City reported a liability of \$81,145,356 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability 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, 2016, the City's proportion was 3.82%, which was an increase of 0.07% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$21,169,328. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,524,581	\$ 2,843,424
Changes in assumptions	5,557,732	-
Net difference between projected and actual earnings on pension plan investments	44,863,164	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,538,962
City contributions subsequent to the measurement date	17,046,988	-
Total	<u>\$ 68,992,465</u>	<u>\$ 4,382,386</u>

City contributions subsequent to the measurement date of \$17,046,988 reported as deferred outflows of resources related to pensions will be recognized as an increase of the net pension asset in the year ended June 30, 2018.

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
2018	\$ 6,934,578
2019	6,942,741
2020	20,993,443
2021	12,692,438
2022	-
Thereafter	-
	\$ 47,563,200

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate
Fixed Income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. 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 3.00%. All rates of return and inflation are annualized.

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)	<u>\$ 192,595,784</u>	<u>\$ 81,145,356</u>	<u>\$ (11,946,328)</u>

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, 2017 were \$3,907,230 which consisted of \$2,295,948 from the City and \$1,611,282 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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed 5 or more years of creditable service. The separation allowance is equal to 0.85 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.

All full-time City law enforcement officers are covered by the separation allowance. At December 31, 2015, the separation allowance's membership consisted of:

Retirees currently receiving benefits	146
Active plan members	749
Total membership	<u>895</u>

Summary of significant accounting policies:

Basis of Accounting. The City has chosen to fund the Separation Allowance based on the annual required contribution (ARC) provided by the City's actuary. Pension expenditures are made in a separate fund which is combined with the General Fund for reporting purposes and maintained on the modified accrual basis of accounting. 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 Statement 73:

- 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

Actuarial assumptions:

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases, including wage inflation and productivity factor	3.5% - 7.35%
Discount Rate	3.86%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

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 \$3,937,694 or 8.1% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance plan are financed through investment earnings. The City paid \$3,391,760 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported a total pension liability of \$41,779,030. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the City recognized pension expense of \$2,695,921.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	776,539
Benefit payments and administrative expenses subsequent to the measurement date	2,029,296	-
Total	<u>\$ 2,029,296</u>	<u>\$ 776,539</u>

The \$2,029,296 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018.

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

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Pension deferrals</u>
2018	\$ 162,117
2019	162,117
2020	162,117
2021	162,117
2022	128,071
Thereafter	-
	<u>\$ 776,539</u>

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 3.86 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	<u>1% Decrease</u> <u>2.86%</u>	<u>Discount Rate</u> <u>3.86%</u>	<u>1% Increase</u> <u>4.86%</u>
Total Pension Liability	<u>\$ 45,115,690</u>	<u>\$ 41,779,030</u>	<u>\$ 38,718,105</u>

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

Beginning Balance	\$ 43,129,788
Service Cost	1,367,308
Interest on the total pension liability	1,481,526
Change in assumptions and other inputs	(938,656)
Benefit payments	(3,260,936)
Ending balance of pension liability	<u>\$ 41,779,030</u>

The plan currently uses mortality tables that vary by age, 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Other Post-Employment Benefits (OPEB) Plan

Plan Description

Plan Administration. 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.

Plan membership. All active full-time employees are eligible for membership. At June 30, 2016, the plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefit payments	1,660
Inactive plan members entitled to by not yet receiving benefit payments	-
Active plan members	3,812
Total membership	<u>5,472</u>

Contributions. 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 \$14,434,837 or 7.9% of the annual covered payroll. Contributions made by retirees for dependent coverage and Medicare supplement premiums were \$2,730,861. The Fund is accounted for as a trust fund.

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.

Investments

Investment policy. 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 following is the City's asset allocation as of June 30, 2017:

Asset Class	Target Allocation
U.S. Equity - Large Cap	14%
U.S. Equity - Mid Cap	3%
U.S. Equity - Small Cap	3%
International Developed Countries	14%
Emerging Markets	4%
U.S. Core Bonds	30%
High Yield Bonds	4%
International Bonds	3%
Alternative Investments	20%
Cash and Cash Equivalents	5%
Total	100%

Rate of return. For the year ended June 30, 2017, the long-term expected rate of return on investments, net of investment expense was 7.0%. The long-term rate of return expresses investment performance, net of investment expense, adjusted for the changes amounts actually invested.

Net OPEB Liability of the City

The components of the net OPEB liability of the City at June 30, 2017 were as follows:

Total OPEB liability	\$ 288,423,704
Plan fiduciary net position	31,801,081
Net OPEB liability	<u>\$ 256,622,623</u>
Plan fiduciary net position as a percentage of the total OPEB liability	11.03%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3%
Salary increases, including wage inflation	
General employees	3.5% - 7.75%
Firefighters	3.5% - 7.75%
Law enforcement officers	3.5% - 7.35%
Long-term investment rate of return, net of OPEB plan investment expense, including inflation	7%
Health care cost trends*	7.75% for 2016

The total OPEB liability was rolled forward to June 30, 2017, utilizing updated procedures incorporating the actuarial assumptions.

Mortality rates were based on the RP-2014 Health Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. For general employees, rates are adjusted by 115% (male) and 79% (female) for ages under 78 and by 135% (male) and 116% (female) for age 78 and older. For law enforcement officers, rates are adjusted by 104% for males and 100% for females.

The demographic actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 2010-2014. The remaining actuarial assumptions were based upon a review of recent plan experience and done concurrently with the June 30, 2016 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, are presented above.

Discount rate. The discount rate used to measure the total OPEB liability was 4.24%. The projection of cash flows used to determine the discount rate assumed that the City will contribute 7.00% of covered payroll monthly. The long-term expected rate of return of 7.00% was applied to periods through 2030, however, based upon assumptions the plan's FNP was projected to be depleted in 2030, so the Municipal Bond Index rate of 3.56% was applied to periods on an after 2030; resulting the derived discount rate used as of the measurement date.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.24%) or 1-percentage-point higher (5.24%) than the current discount rate:

	1% Decrease 3.24%	Discount Rate 4.24%	1% Increase 5.24%
Net OPEB Liability	<u>\$ 286,426,963</u>	<u>\$ 256,622,623</u>	<u>\$ 230,411,963</u>

Sensitivity of the net OPEB liability to changes in healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current discount rate:

	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
	6.75%	7.75%	8.75%
Net OPEB Liability	<u>\$ 225,092,725</u>	<u>\$ 256,622,623</u>	<u>\$ 296,058,795</u>

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the postemployment healthcare benefits:

Employer annual required contribution	\$ 16,538,686
Interest paid on OPEB obligation	215,608
Adjustment to annual required contribution	<u>(197,273)</u>
Annual OPEB cost	16,557,021
Employer contributions made for current fiscal year	<u>(14,434,837)</u>
Increase in net OPEB obligation	2,122,184
Net OPEB (asset) obligation beginning of fiscal year	<u>3,080,110</u>
Net OPEB (asset) obligation end of fiscal year	<u>\$ 5,202,294</u>

The City's annual OPEB cost, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligation for 2017 were as follows:

Fiscal Year Ending	Annual Plan Cost (APC)	Percentage of APC Contributed	Net OPEB Obligation End of Year
June 30, 2015	\$ 13,689,492	101.9 %	\$ 2,922,573
June 30, 2016	14,107,095	98.9 %	3,080,110
June 30, 2017	16,557,021	87.2 %	5,202,294

Funded Status and Funding Progress. As of June 30, 2017, the plan was 11.0% funded. The actuarial accrued liability for benefits was \$288,423,704, and the actuarial value of assets was \$31,801,081, resulting in an unfunded actuarial accrued liability (UAAL) of \$256,622,623. The covered payroll (annual payroll of active employees covered by the plan) was \$182,145,153 and the ratio of UAAL to the covered payroll was 140.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. 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.

In the June 30, 2016 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 7.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3.00% inflation assumption. The medical cost trend rate was 7.75%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, closed basis. The remaining amortization period at June 30, 2016 was 23 years.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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 1.5% 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 2016-17, the City contributed \$4,155,184 to the plan.

The 2016-17 combining financial statements for the City's pension trust funds are as follows:

COMBINING STATEMENT NET POSITION

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ASSETS			
Cash and cash equivalents	\$ 59,054,975	\$ 32,680,760	\$ 91,735,735
Accrued interest receivable	-	22,588	22,588
Due from other funds	-	167,769	167,769
Other receivables	-	20,829	20,829
Sales tax receivable	-	351	351
Total assets	<u>59,054,975</u>	<u>32,892,297</u>	<u>91,947,272</u>
LIABILITIES			
Claims payable	-	1,078,000	1,078,000
Accounts payable	-	13,216	13,216
Total liabilities	<u>-</u>	<u>1,091,216</u>	<u>1,091,216</u>
NET POSITION			
Restricted for pensions	59,054,975	-	59,054,975
Restricted for postemployment benefits other than pensions	-	31,801,081	31,801,081
Total net position	<u>\$ 59,054,975</u>	<u>\$ 31,801,081</u>	<u>\$ 90,856,056</u>

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ADDITIONS			
Employer contributions	\$ 4,155,184	\$ 14,084,837	\$ 18,240,021
Retiree contributions	-	2,730,861	2,730,861
Interest	1,726,962	855,208	2,582,170
Net increase (decrease) in the fair value of investments	5,046,925	2,610,176	7,657,101
Recovery of claims	-	117,711	117,711
Total additions	<u>10,929,071</u>	<u>20,398,793</u>	<u>31,327,864</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	350,000	350,000
Total other financing sources (uses)	<u>-</u>	<u>350,000</u>	<u>350,000</u>
DEDUCTIONS			
Benefits	3,299,180	16,585,924	19,885,104
Withdrawals and forfeitures	176,305	-	176,305
Investment expense	91,355	-	91,355
Professional services	-	36,252	36,252
Total deductions	<u>3,566,840</u>	<u>16,622,176</u>	<u>20,189,016</u>
Change in net position restricted for employees' retirement and other post-employment benefits	7,362,231	4,126,617	11,488,848
Net position, beginning of year	<u>51,692,744</u>	<u>27,674,464</u>	<u>79,367,208</u>
Net position, end of year	<u>\$ 59,054,975</u>	<u>\$ 31,801,081</u>	<u>\$ 90,856,056</u>

E. New pronouncements

The GASB has issued pronouncements which are effective as of the fiscal year ended June 30, 2017.

The GASB has issued 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." The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015. There were two implementation phases related to this pronouncement. The City adopted Phase One to account for assets accumulated for pensions that are not administered through trusts as assets of the employer in committed fund balance rather than as assets of a separate pension trust fund in fiscal year ending June 30, 2016. Phase Two to recognize a liability for the total pension liability provided from the actuary report, as well as pension expense for the annual change in the total pension liability was adopted in fiscal year ending June 30, 2017. Management has determined that the impacts of this Statement did have a material effect on the City.

GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans." The requirements of Statement are effective for financial statements for fiscal years beginning after June 15, 2016. Management has determined that the impacts of this Statement did not have a material effect on the City in terms of net position, however new footnotes disclosures for the City's OPEB Plan did result.

GASB Statement No. 77, "Tax Abatement Disclosures." This Statement is effective for periods beginning after December 15, 2015. Management has determined that the impacts of this Statement did not have a material effect on the City.

GASB Statement No. 78, "Pensions Provided through Certain Multi-Employer Defined Benefit Pension Plans." This Statement is effective for periods beginning after December 15, 2015. Management has determined that the impacts of this Statement did not have a material effect on the City.

GASB Statement No. 80, "Blending Requirement for Certain Component Units." This Statement is effective for periods beginning after June 15, 2016. Management has determined that the impacts of this Statement did not have a material effect on the City.

GASB Statement No. 82, "Pension Issues." This Statement addressed specific issues that arose from the implementation of GASB No. 68 and amended certain provisions of GASB No. 67, No. 68, and No. 73. This Statement is effective for periods beginning after June 15, 2016.

The GASB has issued pronouncements prior to June 30, 2017, which have an effective date that may impact future presentations.

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. 81, "Irrevocable Split-Interest Agreements." This Statement is effective for periods beginning after December 15, 2016.

GASB Statement No. 83, "Certain Asset Retirement Obligations." This Statement is effective for periods beginning after June 15, 2018.

GASB Statement No. 84, "Fiduciary Activities." This Statement is effective for periods beginning after December 15, 2018.

GASB Statement No. 85, "Omnibus." This Statement is effective for periods beginning after June 15, 2017.

GASB Statement No. 86, "Certain Debt Extinguishments." This Statement is effective for periods beginning after June 15, 2017.

GASB Statement No. 87, "Leases." This Statement is effective for periods beginning after December 15, 2019.

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 31, 2017 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

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 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 Statements 67 and 68," in the fiscal year ending June 30, 2017. The implementation of the statement required the City to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for the governmental activities decreased \$39,868,852.

The City also implemented GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans for the Healthcare Benefits Plan." The implementation of this statement had no effect on net position.

H. Reorganization

In fiscal year 2017, the City implemented a reorganization of the former public works department. Two new departments, engineering services and transportation (collectively captured as public infrastructure throughout CAFR), were created, and portions of city planning and parks, recreation, and cultural resources were reallocated to the new departments. As part of the reorganization, the development engineering services program was also transferred from the former public works department to the development services department. The transportation planning program was transferred from city planning to the newly formed department of transportation. As a result of the reorganization, activity may be captured in different functions as they may have been presented in prior years.

Required Supplementary Information

City of Raleigh
Schedule of Changes in the Net OPEB Liability and Related Ratios
June 30, 2017

Total OPEB Liability	<u>2017</u>
Service Cost	\$ 10,561,625
Interest	10,767,810
Changes of benefits terms	-
Differences between expected and actual experience	-
Changes of assumptions	(14,718,276)
Benefit payments*	(13,737,352)
Net change in Total OPEB liability	(7,126,193)
Total OPEB liability - beginning	295,549,897
Total OPEB liability - ending	<u>\$ 288,423,704</u>
 Plan fiduciary net position	
Contributions - employer	\$ 14,434,837
Net investment income	3,465,384
Benefit payments*	(13,737,352)
Administrative expense	(36,252)
Net change in plan fiduciary net position	4,126,617
Plan fiduciary net position - beginning	27,674,464
Plan fiduciary net position - ending	<u>\$ 31,801,081</u>
 City's net OPEB liability -ending	 <u>\$ 256,622,623</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 11.03%
Covered payroll	\$ 182,145,153
City's net OPEB liability as a percentage of covered payroll	140.89%

*Benefit payments are net of participant contributions

Information is not required to be presented retroactively. Data for years prior to that presented is unavailable.

City of Raleigh
Schedule of Funding Progress - OPEB

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]
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
2015	28,387,974	195,163,081	166,775,107	14.5	210,481,133	79.2
2016	27,674,464	217,007,111	189,332,647	12.8	182,145,153	103.9
2017	31,801,081	288,423,704	256,622,623	11.0	182,145,153 *	140.9

Notes:

Information presented as of December 31 actuarial valuation date for 2010 - 2015.

Information presented as of June 30 actuarial valuation date for 2016. (Change implemented with new GASB 74 standard.)

* For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

City of Raleigh
Schedule of Employer Contributions
June 30, 2017

	2017	2016
Actuarially determined contribution	\$ 16,538,686	\$ 14,084,837
Contributions in relation to the actuarially determined contribution	14,434,837	13,949,558
Contribution deficiency (excess)	<u>\$ 2,103,849</u>	<u>\$ 135,279</u>
Covered payroll*	\$ 182,145,153	\$ 182,145,153
Contributions as a percentage of covered payroll	7.92%	7.66%

Notes to schedule

Valuation Date: 6/30/2016

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	level percentage of pay
Amortization period	23 years, closed
Asset valuation method	Market value of assets
Inflation	3.00%
Healthcare cost trend rates	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Salary increases	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Investment rate of return	7.00%

Retirement age:

In the 2017 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 Healthy Annuitant Mortality Table
In prior years, those assumptions were based on the 1994 Group Annuity Mortality table.

Mortality:

In the 2017 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 Healthy Annuitant Mortality Table
In prior years, those assumptions were based on the 1994 Group Annuity Mortality table.

City of Raleigh
Schedule of Investment Returns - OPEB
June 30, 2017

Annual money-weighted rate of return, net of investment expense	<u>2017</u> 10.78%
---	-----------------------

Net Investment Income	\$ 3,465,384
Admin Expenses	<u>(36,252)</u>
Net investment income	<u><u>\$ 3,429,132</u></u>

Ending FNP	\$ 31,801,081
------------	---------------

%	10.78%
---	--------

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

Local Government Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Raleigh's proportion of the net pension liability (asset) (%)	3.82340%	3.75642%	3.72410%	3.72410%
Raleigh's proportion of the net pension liability (asset) (\$)	\$ 81,145,356	\$ 16,858,648	\$ (21,863,612)	\$ 44,889,706
Raleigh's covered-employee payroll	\$ 230,212,405	\$ 210,212,491	\$ 202,649,654	\$ 194,516,160
Raleigh's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.25%	8.02%	(10.79%)	23.08%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	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 Four Fiscal Years**

Local Government Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 17,046,989	\$ 14,237,418	\$ 14,479,623	\$ 13,845,270
Contributions in relation to the contractually required contribution	17,046,989	14,237,418	14,479,623	13,845,270
Contribution deficiency (excess)	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Raleigh's covered-employee payroll	\$ 230,212,405	\$ 210,212,491	\$ 202,649,654	\$ 194,516,160
Contributions as a percentage of covered-employee payroll	7.40%	6.77%	7.15%	7.12%

City of Raleigh
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2017

	2017
Beginning Balance	\$ 43,129,788
Service Cost	1,367,308
Interest on the total pension liability	1,481,526
Change in assumptions and other inputs	(938,656)
Benefit payments	(3,260,936)
Ending balance of pension liability	<u>\$ 41,779,030</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

City of Raleigh
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2017

	<u>2017</u>
Total pension liability	\$ 41,779,030
Covered payroll	48,708,066
Total pension liability as a percentage of covered payroll	85.77%

Notes to the schedules:

The City of Raleigh has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

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 summary pages that follow.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2017

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 51,719,848	\$ 107,997,304	\$ 159,717,152
Assessments receivable, net of allowance for uncollectibles of \$135,321	-	746,172	746,172
Due from other funds	32,232	972,557	1,004,789
Due from other governmental agencies	8,933,594	2,412,882	11,346,476
Accrued interest receivable	164,952	335,783	500,735
Other receivables and assets	822	-	822
Sales tax receivable	87,371	959,244	1,046,615
Loans receivable, net of allowance for uncollectibles of \$6,637,327	60,857,198	-	60,857,198
Assets held for resale	-	11,625,378	11,625,378
Cash and cash equivalents/investments - restricted deposits and bond proceeds	12,314,726	101,172,920	113,487,646
Total assets	<u>\$ 134,110,743</u>	<u>\$ 226,222,240</u>	<u>\$ 360,332,983</u>
LIABILITIES			
Accounts payable	\$ 978,130	\$ 15,215,576	\$ 16,193,706
Accrued salaries and employee payroll taxes	43,177	170	43,347
Sales tax payable	464	4,329	4,793
Loan servicing escrow	271,992	-	271,992
Other liabilities	-	15,909	15,909
Due to other funds	456,504	2,701,712	3,158,216
Reimbursable facility fees	-	5,938,926	5,938,926
Escrow and other deposits payable from restricted assets	-	2,730,996	2,730,996
Total liabilities	<u>1,750,267</u>	<u>26,607,618</u>	<u>28,357,885</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	1,402,201	4,190,274	5,592,475
Assessments receivable	-	746,172	746,172
Prepaid assessments	-	6,653	6,653
Total deferred inflows of resources	<u>1,402,201</u>	<u>4,943,099</u>	<u>6,345,300</u>
FUND BALANCES			
Nonspendable:			
Assets held for resale	-	11,625,378	11,625,378
Loans receivable	60,857,198	-	60,857,198
Restricted:			
Debt service	42,757,974	-	42,757,974
Public safety	298,098	-	298,098
Assigned:			
Subsequent year's appropriation	9,922,075	123,503,326	133,425,401
City projects	-	59,542,819	59,542,819
Community development	12,196,052	-	12,196,052
Disaster recovery	4,926,878	-	4,926,878
Total fund balances	<u>130,958,275</u>	<u>194,671,523</u>	<u>325,629,798</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 134,110,743</u>	<u>\$ 226,222,240</u>	<u>\$ 360,332,983</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 39,971,754	\$ 16,592,774	\$ 56,564,528
Revenue for services	-	3,650,000	3,650,000
Non-governmental	45,946	-	45,946
Assessments	-	1,426,972	1,426,972
Gain (loss) on investments	163,758	687,013	850,771
Facility fees	-	8,234,592	8,234,592
Rents	116,479	289,958	406,437
Program income	858,201	-	858,201
Miscellaneous other	134,119	85,598	219,717
Total revenues	<u>41,290,257</u>	<u>30,966,907</u>	<u>72,257,164</u>
EXPENDITURES			
Current:			
General government	1,238,270	2,924,387	4,162,657
Community development services	6,574,726	-	6,574,726
Public infrastructure	3,235,454	74,917,104	78,152,558
Public safety	3,792,020	7,776,563	11,568,583
Leisure services	1,261,827	16,431,713	17,693,540
Economic development programs	1,503,874	-	1,503,874
Total expenditures	<u>17,606,171</u>	<u>102,049,767</u>	<u>119,655,938</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,684,086</u>	<u>(71,082,860)</u>	<u>(47,398,774)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	7,196,468	32,227,036	39,423,504
Transfers out	(24,281,501)	(11,170,186)	(35,451,687)
Issuance of debt	-	68,000,000	68,000,000
Premium on issuance of debt	-	5,774,999	5,774,999
Gain (loss) on sale of capital assets	2,757,519	1,438,100	4,195,619
Total other financing sources and uses	<u>(14,327,514)</u>	<u>96,269,949</u>	<u>81,942,435</u>
Net change in fund balances	9,356,572	25,187,089	34,543,661
Fund balances, beginning of year	121,601,703	169,484,434	291,086,137
Fund balances, end of year	<u>\$ 130,958,275</u>	<u>\$ 194,671,523</u>	<u>\$ 325,629,798</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 various grant funds, housing bond funds, community development funds, a disaster recovery fund, a convention center financing fund, and an emergency telephone system fund.

