



Annual Comprehensive Financial Report

FISCAL YEAR ENDING JUNE 30, 2023
RALEIGH, NORTH CAROLINA





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City of Raleigh

NORTH CAROLINA

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

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

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Introductory Section

Raleigh City Council 2022-2023



Bottom Row: **Stormie D. Forte, Mary Black, Mary-Ann Baldwin, Christina Jones, Jane Harrison**
Top Row: **Jonathan Melton, Megan Patton, Corey Branch**

Mary-Ann Baldwin – Mayor
Mary Black – District A
Megan Patton – District B
Corey Branch – District C

Jane Harrison - District D
Christina Jones – District E
Stormie D. Forte – At Large
Jonathan Melton – At Large

City Administrative, Legal and Financial Staff

Marchell Adams-David
City Manager

Tansy Hayward
Deputy City Manager

Nyki Hill
Assistant City Manager

Evan Raleigh
Assistant City Manager

Michael Moore
Assistant City Manager

Michele Mallette
Chief of Administrative Services

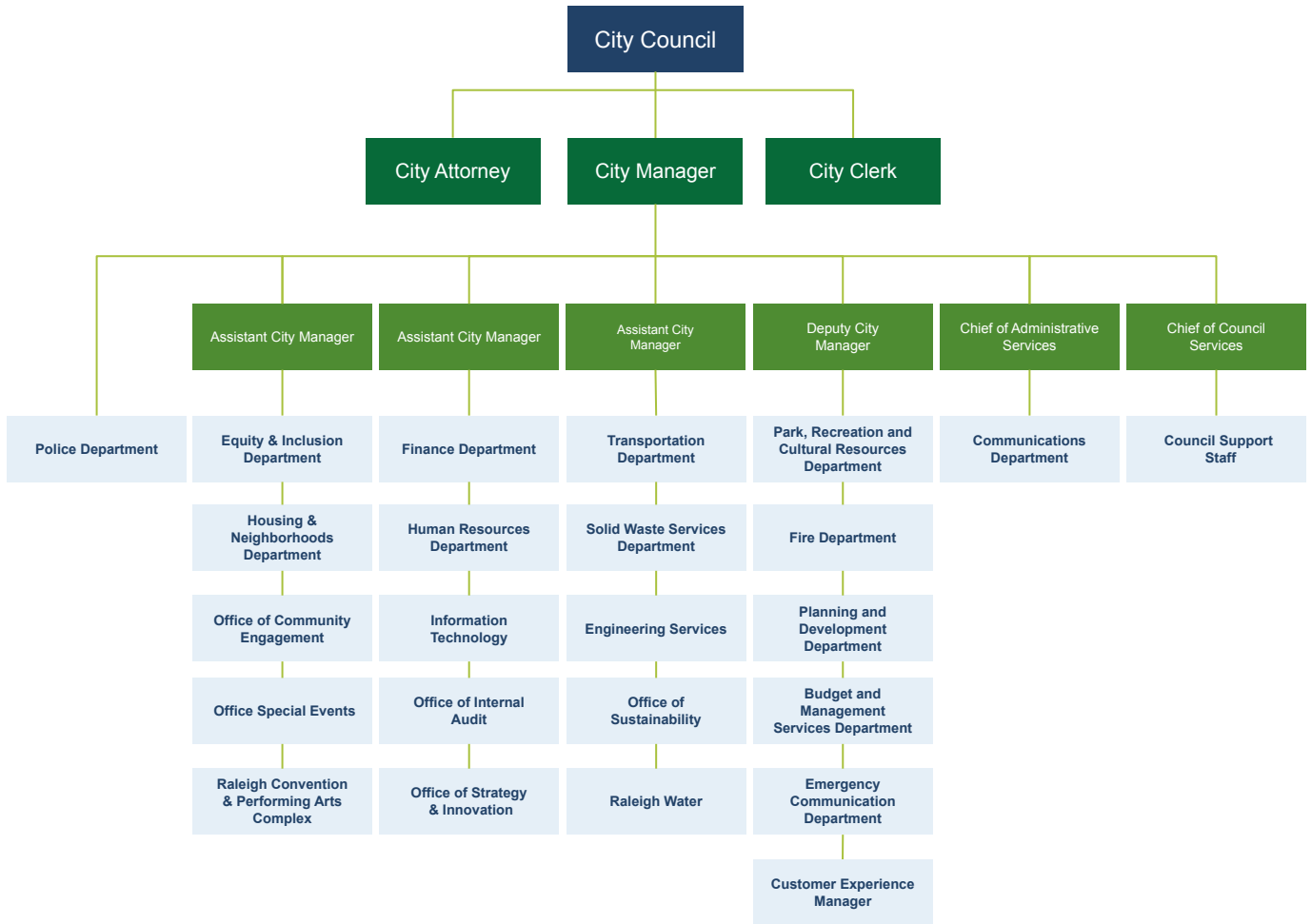
Louis Buonpane
Chief of Council Services

Dottie Kibler
Interim City Attorney

Marchell Adams-David
Interim City Clerk

Allison E. Bradsher
Chief Financial Officer

City of Raleigh Organization Chart





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

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Raleigh, North Carolina for the fiscal year ended June 30, 2023. The City's Mission is, "To build a stable platform of evolving services for our community through which we champion positive and sustainable growth and realize visionary ideas for all." Demonstrating financial strength and prudence is core to meeting that mission and 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 responsibility for accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and results of the City, on a Government-wide and Fund basis.

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, 2023, are fairly presented and 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 is 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.

CITY OF RALEIGH GOVERNMENT

The North Carolina General Assembly purchased land for the original site of the City. Raleigh is among the few cities in the United States that was planned and built specifically to serve as a state capital and its original boundaries were formed by North, East, West, and South streets. 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, City Attorney and City Clerk. The City Manager is responsible for the management and operation of city services.

The City of Raleigh has 26 Department and Offices which provide direct and internal supportive services. The City is considered a full-service city directly providing the full range of governmental services, including police, fire, and emergency dispatch; solid waste management; water and sanitary sewer services; and a variety of transportation and public infrastructure programs.

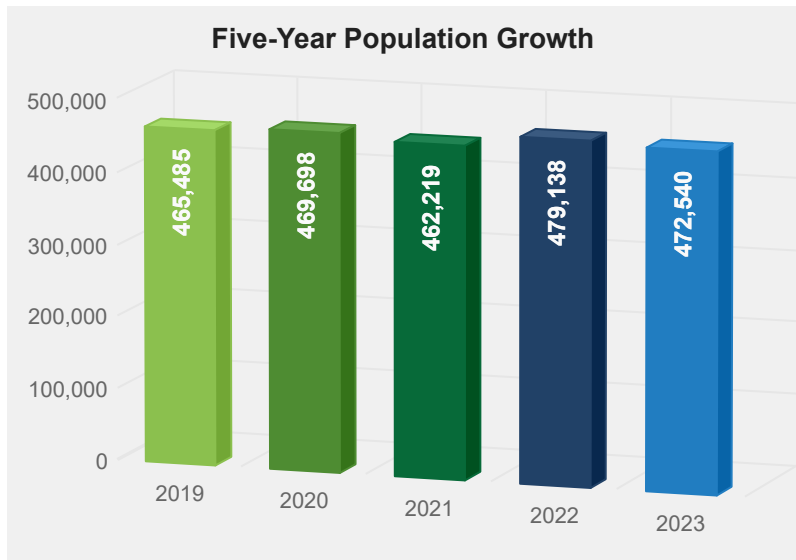
The Strategic Plan guides the City's work as it grows and responds to the evolving needs of the diverse residents in our community. The Plan articulates areas of strategic focus which target the City's efforts and resources in ways intended to have the greatest impact. The Strategic Plan's six overarching key focus areas, which are shown below, and underlying objectives, initiatives, and performance measures allow the City to be transparent about its goals, focused in its efforts, and aware of its results. The City remains committed to adapting to the rapid rate of growth and continues to provide services in a more efficient manner, and seeks innovative and sustainable measures for improvement. The City's vision is "To pursue world-class quality of life by actively collaborating with our community towards a fulfilling and inspired future for all."

Strategic Plan - Key Focus Areas



LOCAL ECONOMY

The City of Raleigh is the second-largest city in North Carolina with a population of 472,540. Raleigh is one of the fastest growing cities in the country and is the 41st largest most populous in the United States. Raleigh and the surrounding region continue to experience growth in population and commercial activity. Raleigh is both the county seat of Wake County, the largest county in North Carolina and the capital of the state. Driven by a strong economy and an outstanding quality of life, Raleigh is consistently ranked among the nation's best places to live and to operate a business.

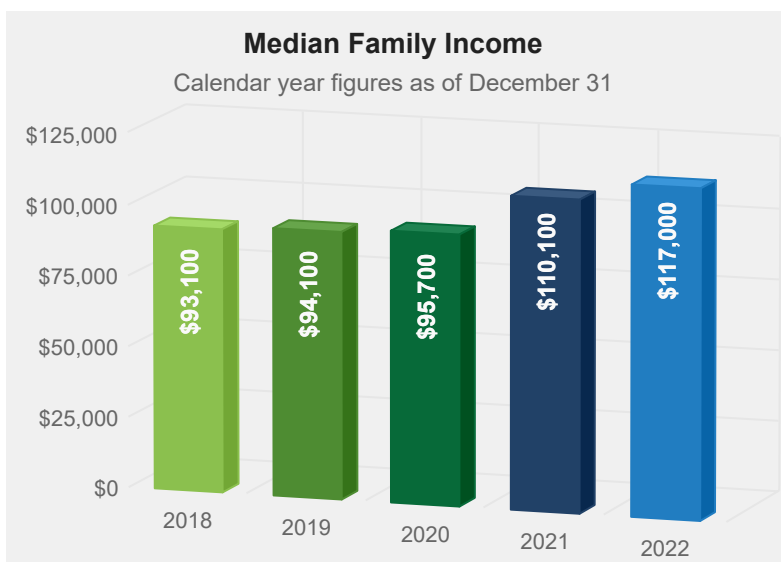


Raleigh's economy remains financially strong and continues to draw new people to the area, this is in large part due to the diverse business environment; six public and private institutions of higher education, including North Carolina State University, the largest university in North Carolina; and outstanding health care facilities. Raleigh has a significant concentration of businesses that have been relatively resistant to broader economic conditions, including principal executive, judicial and regulatory offices of State government; education; and life sciences. Raleigh continues to be

recognized as a City of innovation with access to a strong pipeline of talent largely due to the number of universities and colleges located in and around the City. Raleigh continues to perform well in economic vitality measures such as job creation and wage growth. The local economy and surrounding region continue to display positive economic trends which indicate that Raleigh remains well positioned for the future. In addition, North Carolina's economy continually ranks as one of the best in the country. Raleigh is widely recognized by independent sources as one of the nation's most attractive metropolitan areas. A few accolades received in FY23 include:

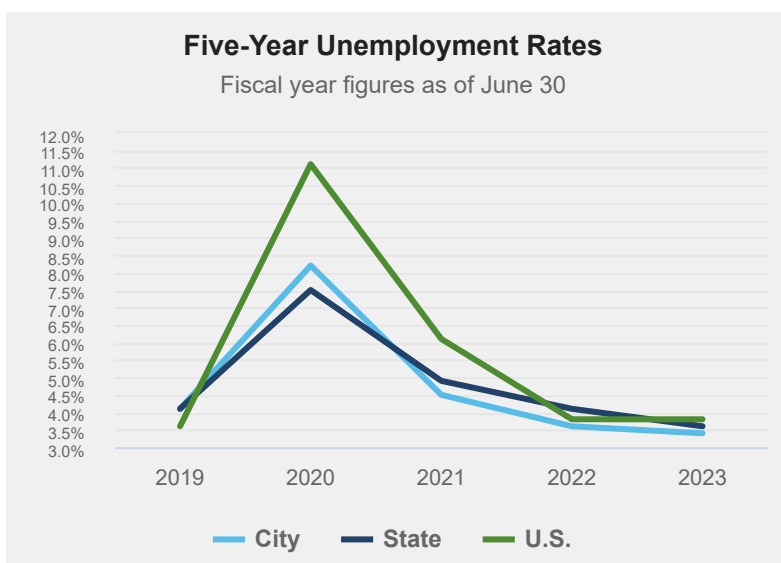
- 2nd in the country for Fastest Large Metro Where Wages are Rising the Fastest (Raleigh-Cary) (August 2022, Smartest Dollar)
- 2nd in the Best City for Remote Workers (December 2022, RentCafe)
- 1st in Best City for Veterans to Live (October 2022, Wallet Hub)
- 8th in the Country for Biggest Boomtowns (February 2023, LendingTree)
- 3rd Best Place to Live (tied with Durham) (May 2023, US News and World Report)
- 3rd Best Performing City (May 2023, Milken Institute)

Median family income continued an upward trend, rising to \$117,000 in calendar year 2022, an increase of 6.3%. The unemployment rate on June 30, 2023, was 3.4%, which is improved over the prior year and is lower than the U.S. rate as shown on the chart.



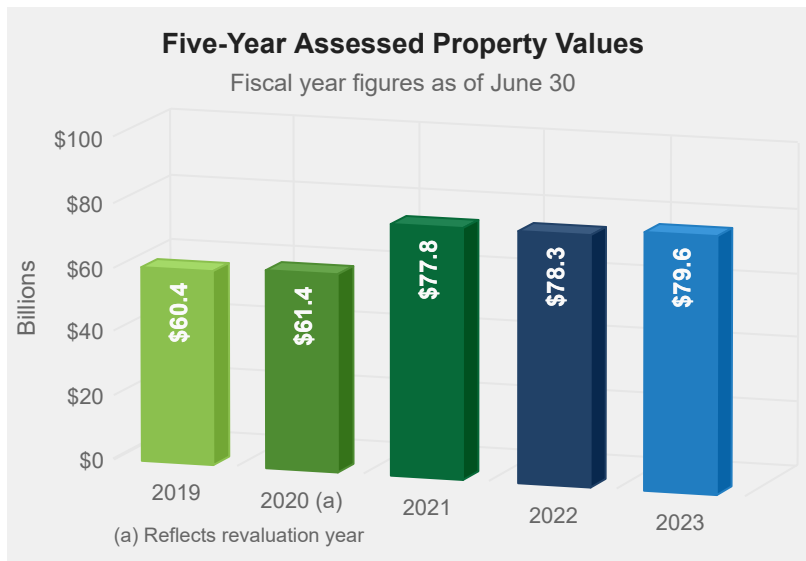
The nearby Research Triangle Park (RTP) was developed in 1959 for industrial, governmental, and scientific research. Its primary objective is to attract research related institutions to the area.

Its corporate residents currently consist of more than 375 organizations including IBM Corporation, Cisco Systems, Fidelity Investments, GlaxoSmithKline, Credit Suisse, Wolfspeed (a Cree Company), Lenovo, Biogen, NetApp Inc, and RTI International. RTP companies employ more than 60,000 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.



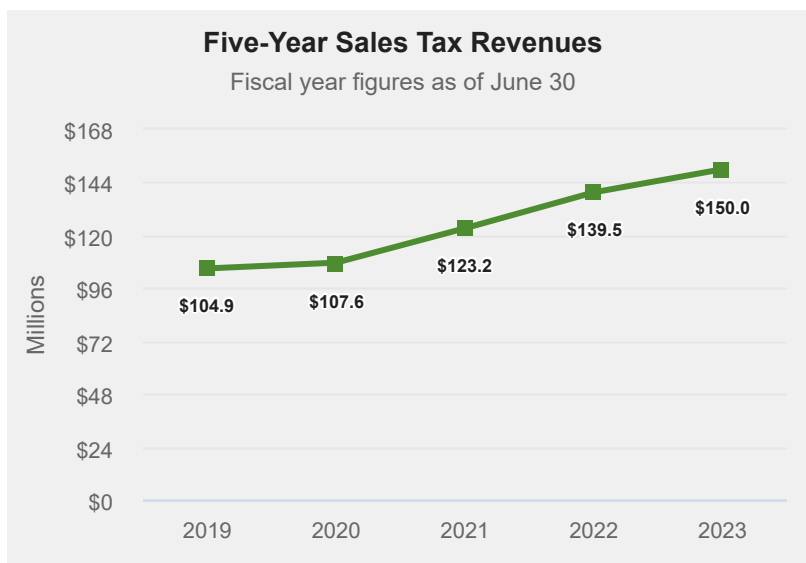
The City is authorized to levy a property tax on real and certain personal properties located within its boundaries. Subject to various stipulations set by the North Carolina General Assembly, it is also authorized to extend its corporate limits by annexation, which occurs periodically when deemed appropriate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

In North Carolina, real estate reappraisals are required to be conducted at least once every eight years. Wake County performs reappraisals on a four-year cycle.



The city's taxable property base remains balanced with industrial and commercial properties which complement its residential base. The most recent reappraisal in Wake County was effective as of January 1, 2020, and revised assessed values are reflected in the chart. Wake County's next reappraisal process will occur for the calendar year January 1, 2024 and will be reflected in the fiscal year 2025 budget process. The value of construction permits remained strong at \$2.4 billion in 2023, with numerous large-scale projects continuing to change the city's landscape.

Retail sales for Raleigh have continued to grow with the City's distribution increasing 7.5% from the previous fiscal year. The growth far exceeded the annual budget, surpassing expectations by \$20.0 million. For the past three years, sales tax collections in North Carolina have exceeded expectations with shifts in consumer spending and the unprecedented direct stimulus support given to households during the pandemic. Historically high inflation rates, occurring during the fiscal year, also led to higher sales tax collections. This revenue source is highly dependent upon consumer spending and consumer confidence and as such remains one of the most volatile revenues for the City.



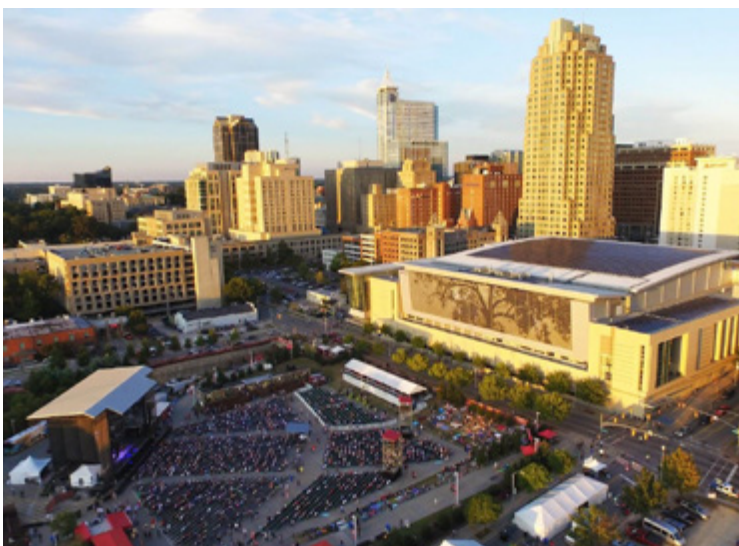
VISITOR AND RECREATIONAL CENTERS

Wake County attracted 17.8 million visitors in 2022 for conferences, special events, shopping, and other attractions, which was an increase of 12.7% from 2021. According to the Great Raleigh Convention and Visitors Bureau, a record-breaking \$3 billion was spent in our community as a result of visitation. Visitor experiences are enhanced by facilities such as the Raleigh Convention Center, Red Hat Amphitheater, PNC Arena, Coastal Credit Union Music Park at Walnut Creek, the Martin Marietta Center for the Performing Arts, numerous state museums, and major retail shopping malls. The PNC



Arena is home to the Carolina Hurricanes, National Hockey League's 2006 Stanley Cup champion, North Carolina State University's Wolfpack basketball team, and the Centennial Authority's Concert Series. Memorial Auditorium, at the Martin Marietta Center for the Performing Arts, hosted a diversified series of plays and performances including productions of the NC Theatre and the Broadway Series South. The Martin Marietta Center for the Performing Arts is also the home of the North Carolina Symphony and the Carolina Ballet and features four performing arts theaters.

Raleigh is referred to as the "Smithsonian of the South" with a rich cultural array of museums. The North Carolina Museum of Natural Sciences is North Carolina's most visited museum with over 1.0 million visitors annually. The Museum of Art covers over 5,000 years of art and history and includes a 164-acre park. CAM Raleigh is an art museum located in the downtown warehouse district which supports emerging contemporary artists. The Museum of History explores the history of the state of North Carolina and the City of Raleigh Museum is dedicated to preserving Raleigh's past. Marbles Kids Museum, which opened in 2007, caters to children of all ages with hands-on learning, themed exhibits and an IMAX theater featuring documentary and feature films.



Attendance at our various venues remained strong in 2023 with an increase from 2022 as attendance levels approached pre-pandemic levels. The Convention Center held 154 events with 364,539 attendees and the Martin Marietta Center for the Performing Arts held 569 events with 342,780 attendees. The Red Hat Amphitheater held 72 events and brought 136,186 attendees downtown. The Coastal Credit Union Music Park, which specializes in hosting large concerts, held over 20+ events with attendance of over 235,000 during the 2023 concert series, which reflects pre-pandemic activity levels.

The City is a music festival hotspot hosting live music covering many music genres. For several years, the Dreamville Festival has been held in the spring at Dorothea Dix Park. The festival is an outdoor weekend music celebration curated by internationally acclaimed hip-hop superstar, J. Cole. The 2023 sold-out 2-day event welcomed 50,000 music enthusiasts to Dorothea Dix Park each day. Hopscotch Music Festival, known for its adventurous lineups, has been held in downtown for many years and features more than 120 bands. The IBMA Bluegrass Festival, held downtown, is the largest urban bluegrass festival in the world with hundreds of performers.

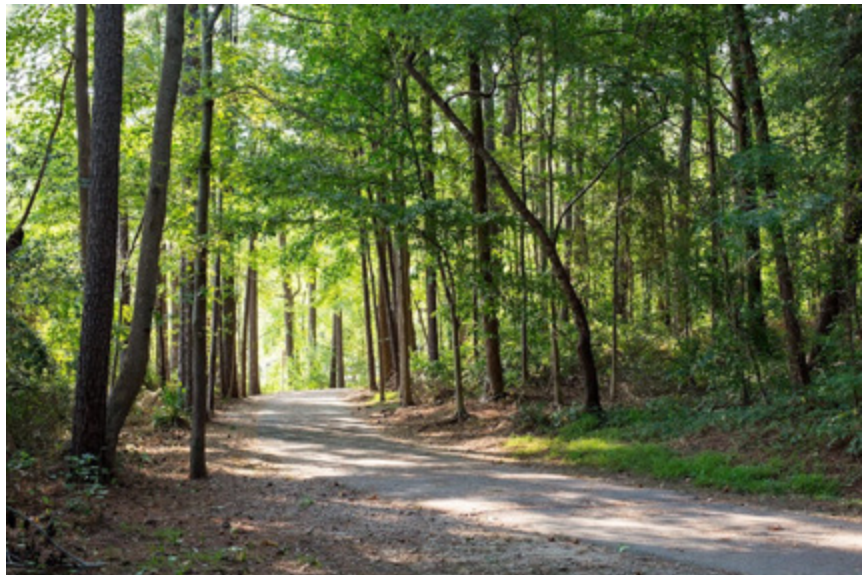
The 2023 Navy Federal Credit Union NHL Stadium Series was played in February 2023 in Raleigh. The weekend consisted of an outdoor hockey game between the Carolina Hurricanes and the Washington Capitals, a festival and a concert. Overall, the estimated economic impact from this event was over \$20.0 million and Raleigh was highlighted as the #1 Sports Host City in the U.S. (by SportsTravel Magazine).

Brewgaloo, North Carolina's largest craft beer festival is held annually in downtown. The festival celebrates all things local and is a two-day event featuring N.C. craft beer, food, vendors and bands. It is the 2nd biggest craft beer festival in the U.S. and was voted #1 Best Beer Festival (by USA Today's 10 Best for 2019).

The City's renewed efforts on a Convention Center Hotel and Development project Request for Interest (RFI) process will support continued growth and success of the Raleigh Convention Center and broader downtown tourism. The new development will include an upscale convention hotel of 550 rooms. The focus of the RFI remains on the hotel component which, when developed, will allow the City to host larger conferences. This project remains a unique, once-in-a-lifetime opportunity to develop a convention center hotel on a prime vacant lot in downtown Raleigh. Innovation, quality design and construction, and sustainability are important values to the City for this transformational project.

MAJOR INITIATIVES

The City continues to make sustained progress on a number of strategic priorities which include improving infrastructure and transportation networks citywide, enhancing public safety, expanding affordable housing options, investing in activities that promote continued economic growth and prosperity, advancing sustainability initiatives, and upgrading the city's expansive park networks and cultural amenities, among many other activities. The City allocated significant dedicated funding to support affordable housing initiatives, street resurfacing and pavement management as well as park maintenance.



The City boasts an award-winning park system that includes several exciting Capital Area Greenway System projects. These enhancements included tunnel lighting, repaving and pavement markings, and trail completions throughout the City's 117-mile greenway system. In addition, neighborhood and community greenway connections were completed at various locations. Walnut Creek Wetland Park, phase one of the master plan, was completed and included new trails, trail connections, and a boardwalk. The Public Art strategic plan has identified strategies that embrace innovative approaches to identifying projects that provide new understanding to how the City is lived, experienced and imagined. Phase One of security camera enhancements at park locations throughout the city were completed to ensure safety for park visitors. The Parks Department continues to work collaboratively with community partners. These partnerships have provided vital opportunities, such as a temporary skate park at the future Smoky Hollow Park site, a leasing arrangement that provides park access to holistic and therapeutic services for adolescent women in high-risk situations, and continued community garden site improvements at Barwell Community Garden.

The City remains committed to providing financial resources and to exploring and enacting new policy solutions that support its goal of enhancing the development and preservation of affordable housing. The Housing and Neighborhoods Department continues to undertake many key initiatives in pursuit of these goals. New construction of Booker Park South created 68 units and Primavera created 164 units specifically for seniors. The units target households earning at or below 30 percent of the area median income (AMI) to 70 percent AMI. Walnut Trace, also new construction, created a total of 180 units for families with units targeting 40 to 60 percent AMI. The City's partnership with the Wake County Affordable Housing Preservation Fund made the affordable housing preservation project at Grosvenor Gardens possible.

The City's Bioenergy Recovery Project is scheduled to begin initial energy processes in the Fall of 2023 and remains on schedule to be completed in the Spring/Summer of 2024. The Bio-Energy Recovery Project is a new way to manage waste byproducts at the Neuse River Resource Recovery Facility, which is the City's main wastewater treatment plant and is funded by the Raleigh Water Department.

The Stormwater team supported many initiatives including projects centered around reducing runoff, improving the quality of streams, and purchasing properties in flood prone areas around the City.

The Raleigh Convention Center Complex also completed projects such as interior painting, carpet replacement, new LED memo board, and theatrical lighting to ensure our facilities remain first in class supported venues.

The City has continued to maintain its focus on improving its transportation network. The City completed a wide variety of transportation projects including bikeways, sidewalks, bridge maintenance, neighborhood traffic management programs, and street maintenance projects. A grant was obtained from the Federal Highway Administration, to develop a Vision Zero implementation plan for Raleigh.



An ongoing partnership with Wake County's Transit Planning Advisory Committee will enable municipalities throughout the region to broadly coordinate for future transit needs. This collaboration is supported by Wake County voters' approval of a ½ cent sales tax in November of 2016 for public transit initiatives. The plan calls for building approximately 20 miles of transit lanes along four bus rapid transit (BRT) corridors within Wake County (Wake BRT). BRT is a high-capacity bus-based transit system that delivers fast and efficient service and will include dedicated lanes, off-board fare and enhanced stations.