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, 2017

	Grants Fund	Housing Bond Fund	Community Development Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ 9,826,993	\$ -
Due from other funds	31,584	-	-
Due from other governmental agencies	1,564,061	-	1,288,027
Accrued interest receivable	-	-	-
Other receivables and assets	-	-	-
Sales tax receivable	9,899	-	10,942
Loans receivable, net of allowance of \$6,637,327	-	35,520,491	25,336,707
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	12,314,726	-
Total assets	<u>\$ 1,605,544</u>	<u>\$ 57,662,210</u>	<u>\$ 26,635,676</u>
LIABILITIES			
Accounts payable	\$ 389,172	\$ 23,592	\$ 382,615
Accrued salaries and employee payroll taxes	29,210	-	8,259
Sales tax payable	58	-	-
Loan servicing escrow	-	-	271,992
Due to other funds	44,918	-	387,289
Total liabilities	<u>463,358</u>	<u>23,592</u>	<u>1,050,155</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	1,142,186	-	248,814
Total deferred inflows of resources	<u>1,142,186</u>	<u>-</u>	<u>248,814</u>
FUND BALANCES			
Nonspendable:			
Loans receivable	-	35,520,491	25,336,707
Restricted:			
Debt service	-	-	-
Public safety	-	-	-
Assigned:			
Subsequent year's appropriation	-	9,922,075	-
Community development	-	12,196,052	-
Disaster recovery	-	-	-
Total fund balances	<u>-</u>	<u>57,638,618</u>	<u>25,336,707</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,605,544</u>	<u>\$ 57,662,210</u>	<u>\$ 26,635,676</u>

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2017

	Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ 3,526,731	\$ 37,993,589	\$ 372,535	\$ 51,719,848
Due from other funds	-	-	648	32,232
Due from other governmental agencies	1,451,570	4,629,936	-	8,933,594
Accrued interest receivable	-	158,746	6,206	164,952
Other receivables and assets	-	-	822	822
Sales tax receivable	3,222	-	63,308	87,371
Loans receivable, net of allowance of \$6,637,327	-	-	-	60,857,198
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	-	-	12,314,726
Total assets	<u>\$ 4,981,523</u>	<u>\$ 42,782,271</u>	<u>\$ 443,519</u>	<u>\$ 134,110,743</u>
LIABILITIES				
Accounts payable	\$ 54,645	\$ -	\$ 128,106	\$ 978,130
Accrued salaries and employee payroll taxes	-	-	5,708	43,177
Sales tax payable	-	-	406	464
Loan servicing escrow	-	-	-	271,992
Due to other funds	-	24,297	-	456,504
Total liabilities	<u>54,645</u>	<u>24,297</u>	<u>134,220</u>	<u>1,750,267</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	-	-	11,201	1,402,201
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>11,201</u>	<u>1,402,201</u>
FUND BALANCES				
Nonspendable:				
Loans receivable	-	-	-	60,857,198
Restricted:				
Debt service	-	42,757,974	-	42,757,974
Public safety	-	-	298,098	298,098
Assigned:				
Subsequent year's appropriation	-	-	-	9,922,075
Community development	-	-	-	12,196,052
Disaster recovery	4,926,878	-	-	4,926,878
Total fund balances	<u>4,926,878</u>	<u>42,757,974</u>	<u>298,098</u>	<u>130,958,275</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,981,523</u>	<u>\$ 42,782,271</u>	<u>\$ 443,519</u>	<u>\$ 134,110,743</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**
For the Fiscal Year Ended June 30, 2017

	Grants Fund	Housing Bond Fund	Community Development Fund
REVENUES			
Intergovernmental (including in-kind contributions of \$44,454)	\$ 3,359,122	\$ -	\$ 6,642,261
Non-governmental	45,946	-	-
Gain (loss) on investments	-	76,059	-
Rents	-	-	116,479
Program income	-	528,477	329,724
Miscellaneous other	-	100	134,019
Total revenues	<u>3,405,068</u>	<u>604,636</u>	<u>7,222,483</u>
EXPENDITURES			
Current:			
General government	32,920	-	-
Community development services	361,272	-	6,213,454
Public infrastructure	3,235,454	-	-
Public safety	1,004,614	-	-
Leisure services	161,827	-	-
Economic development programs	-	1,503,874	-
Total expenditures	<u>4,796,087</u>	<u>1,503,874</u>	<u>6,213,454</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,391,019)</u>	<u>(899,238)</u>	<u>1,009,029</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,391,019	2,240,000	215,449
Transfers out	-	(400,000)	-
Gain (loss) on sale of capital assets	-	2,532,628	224,891
Total other financing sources and uses	<u>1,391,019</u>	<u>4,372,628</u>	<u>440,340</u>
Net change in fund balances	-	3,473,390	1,449,369
Fund balances, beginning of year	-	54,165,228	23,887,338
Fund balances, end of year	<u>\$ -</u>	<u>\$ 57,638,618</u>	<u>\$ 25,336,707</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**
For the Fiscal Year Ended June 30, 2017

	Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
REVENUES				
Intergovernmental (including in-kind contributions of \$44,454)	\$ 1,223,999	\$ 26,719,568	\$ 2,026,804	\$ 39,971,754
Non-governmental	-	-	-	45,946
Gain (loss) on investments	-	90,681	(2,982)	163,758
Rents	-	-	-	116,479
Program income	-	-	-	858,201
Miscellaneous other	-	-	-	134,119
Total revenues	<u>1,223,999</u>	<u>26,810,249</u>	<u>2,023,822</u>	<u>41,290,257</u>
EXPENDITURES				
Current:				
General government	1,205,350	-	-	1,238,270
Community development services	-	-	-	6,574,726
Public infrastructure	-	-	-	3,235,454
Public safety	-	-	2,787,406	3,792,020
Leisure services	-	1,100,000	-	1,261,827
Economic development programs	-	-	-	1,503,874
Total expenditures	<u>1,205,350</u>	<u>1,100,000</u>	<u>2,787,406</u>	<u>17,606,171</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,649</u>	<u>25,710,249</u>	<u>(763,584)</u>	<u>23,684,086</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,350,000	-	-	7,196,468
Transfers out	(500,000)	(23,381,501)	-	(24,281,501)
Gain (loss) on sale of capital assets	-	-	-	2,757,519
Total other financing sources and uses	<u>2,850,000</u>	<u>(23,381,501)</u>	<u>-</u>	<u>(14,327,514)</u>
Net change in fund balances	2,868,649	2,328,748	(763,584)	9,356,572
Fund balances, beginning of year	<u>2,058,229</u>	<u>40,429,226</u>	<u>1,061,682</u>	<u>121,601,703</u>
Fund balances, end of year	<u>\$ 4,926,878</u>	<u>\$ 42,757,974</u>	<u>\$ 298,098</u>	<u>\$ 130,958,275</u>

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

For the Fiscal Year Ended June 30, 2017

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
U.S. Department of Transportation	\$ 6,762,416	\$ 2,832,189	\$ 9,594,605	\$ 13,772,950	\$ (4,178,345)
Corporation for National and Community Service (including in-kind contributions of \$380,576)	2,343,842	294,992	2,638,834	2,824,519	(185,685)
U.S. Department of Justice	145,346	(417,742)	(272,396)	1,419,900	(1,692,296)
U.S. Department of Homeland Security	27,398	353,573	380,971	1,521,295	(1,140,324)
U.S. Department of the Interior	-	(20,000)	(20,000)	5,000	(25,000)
Office of National Drug Control Policy	24,420	22,764	47,184	54,884	(7,700)
State of North Carolina	482,829	172,036	654,865	661,502	(6,637)
Wake County	97,300	121,310	218,610	244,215	(25,605)
	9,883,551	3,359,122	13,242,673	20,504,265	(7,261,592)
Non-governmental	50,437	45,946	96,383	274,792	(178,409)
Total revenues	9,933,988	3,405,068	13,339,056	20,779,057	(7,440,001)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	1,107,997	1,107,997	1,107,997	-
Mass transit fund	-	283,022	283,022	283,022	-
Total other financing sources	-	1,391,019	1,391,019	1,391,019	-
Total revenues and other financing sources	\$ 9,933,988	\$ 4,796,087	\$ 14,730,075	\$ 22,170,076	\$ (7,440,001)
EXPENDITURES					
General government	\$ 50,378	\$ 32,920	\$ 83,298	\$ 115,344	\$ (32,046)
Community development services	2,343,842	361,272	2,705,114	2,873,191	(168,077)
Transportation	6,645,429	3,235,454	9,880,883	13,941,395	(4,060,512)
Public safety	773,353	1,004,614	1,777,967	4,742,961	(2,964,994)
Leisure services	120,986	161,827	282,813	497,185	(214,372)
Total expenditures	\$ 9,933,988	\$ 4,796,087	\$ 14,730,075	\$ 22,170,076	\$ (7,440,001)

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

For the Fiscal Year Ended June 30, 2017

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Gain (loss) on investments	\$ -	\$ 76,059	\$ 76,059	\$ -	\$ 76,059
Program income	558,680	528,477	1,087,157	1,058,680	28,477
Miscellaneous other	-	100	100	-	100
Total revenues	<u>558,680</u>	<u>604,636</u>	<u>1,163,316</u>	<u>1,058,680</u>	<u>104,636</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	2,240,000	2,240,000	2,240,000	-
Bonds issued	16,000,024	-	16,000,024	16,000,024	-
Premium on bonds issued	122,366	-	122,366	-	122,366
Gain/(loss) on sale of capital assets	-	2,532,628	2,532,628	-	2,532,628
Total other financing sources	<u>16,122,390</u>	<u>4,772,628</u>	<u>20,895,018</u>	<u>18,240,024</u>	<u>2,654,994</u>
Total revenues and other financing sources	<u>\$ 16,681,070</u>	<u>\$ 5,377,264</u>	<u>\$ 22,058,334</u>	19,298,704	<u>\$ 2,759,630</u>
Fund balance appropriated				<u>6,342,406</u>	
				<u>\$ 25,641,110</u>	
EXPENDITURES					
Economic development programs	\$ 17,935,087	\$ 1,503,874	\$ 19,438,961	\$ 25,241,110	\$ (5,802,149)
OTHER FINANCING USES					
Transfer to:					
General fund	-	400,000	400,000	400,000	-
Total expenditures and other financing uses	<u>\$ 17,935,087</u>	<u>\$ 1,903,874</u>	<u>\$ 19,838,961</u>	<u>\$ 25,641,110</u>	<u>\$ (5,802,149)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
COMMUNITY DEVELOPMENT FUND
For the Fiscal Year Ended June 30, 2017**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
US Department of HUD	\$ 19,542,634	\$ 6,642,261	\$ 26,184,895	\$ 33,693,088	\$ (7,508,193)
Rents	704,780	116,479	821,259	710,347	110,912
Program income	6,076,455	329,724	6,406,179	5,600,325	805,854
Miscellaneous other	596,704	134,019	730,723	1,364,790	(634,067)
Total revenues	<u>26,920,573</u>	<u>7,222,483</u>	<u>34,143,056</u>	<u>41,368,550</u>	<u>(7,225,494)</u>
OTHER FINANCING SOURCES					
Transfers from:					
Housing development - operating	1,103,516	215,449	1,318,965	1,404,529	(85,564)
Proceeds from sale of property	<u>523,223</u>	<u>224,891</u>	<u>748,114</u>	<u>1,886,779</u>	<u>(1,138,665)</u>
Total other financing sources	<u>1,626,739</u>	<u>440,340</u>	<u>2,067,079</u>	<u>3,291,308</u>	<u>(1,224,229)</u>
Total revenues and other financing sources	<u>\$ 28,547,312</u>	<u>\$ 7,662,823</u>	<u>\$ 36,210,135</u>	44,659,858	<u>\$ (8,449,723)</u>
Fund balance appropriated				<u>2,588,322</u>	
				<u>\$ 47,248,180</u>	
EXPENDITURES					
Community development services	<u>\$ 34,423,567</u>	<u>\$ 6,213,454</u>	<u>\$ 40,637,021</u>	<u>\$ 47,248,180</u>	<u>\$ (6,611,159)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
DISASTER RECOVERY FUND**
For the Fiscal Year Ended June 30, 2017

	<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	\$ 6,729,962	\$ 1,223,999	\$ 7,953,961	\$ 5,519,266	\$ 2,434,695
NC Department of Transportation	80,347	-	80,347	80,347	-
Total revenues	<u>6,810,309</u>	<u>1,223,999</u>	<u>8,034,308</u>	<u>5,599,613</u>	<u>2,434,695</u>
OTHER FINANCING SOURCES					
Transfers from:					
General Fund	-	3,350,000	3,350,000	3,350,000	-
Total revenues and other financing sources	<u>\$ 6,810,309</u>	<u>\$ 4,573,999</u>	<u>\$ 11,384,308</u>	<u>\$ 8,949,613</u>	<u>\$ 2,434,695</u>
EXPENDITURES					
General government	<u>\$ 4,752,080</u>	<u>\$ 1,205,350</u>	<u>\$ 5,957,430</u>	<u>\$ 8,449,613</u>	<u>\$ (2,492,183)</u>
OTHER FINANCING USES					
Transfers to:					
OPEB Trust Fund	-	500,000	500,000	500,000	-
Total expenditures and other financing uses	<u>\$ 4,752,080</u>	<u>\$ 1,705,350</u>	<u>\$ 6,457,430</u>	<u>\$ 8,949,613</u>	<u>\$ (2,492,183)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
CONVENTION CENTER FINANCING FUND**
For the Fiscal Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
Wake County	\$ 26,719,568	\$ 26,264,706	\$ 454,862
Gain (loss) on investments	90,681	1,212,877	(1,122,196)
Total revenues	<u>\$ 26,810,249</u>	<u>\$ 27,477,583</u>	<u>\$ (667,334)</u>
EXPENDITURES			
Leisure services	<u>\$ 1,100,000</u>	<u>\$ 2,715,434</u>	<u>\$ (1,615,434)</u>
OTHER FINANCING USES			
Transfers to:			
Convention center complex fund	23,381,501	24,762,149	(1,380,648)
Total other financing uses	<u>23,381,501</u>	<u>24,762,149</u>	<u>(1,380,648)</u>
Total expenditures and other financing uses	<u>\$ 24,481,501</u>	<u>\$ 27,477,583</u>	<u>\$ (2,996,082)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 EMERGENCY TELEPHONE SYSTEM FUND
 For the Fiscal Year Ended June 30, 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 2,026,804	\$ 2,026,804	\$ -
Gain (loss) on investments	(2,982)	5,110	(8,092)
Total revenues	<u>\$ 2,023,822</u>	<u>2,031,914</u>	<u>\$ (8,092)</u>
Fund balance appropriated		1,152,204	
		<u>\$ 3,184,118</u>	
EXPENDITURES			
Public safety:			
Telephone	\$ 1,626,141	\$ 1,678,567	\$ (52,426)
Furniture	-	316,128	(316,128)
Software maintenance	845,874	835,591	10,283
Hardware maintenance	296,658	329,552	(32,894)
Training	18,733	24,280	(5,547)
Total expenditures	<u>\$ 2,787,406</u>	<u>\$ 3,184,118</u>	<u>\$ (396,712)</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 projects. 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, Raleigh Union Station, 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 partially from general fund resources.

Major Public Facilities Fund (nonmajor fund)

The Major Public Facilities Fund accounts for capital project costs for construction of new public facilities including remote operations centers for streets, parks, solid waste and public infrastructure. These projects are financed from certificates or participations debt issues.

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2017

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Raleigh Union Station Fund	Facility Fees Fund
ASSETS						
Cash and cash equivalents	\$ 26,824,914	\$ 1,406,414	\$ 4,814,478	\$ 16,584,970	\$ 10,172,691	\$ 9,375,878
Assessments receivable, net of allowance for uncollectibles of \$135,321	746,172	-	-	-	-	-
Due from other funds	-	682,599	-	-	-	-
Due from other governmental agencies	171,425	-	-	-	2,241,457	-
Accrued interest receivable	112,037	-	-	57,161	-	49,649
Sales tax receivable	37,430	162,088	2,565	81,652	362,338	-
Assets held for resale	-	-	-	-	-	-
Cash and cash equivalents/investments - restricted deposits and bond proceeds	2,467,909	44,379,941	263,087	-	187,706	-
Total assets	<u>\$ 30,359,887</u>	<u>\$ 46,631,042</u>	<u>\$ 5,080,130</u>	<u>\$ 16,723,783</u>	<u>\$ 12,964,192</u>	<u>\$ 9,425,527</u>
LIABILITIES						
Accounts payable	\$ 3,064,201	\$ 6,711,441	\$ -	\$ 129,358	\$ 3,646,355	\$ -
Accrued salaries and employee payroll taxes	-	170	-	-	-	-
Sales tax payable	-	2,138	-	2,086	-	-
Other liabilities	-	-	-	-	-	-
Due to other funds	682,599	-	-	-	-	-
Reimbursable facility fees	-	-	-	-	-	5,938,926
Escrow and other deposits payable from restricted assets	2,467,909	-	263,087	-	-	-
Total liabilities	<u>6,214,709</u>	<u>6,713,749</u>	<u>263,087</u>	<u>131,444</u>	<u>3,646,355</u>	<u>5,938,926</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	105,875	-	-	27,062	4,057,337	-
Assessments receivable	746,172	-	-	-	-	-
Prepaid assessments	-	-	6,653	-	-	-
Total deferred inflows of resources	<u>852,047</u>	<u>-</u>	<u>6,653</u>	<u>27,062</u>	<u>4,057,337</u>	<u>-</u>
FUND BALANCES						
Nonspendable:						
Assets held for resale	-	-	-	-	-	-
Assigned:						
Subsequent year's appropriation	11,828,589	30,838,225	4,810,390	7,338,638	-	-
City projects	11,464,542	9,079,068	-	9,226,639	5,260,500	3,486,601
Total fund balances	<u>23,293,131</u>	<u>39,917,293</u>	<u>4,810,390</u>	<u>16,565,277</u>	<u>5,260,500</u>	<u>3,486,601</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 30,359,887</u>	<u>\$ 46,631,042</u>	<u>\$ 5,080,130</u>	<u>\$ 16,723,783</u>	<u>\$ 12,964,192</u>	<u>\$ 9,425,527</u>

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2017

	Park Bond Fund	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	Major Public Facilities Fund	Total Nonmajor Capital Projects Funds
ASSETS						
Cash and cash equivalents	\$ 1,287,667	\$ 26,624,416	\$ 1,154,812	\$ 9,751,064	\$ -	\$ 107,997,304
Assessments receivable, net of allowance for uncollectibles of \$135,321	-	-	-	-	-	746,172
Due from other funds	-	-	289,958	-	-	972,557
Due from other governmental agencies	-	-	-	-	-	2,412,882
Accrued interest receivable	-	71,860	-	45,076	-	335,783
Sales tax receivable	70,407	75,415	10,812	105,363	51,174	959,244
Assets held for resale	-	11,625,378	-	-	-	11,625,378
Cash and cash equivalents/investments - restricted deposits and bond proceeds	39,813,283	7,258,985	-	-	6,802,009	101,172,920
Total assets	<u>\$ 41,171,357</u>	<u>\$ 45,656,054</u>	<u>\$ 1,455,582</u>	<u>\$ 9,901,503</u>	<u>\$ 6,853,183</u>	<u>\$ 226,222,240</u>
LIABILITIES						
Accounts payable	\$ 305,570	\$ 943,109	\$ 5,464	\$ 410,078	\$ -	\$ 15,215,576
Accrued salaries and employee payroll taxes	-	-	-	-	-	170
Sales tax payable	80	-	25	-	-	4,329
Other liabilities	-	15,909	-	-	-	15,909
Due to other funds	-	1,993,983	-	-	25,130	2,701,712
Reimbursable facility fees	-	-	-	-	-	5,938,926
Escrow and other deposits payable from restricted assets	-	-	-	-	-	2,730,996
Total liabilities	<u>305,650</u>	<u>2,953,001</u>	<u>5,489</u>	<u>410,078</u>	<u>25,130</u>	<u>26,607,618</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	-	-	-	-	-	4,190,274
Assessments receivable	-	-	-	-	-	746,172
Prepaid assessments	-	-	-	-	-	6,653
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,943,099</u>
FUND BALANCES						
Nonspendable:						
Assets held for resale	-	11,625,378	-	-	-	11,625,378
Assigned:						
Subsequent year's appropriation	40,760,660	15,345,471	1,357,428	8,297,758	2,926,167	123,503,326
City projects	105,047	15,732,204	92,665	1,193,667	3,901,886	59,542,819
Total fund balances	<u>40,865,707</u>	<u>42,703,053</u>	<u>1,450,093</u>	<u>9,491,425</u>	<u>6,828,053</u>	<u>194,671,523</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 41,171,357</u>	<u>\$ 45,656,054</u>	<u>\$ 1,455,582</u>	<u>\$ 9,901,503</u>	<u>\$ 6,853,183</u>	<u>\$ 226,222,240</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2017

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Raleigh Union Station Fund	Facility Fees Fund
REVENUES						
Intergovernmental	\$ 1,745,433	\$ -	\$ 8,032	\$ -	\$ 14,839,309	\$ -
Project revenue (non-grant)	-	-	-	-	3,650,000	-
Assessments	891,582	-	358,484	176,906	-	-
Gain (loss) on investments	104,856	112,034	(49,954)	53,069	20,983	19,234
Facility fees	-	-	-	18,491	-	8,216,101
Rents	-	-	-	-	-	-
Miscellaneous other	-	-	-	43,468	-	-
Total revenues	<u>2,741,871</u>	<u>112,034</u>	<u>316,562</u>	<u>291,934</u>	<u>18,510,292</u>	<u>8,235,335</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public infrastructure	15,672,570	26,199,966	205,195	-	30,000,936	-
Public safety	-	-	-	-	-	-
Leisure services	-	-	-	3,906,600	-	-
Total expenditures	<u>15,672,570</u>	<u>26,199,966</u>	<u>205,195</u>	<u>3,906,600</u>	<u>30,000,936</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,930,699)</u>	<u>(26,087,932)</u>	<u>111,367</u>	<u>(3,614,666)</u>	<u>(11,490,644)</u>	<u>8,235,335</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	14,907,000	-	661,000	7,978,000	5,973,533	-
Transfers out	(1,839,203)	(6,058,500)	-	-	-	(10,187,096)
Issuance of debt	-	59,909,972	-	-	-	-
Premium on issuance of debt	-	5,087,942	-	-	-	-
Gain (loss) on sale of capital assets	-	1,438,100	-	-	-	-
Total other financing sources and uses	<u>13,067,797</u>	<u>60,377,514</u>	<u>661,000</u>	<u>7,978,000</u>	<u>5,973,533</u>	<u>(10,187,096)</u>
Net change in fund balances	137,098	34,289,582	772,367	4,363,334	(5,517,111)	(1,951,761)
Fund balances, beginning of year	<u>23,156,033</u>	<u>5,627,711</u>	<u>4,038,023</u>	<u>12,201,943</u>	<u>10,777,611</u>	<u>5,438,362</u>
Fund balances, end of year	<u>\$ 23,293,131</u>	<u>\$ 39,917,293</u>	<u>\$ 4,810,390</u>	<u>\$ 16,565,277</u>	<u>\$ 5,260,500</u>	<u>\$ 3,486,601</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2017

	Park Bond Fund	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	Major Public Facilities Fund	Combining Eliminations	Total Nonmajor Capital Projects Funds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,592,774
Project revenue (non-grant)	-	-	-	-	-	-	3,650,000
Assessments	-	-	-	-	-	-	1,426,972
Gain (loss) on investments	225,286	126,490	-	26,664	48,351	-	687,013
Facility fees	-	-	-	-	-	-	8,234,592
Rents	-	-	289,958	-	-	-	289,958
Miscellaneous other	35,186	6,944	-	-	-	-	85,598
Total revenues	<u>260,472</u>	<u>133,434</u>	<u>289,958</u>	<u>26,664</u>	<u>48,351</u>	<u>-</u>	<u>30,966,907</u>
EXPENDITURES							
Current:							
General government	-	101,396	-	2,822,991	-	-	2,924,387
Public infrastructure	-	1,516,568	-	-	1,321,869	-	74,917,104
Public safety	-	5,839,567	-	-	1,936,996	-	7,776,563
Leisure services	11,869,928	205,645	449,540	-	-	-	16,431,713
Total expenditures	<u>11,869,928</u>	<u>7,663,176</u>	<u>449,540</u>	<u>2,822,991</u>	<u>3,258,865</u>	<u>-</u>	<u>102,049,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,609,456)</u>	<u>(7,529,742)</u>	<u>(159,582)</u>	<u>(2,796,327)</u>	<u>(3,210,514)</u>	<u>-</u>	<u>(71,082,860)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	10,924,036	-	6,806,000	-	(15,022,533)	32,227,036
Transfers out	(3,003,000)	(2,023,533)	-	(3,081,387)	-	15,022,533	(11,170,186)
Issuance of debt	8,090,028	-	-	-	-	-	68,000,000
Premium on issuance of debt	687,057	-	-	-	-	-	5,774,999
Gain (loss) on sale of capital assets	-	-	-	-	-	-	1,438,100
Total other financing sources and uses	<u>5,774,085</u>	<u>8,900,503</u>	<u>-</u>	<u>3,724,613</u>	<u>-</u>	<u>-</u>	<u>96,269,949</u>
Net change in fund balances	(5,835,371)	1,370,761	(159,582)	928,286	(3,210,514)	-	25,187,089
Fund balances, beginning of year	<u>46,701,078</u>	<u>41,332,292</u>	<u>1,609,675</u>	<u>8,563,139</u>	<u>10,038,567</u>	<u>-</u>	<u>169,484,434</u>
Fund balances, end of year	<u>\$ 40,865,707</u>	<u>\$ 42,703,053</u>	<u>\$ 1,450,093</u>	<u>\$ 9,491,425</u>	<u>\$ 6,828,053</u>	<u>\$ -</u>	<u>\$ 194,671,523</u>

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

For the Fiscal Year Ended June 30, 2017

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 33,133,175	\$ 1,745,433	\$ 34,878,608	\$ 46,092,582	\$ (11,213,974)
Developer participation	334,471	-	334,471	1,312,744	(978,273)
Assessments	8,696,761	891,582	9,588,343	5,691,951	3,896,392
Gain (loss) on investments	5,432,172	104,856	5,537,028	4,640,771	896,257
Miscellaneous other	5,992,540	-	5,992,540	7,012,250	(1,019,710)
Total revenues	<u>53,589,119</u>	<u>2,741,871</u>	<u>56,330,990</u>	<u>64,750,298</u>	<u>(8,419,308)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	61,520,098	9,911,000	71,431,098	71,431,098	-
Street bond fund	1,000,000	496,000	1,496,000	1,496,000	-
Sidewalk fund	1,419,173	-	1,419,173	1,419,173	-
Facility fees fund	19,552,289	4,500,000	24,052,289	24,052,289	-
Mass transit fund	2,299,211	-	2,299,211	2,299,211	-
Total other financing sources	<u>85,790,771</u>	<u>14,907,000</u>	<u>100,697,771</u>	<u>100,697,771</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 139,379,890</u>	<u>\$ 17,648,871</u>	<u>\$ 157,028,761</u>	165,448,069	<u>\$ (8,419,308)</u>
Fund balance appropriated				6,098,839	
				<u>\$ 171,546,908</u>	
EXPENDITURES					
Public infrastructure	<u>\$ 107,412,798</u>	<u>\$ 15,672,570</u>	<u>\$ 123,085,368</u>	<u>\$ 160,896,646</u>	<u>\$ (37,811,278)</u>
OTHER FINANCING USES					
Transfers to:					
Grants fund	16,476	-	16,476	16,476	-
Mass transit fund	8,794,583	1,839,203	10,633,786	10,633,786	-
Total other financing uses	<u>8,811,059</u>	<u>1,839,203</u>	<u>10,650,262</u>	<u>10,650,262</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 116,223,857</u>	<u>\$ 17,511,773</u>	<u>\$ 133,735,630</u>	<u>\$ 171,546,908</u>	<u>\$ (37,811,278)</u>

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

For the Fiscal Year Ended June 30, 2017

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 985,788	\$ -	\$ 985,788	\$ 5,553,406	\$ (4,567,618)
Developer participation	2,027,831	-	2,027,831	2,027,831	-
Gain (loss) on investments	4,578,908	112,034	4,690,942	4,774,533	(83,591)
Total revenues	<u>7,592,527</u>	<u>112,034</u>	<u>7,704,561</u>	<u>12,355,770</u>	<u>(4,651,209)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	5,124,630	-	5,124,630	5,124,630	-
Street improvement fund	5,952,559	-	5,952,559	5,952,559	-
Park improvement fund	435,344	-	435,344	435,344	-
Facility fees fund	25,834	-	25,834	25,834	-
Note proceeds	1,527,477	-	1,527,477	1,994,631	(467,154)
Issuance of debt	61,175,547	64,997,914	126,173,461	151,861,099	(25,687,638)
Gain (loss) on sale of capital assets		1,438,100	1,438,100	-	1,438,100
Total other financing sources	<u>74,241,391</u>	<u>66,436,014</u>	<u>140,677,405</u>	<u>165,394,097</u>	<u>(24,716,692)</u>
Total revenues and other financing sources	<u>\$ 81,833,918</u>	<u>\$ 66,548,048</u>	<u>\$ 148,381,966</u>	<u>177,749,867</u>	<u>\$ (29,367,901)</u>
Fund balance appropriated				<u>600,000</u>	
				<u>\$ 178,349,867</u>	
EXPENDITURES					
Public infrastructure	<u>\$ 67,566,326</u>	<u>\$ 26,199,966</u>	<u>\$ 93,766,292</u>	<u>\$ 163,651,486</u>	<u>\$ (69,885,194)</u>
OTHER FINANCING USES					
Transfers to:					
Mass transit fund	289,881	112,500	402,381	402,381	-
Street Improvement fund	100,000	496,000	596,000	596,000	-
Raleigh Union Station fund	8,250,000	5,450,000	13,700,000	13,700,000	-
Total other financing uses	<u>8,639,881</u>	<u>6,058,500</u>	<u>14,698,381</u>	<u>14,698,381</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 76,206,207</u>	<u>\$ 32,258,466</u>	<u>\$ 108,464,673</u>	<u>\$ 178,349,867</u>	<u>\$ (69,885,194)</u>

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

For the Fiscal Year Ended June 30, 2017

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
North Carolina Department of Transportation	\$ 2,046,890	\$ 8,032	\$ 2,054,922	\$ 2,054,922	\$ -
Other local sources	82,500	-	82,500	82,500	-
Assessments	2,075,536	358,484	2,434,020	1,643,526	790,494
Gain (loss) on investments	637,858	(49,954)	587,904	373,178	214,726
Miscellaneous other	-	-	-	-	-
Total revenues	<u>4,842,784</u>	<u>316,562</u>	<u>5,159,346</u>	<u>4,154,126</u>	<u>1,005,220</u>
OTHER FINANCING SOURCES					
Transfers from:					
Facilities fees fund	930,800	-	930,800	930,800	-
General fund	<u>5,235,350</u>	<u>661,000</u>	<u>5,896,350</u>	<u>5,896,350</u>	<u>-</u>
Total other financing sources	<u>6,166,150</u>	<u>661,000</u>	<u>6,827,150</u>	<u>6,827,150</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 11,008,934</u>	<u>\$ 977,562</u>	<u>\$ 11,986,496</u>	10,981,276	<u>\$ 1,005,220</u>
Fund balance appropriated				<u>1,050,000</u>	
				<u>\$ 12,031,276</u>	
EXPENDITURES					
Public infrastructure	<u>\$ 6,422,311</u>	<u>\$ 205,195</u>	<u>\$ 6,627,506</u>	<u>\$ 11,482,676</u>	<u>\$ (4,855,170)</u>
OTHER FINANCING USES					
Transfers to:					
Street improvement fund	<u>548,600</u>	<u>-</u>	<u>548,600</u>	<u>548,600</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 6,970,911</u>	<u>\$ 205,195</u>	<u>\$ 7,176,106</u>	<u>\$ 12,031,276</u>	<u>\$ (4,855,170)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARK IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2017**

	<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	328,367	176,906	505,273	390,008	115,265
Gain (loss) on investments	360,871	53,069	413,940	1,032,009	(618,069)
Facility fees	15,953	18,491	34,444	18,491	15,953
Miscellaneous other	534,232	43,468	577,700	641,734	(64,034)
Total revenues	<u>2,745,028</u>	<u>291,934</u>	<u>3,036,962</u>	<u>3,587,847</u>	<u>(550,885)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	17,705,858	3,925,000	21,630,858	21,630,858	-
Facility fees fund	10,604,740	1,050,000	11,654,740	11,654,740	-
Miscellaneous capital projects fund	410,000	-	410,000	410,000	-
Park bond fund	-	3,003,000	3,003,000	3,003,000	-
Total other financing sources	<u>28,720,598</u>	<u>7,978,000</u>	<u>36,698,598</u>	<u>36,698,598</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 31,465,626</u>	<u>\$ 8,269,934</u>	<u>\$ 39,735,560</u>	<u>40,286,445</u>	<u>\$ (550,885)</u>
Fund balance appropriated				<u>50,000</u>	
				<u>\$ 40,336,445</u>	
EXPENDITURES					
Leisure services	<u>\$ 19,263,683</u>	<u>\$ 3,906,600</u>	<u>\$ 23,170,283</u>	<u>\$ 40,336,445</u>	<u>\$ (17,166,162)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
RALEIGH UNION STATION FUND
For the Fiscal Year Ended June 30, 2017**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
Federal Railroad Authority	\$ 9,426,827	\$ 12,465,570	\$ 21,892,397	\$ 37,998,800	\$ (16,106,403)
State of North Carolina	2,702,301	2,373,739	5,076,040	9,000,000	(3,923,960)
Other local	3,040,000	-	3,040,000	3,040,000	-
Project revenue (non-grant)	-	3,650,000	3,650,000	3,650,000	-
Gain (loss) on investments	18,966	20,983	39,949	-	39,949
Miscellaneous other	10,000	-	10,000	4,552,143	(4,542,143)
Total revenues	<u>15,198,094</u>	<u>18,510,292</u>	<u>33,708,386</u>	<u>58,240,943</u>	<u>(24,532,557)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	6,200,000	-	6,200,000	6,200,000	-
Street bond fund	5,210,000	5,450,000	10,660,000	10,660,000	-
Major public facilities fund	500,000	-	500,000	500,000	-
Stormwater utility capital project fund	-	-	-	290,000	(290,000)
Miscellaneous capital projects fund	-	523,533	523,533	523,533	-
Issuance of debt	5,050,000	-	5,050,000	5,050,000	-
Premium on issuance of debt	433,355	-	433,355	-	433,355
Total other financing sources	<u>17,393,355</u>	<u>5,973,533</u>	<u>23,366,888</u>	<u>23,223,533</u>	<u>143,355</u>
Total revenues and other financing sources	<u>\$ 32,591,449</u>	<u>\$ 24,483,825</u>	<u>\$ 57,075,274</u>	<u>\$ 81,464,476</u>	<u>\$ (24,389,202)</u>
EXPENDITURES					
Public infrastructure	<u>\$ 21,813,838</u>	<u>\$ 30,000,936</u>	<u>\$ 51,814,774</u>	<u>\$ 81,464,476</u>	<u>\$ (29,649,702)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
FACILITY FEES FUND
For the Fiscal Year Ended June 30, 2017**

	<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	\$ 174,579	\$ 19,234	\$ 193,813	\$ -	\$ 193,813
Facility fees	<u>49,900,889</u>	<u>8,216,101</u>	<u>58,116,990</u>	<u>53,824,202</u>	<u>4,292,788</u>
Total revenues	<u>\$ 50,075,468</u>	<u>\$ 8,235,335</u>	<u>\$ 58,310,803</u>	53,824,202	<u>\$ 4,486,601</u>
Fund balance appropriated				<u>1,000,000</u>	
				<u>\$ 54,824,202</u>	
OTHER FINANCING USES					
Transfers to:					
General fund	\$ 24,736,700	\$ 4,637,096	\$ 29,373,796	\$ 29,373,796	\$ -
Park improvement fund	7,950,000	1,050,000	9,000,000	9,000,000	-
Street improvement fund	11,924,572	4,500,000	16,424,572	16,424,572	-
Street bond fund	<u>25,834</u>	<u>-</u>	<u>25,834</u>	<u>25,834</u>	<u>-</u>
Total other financing uses	<u>\$ 44,637,106</u>	<u>\$ 10,187,096</u>	<u>\$ 54,824,202</u>	<u>\$ 54,824,202</u>	<u>\$ -</u>

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

For the Fiscal Year Ended June 30, 2017

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 70,312	\$ -	\$ 70,312	\$ 70,312	\$ -
Gain (loss) on investments	-	225,286	225,286	-	225,286
Miscellaneous other	279,969	35,186	315,155	-	315,155
Total revenues	350,281	260,472	610,753	70,312	540,441
OTHER FINANCING SOURCES					
Issuance of debt	157,843,792	8,090,028	165,933,820	173,425,063	(7,491,243)
Premium on issuance of debt	2,094,501	687,057	2,781,558	2,794,501	(12,943)
Total other financing sources	159,938,293	8,777,085	168,715,378	176,219,564	(7,504,186)
Total revenues and other financing sources	<u>\$ 160,288,574</u>	<u>\$ 9,037,557</u>	<u>\$ 169,326,131</u>	176,289,876	<u>\$ (6,963,745)</u>
Fund balance appropriated				1,850,000	
				<u>\$ 178,139,876</u>	
EXPENDITURES					
Leisure services	<u>\$ 113,587,496</u>	<u>\$ 11,869,928</u>	<u>\$ 125,457,424</u>	<u>\$ 175,136,876</u>	<u>\$ (49,679,452)</u>
OTHER FINANCING USES					
Transfers to:					
Park improvement fund	-	3,003,000	3,003,000	3,003,000	-
Total expenditures and other financing uses	<u>\$ 113,587,496</u>	<u>\$ 14,872,928</u>	<u>\$ 128,460,424</u>	<u>\$ 178,139,876</u>	<u>\$ (49,679,452)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MISCELLANEOUS CAPITAL IMPROVEMENTS FUND
For the Fiscal Year Ended June 30, 2017**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Gain (loss) on investments	\$ 1,101,749	\$ 126,490	\$ 1,228,239	\$ 1,134,808	\$ 93,431
Miscellaneous other	91,773	6,944	98,717	50,317	48,400
Total revenues	1,193,522	133,434	1,326,956	1,185,125	141,831
OTHER FINANCING SOURCES					
Transfers from:					
General fund	22,306,448	10,924,036	33,230,484	33,230,484	-
Park improvement fund	460,000	-	460,000	460,000	-
Street improvement fund	4,130,092	-	4,130,092	4,130,092	-
Technology fund	200,000	-	200,000	200,000	-
Sidewalk fund	462,806	-	462,806	462,806	-
Issuance of debt	26,172,074	-	26,172,074	26,207,040	(34,966)
Premium on bonds	869,533	-	869,533	869,533	-
Gain (loss) on sale of capital assets	13,368,680	-	13,368,680	6,469,569	6,899,111
Total other financing sources	67,969,633	10,924,036	78,893,669	72,029,524	6,864,145
Total revenues and other financing sources	<u>\$ 69,163,155</u>	<u>\$ 11,057,470</u>	<u>\$ 80,220,625</u>	73,214,649	<u>\$ 7,005,976</u>
Fund balance appropriated				3,046,277	
				<u>\$ 76,260,926</u>	
EXPENDITURES					
General government	\$ 1,455,068	\$ 101,396	\$ 1,556,464	\$ 3,508,725	\$ (1,952,261)
Community development	5,830,677	-	5,830,677	5,876,250	(45,573)
Public infrastructure	12,039,166	1,516,568	13,555,734	19,396,489	(5,840,755)
Public safety	8,375,550	5,839,567	14,215,117	45,112,097	(30,896,980)
Leisure services	116,625	205,645	322,270	330,055	(7,785)
Total expenditures	27,817,086	7,663,176	35,480,262	74,223,616	(38,743,354)
OTHER FINANCING USES					
Transfers to:					
General fund	-	1,500,000	1,500,000	1,500,000	-
Raleigh Union Station fund	-	523,533	523,533	523,533	-
Grants fund	13,777	-	13,777	13,777	-
Total other financing uses	13,777	2,023,533	2,037,310	2,037,310	-
Total expenditures and other financing uses	<u>\$ 27,830,863</u>	<u>\$ 9,686,709</u>	<u>\$ 37,517,572</u>	<u>\$ 76,260,926</u>	<u>\$ (38,743,354)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 WALNUT CREEK AMPHITHEATER PROJECTS FUND
 For the Fiscal Year Ended June 30, 2017**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Rents	\$ 4,730,010	\$ 289,958	\$ 5,019,968	\$ 2,822,988	\$ 2,196,980
Fund balance appropriated				1,090,000	
				<u>\$ 3,912,988</u>	
EXPENDITURES					
Leisure services	<u>\$ 3,120,335</u>	<u>\$ 449,540</u>	<u>\$ 3,569,875</u>	<u>\$ 3,912,988</u>	<u>\$ (343,113)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
TECHNOLOGY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2017**

	<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	\$ 226,643	\$ 26,664	\$ 253,307	\$ 76,511	\$ 176,796
OTHER FINANCING SOURCES					
Transfers from:					
Convention center operating fund	226,183	126,467	352,650	352,650	-
General fund	13,403,255	4,113,203	17,516,458	15,867,655	1,648,803
Community development fund	28,511	-	28,511	28,511	-
Mass transit fund	23,573	12,767	36,340	36,340	-
Parking facilities operating fund	34,088	31,331	65,419	65,419	-
Solid waste services operating fund	502,993	262,688	765,681	765,681	-
Stormwater utility operating fund	340,787	295,288	636,075	636,075	-
Vehicle fleet services fund	126,602	122,786	249,388	249,388	-
Water and sewer operating fund	3,592,798	1,841,470	5,434,268	5,434,268	-
Total other financing sources	18,278,790	6,806,000	25,084,790	23,435,987	1,648,803
Total revenues and other financing sources	<u>\$ 18,505,433</u>	<u>\$ 6,832,664</u>	<u>\$ 25,338,097</u>	23,512,498	<u>\$ 1,825,599</u>
Fund balance appropriated				1,269,520	
				<u>\$ 24,782,018</u>	
EXPENDITURES					
General government	\$ 9,749,294	\$ 2,822,991	\$ 12,572,285	\$ 21,507,631	\$ (8,935,346)
OTHER FINANCING USES					
Transfers to:					
General fund	193,000	3,081,387	3,274,387	3,274,387	-
Total expenditures and other financing uses	<u>\$ 9,942,294</u>	<u>\$ 5,904,378</u>	<u>\$ 15,846,672</u>	<u>\$ 24,782,018</u>	<u>\$ (8,935,346)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MAJOR PUBLIC FACILITIES FUND
For the Fiscal Year Ended June 30, 2017**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
American recovery and reinvestment act	\$ 1,174,152	\$ -	\$ 1,174,152	\$ 1,291,334	\$ (117,182)
Other local sources	1,293,625	-	1,293,625	1,293,625	-
Gain (loss) on investments	99,449	48,351	147,800	-	147,800
Total revenues	<u>2,567,226</u>	<u>48,351</u>	<u>2,615,577</u>	<u>2,584,959</u>	<u>30,618</u>
OTHER FINANCING SOURCES					
Issuance of debt	164,348,087	-	164,348,087	165,024,356	(676,269)
Premium on issuance of debt	11,985,425	-	11,985,425	11,985,425	-
Total other financing sources	<u>176,333,512</u>	<u>-</u>	<u>176,333,512</u>	<u>177,009,781</u>	<u>(676,269)</u>
Total revenues and other financing sources	<u>\$ 178,900,738</u>	<u>\$ 48,351</u>	<u>\$ 178,949,089</u>	<u>179,594,740</u>	<u>\$ (645,651)</u>
Fund balance appropriated				<u>-</u>	
				<u>\$ 179,594,740</u>	
EXPENDITURES					
Public infrastructure	\$ 101,970,581	\$ 1,321,869	\$ 103,292,450	\$ 106,691,272	\$ (3,398,822)
Public safety	66,391,590	1,936,996	68,328,586	72,403,468	(4,074,882)
Total expenditures	<u>168,362,171</u>	<u>3,258,865</u>	<u>171,621,036</u>	<u>179,094,740</u>	<u>(7,473,704)</u>
OTHER FINANCING USES					
Transfers to:					
Raleigh Union Station fund	500,000	-	500,000	500,000	-
Total expenditures and other financing uses	<u>\$ 168,862,171</u>	<u>\$ 3,258,865</u>	<u>\$ 172,121,036</u>	<u>\$ 179,594,740</u>	<u>\$ (7,473,704)</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 complex, mass transit, stormwater utility, parking facilities 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 and 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 and Performing Arts Complex Operating Fund, the Convention Center and Performing Arts Projects Fund and the Convention Center Complex Capital Projects Fund.