The Wake County Transit Plan has received federal funding and will begin construction in 2023 with the first corridor, the New Bern Bus (BRT) project. To compliment the work there are ongoing community efforts; equitable development around transit (EDAT) and art integration. EDAT focuses on zoning rules to encourage the type of development that will support BRT transportation and station area planning along the corridor. The art integration along with BRT projects will transform civic spaces and will celebrate unique stories and the City's collective history.

The City was awarded \$73.2 million in funding from the U.S. Treasury - American Rescue Plan Act (ARPA) and has been diligent in investing in unique projects that help to improve and transform the community. Some ARPA funding highlights are listed below:

- In partnership with the Carolina Small Business Development, Oak City Biz Labs was established as a response to help small businesses adversely impacted by the pandemic.
- In partnership with the Executive Service Corps of the Triangle (ESC), a Nonprofit Technical Assistance and Capacity Building Support Program was established to support nonprofits in Raleigh.
- A hotel was acquired to ensure residents with barriers to housing could remain stably housed. Additionally, the City will be combining the existing extended-stay model with other creative opportunities to provide permanent supportive housing and guarantee housing affordability for many years to come.

FINANCIAL PLANNING AND CONTROLS

The City strives to maintain a strong financial position as is evidenced by successive years receiving AAA/Aaa ratings from the three major credit rating agencies. Meeting 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 needs in financially responsible ways. Annually, the City creates a 10-year Capital Improvement Program (CIP) that looks ahead to plan for capital needs. Phase I is adopted and encompasses the first 5 years of the CIP and addresses both project needs and financial strategies. The capital plan consists of initiatives spanning transportation, water and sewer, parks and cultural resources, housing, stormwater, technology, convention & performing arts, and other general public improvements. Raleigh Water, which is a regional utility, represents the largest portion of the CIP with continuing infrastructure needs. Phase II of the CIP program, spans the second 5-year period, and includes longer range projects identified for the continuation of expanding and existing service levels to the residents of the City and regional utility.

A key financial goal of the City is the maintenance of a minimum of 14.0% unassigned fund balance level in the general fund. In addition, the City seeks to appropriate a consistent level of fund balance each year resulting from positive budget variances. Both of these goals were achieved during the 2022-23 fiscal year end and are

reflected in the 2023-24 operating budget. Financial models are also used in the budget process and provide a means of projecting long-term resource requirements. These tools include general and enterprise debt models, rate sensitivity analyses and financial proformas. The City's financial practices are designed to avoid using one-time revenues to meet recurring expenditure needs and to ensure an appropriate mix of pay-as-you-go funding and long-term debt for capital needs.

Raleigh remains committed to strong fiscal stewardship through its history of sound fiscal policies and practices. The City adheres to management practices that ensure financial resources are managed in a prudent and fiscally responsible manner. These practices are embedded as a part of the annual budget process. Aside from fund balance levels and long-term planning, other examples of these practices regularly include evaluation and setting fees at levels designed to support the full cost of enterprise operations, quarterly monitoring and reporting of financial results.

City management is responsible for establishing and maintaining a comprehensive internal framework. The framework is designed to protect City assets from loss, theft, or misuse; and compiles sufficient reliable information for the preparation of the City's financial statement in conformance with accounting principles generally accepted in the United States of America. The City's comprehensive framework of internal controls is designed to provide reasonable assurance that the financial statements are free of material misstatement. Management attests to the best of our knowledge and believes that this report is complete and accurate.

As a result of the City's financial planning strategy, prudent policies and internal control frameworks, the City remains well positioned to deliver resources needed to support operations and critical capital infrastructure for our growing City.

FISCAL YEAR 2022-23 BUDGET



The Annual Budget serves as a foundation of the City's financial planning and fiscal control. The City Council is required to hold public hearing on the proposed budget and to annually adopt a 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 or designee. Transfer greater than \$50,000 and transfer of appropriations between funds require approval of the City Council.

The City's Annual Budget for fiscal year 2022-23, reflects a commitment to **Our Community and Our People**. The budget message reinforced the City's commitment to fiscal and environmental stewardship, operational efficiency, strategic investments, and effective change management. The annual budget inclusive of operating and capital programs, increased by 5.8% from the prior year and totals \$1.1 billion. Property tax revenue was budgeted at \$313.0 million or 7.3% growth over fiscal year 2021-22 actual revenues of \$291.7 million. A two (2.0) cent property tax increase was adopted for a tax rate of 39.30 per \$100 valuation. The tax rate increase reflected the City's commitment to employee compensation and for much needed operating enhancements that were delayed or deferred during the pandemic. The budget assumptions reflect conservative revenue estimates and highlights are below:

- Property tax collection rate was increased to 99.5% of amounts billed.
- Sales tax revenue was estimated to increase by 14.2%% from the prior year based on continued expected growth in economic activity.
- A \$0.25 increase per month in solid waste services to maintain service levels.
- Planned revenue increases were included for development services fees and parks, recreation, and cultural resources user fees.
- A 1.5% increase in the monthly base and volumetric water and sewer charges to support and maintain the regional system.
- A \$0.18 increase per single-family equivalent unit (SEFU) to enhance and improve the City's stormwater system.
- GoRaleigh transit fares remained suspended during the fiscal year.

The fiscal year 2022-23 budget placed emphasis on our community and focused on investing in City services that have a direct impact on the community. As such, funding was prioritized for the following areas:

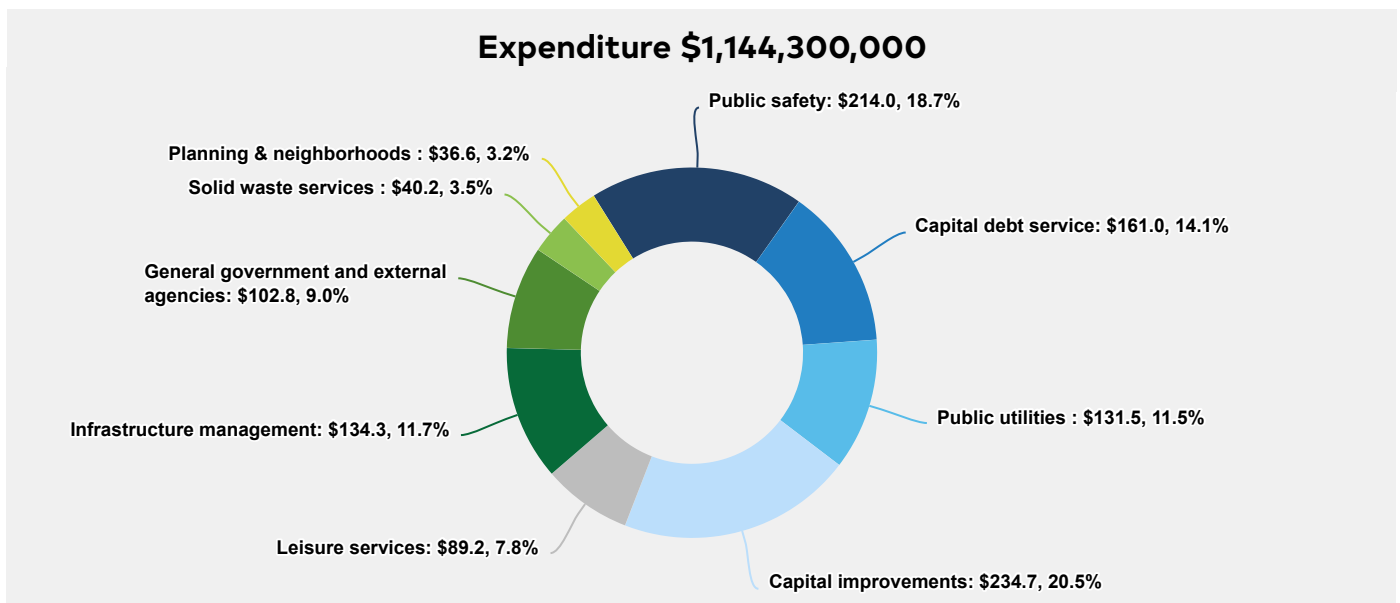
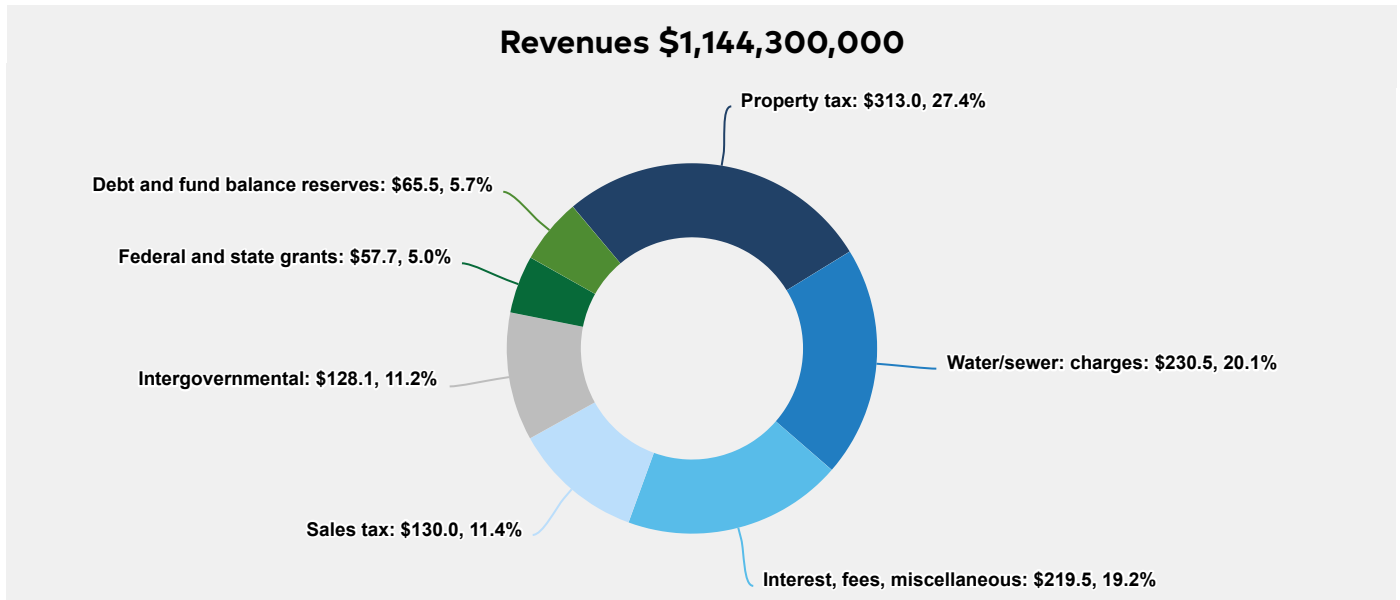
- Equity
- Communication and Outreach
- Infrastructure
- Public Services
- Parks and Cultural Resources
- Public Safety
- Capital improvement programs

In addition, the budget placed emphasis on our people by recognizing the importance of investing in our greatest assets, City employees. A number of initiatives centered around employee pay and benefits were included in the budget.

The City Manager's budget aligned with the City's organizational values, strategic plan, departmental business plans and key city initiatives. In summary, the budget did much to advance the theme, **Our Community and Our People**.

Capital improvement budgets in fiscal year 2022-23 included new and continuing projects totaling \$554.0 million. Traditional project funding for transportation, utilities, parks, stormwater, housing, and general public improvements were budgeted. The full 5-year plan is balanced with anticipated funding sources with the first year of the capital budget adopted annually by ordinance. The adopted capital budget includes the second year of the 2020 Affordable Housing bond. The 2022-23 capital budget maintains the City's commitment to affordable housing, parks maintenance and street resurfacing along with other critical water and sewer infrastructure needs which are funded by revenue bonds for the Raleigh Water regional system.

The breakout of revenue and corresponding expenditures are shown below.



LOOKING AHEAD - FISCAL YEAR 2023-24

The fiscal year 2023-24 budget was guided by the City's Strategic Plan and City Council's priorities. The budget reaffirms the strategic focus on **Connecting our Community**, through continued investments in a variety of critical areas including affordable housing, physical and technological infrastructure, programming which connects our community, and the organization's most valuable asset - the workforce.



The proposed budget provides a disciplined approach to balance the City's finances, protects our resources, and invests in our community to ensure equitable outcomes for all. The City embedded equity in the budget development process with increased engagement and public participation. Raleigh continues to advance race and social equity initiatives throughout the community. Community engagement remains a high priority for City Council, the community and city staff. The budget includes:

- continuous investments in the city's affordable housing efforts
- improvements to transportation infrastructure to enhance mobility
- critical investments in technology
- provides merit increases to employees
- a commitment to advance retirement savings
- dedicated operational increases related to the Parks and Recreation Bond approved by Raleigh voters in the Fall of 2022

City Council adopted the fiscal year 2023-24 Budget and fiscal years 2024-2028 Capital Improvement Program at the June 13, 2023, Budget Work Session. The combined capital and operating budget for the fiscal year beginning July 1, 2023, totals \$1.13 billion, which represents a 11.5% increase from the prior fiscal year's adopted budget. The fiscal years 2024-2028 Capital Improvement Program totals \$1.7 billion, with \$490.1 million planned for fiscal year 2023-24. The City's capital improvement program includes major facility and equipment needs, establishes capital priorities, and schedules funded projects.

The fiscal year budget included:

- Four (4.0) cent property tax rate increase as a direct result of the Parks Bond approved by 73% of Raleigh voters in the Fall of 2022.
- \$2.10 increase per month in Solid Waste Services to support operational costs associated with fuel, vehicle repair and maintenance, landfill fees, and staffing.
- 4.0% increase in the monthly base and volumetric water and sewer charge which will enable Raleigh Water to maintain the system and offset operational cost increases.

- \$0.18 increase per Single-Family Equivalent Unit (SFEU) for stormwater, which will cover additional staff and help to accelerate the backlog of CIP projects.
- Transit and Parking operations did not increase rates.

Information on the budget can be found on the City's website, including Budget Highlights, Adopted Operating and the Adopted Capital Improvement Program book. It should be noted that the City's budget document received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for the fiscal year beginning July 1, 2023. The information is available at the department link below: <https://raleighnc.gov/budget-and-management-services>

AWARDS AND ACKNOWLEDGMENTS

The City has participated in the GFOA Certificate of Achievement for Excellence in Financial Reporting Program since 1980. GFOA recognizes governmental units that issue their annual comprehensive financial report substantially in conformity with generally accepted accounting principles and all legal requirements. The City has received this award for its annual comprehensive financial report for forty-two (42) straight years since 1980.

A Certificate of Achievement is valid for a period of one year only. The Finance Department is confident that the current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for another certificate.

The preparation of this report has been accomplished by the City's Finance Department. The contributions of all are invaluable and clearly reflect the high standards set at the City of Raleigh. We commend all City employees for their integrity, professional competency, and dedication to the work of the city throughout the year. Their commitment to maintaining the highest standards of professionalism is the foundation to the City's financially strong health.

We also credit the Mayor and members of the City Council for the excellent financial position of the City through their support and leadership in planning and conducting the financial affairs of the City.

Respectfully submitted,



Marchell Adams-David • *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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO



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Financial Section

Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary 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 combining and individual financial statements and schedules and Schedule of Expenditures of Federal and State Awards ("SEFSA") as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual financial statements and schedules and SEFSA are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the *introductory* and *statistical* sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

Cherry Bekaert LLP

Raleigh, North Carolina
October 30, 2023

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, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The City of Raleigh maintained its strong financial position for both its general government and business-type activities. The 2022-23 fiscal year ended with the City achieving key indicators of a sound financial position. These key indicators included positive budget variances, increases to fund balance based upon positive operational results, growth of general tax and business-type revenues, and continued funding of long-term obligations such as risk management claims, Local Governmental Employees' Retirement System (LGERS), other post-employment benefits (OPEB) and law enforcement officers' special separation allowance (LEOSSA) liabilities on an actuarial basis.

Summarized financial highlights are shown below:

- 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 \$3,475.8 million (*net position*).
 - This amount represents a \$304.9 million increase in operating results from the prior year, or 9.6%
 - Of this amount, \$659.3 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors
- As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$847.2 million.
 - \$513.4 million, or 60.6% is assigned for specific purposes
 - \$185.9 million for future debt service
 - \$68.0 million for subsequent years' appropriation
 - \$126.4 million, or 14.9% is unassigned in the general fund and is available for spending
 - \$17.3 million, or 2.0% is considered nonspendable
 - \$180.0 million, or 21.3% is restricted by outside agencies
 - \$10.1 million, or 1.2% 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 \$470.6 million, a 9.7% increase over the prior year and exceeded the City's policy associated with unassigned fund balance.

- Highlights of financing activities for the City are as follows:
 - The City has consistently maintained its Aaa rating from Moody's Investors Service and AAA ratings from Standard & Poor's Rating Services as well as Fitch Ratings. These ratings have been maintained for both general obligation and water and sewer bonds.
 - \$142.5 million in general obligation bonds (non-exempt taxable and taxable) were issued to refund the prior outstanding General Obligation Bond Anticipation Notes (BAN) program. This issuance is now a fixed rate debt, which is payable over 20 years.
 - \$110.0 million authorized for a new General Obligation BAN program was started in the spring of 2023, which includes an \$85.0 million tax-exempt portion and a \$25.0 million taxable portion. The program allows for draws associated with voter-approved general obligation bonds for streets, parks and housing. As of June 30, 2023, \$9.8 million was outstanding.
 - \$303.2 million in revenue bonds were issued to fully refund \$123.4 million of previously issued revenue bonds and \$200.0 million associated with the prior outstanding Raleigh Water BAN program. As part of the refunding, the City was able to terminate interest rate swaps associated with the fully refunded 2008A and 2008B revenue bond series.
 - \$215.0 million authorized for a new Revenue BAN program supporting water and sewer capital projects was started in the spring of 2023. The Revenue BAN program allows for draws to finance capital projects for the regional Raleigh Water enterprise operation. As of June 30, 2023, \$21.5 million was outstanding.
 - The City entered into an installment financing agreement for \$43.0 million for the purchase of stock equipment.

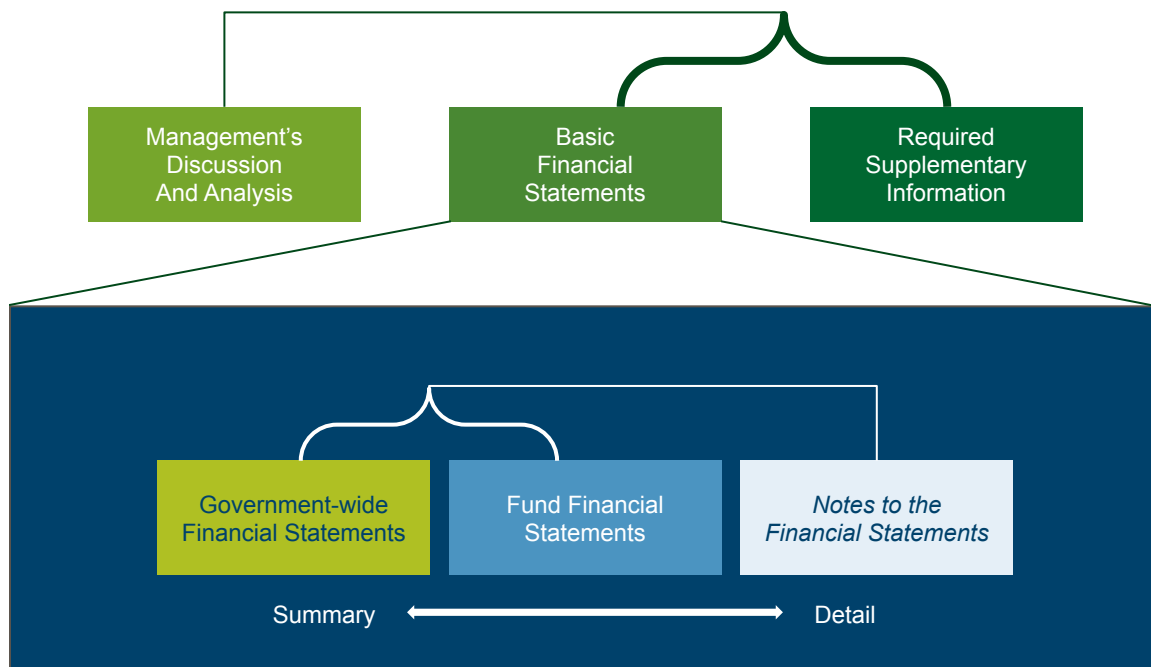
OVERVIEW OF THE FINANCIAL STATEMENTS

The City provides both an introductory and financial section in the Annual Comprehensive Financial Report (ACFR). 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 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, 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 1-4 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 City's funds 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 sixteen 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 a major fund. Data from the other fifteen 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 5-10 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 11-18 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 19-20 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 21-69 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 (LGRERS), as well as Law Enforcement Officers' Special Separation Allowance (LEOSSA). Required supplementary information can be found on pages 72-78 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 77-124 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 \$3,475.8 million at the close of the most recent fiscal year, which increased by \$304.9 million from 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	
	2022	2023	2022	2023	2022	2023
Current and other assets	\$ 906.1	\$ 1,064.9	\$ 745.6	\$ 743.2	\$ 1,651.7	\$ 1,808.1
Capital assets	1,378.7	1,417.7	2,489.8	2,649.9	3,868.5	4,067.6
Total assets	2,284.8	2,482.6	3,235.4	3,393.1	5,520.2	5,875.7
Deferred outflows of resources	115.3	149.0	61.7	58.7	177.0	207.7
Total assets and deferred outflows of resources	2,400.1	2,631.6	3,297.1	3,451.8	5,697.2	6,083.4
Long-term liabilities outstanding	644.3	683.2	1,145.9	1,174.7	1,790.2	1,857.9
Net pension liabilities	264.1	366.2	70.7	112.1	334.8	478.3
Other liabilities	120.0	112.7	128.0	86.7	248.0	199.4
Total liabilities	1,028.4	1,162.1	1,344.6	1,373.5	2,373.0	2,535.6
Deferred inflows of resources	104.0	47.5	49.3	24.6	153.3	72.1
Total liabilities and deferred inflows of resources	1,132.4	1,209.6	1,393.9	1,398.1	2,526.3	2,607.7
Net investment in capital assets	871.7	837.5	1,380.1	1,522.4	2,251.8	2,359.9
Restricted	347.8	456.6	-	-	347.8	456.6
Unrestricted	48.2	128.0	523.1	531.3	571.3	659.3
Total net position	\$ 1,267.7	\$ 1,422.1	\$ 1,903.2	\$ 2,053.7	\$ 3,170.9	\$ 3,475.8

By far the largest portion of the City's net position (\$2,359.9 million or 67.9%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and intangible right to use lease and IT subscription assets) 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.

A portion of the City's net position (\$456.6 million or 13.1%) represents resources that are subject to external restrictions on the use of these resources. The largest portions of restricted net position are for capital projects (\$202.3 million) and other purposes detailed within the notes (\$170.3 million). The remaining balance of unrestricted net position (\$659.3 million or 19.0%) may be used to meet the City's ongoing operations.

Changes in Net Position: The City's results yielded a \$305.5 million increase in net position. The increase from prior year is a direct result of the City's revenue growth relating to general property and other taxes as well as charges for services both in the governmental and business-type activities. The City continued its investment in capital infrastructure and diligent monitoring of expenditures which also yielded positive fiscal impacts.

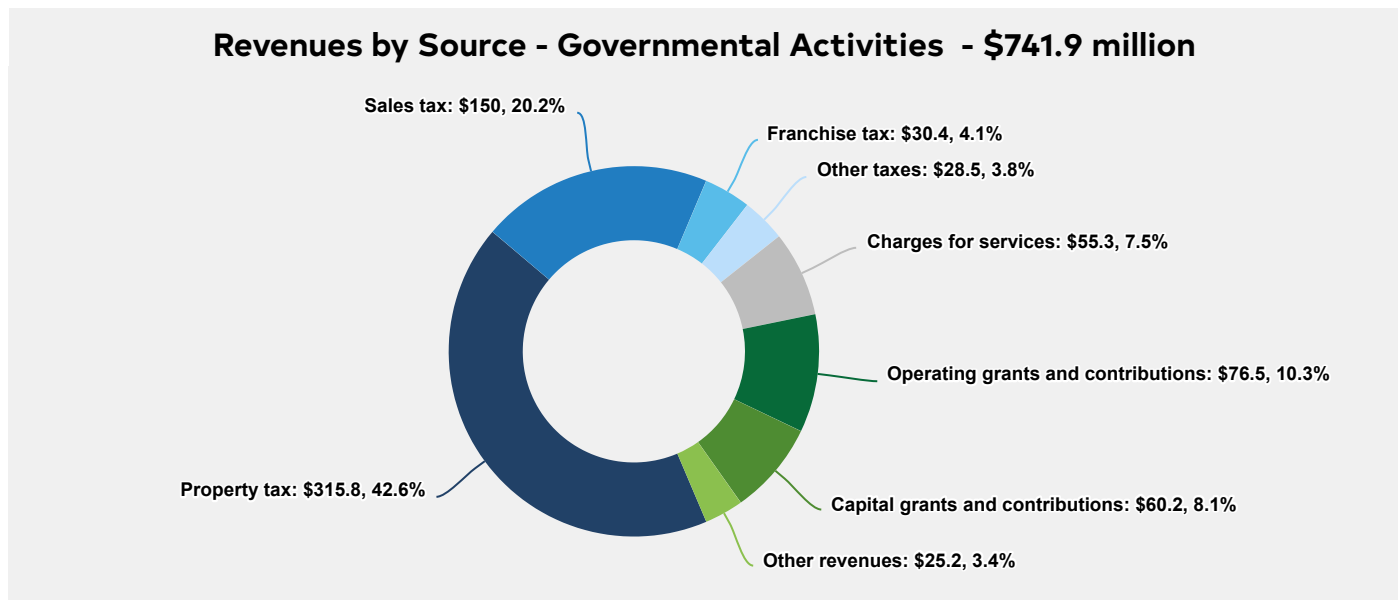
City of Raleigh's Changes in Net Position (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2022	2023	2022	2023	2022	2023
Revenues:						
Program revenues:						
Charges for services	\$ 48.6	\$ 55.3	\$ 381.4	\$ 403.0	\$ 430.0	\$ 458.3
Operating grants and contributions	77.5	76.5	45.0	35.7	122.5	112.2
Capital grants and contributions	40.3	60.2	35.7	34.5	76.0	94.7
General revenues:						
Property taxes	291.9	315.8	-	-	291.9	315.8
Other taxes	196.5	209.0	-	-	196.5	209.0
Other	(23.8)	25.1	(17.0)	11.1	(40.8)	36.2
Total revenues	631.0	741.9	445.1	484.3	1,076.1	1,226.2
Expenses:						
General government	86.7	89.3	-	-	86.7	89.3
Community development services	31.4	34.2	-	-	31.4	34.2
Public infrastructure	88.4	105.8	-	-	88.4	105.8
Public safety	186.6	204.8	-	-	186.6	204.8
Leisure services	64.4	76.4	-	-	64.4	76.4
Economic development programs	2.6	4.8	-	-	2.6	4.8
Interest on long-term debt	15.8	17.4	-	-	15.8	17.4
Water and sewer	-	-	186.0	216.3	186.0	216.3
Convention center complex	-	-	31.4	37.7	31.4	37.7
Mass transit	-	-	46.6	50.6	46.6	50.6
Parking facilities	-	-	12.9	13.9	12.9	13.9
Solid waste services	-	-	38.4	44.1	38.4	44.1
Stormwater management	-	-	21.5	25.9	21.5	25.9
Total expenses	475.9	532.7	336.8	388.5	812.7	921.2
Increase in net position before transfers	155.1	209.2	108.3	95.8	263.4	305.0
Transfers in (out)	(58.7)	(54.8)	58.7	54.8	-	-
Increase in net position	96.4	154.4	167.0	150.6	263.4	305.0
Net position, beginning of year	1,171.3	1,267.7	1,736.2	1,903.2	2,907.5	3,170.9
Net position, end of year	\$ 1,267.7	\$ 1,422.1	\$ 1,903.2	\$ 2,053.8	\$ 3,170.9	\$ 3,475.9

GOVERNMENTAL ACTIVITIES

Revenues for the City's governmental activities were \$741.9 million, while expenses were \$532.7 million. The increase in net position from operations for governmental activities (after transfers out of \$54.8 million) was \$154.4 million.