Mass Transit Fund (major fund)

The Mass Transit Fund accounts for 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 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, 2017

	Actual	Budget	Over (Under) Budget
REVENUES			
Water and sewer user charges	\$ 200,457,541	\$ 190,160,573	\$ 10,296,968
Water infrastructure replacement	4,617,132	5,440,000	(822,868)
Sewer infrastructure replacement	12,041,475	11,220,000	821,475
Watershed protection fees	2,270,724	2,250,000	20,724
Capital facility fees	9,935,395	9,997,000	(61,605)
Connections and tap fees	1,878,330	1,004,000	874,330
Water and sewer penalties	942,255	1,155,000	(212,745)
Water and sewer sales - municipalities	630,141	158,400	471,741
Facility charges	1,526,289	745,000	781,289
Water and sewer assessments	260,325	-	260,325
Acreage connection fees	962,654	-	962,654
Miscellaneous other	4,250,949	2,820,032	1,430,917
Total operating revenues	239,773,210	224,950,005	14,823,205
NONOPERATING REVENUES			
Gain (loss) on investments	1,825,696	1,110,000	715,696
Gain (loss) on disposal of capital assets	94,326	-	94,326
Other	388,856	1,022,600	(633,744)
Total nonoperating revenues	2,308,878	2,132,600	176,278
OTHER FINANCING SOURCES			
Transfer from:			
Solid waste services fund	222,983	222,983	-
Risk management fund	774,927	774,927	-
Refunding bonds issued	89,385,188	89,385,188	-
Total other financing sources	90,383,098	90,383,098	-
Total revenues and other financing sources	\$ 332,465,186	317,465,703	\$ 14,999,483
Fund balance appropriated		30,312,670	
		\$ 347,778,373	
EXPENDITURES			
Public utilities:			
Administration	\$ 6,693,073	\$ 10,104,280	\$ (3,411,207)
Capital improvements management	3,659,830	3,873,195	(213,365)
Water plant	18,555,184	22,393,992	(3,838,808)
Waste treatment plant	21,119,207	23,408,993	(2,289,786)
Utility billing	6,610,941	7,044,604	(433,663)
Sewer maintenance	11,696,580	13,426,820	(1,730,240)
Water distribution	10,682,435	11,777,812	(1,095,377)
Meter operations	5,114,263	6,027,012	(912,749)
Warehouse	2,302,440	2,516,547	(214,107)
Repairs and maintenance	1,670,688	2,430,342	(759,654)
	88,104,641	103,003,597	(14,898,956)

Continued

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

For the Fiscal Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
EXPENDITURES (CONTINUED)			
Special appropriations:			
Reimbursement to general fund	\$ 8,212,673	\$ 8,212,673	\$ -
Insurance and risk management charges	3,863,436	3,898,436	(35,000)
Other expenditures	646,523	4,255,010	(3,608,487)
	<u>12,722,632</u>	<u>16,366,119</u>	<u>(3,643,487)</u>
Debt service:			
Revenue bonds:			
Principal	22,947,584	22,960,000	(12,416)
Interest	28,585,885	30,385,315	(1,799,430)
Installment financing agreements:			
Principal	1,979,074	2,000,000	(20,926)
Interest	279,199	300,000	(20,801)
Escrow expenditures - merged systems' debt	1,464,411	1,482,750	(18,339)
Other expenditures	1,054,386	2,827,122	(1,772,736)
	<u>56,310,539</u>	<u>59,955,187</u>	<u>(3,644,648)</u>
Total expenditures	<u>157,137,812</u>	<u>179,324,903</u>	<u>(22,187,091)</u>
OTHER FINANCING USES			
Transfers to:			
Water capital projects fund	34,251,318	37,450,000	(3,198,682)
Sewer capital projects fund	36,375,591	40,232,000	(3,856,409)
Stormwater utility operating fund	-	-	-
Technology capital projects fund	1,841,470	1,841,470	-
Total transfers	<u>72,468,379</u>	<u>79,523,470</u>	<u>(7,055,091)</u>
Payment to refunded bond escrow agent	88,930,000	88,930,000	-
Total other financing uses	<u>161,398,379</u>	<u>168,453,470</u>	<u>(7,055,091)</u>
Total expenditures and other financing uses	<u>\$ 318,536,191</u>	<u>\$ 347,778,373</u>	<u>\$ (29,242,182)</u>

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

For the Fiscal Year Ended June 30, 2017

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Gain (loss) on investments	\$ 1,197,819	\$ 144,248	\$ 1,342,067	\$ 839,810	\$ 502,257
OTHER FINANCING SOURCES					
Transfers from:					
Water and sewer operating fund	80,452,304	34,251,318	114,703,622	122,554,220	(7,850,598)
Street bond fund	146,123	-	146,123	146,123	-
Total other financing sources	80,598,427	34,251,318	114,849,745	122,700,343	(7,850,598)
Total revenues and other financing sources	\$ 81,796,246	\$ 34,395,566	\$ 116,191,812	123,540,153	\$ (7,348,341)
Fund balance appropriated				911,000	
				\$ 124,451,153	
EXPENDITURES					
Water capital projects	\$ 46,369,101	\$ 20,778,242	\$ 67,147,343	\$ 124,023,133	\$ (56,875,790)
OTHER FINANCING USES					
Transfer to:					
Public utilities equipment replacement fund	428,020	-	428,020	428,020	-
Total expenditures and other financing uses	\$ 46,797,121	\$ 20,778,242	\$ 67,575,363	\$ 124,451,153	\$ (56,875,790)

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SEWER CAPITAL PROJECTS FUND**
For the Fiscal Year Ended June 30, 2017

	<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	\$ 1,276,061	\$ 435,877	\$ 1,711,938	\$ 441,967	\$ 1,269,971
Miscellaneous other	-	-	-	10,895	(10,895)
Total revenues	<u>1,276,061</u>	<u>435,877</u>	<u>1,711,938</u>	<u>452,862</u>	<u>1,259,076</u>
OTHER FINANCING SOURCES					
Transfers from:					
Water and sewer operating fund	114,128,990	36,375,591	150,504,581	167,730,072	(17,225,491)
Total revenues and other financing sources	<u>\$ 115,405,051</u>	<u>\$ 36,811,468</u>	<u>\$ 152,216,519</u>	<u>\$ 168,182,934</u>	<u>\$ (15,966,415)</u>
EXPENDITURES					
Sewer capital projects	<u>\$ 36,045,970</u>	<u>\$ 23,365,817</u>	<u>\$ 59,411,787</u>	<u>\$ 168,182,934</u>	<u>\$ (108,771,147)</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, 2017**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
US Environmental Protection Agency	\$ 1,054,012	\$ -	\$ 1,054,012	\$ 1,870,607	\$ (816,595)
N.C. Department of Natural Resources	53,071,288	11,694,335	64,765,623	98,455,731	(33,690,108)
Gain (loss) on investments	57,394	318,449	375,843	-	375,843
Total revenues	<u>54,182,694</u>	<u>12,012,784</u>	<u>66,195,478</u>	<u>100,326,338</u>	<u>(34,130,860)</u>
OTHER FINANCING SOURCES					
Issuance of debt	185,823,670	110,000,000	295,823,670	258,636,604	37,187,066
Premium on issuance of debt	46,714,239	-	46,714,239	46,714,239	-
Total other financing sources	<u>232,537,909</u>	<u>110,000,000</u>	<u>342,537,909</u>	<u>305,350,843</u>	<u>37,187,066</u>
Total revenues and other financing sources	<u>\$ 286,720,603</u>	<u>\$ 122,012,784</u>	<u>\$ 408,733,387</u>	405,677,181	<u>\$ 3,056,206</u>
Fund balance appropriated				<u>1,000,000</u>	
				<u>\$ 406,677,181</u>	
EXPENDITURES					
Water capital projects	\$ 90,973,701	\$ 12,289,400	\$ 103,263,101	\$ 136,656,844	\$ (33,393,743)
Sewer capital projects	169,612,896	47,273,863	216,886,759	270,020,337	(53,133,578)
Total expenditures	<u>\$ 260,586,597</u>	<u>\$ 59,563,263</u>	<u>\$ 320,149,860</u>	<u>\$ 406,677,181</u>	<u>\$ (86,527,321)</u>

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

For the Fiscal Year Ended June 30, 2017

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	\$	332,465,185
Water capital projects fund		34,395,566
Sewer capital projects fund		36,811,467
Water and sewer revenue bond fund		<u>122,012,784</u>

Total current year expenditures and other financing

uses - modified accrual basis:

Water and sewer operating fund	(318,536,191)
Water capital projects fund	(20,778,242)
Sewer capital projects fund	(23,365,817)
Water and sewer revenue bond fund	<u>(59,563,263)</u>

Excess of revenues and other financing sources over

expenditures and other financing uses 103,441,489

Adjustments to full accrual basis:

Amortization of refunding charges	10,113,345
Amortization of bond premiums and discounts	(17,810,756)
Bond and note proceeds	(203,054,335)
Bond and note principal payments	113,856,656
Capital contributions	3,990,020
Capital outlay	104,138,863
Capitalized interest	3,987,018
Depreciation	(35,893,343)
Earned vacation pay expense	(229,117)
Interest expense accrual	1,535,050
Other escrow expenditures	38,648
OPEB expense	(326,797)
Increase in deferred outflows of resources - pensions	7,923,924
Decrease in deferred inflows of resources - pensions	828,165
Increase in net pension liability	(9,998,132)
Revenue accruals from receivables	<u>260,867</u>

Change in net position per statement of revenues, expenses and

changes in fund net position \$ 82,801,565

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, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
User charges:			
Convention and civic center	\$ 6,189,919	\$ 5,477,200	\$ 712,719
Performing arts center	5,419,279	5,291,322	127,957
Red Hat amphitheater	1,689,687	1,574,500	115,187
Special events	621,487	290,000	331,487
Total user charges	<u>13,920,372</u>	<u>12,633,022</u>	<u>1,287,350</u>
Miscellaneous Other	814,339	735,845	78,494
Gain (loss) on investments	30,906	38,003	(7,097)
Total revenues	<u>14,765,617</u>	<u>13,406,870</u>	<u>1,358,747</u>
OTHER FINANCING SOURCES			
Transfers from:			
General fund	3,342,030	3,342,030	-
Risk management fund	77,264	77,264	-
Convention center financing fund	<u>20,172,501</u>	<u>21,553,149</u>	<u>(1,380,648)</u>
Total other financing sources	<u>23,591,795</u>	<u>24,972,443</u>	<u>(1,380,648)</u>
Total revenues and other financing sources	<u>\$ 38,357,412</u>	<u>38,379,313</u>	<u>\$ (21,901)</u>
Fund balance appropriated		347,011	
		<u>\$ 38,726,324</u>	
EXPENDITURES			
Civic and convention center	\$ 8,157,671	\$ 8,973,828	\$ (816,157)
Performing arts center	5,924,004	6,960,266	(1,036,262)
Red Hat amphitheater	1,757,562	1,798,196	(40,634)
Special events	730,426	726,916	3,510
Total operating expenditures	<u>16,569,663</u>	<u>18,459,206</u>	<u>(1,889,543)</u>
DEBT SERVICE			
Principal	8,883,943	8,883,977	(34)
Interest	7,865,958	9,448,228	(1,582,270)
Payment to refunded bond escrow agent	-	-	-
Other debt service costs	1,198,177	1,643,500	(445,323)
Total debt service	<u>17,948,078</u>	<u>19,975,705</u>	<u>(2,027,627)</u>
OTHER FINANCING USES			
Transfers to:			
General fund	164,946	164,946	-
Technology capital projects fund	126,467	126,467	-
Total other financing uses	<u>291,413</u>	<u>291,413</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 34,809,154</u>	<u>\$ 38,726,324</u>	<u>\$ (3,917,170)</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, 2017

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
OTHER FINANCING SOURCES					
Note proceeds	\$ 5,786,016	\$ -	\$ 5,786,016	\$ 14,224,778	\$ (8,438,762)
Bond proceeds	8,604,232	-	8,604,232	708,441	7,895,791
Premium on bonds	1,285,931	-	1,285,931	728,559	557,372
Miscellaneous revenues	573,913	43,700	617,613	589,136	28,477
Gain (loss) on investments	74,960	11,962	86,922	77,347	9,575
Transfers from:					
General Fund	510,000	2,650,000	3,160,000	3,160,000	-
Convention center operating fund	1,558,000	500,000	2,058,000	2,058,000	-
Miscellaneous capital projects fund	118,000	-	118,000	118,000	-
Total revenues and other financing sources	<u>\$ 18,511,052</u>	<u>\$ 3,205,662</u>	<u>\$ 21,716,714</u>	<u>\$ 21,664,261</u>	<u>\$ 52,453</u>
EXPENDITURES					
Convention center and performing arts complex projects	<u>\$ 15,107,026</u>	<u>\$ 2,136,632</u>	<u>\$ 17,243,658</u>	<u>\$ 21,664,261</u>	<u>\$ (4,420,603)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER COMPLEX CAPITAL PROJECTS FUND**
For the Fiscal Year Ended June 30, 2017

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Gain (loss) on investments	\$ 530,509	\$ -	\$ 530,509	\$ -	\$ 530,509
Miscellaneous other	2,355,377	-	2,355,377	779,439	1,575,938
Total revenues	2,885,886	-	2,885,886	779,439	2,106,447
OTHER FINANCING SOURCES					
Transfers from:					
Convention center financing fund	4,685,255	2,709,000	7,394,255	7,394,255	-
Total revenues and other financing sources	<u>\$ 7,571,141</u>	<u>\$ 2,709,000</u>	<u>\$ 10,280,141</u>	\$ 8,173,694	<u>\$ 2,106,447</u>
Fund balance appropriated				764,247	
				<u>\$ 8,937,941</u>	
EXPENDITURES					
Convention center projects	<u>\$ 3,345,805</u>	<u>\$ 1,190,382</u>	<u>\$ 4,536,187</u>	<u>\$ 8,937,941</u>	<u>\$ (4,401,754)</u>

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

For the Fiscal Year Ended June 30, 2017

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis		
Convention center and performing arts complex operating fund	\$	38,357,412
Convention center and performing arts complex projects fund		3,205,662
Convention center complex capital projects fund		2,709,000
 Total current expenditures and other financing uses - modified accrual basis		
Convention center and performing arts complex operating fund		(34,809,154)
Convention center and performing arts complex projects fund		(2,136,632)
Convention center complex capital projects fund		<u>(1,190,382)</u>
 Excess of revenues and other financing sources over expenditures and other financing uses		6,135,906
 Adjustments to full accrual basis:		
Amortization of premiums and discounts		113,936
Bond and note principal payments		8,883,943
Capital outlay		3,303,571
Depreciation		(8,266,557)
Interest expense accrual		(128,065)
OPEB expense		(55,040)
Increase in deferred outflows of resources - pensions		1,292,469
Decrease in deferred inflows of resources - pensions		135,082
Increase in net pension liability		(1,630,792)
Principal paid on internal note		466,195
Vacation expense		<u>(1,497)</u>
 Change in net position per statement of revenues, expenses and changes in net position	\$	<u><u>10,249,151</u></u>

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

For the Fiscal Year Ended June 30, 2017

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Farebox	\$ -	\$ 5,884,303	\$ 5,884,303	\$ 5,994,816	\$ (110,513)
ART program fees	-	836,049	836,049	790,328	45,721
Intergovernmental revenue:					
Federal Transit Administration	17,021,183	14,314,758	31,335,941	44,737,321	(13,401,380)
State of North Carolina	385,738	3,479,588	3,865,326	4,425,764	(560,438)
Miscellaneous other	-	-	-	740,140	(740,140)
Total revenues	<u>17,406,921</u>	<u>24,514,698</u>	<u>41,921,619</u>	<u>56,688,369</u>	<u>(14,766,750)</u>
OTHER FINANCING SOURCES					
Proceeds on disposal of capital assets	-	36,833	36,833	-	36,833
Transfers from:					
General fund	53,805	17,821,766	17,875,571	18,924,407	(1,048,836)
Risk management fund	-	14,835	14,835	14,835	-
Street improvement fund	<u>3,614,748</u>	<u>1,951,703</u>	<u>5,566,451</u>	<u>9,308,741</u>	<u>(3,742,290)</u>
Total other financing sources	<u>3,668,553</u>	<u>19,825,137</u>	<u>23,493,690</u>	<u>28,247,983</u>	<u>(4,754,293)</u>
Total revenues and other financing sources	<u>\$ 21,075,474</u>	<u>\$ 44,339,835</u>	<u>\$ 65,415,309</u>	<u>84,936,352</u>	<u>\$ (19,521,043)</u>
Fund balance appropriated				<u>1,206,087</u>	
				<u>\$ 86,142,439</u>	
EXPENDITURES					
Mass transit operating expenditures	\$ -	\$ 18,697,152	\$ 18,697,152	\$ 22,069,083	\$ (3,371,931)
ART program operating expenditures	-	8,314,167	8,314,167	8,706,182	(392,015)
Capital grant expenditures	<u>21,075,474</u>	<u>16,938,895</u>	<u>38,014,369</u>	<u>54,998,050</u>	<u>(16,983,681)</u>
Total expenditures	<u>21,075,474</u>	<u>43,950,214</u>	<u>65,025,688</u>	<u>85,773,315</u>	<u>(20,747,627)</u>
OTHER FINANCING USES					
Transfers to:					
Grants fund	-	283,022	283,022	356,357	(73,335)
Technology capital projects fund	-	12,767	12,767	12,767	-
Total other financing uses	<u>-</u>	<u>295,789</u>	<u>295,789</u>	<u>369,124</u>	<u>(73,335)</u>
Total expenditures and other financing uses	<u>\$ 21,075,474</u>	<u>\$ 44,246,003</u>	<u>\$ 65,321,477</u>	<u>\$ 86,142,439</u>	<u>\$ (20,820,962)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND**
For the Fiscal Year Ended June 30, 2017

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 44,339,835
Total current year expenditures and other financing uses - modified accrual basis	<u>(44,246,003)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	93,832
Adjustments to full accrual basis:	
Capital outlay	6,956,659
Depreciation	(4,283,131)
Net OPEB pension liability	(13,080)
Increase (decrease) in deferred outflows of resources for pensions	262,557
(Increase) decrease in deferred inflows of resources for pensions	30,958
Increase in pension liability	(335,303)
Vacation expense	<u>4,175</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u>\$ 2,716,667</u>

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

For the Fiscal Year Ended June 30, 2017

	Actual	Budget	Over (Under) Budget
REVENUES			
User charges	\$ 22,643,060	\$ 21,733,850	\$ 909,210
Gain (loss) on investments	41,759	25,000	16,759
Miscellaneous other	505	-	505
Total revenues	<u>22,685,324</u>	<u>21,758,850</u>	<u>926,474</u>
OTHER FINANCING SOURCES			
Proceeds from disposal of capital assets	1,481	-	1,481
Transfers from:			
Risk management fund	46,829	46,829	-
Total other financing sources	<u>48,310</u>	<u>46,829</u>	<u>1,481</u>
Total revenues and other financing sources	<u>\$ 22,733,634</u>	21,805,679	<u>\$ 927,955</u>
Fund balance appropriated		2,047,909	
		<u>\$ 23,853,588</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 12,241,257</u>	<u>\$ 13,129,732</u>	<u>\$ (888,475)</u>
DEBT SERVICE			
Note principal	<u>101,738</u>	<u>101,738</u>	<u>-</u>
OTHER FINANCING USES			
Transfers to:			
Stormwater utility capital projects fund	10,326,830	10,326,830	-
Technology capital projects fund	295,288	295,288	-
Total other financing uses	<u>10,622,118</u>	<u>10,622,118</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 22,965,113</u>	<u>\$ 23,853,588</u>	<u>\$ (888,475)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2017**

	Prior Years	Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
American Recovery and Reinvestment Act	\$ 292,701	\$ -	\$ 292,701	\$ 453,302	\$ (160,601)
Federal Emergency Management Agency	3,209,769	208,965	3,418,734	3,760,061	(341,327)
U.S. Department of Homeland Security	816,582	-	816,582	1,100,785	(284,203)
U.S. Environmental Protection Agency	328,000	-	328,000	328,000	-
N.C. Clean Water Management Trust	1,026,062	-	1,026,062	1,875,435	(849,373)
State of North Carolina	272,194	1,888	274,082	366,928	(92,846)
Gain (loss) on investments	3,899,745	88,444	3,988,189	767,792	3,220,397
Miscellaneous other	-	81,081	81,081	-	81,081
Total revenues	<u>9,845,053</u>	<u>380,378</u>	<u>10,225,431</u>	<u>8,652,303</u>	<u>1,573,128</u>
OTHER FINANCING SOURCES					
Transfer from:					
Stormwater utility operating fund	<u>41,631,661</u>	<u>10,326,830</u>	<u>51,958,491</u>	<u>51,958,491</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 51,476,714</u>	<u>\$ 10,707,208</u>	<u>\$ 62,183,922</u>	<u>60,610,794</u>	<u>\$ 1,573,128</u>
Fund balance appropriated				<u>2,531,000</u>	
				<u>\$ 63,141,794</u>	
EXPENDITURES					
Stormwater capital projects	<u>\$ 21,133,870</u>	<u>\$ 5,519,085</u>	<u>\$ 26,652,955</u>	<u>\$ 63,141,794</u>	<u>\$ (36,488,839)</u>

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

For the Fiscal Year Ended June 30, 2017

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
OTHER FINANCING SOURCES					
Transfers from:					
Stormwater utility operating fund	\$ 554,947	\$ -	\$ 554,947	\$ 554,947	\$ -
EXPENDITURES					
Stormwater capital projects	\$ 482,500	\$ -	\$ 482,500	\$ 554,947	\$ (72,447)

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY FUNDS**
For the Fiscal Year Ended June 30, 2017

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	
Stormwater utility operating fund	\$ 22,733,634
Stormwater utility capital projects fund	10,707,208
Stormwater utility bond fund	-
 Total current year expenditures and other financing uses - modified accrual basis	
Stormwater utility operating fund	(22,965,113)
Stormwater utility capital projects fund	(5,519,085)
Stormwater utility bond fund	-
 Excess of revenues and other financing sources over expenditures and other financing uses	4,956,644
 Adjustments to full accrual basis:	
Capital contributions	2,722,552
Capital outlay	5,458,564
Depreciation	(2,520,207)
Net OPEB pension liability	(97,946)
Note principal	101,738
Increase (decrease) in deferred outflows of resources for pensions	1,364,944
(Increase) decrease in deferred inflows of resources for pensions	142,657
Increase in pension liability	(1,722,239)
Vacation expense	(45,089)
 Change in net position per statement of revenues, expenses, and changes in fund net position	\$ 10,361,618

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES OPERATING FUND
For the fiscal year ended June 30, 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Parking fees	\$ 15,748,578	\$ 14,891,303	\$ 857,275
Gain (loss) on investments	11,939	48,000	(36,061)
Miscellaneous other	35,575	42,434	(6,859)
Total revenues	<u>15,796,092</u>	<u>14,981,737</u>	<u>814,355</u>
OTHER FINANCING SOURCES			
Transfers from:			
General fund	500,000	500,000	-
Risk management fund	37,961	37,961	-
Total other financing sources	<u>537,961</u>	<u>537,961</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 16,334,053</u>	<u>15,519,698</u>	<u>\$ 814,355</u>
Fund balance appropriated		<u>2,593,970</u>	
		<u>\$ 18,113,668</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 7,013,751</u>	<u>\$ 9,714,365</u>	<u>\$ (2,700,614)</u>
DEBT SERVICE			
Bond principal	298,173	298,173	-
Bond interest	7,454	3,727	3,727
Note principal	3,525,793	3,516,963	8,830
Note interest	1,730,800	2,687,109	(956,309)
Other debt service expenditures	204,072	410,000	(205,928)
Total debt service	<u>5,766,292</u>	<u>6,915,972</u>	<u>(1,149,680)</u>
OTHER FINANCING USES			
Transfers to:			
Equipment replacement fund	500,000	500,000	-
Parking facilities capital projects fund	812,000	812,000	-
Technology capital projects fund	31,331	31,331	-
Vehicle fleet services fund	140,000	140,000	-
Total other financing uses	<u>1,483,331</u>	<u>1,483,331</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 14,263,374</u>	<u>\$ 18,113,668</u>	<u>\$ (3,850,294)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES CAPITAL PROJECTS FUND**
For the fiscal year ended June 30, 2017

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
OTHER FINANCING SOURCES					
Proceeds from bonds	\$ 1,718,996	\$ -	\$ 1,718,996	\$ 7,875,000	\$ (6,156,004)
Transfer from:					
Parking facilities operating fund	6,666,706	812,000	7,478,706	7,478,706	-
Total revenues and other financing sources	<u>\$ 8,385,702</u>	<u>\$ 812,000</u>	<u>\$ 9,197,702</u>	15,353,706	<u>\$ (6,156,004)</u>
Fund balance appropriated				2,121,829	
				<u>\$ 17,475,535</u>	
 EXPENDITURES					
Parking facilities capital projects	<u>\$ 5,285,222</u>	<u>\$ 1,923,778</u>	<u>\$ 7,209,000</u>	<u>\$ 17,475,535</u>	<u>\$ (10,266,535)</u>

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

For the fiscal year ended June 30, 2017

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	
Parking facilities operating fund	\$ 16,334,053
Parking facilities capital projects fund	812,000
Total current year expenditures and other financing uses - modified accrual basis	
Parking facilities operating fund	(14,263,374)
Parking facilities capital projects fund	<u>(1,923,778)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	958,901
Adjustments to full accrual basis:	
Accrued interest expense	(5,030)
Amortization of bond refunding costs	(77,149)
Amortization of premiums and discounts	279,488
Bond and note principal	3,823,966
Capital outlay	1,923,778
Depreciation	(3,680,331)
Net OPEB liability	(19,253)
Increase (decrease) in deferred outflows of resources for pensions	471,087
(Increase) decrease in deferred inflows of resources for pensions	49,235
Increase in pension liability	(594,401)
Vacation expense	<u>(1,912)</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u><u>\$ 3,128,379</u></u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SOLID WASTE SERVICES FUND
For the Fiscal Year Ended June 30, 2017**

	Actual	Budget	Over (Under) Budget
REVENUES			
Solid waste residential collection	\$ 19,794,290	\$ 20,083,477	\$ (289,187)
Recycling residential collection	6,404,714	5,933,647	471,067
Yardwaste center	590,777	435,000	155,777
Gain (loss) on investments	102,706	-	102,706
Miscellaneous other	33,637	12,500	21,137
Total revenues	<u>26,926,124</u>	<u>26,464,624</u>	<u>461,500</u>
OTHER FINANCING SOURCES			
Other revenue	470,355	523,763	(53,408)
Transfer from:			
General fund	7,616,835	7,616,835	-
Risk management fund	266,450	266,450	-
	<u>8,353,640</u>	<u>8,407,048</u>	<u>(53,408)</u>
Total revenues and other financing sources	<u>\$ 35,279,764</u>	<u>34,871,672</u>	<u>\$ 408,092</u>
		-	
Fund balance appropriated		<u>\$ 34,871,672</u>	
		<u>1,825,503</u>	
		<u>\$ 36,697,175</u>	
EXPENDITURES			
Administration	\$ 6,709,826	\$ 7,599,643	\$ (889,817)
Residential collection	17,680,732	19,009,904	(1,329,172)
Residential recycling	4,534,348	4,952,069	(417,721)
Yardwaste center	2,017,725	2,642,881	(625,156)
	<u>30,942,631</u>	<u>34,204,497</u>	<u>(3,261,866)</u>
DEBT SERVICE			
Note principal	1,317,434	1,317,434	-
Note interest	614,735	689,573	(74,838)
	<u>1,932,169</u>	<u>2,007,007</u>	<u>(74,838)</u>
Total expenditures	<u>32,874,800</u>	<u>36,211,504</u>	<u>(3,336,704)</u>
OTHER FINANCING USES			
Transfer to:			
Water and sewer operating fund	222,983	222,983	-
Technology capital projects fund	262,688	262,688	-
Total other financing uses	<u>485,671</u>	<u>485,671</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 33,360,471</u>	<u>\$ 36,697,175</u>	<u>\$ (3,336,704)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SOLID WASTE SERVICES FUND
For the Fiscal Year Ended June 30, 2017**

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 35,279,764
Total current year expenditures and other financing uses - modified accrual basis	<u>33,360,471</u>
Excess of revenues and other financing sources over expenditures and other financing uses	1,919,293
Adjustments to full accrual basis:	
Amortization of refunding charges	(17,614)
Amortization of note premiums and discounts	145,771
Bond and note principal payments	1,317,434
Capital outlay	37,941
Depreciation	(739,179)
Interest expense accrual	(1,009)
Landfill closure/postclosure liability adjustment	55,342
OPEB expense	(105,147)
Increase (decrease) in deferred outflows of resources for pensions	2,536,622
(Increase) decrease in deferred inflows of resources for pensions	265,114
Increase in pension liability	(3,200,622)
Vacation expense	<u>59,277</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u>\$ 2,273,223</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's 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 Department.