The current year revenue increase was driven primarily by exceptionally strong sales tax collections, property tax collections, development user fees activity, and interest income that was positively driven by the rising interest rate environment. The make-up of revenue sources was consistent with prior year actuals. Current year expenses increased moderately and are in-line with expected annual operating increases.



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

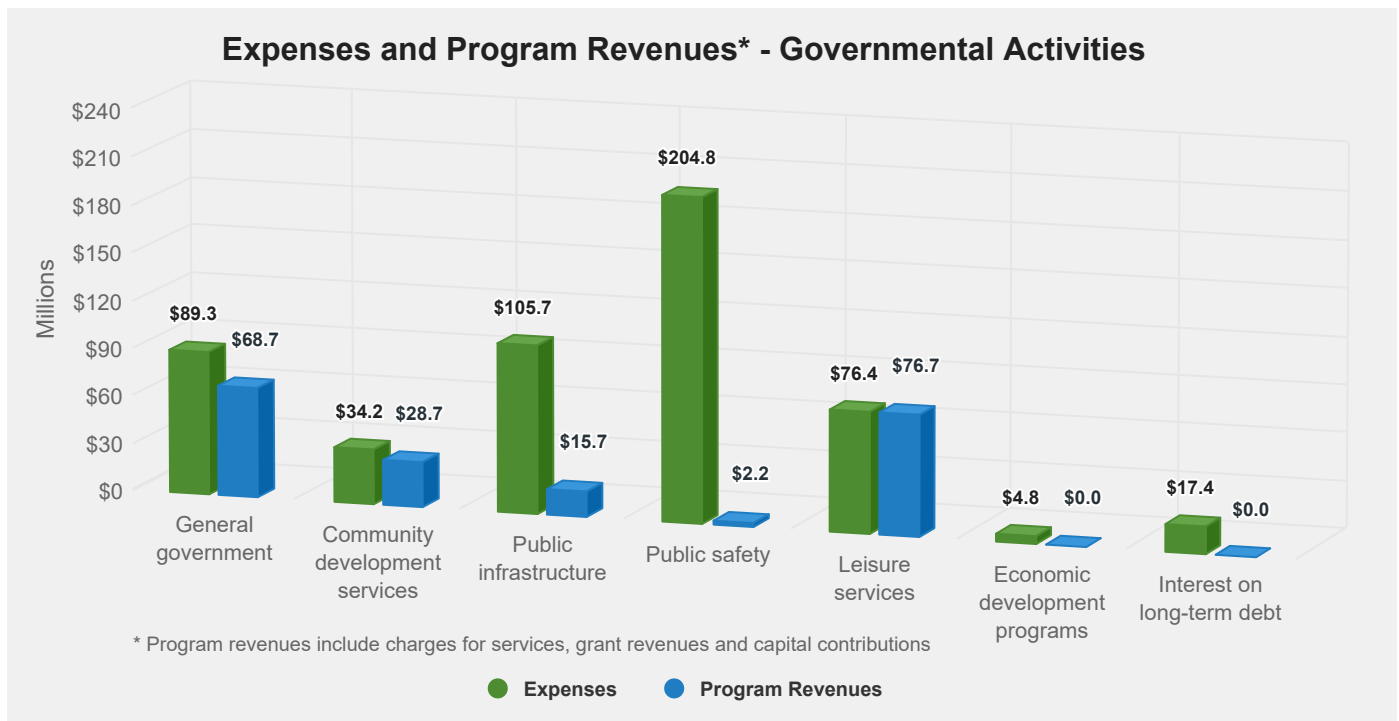
- The City received \$550.0 million (or 74.1%) in general revenues from taxes and other revenues:
 - Property taxes - \$315.8 million
 - Sales taxes - \$150.0 million
 - Franchise taxes - \$30.4 million
 - Other taxes - \$28.5 million
 - Other revenues - \$25.2 million primarily representing unrestricted investment earnings
- General revenues are used to pay for the \$340.8 million net cost of governmental activities, which represents the cost of services not covered by program revenues.
- Those who directly benefited from governmental service-fee based programs, such as ones involving parks, recreation and cultural resources and development and inspection related fees, paid \$55.3 million in charges for those services.
- Other governments and organizations subsidized certain City programs with grants and contributions totaling \$136.7 million.

- Support from various federal, state, and local agencies – \$95.2 million
 - Interlocal support from Wake County for debt service and other expenses on the convention center complex - \$41.5 million.
- The total cost of all governmental activities this year was \$532.7 million. This cost was incurred to provide comprehensive municipal services. These services include but are not limited to public safety (police, fire, emergency communication), public infrastructure (street maintenance, transportation), leisure services (parks, recreation and cultural resources), and general government (examples include, city management, finance, information technology).

The City's four largest governmental programs represent 89.4% of the total governmental activities:

- Public safety – 38.5%
- Public infrastructure – 19.8%
- General government – 16.8%
- Leisure services – 14.4%

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



BUSINESS-TYPE ACTIVITIES

Revenues of the City's business-type activities were \$484.3 million, and expenses were \$388.5 million. The decrease in net position from operations for business-type activities (after transfers in of \$54.8 million) was \$150.6 million.

The following table shows the total cost and net cost or revenue for these services.

Net Cost of Business-Type Activities (in millions of dollars)					
	Total Cost of Services		Net (Cost) Revenue of Services		
	2022	2023	2022	2023	
Water and sewer	\$ 186.0	\$ 216.3	\$ 121.3	\$ 107.8	
Convention center complex	31.4	37.7	(19.5)	(18.5)	
Mass transit	46.6	50.6	11.4	(7.8)	
Parking facilities	12.9	13.9	0.6	0.6	
Solid waste services	38.4	44.1	(0.8)	(6.1)	
Stormwater management	21.5	25.9	12.3	8.6	
Total	\$ 336.8	\$ 388.5	\$ 125.3	\$ 84.6	

The largest business-type operation is the City's water and sewer utility. Water and sewer utility operations are supported by financial models to ensure both operational and capital infrastructure needs are maintained and properly funded. In addition, the department utilizes an Asset Management Plan, which is a risk-based prioritization process of infrastructure replacement needs in order to mitigate risks of failure. Water and sewer operating revenue of \$294.7 million in 2022-23 reflects an increase of 4.3% from the prior year. The increase in revenue was consistent with management's expectations, primarily due to approved rate increases required to achieve financial investments associated with the ongoing demands of capital infrastructure improvements. Operating expenses of \$186.7 million moderately increased 15.7% from prior year primarily due to increased staffing and other operational increases and are in line with management's expectations.

The Convention Center and Performing Arts Complex operations recognized \$19.2 million of operating revenues in 2022-23, a 61.8% increase from prior year. The convention center complex has surpassed operating revenues when compared to pre-pandemic levels of fiscal year 2018-19 when operating revenues were reported at \$16.4 million. Operating expenses of \$31.0 million increased 26.0% from 2021-22 as events and operations returned and resulted in the need for additional operating expenses and personnel required to support event operations. The Convention Center Complex is partially funded by outside sources, specifically the Wake County interlocal room occupancy tax as well as prepared food and beverage tax. In addition, the general fund provides a subsidy to the Performing Arts Center. The Convention Center Complex exceeded management expectations with the demand for concerts, conventions, and other business events exceeding pre-pandemic levels.

The Parking enterprise continues to rebound from the global pandemic and increased operating revenues over the prior year. The parking operations generated \$14.5 million of operating revenues in 2022-23, an increase of 7.1% from prior year. The demand for on-street, off-street and special event parking still has not returned to pre-pandemic levels as parking demands continue to be tempered by the utilization of hybrid remote work

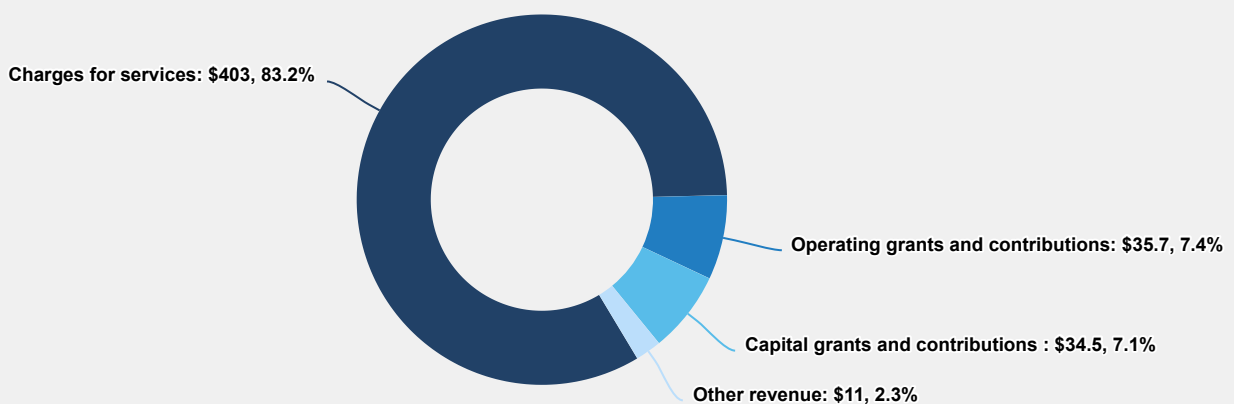
environments. Operating expenses of \$12.2 million are slightly higher than the prior year, as management continued the monitoring of expenditures. Management continues to monitor the parking enterprise and the emerging impact of changes to the work environment and commuter habits.

Mass transit operating revenues of \$2.0 million in 2022-23 reflects a slight decrease of 1.8% over the prior year as City Council elected to continue to suspend fares. Operating expenses increased to \$50.6 million, or a 8.8% increase compared to the prior year primarily due to the restoration of normalized route operating and maintenance costs. The mass transit operations continue to be subsidized by the general fund, by federal and state grant funds as well as the Wake County Transit Plan which distributes 0.5% sales tax collected within the county to support new and improved transit services. Overall, mass transit operations met management's expectations.

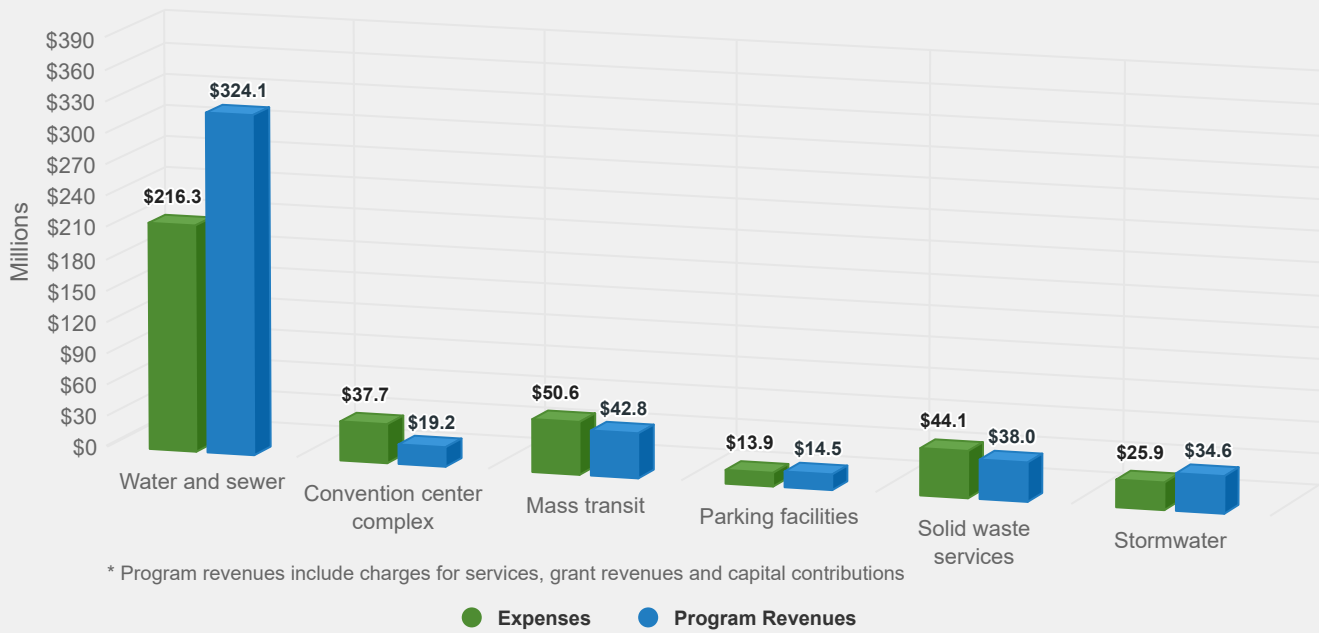
Stormwater management generated operating revenues of \$34.5 million in 2022-23, an increase of 2.5% from prior year, the result of \$0.18 per month increase per Single-Family Equivalent Unit (SFEU). The approved rate increase was implemented to support Stormwater's operating and capital improvement program. Stormwater management is deploying a long-term financial model designed to consider the future capital infrastructure needs for Raleigh. Operating expenses of \$25.9 million increased 20.6% from 2021-22, which reflects an increase in personnel services required to support the growing enterprise capital plan initiatives. Results are consistent with management's expectations.

Solid waste services operating revenues of \$37.5 million in 2022-23 reflects a 1.0% increase from the prior year due to an approved \$0.25 per month rate increase on residential waste collections. Solid waste services operations continue to be partially subsidized by the general fund. Operating expenses of \$44.2 million increased slightly by 13.2% driven largely by personnel services and operational costs to support the enterprise. Overall, solid waste services results are in line with management's expectations.

Revenues by Source - Business-type Activities - \$484.2 million



Expenses and Program Revenues* - Business-type Activities



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 \$847.2 million, an increase of \$141.2 million or 20.0%, in comparison with the prior year. The general fund's portion of fund balance represents 55.5% of the total while the remaining portion represents the nonmajor governmental fund categories of special revenue funds (20.6%) and general capital project funds (23.9%). The fund balance increase in 2022-23 was the result of strong financial results and a continued commitment to the management of recurring expenditures.

Classification of fund balance is as follows:

- Approximately 2.0% is *nonspendable*, representing the City's investment in inventories, leases as well as loans receivable arising from community and economic development program initiatives. This is a decrease when compared to the prior year driven primarily by a year over year decline in the lease receivable balance offset by a slight increase in inventory on hand as of year-end.
- Approximately 21.3% is not available and *restricted* for:
 - State statute - \$76.2 million representing a \$7.7 million increase over the prior year

- Debt service costs - \$64.3 million, the restriction is specific to the Special Revenue Convention Center Financing fund which accounts for the hotel and motel occupancy as well as prepared food and beverage taxes which finance the Convention Center Complex.
 - Unspent capital debt proceeds - \$26.4 million, which relates to bond cash from the closeout of the governmental BANs program in the spring of 2023.
 - Federal program reserves - \$7.7 million of which \$5.4 million is within two special revenue funds, State and Local Fiscal Recovery fund (\$2.3 million) and in Disaster Recovery fund (\$3.1 million).
 - Inspections North Carolina General State Statute 160-414(c)- \$1.4 million is a new restriction required by state statute to restrict inspection revenues in excess of inspection expenditures.
 - Public safety - \$3.9 million is a restriction within the general fund to support asset forfeiture program reserves
- Approximately 60.6% constitutes *assigned* fund balance, which is available for spending at the government's discretion.
- \$185.9 million is assigned for debt service representing the fund balance within the City's general debt fund to be used towards future capital debt service needs
 - \$207.2 million is assigned for city projects and subsequent year's appropriation categories, which represent fund balances accumulated within special revenue and general capital projects funds that have been set aside to fund future city projects.
 - \$120.0 million is assigned specifically for community development programs
- Approximately 1.2% is *committed* for the law enforcement officers' separation allowance plan.
- The remaining 14.9% is *unassigned* and represents the City's residual net resources.

Governmental Fund Balance Classification at June 30, 2023 (in millions of dollars)

	Major General Fund	Nonmajor Governmental	Total Governmental	%
Nonspendable	\$ 17.3	\$ -	\$ 17.3	2.0%
Restricted:				
State statute	76.2	-	76.2	9.0%
Debt service	-	64.3	64.3	7.6%
Unspent capital debt proceeds		26.7		
Federal programs	2.3	5.4	7.7	0.9%
Public safety	-	3.9	3.9	0.5%
	78.5	100.3	180.0	21.2%
Committed	10.1	-	10.1	1.2%
Assigned	238.3	275.1	513.4	60.6%
Assigned	126.4	-	126.4	14.9%
Total fund balance	\$ 470.6	\$ 375.4	\$ 847.2	100.0%

The general fund is the primary operating fund which contains the general government operations and governmental debt activities for the City. The fund balance of the general fund increased by \$41.7 million during the current fiscal year. General fund revenues exceeded the budget by \$43.5 million for the current year. Revenues were utilized for normal City programs and ongoing operations.

While North Carolina General Statute 159-8(a) defines and limits the maximum amount of fund balance that may be appropriated annually, there is no statutory minimum requirement for fund balance. Sufficient fund balance is essential to strong fiscal health and viability and is a key measure of the prudent use of financial resources and proper financial planning. 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 \$126.4 million represents 19.2% of the 2023-24 general fund adopted expenditure budget. Unassigned fund balance is the amount remaining after management's policy designations. Annually, City Council will receive the unassigned fund balance in excess of the 14.0%, referred to as excess general capital reserves. It is at Council discretion, as to the appropriation of the excess general capital reserves for non-recurring uses to support key City initiatives and projects or to maintain as reserves.

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 reappropriated for the subsequent year's expenditures.

General Fund. General fund revenues overall continued to increase, including the City's primary revenue streams of property tax and local sales tax. Property tax collections exceeded the budget by \$2.6 million. Sales tax collections remained strong, driven by consumer spending and high inflation rates and far exceeded the budget by \$20.0 million. Another driver of revenue collections exceeding budgeted revenues included interest income collected as the City benefited from higher interest rate yields on investments. Raleigh remains a high growth area and development activity continues to remain strong resulting in a positive budget variance for planning and development fees, driven by inspection fee collections. Overall, revenues exceeded the budget by \$43.5 million.

General fund expenditures came in well below budget, largely due to higher-than-average vacancy rates, which resulted in a positive budget variance of \$51.6 million. All expenditure functions and departments reported positive budget variances, which is a result of conservative budget practices as well as the City's continued commitment towards cost management efforts. The departments that experienced higher-than-average vacancy rates including the following: police, parks, recreation and cultural resources, and information technology.

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, 2023, amounts to \$4.1 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, intangible right to use lease assets, intangible right to use IT subscription assets, and general improvements. The City's net investment in capital assets for the current fiscal year was \$199.1 million, a 5.1% increase decrease over prior year primarily due to a reduction in construction in progress additions for business-type activities.

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 building improvement projects. Total governmental projects completed and capitalized in fiscal year 2021-223 were \$127.5 million. Highlights include:
 - Street and sidewalk improvements were completed for a total capitalized cost of \$73.8 million
 - General and park improvements were completed for a total capitalized cost of \$48.1 million
- Governmental equipment acquisitions added \$18.4 million to the City's rolling stock inventory
- Construction in progress for all governmental activities was \$312.8 million
- Construction was completed for various enterprise operations. Total enterprise projects completed and capitalized in fiscal year 2022-23 amounted to \$481.8 million. Highlights of enterprise capital asset investments include:
 - Water & Sewer Utility projects were completed totaling \$397.9 million
 - Stormwater projects were completed for \$26.3 million
 - Transit projects were completed for \$0.5 million
 - Raleigh Convention Center Complex projects were completed for \$19.8 million
- Enterprise equipment acquisitions added \$5.7 million to the City's rolling stock inventory
- Construction in progress for all enterprise activities was \$616.2 million
- Annexations added \$10.1 million to streets for governmental activities and \$14.5 million to water and sewer systems for the business-type activities

Capital Assets* (in millions of dollars)

	Governmental Activities		Business-type Activities		Total Activities	
	2022	2023	2022	2023	2022	2023
Land	\$ 221.2	\$ 233.1	\$ 95.5	\$ 98.2	\$ 316.7	\$ 331.3
Construction in progress	367.7	312.8	943.8	616.1	1,311.5	928.9
Watershed protection rights	-	-	4.8	4.8	4.8	4.8
Buildings and machinery	247.7	239.7	234.7	224.2	482.4	463.9
Water and sewer systems	-	-	842.4	1,278.7	842.4	1,278.7
Streets and sidewalks	260.2	318.1	-	-	260.2	318.1
Parking decks	-	-	89.8	85.7	89.8	85.7
Buses	0.4	0.4	45.2	38.5	45.6	38.9
Equipment	40.4	44.5	32.7	28.4	73.1	72.9
Improvements	205.1	235.7	199.3	270.6	404.4	506.3
Enterprise-wide software	18.7	16.3	-	-	18.7	16.3
Intangible right to use lease assets	17.3	13.0	1.7	1.5	19.0	14.5
Intangible right to use IT subscriptions	-	4.1	-	3.2	-	7.3
Total	\$ 1,378.7	\$ 1,417.7	\$ 2,489.9	\$ 2,649.9	\$ 3,868.6	\$ 4,067.6

*Amounts shown net of accumulated depreciation and amortization

Additional information on the City's capital assets can be found on pages 33-35 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 \$341.1 million. The remainder of the City's debt represents general bond anticipation notes (\$9.9 million), revenue bonds (\$723.0 million), revenue bond anticipation notes (\$21.5 million) and installment financing agreements (\$563.2 million – installment notes, certificates of participation, limited obligation bonds, etc.) secured solely by specified revenue sources and property. Amounts presented exclude unamortized premiums.

Long-Term Debt (in millions of dollars)

	Governmental Activities		Business-type Activities		2022	2023
	2022	2023	2022	2023		
General obligation bonds	\$ 222.1	\$ 341.1	\$ -	\$ -	\$ 222.1	\$ 341.1
Revenue bonds	-	-	574.5	723.0	574.5	723.0
Installment financing agreements	202.2	205.5	368.8	357.7	571.0	563.2
Bond anticipation notes	111.5	9.9	154.0	21.5	265.5	31.4
Total	\$ 535.8	\$ 556.5	\$ 1,097.3	\$ 1,102.2	\$ 1,633.1	\$ 1,658.7

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 \$1,484.6 million (*Legal Debt Margin Information statistical schedule*) is significantly less than the current debt limitation of \$6,369.7 million.

The City's ongoing strong financial condition is evidenced by the continuation of its highest level Aaa rating from Moody's Investors Service and AAA ratings from S&P Global and Fitch Ratings. All three of these credit rating agencies maintain the highest rating category level on both the general obligation and Raleigh Water revenue secured bonds issued by the City. Raleigh is one of the few cities in the nation to have achieved these superior credit ratings, providing benefits such as the ability to obtain the lowest interest costs for the City's outstanding debt issuances.

Further detailed information on the City of Raleigh's long-term debt can be found in the notes to the financial statements on pages 37-51 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, 2023, overall were positive reflecting the strength of the local economy. As the City looks ahead to fiscal year 2023-2024, the adopted budget reinforced the City's commitment to fiscal and environmental stewardship, operational efficiency, strategic investments, and effective change management. The fiscal year 2023-24 budget included a number of rate increases to continue the level of service and provide enhancements to the quality of life in Raleigh. A 4.00 cent property tax rate increase which was a direct result of the voter approved Parks Bond in the fall of 2022. Solid Waste Services received a \$2.10 rate increase per month to support operational costs. Raleigh Water received an approved 4.0% rate increase in the monthly base and volumetric water and sewer charge which will enable Raleigh Water to maintain the regional utility system. Stormwater received a \$0.18 increase per Single-Family Equivalent Unit (SFEU) to support additional staff and to help accelerate the backlog of CIP projects.

Management continues to diligently monitor spending levels and maintains conservative budget estimates. These actions ensure the City is well positioned to meet fund balance goals and to maintain the AAA/Aaa general credit ratings in the future.

Through the following budget highlights, City management and staff remain committed to our Raleigh citizens and to recognizing the value of our employees.

Highlights of the City's budget for the 2023-24 fiscal year include the following:

- The 2023-24 combined budgets for operating and capital programs total \$1,276.1 million, representing a 11.5% increase from the 2022-23 combined budget.
- The adopted General Fund budget for 2023-24 of \$638.5 million increased 8.1% over the prior year adopted budget due to continued improvement in City growth in key revenues as outlined below.
 - The primary revenue source, property taxes, is budgeted at \$53.4 million, an increase of \$40.0 million, or 12.9% due to the property tax rate increases discussed above.
 - The sales tax budget was increased given continued historic collections to \$148.0 million, an increase of \$18.0 million, or 13.8% from 2022-23.

- The 2023-24 capital budget includes new and/or continuing projects totaling \$490.1 million, including transportation, transit, parks, stormwater projects, water and sewer infrastructure, parking, and general public facilities projects.

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 (governmentwide 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, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 754,771,805	\$ 607,294,703	\$ 1,362,066,508
Taxes receivable, net of allowance for uncollectibles of \$11,211,759	881,745	-	881,745
Assessments receivable, net of allowance for uncollectibles of \$303,142	455,819	179,385	635,204
Customer receivables, net of allowance for uncollectibles of \$10,469,946	50,448	32,638,266	32,688,714
Franchise tax receivable	7,457,008	-	7,457,008
Lease receivable	45,070	815,248	860,318
Due from other governmental agencies	40,236,112	8,367,671	48,603,783
Accrued interest receivable	3,806,006	2,495,152	6,301,158
Other receivables and assets	2,732,715	213,805	2,946,520
Sales tax receivable	42,530,992	7,515,388	50,046,380
Internal balances	1,671,505	(1,671,505)	-
Inventories	3,268,429	14,480,267	17,748,696
Loans receivable, net of allowance \$19,162,732	87,886,627	-	87,886,627
Cash and cash equivalents/investments - restricted deposits and bond proceeds	102,722,200	55,987,694	158,709,894
Lease receivable, noncurrent	16,415,371	14,840,280	31,255,651
Capital assets:			
Intangible right to use lease asset, net of amortization	13,002,527	1,518,044	14,520,571
Intangible right to use IT subscription asset, net of amortization	4,096,738	2,993,258	7,089,996
Land, construction in progress, watershed protection rights	545,908,369	719,137,096	1,265,045,465
Other capital assets, net of depreciation	854,733,707	1,926,233,193	2,780,966,900
Total assets	2,482,673,193	3,393,037,945	5,875,711,138
DEFERRED OUTFLOWS OF RESOURCES			
Deferred refunding charges	6,024,426	22,500,588	28,525,014
Pension deferrals - LEOSSA	17,731,919	-	17,731,919
Pension deferrals - LGERS	104,772,493	22,538,087	127,310,580
Pension deferrals - OPEB	20,446,254	7,677,452	28,123,706
Accumulated decrease in fair value of hedging derivatives	-	6,005,581	6,005,581
Total deferred outflows of resources	148,975,092	58,721,708	207,696,800

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

Statement of Net Position (Continued)

June 30, 2023

	Governmental	Business-type	
	Activities	Activities	Total
LIABILITIES			
Accounts payable	23,809,456	27,126,458	50,935,914
Accrued salaries and employee payroll taxes	9,729,100	-	9,729,100
Accrued interest payable	5,222,381	8,780,810	14,003,191
Sales tax payable	47,424	260,056	307,480
Loan servicing escrow	606,332	-	606,332
Due to other governmental agencies	1,058,878	3,238,609	4,297,487
Other current liabilities	175,837	-	175,837
Escrow and other deposits payable from restricted assets	4,964,549	41,254,426	46,218,975
Reimbursable facility fees	15,979,961	-	15,979,961
Coronavirus State & Local Fiscal Recovery Funds	51,056,710	-	51,056,710
Derivative instrument liability	-	6,005,581	6,005,581
Long-term liabilities:			
Due within one year	95,611,396	76,935,535	172,546,931
Due in more than one year	587,600,196	1,097,739,465	1,685,339,661
Net pension liability - LEOSSA - Due in more than one year	62,875,907	-	62,875,907
Net pension liability - LGERS - Due in more than one year	144,016,714	52,564,488	196,581,202
Net pension liability - OPEB - Due in more than one year	159,289,009	59,538,650	218,827,659
Total liabilities	1,162,043,850	1,373,444,078	2,535,487,928
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	5,210,758	2,566,523	7,777,281
Leases	15,683,238	14,947,563	30,630,801
Pension deferrals - LEOSSA	9,400,343	-	9,400,343
Pension deferrals - LGERS	3,842,303	2,290,873	6,133,176
Pension deferrals - OPEB	13,188,369	4,814,177	18,002,546
Prepaid taxes and assessments	168,001	-	168,001
Total deferred inflows of resources	47,493,012	24,619,136	72,112,148
NET POSITION			
Net investment in capital assets	837,522,247	1,522,389,841	2,359,912,088
Restricted for:			
Capital projects	202,333,006	-	202,333,006
Other purposes (Note 1.D.(11))	170,342,174	-	170,342,174
Stabilization by state statute	76,206,159	-	76,206,159
Federal programs	7,678,286	-	7,678,286
Unrestricted	128,029,551	531,306,598	659,336,149
Total net position	\$ 1,422,111,423	\$ 2,053,696,439	\$ 3,475,807,862

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

Statement of Activities

For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 89,282,317	\$ 43,351,672	\$ 6,754,517	\$ 18,570,747
Community development services	34,218,754	530,594	21,429,073	6,786,487
Public infrastructure	105,693,369	474,341	1,726,974	13,456,148
Public safety	204,825,942	-	2,163,943	-
Leisure services	76,443,775	10,912,344	44,407,571	21,355,344
Economic development programs	4,795,123	-	-	-
Interest and other debt service	17,435,073	-	-	-
Total governmental activities	\$ 532,694,353	\$ 55,268,951	\$ 76,482,078	\$ 60,168,726
Business-type activities:				
Water and sewer	216,332,260	294,773,822	-	29,329,338
Convention center complex	37,736,583	19,187,989	-	-
Mass transit	50,629,415	2,016,376	35,629,763	5,196,757
Parking facilities	13,882,919	14,490,131	-	-
Solid waste services	44,059,570	37,988,755	-	-
Stormwater	25,906,584	34,551,228	21,000	-
Total business-type activities	388,547,331	403,008,301	35,650,763	34,526,095
Total City of Raleigh	\$ 921,241,684	\$ 458,277,252	\$ 112,132,841	\$ 94,694,821

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

Statement of Activities

For the Fiscal Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Governmental activities:			
General government	\$ (20,605,381)	\$ -	\$ (20,605,381)
Community development services	(5,472,600)	-	(5,472,600)
Public infrastructure	(90,035,906)	-	(90,035,906)
Public safety	(202,661,999)	-	(202,661,999)
Leisure services	231,484	-	231,484
Economic development programs	(4,795,123)	-	(4,795,123)
Interest on long-term debt	(17,435,073)	-	(17,435,073)
Total governmental activities	\$ (340,774,598)	\$ -	\$ (340,774,598)
Business-type activities:			
Water and sewer	\$ -	107,770,900	107,770,900
Convention center complex	-	(18,548,594)	(18,548,594)
Mass transit	-	(7,786,519)	(7,786,519)
Parking facilities	-	607,212	607,212
Solid waste services	-	(6,070,815)	(6,070,815)
Stormwater	-	8,665,644	8,665,644
Total business-type activities	\$ -	\$ 84,637,828	\$ 84,637,828
Total City of Raleigh	\$ (340,774,598)	\$ 84,637,828	\$ (256,136,770)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	\$ 315,814,365	-	315,814,365
Local sales tax	150,029,268	-	150,029,268
Franchise tax	30,405,889	-	30,405,889
Other taxes	28,524,515	-	28,524,515
Unrestricted investment earnings	16,743,917	10,359,139	27,103,056
Gain on the sale of property	4,477,615	647,685	5,125,300
Miscellaneous	3,961,341	-	3,961,341
Total general revenues not including transfers	\$ 549,956,910	\$ 11,006,824	\$ 560,963,734
Transfers	(54,785,766)	54,785,766	-
Total general revenues and transfers	495,171,144	65,792,590	560,963,734
Change in net position	154,396,546	150,430,418	304,826,964
Net position - beginning of year	\$ 1,267,714,877	\$ 1,903,266,021	\$ 3,170,980,898
Net position - end of year	\$ 1,422,111,423	\$ 2,053,696,439	\$ 3,475,807,862

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

**Balance Sheet
Governmental Funds
June 30, 2023**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 391,263,734	\$ 286,555,517	\$ 677,819,251
Taxes receivable, net of allowance for uncollectibles of \$11,211,759	881,745	-	881,745
Assessments receivable, net of allowance for uncollectibles of \$201,211	252,480	203,339	455,819
Lease receivable	45,070	-	45,070
Customer receivables	31,543	18,905	50,448
Franchise taxes receivable	7,437,777	19,231	7,457,008
Due from other governmental agencies	3,077,115	37,158,997	40,236,112
Accrued interest receivable	2,982,718	364,902	3,347,620
Other receivables and assets	1,499,610	-	1,499,610
Sales tax receivable	40,510,039	1,297,381	41,807,420
Due from other funds	25,964,664	107,853	26,072,517
Inventories	2,569,502	-	2,569,502
Lease receivable, non-current	16,415,371	-	16,415,371
Loans receivable, net of allowance for uncollectibles of \$19,162,731	13,941,452	73,945,175	87,886,627
Cash and cash equivalents/investments - restricted deposits and bond proceeds	387,415	84,786,432	85,173,847
Total assets	\$ 507,260,235	\$ 484,457,732	\$ 991,717,967
LIABILITIES			
Accounts payable	\$ 6,697,488	\$ 11,758,286	\$ 18,455,774
Accrued salaries and employee payroll taxes	9,729,100	-	9,729,100
Sales tax payable	16,376	7,867	24,243
Loan servicing escrow	347,367	258,965	606,332
Other liabilities	175,837	-	175,837
Due to other funds	77,333	20,011,662	20,088,995
Reimbursable facility fees	1,339,211	14,640,750	15,979,961
Escrow and other deposits payable from restricted assets	56,362	4,908,187	4,964,549
Due to other governmental agencies	806,232	252,646	1,058,878
Coronavirus State & Local Fiscal Recovery Fund	-	51,056,710	51,056,710
Total liabilities	19,245,306	102,895,073	122,140,379
DEFERRED INFLOWS OF RESOURCES			
Property tax receivable	881,745	-	881,745
Assessments receivable	252,480	203,339	455,819
Lease revenue	15,683,238	-	15,683,238
Prepaid assessments	-	11,479	11,479
Prepaid taxes and facility fees	156,522	-	156,522
Deferred revenue	473,988	4,736,770	5,210,758
Total deferred inflows of resources	17,447,973	4,951,588	22,399,561
FUND BALANCES			
Nonspendable:			
Inventories	2,569,502	-	2,569,502
Leases	777,203	-	777,203
Loans receivable	13,941,452	-	13,941,452
Restricted:			
Stabilization by state statute	76,206,159	-	76,206,159
Restricted Debt service	-	64,273,508	64,273,508
Unspent Capital Debt Proceeds	-	26,566,951	26,566,951
Federal program reserves	2,315,452	5,362,834	7,678,286
Inspections - 160-414(c)	1,426,943	-	1,426,943
Public safety	-	3,885,255	3,885,255
Committed:			
LEOSSA	10,091,657	-	10,091,657
Assigned:			
Assigned Debt service	185,941,285	-	185,941,285
Subsequent year's appropriation	21,736,474	46,286,769	68,023,243
City projects	5,815,339	133,316,417	139,131,756
Community development	23,379,906	96,616,077	119,995,983
Disaster recovery	-	303,260	303,260
Unassigned	126,365,584	-	126,365,584
Total fund balances	470,566,956	376,611,071	847,178,027
Total liabilities, deferred inflows of resources and fund balances	\$ 507,260,235	\$ 484,457,732	\$ 991,717,967

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, 2023

Total fund balances for governmental funds		\$ 847,178,027
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	\$ 545,908,369	
Capital Assets being depreciated, net	819,760,921	
Intangible right to use lease asset at historical costs, net	12,960,823	
Intangible right to use IT subscription assets at historical costs, net	<u>4,096,738</u>	
	<u>\$ 1,382,726,851</u>	1,382,726,851
The net pension and OPEB liabilities resulting from contributions greater than or less than the amount of annual required contributions are not financial resources, are not due and payable in the current period and therefore are not reported in the funds.		
Law Enforcement Officer's (LEOSSA)	\$ (62,875,907)	
Pensions (LGERS)	(140,294,844)	
Other Post Retirement Benefits (OPEB)	<u>(154,987,588)</u>	
	<u>\$ (358,158,339)</u>	(358,158,339)
The deferred outflows of resources related to pensions and OPEB liabilities are not reported in the funds.		
Law Enforcement Officer's (LEOSSA)	\$ 17,731,919	
Pensions (LGERS)	103,166,716	
Other Post Retirement Benefits (OPEB)	<u>19,915,008</u>	
	<u>\$ 140,813,643</u>	140,813,643
The deferred inflows of resources related to pensions and OPEB liabilities will be reported as a reduction of expense in prior years are not reported in the funds.		
Law Enforcement Officer's (LEOSSA)	\$ (9,400,343)	
Pensions (LGERS)	(3,664,750)	
Other Post Retirement Benefits (OPEB)	<u>(12,818,598)</u>	
	<u>\$ (25,883,691)</u>	(25,883,691)
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.		
		6,024,426
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.		
		51,824,227
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	\$ 881,745	
Assessments receivable	<u>455,819</u>	
	<u>\$ 1,337,564</u>	1,337,564
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	\$ (391,298,315)	
Installment Financing Agreements, net	(174,878,367)	
Bond Anticipation Note (BANs)	(9,851,000)	
Leases	(13,373,208)	
IT subscriptions	(4,221,873)	
Earned Vacation Pay	(24,969,727)	
Accrued Interest Payable	<u>(5,158,795)</u>	
	<u>\$ (623,751,285)</u>	(623,751,285)
Net position of governmental activities		<u>\$ 1,422,111,423</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 315,668,151	\$ -	\$ 315,668,151
Intergovernmental	21,887,352	93,628,751	115,516,103
Non-governmental	-	9,943,073	9,943,073
Assessments	-	528,140	528,140
Franchise tax	30,405,889	76,924	30,482,813
Local sales tax	150,029,268	-	150,029,268
Licenses	14,508,055	-	14,508,055
Gain (loss) on investments	13,033,352	4,299,861	17,333,213
Inspections fees	24,989,224	-	24,989,224
Highway maintenance refunds	1,047,712	-	1,047,712
Facility fees	-	17,930,988	17,930,988
Parks and recreation fees	6,843,936	-	6,843,936
Other fees and charges	7,088,376	114,806	7,203,182
Developer participation	-	76,145	76,145
Rents	3,974,058	58,668	4,032,726
Program income	-	673,154	673,154
Donations and contributions	1,776,276	1,451,899	3,228,175
Miscellaneous other	1,496,782	167,209	1,663,991
Total revenues	592,748,431	128,949,618	721,698,049
EXPENDITURES			
Current:			
General government	69,304,085	11,821,331	81,125,416
Community development services	34,652,952	5,191,203	39,844,155
Public infrastructure	46,647,410	55,119,374	101,766,784
Public safety	196,689,006	10,276,986	206,965,992
Leisure services	60,500,446	34,821,880	95,322,326
Economic development programs	1,285,625	3,509,498	4,795,123
Debt service:			
Principal	40,067,631	-	40,067,631
Interest	18,340,685	-	18,340,685
Other debt service expenditures	1,136,403	-	1,136,403
Total expenditures	468,624,243	120,740,272	589,364,515
Excess (deficiency) of revenues over (under) expenditures	124,124,188	8,209,346	132,333,534
OTHER FINANCING SOURCES (USES)			
Transfers in	5,228,160	56,770,058	61,998,218
Transfers out	(88,627,813)	(30,981,497)	(119,609,310)
Issuance of debt	414,074	61,836,564	62,250,638
Gain (loss) on sale of property	581,489	3,674,970	4,256,459
Total other financing sources (uses)	(82,404,090)	91,300,095	8,896,005
Net change in fund balances	41,720,098	99,509,441	141,229,539
Fund balances, beginning of year	428,846,858	277,101,630	705,948,488
Fund balances, end of year	\$ 470,566,956	\$ 376,611,071	\$ 847,178,027

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, 2023

Net change in fund balances - total governmental funds \$ 141,229,539

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 or amortization expense. This is the amount by which capital outlays exceeded depreciation or amortization in the current period.

Capital Outlays	\$	83,012,111	
Intangible right to use lease asset capital outlay expenditures which were capitalized		826,301	
Intangible right to use IT subscriptions asset capital outlay expenditures which were capitalized		6,215,708	
Depreciation		(59,969,602)	
Amortization expense for intangible assets		(7,315,145)	
		<u>22,769,373</u>	22,769,373

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

Annexations	\$	10,116,899	
Property taxes		146,214	
Assessments		(124,419)	
Loss on sale of assets		(2,042)	
		<u>10,136,652</u>	10,136,652

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued or incurred:			
Bond anticipation notes	\$	61,836,565	
Leases		841,835	
IT subscriptions		6,215,708	
Bond refunding:			
Face amount of new debt		164,324,212	
Payment to escrow agent		(164,324,212)	
Principal repayments:			
General obligation debt		(23,515,893)	
Installment financing		(16,551,738)	
Leases		(4,989,697)	
IT subscriptions		(1,993,835)	
		<u>21,842,945</u>	(21,842,945)

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	\$	1,243,577	
Accrued interest expense		(768,952)	
Net pension expense - LEOSSA		(3,017,101)	
Net pension expense - LGERS		(11,401,867)	
Net pension expense - OPEB		3,932,505	
		<u>(10,011,838)</u>	(10,011,838)

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.

3,256,010

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.

8,859,755

Change in net position of governmental activities \$ 154,396,546

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, 2023

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes - real & other property	\$ 292,396,000	\$ 292,396,000	\$ 294,966,068	\$ 2,570,068
Ad valorem taxes - vehicles	20,640,000	20,640,000	20,702,083	62,083
Intergovernmental	20,994,954	20,994,954	21,887,352	892,398
Franchise tax	28,300,000	28,300,000	30,405,889	2,105,889
Local sales tax	130,000,000	130,000,000	150,029,268	20,029,268
Licenses	14,834,000	14,834,000	14,508,055	(325,945)
Gain (loss) on investments - investment income	4,427,696	4,427,696	11,343,120	6,915,424
Gain (loss) on investments - fair value measurement	-	-	1,690,232	1,690,232
Inspection fees	18,625,276	18,763,128	24,989,224	6,226,096
Highway maintenance refunds	900,000	900,000	1,047,712	147,712
Parks and recreation fees	6,358,001	6,458,001	6,843,936	385,935
Other fees and charges	6,179,112	6,179,112	7,088,376	909,264
Reimbursements for public infrastructure support	2,432,905	2,432,905	1,107,621	(1,325,284)
Administrative charges	21,654,495	21,654,495	21,549,660	(104,835)
Rents	2,098,258	2,098,258	3,974,058	1,875,800
Lease revenue	-	-	(9,706)	(9,706)
Program income	-	-	(3,011)	(3,011)
Donations and contributions	1,149,354	1,550,108	1,776,276	226,168
Other revenues	743,775	808,775	1,509,499	700,724
Proceeds from sale of property	-	-	581,489	581,489
Total revenues available for appropriation	571,733,826	572,437,432	615,987,201	43,549,769
Fund balance appropriated	23,775,371	53,770,402	-	(53,770,402)
Total revenues	\$ 595,509,197	\$ 626,207,834	\$ 615,987,201	\$ (10,220,633)
EXPENDITURES				
General government:				
City council	\$ 453,595	\$ 532,917	\$ 433,817	\$ 99,100
City clerk	819,093	871,629	716,986	154,643
City attorney	5,172,526	5,200,486	5,067,122	133,364
Special appropriations	24,976,402	31,144,995	29,702,092	1,442,903
Agency appropriations	4,060,279	4,909,514	3,897,829	1,011,685
City manager	6,559,074	6,704,847	6,021,832	683,015
Communications	3,723,410	3,840,000	3,129,562	710,438
Human resources	7,029,694	7,155,166	6,589,993	565,173
Budget & management services	1,682,200	1,632,320	1,264,811	367,509
Finance	7,157,906	7,418,931	6,478,022	940,909
Information technology	24,564,357	25,297,592	22,994,980	2,302,612
Total general government	86,198,536	94,708,397	86,297,046	8,411,351

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

Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
Community development services:				
Planning	7,568,123	7,533,177	6,623,348	909,829
Development Services	14,395,968	14,420,142	13,095,966	1,324,176
Community services	15,816,345	15,706,268	14,933,638	772,630
Economic development	1,606,908	1,690,359	1,285,625	404,734
Total community development services	39,387,344	39,349,946	35,938,577	3,411,369
Public infrastructure:				
Engineering services	23,389,342	25,449,528	21,484,259	3,965,269
Transportation	33,540,813	33,977,222	30,827,471	3,149,751
Total public infrastructure	56,930,155	59,426,750	52,311,730	7,115,020
Public safety:				
Emergency communications center	13,150,584	13,213,197	11,154,829	2,058,368
Police	122,033,879	116,872,968	110,231,694	6,641,274
Fire	73,962,779	76,590,379	75,302,483	1,287,896
Total public safety	209,147,242	206,676,544	196,689,006	9,987,538
Leisure services:				
Parks, recreation and cultural resources	67,525,159	69,529,702	60,451,681	9,078,021
Walnut Creek Amphitheatre	138,347	152,265	48,765	103,500
Total leisure services	67,663,506	69,681,967	60,500,446	9,181,521
Debt service:				
Principal and interest	58,453,835	58,453,835	58,408,316	45,519
Other debt service expenditures	14,575,263	14,610,742	1,136,403	13,474,339
Total debt service	73,029,098	73,064,577	59,544,719	13,519,858
Total expenditures to appropriations	532,355,881	542,908,181	491,281,524	51,626,657
OTHER FINANCING SOURCES (USES)				
Transfers in	10,328,160	5,328,160	5,228,160	(100,000)
Transfers out	(73,481,476)	(88,627,813)	(88,627,813)	-
Bond Issuance	-	-	414,074	414,074
Total other financing sources (uses)	(63,153,316)	(83,299,653)	(82,985,579)	314,074
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	41,720,098	
Fund balance, beginning of year			428,846,858	
Fund balance, end of year			\$ 470,566,956	

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

Statement of Net Position - Proprietary Funds

June 30, 2023

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 462,700,366	\$ 38,886,282	\$ 6,644,850	\$ 53,628,391
Customer receivables, net of allowance for uncollectibles of \$10,469,946	27,154,361	47,749	-	2,226,523
Assessments receivable, net of allowance for uncollectibles of \$203,864	158,314	-	-	21,071
Lease receivable	312,778	-	-	-
Due from other governmental agencies	-	-	7,894,450	305,408
Due from other funds	-	11,500	19,836	-
Accrued interest receivable	2,288,573	8,514	-	154,475
Other receivables and assets	110,223	96,074	2,246	-
Sales tax receivable	6,001,854	355,868	124,936	72,342
Inventories	13,785,739	-	694,528	-
Insurance deposit	-	-	-	-
Total current assets	512,512,208	39,405,987	15,380,846	56,408,210
Noncurrent assets:				
Restricted cash and cash equivalents	12,225,124	1,541,672	50,305	27,437,325
Lease receivable, non-current	3,117,488	-	-	-
Capital assets:				
Intangible right to use lease asset, net of amortization	964,190	119,011	34,514	127,743
Intangible right to use IT subscription asset, net of amortization	1,982,009	19,113	3,664	-
Land and improvements	43,333,332	32,126,087	5,486,799	6,850,367
Construction in progress	549,278,268	12,525,838	38,817,813	13,299,925
Watershed protection rights	4,780,059	-	-	-
Water and sewer systems	1,859,800,237	-	-	-
Buildings and machinery	90,607,910	271,091,201	28,102,339	426,355
Parking decks	-	-	-	-
Buses	-	-	75,860,894	-
Equipment	32,950,683	2,562,488	3,856,140	1,269,636
Furniture and fixtures	61,921	2,542,363	50,046	-
Improvements	263,724,798	59,880,102	17,844,320	119,828,411
Less accumulated depreciation	(790,261,896)	(144,726,073)	(55,273,802)	(41,864,699)
Total noncurrent assets	2,072,564,123	237,681,802	114,833,032	127,375,063
Total assets	2,585,076,331	277,087,789	130,213,878	183,783,273
DEFERRED OUTFLOWS OF RESOURCES				
Deferred bond refunding charges	21,916,732	51,287	-	-
Pension deferrals - LGERS	12,802,362	2,255,183	413,637	2,314,867
Pension deferrals - OPEB	4,296,244	765,828	181,883	838,640
Accumulated decrease in fair value of hedging derivatives	-	6,005,581	-	-
Total deferred outflows of resources	39,015,338	9,077,879	595,520	3,153,507

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

Statement of Net Position - Proprietary Funds (Continued)

June 30, 2023

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 12,293,557	\$ 21,343,280	\$ 595,496,726	\$ 88,750,531
Customer receivables, net of allowance for uncollectibles of \$10,469,946	979,008	2,230,625	32,638,266	-
Assessments receivable, net of allowance for uncollectibles of \$203,864	-	-	179,385	-
Lease receivable	502,470	-	815,248	-
Due from other governmental agencies	-	167,813	8,367,671	-
Due from other funds	-	-	31,336	450,110
Accrued interest receivable	43,590	-	2,495,152	458,386
Other receivables and assets	-	5,262	213,805	813,105
Sales tax receivable	73,739	187,063	6,815,802	1,423,158
Inventories	-	-	14,480,267	698,927
Insurance deposit	-	-	-	420,000
Total current assets	13,892,364	23,934,043	661,533,658	93,014,217
Noncurrent assets:				
Restricted cash and cash equivalents	506,569	-	41,760,995	31,775,052
Lease receivable, non-current	11,722,792	-	14,840,280	-
Capital assets:				
Intangible right to use lease asset, net of amortization	187,567	85,019	1,518,044	41,704
Intangible right to use IT subscription asset, net of amortization	988,472	-	2,993,258	-
Land and improvements	7,414,706	2,952,033	98,163,324	-
Construction in progress	2,271,869	-	616,193,713	-
Watershed protection rights	-	-	4,780,059	-
Water and sewer systems	-	-	1,859,800,237	-
Buildings and machinery	-	15,648,174	405,875,979	230,912
Parking decks	156,535,540	-	156,535,540	-
Buses	-	-	75,860,894	104,241
Equipment	232,861	413,871	41,285,679	216,369,767
Furniture and fixtures	51,382	145,892	2,851,604	-
Improvements	7,197,623	7,200,018	475,675,272	-
Less accumulated depreciation	(72,595,182)	(10,286,856)	(1,115,008,508)	(158,375,638)
Total noncurrent assets	114,514,199	16,158,151	2,683,126,370	90,146,038
Total assets	128,406,563	40,092,194	3,344,660,028	183,160,255
DEFERRED OUTFLOWS OF RESOURCES				
Deferred bond refunding charges	294,052	238,517	22,500,588	-
Pension deferrals - LGERS	737,267	4,014,771	22,538,087	1,605,777
Pension deferrals - OPEB	244,373	1,350,484	7,677,452	531,246
Accumulated decrease in fair value of hedging derivatives	-	-	6,005,581	-
Total deferred outflows of resources	1,275,692	5,603,772	58,721,708	2,137,023

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

Statement of Net Position - Proprietary Funds (Continued)
June 30, 2023

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 15,263,118	\$ 2,054,066	\$ 8,166,269	\$ 502,494
Sales tax payable	67,575	117,301	45,355	3,418
Accrued salaries and employee payroll taxes	-	-	-	-
Accrued interest payable	6,190,868	2,175,158	810	2,184
Claims payable and other liabilities	-	-	-	-
Due to other funds	32,906	-	50,359	-
Due to other governmental agencies	-	-	-	-
Landfill postclosure liability	-	-	-	-
Earned vacation pay	2,669,538	304,179	101,213	526,156
Bonds, notes and loans payable, net of unamortized premiums and discounts	36,326,164	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	8,179,566	12,123,317	50,697	146,400
Total current liabilities	68,729,735	16,774,021	8,414,703	1,180,652
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	761,345,670	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	92,163,725	164,150,080	9,332	1,103,001
Landfill postclosure liability	-	-	-	-
Escrow and other deposits payable from restricted assets	12,225,124	1,541,672	50,305	27,437,325
Derivative instrument liability	-	6,005,581	-	-
Earned vacation pay	1,376,715	297,318	52,558	312,543
Net pension liability - LGERS	29,748,520	5,428,515	843,036	5,447,219
Net pension liability - OPEB	34,055,242	5,599,576	1,126,935	5,913,897
Total noncurrent liabilities	930,914,996	183,022,742	2,082,166	40,213,985
Total liabilities	999,644,731	199,796,763	10,496,869	41,394,637
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	169,459	2,397,063	-
Leases	3,324,979	-	-	-
Pension deferrals - LGERS	1,392,676	37,493	274,896	76,406
Pension deferrals - OPEB	2,804,739	391,379	68,841	388,200
Total deferred inflows of resources	7,522,394	598,331	2,740,800	464,606
NET POSITION				
Net investment in capital assets	1,181,123,119	59,918,022	114,722,698	98,688,337
Unrestricted	435,801,425	25,852,552	2,849,031	46,389,200
Total net position	\$ 1,616,924,544	\$ 85,770,574	\$ 117,571,729	\$ 145,077,537

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

Statement of Net Position - Proprietary Funds (Continued)