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, 2017

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 38,333,704	\$ 9,239,920	\$ 2,129,300	\$ 1,441,578
Accrued interest receivable	144,579	4,888	-	-
Sales tax receivable	3,007	1,404	292,617	15,220
Other receivables	-	48,254	-	-
Due from other funds	1,177	-	-	-
Inventories	-	-	-	-
Insurance deposit	400,000	-	-	-
Prepaid expense	410,699	-	-	-
Total current assets	39,293,166	9,294,466	2,421,917	1,456,798
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	24,785,395	5,633,034
Capital assets:				
Buildings and machinery	-	-	-	-
Equipment	-	-	84,757,227	32,476,460
Less: accumulated depreciation	-	-	(59,106,339)	(19,662,648)
Total noncurrent assets	-	-	50,436,283	18,446,846
Total assets	39,293,166	9,294,466	52,858,200	19,903,644
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan	84,025	-	-	-
LIABILITIES				
Current liabilities:				
Accounts payable	411,498	-	984,824	-
Accrued salaries and employee payroll taxes	3,446	-	-	-
Accrued interest payable	-	-	24,714	6,998
Sales tax payable	-	-	33	-
Claims payable and other liabilities	5,894,000	2,143,000	-	-
Due to other funds	-	-	1,177	323,856
Bonds, notes and loans payable	-	-	10,991,078	5,780,540
Total current liabilities	6,308,944	2,143,000	12,001,826	6,111,394
Noncurrent liabilities:				
Claims payable and other liabilities	11,701,902	-	-	-
Bonds, notes and loans payable	-	-	28,749,750	8,631,879
Net pension liability	114,844	-	-	-
Earned vacation pay	21,362	-	-	-
Total noncurrent liabilities	11,838,108	-	28,749,750	8,631,879
Total liabilities	18,147,052	2,143,000	40,751,576	14,743,273
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	8,626	-	-	-
NET POSITION				
Net investment in capital assets	-	-	10,695,455	4,034,427
Unrestricted	21,221,513	7,151,466	1,411,169	1,125,944
Total net position	\$ 21,221,513	\$ 7,151,466	\$ 12,106,624	\$ 5,160,371

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

June 30, 2017

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,786,142	\$ 1,945,225	\$ 54,875,869
Accrued interest receivable	-	-	149,467
Sales tax receivable	230,958	326,546	869,752
Other receivables	-	-	48,254
Due from other funds	323,856	-	325,033
Inventories	-	697,830	697,830
Insurance deposit	-	-	400,000
Prepaid expense	-	-	410,699
Total current assets	2,340,956	2,969,601	57,776,904
Noncurrent assets:			
Restricted cash and cash equivalents	5,663,789	-	36,082,218
Capital assets:			
Buildings and machinery	-	230,912	230,912
Equipment	33,031,274	1,374,319	151,639,280
Less: accumulated depreciation	(20,694,551)	(1,419,697)	(100,883,235)
Total noncurrent assets	18,000,512	185,534	87,069,175
Total assets	20,341,468	3,155,135	144,846,079
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan	-	1,078,320	1,162,345
LIABILITIES			
Current liabilities:			
Accounts payable	43,558	531,264	1,971,144
Accrued salaries and employee payroll taxes	-	36,760	40,206
Accrued interest payable	17,425	-	49,137
Sales tax payable	-	3,613	3,646
Claims payable and other liabilities	-	-	8,037,000
Due to other funds	-	-	325,033
Bonds, notes and loans payable	4,185,260	-	20,956,878
Total current liabilities	4,246,243	571,637	31,383,044
Noncurrent liabilities:			
Claims payable and other liabilities	-	-	11,701,902
Bonds, notes and loans payable	9,732,866	-	47,114,495
Net pension liability	-	1,473,825	1,588,669
Earned vacation pay	-	386,072	407,434
Total noncurrent liabilities	9,732,866	1,859,897	60,812,500
Total liabilities	13,979,109	2,431,534	92,195,544
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	-	110,701	119,327
NET POSITION			
Net investment in capital assets	4,082,386	185,534	18,997,802
Unrestricted	2,279,973	1,505,686	34,695,751
Total net position	\$ 6,362,359	\$ 1,691,220	\$ 53,693,553

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

For the Fiscal Year Ended June 30, 2017

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
OPERATING REVENUES				
Charges for services - internal	\$ 9,304,565	\$ 43,644,001	\$ 7,272,883	\$ 5,033,800
Other charges	-	-	-	-
Total operating revenues	9,304,565	43,644,001	7,272,883	5,033,800
OPERATING EXPENSES				
Personnel services	489,637	-	-	-
Other facility operating costs	-	-	89,800	-
Operational expenses	923,704	3,731,629	-	-
Claims	5,480,164	37,370,764	-	-
Premiums	1,521,955	-	-	-
Depreciation	-	-	7,441,987	3,315,792
Other	-	-	197,869	34,104
Total operating expenses	8,415,460	41,102,393	7,729,656	3,349,896
Operating income (loss)	889,105	2,541,608	(456,773)	1,683,904
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on investments	1,516,901	9,043	16,045	4,425
Gain on actuarial estimate	7,234,493	-	-	-
Recovery of claims	630,779	227,548	110,192	-
Interest expense	-	-	(188,555)	(89,459)
Gain (loss) on sale of capital assets	-	-	611,564	66,065
Total nonoperating revenues (expenses)	9,382,173	236,591	549,246	(18,969)
Income (loss) before transfers	10,271,278	2,778,199	92,473	1,664,935
Transfers in	-	950,000	661,713	-
Transfers out	(5,290,000)	-	-	-
Change in net position	4,981,278	3,728,199	754,186	1,664,935
Net position, beginning of year	16,240,235	3,423,267	11,352,438	3,495,436
Total net position, end of year	\$ 21,221,513	\$ 7,151,466	\$ 12,106,624	\$ 5,160,371

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

For the Fiscal Year Ended June 30, 2017

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Combining Eliminations	Total
OPERATING REVENUES				
Charges for services - internal	\$ 3,886,268	\$ 11,792,554	\$ -	\$ 80,934,071
Other charges	1,570	12,386	-	13,956
Total operating revenues	3,887,838	11,804,940	-	80,948,027
OPERATING EXPENSES				
Personnel services	-	4,956,446	-	5,446,083
Other facility operating costs	24,029	7,570,324	-	7,684,153
Operational expenses	-	-	-	4,655,333
Claims	-	-	-	42,850,928
Premiums	-	-	-	1,521,955
Depreciation	2,829,208	27,558	-	13,614,545
Other	110,974	-	-	342,947
Total operating expenses	2,964,211	12,554,328	-	76,115,944
Operating income (loss)	923,627	(749,388)	-	4,832,083
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on investments	15,729	-	-	1,562,143
Gain on actuarial estimate	-	-	-	7,234,493
Recovery of claims	-	-	-	968,519
Interest expense	(127,917)	-	-	(405,931)
Gain (loss) on sale of capital assets	451,506	12,150	-	1,141,285
Total nonoperating revenues (expenses)	339,318	12,150	-	10,500,509
Income (loss) before transfers	1,262,945	(737,238)	-	15,332,592
Transfers in	-	140,000	(450,000)	1,301,713
Transfers out	-	(122,786)	450,000	(4,962,786)
Change in net position	1,262,945	(720,024)	-	11,671,519
Net position, beginning of year	5,099,414	2,411,244	-	42,022,034
Total net position, end of year	\$ 6,362,359	\$ 1,691,220	\$ -	\$ 53,693,553

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2017

	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	\$ 9,304,565	\$ 43,644,001	\$ 7,272,883	\$ 5,033,800
Payments to employees	(473,006)	-	-	-
Payments to suppliers and service providers	(925,558)	(3,733,033)	(215,279)	9,637
Claims paid	(12,590,857)	(38,440,849)	-	-
Premiums paid	(1,521,955)	-	-	-
Other receipts	630,779	227,548	110,192	-
Other payments	-	-	(197,869)	(34,104)
Net cash provided by (used in) operating activities	<u>(5,576,032)</u>	<u>1,697,667</u>	<u>6,969,927</u>	<u>5,009,333</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers from other funds	-	950,000	661,713	-
Operating subsidies and transfers to other funds	(5,290,000)	-	-	-
Internal activity - payments from (to) other funds	(1,177)	-	15,377	323,856
Gain on actuarial estimate	7,234,493	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>1,943,316</u>	<u>950,000</u>	<u>677,090</u>	<u>323,856</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	-	-	(10,048,677)	(4,454,161)
Proceeds from capital debt	-	-	27,888,242	8,540,347
Principal paid on capital debt	-	-	(5,800,937)	(4,419,021)
Interest paid on capital debt	-	-	(191,645)	(90,128)
Proceeds from sale of capital assets	-	-	611,564	66,065
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>12,458,547</u>	<u>(356,898)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	1,500,674	27,862	16,045	4,425
Net cash provided by (used in) investing activities	<u>1,500,674</u>	<u>27,862</u>	<u>16,045</u>	<u>4,425</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>(2,132,042)</u>	<u>2,675,529</u>	<u>20,121,609</u>	<u>4,980,716</u>
Cash and cash equivalents/investments				
Beginning of year	40,465,746	6,564,391	6,793,086	2,093,896
End of year	<u>\$ 38,333,704</u>	<u>\$ 9,239,920</u>	<u>\$ 26,914,695</u>	<u>\$ 7,074,612</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 889,105	\$ 2,541,608	\$ (456,773)	\$ 1,683,904
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	7,441,987	3,315,792
Miscellaneous nonoperating income	630,779	227,548	110,192	-
Change in assets and liabilities:				
Sales tax receivable	(2,653)	(1,404)	(118,423)	9,637
Inventories	-	-	-	-
Other receivables and assets	(410,699)	(48,254)	-	-
Accounts payable and other accrued liabilities	(6,699,195)	(1,021,831)	(7,056)	-
(Increase) decrease in deferred outflows of resources - pensions	(72,475)	-	-	-
Increase (decrease) in deferred inflows of resources - pensions	(7,575)	-	-	-
Increase in pension liability	91,447	-	-	-
Earned vacation pay and other payroll liabilities	5,234	-	-	-
Total adjustments	<u>(6,465,137)</u>	<u>(843,941)</u>	<u>7,426,700</u>	<u>3,325,429</u>
Net cash provided by (used in) operating activities	<u>\$ (5,576,032)</u>	<u>\$ 1,697,667</u>	<u>\$ 6,969,927</u>	<u>\$ 5,009,333</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2017

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Combining Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,886,268	\$ 11,792,554	\$ -	\$ 80,934,071
Payments to employees	-	(4,757,750)	-	(5,230,756)
Payments to suppliers and service providers	(71,904)	(7,464,173)	-	(12,400,310)
Claims paid	-	-	-	(51,031,706)
Premiums paid	-	-	-	(1,521,955)
Other receipts	1,570	12,386	-	982,475
Other payments	(110,974)	-	-	(342,947)
Net cash provided by (used in) operating activities	<u>3,704,960</u>	<u>(416,983)</u>	<u>-</u>	<u>11,388,872</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers from other funds	-	140,000	(450,000)	1,301,713
Operating subsidies and transfers to other funds	-	(122,786)	450,000	(4,962,786)
Internal activity - payments from (to) other funds	(323,856)	(471)	-	13,729
Gain on actuarial estimate	-	-	-	7,234,493
Net cash provided by (used in) noncapital financing activities	<u>(323,856)</u>	<u>16,743</u>	<u>-</u>	<u>3,587,149</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	(6,603,958)	(39,166)	-	(21,145,962)
Proceeds from capital debt	5,874,522	-	-	42,303,111
Principal paid on capital debt	(3,076,199)	-	-	(13,296,157)
Interest paid on capital debt	(132,060)	-	-	(413,833)
Proceeds from sale of capital assets	451,506	12,150	-	1,141,285
Net cash provided by (used in) capital and related financing activities	<u>(3,486,189)</u>	<u>(27,016)</u>	<u>-</u>	<u>8,588,444</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	15,729	-	-	1,564,735
Net cash provided by (used in) investing activities	<u>15,729</u>	<u>-</u>	<u>-</u>	<u>1,564,735</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>(89,356)</u>	<u>(427,256)</u>	<u>-</u>	<u>25,129,200</u>
Cash and cash equivalents/investments				
Beginning of year	7,539,287	2,372,481	-	65,828,887
End of year	<u>\$ 7,449,931</u>	<u>\$ 1,945,225</u>	<u>\$ -</u>	<u>\$ 90,958,087</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 923,627	\$ (749,388)	\$ -	\$ 4,832,083
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	2,829,208	27,558	-	13,614,545
Miscellaneous nonoperating income	-	-	-	968,519
Change in assets and liabilities:				
Sales tax receivable	(19,254)	(6,666)	-	(138,763)
Inventories	-	(26,788)	-	(26,788)
Other receivables and assets	-	-	-	(458,953)
Accounts payable and other accrued liabilities	(28,621)	139,605	-	(7,617,098)
(Increase) decrease in deferred outflows of resources - pensions	-	(930,095)	-	(1,002,570)
Increase (decrease) in deferred inflows of resources - pensions	-	(97,209)	-	(104,784)
Increase in pension liability	-	1,173,561	-	1,265,008
Earned vacation pay and other payroll liabilities	-	52,439	-	57,673
Total adjustments	<u>2,781,333</u>	<u>332,405</u>	<u>-</u>	<u>6,556,789</u>
Net cash provided by (used in) operating activities	<u>\$ 3,704,960</u>	<u>\$ (416,983)</u>	<u>\$ -</u>	<u>\$ 11,388,872</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 two pension trust funds, which account for activities of the City's general supplemental retirement plan 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.

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, 2017

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ASSETS			
Cash and cash equivalents	\$ 59,054,975	\$ 32,680,760	\$ 91,735,735
Accrued interest receivable	-	22,588	22,588
Due from other funds	-	167,769	167,769
Other receivables	-	20,829	20,829
Sales tax receivable	-	351	351
Total assets	<u>59,054,975</u>	<u>32,892,297</u>	<u>91,947,272</u>
LIABILITIES			
Claims payable	-	1,078,000	1,078,000
Accounts payable	-	13,216	13,216
Total liabilities	<u>-</u>	<u>1,091,216</u>	<u>1,091,216</u>
NET POSITION			
Restricted for pensions	59,054,975	-	59,054,975
Restricted for postemployment benefits other than pensions	-	31,801,081	31,801,081
Total net position	<u>\$ 59,054,975</u>	<u>\$ 31,801,081</u>	<u>\$ 90,856,056</u>

**COMBINING STATEMENT OF CHANGES
IN PLAN NET POSITION
PENSION TRUST FUNDS**
For the Fiscal Year Ended June 30, 2017

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ADDITIONS			
Employer contributions	\$ 4,155,184	\$ 14,084,837	\$ 18,240,021
Retiree contributions	-	2,730,861	2,730,861
Interest	1,726,962	855,208	2,582,170
Net increase (decrease) in the fair value of investments	5,046,925	2,610,176	7,657,101
Recovery of claims	-	117,711	117,711
Total additions	<u>10,929,071</u>	<u>20,398,793</u>	<u>31,327,864</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	350,000	350,000
Total other financing sources (uses)	<u>-</u>	<u>350,000</u>	<u>350,000</u>
DEDUCTIONS			
Benefits	3,299,180	16,585,924	19,885,104
Withdrawals and forfeitures	176,305	-	176,305
Investment expense	91,355	-	91,355
Professional services	-	36,252	36,252
Total deductions	<u>3,566,840</u>	<u>16,622,176</u>	<u>20,189,016</u>
Change in net position restricted for employees' retirement and other post-employment benefits	7,362,231	4,126,617	11,488,848
Net position, beginning of year	<u>51,692,744</u>	<u>27,674,464</u>	<u>79,367,208</u>
Net position, end of year	<u>\$ 59,054,975</u>	<u>\$ 31,801,081</u>	<u>\$ 90,856,056</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, 2017

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
2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023-2027	-	-	-	-	-	-
2028-2032	-	-	-	-	-	-
2033-2037	-	-	-	-	-	-
Total General Obligation Bonded Debt	-	-	-	-	-	-
Revenue Bonds:						
2018	23,130,000	30,076,438	-	-	-	-
2019	25,980,000	29,126,790	-	-	-	-
2020	27,200,000	27,982,278	-	-	-	-
2021	28,365,000	26,792,480	-	-	-	-
2022	29,940,000	25,523,328	-	-	-	-
2023-2027	152,165,000	106,680,316	-	-	-	-
2028-2032	175,010,000	69,470,474	-	-	-	-
2033-2037	150,335,000	31,705,746	-	-	-	-
2038-2042	59,250,000	12,094,250	-	-	-	-
2043-2046	25,570,000	2,399,550	-	-	-	-
Total Revenue Bonded Debt	696,945,000	361,851,650	-	-	-	-
Other Long-Term Obligations:						
Installment Financing Agreement:						
2018	5,157,396	1,062,343	9,260,734	9,123,338	3,622,057	2,460,250
2019	4,822,225	965,262	9,645,734	8,731,140	3,956,262	2,336,246
2020	4,822,225	879,923	10,035,734	8,358,035	4,083,475	2,350,361
2021	4,657,225	794,584	10,530,735	7,854,006	3,661,382	2,200,466
2022	4,657,225	713,536	10,945,735	7,444,344	3,810,614	2,076,992
2023-2027	18,490,105	2,423,280	62,263,703	29,603,900	19,491,925	9,059,370
2028-2032	13,104,856	1,230,134	81,842,948	14,828,097	20,240,000	5,243,150
2033-2037	7,465,602	312,689	41,915,906	1,906,581	10,235,000	891,750
2038-2040	-	-	-	-	-	-
	63,176,859	8,381,751 (2)	236,441,229	87,849,441	69,100,715	26,618,585
Other:						
Earned Vacation Pay (1)	2,976,336	-	659,356	-	112,013	-
Landfill Postclosure Costs (1)	-	-	-	-	-	-
	2,976,336	-	659,356	-	112,013	-
Total Other Long-Term Obligations	66,153,195	8,381,751	237,100,585	87,849,441	69,212,728	26,618,585
Total Long-Term Obligations	\$ 763,098,195	\$ 370,233,401	\$ 237,100,585	\$ 87,849,441	\$ 69,212,728	\$ 26,618,585

Notes:

(1) Interest not applicable.

(2) These are NC Dept of Environmental Quality (DEQ) loans. 8 loans are completely finalized while 3 others are still in progress and being drawn upon. For DEQ loans in progress, future principal and interest shown here is reflective of debt service owed on each respective loan's drawn amount at 6/30/17. Final future principal and interest owed on the DEQ loans in progress may differ from what is reflected here depending on the final drawn amount of each loan.

(3) Includes Solid Waste Services; Stormwater

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

June 30, 2017

Other Enterprise ⁽³⁾		General Governmental		Internal Service		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ -	\$ -	\$ 25,855,000	\$ 14,219,943	\$ -	\$ -	\$ 25,855,000	\$ 14,219,943
-	-	26,170,000	13,109,403	-	-	26,170,000	13,109,403
-	-	25,920,000	11,859,781	-	-	25,920,000	11,859,781
-	-	24,535,000	10,777,591	-	-	24,535,000	10,777,591
-	-	24,800,000	9,783,551	-	-	24,800,000	9,783,551
-	-	110,850,000	34,021,077	-	-	110,850,000	34,021,077
-	-	87,745,000	12,225,338	-	-	87,745,000	12,225,338
-	-	23,500,000	2,086,100	-	-	23,500,000	2,086,100
-	-	349,375,000	108,082,784	-	-	349,375,000	108,082,784
-	-	-	-	-	-	23,130,000	30,076,438
-	-	-	-	-	-	25,980,000	29,126,790
-	-	-	-	-	-	27,200,000	27,982,278
-	-	-	-	-	-	28,365,000	26,792,480
-	-	-	-	-	-	29,940,000	25,523,328
-	-	-	-	-	-	152,165,000	106,680,316
-	-	-	-	-	-	175,010,000	69,470,474
-	-	-	-	-	-	150,335,000	31,705,746
-	-	-	-	-	-	59,250,000	12,094,250
-	-	-	-	-	-	25,570,000	2,399,550
-	-	-	-	-	-	696,945,000	361,851,650
1,419,656	611,329	17,543,568	8,578,656	20,956,879	895,349	57,960,290	22,731,265
1,426,500	561,014	14,653,241	8,049,007	14,741,845	751,916	49,245,807	21,394,585
1,434,018	510,893	14,608,511	7,574,837	14,984,246	509,515	49,968,209	20,183,564
1,448,420	457,951	14,046,201	7,089,700	8,613,291	285,083	42,957,254	18,681,790
1,454,917	406,441	14,015,472	6,595,019	8,775,112	123,262	43,659,075	17,359,594
7,455,988	1,094,185	62,367,071	25,546,191	-	-	170,068,792	67,726,926
868,178	71,898	41,682,562	15,316,847	-	-	157,738,544	36,690,126
347,271	8,628	33,600,296	6,107,837	-	-	93,564,075	9,227,485
-	-	12,125,000	661,216	-	-	12,125,000	661,216
15,854,948	3,722,339	224,641,922	85,519,310	68,071,373	2,565,125	677,287,046	214,656,551
1,150,254	-	20,533,866	-	407,434	-	25,839,259	-
4,382,253	-	-	-	-	-	4,382,253	-
5,532,507	-	20,533,866	-	407,434	-	30,221,512	-
21,387,455	3,722,339	245,175,788	85,519,310	68,478,807	2,565,125	707,508,558	214,656,551
\$ 21,387,455	\$ 3,722,339	\$ 594,550,788	\$ 193,602,094	\$ 68,478,807	\$ 2,565,125	\$ 1,753,828,558	\$ 684,590,985

SCHEDULE OF GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS

June 30, 2017

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2016</u>	<u>Issued During Year</u>
<u>GENERAL OBLIGATION</u>				
<u>BONDS PAYABLE</u>				
Housing, Series 2007, Taxable	5.20%	3/01/07	\$ 350,000	\$ -
Public Improvement, Series 2009A	2.50 - 3.00%	3/10/09	1,665,000	-
Public Improvement Refunding, Series 2009B	2.50%	3/11/09	924,246	-
Housing, Series 2009C Taxable	4.15 - 4.70%	3/11/09	1,500,000	-
General Obligation Refunding, Series 2009D	3.50 - 5.00%	7/28/09	20,630,000	-
General Obligation Refunding, Series 2009E	5.00%	7/28/09	10,745,000	-
Public Improvement, Series 2009F	5.00%	9/03/09	6,900,000	-
Housing, Series 2009G, Taxable	4.00 - 4.25%	9/03/09	1,500,000	-
General Obligation Refunding, Series 2011A	2.50 - 5.00%	10/27/11	32,055,000	-
Public Improvement, Series 2012A	3.00 - 5.00%	5/15/12	3,450,000	-
Public Improvement, Series 2012B	3.00 - 5.00%	5/16/12	53,150,000	-
Public Improvement, Series 2014 Two-thirds	3.00-3.25%	6/26/14	13,600,000	-
Street Improvement, Series 2015A	3.00 - 5.00%	6/24/15	4,800,000	-
Parks & Recreation Bonds, Series 2015B	3.00 - 5.00%	6/25/15	19,000,000	-
Housing Bonds, Series 2015C (Taxable)	3.00 - 4.00%	6/25/15	9,500,000	-
General Obligation Refunding, Series 2016A	2.25 - 5.00%	3/2/16	101,850,000	-
General Obligation Refunding, Series 2016B (Taxable)	.5 - 1.99%	3/2/16	16,255,000	-
Housing Bonds, Series 2016C (Taxable)	2.00 - 3.375%	3/2/16	6,000,000	-
Public Improvement Bonds, Series 2017	3.00 - 5.00%	2/14/17	-	68,000,000
Total General Obligation Bonded Debt			<u>303,874,246</u>	<u>68,000,000</u>
<u>OTHER GENERAL GOVERNMENTAL</u>				
<u>LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreement (COPS/LOBS)			242,235,422	-
Earned Vacation Pay			<u>19,165,608</u>	<u>12,809,478</u>
Total Other General Governmental Long-Term Obligations			<u>261,401,030</u>	<u>12,809,478</u>
Total General Governmental Long-Term Obligations			<u>\$ 565,275,276</u>	<u>\$ 80,809,478</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.

SCHEDULE OF GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS

June 30, 2017

Payments During Fiscal 2016-2017		Principal Balance June 30, 2017	Due Fiscal 2017-2018		
Principal	Interest		Principal	Interest	Total
\$ 350,000	\$ 18,200	\$ -	\$ -	\$ -	\$ -
555,000	45,788	1,110,000	555,000	31,912	586,913
924,246	23,106	-	-	-	-
500,000	67,000	1,000,000	500,000	46,250	546,250
4,720,000	868,625	15,910,000	5,705,000	624,875	6,329,875
3,515,000	449,375	7,230,000	3,515,000	273,625	3,788,625
2,300,000	345,000	4,600,000	2,300,000	230,000	2,530,000
500,000	63,500	1,000,000	500,000	43,500	543,500
670,000	1,342,175	31,385,000	1,630,000	1,304,325	2,934,325
300,000	139,875	3,150,000	300,000	124,875	424,875
4,700,000	2,163,875	48,450,000	4,700,000	1,928,875	6,628,875
700,000	411,625	12,900,000	700,000	390,625	1,090,625
250,000	201,625	4,550,000	250,000	189,125	439,125
1,000,000	800,000	18,000,000	1,000,000	750,000	1,750,000
500,000	316,000	9,000,000	500,000	301,000	801,000
-	4,799,431	101,850,000	-	4,812,800	4,812,800
715,000	245,202	15,540,000	-	244,103	244,103
300,000	146,953	5,700,000	300,000	154,800	454,800
-	-	68,000,000	3,400,000	2,769,253	6,169,253
22,499,246	12,447,355	349,375,000	25,855,000	14,219,943	40,074,943
17,593,500	8,126,818	224,641,922	17,543,568	8,578,656	26,122,224
11,441,220	-	20,533,866	- (1)	-	-
29,034,720	8,126,818	245,175,788	17,543,568	8,578,656	26,122,224
\$ 51,533,966	\$ 20,574,173	\$ 594,550,788	\$ 43,398,568	\$ 22,798,599	\$ 66,197,167

SCHEDULE OF ENTERPRISE LONG-TERM OBLIGATIONS

June 30, 2017

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2016</u>	<u>Issued During Year</u>
<u>WATER AND SEWER</u>				
<u>GENERAL OBLIGATION BONDS PAYABLE</u>				
Sanitary Sewer Refunding, Series 2009B	2.50%	3/11/09	\$ 87,584	\$ -
Total Water and Sewer General Obligation Debt			<u>87,584</u>	<u>-</u>
<u>REVENUE BONDS PAYABLE</u>				
Water/Sewer, Series 2008A Variable Rate	4.163%	6/12/08	76,350,000	-
Water/Sewer, Series 2008B Variable Rate	4.163%	6/12/08	50,910,000	-
Water/Sewer Refunding, Series 2010A	2.25 - 5.00%	3/20/10	61,970,000	-
Water/Sewer, Series 2011	3.00 - 5.00%	2/10/11	101,710,000	-
Water/Sewer Refunding, Series 2012A	5.00%	4/05/12	31,230,000	-
Water/Sewer, Series 2013A	2.00 - 5.00%	05/16/13	65,555,000	-
Water/Sewer Refunding, Series 2013A	3.75 - 5.00%	05/16/13	112,780,000	-
Water/Sewer Refunding, Series 2013B, Taxable	0.65 - 2.14%	05/16/13	19,195,000	-
Water/Sewer Refunding, Series 2015A	3.25 - 4.00%	04/30/15	47,815,000	-
Water/Sewer Refunding, Series 2015B	3.00 - 5.00%	12/08/15	49,860,000	-
Water/Sewer, Series 2016A	3.00 - 5.00%	11/16/16	-	99,170,000
Water/Sewer Refunding, Series 2016B	3.00 - 5.00%	11/16/16	-	92,190,000
Total Water and Sewer Revenue Debt			<u>617,375,000</u>	<u>191,360,000</u>
<u>OTHER WATER AND SEWER LONG TERM OBLIGATIONS</u>				
Installment Financing Agreement (DEQ/STATE LOANS)			53,461,597	11,694,335
Earned Vacation Pay			2,747,218	2,137,370
Total Other Water and Sewer Long-Term Obligations			<u>56,208,815</u>	<u>13,831,705</u>
Total Water and Sewer Long-Term Obligations			<u>673,671,399</u>	<u>205,191,705</u>
<u>PARKING FACILITIES FUND</u>				
General Obligation Series 2009B, Parking Facilities Refunding	2.50%	3/11/09	298,173	-
Total Parking Facilities General Obligation Bonded Debt			<u>298,173</u>	<u>-</u>
<u>OTHER PARKING FACILITIES LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreements (COPS/LOBS)			72,626,507	-
Earned Vacation Pay			110,101	79,347
Total Other Parking Facilities Long-Term Obligations			<u>72,736,608</u>	<u>79,347</u>
Total Parking Facilities Long-Term Obligations			<u>73,034,781</u>	<u>79,347</u>
<u>CONVENTION CENTER FACILITIES LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreements (COPS/LOBS)			245,324,504	-
Earned Vacation Pay			657,860	324,632
Total Convention Center Facilities Long-Term Obligations			<u>245,982,364</u>	<u>324,632</u>
<u>MASS TRANSIT LONG-TERM OBLIGATIONS</u>				
Mass Transit Earned Vacation Pay			48,186	32,123
Total Mass Transit Long-Term Obligations			<u>48,186</u>	<u>32,123</u>
<u>SOLID WASTE SERVICES LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreements (COPS/LOBS)			15,442,843	-
Solid Waste Services Earned Vacation Pay			851,042	566,254
Landfill closure and Postclosure Costs			4,437,595	-
Total Solid Waste Services Long-Term Obligations			<u>20,731,480</u>	<u>566,254</u>
<u>STORMWATER LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreements (DEQ/STATE LOAN)			1,831,276	-
Stormwater Earned Vacation Pay			269,389	250,672
Total Stormwater Long-Term Obligations			<u>2,100,665</u>	<u>250,672</u>
Total Enterprise Long-Term Obligations			<u>\$ 1,015,568,875</u>	<u>\$ 206,444,733</u>

Notes:

- (1) Assumed rate is the synthetically fixed rate of SWAP Agreement. Actual variable rate interest paid may differ.
- (2) Certain maturities were refunded on 11/16/16 by 2016B Revenue Refunding Bonds
- (3) Interest payment total on 2015B bonds reflective of \$32,156.96 credit for remaining excess Cost of Issuance proceeds on hand
- (4) 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.

SCHEDULE OF ENTERPRISE LONG-TERM OBLIGATIONS

June 30, 2017

Payments During Fiscal 2016-2017		Principal Balance June 30, 2017	Due Fiscal 2017-2018		
Principal	Interest		Principal	Interest	Total
\$ 87,584	\$ 2,190	\$ -	\$ -	\$ -	\$ -
<u>87,584</u>	<u>2,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,640,000	3,159,368	73,710,000	2,760,000	3,068,547 (1)	5,828,547
1,760,000	2,106,311	49,150,000	1,840,000	2,046,115 (1)	3,886,115
10,180,000	3,002,350	51,790,000	10,685,000	2,493,350	13,178,350
91,275,000 (2)	1,508,891	10,435,000	2,440,000	497,350	2,937,350
-	1,561,500	31,230,000	-	1,561,500	1,561,500
1,365,000	2,828,494	64,190,000	1,405,000	2,787,544	4,192,544
-	5,333,975	112,780,000	-	5,333,975	5,333,975
4,570,000	275,252	14,625,000	3,575,000	236,407	3,811,407
-	1,875,100	47,815,000	-	1,875,100	1,875,100
-	2,452,343 (3)	49,860,000	425,000	2,478,125	2,903,125
-	1,177,167	99,170,000	-	4,036,000	4,036,000
-	1,068,207	92,190,000	-	3,662,425	3,662,425
<u>111,790,000</u>	<u>26,348,958</u>	<u>696,945,000</u>	<u>23,130,000</u>	<u>30,076,438</u>	<u>53,206,438</u>
1,979,073	279,199	63,176,859	5,157,396	1,062,343	6,219,739
1,908,252	-	2,976,336	- (6)	-	-
<u>3,887,325</u>	<u>279,199</u>	<u>66,153,195</u>	<u>5,157,396</u>	<u>1,062,343</u>	<u>6,219,739</u>
115,764,909	26,630,347	763,098,195	28,287,396	31,138,781	59,426,177
298,173	7,454	-	-	-	-
<u>298,173</u>	<u>7,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,525,792	1,730,800	69,100,715	3,622,057	2,460,250	6,082,307
77,435	-	112,013	- (6)	-	-
<u>3,603,227</u>	<u>1,730,800</u>	<u>69,212,728</u>	<u>3,622,057</u>	<u>2,460,250</u>	<u>6,082,307</u>
3,901,400	1,738,254	69,212,728	3,622,057	2,460,250	6,082,307
8,883,275	8,489,155	236,441,229	9,260,734	9,123,338	18,384,072
323,136	-	659,356	- (6)	-	-
<u>9,206,411</u>	<u>8,489,155</u>	<u>237,100,585</u>	<u>9,260,734</u>	<u>9,123,338</u>	<u>18,384,072</u>
36,298	-	44,011	- (6)	-	-
<u>36,298</u>	<u>-</u>	<u>44,011</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,317,434	614,735	14,125,409	1,317,919	611,329	1,929,248
625,530	-	791,766	- (6)	-	-
55,342	-	4,382,253	813,950	-	813,950
<u>1,998,306</u>	<u>614,735</u>	<u>19,299,428</u>	<u>2,131,869</u>	<u>611,329</u>	<u>2,743,198</u>
101,737	-	1,729,539	101,738	-	101,738
205,584	-	314,477	- (6)	-	-
<u>307,321</u>	<u>-</u>	<u>2,044,016</u>	<u>101,738</u>	<u>-</u>	<u>101,738</u>
<u>\$ 131,214,645</u>	<u>\$ 37,472,491</u>	<u>\$ 1,090,798,963</u>	<u>\$ 43,403,794</u>	<u>\$ 43,333,698</u>	<u>\$ 86,737,492</u>

SCHEDULE OF INTERNAL SERVICE LONG-TERM OBLIGATIONS

June 30, 2017

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2016</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 2013	0.9007%	05/13/13	\$ 13,459,640	\$ -
Equipment Acquisition Project, Series 2015	1.3379%	06/18/15	25,604,779	-
Equipment Acquisition Project, Series 2017	1.87%	06/27/17	-	42,303,111
Total Installment Financing Agreements:			<u>39,064,419</u>	<u>42,303,111</u>
<u>OTHER INTERNAL SERVICE</u>				
<u>LONG-TERM OBLIGATIONS</u>				
Earned Vacation Pay - Risk Management			16,633	22,447
Earned Vacation Pay - Vehicle Fleet Services			339,194	223,743
Total Other Internal Service Long-Term Obligations			<u>355,827</u>	<u>246,190</u>
Total Internal Service Long-Term Obligations			<u>\$ 39,420,246</u>	<u>\$ 42,549,301</u>

Note:

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

SCHEDULE OF INTERNAL SERVICE LONG-TERM OBLIGATIONS

June 30, 2017

Payments During Fiscal 2016-2017		Principal Balance June 30, 2017	Due Fiscal 2017-2018		
Principal	Interest		Principal	Interest	Total
\$ 7,022,421	\$ 92,237	\$ 6,437,219	\$ 6,437,219	\$ 28,989	\$ 6,466,208
6,273,736	321,651	19,331,043	6,357,952	237,435	6,595,387
-	-	42,303,111	8,161,707	628,925	8,790,632
<u>13,296,157</u>	<u>413,888</u>	<u>68,071,373</u>	<u>20,956,878</u>	<u>895,349</u>	<u>21,852,227</u>
17,718	-	21,362	-	-	-
176,865	-	386,072	-	-	-
<u>194,583</u>	<u>-</u>	<u>407,434</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 13,490,740</u>	<u>\$ 413,888</u>	<u>\$ 68,478,807</u>	<u>\$ 20,956,878</u>	<u>\$ 895,349</u>	<u>\$ 21,852,227</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.



CITY OF RALEIGH



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 overtime.

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				
	2008	2009	2010	2011	2012
Governmental activities					
Net investment in capital assets	\$ 493,738	\$ 525,177	\$ 559,035	\$ 574,134	\$ 563,336
Restricted	113,337	120,517	112,849	203,561	294,462
Unrestricted	163,270	162,693	135,746	61,324	7,234
Total governmental activities net position	<u>770,345</u>	<u>808,387</u>	<u>807,630</u>	<u>839,019</u>	<u>865,032</u>
Business-type activities					
Net investment in capital assets	701,221	682,123	682,642	692,069	703,484
Unrestricted	88,288	111,066	124,426	147,898	175,696
Total business-type activities net position	<u>789,509</u>	<u>793,189</u>	<u>807,068</u>	<u>839,967</u>	<u>879,180</u>
Total government					
Net investment in capital assets	1,194,959	1,207,300	1,241,677	1,266,203	1,266,820
Restricted	113,337	120,517	112,849	203,561	294,462
Unrestricted	251,558	273,759	260,172	209,222	182,930
Total government net position	<u>\$ 1,559,854</u>	<u>\$ 1,601,576</u>	<u>\$ 1,614,698</u>	<u>\$ 1,678,986</u>	<u>\$ 1,744,212</u>

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	\$ 570,848	\$ 568,329	\$ 601,802	\$ 597,711	\$ 656,258
Restricted	264,363	285,736	315,650	346,933	382,018
Unrestricted	89,096	101,746	68,728	107,327	39,911
Total governmental activities net position	<u>924,307</u>	<u>955,811</u>	<u>986,180</u>	<u>1,051,971</u>	<u>1,078,187</u>
Business-type activities					
Net investment in capital assets	717,882	730,664	763,249	798,997	855,401
Unrestricted	213,088	261,284	318,455	374,419	433,114
Total business-type activities net position	<u>930,970</u>	<u>991,948</u>	<u>1,081,704</u>	<u>1,173,416</u>	<u>1,288,515</u>
Total government					
Net investment in capital assets	1,288,730	1,298,993	1,365,051	1,396,708	1,511,659
Restricted	264,363	285,736	315,650	346,933	382,018
Unrestricted	302,184	363,030	387,183	481,746	473,025
Total government net position	<u>\$ 1,855,277</u>	<u>\$ 1,947,759</u>	<u>\$ 2,067,884</u>	<u>\$ 2,225,387</u>	<u>\$ 2,366,702</u>

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

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
Expenses					
Governmental activities:					
General government	\$ 37,801	\$ 36,884	\$ 51,866	\$ 57,866	\$ 52,370
Community development services	19,827	22,269	25,247	25,695	25,031
Public infrastructure	53,691	54,530	44,084	42,207	51,828
Public safety	130,067	136,331	143,480	145,189	141,602
Solid waste services (2)	22,383	24,460	23,769	24,453	23,621
Leisure services	45,530	49,674	53,314	56,473	60,265
Economic development programs	5,329	4,399	4,375	5,710	5,656
Interest on long-term debt	10,772	11,541	13,516	14,401	11,043
Total governmental activities expenses	325,400	340,088	359,651	371,994	371,416
Business-type activities:					
Water and sewer	124,613	136,935	129,034	134,033	133,804
Convention center	20,100	28,409	33,889	35,130	34,106
Mass transit	23,895	28,552	28,724	30,358	34,769
Parking facilities	7,149	8,874	11,307	12,043	11,699
Solid waste services (3)	-	-	-	-	-
Stormwater (1)	7,951	8,728	10,249	9,980	10,583
Total business-type activities	183,708	211,498	213,203	221,544	224,961
Total government expenses	\$ 509,108	\$ 551,586	\$ 572,854	\$ 593,538	\$ 596,377
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 782	\$ 854	\$ -	\$ 16,362	\$ 9,293
Community development services	9,635	8,042	13,417	7,637	5,326
Public infrastructure	2,058	3,040	4,592	7,792	8,308
Public safety	3,304	3,248	2,862	337	337
Solid waste services (2)	15,868	16,840	16,600	18,472	18,054
Leisure services	8,501	8,749	11,924	17,843	20,199
Economic development programs	1,041	966	981	906	277
Operating grants and contributions	33,794	32,338	11,913	40,557	41,706
Capital grants and contributions	27,419	19,434	29,968	18,211	17,210
Total governmental activities program revenues	102,402	93,511	92,257	128,117	120,710
Business-type activities:					
Charges for services:					
Water and sewer	109,384	112,280	137,228	150,648	171,221
Convention center	13,518	13,269	12,394	11,857	12,490
Mass transit	3,215	3,314	4,466	5,001	5,216
Parking facilities	7,961	8,467	7,815	10,288	10,838
Solid waste services	-	-	-	-	-
Stormwater	14,268	14,413	14,213	15,657	15,521
Operating grants and contributions	5,560	6,281	5,245	3,438	7,505
Capital grants and contributions	22,627	20,024	12,198	21,108	6,032
Total business-type activities program revenues	176,533	178,048	193,559	217,997	228,823
Total government program revenues	\$ 278,935	\$ 271,559	\$ 285,816	\$ 346,114	\$ 349,533
Net (expense)/revenue					
Governmental activities	\$ (222,998)	\$ (246,577)	\$ (267,394)	\$ (243,877)	\$ (250,706)
Business-type activities	(7,175)	(33,450)	(19,644)	(3,547)	3,862
Total government net expense	\$ (230,173)	\$ (280,027)	\$ (287,038)	\$ (247,424)	\$ (246,844)

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
General government	\$ 39,185	\$ 40,754	\$ 37,368	\$ 46,408	\$ 47,446
Community development services	25,084	23,193	22,867	20,081	30,613
Public infrastructure	48,525	57,944	50,719	58,186	69,785
Public safety	142,121	155,623	147,887	156,680	167,155
Solid waste services (2)	-	-	-	-	-
Leisure services	56,160	61,695	63,835	66,795	63,483
Economic development programs	4,601	7,930	4,868	6,979	3,331
Interest on long-term debt	14,816	16,646	18,735	20,876	19,302
Total governmental activities expenses	330,492	363,785	346,279	376,005	401,115
Business-type activities:					
Water and sewer	135,146	144,960	146,919	152,921	162,002
Convention center	34,058	33,861	33,886	34,702	34,158
Mass transit	33,766	35,387	37,854	38,180	41,319
Parking facilities	11,826	11,782	11,456	12,404	12,506
Solid waste services (2)	27,919	30,482	28,450	32,330	30,683
Stormwater (1)	11,209	10,444	12,205	13,346	15,131
Total business-type activities	253,924	266,916	270,770	283,883	295,799
Total government expenses	\$ 584,416	\$ 630,701	\$ 617,049	\$ 659,888	\$ 696,914
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 9,906	\$ 10,775	\$ 14,697	\$ 13,564	\$ 21,427
Community development services	5,316	7,398	1,902	1,346	1,485
Public infrastructure	10,607	8,667	12,950	11,004	9,466
Public safety	333	285	448	458	414
Solid waste services (2)	-	-	-	-	-
Leisure services	19,252	15,822	16,189	17,187	12,073
Economic development programs	53	128	2	-	-
Operating grants and contributions	35,942	32,434	35,296	39,775	37,526
Capital grants and contributions	20,887	8,689	10,080	11,843	26,459
Total governmental activities program revenues	102,296	84,198	91,564	95,177	108,850
Business-type activities:					
Charges for services:					
Water and sewer	186,969	197,947	213,298	228,211	240,163
Convention center	12,231	12,950	13,342	13,785	15,085
Mass transit	5,194	5,441	7,356	7,118	6,720
Parking facilities	10,772	12,330	13,417	15,022	15,784
Solid waste services	19,515	22,162	24,170	26,104	27,281
Stormwater	16,025	16,972	17,459	17,939	22,725
Operating grants and contributions	9,328	6,757	9,029	7,685	12,332
Capital grants and contributions	7,139	3,831	13,688	4,835	9,923
Total business-type activities program revenues	267,173	278,390	311,759	320,699	350,013
Total government program revenues	\$ 369,469	\$ 362,588	\$ 403,323	\$ 415,876	\$ 458,863
Net (expense)/revenue					
Governmental activities	\$ (228,196)	\$ (279,587)	\$ (254,715)	\$ (280,828)	\$ (292,265)
Business-type activities	13,249	11,474	40,989	36,816	54,214
Total government net expense	\$ (214,947)	\$ (268,113)	\$ (213,726)	\$ (244,012)	\$ (238,051)