June 30, 2023

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 126,862	\$ 815,507	\$ 26,928,316	\$ 5,552,693
Sales tax payable	5	12,119	245,773	37,464
Accrued salaries and employee payroll taxes	-	(869)	(869)	-
Accrued interest payable	310,002	55,019	8,734,041	110,355
Claims payable and other liabilities	-	-	-	10,491,247
Due to other funds	5,931,594	-	6,014,859	450,110
Due to other governmental agencies	-	3,238,609	3,238,609	-
Landfill postclosure liability	-	539,686	539,686	-
Earned vacation pay	145,752	643,447	4,390,285	348,880
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	36,326,164	21,557,145
Contracts and other notes payable, net of unamortized premiums and discounts	4,496,269	957,389	25,953,638	15,930
Total current liabilities	11,010,484	6,260,907	112,370,502	38,563,824
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	14,122,149
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	761,345,670	49,899,803
Contracts and other notes payable, net of unamortized premiums and discounts	44,657,624	7,130,114	309,213,876	26,646
Landfill postclosure liability	-	2,494,954	2,494,954	-
Escrow and other deposits payable from restricted assets	-	-	41,254,426	-
Derivative instrument liability	-	-	6,005,581	-
Earned vacation pay	19,456	465,876	2,524,466	43,563
Net pension liability - LGERS	1,716,832	9,380,366	52,564,488	3,721,870
Net pension liability - OPEB	2,013,643	10,829,357	59,538,650	4,301,421
Total noncurrent liabilities	48,407,555	30,300,667	1,234,942,111	72,115,452
Total liabilities	59,418,039	36,561,574	1,347,312,613	110,679,276
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	2,566,522	-
Leases	11,622,584	-	14,947,563	-
Pension deferrals - LGERS	76,890	432,512	2,290,873	177,553
Pension deferrals - OPEB	183,121	977,897	4,814,177	369,771
Total deferred inflows of resources	11,882,595	1,410,409	24,619,135	547,324
NET POSITION				
Net investment in capital assets	53,931,566	8,309,165	1,516,692,907	18,646,514
Unrestricted	4,450,055	(585,182)	514,757,081	55,424,164
Total net position	\$ 58,381,621	\$ 7,723,983	\$ 2,031,449,988	\$ 74,070,678
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			22,246,451	
Net position of business-type activities			\$ 2,053,696,439	

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, 2023**

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
Operating revenues				
User charges	\$ 287,418,737	\$ 17,576,482	\$ 1,708,778	\$ 34,487,547
Other	7,303,699	1,611,507	307,598	31,262
Total operating revenues	294,722,436	19,187,989	2,016,376	34,518,809
Operating expenses				
Personnel services	59,697,523	11,669,747	2,141,325	12,430,626
Other operational expenses	67,779,258	10,781,881	8,751,894	7,694,901
Management contract charges	-	-	31,243,228	-
Claims	-	-	-	-
Premiums	-	-	-	-
Amortization	917,597	-	83,966	55,550
Depreciation	58,354,120	8,558,119	8,410,553	5,736,344
Total operating expenses	186,748,498	31,009,747	50,630,966	25,917,421
Operating income (loss)	107,973,938	(11,821,758)	(48,614,590)	8,601,388
Nonoperating revenue (expense)				
Gain (loss) on investments	9,309,875	29,210	-	510,617
Subsidy income - federal and state	-	-	19,336,319	21,000
Subsidy income - local	-	-	16,293,444	-
Other revenues	51,384	-	-	32,414
Interest expense	(26,847,932)	(6,742,081)	(2,987)	(7,971)
Other debt service costs	(2,431,814)	-	-	-
Gain (loss) on sale of property	121,724	-	17,310	-
Total nonoperating revenue (expense)	(19,796,763)	(6,712,871)	35,644,086	556,060
Income (loss) before contributions and transfers	88,177,175	(18,534,629)	(12,970,504)	9,157,448
Capital contributions	29,329,338	-	5,196,757	-
Transfers in	-	29,262,070	18,523,214	26,715
Transfers out	(50,000)	-	(329,133)	(307,236)
Change in net position	117,456,513	10,727,441	10,420,334	8,876,927
Net position, beginning of year	1,499,468,031	75,043,133	107,151,395	136,200,610
Net position, end of year	\$ 1,616,924,544	\$ 85,770,574	\$ 117,571,729	\$ 145,077,537

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, 2023**

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
Operating revenues				
User charges	\$ 14,407,368	\$ 37,472,245	\$ 393,071,157	\$ 97,161,109
Other	82,763	63,260	9,400,089	1,851,713
Total operating revenues	14,490,131	37,535,505	402,471,246	99,012,822
Operating expenses				
Personnel services	2,603,053	16,382,421	104,924,695	6,553,078
Other operational expenses	4,785,695	26,979,081	126,772,710	16,686,367
Management contract charges	-	-	31,243,228	-
Claims	-	-	-	51,141,515
Premiums	-	-	-	3,658,409
Amortization	361,551	61,133	1,479,797	-
Depreciation	4,450,842	734,204	86,244,182	18,348,907
Total operating expenses	12,201,141	44,156,839	350,664,612	96,388,276
Operating income (loss)	2,288,990	(6,621,334)	51,806,634	2,624,546
Nonoperating revenue (expense)				
Gain (loss) on investments	398,903	-	10,248,605	3,821,099
Subsidy income - federal and state	-	-	19,357,319	-
Subsidy income - local	-	-	16,293,444	-
Other revenues	-	453,250	537,048	-
Interest expense	(1,686,954)	(233,469)	(35,521,394)	(451,101)
Other debt service costs	-	-	(2,431,814)	-
Gain (loss) on sale of property	-	(146,446)	(7,412)	876,012
Total nonoperating revenue (expense)	(1,288,051)	73,335	8,475,796	4,246,010
Income (loss) before contributions and transfers	1,000,939	(6,547,999)	60,282,430	6,870,556
Capital contributions	-	-	34,526,095	-
Transfers in	-	7,730,000	55,541,999	2,875,326
Transfers out	-	(94,864)	(781,233)	(25,000)
Change in net position	1,000,939	1,087,137	149,569,291	9,720,882
Net position, beginning of year	57,380,682	6,636,846		64,349,796
Net position, end of year	\$ 58,381,621	\$ 7,723,983		\$ 74,070,678
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			861,127	
Change in net position of business-type activities			\$ 150,430,418	

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, 2023

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 286,213,920	\$ 18,334,803	\$ 1,708,780	\$ 34,527,384
Payments to employees	(58,128,163)	(11,310,987)	(2,072,803)	(12,015,314)
Payments to suppliers and service providers	(69,855,578)	(10,153,692)	(39,895,133)	(7,427,339)
Claims paid	-	-	-	-
Premiums paid	-	-	-	-
Other receipts	7,355,084	1,611,507	307,598	70,545
Other payments	-	-	-	-
Net cash provided by (used in) operating activities	165,585,263	(1,518,369)	(39,951,558)	15,155,276
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers from other funds	-	29,262,070	18,523,214	26,715
Operating subsidies and transfers to other funds	(50,000)	-	(329,133)	(307,236)
Operating grants received	-	-	36,710,862	-
Internal activity - payments from (to) other funds	(37,099)	7,125	(7,525,364)	-
Net cash provided by (used in) noncapital financing activities	(87,099)	29,269,195	47,379,579	(280,521)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	(210,342,939)	(6,265,939)	(10,820,838)	(7,484,396)
Capital grants and other capital contributions	159,505	-	9,983,643	11,042
Proceeds from capital debt	399,910,241	-	-	-
Intergovernmental proceeds for capital debt	-	-	-	-
Principal paid on capital debt	(365,299,969)	(11,789,290)	33,349	(101,738)
Interest paid on capital debt	(28,601,238)	(6,928,421)	(2,822)	-
Other debt related payments	(2,431,814)	-	-	-
Lease proceeds (payments)	(125,419)	251,025	13,381	(5,681)
Subscription proceeds (payments)	(26,375)	(2,836)	(27,290)	-
Proceeds from the sale of capital assets	121,724	-	37,405	-
Escrow deposits	(2,450,732)	-	-	3,959,314
Net cash provided by (used in) capital and related financing activities	(209,087,016)	(24,735,461)	(783,172)	(3,621,459)
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	8,232,730	25,577	-	438,798
Net cash provided by investing activities	8,232,730	25,577	-	438,798
Net increase (decrease) in cash and cash equivalents	(35,356,122)	3,040,942	6,644,849	11,692,094
Cash and cash equivalents - beginning of year	510,281,612	37,387,012	50,306	69,373,622
Cash and cash equivalents - end of year	\$ 474,925,490	\$ 40,427,954	\$ 6,695,155	\$ 81,065,716
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 107,973,938	\$ (11,821,758)	\$ (48,614,590)	\$ 8,601,388
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	59,271,717	8,558,119	8,494,519	5,791,894
Miscellaneous nonoperating income	51,385	-	-	32,414
Change in assets, liabilities, deferred inflows and outflows:				
Operating receivables	(1,181,858)	121,657	250,994	46,701
Sales tax receivable	(668,004)	(179,127)	(59,905)	(11,882)
Inventories	(1,112,620)	-	(110,440)	-
Other receivables and assets	(6,943)	-	-	10,458
Accounts payable and other accrued liabilities	(1,831,489)	840,390	19,341	268,990
Landfill postclosure liability	-	-	-	-
(Increase) decrease in deferred outflows of resources - LGERS	(5,489,162)	(1,041,887)	(178,378)	(1,151,346)
Increase (decrease) in deferred inflows of resources - LGERS	(11,632,009)	(2,207,848)	(377,997)	(2,439,801)
Increase (decrease) in pension liability - LGERS	21,075,009	4,000,205	684,860	4,420,461
(Increase) decrease in deferred outflows of resources - OPEB	(1,074,862)	(204,017)	(34,929)	(225,451)
Increase (decrease) in deferred inflows of resources - OPEB	(1,731,895)	(328,727)	(56,280)	(363,263)
Increase (decrease) in pension liability - OPEB	1,978,332	375,503	64,289	414,954
Escrow and other deposits	-	489,861	-	-
Earned vacation pay and other payroll liabilities	(20,260)	(234,469)	(33,042)	(240,241)
Unearned revenue	(16,016)	113,729	-	-
Total adjustments	57,611,325	10,303,389	8,663,032	6,553,888
Net cash provided by (used in) operating activities	\$ 165,585,263	\$ (1,518,369)	\$ (39,951,558)	\$ 15,155,276
Noncash investing, capital, and financing activities:				
Capital contributions from annexations and mergers	\$ 29,329,338	\$ -	\$ -	\$ -
Capital contributions from grant and assessment receivables	\$ (159,506)	\$ -	\$ -	\$ -
Acquisition and construction of capital assets	\$ (25,055,170)	\$ -	\$ -	\$ -

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, 2023

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 14,379,537	\$ 37,418,218	\$ 392,582,642	\$ 97,161,109
Payments to employees	(2,527,913)	(15,776,136)	(101,831,316)	(6,406,606)
Payments to suppliers and service providers	(4,914,980)	(28,303,052)	(160,549,774)	(17,278,746)
Claims paid	-	-	-	(49,475,099)
Premiums paid	-	-	-	(3,658,409)
Other receipts	82,763	63,260	9,490,757	1,851,713
Other payments	-	-	-	3,272
Net cash provided by (used in) operating activities	7,019,407	(6,597,710)	139,692,309	22,197,234
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers from other funds	-	7,730,000	55,541,999	2,875,326
Operating subsidies and transfers to other funds	-	(94,864)	(781,233)	(25,000)
Operating grants received	-	-	36,710,862	-
Internal activity - payments from (to) other funds	-	-	(7,555,338)	-
Net cash provided by (used in) noncapital financing activities	-	7,635,136	83,916,290	2,850,326
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	(2,029,687)	(61,132)	(237,004,931)	(25,120,187)
Capital grants and other capital contributions	-	-	10,154,190	-
Proceeds from capital debt	-	-	399,910,241	43,000,000
Intergovernmental proceeds for capital debt	-	453,250	453,250	-
Principal paid on capital debt	(3,444,911)	(766,210)	(381,368,769)	(13,358,946)
Interest paid on capital debt	(1,968,781)	(487,442)	(37,988,704)	(415,404)
Other debt related payments	-	-	(2,431,814)	-
Lease proceeds (payments)	(85,751)	143,440	190,995	(1,800)
Subscription proceeds (payments)	(988,471)	-	(1,044,972)	-
Proceeds from the sale of capital assets	-	-	159,129	1,282,674
Escrow deposits	-	-	1,508,582	-
Net cash provided by (used in) capital and related financing activities	(8,517,601)	(718,094)	(247,462,803)	5,386,337
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	368,330	-	9,065,435	3,587,790
Net cash provided by investing activities	368,330	-	9,065,435	3,587,790
Net increase (decrease) in cash and cash equivalents	(1,129,864)	319,332	(14,788,769)	34,021,687
Cash and cash equivalents - beginning of year	13,929,990	21,023,948	652,046,490	86,503,896
Cash and cash equivalents - end of year	\$ 12,800,126	\$ 21,343,280	\$ 637,257,721	\$ 120,525,583
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,288,990	\$ (6,621,334)	\$ 51,806,634	\$ 2,624,546
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	4,812,394	795,337	87,723,980	18,348,907
Miscellaneous nonoperating income	-	-	83,799	-
Change in assets, liabilities, deferred inflows and outflows:				
Operating receivables	(29,416)	(121,050)	(912,972)	-
Sales tax receivable	(38,916)	(108,691)	(1,066,525)	(248,890)
Inventories	-	-	(1,223,060)	2,565
Other receivables and assets	1,585	67,025	72,125	(150,827)
Accounts payable and other accrued liabilities	(90,370)	363,312	(429,826)	1,474,460
Landfill postclosure liability	-	(1,578,595)	(1,578,595)	-
(Increase) decrease in deferred outflows of resources - LGERS	(308,107)	(1,702,694)	(9,871,574)	(681,075)
Increase (decrease) in deferred inflows of resources - LGERS	(652,905)	(3,608,157)	(20,918,717)	(1,443,262)
Increase (decrease) in pension liability - LGERS	1,182,940	6,537,300	37,900,775	2,614,920
(Increase) decrease in deferred outflows of resources - OPEB	(60,332)	(333,413)	(1,933,004)	(133,365)
Increase (decrease) in deferred inflows of resources - OPEB	(97,211)	(537,220)	(3,114,596)	(214,888)
Increase (decrease) in pension liability - OPEB	111,044	613,662	3,557,784	245,466
Escrow and other deposits	-	-	489,861	-
Earned vacation pay and other payroll liabilities	(100,289)	(363,192)	(991,493)	(241,323)
Unearned revenue	-	-	97,713	-
Total adjustments	4,730,417	23,624	87,885,675	19,572,688
Net cash provided by (used in) operating activities	\$ 7,019,407	\$ (6,597,710)	\$ 139,692,309	\$ 22,197,234
Noncash investing, capital, and financing activities:				
Capital contributions from annexations and mergers	\$ -	\$ -	\$ 29,329,338	\$ -
Capital contributions from grant and assessment receivables	\$ -	\$ -	\$ (159,506)	\$ -
Acquisition and construction of capital assets	\$ (2,029,687)	\$ -	\$ (27,084,857)	\$ -

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

Fiduciary Statement of Net Position

June 30, 2023

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 160,276,278
Accrued interest receivable	42,239
Other assets	<u>526,314</u>
Total assets	<u>160,844,831</u>
LIABILITIES	
Claims payable	1,507,285
Accounts payable	<u>15,372</u>
Total liabilities	<u>1,522,657</u>
NET POSITION	
Restricted for pensions	88,987,255
Restricted for postemployment benefits other than pensions	<u>70,334,919</u>
Total net pension	<u>\$ 159,322,174</u>

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

Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended June 30, 2023

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 26,254,949
Retiree contributions	3,250,104
Total contributions	<u>29,505,053</u>
Investment income	
Net increase (decrease) in the fair value of investments	14,249,559
Interest	1,660,764
Total investment income	<u>15,910,323</u>
Investment expense	(95,118)
Net investment income	<u>15,815,205</u>
Recovery of claims	<u>678,394</u>
Total additions	<u>45,998,652</u>
DEDUCTIONS	
Benefits and Withdrawals	28,662,667
Professional services	85,751
Total deductions	<u>28,748,418</u>
Change in net position restricted for:	
employees' retirement and other post-employment benefits	17,250,234
Net position, beginning of year	<u>142,071,940</u>
Net position, end of year	<u>\$ 159,322,174</u>

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



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NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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 three-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.

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

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/amortization 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, 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. North Carolina Department of Revenue 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 or State 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 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. Lease receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is recognized as revenue over the life of the lease term.

4. Inventories

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.

5. Restricted assets

Certain proceeds of the City's enterprise fund revenue bonds, general obligation bonds, and other long-term debt obligations as defined in Footnote F are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

6. Capital assets

Capital assets, which include land, buildings and machinery, equipment, furniture and fixtures, software, improvements and infrastructure assets including streets, sidewalks, water and sewer systems, parking decks, buses and right to use assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All infrastructure has been recorded by the City at historical cost if purchased or constructed or at acquisition value at the date of donation. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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.

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

Intangible right to use assets - The City's capital assets also include certain intangible right to use assets. These right to use assets arise in association with agreements where the City reports a lease (where the City serves as lessee) or agreements where the City reports an Information Technology (IT) Subscription in accordance with GAAP requirements.

The intangible right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

The intangible right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The intangible right to use subscription assets should be amortized on a straight-line basis over the subscription term.

7. 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 assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has several items that meet this criterion, including deferred bond refunding charges, changes in the fair value of hedging derivatives for interest rate swap agreements, and pension-related deferrals for the Local Governmental Employees' Retirement System (LGERS), Law Enforcement Special Separation Allowance (LEOSSA), and Other Post-Employment Benefits (OPEB) Plans.

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 assets that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet this criterion, including deferrals, prepaid taxes and assessments, property taxes receivable, leases, and pension deferrals for LGERS, LEOSSA, and OPEB Plans.

8. 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. An expenditure for these amounts is recognized as a result of employee resignations and retirements.

9. 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. Lease and IT subscription liabilities are reduced over the life of the remaining agreements.

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.

10. 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, bond covenants, regulations of other governments or imposed by law through state statute.

Net position in governmental activities is restricted for other purposes as follows:

Public safety	\$ 3,885,255
Community development	100,453,208
Debt service - cultural and recreation	64,273,508
Inspections	1,426,943
Disaster recovery	303,260
	<u>\$ 170,342,174</u>

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

The governmental fund types classify fund balance as follows:

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

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

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.

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, 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 unspent capital debt proceeds – portion of fund balance that is restricted for bond proceeds that are unspent.

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

Restricted for inspections – portion of fund balance that is restricted by State Statute [G.S.160-414(c)].

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 14.00% of next year's budgeted expenditures. Any portion of the general fund

balance in excess of 14.00% 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.

11. Pensions and Other Post-Employment Benefits

For purposes of measuring the net pension liability, 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.

The City also administers a single-employer defined benefit pension plan that provides retirement benefits to the City's sworn law enforcement. This Law Enforcement Special Separation Allowance (LEOSSA) Plan is consolidated with the General Fund for reporting in compliance with GASB Statement No. 73 as it is not a defined trust. The full accrual impacts of the pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense are captured on the government-wide statements.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are determined and paid annually based on actuarial recommendations.

All investments for pensions and OPEB as described above are reported at fair value.

12. 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 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, 2023. 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.

The appropriated budget is prepared by fund, function, and department. Appropriations are adopted at the fund level except for the General fund which is adopted at the department level, and the Water and Sewer fund which is adopted at the function level. The adopted budget is entered into the accounting records and comparisons of actual to budget are made throughout the year. Adjustments to the original budget may

become necessary to meet changing circumstances during the fiscal year. Two types of changes can occur: budget amendments and budget transfers. Such changes are required at the line-item level of the budget underlying the budget ordinance. 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.

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. However, City Council may amend these budgets throughout the year for new projects or other changes to existing appropriations as are needed. Encumbrances outstanding at year-end are reported as "reserved for encumbrances" against fund balance and are reappropriated during the subsequent year.

The accompanying Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General fund presents comparisons of the original and final budget with actual data. Since the legally adopted budget is on a basis that differs from GAAP, the actual data is similarly presented on a budgetary basis for comparison purposes.

B. Deficit net position

As a result of reporting pension and OPEB obligations, one fund reflects a deficit in net position - Vehicle Fleet Services Fund (\$3,159,264).

The City funds both the LGERS and OPEB liability based on actuarially determined contributions recommended for the plans.

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 uninsured 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 enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. 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.

As of June 30, 2023, the City's bank balance in operating accounts was \$52,403,157 and the carrying amount of the City's deposits was \$37,474,034. The difference represents reconciling items such as deposits and payments in transit. Of the bank balance, \$508,092 was covered by federal depository insurance and \$51,895,065 was covered by collateral held under the Pooling Method.

Investments. As of June 30, 2023, the City had the following investments and maturities:

Investment Type	Valuation		%	< 1 Year	1- 3 Years	>3 - 5 Years
	Measurement Method	Fair Value				
US Government Treasuries	Fair Value, Level 1	\$ 646,644,905	51.15%	\$ 156,783,355	\$ 446,140,610	\$ 43,720,940
US Government Agencies	Fair Value, Level 2	480,251,931	37.99%	209,031,980	246,248,471	24,971,480
NCCMT - Government Portfolio	Amortized Cost	392,952	0.03%	392,952	-	-
NC Municipal Bonds	Fair Value, Level 1	36,367,229	2.89%	11,395,763	13,932,176	11,039,290
Mutual Funds	Fair Value, Level 1	71,738,109	5.67%	71,738,109	-	-
Commercial Paper	Amortized Cost	28,795,118	2.28%	28,795,118	-	-
Total Government-wide investments		\$ 1,264,190,244	100.00%	\$ 478,137,277	\$ 706,321,257	\$ 79,731,710

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.

In accordance with accounting standards, the City reports the market value of all investments at the end of every fiscal year to reflect the impact on the financial results in the unlikely event the City would have to sell all its investments at fiscal year-end market prices. The year-end market value is referred to as a "mark to market" adjustment. This adjustment is reliant upon the change in market values over the prior year. Due to the rapid increase in interest rates during fiscal year 2022-23, the City's mark to market adjustment as of June 30, 2023 will decrease unrestricted investment earnings as reported on the year-end financial statements. While the City is required to report this adjustment on the financial statements, the City will not realize this loss in interest earnings because investments are generally held until maturity to meet the City's future cash flow needs.

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	Aaa-mf	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 10.00% of the total investment portfolio and commercial paper or bankers' acceptances of a single issuer to no more than 5.00% of the total investment portfolio. As of June 30, 2023, NC municipal bonds comprise 2.89% of the total investment portfolio and commercial paper is 2.28% of the total investment portfolio, with no allocation to a single user above the 5% policy target.

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 as of June 30, 2023 is as follows:

	<u>Government-wide</u>	<u>Fiduciary</u>	<u>Total</u>
Petty cash and change funds	\$ 15,375	\$ -	\$ 15,375
Deposits (checking, money market)	97,860,888	-	97,860,888
Fiduciary cash and investments	-	160,276,278	160,276,278
Investments	1,264,190,245	-	1,264,190,245
Total cash and cash equivalents	1,362,066,508	160,276,278	1,522,342,786
Restricted deposits and bond proceeds	158,709,894	-	158,709,894
Total cash	\$ 1,520,776,402	\$ 160,276,278	\$ 1,681,052,680

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. Lease receivable

The City has entered into multiple governmental activities leases as lessor of office space. For the year ended June 30, 2023, the value of the lease receivable is \$16,460,441. The leases have interest rates ranging from 0.727 – 2.583%. The value of the deferred inflows of resources for the year ended June 30, 2023 was \$15,683,238, and the City recognized lease revenue of \$645,797 during the year.

The City has entered into multiple business-type leases as lessor of parking decks. For the year ended June 30, 2023, the value of the lease receivable is \$12,225,262. The leases have interest rates ranging from 1.991 – 2.583%. The value of the deferred inflows of resources for the year ended June 30, 2023 was \$11,622,584, and the City recognized lease revenue of \$772,759 during the year.

The City has entered into multiple business-type leases as lessor of cell towers. For the year ended June 30, 2023, the value of the lease receivable is \$3,430,266. The leases have interest rates ranging from 0.514 – 2.844%. The value of the deferred inflows of resources for the year ended June 30, 2023 was \$3,324,979, and the City recognized lease revenue of \$434,190 during the year.

C. Capital assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	July 1, 2022	Additions	Transfers	Deletions	June 30, 2023
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 221,208,290	\$ 6,759,206	\$ 5,105,220	\$ -	\$ 233,072,716
Construction in progress	367,656,751	72,727,038	(127,548,136)	-	312,835,653
Total capital assets, not being depreciated	588,865,041	79,486,244	(122,442,916)	-	545,908,369
Capital assets, being depreciated and amortized:					
Buildings and machinery	353,996,887	3,996	584,063	-	354,584,946
Streets and sidewalks	869,413,605	10,526,830	73,779,138	-	953,719,573
Buses	459,066	-	-	-	459,066
Equipment	160,877,284	18,440,902	-	(12,581,223)	166,736,963
Furniture and fixtures	1,340,062	-	-	(30,205)	1,309,857
Improvements - general and parks	422,051,620	1,819,221	48,079,715	(9,852)	471,940,704
Software	46,851,680	-	-	-	46,851,680
Intangible right to use assets:					
Lease land	118,375	-	-	-	118,375
Lease buildings	10,959,637	-	-	-	10,959,637
Lease equipment	11,370,807	860,933	-	-	12,231,740
IT subscriptions	6,126,745	88,964	-	-	6,215,709
Total capital assets being depreciated	1,883,565,768	31,740,846	122,442,916	(12,621,280)	2,025,128,250
Less accumulated depreciation and amortization for:					
Buildings and machinery	106,284,796	8,568,774	-	-	114,853,570
Streets and sidewalks	609,214,256	26,362,434	-	-	635,576,690
Buses	45,906	45,906	-	-	91,812
Equipment	120,470,763	13,995,173	-	(12,206,119)	122,259,817
Furniture and fixtures	1,338,757	1,305	-	(30,205)	1,309,857
Improvements - general and parks	217,001,412	19,256,643	-	(9,852)	236,248,203
Software	28,186,549	2,342,584	-	-	30,529,133
Intangible right to use assets:					
Lease land	29,594	29,594	-	-	59,188
Lease buildings	2,103,986	2,046,488	-	-	4,150,474
Lease equipment	2,959,858	3,137,705	-	-	6,097,563
IT subscriptions	-	2,118,971	-	-	2,118,971
Total accumulated depreciation and amortization	1,087,635,877	77,905,577	-	(12,246,176)	1,153,295,278
Total capital assets being depreciated, net	795,929,891	(46,164,731)	122,442,916	(375,104)	871,832,972
Governmental activities capital assets, net	\$ 1,384,794,932	\$ 33,321,513	\$ -	\$ (375,104)	\$ 1,417,741,341

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

General government	\$ 9,782,209
Community development	321,945
Public infrastructure	36,623,724
Public safety	5,203,750
Leisure services	15,370,732
Capital assets held by certain internal service funds are charged to the various governmental functions based on the usage of the assets	<u>10,603,217</u>
Total depreciation and amortization - governmental activities	<u>\$ 77,905,577</u>

Annexations: The amount reported as additions for street and sidewalks includes \$10,116,899 from annexations.