Continued

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
General Revenues and Change in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 151,695	\$ 180,534	\$ 184,697	\$ 186,379	\$ 189,422
Local sales tax	70,313	62,442	58,651	61,776	67,828
Franchise tax	19,553	23,438	22,500	22,634	21,190
Other taxes	7,502	9,119	5,473	13,937	11,875
Privilege license tax	17,585	19,627	19,098	7,166	7,663
Unrestricted grants and contributions	680	-	-	-	-
Investment earnings	17,555	10,632	1,703	5,280	946
Miscellaneous	1,959	3,250	5,659	11,182	11,982
Transfers	(32,455)	(24,423)	(31,144)	(32,231)	(34,186)
Gain on sale of property	-	-	-	-	-
Capital contributions	-	-	-	-	-
Total governmental activities	<u>254,387</u>	<u>284,619</u>	<u>266,637</u>	<u>276,123</u>	<u>276,720</u>
Business-type activities:					
Investment earnings	17,770	10,632	2,379	3,357	1,165
Transfers	32,455	24,423	31,144	32,231	34,186
Gain on the sale of property	-	2,075	-	-	-
Capital contributions	-	-	-	-	-
Total business-type activities	<u>50,225</u>	<u>37,130</u>	<u>33,523</u>	<u>35,588</u>	<u>35,351</u>
Total government general revenues	<u>\$ 304,612</u>	<u>\$ 321,749</u>	<u>\$ 300,160</u>	<u>\$ 311,711</u>	<u>\$ 312,071</u>
 Change in Net Position					
Governmental activities	\$ 31,389	\$ 38,042	\$ (757)	\$ 32,246	\$ 26,014
Business-type activities	43,050	3,680	13,879	32,041	39,213
Total government change in net position	<u>\$ 74,439</u>	<u>\$ 41,722</u>	<u>\$ 13,122</u>	<u>\$ 64,287</u>	<u>\$ 65,227</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				
	2013	2014	2015	2016	2017
General Revenues and Change in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 195,568	\$ 203,513	\$ 214,288	\$ 227,723	\$ 243,511
Local sales tax	71,115	76,004	82,864	88,837	92,879
Franchise tax	21,313	21,944	28,552	29,311	28,699
Other taxes	11,517	23,216	20,124	21,526	30,341
Privilege license tax	7,949	7,512	4,282	93	-
Unrestricted grants and contributions	-	-	-	-	-
Investment earnings	1,204	5,045	2,288	3,257	4,501
Miscellaneous	20,416	13,821	18,191	16,293	12,280
Transfers	(41,210)	(46,235)	(54,858)	(51,072)	(55,334)
Gain on sale of property	-	6,271	256	7,574	4,196
Capital contributions	-	-	-	-	(2,723)
Total governmental activities	<u>287,872</u>	<u>311,091</u>	<u>315,987</u>	<u>343,542</u>	<u>358,350</u>
Business-type activities:					
Investment earnings	253	3,269	2,029	3,824	3,032
Transfers	41,210	46,235	54,858	51,072	54,984
Gain on the sale of property	-	-	-	-	145
Capital contributions	-	-	-	-	2,723
Total business-type activities	<u>41,463</u>	<u>49,504</u>	<u>56,887</u>	<u>54,896</u>	<u>60,884</u>
Total government general revenues	<u>\$ 329,335</u>	<u>\$ 360,595</u>	<u>\$ 372,874</u>	<u>\$ 398,438</u>	<u>\$ 419,234</u>
 Change in Net Position					
Governmental activities	\$ 59,676	\$ 31,504	\$ 61,272	\$ 62,714	\$ 66,085
Business-type activities	54,712	60,978	97,876	91,712	115,098
Total government change in net position	<u>\$ 114,388</u>	<u>\$ 92,482</u>	<u>\$ 159,148</u>	<u>\$ 154,426</u>	<u>\$ 181,183</u>

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
General fund					
Reserved	\$ 44,293	\$ 43,647	\$ 49,722	\$ -	\$ -
Unreserved	92,797	116,900	116,162	-	-
Nonspendable	-	-	-	3,090	3,415
Restricted	-	-	-	40,783	43,367
Committed	-	-	-	-	66,317
Assigned	-	-	-	72,987	34,305
Unassigned	-	-	-	58,176	62,813
Total general fund	<u>\$ 137,090</u>	<u>\$ 160,547</u>	<u>\$ 165,884</u>	<u>\$ 175,036</u>	<u>\$ 210,217</u>
 All other governmental funds					
Reserved	\$ 34,559	\$ 37,361	\$ 36,105	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	6,281	11,917	127,157	-	-
Capital projects funds	157,982	126,845	7,027	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	36,177	35,793
Assigned	-	-	-	123,024	215,302
Total all other governmental funds	<u>\$ 198,822</u>	<u>\$ 176,123</u>	<u>\$ 170,289</u>	<u>\$ 159,201</u>	<u>\$ 251,095</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				
	2013	2014	2015	2016	2017
General fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	3,020	3,153	3,976	4,762	4,823
Restricted	40,302	46,800	54,396	55,361	56,389
Committed	68,466	67,776	-	2,898	3,924
Assigned	35,446	35,870	108,058	120,418	132,624
Unassigned	67,990	73,080	83,397	84,784	76,757
Total general fund	<u>\$ 215,224</u>	<u>\$ 226,679</u>	<u>\$ 249,827</u>	<u>\$ 268,223</u>	<u>\$ 274,517</u>
 All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	-	11,625	69,510	72,920	72,483
Restricted	37,031	40,478	38,360	41,491	43,056
Assigned	187,964	186,832	215,969	176,675	210,091
Total all other governmental funds	<u>\$ 224,995</u>	<u>\$ 238,935</u>	<u>\$ 323,839</u>	<u>\$ 291,086</u>	<u>\$ 325,630</u>

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
Revenues					
Ad valorem taxes	\$ 151,301	\$ 180,362	\$ 184,930	\$ 186,625	\$ 189,486
Intergovernmental	61,500	65,815	64,174	87,156	85,624
Project revenue (non-grant)	-	-	-	-	-
Non-governmental	-	-	-	-	-
Developer participation	127	141	15	2,313	510
Assessments	733	527	493	562	1,336
Local sales tax	70,313	62,442	58,651	61,776	67,828
Licenses	17,585	19,627	19,098	19,671	21,050
Gain (loss) on investments	15,982	9,764	3,853	5,000	1,683
Inspection fees	10,918	8,517	7,408	7,164	7,695
Highway maintenance refunds	986	1,104	1,242	786	772
Facility fees	5,638	4,040	4,084	7,310	6,632
Other fees and charges	29,658	30,975	30,995	32,429	37,175
Rents	310	374	437	514	787
Program income	2,881	2,691	2,188	2,536	2,619
Other revenues	3,605	2,410	2,149	1,589	1,831
Miscellaneous	1,076	3,461	2,022	1,024	745
Total revenues	<u>372,613</u>	<u>392,250</u>	<u>381,739</u>	<u>416,455</u>	<u>425,773</u>
Expenditures					
General government	37,792	35,998	34,791	42,096	38,709
Community development services	24,828	26,652	25,421	25,332	25,268
Public works	21,572	22,054	21,762	24,723	23,143
Public infrastructure	-	-	-	-	-
Public safety	130,476	136,794	143,173	145,251	144,448
Solid waste services (2)	21,658	25,091	24,043	24,949	24,556
Leisure services	39,572	42,073	43,973	49,415	54,355
Economic development programs	5,329	4,399	4,375	5,710	5,656
Other expenditures	-	36	-	3	402
Capital outlay	65,634	101,497	94,470	73,332	78,785
Debt service					
Principal	15,967	20,125	20,717	26,900	26,699
Interest	9,493	10,021	13,195	13,494	12,601
Other debt service expenditures	307	335	335	572	652
Total expenditures	<u>372,628</u>	<u>425,075</u>	<u>426,255</u>	<u>431,777</u>	<u>435,274</u>
Other financing sources (uses)					
Transfers in	22,730	36,820	23,253	26,759	27,185
Transfers out	(55,219)	(59,991)	(52,146)	(60,307)	(56,101)
Proceeds from sale of property	-	-	177	-	-
Bonds issuance	54,279	56,281	109,550	46,430	147,600
Premium on bonds issued	-	-	6,405	1,360	17,765
Premium on refunding bond issued	-	-	-	-	5,331
Refunding bonds issuance	-	14,759	52,197	-	33,925
Payments to escrow agent	-	(14,284)	(95,418)	-	(39,129)
Total other financing sources (uses)	<u>21,790</u>	<u>33,585</u>	<u>44,018</u>	<u>14,242</u>	<u>136,576</u>
Net change in fund balances	<u>\$ 21,775</u>	<u>\$ 760</u>	<u>\$ (498)</u>	<u>\$ (1,080)</u>	<u>\$ 127,075</u>
Debt service as a percentage of noncapital expenditures (1)	8.09%	8.85%	9.95%	11.17%	10.74%

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

2008-2017 - 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.

(3) Public works changed to public infrastructure in FY 2017 as part of a City-wide department reorganization effort.

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2013	2014	2015	2016	2017
Revenues					
Ad valorem taxes	\$ 195,392	\$ 204,623	\$ 215,042	\$ 227,934	\$ 243,503
Intergovernmental	85,143	76,861	87,900	94,840	104,716
Project revenue (non-grant)	-	-	-	-	3,650
Non-governmental	-	42	80	3	46
Developer participation	57	164	-	-	-
Assessments	1,124	1,119	1,270	1,294	1,427
Local sales tax	71,115	76,004	82,864	88,837	92,879
Licenses	21,280	24,906	19,506	14,772	15,087
Gain (loss) on investments	1	4,588	2,851	4,614	3,810
Inspection fees	9,291	10,830	12,416	12,757	12,250
Highway maintenance refunds	1,125	899	1,393	857	1,148
Facility fees	9,571	7,663	11,990	9,891	8,235
Other fees and charges	18,900	15,495	15,488	16,087	16,869
Rents	649	548	857	719	763
Program income	2,340	2,384	1,180	902	878
Other revenues	2,467	1,916	2,941	2,987	2,567
Miscellaneous	875	284	-	-	-
Total revenues	<u>419,330</u>	<u>428,326</u>	<u>455,778</u>	<u>476,494</u>	<u>507,828</u>
Expenditures					
General government	36,724	38,112	40,352	46,090	45,825
Community development services	25,388	23,364	23,067	19,952	30,421
Public works	22,215	26,022	81,695	75,675	-
Public infrastructure (3)	-	-	-	-	114,548
Public safety	144,463	148,450	185,497	188,839	169,281
Solid waste services (2)	-	-	-	-	-
Leisure services	50,023	53,898	79,384	118,035	67,667
Economic development programs	2,312	7,931	4,868	6,979	3,331
Other expenditures	2,290	-	-	-	-
Capital outlay	66,279	92,753	-	-	-
Debt service					
Principal	30,371	30,203	31,726	34,400	40,092
Interest	15,841	17,316	19,602	21,362	21,201
Other debt service expenditures	436	333	597	746	921
Total expenditures	<u>396,342</u>	<u>438,382</u>	<u>466,788</u>	<u>512,078</u>	<u>493,287</u>
Other financing sources (uses)					
Transfers in	32,982	43,554	35,916	40,338	52,318
Transfers out	(77,063)	(88,499)	(87,878)	(90,990)	(103,992)
Proceeds from sale of property	-	6,271	256	7,574	4,196
Bonds issuance	-	-	-	-	68,000
Premium on bonds issued	-	73,377	103,231	335	5,775
Premium on refunding bond issued	-	4,490	8,507	-	-
Refunding bonds issuance	-	5,885	-	60,892	-
Payments to escrow agent	-	(9,626)	-	-	-
Total other financing sources (uses)	<u>(44,081)</u>	<u>35,452</u>	<u>60,032</u>	<u>18,149</u>	<u>26,297</u>
Net change in fund balances	<u>\$ (21,093)</u>	<u>\$ 25,396</u>	<u>\$ 49,022</u>	<u>\$ (17,435)</u>	<u>\$ 40,838</u>
Debt service as a percentage of noncapital expenditures (1)	13.97%	13.53%	14.68%	15.39%	15.69%

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)
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
2016		46,568,861		6,350,280		806,368		53,725,509	0.4210
2017		50,892,976		6,752,840		819,339		58,465,155 (1)	0.4183

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>
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
2016		0.4210	0.6145	1.0355
2017	(1)	0.4183	0.6005	1.0188

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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Highwoods Realty LP	\$ 380,045	1	0.65%	\$ -		-
CVM Holdings LLC	378,399	2	0.65%	172,726	3	0.49%
Duke Energy Progress, Inc.	374,948	3	0.64%	277,301	1	0.79%
First Citizens Bank & Trust Co.	210,258	4	0.36%	109,338	6	0.31%
G&I VIII TTC LLC	180,321	5	0.31%	-		-
State Employees Credit Union	164,905	6	0.28%	-		-
LSREF3 Bravo (Raleigh) LLC	145,528	7	0.25%	-		-
North Hills Owner LLC	138,665	8	0.24%	175,067	2	0.50%
Columbia Cameron Village LLC	124,691	9	0.21%	-		0.00%
150 Fayettevill TIC Owner LLC	104,079	10	0.18%	-		0.00%
Raleigh Portfolio NW LLC	-		-	108,907	7	0.31%
Bellsouth Telephone	-		-	118,405	5	0.34%
UDRT of North Carolina LLC	-		-	125,917	4	0.36%
JG North Raleigh LLC	-		-	98,761	8	0.28%
Summitt Properties	-		-	81,885	10	0.23%
Prudential Insurance	-		-	90,207	9	0.26%
Totals	<u>\$ 2,201,839</u>		<u>3.77%</u>	<u>\$ 1,358,514</u>		<u>3.87%</u>

Note:

Above taxable assessed valuations are as of January 1, 2016 and 2007 respectively, and the associated tax levies were due in the fiscal years ended June 30, 2017 and 2008 respectively.

Source:

Wake County website, Statistics and Reports and 2007 City of Raleigh CAFR.

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

(amounts expressed in thousands)

Fiscal Year Ended June 30,	Original Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2008	\$ 153,544	\$ 150,661	98.12%	\$ 2,413	\$ 153,074	99.69%
2009	184,579	181,468	98.31%	2,455	183,923	99.64%
2010	187,901	185,225	98.58%	2,130	187,355	99.71%
2011	188,777	186,280	98.68%	1,994	188,274	99.73%
2012	190,578	188,329	98.82%	2,134	190,463	99.94%
2013	197,617	195,117	98.73%	2,713	197,617	100.00%
2014	203,033	201,842	99.41%	1,924	203,033	100.00%
2015	212,617	211,668	99.55%	328	211,996	99.71%
2016	227,479	225,261	99.02%	55	225,316	99.05%
2017	243,201	241,145	99.15%	-	241,145 (1)	99.15%

Note:

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

Total collected as per above	\$ 241,145
Penalties collected	437
Prior year collections in current year	193
Special districts	1,728
	<u>1,728</u>
Ad valorem taxes collected per general fund financial statements	<u>\$ 243,503</u>

ANALYSIS OF CURRENT TAX LEVY**CITY - WIDE LEVY**

For the Fiscal Year Ended June 30, 2017

	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	\$ 57,497,244,022	\$.4183	\$ 240,521,378	\$ 227,328,865	\$ 13,192,513
Registered motor vehicles taxed at prior year's rate	967,911,434	.4210	4,046,217	-	4,046,217
	<u>58,465,155,456</u>		<u>244,567,595</u>	<u>227,328,865</u>	<u>17,238,730</u>
Discoveries:					
Prior years' taxes	72,446,373	(1)	286,256	282,612	3,644
Total property valuation	<u>\$ 58,537,601,829</u>				
Deferred and waived			1,211,033	1,211,033	-
Penalty			437,032	437,032	-
Rebates			<u>(3,152,892)</u>	<u>(3,152,892)</u>	<u>-</u>
Net levy			243,349,024	226,106,650	17,242,374
Uncollected taxes at June 30, 2017			<u>(269,995)</u>	<u>(266,107)</u>	<u>(3,888)</u>
Current year's taxes collected			<u>\$ 243,079,029</u>	<u>\$ 225,840,543</u>	<u>\$ 17,238,486</u>
Current levy collection percentage			<u>99.89%</u>	<u>99.88%</u>	<u>99.98%</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, 2017

Fiscal Year Ended June 30	Taxes Receivable June 30, 2016	Additions	Collections and Other Reductions	Taxes Receivable June 30, 2017
				(1)
2008 & prior	\$ 3,477,436	\$ -	\$ 6,295	\$ 3,471,141
2009	224,163	-	3,301	220,862
2010	285,921	-	3,800	282,121
2011	484,115	-	5,984	478,131
2012	286,245	-	25,391	260,854
2013	306,075	-	50,243	255,832
2014	280,108	-	37,191	242,917
2015	270,250	-	(1,774)	272,024
2016	389,222	-	66,343	322,879
2017	-	246,563,483	246,176,124	387,359
TOTALS	\$ 6,003,535	\$ 246,563,483	\$ 246,372,898	\$ 6,194,120
			(2)	

Notes:

(1) Ad valorem taxes receivable only; does not include vehicle tag fee receivable (\$3,478,9651).

(2) Reconciliation to revenues collected:

Collections and other reductions per above	\$ 246,372,898
Late list penalties collected	(130,084)
Penalties collected	437,032
Prior year levy adjustments	(24,157)
Rebates and waived taxes	(3,152,892)
Ad valorem taxes collected per general fund financial statements	<u>\$ 243,502,797</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			
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) 351,612	139,903	5,118	727,382	369,471	1,593,486	8.16%	3,765.51
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
2016	(3) 351,863	266,013	409	664,085	417,537	1,699,907	(2)	3,768.64
2017	(3) 399,236	270,251	0	761,470	420,100	1,851,057	(2)	3,756.12

Notes:

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

- (1) See the Schedule of Demographic and Economic Statistics on page 191 for personal income and population data.
(2) Personal income data unavailable for 2014, 2015 and 2016.
(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	399,236	-
Revenue bonds	-	761,470
Installment financing agreements	270,251	420,100
Earned vacation payable	20,941	4,898
Landfill postclosure costs	-	4,382
Claims Payable	19,739	1
	<u>710,167</u>	<u>1,190,851</u>

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	General		Net		Percentage Actual Taxable Value of Property	Per Capita	
	Bonded Debt		Bonded Debt			Bonded Debt	
	(1)		(2)			General	Net
						(4)	
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
2016	(5)	351,863		350,558	0.65%	675	672
2017	(5)	399,236		398,219	0.60%	761	759

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 180 for property value data.

(4) See Demographic and Economic Statistics schedule on page 191 for population data.

(5) Amounts shown here are net of premiums, discounts and adjustments.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**As of June 30, 2017****(amounts expressed in thousands)**

	Bonded Debt	Percentage Applicable to City	City's Share of Debt
Direct Debt - City of Raleigh (1)	\$ 574,017	100.00%	\$ 574,017
Overlapping Debt: (2)			
Wake County Debt (3)	1,727,865	41.34% (4)	714,371
Total Direct and Overlapping Debt	<u>\$ 2,301,882</u>		<u>\$ 1,288,388</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 \$1,401,404,544 of Wake County School Bonds.
- (4) Percentage of direct and overlapping debt is based on June 30, 2017 assessed valuation of the City of Raleigh (\$58,465,155,456) as compared to the June 30, 2017 assessed valuation of Wake County (\$141,411,010,294).

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
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%
2016	4,298,041	1,139,717	3,158,324	26.52%
2017	4,677,212	1,124,420	3,552,792	24.04%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 58,465,155
Debt limit (8% of assessed value)	4,677,212
Debt applicable to limit:	
General Obligation bonds	349,375
GO bonds authorized not issued	98,775
Other outstanding debt	677,287
Less: Statutory deductions	
Bonded debt included in gross debt incurred for water	-
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	(1,017)
Total net debt applicable to limit	<u>1,124,420</u>
Legal debt margin	<u><u>\$ 3,552,792</u></u>

**PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year Ended		Gross Revenues	15% of CY Unrestricted Net Position	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements (3 and 4)			Coverage Ratios		
						Principal	Interest	Total	Net Coverage	With 15% (5)	Required Coverage
(1)		(2)	(5)	(2)							
<u>Parity Debt Service Coverage (3)</u>											
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	(7)	214,997,564	37,843,467	89,725,721	125,271,843	19,695,000	23,969,886	43,664,886	2.87	3.74	1.20
2016		231,560,704	46,008,826	91,722,046	139,838,658	22,405,000	28,970,260	51,375,260	2.72	3.62	1.20
2017		243,174,781	52,037,132	100,032,451	143,142,330	22,860,000	26,348,958	49,208,958	2.91	3.97	1.20

Parity and Subordinate Debt Service Coverage (4)

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	(7)	214,997,564		89,725,721	125,271,843	22,480,320	24,335,506	46,815,826	2.68		1.00
2016		231,560,704		91,722,046	139,838,658	48,538,884	53,043,085	101,581,969	1.38		1.00
2017		243,174,781		100,032,451	143,142,330	24,926,658	26,630,347	51,557,005	2.78		1.00

Notes:

- (1) The City has issued 10 series of water and sewer revenue bonds between December 1996 and May, 2013.
- (2) Water and sewer user charges and other utility revenues are pledged revenues; operating expenses are exclusive of depreciation and interest expense.
- (3) Parity debt service includes interest and principal of revenue bonds.
- (4) Parity and subordinate debt service includes interest and principal of revenue bonds, State loans, and water and sewer general obligation bonds. Certain other debt paid within the Utility Fund is not subject to legal coverage requirements, and is not included above.
- (5) The City entered into the First Amendatory Trust Agreement dated April 15, 2004. The first amendment provides that 15% of Water and Sewer unrestricted net positions as of the last day of the preceding fiscal year be added to gross revenues in computing the net revenue available for debt service. The required coverage for parity indebtedness was also decreased to 1.20% from 1.25%.
- (6) The schedule was updated in 2011 to change certain prior period amounts for consistency in reporting.
- (7) The schedule was updated for the 2015 interest figures with a reclassification between the two categories presented.

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)
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	21,035,913	46,636	159,984	5.1
2015	439,896	21,295,805	48,411	161,027	5.0
2016	451,066	Unavailable	Unavailable	164,429	4.3
2017	458,880	Unavailable	Unavailable	169,436	3.6

Sources:

- (1) Census Population Estimates Program for 2011, 2013-2017
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 2016 and 2017 are unavailable.
- (3) North Carolina Department of Public Instruction, Information Analysis and Reporting.
ADM = Average daily membership - (final ADM). Includes eighteen charter schools.
- (4) North Carolina Employment Security Commission.
Estimated percentage of unemployment in Wake County as of June 30, 2017.
- (5) Population, school enrollment and unemployment data is reported as of June 30.
Personal income data is reported as of December 31.

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of North Carolina	24,083	1	9.84%	25,458	1	12.97%
Wake County Public School System	17,854	2	7.30%	16,755	2	8.54%
Wake Med Health and Hospitals	9,125	3	3.73%	6,893	4	3.51%
North Carolina State University	8,870	4	3.62%	8,000	3	4.08%
UNC Rex Healthcare	5,530	5	2.26%	4,400	5	2.24%
City of Raleigh	4,218	6	1.72%	3,439	7	1.75%
NC DHHS	3,800	7	1.55%	-		-
Duke Energy Progress	3,700	8	1.51%	3,246	8	1.65%
Wake County	3,692	9	1.51%	3,471	6	1.77%
Wake Technical Community College	2,260	10	0.92%	-		-
Waste Industries	-		-	2,000	9	1.02%
First Citizens Bancshares Inc	-		-	1,500	10	0.76%
Total	<u>83,132</u>		<u>33.96%</u>	<u>75,162</u>		<u>38.29%</u>

Notes:

City-wide employment as of June 30, 2017: 244,718

City-wide employment as of June 30, 2008: 196,274

Duke Energy Progress was Progress Energy Inc. in 2008.