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>June 30, 2023</u>
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 95,486,446	\$ 2,201,840	\$ 475,038	\$ -	\$ 98,163,324
Construction in progress	943,777,993	154,489,492	(481,828,539)	(245,233)	616,193,713
Watershed protection rights	<u>4,780,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,780,059</u>
Total capital assets, not being depreciated	<u>1,044,044,498</u>	<u>156,691,332</u>	<u>(481,353,501)</u>	<u>(245,233)</u>	<u>719,137,096</u>
Capital assets, being depreciated and amortized:					
Buildings and machinery	405,875,979	-	-	-	405,875,979
Water and sewer systems	1,382,724,930	79,119,101	397,956,206	-	1,859,800,237
Parking decks	156,535,540	-	-	-	156,535,540
Buses	80,386,099	-	-	(4,525,205)	75,860,894
Equipment	130,427,320	5,746,697	167,750	(5,309,068)	131,032,699
Furniture and fixtures	2,851,604	-	-	-	2,851,604
Improvements	382,366,900	10,078,827	83,229,545	-	475,675,272
Intangible right to use assets					
Lease land	232,038	-	-	-	232,038
Lease buildings	-	-	-	-	-
Lease equipment	2,269,750	657,765	-	-	2,927,515
IT subscriptions	<u>1,437,973</u>	<u>2,352,256</u>	<u>-</u>	<u>-</u>	<u>3,790,229</u>
Total capital assets being depreciated	<u>2,545,108,133</u>	<u>97,954,646</u>	<u>481,353,501</u>	<u>(9,834,273)</u>	<u>3,114,582,007</u>
Less accumulated depreciation and amortization for:					
Buildings and machinery	171,231,183	10,405,816	-	-	181,636,999
Water and sewer systems	540,340,708	40,733,051	-	-	581,073,759
Parking decks	66,713,830	4,079,979	-	-	70,793,809
Buses	35,181,565	6,653,466	-	(4,505,110)	37,329,921
Equipment	97,667,757	10,088,192	-	(5,129,022)	102,626,927
Furniture and fixtures	2,842,877	8,727	-	-	2,851,604
Improvements	183,065,372	22,020,641	-	-	205,086,013
Intangible right to use assets					
Lease land	31,449	31,449	-	-	62,898
Lease buildings	-	-	-	-	-
Lease equipment	751,584	827,027	-	-	1,578,611
IT subscriptions	<u>-</u>	<u>796,971</u>	<u>-</u>	<u>-</u>	<u>796,971</u>
Total accumulated depreciation and amortization	<u>1,097,826,325</u>	<u>95,645,319</u>	<u>-</u>	<u>(9,634,132)</u>	<u>1,183,837,512</u>
Total capital assets being depreciated, net	<u>1,445,843,837</u>	<u>2,309,327</u>	<u>481,353,501</u>	<u>(200,141)</u>	<u>1,930,744,495</u>
Business-type activities capital assets, net	<u>\$ 2,489,888,335</u>	<u>\$ 159,000,659</u>	<u>\$ -</u>	<u>\$ (445,374)</u>	<u>\$ 2,649,881,591</u>

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

Water/Sewer	\$ 59,271,717
Convention center	8,733,769
Parking	4,812,393
Mass Transit	8,494,519
Stormwater	5,791,894
Solid Waste Services	795,337
Capital assets held by certain internal service funds are charged to the various business-type activities based on the usage of the assets	<u>7,745,687</u>
Total depreciation and amortization - business-type activities	<u>\$ 95,645,316</u>

Annexations: The amount reported as additions for water and sewer systems includes \$14,465,650 from annexations.

Commitments - construction projects. As of June 30, 2023, the City has \$538,332,451 in project obligations for business-type activities for construction projects in progress including encumbered amounts as follows: \$456,926,806 for water and sewer projects, \$53,855,312 for transit projects, \$15,302,245 for stormwater projects, \$8,661,745 for convention center projects and \$3,586,342 for parking garage projects. These obligations are fully budgeted and are financed through a variety of City available financing tools.

In addition, the City has \$208,545,777 in general government project obligations as of June 30, 2023. These obligations relate to construction in progress projects including encumbered amounts 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 as of June 30, 2023.

D. Deferred 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 deferred revenue reported in the governmental funds were as follows:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Amounts arising from cash:			
Police informant account	\$ 10,663	\$ -	\$ 10,663
Cemetery cash account	8,092	-	8,092
Cafeteria plan cash	449,017	-	449,017
Prepaid taxes and assessments	156,522	11,479	168,001
Deferred revenue	<u>6,216</u>	<u>4,736,770</u>	<u>4,742,986</u>
	<u>630,510</u>	<u>4,748,249</u>	<u>5,378,759</u>
Amounts not arising from cash:			
Taxes receivable	881,745	-	881,745
Assessments receivable	<u>252,480</u>	<u>203,339</u>	<u>455,819</u>
	<u>1,134,225</u>	<u>203,339</u>	<u>1,337,564</u>
Total	<u>\$ 1,764,735</u>	<u>\$ 4,951,588</u>	<u>\$ 6,716,323</u>

E. 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, 2023, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 20,000,162
	Mass transit fund	3
	Water and sewer fund	32,905
	Parking fund	5,931,594
	Subtotal	<u>25,964,664</u>
Nonmajor governmental funds	General fund	57,497
	Mass transit fund	50,356
	Subtotal	<u>107,853</u>
Convention center complex fund	Nonmajor governmental funds	11,500
Mass transit fund	General fund	19,836
Internal service funds	Internal service funds	450,110
Total		<u>\$ 26,553,963</u>

The largest component of the \$25,964,664 receivables in the general fund represents an interfund loan for cash deficits that were covered by the general fund and reclassified to the nonmajor governmental grants fund (\$20,000,162). This reclassification occurs due to the nature of grant drawdowns and the fact the City has pre-spending authority on most grant projects. There is also an interfund outstanding loan (\$5,931,594) placed with the enterprise parking fund as part of a private-public partnership on a downtown parking deck. In addition, there are small amounts owed to the nonmajor governmental and business-type activities that also represent normal fiscal operations.

A summary of interfund transfers for the fiscal year ended June 30, 2023 is as follows:

Funds	General fund	Nonmajor governmental	Solid Waste Services	Stormwater	Convention Center	Mass transit	Internal service	Total Transfers Out
General fund	\$ -	\$ 56,296,061	\$ 7,730,000	\$ -	\$ 3,240,979	\$ 18,510,447	\$ 2,850,326	\$ 88,627,813
Nonmajor governmental	4,920,924	-	-	26,715	26,021,091	12,767	-	30,981,497
Solid waste services	-	94,864	-	-	-	-	-	94,864
Mass transit	-	329,133	-	-	-	-	-	329,133
Stormwater	307,236	-	-	-	-	-	-	307,236
Water and Sewer	-	50,000	-	-	-	-	-	50,000
Internal service	-	-	-	-	-	-	25,000	25,000
Total Transfers In	<u>\$ 5,228,160</u>	<u>\$ 56,770,058</u>	<u>\$ 7,730,000</u>	<u>\$ 26,715</u>	<u>\$ 29,262,070</u>	<u>\$ 18,523,214</u>	<u>\$ 2,875,326</u>	<u>\$ 120,415,543</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the general fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations which include subsidies to solid waste services and mass

transit. Additionally, transfers from the general fund to nonmajor governmental funds include budgetary authorizations to fund paygo capital projects.

The transfer made internally in the general fund between its operating and debt service components was \$67,539,691. This transfer was eliminated as part of the consolidation of the general fund as reported in the basic financial statements.

F. Long-term obligations

1. Leases and IT Subscriptions

The City has entered into multiple leases as lessee of land. For the year ended June 30, 2023, the value of the lease liability is \$231,551. The leases have interest rates ranging from 0.727 – 1.527%.

The City has entered into multiple leases as lessee of buildings. For the year ended June 30, 2023, the value of the lease liability is \$7,004,291. The leases have interest rates ranging from 0.514 – 1.913%.

The City has entered into multiple leases as lessee of equipment. For the year ended June 30, 2023, the value of the lease liability is \$7,755,593. The leases have interest rates ranging from 0.514 – 6.750%.

The future lease obligations and the net present value of these lease payments as of June 30, 2023 were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	\$ 4,780,459	\$ 531,507	\$ 5,311,966
2025	3,836,841	328,688	4,165,529
2026	2,251,987	161,505	2,413,492
2027	956,315	82,644	1,038,959
2028	491,687	56,844	548,531
2029-2033	1,949,999	165,681	2,115,680
2034-2035	724,149	12,238	736,387
	<u>\$ 14,991,437</u>	<u>\$ 1,339,107</u>	<u>\$ 16,330,544</u>

For the year ended June 30, 2023 the City implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (IT subscriptions). The Statement provides a definition of IT subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

IT subscriptions in effect at the end of the prior fiscal year had their assets and liabilities initially measured at the present value of the subscription payments expected over the remaining term of the IT subscription after July 1, 2022. The City previously entered into multiple subscription-based information technology arrangements. An initial IT subscription liability was recorded in the amount of \$7,564,718. For the year ending June 30, 2023, the value of the IT subscription liability is \$6,938,782. The IT subscriptions have interest rates ranging from 1.58 - 2.66%.

The future IT subscription obligations and the net present value of these IT subscription payments as of June 30, 2023 were as follows:

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 2,770,011	\$ 145,673	\$ 2,915,684
2025	2,073,583	89,161	2,162,744
2026	1,245,722	47,735	1,293,457
2027	456,886	20,984	477,870
2028	74,453	10,431	84,884
2029-2033	318,127	21,409	339,536
	<u>\$ 6,938,782</u>	<u>\$ 335,393</u>	<u>\$ 7,274,175</u>

2. General obligation bonds

The City issues general obligation bonds to fund the acquisition and/or construction of Parks and Recreation, Transportation and Housing Program capital needs. General obligation bonds have been issued for the governmental activities. The bonds are direct obligations and interest on the bonds is payable semi-annually. The City pledges its full faith and credit and taxing power as security for General Obligation bonds. In the event of a material default, the North Carolina Local Government Commission is vested with all of the powers of the City Council as to the levy of taxes, expenditure of money, adoption of budgets, and all other financial powers conferred by law.

During fiscal year 2022-23 the City issued \$142,480,000 of general obligation bonds. The issuance consisted of refunding of General Obligation Bond Anticipation Notes which were previously outstanding. The amounts issued consisted of \$137,785,000 for streets and parks projects and \$4,695,000 of taxable housing bonds. These bonds mature serially over 20 years, and carry fixed coupon rates of 4.00% to 5.00%

General obligation bonds outstanding at June 30, 2023 are as follows:

<u>Governmental Activities</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2023</u>	<u>Due Within One Year Fiscal 2023-2024</u>
Public Improvement, Series 2012A	3.00% to 5.00%	05/15/2012	04/01/2032	\$ 9,000,000	\$ 1,650,000	\$ -
Public Improvement, Series 2012B	3.00% to 5.00%	05/16/2012	04/01/2032	138,600,000	24,950,000	-
Public Improvement, Series 2014	3.00% to 3.25%	06/26/2014	06/01/2032	15,000,000	8,200,000	800,000
Street Improvement, Series 2015A	3.00% to 5.00%	06/24/2015	06/01/2034	5,050,000	3,050,000	250,000
GO Bonds, Series 2015B	3.00% to 5.00%	06/25/2015	06/01/2034	20,000,000	12,000,000	1,000,000
Housing Bonds, Series 2015C - Taxable	3.00% to 4.00%	06/25/2015	06/01/2034	10,000,000	6,000,000	500,000
General Obligation Refunding, Series 2016A	2.25% to 5.00%	03/02/2016	09/01/2030	101,850,000	91,255,000	15,560,000
Housing Bonds, Series 2016C	2.00% to 3.375%	03/02/2016	02/01/2036	6,000,000	3,900,000	300,000
Public Improvement Bonds, Series 2017	3.00% to 5.00%	02/14/2017	02/01/2037	68,000,000	47,600,000	3,400,000
GO Bonds, Series 2023A	4.00% to 5.00%	04/27/2023	04/01/2043	137,785,000	137,785,000	6,890,000
GO Bonds, Series 2023B	4.00% to 5.00%	04/27/2023	04/01/2043	4,695,000	4,695,000	235,000
Total Governmental Activities					<u>\$ 341,085,000</u>	<u>\$ 28,935,000</u>

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 28,935,000	\$ 14,279,328
2025	28,945,000	13,470,635
2026	29,005,000	12,083,138
2027	28,970,000	10,664,142
2028	28,450,000	9,555,901
2029-2033	108,390,000	31,423,556
2034-2038	52,770,000	14,852,881
2039-2043	35,620,000	4,720,300
	\$ 341,085,000	\$ 111,049,881

2a. General Obligation Bond Anticipation Notes

The City has available a direct placement obligation bond anticipation note (BAN) program to finance street improvements, public improvements, parks and housing projects. BANs are short-term interest-bearing securities that are issued in advance of a larger, future bond issue. The anticipated long-term financing will be used to retire or pay off the BANs. During 2022-23 the City issued \$51,985,565 from the GO BANs 2021A and 2021B series, which was fully refunded during the year.

The aggregate principal amount of the notes outstanding from the 2023A and 2023B series at any one time shall not exceed \$110,000,000. The notes are a general obligation of the City, and the city has pledged its faith and credit to the payment of the principal and interest on the notes. The notes will be replaced by permanent financing with general obligation bonds on or before the notes mature on May 2, 2026, and the BANs can be refinanced with a notice period of 30 days. The City had 2023A and 2023B series direct placement general obligation bond anticipation notes payable of \$9,851,000 outstanding at June 30, 2023. Interest rates are based upon market conditions.

Direct placement general obligation bond note and debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ -	\$ 219,544
2025	-	219,544
2026	9,851,000	219,544
	\$ 9,851,000	\$ 658,632

Status of Bond Authorizations. The following represent continuing authorization of general obligation bonds, which were unsold at June 30, 2023:

<u>Purpose</u>	<u>Date of Authorization</u>	<u>Type of Authorization</u>	<u>Bonds Authorized Not Yet Issued</u>	<u>Bonds Authorized Not Issued/Drawn</u>
Transportation	10/10/2017	Go Voted	\$ 159,475,000	\$ 60,000,000
Housing	11/03/2020	Go Voted	80,000,000	25,000,000
Parks and Recreation	11/08/2022	Go Voted	275,000,000	25,000,000
Total			\$ 514,475,000	\$ 110,000,000

Note: BANs are not considered issued from a legal perspective

3. Defeased debt and refundings

During fiscal year 2022-23 the City issued \$142,480,000 of general obligation bonds to generate resources for future debt service payments on refunded General Obligation 2021A and 2021B direct placement bond anticipation notes (BANs) outstanding in the amount of \$163,446,666. The reacquisition price including premiums exceeded the net carrying amount of the BANs by \$903,438. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

During fiscal year 2022-23 the City issued \$303,205,000 of water and sewer revenue bonds to generate resources for future debt payments on the following full refundings:

- \$55,205,000 of revenue bond series 2008A
- \$36,815,000 of revenue bond series 2008B
- \$31,370,000 of revenue bond series 2013A
- \$200,000,000 of Water and Sewer 2021 series direct placement revenue bond anticipation notes (BANs)

As a result of the full water and sewer refundings listed above, the reacquisition price exceeded the net carrying amount of the BANs by \$5,526,397. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The refunding was undertaken to reduce future debt payments, terminate the interest rate swaps associated with the series 2008A and 2008B bonds and resulted in an economic gain of \$3,046,440.

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, 2023, the amount of defeased debt outstanding was \$29,635,450.

4. Revenue bonds

The City also issues revenue bonds to fund various water and sewer utility capital projects for the purpose of making water and sewer system improvements. The bonds are payable serially over the next 30 years.

The City pledges the net receipts of the Combined Enterprise System as security for revenue bonds. In the event of a material default, the trustee may declare the outstanding principal due and payable

immediately. In addition, trustee may require the City to endorse all checks and other negotiable instruments representing receipts to the order of the trustee immediately.

As referenced above, during fiscal year 2022-23 the City issued \$303,205,000 in Water and Sewer Revenue bonds. These bonds mature serially over 30 years with fixed interest rates of 3.0% to 5.0%

Annual debt service requirements for 2022-23 were 21.4% of gross utility revenue and are expected to remain in this range.

Revenue bonds outstanding at June 30, 2023 are as follows:

Water and Sewer Revenue Bonds	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2023	Due Within One Year Fiscal 2023-2024
Water/Sewer Refunding, Series 2015A	3.25 - 4.00%	04/30/2015	12/01/2035	\$ 47,815,000	\$ 47,815,000	\$ -
Water/Sewer Refunding, Series 2015B	3.00 - 5.00%	12/08/2015	12/01/2025	49,860,000	20,405,000	7,500,000
Water/Sewer, Series 2016A	3.00 - 5.00%	11/16/2016	03/01/2046	99,170,000	88,745,000	2,390,000
Water/Sewer Refunding, Series 2016B	3.00 - 5.00%	11/16/2016	03/01/2040	92,190,000	85,585,000	3,555,000
Water/Sewer Refunding, Series 2019A	1.75 - 3.24%	11/26/2019	03/01/2031	33,780,000	32,755,000	13,405,000
Water/Sewer Refunding, Series 2019B	1.75 - 3.24%	11/26/2019	03/01/2043	151,525,000	144,445,000	
Water/Sewer Refunding, Series 2023	4.00 - 5.00%	06/15/2023	09/01/2053	303,205,000	303,205,000	6,620,000
Total Water and Sewer Revenue Bonds					\$ 722,955,000	\$ 33,470,000

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2024	\$ 33,470,000	\$ 24,227,055
2025	34,885,000	26,919,565
2026	36,235,000	25,547,112
2027	36,365,000	24,270,158
2028	37,660,000	22,965,925
2029-2033	193,965,000	94,569,639
2034-2038	150,115,000	55,600,489
2039-2043	83,965,000	33,651,224
2044-2048	55,765,000	18,840,550
2049-2053	49,400,000	7,372,950
2054-2058	11,130,000	222,600
	\$ 722,955,000	\$ 334,187,267

4a. Revenue Bond Anticipation Notes

The City has available a Water and Sewer direct placement revenue bond anticipation note (BAN) program to finance water and sewer projects. BANs are short-term interest-bearing securities that are issued in advance of a larger, future bond issue. The anticipated long-term financing will be used to retire or pay off the BANs. During 2022-23 the City issued \$46,000,000 from the Raleigh Water BANs 2021, which was fully refunded during the year.

The aggregate principal amount of the notes outstanding from the 2023 series at any one time shall not exceed \$215,000,000. The notes are payable from net revenues of the water and sewer systems. The notes do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the revenue bond

orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the notes. The notes will be replaced by permanent financing with revenue bonds on or before the notes mature on June 20, 2026, and the BANs can be refinanced with a notice period of 30 days. The City had direct placement revenue bond anticipation notes payable of \$21,500,000 outstanding at June 30, 2023. Interest rates are based upon market conditions.

Direct placement revenue bond note and debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Business-Type Activities	
	Principal	Interest
2024	\$ -	\$ 69,242
2025	-	73,100
2026	21,500,000	73,100
	<u>\$ 21,500,000</u>	<u>\$ 215,442</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 no less than 1.00. The City was in compliance with all such covenants during the fiscal year ended June 30, 2023.

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

Operating revenues	\$ 294,722,437
Operating expenses	<u>(186,478,498)</u>
Operating income	108,243,939
Nonoperating revenues	38,812,322
Nonoperating expenses	<u>(29,329,746)</u>
Change in net position	117,726,515
Allowable revenue adjustments for calculation	(32,261,198)
Allowable expense adjustments for calculation	<u>92,526,722</u>
Income available for debt service	<u>\$ 177,992,039</u>
Debt service, principal and interest paid on revenue bonds and certain state loans (Parity)	\$ 63,081,227
Debt service coverage ratio	2.82

5. Other long-term obligations

Other long-term obligations include reimbursement contracts, 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 \$742,814,280.

The City pledges real property, such as City-owned buildings, land, and/or equipment as security for its various installment financing agreements, limited obligation bonds, certificates of participation, direct placement loans. In the event of a material default, the trustee may declare the entire unpaid principal of the bonds to be immediately due and payable. In addition, the trustee may immediately institute foreclosure proceedings to attempt to dispose of the mortgaged property and apply the proceeds towards the balance owed on the bonds.

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 12.00%. The maximum interest, which cannot exceed 12.00%, required for these variable rate certificates through maturity would be \$305,034,600.

The schedule on the following page shows the expiration dates, which can be renewed, fees paid in fiscal year 2022-23 pursuant to the terms of the debt agreements.

Issue	Balance June 30, 2023	Agreement Expiration	Fees Paid FY 2023	Rate June 30, 2023
2004A *	\$ 55,000,000	January 6, 2025	\$ 207,576	0.95%
2005B **	108,595,000	March 1, 2026	524,694	0.91%
	<u>\$ 163,595,000</u>		<u>\$ 732,270</u>	

* Unhedged variable rate issuance. No associated swap

** Interest rate swap

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
2024	\$ 11,050,000	\$ 6,329,742
2025	11,560,000	5,871,590
2026	12,135,000	5,333,532
2027	12,695,000	4,805,916
2028	13,275,000	4,261,358
2029-2033	83,270,000	12,333,651
20234	19,610,000	644,537
	<u>\$ 163,595,000</u>	<u>\$ 39,580,326</u>

The 2016 Limited Obligation Bonds related to the Convention Center were issued on 2/24/16 to fund upfit and maintenance of the facility. These bonds mature on 2/1/2036, and annual debt service requirements to maturity are shown below:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2024	\$ 850,734	\$ 465,942
2025	850,734	423,405
2026	850,734	380,869
2027	850,734	383,332
2028	848,010	295,795
2029-2033	4,223,916	869,496
2034-2036	2,531,930	151,916
	<u>\$ 11,006,792</u>	<u>\$ 2,970,755</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 3.00% to 5.25% (downtown improvement projects) and 3.00% to 4.25% (parks projects). The City also previously entered into limited obligation bonds that carry fixed coupon interest rates from 3.00% to 5.57%, and one variable rate at 0.95% at June 30, 2023, 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. A detail of these debt issues is on the following page:

Installment Financing Agreements - General Governmental	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2023	Due Within One Year Fiscal 2023-2024
Limited Obligation Bds 2013A&B	10/03/2013	10/01/2038	\$ 47,595,000	\$ 4,140,000	\$ 2,070,000
Limited Obligation Bds 2013B Refunding	10/03/2013	10/01/2024	5,885,000	1,070,000	540,000
Limited Obligation Bds 2014A - CPS Fac & FS 12	08/28/2014	10/01/2039	66,715,000	45,375,000	2,670,000
Dix Park Acquisition IFA 2015	07/24/2015	07/01/2025	52,000,000	15,600,000	5,200,000
Limited Obligation Bds 2016 - Refunded 2007 COPS (Fayetteville St)	02/24/2016	02/01/2027	3,031,757	1,185,443	296,678
Limited Obligation Bds 2016 - Refunded 2007 COPS (Transfer Station)	02/24/2016	02/01/2027	906,722	406,790	94,397
Limited Obligation Bds 2016 - Refunded PNC Draw Prog	02/24/2016	02/01/2036	6,438,250	4,179,175	323,050
Limited Obligation Bds 2016 - New Money	02/24/2016	02/01/2036	2,216,575	1,439,033	111,216
Limited Obligation Bds 2016A - Refunded 2009 LOBS	06/15/2016	06/01/2024	3,819,270	428,552	428,552
Limited Obligation Bds 2016A - Refunded 2009 LOBS	06/15/2016	06/01/2034	23,577,928	14,390,495	1,309,475
Limited Obligation Bds 2020A - New Money	06/18/2020	10/01/2038	36,965,000	31,420,000	1,850,000
Limited Obligation Bds 2020A - Refunded 2010A LOBs	06/18/2020	10/01/2038	17,390,974	14,074,752	1,113,084
Limited Obligation Bds 2020B - Refunded 2013A LOBs	06/18/2020	10/01/2038	33,935,000	32,205,000	540,000
Total Installment Financing Agreements - General Governmental				<u>\$ 165,914,240</u>	<u>\$ 16,546,452</u>

Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 16,546,452	\$ 6,511,454
2025	16,127,828	5,891,630
2026	15,583,806	5,293,902
2027	10,334,966	4,757,761
2028	9,874,234	4,199,059
2029-2033	48,701,644	14,446,749
2034-2038	33,920,310	5,447,801
2039-2040	14,825,000	374,372
	\$ 165,914,240	\$ 46,922,728

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 15.00%, which was 0.95% at June 30, 2023. There are also two variable rate agreements that each had an interest rate of 0.95% at June 30, 2023. Principal and interest requirements will be provided by appropriation in the year in which they become due. A detail of these debt issues is on the following page:

Installment Financing Agreements - Parking	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2023	Due Within One Year Fiscal 2023-2024
COPS 2008 - Taxable - Blount St Parking Deck	08/13/2008	08/01/2033	\$ 12,950,000	\$ 6,705,000	\$ 535,000
COPS 2009 - Taxable - Site One Parking Deck	08/12/2009	08/01/2035	24,875,000	16,075,000	1,035,000
Limited Obligation Bds 2013B Refunding	10/03/2013	10/01/2024	8,860,000	1,970,000	970,000
Limited Obligation Bds 2014B Refunding	11/05/2014	10/01/2034	21,370,000	15,075,000	970,000
Limited Obligation Bds 2016 - Refunded 2007 COPS	02/24/2016	02/01/2032	9,429,633	6,180,608	611,356
Total Installment Financing Agreements - Parking				\$ 46,005,608	\$ 4,121,356

Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2024	\$ 4,121,336	\$ 1,813,870
2025	4,313,276	1,641,623
2026	3,463,193	1,474,362
2027	3,632,803	1,311,843
2028	3,700,000	1,141,268
2029-2033	20,335,000	3,245,940
2034-2035	6,440,000	210,727
	\$ 46,005,608	\$ 10,839,633

The City has previously issued debt associated with the Solid Waste Services function. These include certificates of participation that carry fixed interest rates of 4.00% to 5.00% (Solid Waste Transfer Station), limited obligation bonds that carry fixed coupon interest rates from 3.00% to 5.57% and a variable rate agreement that had an interest rate of 0.95% at June 30, 2023 (design and construction of remote operations center). A detail of these debt issues is as follows:

<u>Installment Financing Agreements - Solid Waste Services</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2023</u>	<u>Due Within One Year Fiscal 2023-2024</u>
Limited Obligation Bds 2016 - Refunded 2007 COPS	02/24/2016	02/01/2027	\$ 3,626,888	\$ 1,627,159	\$ 377,590
Limited Obligation Bds 2016A - Refunded 2009 LOBS	06/15/2016	06/01/2034	1,295,928	790,953	71,973
Limited Obligation Bds 2020A - Refunded 2010A LOBS	06/18/2020	06/01/2035	5,264,026	4,260,248	336,916
Total Installment Financing Agreements - Solid Waste Services				\$ 6,678,360	\$ 786,479

Annual maturities are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 786,479	\$ 311,194
2025	808,162	272,966
2026	832,267	233,852
2027	856,495	193,880
2028	422,756	153,515
2029-2033	2,154,440	458,972
2034-2035	817,761	40,193
	\$ 6,678,360	\$ 1,664,572

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 0.67% to 2.18%. Principal and interest requirements for these debt issues will be provided by appropriation in the year they become due. New financing was obtained in fiscal year 2022-23 to continue this effort. A detail of these debt issues is as follows:

<u>Installment Financing Agreements - Internal Service Funds</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2023</u>	<u>Due Within One Year Fiscal 2023-2024</u>
Equipment Acquisition Project, Series 2019	06/26/2019	06/30/2024	\$ 28,484,308	\$ 6,123,308	\$ 6,123,308
Equipment Acquisition Project, Series 2021	06/17/2021	06/30/2026	37,010,400	22,333,639	7,395,547
Equipment Acquisition Project, Series 2023	06/14/2023	06/30/2028	43,000,000	43,000,000	8,038,290
Total Installment Financing Agreements - Internal Service				\$ 71,456,947	\$ 21,557,145

Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 11,831,383	\$ 933,301	\$ 9,725,763	\$ 619,968
2025	8,185,668	715,124	7,567,781	470,100
2026	8,378,922	521,875	7,703,590	334,295
2027	5,492,212	327,755	3,385,908	202,059
2028	5,682,501	142,784	3,503,219	88,025
	<u>\$ 39,570,686</u>	<u>\$ 2,640,839</u>	<u>\$ 31,886,261</u>	<u>\$ 1,714,447</u>

State Revolving Loans. During the current fiscal year, the City's Water and Sewer Utility enterprise did not receive any new proceeds from state revolving fund loans. These loans carry fixed interest rates of 0.00% to 2.66% 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 as detailed below. Principal and interest requirements for these debt issues will be provided by appropriation in the year they become due.

The City pledges the revenues of the project or Combined Enterprise System as security for state revolving loans. In the event of a material default, the City may be required to prepay the note in whole to the North Carolina Department of Environmental Quality.

The City's participation in the state revolving fund loan program is summarized below:

State Revolving Loans	Interest Rates	Date Issued	Series Matures	Original Issue	June 30, 2023	Fiscal 2023-2024
Water and Sewer:						
Rolesville Projects	2.66%	11/14/2005	05/01/2025	\$ 3,000,000	\$ 300,000	\$ 150,000
Spray Irrigation	0.00%	09/01/2010	05/01/2030	625,694	196,950	28,136
Crabtree Creek North Bank Interceptor	2.45%	07/05/2011	05/01/2033	11,094,556	4,855,489	485,549
Centennial Reuse Pipeline Segment 4	0.00%	05/01/2012	05/01/2033	5,125,312	1,905,237	190,524
NRWWTP 15MGD Expansion	2.00%	4/18/2013	05/01/2037	27,638,450	19,346,916	1,381,922
DE Benton Backwash Waste Facility	0.00%	5/18/2013	05/01/2034	7,075,847	4,038,725	367,157
Sodium Permanganate Facility	0.00%	3/26/2015	05/01/2036	3,678,800	2,045,348	157,334
Crabtree Creek Improvement Phase II	2.00%	7/13/2015	05/01/2037	37,500,000	17,808,516	1,875,000
Bioenergy Recovery	0.00%	10/3/2017	05/01/2043	50,000,000	46,883,596	2,500,000
Water and Sewer Total State Revolving Loans					<u>\$ 97,380,777</u>	<u>\$ 7,135,622</u>

Annual maturities for Water and Sewer Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2024	\$ 7,135,622	\$ 897,157
2025	7,135,622	828,028
2026	6,985,622	758,900
2027	6,985,622	693,761
2028	6,985,622	628,623
2029-2033	33,902,221	2,166,038
2034-2038	18,866,851	560,338
2039-2043	9,383,595	-
	<u>\$ 97,380,777</u>	<u>\$ 6,532,845</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 0.00% interest and is summarized below.

State Revolving Loans	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2023	Due Within One Year Fiscal 2023-2024
Upper Longview Restoration	0.00%	01/16/2013	05/01/2034	\$ 2,034,751	\$ 1,119,114	\$ 101,738

Annual maturities for the Stormwater Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities Principal
2024	\$ 101,738
2025	101,738
2026	101,738
2027	101,738
2028	101,738
2029-2033	508,686
2034	101,738
	<u>\$ 1,119,114</u>

Earned Vacation Pay. At June 30, 2023, earned vacation pay consists of \$25,362,170 for governmental activities and \$6,914,751 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 2018-19 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 \$3,034,640 reported as landfill postclosure liability as of June 30, 2023 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 NC Department of Environmental Quality – Solid Waste Section on November 16, 2022.

6. Changes in long-term liabilities

There were current year additions to general obligation bond anticipation notes of \$61.8 million and revenue bond anticipation notes of \$67.5 million, which consisted of bond anticipation notes for parks and transportation needs and water and sewer utility needs, respectively. Business-type activities also received \$16.4 million in proceeds from state revolving loans as previously stated.

The long-term liabilities arising from governmental activities including earned vacation pay and pension liabilities are liquidated from the General Fund and from the City's internal service funds which predominantly serve the governmental funds including risk management and vehicle fleet services. Long-term liabilities for these internal service funds are included as part of the totals for governmental activities. At year end governmental activities included, \$392,443 earned vacation pay, \$34,665 were issued leases and lease repayments were \$17,515 for internal service funds, as well as \$39,570,686 of installment financing agreements net of unamortized premiums are included in support of internal service funds.

Long-term liability governmental activity for the year ended June 30, 2023 was as follows:

Governmental activities:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
General obligation bonds	\$ 222,095,000	\$ 142,480,000	\$ 23,490,000	\$ 341,085,000	\$ 28,935,000
Unamortized premiums - GO bonds	31,980,228	21,844,212	3,611,125	50,213,315	4,259,049
Bond anticipation notes - GO *	111,461,101	61,836,565	163,446,666	9,851,000	-
Installment financing agreements	202,200,602	26,600,804	23,316,480	205,484,926	28,377,834
Unamortized premiums on IFA	9,491,430	-	527,302	8,964,128	527,302
Lease liabilities	17,546,496	876,500	5,007,212	13,415,784	4,141,005
IT subscription liabilities	6,126,745	88,963	1,993,835	4,221,873	2,006,026
Earned vacation pay	26,677,053	15,559,050	16,873,933	25,362,170	16,873,933
Claims payable	22,812,740	1,800,656	-	24,613,396	10,491,247
Subtotal before pension	650,391,395	271,086,750	238,266,553	683,211,592	95,611,396
Net pension liability (LEOSSA)	73,058,509	-	10,182,602	62,875,907	-
Net pension liability (LGRS)	41,359,317	102,657,397	-	144,016,714	-
Net pension liability (OPEB)	149,652,461	9,636,548	-	159,289,009	-
Subtotal pension	264,070,287	112,293,945	10,182,602	366,181,630	-
Total governmental activities	\$ 914,461,682	\$ 383,380,695	\$ 248,449,155	\$ 1,049,393,222	\$ 95,611,396

* BANs were previously consolidated with other general obligation bonds

Long-term liability business-type activity for the year ended June 30, 2023 is on the following page.

Business-type activities:	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
<i>Water and Sewer:</i>					
Revenue bonds	\$ 574,535,000	\$ 303,205,000	\$ 154,785,000	\$ 722,955,000	\$ 33,470,000
Unamortized premium - Rev. bonds	29,890,940	29,205,241	5,879,347	53,216,834	2,856,164
Bond anticipation notes - Revenue	154,000,000	67,500,000	200,000,000	21,500,000	-
Installment financing agreements	102,016,400	-	4,635,623	97,380,777	7,135,622
Lease liabilities	1,019,672	478,496	491,288	1,006,880	398,856
IT subscription liabilities	866,579	1,532,726	443,671	1,955,634	645,088
Earned vacation pay	4,066,513	2,649,278	2,669,538	4,046,253	2,669,538
Net pension liability (LGRS)	8,673,511	21,075,009	-	29,748,520	-
Net pension liability (OPEB)	32,076,910	1,978,332	-	34,055,242	-
Subtotal Water and Sewer	907,145,525	427,624,082	368,904,467	965,865,140	47,175,268
<i>Convention Center Complex:</i>					
Installment financing agreements	186,022,526	-	11,420,734	174,601,792	11,900,734
Unamortized premiums - IFA	1,650,336	-	117,881	1,532,455	117,881
Lease liabilities	250,675	34,006	161,808	122,873	88,425
IT subscription liabilities	32,604	-	16,327	16,277	16,277
Earned vacation pay	520,780	384,896	304,179	601,497	304,179
Net pension liability (LGRS)	1,428,310	4,000,205	-	5,428,515	-
Net pension liability (OPEB)	5,224,073	375,503	-	5,599,576	-
Subtotal Convention Center Complex	195,129,304	4,794,610	12,020,929	187,902,985	12,427,496
<i>Mass Transit:</i>					
Lease liabilities	81,837	4,926	50,361	36,402	27,070
IT subscription liabilities	47,627	-	24,000	23,627	23,627
Earned vacation pay	135,256	119,728	101,213	153,771	101,213
Net pension liability (LGRS)	158,175	684,861	-	843,036	-
Net pension liability (OPEB)	1,062,646	64,289	-	1,126,935	-
Subtotal Transit	1,485,541	873,804	175,574	2,183,771	151,910
<i>Stormwater:</i>					
Installment financing agreements	1,220,851	-	101,737	1,119,114	101,738
Lease liabilities	64,618	120,373	54,704	130,287	44,662
Earned vacation pay	773,277	591,578	526,156	838,699	526,156
Net pension liability (LGRS)	1,026,758	4,420,461	-	5,447,219	-
Net pension liability (OPEB)	5,498,945	414,952	-	5,913,897	-
Subtotal Stormwater	8,584,449	5,547,364	682,597	13,449,216	672,556
<i>Parking:</i>					
Installment financing agreements	49,966,925	-	3,961,317	46,005,608	4,121,356
Unamortized premiums - IFA	2,497,313	-	261,114	2,236,199	261,114
Lease liabilities	204,964	23,582	37,831	190,715	34,806
IT subscription liabilities	491,163	819,530	589,322	721,371	78,993
Earned vacation pay	195,974	114,986	145,752	165,208	145,752
Net pension liability (LGRS)	533,892	1,182,940	-	1,716,832	-
Net pension liability (OPEB)	1,902,599	111,044	-	2,013,643	-
Subtotal Parking	55,792,830	2,252,082	4,995,336	53,049,576	4,642,021
<i>Solid Waste Services:</i>					
Installment financing agreements	7,444,570	-	766,210	6,678,360	786,479
Unamortized premiums - IFA	1,445,925	-	125,276	1,320,649	125,275
Lease liabilities	142,193	6,187	59,886	88,494	45,635
Earned vacation pay	1,052,207	700,563	643,447	1,109,323	643,447
Landfill postclosure	4,613,235	-	1,578,595	3,034,640	539,686
Net pension liability (LGRS)	2,843,066	6,537,300	-	9,380,366	-
Net pension liability (OPEB)	10,215,695	613,662	-	10,829,357	-
Subtotal Solid Waste Services	27,756,891	7,857,712	3,173,414	32,441,189	2,140,522
<i>Internal Service Funds:</i>					
Installment financing agreements	22,081,270	16,399,196	6,594,206	31,886,260	9,725,762
Total business-type activities	\$ 1,217,975,810	\$ 465,348,850	\$ 396,546,523	\$ 1,286,778,137	\$ 76,935,535

7. 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, 2023, the City had no arbitrage liabilities.

8. 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 \$129,260,000 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 Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA). At June 30, 2023, the swap had a negative fair value to the City of \$6,005,581. 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, 2023, 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, 2023, Citibank NA, the counterparty, was rated "Aa3" by Moody's Investor's Service, "A+" by Standard and Poor's Global, 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 43.

Using rates as of June 30, 2023, 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
2024	\$ 11,050,000	\$ 4,354,660	\$ 380,083	\$ 4,734,743
2025-2029	63,570,000	14,693,242	1,282,453	15,975,695
2030-2034	33,975,000	3,354,967	292,828	3,647,795
Total	\$ 108,595,000	\$ 22,402,869	\$ 1,955,364	\$ 24,358,233

*Computed using 4.36% less floating rate paid to the City (4.01% at June 30, 2023) times \$188,425,000 less accumulated annual reductions.

G. Restricted assets

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

	<u>Deposits</u>	<u>Unspent Debt Proceeds</u>
Governmental		
General Fund	\$ -	\$ 387,415
Nonmajor governmental funds	<u>58,219,481</u>	<u>26,566,951</u>
Total governmental	<u>58,219,481</u>	<u>26,954,366</u>
Enterprise		
Water and sewer fund	12,225,124	-
Convention center fund	1,541,672	-
Mass transit fund	50,305	-
Stormwater fund	27,437,325	-
Parking Fund	-	506,569
Total enterprise	<u>41,254,426</u>	<u>506,569</u>
Internal service funds		
Governmental equipment replacement fund	-	17,548,353
Public utilities equipment replacement fund	-	4,618,370
Solid waste services equipment replacement fund	-	9,608,329
Total internal service fund	<u>-</u>	<u>31,775,052</u>
Total	<u>\$ 99,473,907</u>	<u>\$ 59,235,987</u>

Note 4. Other Information

A. Risk management and employees' health benefits

The City is exposed to various risks related to tort claims; asset damages; total loss of property; errors and omissions; cyber issues; employee injuries; natural disasters; medical and dental claims for employees, retirees, and dependents, and other various risks.

The City protects itself from potential losses through a combination of self-insurance programs and the purchase of private commercial insurance coverage for various primary and excess coverage. Each year, the City experiences changes to the insurance portfolio from the prior year. The City of Raleigh is impacted by the broad landscape the industry experienced throughout the country. For the fiscal year 2022-23, the City's insurance products remained consistent with limits, including Commercial General Liability and Cyber, which experienced minimal to moderate premium increases, while property experienced a more significant change in premiums driven by the broader property losses and weather events experienced throughout the country.

City insurance coverage includes asset and property coverage, which includes property, contents, and site improvements. This past year, the City purchased standalone property policies for terrorism and fine art. Other policies include: automobile and general liability excess coverage, which contains law enforcement liability; workers' compensation excess; cyber liability and ransom coverage; professional liability coverage

for the Employee Health Center; crime and employee theft; fiduciary liability; drone liability; and other various specific policies designed to cover City seasonal functions.

For asset and property coverage, the City carries coverage up to \$500,000,000 per occurrence, with a \$100,000 deductible for property damages. Fine arts coverage carries a \$7,500,00 limit, with a \$2,500 deductible. Terrorism coverage is \$100,000,000 per occurrence and a deductible of \$100,000. Automobile and General Liability excess coverage carries a self-insured retention of \$1,000,000, with excess coverage of \$10,000,000 in the aggregate. The workers' compensation program self-insured the \$1,100,000 for non-police and fire employees and \$1,500,000 for police and fire employees, with an excess policy carrying statutory limits per occurrence, as well as employers' liability coverage of \$2,000,000 per occurrence and in the aggregate. Cyber security and liability have limits of \$10,000,000 and covers liability loss and ransom demand events.

Other various insurance coverages include crime and employee theft coverage of \$2,000,000 per occurrence and a \$25,000 deductible. This crime policy endorses Wake and Durham County tax collectors for their collection of taxes on behalf of the City. Fiduciary liability coverage of \$5,000,000 with a retention of \$25,000. Professional Liability coverage for the City's Employee Health Center of \$1,000,000 per occurrence and \$3,000,000 aggregate with a \$2,500 deductible. Drone Liability coverage provides \$1,000,000 in liability coverage per occurrence.

In accordance with NC General Statute 159-29, the City maintains a Public Official Bond on the Chief Financial Officer (CFO) in the amount of \$1,000,000.

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

The City uses internal service funds, the risk management fund and the employees' health benefits fund, to account for its risk financing activities. The claims liability total of \$24,613,396 reported for these two internal service funds as of June 30, 2023, 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 2022-23 and 2021-22 are as follows:

	<u>2023</u>	<u>2022</u>
Insurance claims payable, beginning of year	\$ 22,812,740	\$ 25,118,523
Current year claims and changes in estimates	52,942,171	46,052,484
Claim payments	<u>(51,141,515)</u>	<u>(48,358,267)</u>
Insurance claims payable, end of year	<u>\$ 24,613,396</u>	<u>\$ 22,812,740</u>

Employees' health benefits and risk management current portion of pending claims is \$10,491,247.

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 \$14,078,083 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 2021-223 obligation was \$941,323. It is estimated, at this time, that the future cost to the City will not exceed \$1,100,000 annually and will be repaid in 2033 with a final payment of \$3,726,122.

On January 24, 2019, the Assistant Secretary for the Army for Civil Works signed a sales contract for the reallocation of an additional 17,300 acre-feet of storage in Falls Lake that equates to approximately 23.3 million gallons per day of reliable yield to the City. The City's cost for this additional water supply is \$24,062,768, along with an increased share of certain capital and operating costs of the lake. The City's fiscal year 2021-223 obligation for the reallocation was \$1,300,152. It is estimated, at this time, that the future cost to the City will not exceed \$1,500,000 annually and will be repaid in 2048.

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, 2023 was \$4,567,481. The full amount was recorded as a liability, and there is no contingent liability related to facility fees.

Contingent Liabilities – Asset Retirement Obligations. Annually, the City will conclude if internal events or external obligating events warrant a legally enforceable liability associated with retirement, disposal, or environmental remediation for any of our facilities and capital assets. The City does not deem that a legally enforceable liability associated with tangible assets has been incurred or is reasonably estimable. Furthermore, the City is not aware of external obligating events such as laws and regulations, contracts, or court judgments that require reporting or would be material for disclosure.

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-two 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 \$122,295 to the council during the fiscal year ended June 30, 2023. 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, 2023 the City paid \$14,585 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 countywide 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, 2023 the balance of the fund maintained by the County was \$9,399,066, which is not available to the City except for current and future projects jointly determined by the City and the County. During fiscal year 2022-23, the City received funding as follows: an annual \$1,000,000 that the City Council dedicated for continuing support of the performing arts and convention center complex; an annual \$680,000 to fund visitor-related programs and activities and \$41,508,912 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.

Interlocal agreement with Transit Planning Advisory Committee (TPAC)

The City is an active member of the Transit Planning Advisory Committee (TPAC). The committee comprises members of representatives from agencies and local governments within jurisdiction in Wake County and are charged to coordinate planning and implementation aspects of the Wake County Transit Plan. TPAC was created upon adoption of the Wake County Transit Plan and an associated Interlocal Governance Agreement (ILA) by the NC Capital Areas Metropolitan Planning Organization (CAMPO) Executive Board, the GoTriangle Board of Trustees, and the Wake County Board of Commissioners. Under the ILA, CAMPO and GoTriangle are responsible for ongoing technical and financial decisions related to plan implementation. The City was reimbursed \$21,807,554 in interlocal funding from GoTriangle for fiscal year 2023 transit operating services and capital project deliverables the City accomplished as part of the Wake County Transit Plan.

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 6.00% 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, 2023. 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, 2023. Full financial statements can be obtained from the Greater Raleigh Convention and Visitors Bureau. Contact information is at <https://www.raleighchamber.org>. The bureau does not meet the criteria to be included in the City's financial reporting entity.

D. Employee retirement systems, pension plans and OPEB plan

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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required

supplementary information for LGERS. Contact information and the full financial report may be obtained 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 North Carolina General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Raleigh employees are required to contribute 6.00% 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, 2023, was 13.04% of compensation for law enforcement officers and 12.10% 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 \$34,253,536 for the year ended June 30, 2023.

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 4.00% 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, 2023, the City reported a liability of \$196,581,202 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing updated 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, 2022 the City's proportion was 3.48%, which was a decrease of 0.17% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$53,256,471. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,470,505	\$ 830,485
Changes in assumptions	19,614,395	-
Net difference between projected and actual earnings on pension plan investments	64,972,144	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	5,302,691
City contributions subsequent to the measurement date	34,253,536	-
Total	<u>\$ 127,310,580</u>	<u>\$ 6,133,176</u>

* Note: The Government-Wide Statement of Net Position on pg. 1 illustrates the final LGERS activity as reflected above. There are fluctuations in deferred outflows of resources and deferred inflows of resources year to year. Based on how the City allocates the change in this activity at a fund level, adjustments were made to the Proprietary Funds Statement of Net Position for presentation purposes to adjust for the accounting nature of ending balances at the fund level. Adjustments at the fund level between the two classifications were deemed immaterial.

City contributions subsequent to the measurement date of \$34,253,536 reported as deferred outflows of resources related to pensions will be recognized as a decrease of the net pension liability in the year ended June 30, 2024.

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

<u>Fiscal Year Ending June 30</u>	<u>Pension deferrals</u>
2024	\$ 26,593,490
2025	23,090,119
2026	6,286,314
2027	30,953,945
2028	-
Thereafter	-
	<u>\$ 86,923,868</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Assumption Type</u>	<u>Parameter</u>
Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and
Investment rate of return	6.50 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, 2021 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019.

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 return 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Fixed Income	29.00%	1.10%
Global equity	42.00%	6.50%
Real estate	8.00%	5.90%
Alternatives	8.00%	7.50%
Opportunistic Fixed Income	7.00%	5.00%
Inflation protection	6.00%	2.70%
	100.00%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 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 2.50%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. 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 Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the net pension would be if it were calculated using a discount rate that is one-percentage-point lower (5.50%) or one-percentage-point higher (7.50%) than the current rate:

	1 % Decrease (5.50%)	Discount Rate (6.50%)	1 % Increase (7.50%)
City's proportionate share of the net pension liability	\$ 354,803,749	\$ 196,581,202	\$ 66,196,633

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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, 2023 were \$5,298,437, which consisted of \$2,618,021 from the City and \$2,680,416 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 immediately prior to retirement. 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. As of December 31, 2021, the separation allowance's membership consisted of:

Retirees currently receiving benefits	189
Active plan members	654
Total membership	843

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 GAAP requirements: 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, 2021 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Assumption Type	Parameter
Inflation	2.50%
Salary increases, including wage inflation and productivity factor	3.25% - 7.75%
Discount Rate	4.31%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020. Mortality rates were based on PUB-2010 mortality tables, with adjustments for the LGERS actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

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 \$7,154,320 or 13.77% 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 \$4,961,404 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, 2023, the City reported a total pension liability of \$62,875,907. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the City recognized pension expense of \$7,978,505.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,390,248	\$ -
Changes of assumptions	8,385,823	9,400,343
Benefit payments and administrative expenses subsequent to the measurement date	2,955,848	-
Total	\$ 17,731,919	\$ 9,400,343

The \$2,955,848 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, 2024.

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
2024	\$ 3,345,878
2025	2,623,996
2026	1,324,784
2027	(1,351,778)
2028	(567,152)
Thereafter	-
	<u>\$ 5,375,728</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 4.31%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.31%) or one-percentage-point higher (5.31%) than the current rate:

	1% Decrease 3.31%	Discount Rate 4.31%	1% Increase 5.31%
Total Pension Liability	<u>\$ 67,508,316</u>	<u>\$ 62,875,907</u>	<u>\$ 58,621,456</u>

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

Beginning Balance	\$ 73,058,509
Service Cost	2,372,340
Interest on the total pension liability	1,590,753
Difference between expected and actual experience	550,800
Change in assumptions and other inputs	(9,979,722)
Benefit payments	(4,716,773)
Ending balance of pension liability	<u>\$ 62,875,907</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 experience and assumption changes are recognized over the average expected remaining service life of the plan membership at the beginning of the measurement period.

Other Post-Employment Benefits (OPEB) Plan

Plan Description:

Plan Administration. The City administers a single employer defined benefit plan under the City of Raleigh, North Carolina OPEB Trust ("OPEB Benefit 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 when employee becomes eligible for Medicare. Medicare eligible retirees receive a

Medicare supplement of \$100 per month. Dependent health coverage is available until age 65 when spouse becomes eligible for Medicare. The City Council may amend the benefit provisions at any time. A separate stand-alone report for the OPEB Benefit Plan is not issued.

Plan Membership. All active full-time employees are eligible for membership. At June 30, 2022 (valuation date), the OPEB Benefit Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefit payments	2,330
Inactive plan members entitled to by not yet receiving benefit payments	-
Active plan members	<u>3,692</u>
Total membership	<u><u>6,022</u></u>

Benefits Provided. The City maintains two health care coverage options – Plan A and Plan B – that offer different levels of Plan premiums, copays, and deductibles so employees and retirees may elect the enrollment option best for their needs.

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 50.00% of the premium cost if they retired with 15 years of service until age 65. The percentage of premium contribution covered by the retiree decreases 5.00% 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.

Employees that retire under disability retirement conditions and have 5 years of service with the City at the time of retirement are eligible to continue coverage in the City's health care plan until age 65. Disability retirees pay limited or zero cost, depending on coverage plan selected, regardless of the date of hire of that retiree.

For employees hired before July 1, 2007, spouse / dependent coverage for retirees is provided at the retiree rate. Employees hired on or after July 1, 2007 pay the full cost for spouse / dependent coverage.

The City provides employees retiring under early or normal retirement conditions with life insurance coverage in the amount of \$1,750 for the first 5 years after retirement. The life insurance coverage reduces to \$1,000 after 5 years but is paid for the lifetime of the retiree. The City provides employees retiring under disability retirement with life insurance coverage equal to their salary if they have at least 5 years of service with the City at the time of retirement. Disability retirees with 5- 10 years of service age out of life insurance coverage at age 65. For disability retirees with 10 years of service or more, life insurance coverage reduces to \$1,750 at age 65 and further reduces to \$1,000 at age 70 but remains for the lifetime of the retiree.

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 recommended contribution. The actuarial funding calculation applies the Projected Unit Credit cost method and Level Percent of Pay amortization method. A funding recommendation is made to City Council, who evaluates this figure amongst other funding needs throughout the City when adopting the City's annual budget. For the current year the City contributed \$21,160,346 or 8.91% of the annual covered payroll. Contributions made by retirees for dependent coverage and Medicare supplement premiums were \$3,250,104. The OPEB Benefit Plan is accounted for as a trust fund.

Basis of Accounting. Financial statements for the OPEB Benefit 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 OPEB Benefit Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the City's Treasury Office as given legal rights by City Council. The primary emphasis of the policy is on moderate capital growth with some focus on income, and pursuing an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The investment policy aims to refrain from dramatically shifting asset class allocations over short time spans. The portfolio is rebalanced, at a minimum, on a quarterly basis.

The following was the asset target ranges for each major asset class and other investment restrictions as of June 30, 2023 under the OPEB Benefit Plan's investment policy:

Asset Class	Target Allocation
Fixed Income (Bonds)	30.00%
Equity Index Fund (Stocks)	65.00%
Short Term Investments (Cash Equiv)	5.00%
	100.00%
 Long-term expected real rate of return	 7.00%

Rate of Return. For the year ended June 30, 2023, the annual money weighted rate of return on investments, net of investment expense was 8.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the City:

The components of the net OPEB liability of the City at June 30, 2023 were as follows:

Total OPEB liability	\$ 289,162,578
Plan fiduciary net position	70,334,919
Net OPEB liability	\$ 218,827,659
 Plan fiduciary net position as a percentage of the total OPEB liability	 24.32%

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases, including inflation and productivity factors	
General employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law enforcement officers	3.25% - 7.90%
Long-term investment rate of return, net of OPEB plan investment expense, including inflation	7.00%
Healthcare cost trend rates*	7.00% for 2022

*decreasing to an ultimate rate of 4.50% by 2032

Mortality rates were based on the Pub-2010 base mortality rates as projected from 2010 using generational mortality improvement with scale MP-2019. Rates for males are set forward 2 years and use 96% of rates under age 81 then blended to 100% at age 85 and beyond. Rates for females are 100% of rates under age 92 then blended to 110% at age 94 and beyond. For law enforcement officers, rates for males and females are set forward 1 year, and use 97% of rates for all ages.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by the LGERS Board. The remaining actuarial assumptions were based upon a review of recent plan experience and performed concurrently with the June 30, 2022 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. The Plan Actuary reviewed all information provided for the OPEB investment portfolio and agreed that the long-term expected rate of return of 7.00% is reasonable.