Source:

Wake County Economic Development

NC Office of State Human Resources

NC Employment Security Commission (Laus City Wide Employment)

City Budget Office

Various Area Employers

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

Function	Employees as of June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Policy & Management Services										
General Government	77	74	94	131	88	90	105	103	109	111
Human Resources	25	26	25	25	25	29	30	30	31	33
Administrative Services (2)	19	20	25	-	-	-	-	-	-	-
Finance (4)	129	127	127	112	111	65	61	61	65	63
Information Technology (7)	74	74	77	78	79	78	78	81	80	81
Community Development Services										
Public Infrastructure (1) (6)	405	421	416	395	397	403	430	445	586	597
Planning & Development Services (3)	47	45	42	60	200	203	169	191	195	210
Inspections	153	141	121	97	-	-	-	-	-	-
Community Services	23	18	18	18	18	18	18	-	-	-
Community Development	23	23	23	23	23	23	23	-	-	-
Housing and Neighborhood preservation	-	-	-	-	-	-	-	-	-	-
Housing and Neighborhoods (5)	-	-	-	-	-	-	-	73	76	76
Public Safety										
Police	902	902	892	882	879	876	890	898	902	904
Fire	568	568	568	575	575	577	607	609	611	621
Emergency Communications	103	102	102	102	109	115	115	115	127	129
Solid Waste Services										
	237	234	223	211	204	200	202	204	208	210
Public Utilities (4)										
	571	571	570	586	586	642	632	640	652	656
Leisure Services										
Convention Center	109	107	109	108	104	104	104	104	104	107
Parks & Recreation	418	391	401	408	428	443	472	495	417	420
Total	3,883	3,844	3,833	3,811	3,826	3,866	3,936	4,049	4,163	4,218

Notes:

Numbers presented are authorized positions.

(1) Includes Central Engineering, Construction Management, Transit, Parking, Vehicle Fleet Services and Stormwater through 2016.

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

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

(4) Utility Billing employees moved from Finance to the Public Utilities Department - 2013.

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

(6) Public Works changed to Public Infrastructure to include Engineering Services and Transportation - 2017.

(7) Changed name to Information Technology from Information Services - 2017.

Source:

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

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year				
	2008	2009	2010	2011	2012
Community Development Services					
Inspections:					
Permits issued (all trade types)	54,644	45,022	45,000	47,723	39,144
Construction - inspections requested	116,667	103,798	93,844	77,000	88,640
Community Development:					
New housing units constructed	6	11	9	17	25
Homeownership loans provided	62	66	81	39	60
Rehabilitation loans provided	42	36	27	13	24
Public Infrastructure					
Asphalt failures repaired	3,828	1,880	2,068	5,000	1,906
Drainage structures repaired/maintained	1,073	700	461	1,000	594
Police					
Physical arrests and citations	120,005	113,568	116,481	115,361	92,387
Traffic accidents investigated	19,262	18,557	18,439	19,328	19,810
Fire					
Emergency responses	20,478	21,791	22,278	22,790	21,912
Fire calls answered	1,739	1,319	1,167	1,489	1,354
Emergency Communications					
911 calls processed	523,184	520,431	497,778	454,223	475,453
Solid Waste					
Refuse collected (tons)	85,139	87,054	87,562	85,217	84,700
Recyclables collected (tons)	18,740	19,325	20,104	22,370	23,890
Water					
Number of consumers	174,517	165,298	167,307	167,746	170,353
Average daily consumption (millions of gallons per day)	47.09	48.00	49.00	52.00	53.50
Maximum daily flow (millions of gallons per day)	75.00	67.00	71.36	68.71	70.13
Wastewater					
Average daily sewage treatment (millions of gallons per day)	42.00	40.90	42.50	45.70	44.10
Maximum daily flow (millions of gallons per day)	63.77	81.75	88.01	78.94	59.23
Leisure Services					
Convention center events	837	687	641	649	576
Event attendance	718,841	608,842	489,446	460,012	537,804
Parks and recreation programs	10,770	9,290	11,249	11,233	12,717
Registrants	120,254	158,514	138,568	136,489	142,965
Attendance at parks & recreation facilities (millions)	4.1	4.0	4.1	4.0	4.0

Notes:

- (1) Numbers represent estimates.
- (2) Amounts shown for 2016 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 in 2015 to no longer include attendance at facilities.

Source:

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

Function	Fiscal Year				
	2013	2014	2015	2016	2017
Community Development Services					
Inspections:					
Permits issued (all trade types)	95,547	105,105	107,628	117,340	123,119
Construction - inspections requested (3)	-	-	-	-	-
Community Development:					
New housing units constructed	7	21	14	18	5
Homeownership loans provided	43	55	85	66	32
Rehabilitation loans provided	13	50	55	42	29
Public Infrastructure					
Asphalt failures repaired	4,000	5,544	5,000	5,800	6,000 (1)
Drainage structures repaired/maintained	505	1,120	1,200	2,721	2,176
Police					
Physical arrests and citations	88,321	98,857	86,498	75,157	68,214
Traffic accidents investigated	20,283	21,189	21,706	27,566	27,621
Fire					
Emergency responses	21,951	23,119	24,349	39,301	40,891
Fire calls answered	1,077	1,133	1,192	1,079	1,188
Emergency Communications					
911 calls processed	608,770	580,465	597,245	611,047 (2)	622,515 (1)
Solid Waste					
Refuse collected (tons)	84,582	87,068	91,786	98,028 (2)	95,000 (1)
Recyclables collected (tons)	26,040	26,176	27,584	28,239 (2)	28,300 (1)
Water					
Number of consumers	171,123	174,010	176,918	191,479	195,681
Average daily consumption (millions of gallons per day)	52.00	47.90	47.30	49.00	55.78
Maximum daily flow (millions of gallons per day)	68.93	61.10	67.88	62.00	62.59
Wastewater					
Average daily sewage treatment (millions of gallons per day)	45.60	45.40	48.19	50.00	50.11
Maximum daily flow (millions of gallons per day)	72.63	83.53	68.03	89.00	101.09
Leisure Services					
Convention center events	601	726	705	912	917
Event attendance	355,012	766,107	768,501	973,038	1,346,883
Parks and recreation programs	13,062	13,204	13,170	11,810	13,088
Registrants	151,545	158,257	158,500	148,194	105,102
Attendance at parks & recreation (4) facilities (millions)	4.3	4.3	-	-	-

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year				
	2008	2009	2010	2011	2012
Public safety					
Police stations	7	7	7	6	6
Fire stations	27	27	27	27	27
Highways and streets					
Streets (miles)	1,274	1,283	1,293	1,296	1,306
Streetlights (1)	33,955	33,974	34,003	33,067	33,914
Signalized intersections	510	515	518	540	552
Leisure services					
Number of major parks	72	75	78	78	77
Parks acreage	8,893	9,046	9,399	9,451	9,494
Aquatic facilities	8	8	8	8	8
Community centers (staffed and unstaffed)	33	34	35	35	34
Water					
Water mains (miles)	2,106	1,870	1,902	1,931	2,508
Sewers					
Sanitary sewers (miles)	2,072	1,784	1,803	1,819	2,612

Notes:

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

(1) Streetlights for 2011-2017 are reported as actuals; prior years are estimated.

(2) Major parks measure was re-evaluated in 2017.

Source:

Various city departments and Budget Office.

Function	Fiscal Year				
	2013	2014	2015	2016	2017
Public safety					
Police stations	6	6	6	6	6
Fire stations	27	27	28	28	28
Highways and streets					
Streets (miles)	1,310	1,342	1,358	1,357	1,366
Streetlights (1)	34,323	34,567	34,749	34,891	35,038
Signalized intersections	550	615	619	620	620
Leisure services					
Number of major parks (2)	85	85	86	86	112
Parks acreage	9,846	9,846	10,194	9,893	9,893
Aquatic facilities	9	9	9	9	9
Community centers (staffed and unstaffed)	47	47	47	49	49
Water					
Water mains (miles)	2,515	2,226	2,245	2,355	2,496
Sewers					
Sanitary sewers (miles)	2,620	2,281	2,297	2,300	2,569



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 Title 2 United States Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the North Carolina State Single Audit Implementation Act, and the American Recovery and Reinvestment Act.



CITY OF RALEIGH



**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, 2017, 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 31, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Cherry Berkant". The signature is fluid and cursive, with a large, stylized "C" at the beginning and a long, sweeping underline.

Raleigh, North Carolina
October 31, 2017

**Report of Independent Auditor on Compliance for Each Major Federal Program
and on Internal Control over Compliance in Accordance with OMB Uniform Guidance
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 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, 2017. 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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, 2017.

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 the Uniform Guidance, 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.

Report on Schedule of Expenditures of Federal and State Award Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 31, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Raleigh, North Carolina
October 31, 2017

**Report of Independent Auditor on Compliance for Each Major State Program
and on Internal Control over Compliance in Accordance with the Uniform Guidance
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, 2017. 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; and applicable sections of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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, 2017.

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 the Uniform Guidance, 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.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 31, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Raleigh, North Carolina
October 31, 2017

Single Audit Schedules

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (1)
EXPENDITURES OF FEDERAL AWARDS:						
U.S. DEPARTMENT OF TRANSPORTATION						
Direct Programs: Federal Transit Administration:						
Federal Transit Cluster:						
Capital Assistance - FTA (5339)	20.507	NC-2016-36-00	\$ 358,751	\$ -	\$ -	\$ 89,689
Federal Transit Buses	20.507	NC-34-0005-00	1,119,016	210,591	110,450	41,651
Federal Transit Cap & Maint 2015	20.507	NC-90-X593-00	4,458,493	321,255	-	793,371
Federal Transit Cap & Maint 2016	20.507	1065-2016-1	4,040,348	78,021	-	932,068
Federal Transit Cap & Maint 2017	20.507	NC-2017-041-01	2,809,771	35,122	-	667,321
Moore Square Station Renovations	20.507	NC-95-X072-00	25,512	-	-	6,378
STPDA Moore Square & ADA	20.507	NC-95-X084-00	(68,321)	-	-	(17,080)
Moore Square Station Renovations	20.507	NC-90-X488-00	1,159,524	-	-	289,881
Moore Square Station-FY10 STPDA	20.507	NC-95-X043-00	36,720	-	-	9,485
Planning Assistance - Section 9 (5307)	20.507	NC-90-X593-00	910	-	-	227
Planning Assistance - Section 9 (5307)	20.507	NC-2017-010	67,941	-	-	16,986
Planning Assistance - Section 9 (5307)	20.507	NC-2017-041	249,194	-	-	62,298
Total Federal Transit Cluster:			14,257,859	644,989	110,450	2,892,175
Transit Services Programs Cluster:						
Enhanced Mobility	20.513	NC-16-X013-00	226,028	-	224,768	-
Enhanced Mobility	20.513	NC-2016-035-00	21,065	-	21,065	-
Job Access Remote Commute	20.516	NC-37-X031-02	11,453	-	11,453	-
New Freedom 2013	20.521	NC-57-X016-00	63,893	-	63,893	-
New Freedom 2014	20.521	NC-57-X016-01	30,065	-	30,065	-
New Freedom 2015	20.521	NC-57-X016-02	22,430	-	22,430	-
Total Transit Services Programs Cluster:			374,934	-	373,674	-
Planning Assistance - Section 9 (5303)	20.505	NC-2017-041	299,200	37,400	-	37,400
Direct Programs: Federal Railroad Administration:						
Highway Planning and Construction Cluster:						
Raleigh Union Station - Phase I	20.933	FR-T11-0020-13-01-01	6,989,947	2,373,739	-	-
Raleigh Union Station - Phase I Terminal Building	20.933	FR-T11-0028-14-01-02	5,475,623	-	-	4,880,439
Subtotal Highway Planning and Construction Cluster:			12,465,570	2,373,739	-	4,880,439
Total Direct Programs U.S. Department of Transportation:			27,397,563	3,056,128	484,124	7,810,014
Passed-Through North Carolina Department of Transportation: Federal Highway Administration:						
Highway Planning and Construction Cluster:						
Six Forks Road Pedestrian Improvements	20.205	C-5172	80,369	-	-	70,888
I-40 Pedestrian Improvements	20.205	C-5504	1,271,101	-	-	392,822
Citywide Bicycle Improvements	20.205	C-5170	8,032	-	-	2,008
City wide Traffic Signal Upgrade	20.205	C-4923	26,474	-	-	8,825
Capital Boulevard Improvements	20.205	U-5514	594,949	-	-	248,526
Section 104(f) PL	20.205	WBS44842.1.21	657,189	-	-	164,299
Section 104(f) STPDA	20.205	WBS44860.1.21	1,149,368	-	-	315,093
Subtotal Highway Planning and Construction Cluster:			3,787,482	-	-	1,202,461
Total Highway Planning and Construction Cluster:			16,253,052	2,373,739	-	6,082,900
Passed-Through North Carolina Department of Transportation: National Highway Traffic Safety Administration:						
Highway Safety Cluster:						
Crash Reconstruction Unit Training	20.600	PT-16-06-26	10,879	-	-	3,626
Bikesafe Coordinator	20.616	MC-17-03-04	1,705	-	-	-
DWI Squad	20.607	154AL-16-12-15	137,196	-	-	137,248
DWI Squad	20.607	154AL-16-12-15	61,197	-	-	26,227
Total Highway Safety Cluster:			210,977	-	-	167,101
Total Passed-Through North Carolina Department of Transportation:			3,998,459	-	-	1,369,562
Total U.S. Department of Transportation			31,396,022	3,056,128	484,124	9,179,576
CORPORATION FOR NATIONAL SERVICE						
Direct Programs: Foster Grandparent /Senior Companion Cluster:						
Foster Grandparent Program	94.011	14SFSNC001	250,538	-	-	110,734
Total Corporation for National Service			250,538	-	-	110,734
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Direct Programs: CDBG Entitlement Grant Cluster:						
Community Development Block Grant - Entitlement	14.218	B14MC370009	1,430,939	-	104,703	-
Community Development Block Grant - Entitlement	14.218	B15MC370009	2,136,805	-	156,352	-
Community Development Block Grant - Entitlement	14.218	B16MC370009	2,379,817	-	174,133	-
Total CDBG Entitlement Grant Cluster:			5,947,561	-	435,188	-
Direct Programs:						
HOME Investment Partnerships Program	14.239	M12-MC370206	286,627	-	-	54,099
HOME Investment Partnerships Program	14.239	M13-MC370206	267,869	-	-	50,558
HOME Investment Partnerships Program	14.239	M15-MC370206	1,200	-	-	227
HOME Investment Partnerships Program	14.239	M16-MC370206	75,067	-	-	14,168
Total HOME Direct Program:			630,763	-	-	119,052
Emergency Solutions Grant Program	14.231	E15MC370009	103,155	-	103,155	-
Emergency Solutions Grant Program	14.231	E16MC370009	147,715	-	147,715	-
Total ESG Direct Program:			250,870	-	250,870	-
Total U.S. Department of Housing and Urban Development			6,829,194	-	686,058	119,052

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (1)
<u>U.S. DEPARTMENT OF JUSTICE</u>						
Direct Programs: JAG Cluster:						
2014 Edward Byrne Memorial Justice Assistance (JAG)	16.738	2014-DJ-BX-0967	26,995	-	-	-
2015 Edward Byrne Memorial Justice Assistance (JAG)	16.738	2015-DJ-BX-1012	36,728	-	-	-
Subtotal JAG Cluster:			<u>63,723</u>	<u>-</u>	<u>-</u>	<u>-</u>
Direct Programs:						
2016 Bulletproof Vest Partnership	16.607	N/A	531	-	-	-
Body-Worn Camera Implementation Program	16.835	2016-BC-BX-K100	1,118	-	-	1,118
Equitable Sharing	16.922	2017	575,034	-	-	-
Total Direct Programs U.S. Department of Justice:			<u>576,683</u>	<u>-</u>	<u>-</u>	<u>1,118</u>
Passed-Through N.C. Department of Public Safety: U.S. Department of Justice:						
JAG Cluster:						
Gang Resource Coordinator	16.738	2014-DJ-BX-1148	39,430	-	-	13,143
Subtotal JAG Cluster:			<u>39,430</u>	<u>-</u>	<u>-</u>	<u>13,143</u>
Total JAG Cluster:			<u>103,153</u>	<u>-</u>	<u>-</u>	<u>13,143</u>
Passed-Through N.C. Department of Public Safety: U.S. Department of Justice:						
Trauma Counselor	16.575	2015-VA-GX-0019	50,557	-	-	12,639
Total Passed-Through N.C. Department of Public Safety: U.S. Department of Justice:			<u>89,987</u>	<u>-</u>	<u>-</u>	<u>25,782</u>
Total U.S. Department of Justice			<u>730,393</u>	<u>-</u>	<u>-</u>	<u>26,900</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>						
Passed-Through N.C. Department of Environmental Quality: Capitalization Grants for Clean Water State Revolving Funds:						
Neuse River WWTP Phase III	66.458	CS-370419-18	4,450,520	-	-	-
Crabtree Creek Wastewater Conveyance	66.458	CS370419-19	4,793,326	-	-	-
Centennial Reuse Pipeline	66.458	CS-370419-17	965,951	-	-	-
Total Clean Water State Revolving Funds:			<u>10,209,797</u>	<u>-</u>	<u>-</u>	<u>-</u>
Passed-Through N.C. Department of Environmental Quality: Capitalization Grants for Drinking Water State Revolving Funds:						
E.M. Johnson WTP - Sodium Permanganate	66.468	FS-984338.13	1,484,538	-	-	-
Total Drinking Water State Revolving Funds:			<u>1,484,538</u>	<u>-</u>	<u>-</u>	<u>-</u>
Passed-Through N.C. Department of Environmental Quality:						
Community Waste Reduction and Recycling Project	N/A	Contract No. 6866	21,497	-	-	5,994
Total Passed-Through N.C. Department of Environmental Quality:			<u>11,715,832</u>	<u>-</u>	<u>-</u>	<u>5,994</u>
Total Environmental Protection Agency			<u>11,715,832</u>	<u>-</u>	<u>-</u>	<u>5,994</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>						
Direct Programs: FEMA						
2015 Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2015-FH-00076	175,888	-	-	-
Assistance to Firefighters Grant	97.044	EMW-2015-FO-01085	132,775	-	-	13,277
Total Direct Programs: FEMA:			<u>308,663</u>	<u>-</u>	<u>-</u>	<u>13,277</u>
Passed-Through N.C. Department of Public Safety: FEMA:						
Flood Mitigation Assistance	97.029	FMA-PJ-04-NC-2014-012	203,300	-	-	-
Hazard Mitigation	97.039	HMGF 4167-0008-R	5,665	1,888	-	-
Hurricane Matthew	97.036	FEMA-4285-DR-NC	359,709	-	-	-
Total Passed-Through N.C. Department of Public Safety: FEMA:			<u>568,674</u>	<u>1,888</u>	<u>-</u>	<u>-</u>
Passed-Through N.C. Department of Public Safety: FEMA:						
Homeland Security Cluster:						
USAR	97.067	EMW-2015-SS-00062-S01	31,632	-	-	-
Total Homeland Security Cluster:			<u>31,632</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Passed-Through N.C. Department of Public Safety:			<u>600,306</u>	<u>1,888</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Homeland Security: FEMA			<u>908,969</u>	<u>1,888</u>	<u>-</u>	<u>13,277</u>
<u>OFFICE OF NATIONAL DRUG CONTROL POLICY</u>						
Passed -Through Durham County:						
High Intensity Drug Trafficking Area (HIDTA)	95.001	G15GA0004A	17,079	-	-	2,766
High Intensity Drug Trafficking Area (HIDTA)	95.001	G15GA0004A	6,434	-	-	2,049
Total Office of National Drug Control and Policy			<u>23,513</u>	<u>-</u>	<u>-</u>	<u>4,815</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS:			<u>51,854,461</u>	<u>3,058,016</u>	<u>1,170,182</u>	<u>9,460,348</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (1)
EXPENDITURES OF STATE AWARDS:						
<u>N.C. DEPARTMENT OF TRANSPORTATION</u>						
Direct Programs: Division of Highways: Powell Bill		WBS32570	-	10,600,859	-	-
Direct Programs: Public Transportation Division: Public Transportation Maint Asst Prog		15-SM-016	-	2,803,207	-	-
Total Direct Programs N.C. Department of Transportation:			-	13,404,066	-	-
Passed-Through Triangle J Council of Governments: Transportation Demand Management Grant		TDMRAL17	-	88,681	-	89,268
Total Passed-Through Triangle J Council of Governments:			-	88,681	-	89,268
Total N.C. Department of Transportation			-	13,492,747	-	89,268
<u>N.C. DEPARTMENT OF PUBLIC SAFETY</u>						
Direct Programs: Fire Regional Response Team		RRT42017	-	62,376	-	-
Passed-Through Wake County: Juvenile Crime Prevention Council	2016		-	-	-	406
Juvenile Crime Prevention Council	2017		-	93,350	-	27,553
Total Passed-Through Wake County:			-	93,350	-	27,959
Total N.C. Department of Public Safety			-	155,726	-	27,959
TOTAL EXPENDITURES OF STATE AWARDS:			-	13,648,473	-	117,227
TOTAL EXPENDITURES ALL AWARDS:			\$ 51,854,461	\$ 16,706,489	\$ 1,170,182	\$ 9,577,575

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the Federal and State grant activity of the City of Raleigh under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Raleigh, it is not intended to present the financial position, changes in net assets or cash flows of the City of Raleigh.

Note 2: Summary of Significant Accounting Policies

The Schedule of Expenditures of Federal and State Awards is prepared on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

The City of Raleigh has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Powell Bill expenditures as reported above represent eligible expenditures reported to the North Carolina Department of Transportation for the fiscal year ending June 30, 2017. 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, 2017 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, 2017. 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.

Negative current year expenditures represent adjustments to previously reported balances for grant projects completed during FY16.

Note 3: Loan Balances

The City of Raleigh had the following loan balances outstanding at June 30, 2017 for which the grantor/pass-through grantor has still imposed continuing compliance requirements. The loan balance outstanding is included in the federal expenditures presented in the schedule. For each program, the outstanding loan balance may differ from expenditures presented in the schedule above due to timing of cash receipts.

Program Name	CFDA Number	Pass-through Grantor's Number	Amount Outstanding
SRF D.E. Benton Water Treatment Waste Facility Revolving Loan	66.468	FS-984338	\$6,241,667
SRF Neuse River WWTP Phase II Revolving Loan	66.458	CS-370419-18	\$26,500,369
SRF Crabtree Creek Wastewater Conveyance Revolving Loan	66.458	CS-370419-19	\$14,253,978
SRF E.M. Johnson WTP - Sodium Permanganate Revolving Loan	66.468	FS-984338.13	\$2,967,750
SRF Centennial Reuse Pipeline Revolving Loan	66.458	CS-370419-17	\$2,985,499
SRF Crabtree Creek North Bank Interceptor Revolving Loan	66.458	CS-370419-13	\$7,768,782

(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, 2017

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

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516 (a)? _____ yes X no

Identification of major federal programs:

CFDA Numbers

20.205-CL
20.933
14.218-CL

Names of Federal Program or Cluster

Highway Planning and Construction Cluster
National Infrastructure Investments
Community Development Block
Grants/Entitlement Grants Cluster

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

\$ 1,555,634

Auditee qualified as low-risk auditee?

 X yes _____ no

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2017

I – Summary of Auditor’s Results (continued)

State Awards

Internal control over major state programs:

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

Noncompliance material to state awards? yes X no

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

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

Identification of major state programs:

Names of State Program or Cluster

Powell Bill

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

None

IV – State Award Findings and Questioned Costs

None

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

YEAR ENDED JUNE 30, 2017

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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