Discount Rate (SEIR). The discount rate used to measure the total OPEB liability at June 30, 2023 was 7.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually using the payroll growth assumptions 3.25%
- Active employees do not explicitly contribute to the Plan
- In all years, the employer is assumed to contribute the full Actuarially Determined Contributions (ADC) to the Trust fund. The employer is assumed to have the ability and willingness to make benefit payments from its own resources for all periods in the projection.
- Projected assets do not include employer contributions that fund the estimated services costs of future employees
- Cash flows occur mid-year

Based on these assumptions, the Plan's fiduciary net position was projected to not be depleted.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City at June 30, 2023, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	<u>\$ 244,784,848</u>	<u>\$ 218,827,659</u>	<u>\$ 195,841,977</u>

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates. The following presents the net OPEB liability of the City at June 30, 2023, as well as what the City's net OPEB liability would be if it were to calculate healthcare cost trend rates that are one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current healthcare cost trend rate:

	1% Decrease 6.00%	Healthcare Cost Trend Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	\$ 193,819,107	\$ 218,827,659	\$ 247,628,824

Changes in Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2023, the City reported a net OPEB liability of \$218,827,659. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing updated procedures incorporating the actuarial assumptions.

At June 30, 2023, the components of the City's net OPEB liability were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	\$ 268,204,292	\$ 62,570,963	\$ 205,633,329
Changes for the year:			
Service cost	5,975,402	-	5,975,402
Interest	18,110,668	-	18,110,668
Change in benefit terms	-	-	-
Differences between:			
Expected and actual experience	7,431,520	-	7,431,520
Changes of assumptions	8,727,834	-	8,727,834
Contributions - employer	-	21,160,346	(21,160,346)
Net investment income	-	5,976,499	(5,976,499)
Benefit payments	(19,287,138)	(19,287,138)	-
Plan administrative expenses	-	(85,751)	85,751
Net changes	20,958,286	7,763,956	13,194,330
Balances at June 30, 2023	\$ 289,162,578	\$ 70,334,919	\$ 218,827,659

Changes of Assumptions. 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 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.

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. In the June 30, 2022 actuarial valuation, 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 an inflation assumption at 2.50%, which was consistent to prior year. The discount (SEIR) rate remained at 7.00%; however, the Municipal Bond Index Rate increased from 2.16% on the prior measurement to 3.54% respectively at June 30, 2022. Medical claims cost and rates were changed based on most recent experience and change to the current schedule. The health care cost trend rate is 7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032.

Other required supplementary information is included in the required supplementary financial data.

For the year ended June 30, 2023, the City recognized OPEB expense of \$15,635,234. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between:		
Expected and actual experience	\$ 13,468,298	\$ 4,966,020
Changes of assumptions	11,475,199	13,036,526
Difference between projected and actual earnings on plan investments, net	3,180,209	-
Total	\$ 28,123,706	\$ 18,002,546

There were no City contributions subsequent to the measurement date for consideration.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ (4,139,468)
2025	639,060
2026	7,940,795
2027	3,304,617
2028	2,376,156
Thereafter	-
	\$ 10,121,160

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 plan is administered by the City and Ascensus is the trustee and record keeper with investment options being exercised by employees.

Funding Policy. For each eligible employee who contributes a minimum of 1.50% of salary to a Section 457 Supplemental Retirement Plan, the City contributes double this percentage (to a maximum of 3.00%) into the 401a plan. During fiscal year 2022-23, the City contributed \$5,094,603 to the plan.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>
Pension Expense	\$ 53,256,471	\$ 7,978,505
Pension Liability	196,581,202	62,875,907
Portionate share of the net pension liability	3.48460%	N/A
Deferred Outflows of Resources		
Differences between expected and actual experience	\$ 8,470,505	\$ 6,390,248
Changes of assumptions	19,614,395	8,385,823
Difference between projected and actual earnings on pension plan investments	64,972,144	-
Changes in proportion and differences between		
City contributions (LGERS)/benefit payments and administration costs (LEOSSA, OPEB) subsequent to the measurement date	34,253,536	2,955,848
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 830,485	\$ -
Changes of assumptions	-	9,400,343
Changes in proportion and differences between		
City contributions and proportionate share of contributions	5,302,691	-

E. Change in accounting principles

The Governmental Accounting Standards Board (GASB) has issued pronouncements which are effective as of the fiscal year ended June 30, 2023.

During the fiscal year, the City implemented GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" (SBITDA).

During the fiscal year, the City implemented, Implementation Guide No. 2023-1 Implementation Guidance Update-2023, "GASB Statement No. 96, Subscription-Based Information Technology Arrangements." This implementation guide assisted with the City's implementation of GASB Statement No. 96 "Subscription-Based Information Technology Arrangements."

During the fiscal year, the City implemented GASB Statement No. 99, "Omnibus 2022" which included requirements for leases, PPPs and SBITA's.

Certain GASB pronouncements which are effective as of for the fiscal year ended June 30, 2023 but not have an material impact on the City's financial statements including:

During the fiscal year, the City implemented GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements."

F. New pronouncements

The GASB has issued pronouncements prior to June 30, 2023, which have an effective date that may impact future presentations. Management has not currently determined what impact the implementation of the below statements may have on the financial statements of the City.

GASB Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62." The requirements of this Statement will take effect starting with the fiscal year ending June 30, 2024.

GASB Statement No. 101, "Compensated Absences." The requirements of this Statement will take effect starting with the fiscal year ending June 30, 2024.

G. Subsequent events

The City has evaluated events through October 30, 2023, in connection with the preparation of these financial statements, which is the date the financials were available to be issued.



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Required Supplementary Information

**Schedule of Changes in the Net OPEB Liability and Related Ratios
Required Supplementary Information
Last Seven Fiscal Years
OPEB Benefits Plan**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$ 5,975,402	\$ 5,787,313	\$ 6,359,717	\$ 5,693,047	\$ 5,822,396	\$ 9,927,166	\$ 10,561,625
Interest	18,110,668	17,613,375	16,431,054	15,721,881	15,698,439	11,950,667	10,767,810
Changes of benefits terms	-	-	-	(5,634)	-	-	-
Differences between expected and actual experience	7,431,520	2,229,569	8,106,917	3,772,689	(18,202,365)	(548,349)	-
Changes of assumptions	8,727,834	-	2,660,475	-	10,707,577	(65,887,310)	(14,718,276)
Benefit payments*	(19,287,138)	(17,790,335)	(15,582,717)	(14,536,852)	(12,873,618)	(13,274,514)	(13,737,352)
Net change in total OPEB liability	20,958,286	7,839,922	17,975,446	10,645,131	1,152,429	(57,832,340)	(7,126,193)
Total OPEB liability - beginning	268,204,292	260,364,370	242,388,924	231,743,793	230,591,364	288,423,704	295,549,897
Total OPEB liability - ending	\$ 289,162,578	\$ 268,204,292	\$ 260,364,370	\$ 242,388,924	\$ 231,743,793	\$ 230,591,364	\$ 288,423,704
Plan fiduciary net position							
Contributions - employer	\$ 21,160,346	\$ 19,742,031	\$ 19,662,858	\$ 18,021,414	\$ 17,728,081	\$ 16,539,000	\$ 14,434,837
Net investment income (loss)	5,976,499	(9,745,446)	14,926,938	3,078,357	2,577,776	2,651,455	3,465,384
Benefit payments*	(19,287,138)	(17,790,335)	(15,582,717)	(14,536,852)	(12,873,618)	(13,274,514)	(13,737,352)
Administrative expense	(85,751)	(65,559)	(64,871)	(76,033)	(75,587)	(72,496)	(36,252)
Net change in plan fiduciary net position	7,763,956	(7,859,309)	18,942,208	6,486,886	7,356,652	5,843,445	4,126,617
Plan fiduciary net position - beginning	62,570,963	70,430,272	51,488,064	45,001,178	37,644,526	31,801,081	27,674,464
Plan fiduciary net position - ending	\$ 70,334,919	\$ 62,570,963	\$ 70,430,272	\$ 51,488,064	\$ 45,001,178	\$ 37,644,526	\$ 31,801,081
City's net OPEB liability - ending	\$ 218,827,659	\$ 205,633,329	\$ 189,934,098	\$ 190,900,860	\$ 186,742,615	\$ 192,946,838	\$ 256,622,623
Plan fiduciary net position as a percentage of the total OPEB liability	24.32%	23.33%	27.05%	21.24%	19.42%	16.33%	11.03%
Covered payroll	\$ 237,503,522	\$ 243,880,708	\$ 243,880,708	\$ 226,599,625	\$ 226,599,625	\$ 182,145,153	\$ 182,145,153
City's net OPEB liability as a percentage of covered payroll	92.14%	84.32%	77.88%	84.25%	82.41%	105.93%	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.

**Schedule of Employer Contributions
Required Supplementary Information
Last Eight Fiscal Years
OPEB Benefits Plan**

	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 20,152,710	\$ 17,877,136	\$ 17,877,136	\$ 16,322,792	\$ 16,322,792	\$ 16,322,792	\$ 16,538,686	\$ 14,084,837
Contributions in relation to the actuarially determined contribution	21,160,346	19,742,031	19,662,858	18,021,414	17,728,081	16,539,000	14,434,837	13,949,558
Contribution deficiency (excess)	\$ (1,007,636)	\$ (1,864,895)	\$ (1,785,722)	\$ (1,698,622)	\$ (1,405,289)	\$ (216,208)	\$ 2,103,849	\$ 135,279
Covered payroll	\$ 237,503,522	\$ 243,880,708	\$ 243,880,708	\$ 226,599,625	\$ 226,599,625	\$ 182,145,153	\$ 182,145,153	\$ 182,145,153
Contributions as a percentage of covered payroll	8.91%	8.09%	8.06%	7.95%	7.82%	9.08%	7.92%	7.66%

Notes to schedule

Valuation Date: 6/30/2022

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 dollar payments
Amortization period	19 years
Asset valuation method	Market value of assets
Inflation	2.50%
Healthcare cost trend rates	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Salary increases	
General Employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law Enforcement Officers	3.25% - 7.90%
Investment rate of return	7.00%

Retirement age:

In the 2020 actuarial valuation and forward, assumed life expectancies were adjusted as a result of an actuarial experience study for the period of January 1, 2015 through December 31, 2019, adopted by the LGERS Board. In prior years, those assumptions were based on the RP-2014 Healthy Annuitant Mortality table.

Mortality:

In the 2020 actuarial valuation and forward, assumed life expectancies were adjusted as a result of adopting the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019. In prior years, those assumptions were based on the RP-2014 Healthy Mortality table.

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

**Schedule of Investment Returns
Required Supplementary Information
Last Seven Fiscal Years
OPEB Benefits Plan**

	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	8.38%	-15.68%	21.10%	5.83%	5.56%	6.85%	10.78%

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

**Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Nine Fiscal Years***

Local Government Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Raleigh's proportion of the net pension liability (asset)	3.48460%	3.65305%	3.76712%	3.87861%	3.86529%
Raleigh's proportion of the net pension liability (asset)	\$ 196,581,202	\$ 56,023,029	\$ 134,615,246	\$ 105,921,814	\$ 91,697,898
Raleigh's covered payroll	\$ 259,136,863	\$ 258,415,966	\$ 258,413,079	\$ 248,029,917	\$ 240,754,795
Raleigh's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	75.86%	21.62%	52.09%	42.71%	38.09%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Raleigh's proportion of the net pension liability (asset)	3.71006%	3.82340%	3.75642%	3.72410%	
Raleigh's proportion of the net pension liability (asset)	\$ 56,679,440	\$ 81,145,356	\$ 16,858,648	\$ (21,863,612)	
Raleigh's covered 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 payroll	24.62%	38.60%	8.32%	(11.24%)	
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	

* 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.

**Contributions
Required Supplementary Information
Last Nine Fiscal Years***

Local Government Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 34,253,536	\$ 30,151,927	\$ 26,995,729	\$ 23,648,570	\$ 19,688,743
Contributions in relation to the contractually required contribution	34,253,536	30,151,927	26,995,729	23,648,570	19,688,743
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Raleigh's covered payroll	\$ 273,243,720	\$ 259,136,863	\$ 258,415,966	\$ 258,413,079	\$ 248,029,917
Contributions as a percentage of covered payroll	12.54%	11.64%	10.45%	9.15%	7.94%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 18,460,693	\$ 17,046,989	\$ 14,237,418	\$ 14,479,623
Contributions in relation to the contractually required contribution	18,460,693	17,046,989	14,237,418	14,479,623
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Raleigh's covered payroll	\$ 240,754,795	\$ 230,212,405	\$ 210,212,491	\$ 202,649,654
Contributions as a percentage of covered payroll	7.67%	7.40%	6.77%	7.15%

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

**Schedule of Changes in Total Pension Liability
Required Supplementary Information
Last Seven Fiscal Years**

Law Enforcement Officers' Special Separation Allowance

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 73,058,509	\$ 69,238,341	\$ 51,515,552	\$ 46,961,348	\$ 45,440,181	\$ 41,779,030	\$ 43,129,788
Service Cost	2,372,340	2,716,402	1,622,424	1,491,697	1,520,495	1,230,644	1,367,308
Interest on the total pension liability	1,590,753	1,294,167	1,615,343	1,642,038	1,378,023	1,544,969	1,481,526
Difference between expected and actual experience	550,800	5,953,446	1,605,202	3,712,191	3,966,358	2,049,262	-
Change in assumptions and other inputs	(9,979,722)	(1,777,715)	16,810,150	1,409,124	(1,679,990)	2,344,123	(938,656)
Benefit payments	(4,716,773)	(4,366,132)	(3,930,330)	(3,700,846)	(3,663,719)	(3,507,847)	(3,260,936)
Ending balance of pension liability	<u>\$ 62,875,907</u>	<u>\$ 73,058,509</u>	<u>\$ 69,238,341</u>	<u>\$ 51,515,552</u>	<u>\$ 46,961,348</u>	<u>\$ 45,440,181</u>	<u>\$ 41,779,030</u>

**Schedule of Total Pension Liability as a Percentage of Covered Payroll
Required Supplementary Information
Last Seven Fiscal Years**

Law Enforcement Officers' Special Separation Allowance

	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 62,875,907	\$ 73,058,509	\$ 69,238,341	\$ 51,515,552	\$ 46,961,348	\$ 45,440,181	\$ 41,779,030
Covered-employee payroll	51,939,958	56,146,941	53,414,221	53,106,703	49,859,872	46,317,598	48,708,066
Total pension liability as a percentage of covered-employee payroll	121.05%	130.12%	129.63%	97.00%	94.19%	98.11%	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



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Nonmajor Governmental Funds

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

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2023

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 95,899,797	\$ 190,655,720	\$ 286,555,517
Assessments receivable, net of allowance for uncollectibles of \$98,598	-	203,339	203,339
Customer receivables	18,905	-	18,905
Franchise taxes receivable	-	19,231	19,231
Due from other governmental agencies	29,884,414	7,274,583	37,158,997
Accrued interest receivable	364,902	-	364,902
Sales tax receivable	239,855	1,057,526	1,297,381
Due from other funds	107,853	-	107,853
Loans receivable, net of allowance for uncollectibles of \$15,044,000	73,945,175	-	73,945,175
Cash and cash equivalents/investments - restricted deposits and bond proceeds	53,311,294	31,475,138	84,786,432
Total assets	\$ 253,772,195	\$ 230,685,537	\$ 484,457,732
LIABILITIES			
Accounts payable	\$ 3,362,802	\$ 8,395,484	\$ 11,758,286
Sales tax payable	1,953	5,914	7,867
Loan servicing escrow	258,965	-	258,965
Due to other funds	20,011,662	-	20,011,662
Reimbursable facility fees	-	14,640,750	14,640,750
Escrow and other deposits payable from restricted assets	-	4,908,187	4,908,187
Due to other governmental agencies	252,646	-	252,646
Coronavirus State & Local Fiscal Recovery Fund	51,056,710	-	51,056,710
Total liabilities	74,944,738	27,950,335	102,895,073
DEFERRED INFLOWS OF RESOURCES			
Assessments receivable	-	203,339	203,339
Prepaid assessments	-	11,479	11,479
Deferred revenue	4,549,392	187,378	4,736,770
Total deferred inflows of resources	4,549,392	402,196	4,951,588
FUND BALANCES			
Restricted:			
Restricted debt service	64,273,508	-	64,273,508
Unspent capital debt proceeds	-	26,566,951	26,566,951
Federal program reserves	5,362,834	-	5,362,834
Public safety	3,885,255	-	3,885,255
Assigned:			
Subsequent year's appropriation	3,837,131	42,449,638	46,286,769
City projects	-	133,316,417	133,316,417
Community development	96,616,077	-	96,616,077
Disaster recovery	303,260	-	303,260
Total fund balances	174,278,065	202,333,006	376,611,071
Total liabilities, deferred inflows of resources and fund balances	\$ 253,772,195	\$ 230,685,537	\$ 484,457,732

**Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2023**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 86,998,702	\$ 6,630,049	\$ 93,628,751
Non-governmental	398,073	9,545,000	9,943,073
Assessments	-	528,140	528,140
Franchise taxes	-	76,924	76,924
Gain (loss) on investments	3,518,443	781,418	4,299,861
Facility fees	-	17,930,988	17,930,988
Other fees and charges	-	114,806	114,806
Developer participation	-	76,145	76,145
Rents	58,668	-	58,668
Program income	673,154	-	673,154
Donations and contributions	-	1,451,899	1,451,899
Miscellaneous other	146,298	20,911	167,209
Total revenues	91,793,338	37,156,280	128,949,618
EXPENDITURES			
Current:			
General government	10,956,449	864,882	11,821,331
Community development services	5,187,413	3,790	5,191,203
Public infrastructure	21,323,535	33,795,839	55,119,374
Public safety	2,765,866	7,511,120	10,276,986
Leisure services	1,065,660	33,756,220	34,821,880
Economic development programs	3,509,498	-	3,509,498
Total expenditures	44,808,421	75,931,851	120,740,272
Excess (deficiency) of revenues over (under) expenditures	46,984,917	(38,775,571)	8,209,346
OTHER FINANCING SOURCES (USES)			
Transfers in	1,405,416	55,364,642	56,770,058
Transfers out	(26,033,858)	(4,947,639)	(30,981,497)
Issuance of debt	9,800,000	52,036,564	61,836,564
Gain (loss) on sale of property	2,274,970	1,400,000	3,674,970
Total other financing sources (uses)	(12,553,472)	103,853,567	91,300,095
Net change in fund balances	34,431,445	65,077,996	99,509,441
Fund balances, beginning of year	139,846,620	137,255,010	277,101,630
Fund balances, end of year	\$ 174,278,065	\$ 202,333,006	\$ 376,611,071



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Special Revenue Funds

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



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Special Revenue Funds

Grants Fund (nonmajor fund)

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

Housing 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.

State and Local Fiscal Recovery fund (SLFRF) (nonmajor fund)

The State and Local Fiscal Recovery fund (SLFRF) accounts for United States Department of the Treasury direct grant proceeds to be spent for purposes authorized under applicable regulations, such as community assistance, small business and hospitality support, revenue replacement to maintain critical services, housing and homelessness, community health, transit and infrastructure.

Disaster Recovery Fund (nonmajor fund)

The Disaster Recovery Fund accounts for federal and state reimbursement for disaster recovery activities resulting from various natural disasters , the City's flood mitigation program, and pandemics or other emergency response events.

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, 2023

	Grants Fund	Housing Bond Fund	Community Development Fund	State & Local Fiscal Recovery (SLFRF) Fund
ASSETS				
Cash and cash equivalents	\$ -	\$ 26,603,514	\$ 839,781	\$ 5,428,366
Customer receivables	-	-	-	-
Due from other governmental agencies	21,338,388	-	400,226	-
Accrued interest receivable	-	-	-	-
Sales tax receivable	77,059	1,367	39,281	22,937
Due from other funds	107,853	-	-	-
Loans receivable, net of allowance for uncollectibles of \$14,212,177	-	40,332,445	33,612,730	-
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	-	-	51,056,710
Total assets	\$ 21,523,300	\$ 66,937,326	\$ 34,892,018	\$ 56,508,013
LIABILITIES				
Accounts payable	\$ 57,355	\$ 96,847	\$ 195,157	\$ 2,343,053
Accrued salaries and employee payroll taxes	-	-	-	-
Sales tax payable	-	-	-	-
Loan servicing escrow	-	-	258,965	-
Due to other funds	19,743,658	-	-	-
Due to other governmental agencies	-	-	252,646	-
Coronavirus State & Local Fiscal Recovery Fund	-	-	-	51,056,710
Total liabilities	19,801,013	96,847	706,768	53,399,763
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	1,722,287	-	572,521	-
Total deferred inflows of resources	1,722,287	-	572,521	-
FUND BALANCES				
Restricted:				
Restricted debt service	-	-	-	-
Federal program reserves	-	-	-	3,108,250
Public safety	-	-	-	-
Assigned:				
Subsequent year's appropriation	-	3,837,131	-	-
Community development	-	63,003,348	33,612,729	-
Disaster recovery	-	-	-	-
Total fund balances	-	66,840,479	33,612,729	3,108,250
Total liabilities, deferred inflows of resources and fund balances	\$ 21,523,300	\$ 66,937,326	\$ 34,892,018	\$ 56,508,013

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023**

	Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ 2,343,726	\$ 56,137,923	\$ 4,546,487	\$ 95,899,797
Customer receivables	-	18,905	-	18,905
Due from other governmental agencies	214,118	7,767,535	164,147	29,884,414
Accrued interest receivable	-	360,645	4,257	364,902
Sales tax receivable	-	-	99,211	239,855
Due from other funds	-	-	-	107,853
Loans receivable, net of allowance for uncollectibles of \$14,212,177	-	-	-	73,945,175
Cash and cash equivalents/investments - restricted deposits and bond proceeds	2,254,584	-	-	53,311,294
Total assets	\$ 4,812,428	\$ 64,285,008	\$ 4,814,102	\$ 253,772,195
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 670,390	\$ 3,362,802
Accrued salaries and employee payroll taxes	-	-	-	-
Sales tax payable	-	-	1,953	1,953
Loan servicing escrow	-	-	-	258,965
Due to other funds	-	11,500	256,504	20,011,662
Due to other governmental agencies	-	-	-	252,646
Coronavirus State & Local Fiscal Recovery Fund	-	-	-	51,056,710
Total liabilities	-	11,500	928,847	74,944,738
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	2,254,584	-	-	4,549,392
Total deferred inflows of resources	2,254,584	-	-	4,549,392
FUND BALANCES				
Restricted:				
Restricted debt service	-	64,273,508	-	64,273,508
Federal program reserves	2,254,584	-	-	5,362,834
Public safety	-	-	3,885,255	3,885,255
Assigned:				
Subsequent year's appropriation	-	-	-	3,837,131
Community development	-	-	-	96,616,077
Disaster recovery	303,260	-	-	303,260
Total fund balances	2,557,844	64,273,508	3,885,255	174,278,065
Total liabilities, deferred inflows of resources and fund balances	\$ 4,812,428	\$ 64,285,008	\$ 4,814,102	\$ 253,772,195

**Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2023**

	Grants Fund	Housing Bond Fund	Community Development Fund	State & Local Fiscal Recovery (SLFRF) Fund
REVENUES				
Intergovernmental (including in-kind contributions of \$12,825)	\$ 21,038,055	\$ -	\$ 8,599,592	\$ 13,665,311
Non-governmental	398,073	-	-	-
Gain (loss) on investments	-	-	-	2,312,260
Rents	-	58,668	-	-
Program income	-	443,941	(93,187)	322,400
Miscellaneous other	-	27,885	-	-
Total revenues	21,436,128	530,494	8,506,405	16,299,971
EXPENDITURES				
Current:				
General government	637,424	-	-	10,319,025
Community development services	204,465	-	4,960,990	21,958
Public infrastructure	20,828,952	-	-	494,583
Public safety	503,324	-	-	-
Leisure services	455,718	-	-	9,942
Economic development programs	-	614,703	-	2,894,795
Total expenditures	22,629,883	614,703	4,960,990	13,740,303
Excess (deficiency) of revenues over (under) expenditures	(1,193,755)	(84,209)	3,545,415	2,559,668
OTHER FINANCING SOURCES (USES)				
Transfers in	1,206,522	-	-	-
Issuance of debt	-	9,800,000	-	-
Gain (loss) on sale of property	-	2,274,970	-	-
Transfers out	(12,767)	-	-	-
Total other financing sources (uses)	1,193,755	12,074,970	-	-
Net change in fund balances	-	11,990,761	3,545,415	2,559,668
Fund balances, beginning of year	-	54,849,718	30,067,314	548,582
Fund balances, end of year	\$ -	\$ 66,840,479	\$ 33,612,729	\$ 3,108,250

**Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2023**

	Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
REVENUES				
Intergovernmental (including in-kind contributions of \$12,825)	\$ 36,961	\$ 41,508,912	\$ 2,149,871	\$ 86,998,702
Non-governmental	-	-	-	398,073
Gain (loss) on investments	-	1,192,111	14,072	3,518,443
Rents	-	-	-	58,668
Program income	-	-	-	673,154
Miscellaneous other	-	118,413	-	146,298
Total revenues	36,961	42,819,436	2,163,943	91,793,338
EXPENDITURES				
Current:				
General government	-	-	-	10,956,449
Community development services	-	-	-	5,187,413
Public infrastructure	-	-	-	21,323,535
Public safety	-	-	2,262,542	2,765,866
Leisure services	-	600,000	-	1,065,660
Economic development programs	-	-	-	3,509,498
Total expenditures	-	600,000	2,262,542	44,808,421
Excess (deficiency) of revenues over (under) expenditures	36,961	42,219,436	(98,599)	46,984,917
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	198,894	1,405,416
Issuance of debt	-	-	-	9,800,000
Gain (loss) on sale of property	-	-	-	2,274,970
Transfers out	-	(26,021,091)	-	(26,033,858)
Total other financing sources (uses)	-	(26,021,091)	198,894	(12,553,472)
Net change in fund balances	36,961	16,198,345	100,295	34,431,445
Fund balances, beginning of year	2,520,883	48,075,163	3,784,960	139,846,620
Fund balances, end of year	\$ 2,557,844	\$ 64,273,508	\$ 3,885,255	\$ 174,278,065

**Schedule of Revenues and Expenditures
Compared with Budget
Grants Fund
For the Fiscal Year Ended June 30, 2023**

	Actual			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
REVENUES					
Intergovernmental:					
U.S. Department of Transportation	\$ 27,051,334	\$ 19,750,654	\$ 46,801,988	\$ 76,195,272	\$ (29,393,284)
Corporation for National and in-kind contributions of \$12,825	621,629	129,199	750,828	1,754,277	(1,003,449)
U.S. Department of Justice	431,610	361,969	793,579	2,477,310	(1,683,731)
Environmental Protection Agency	354,825	9,555	364,380	397,200	(32,820)
U.S. Small Business Association	5,679,262	-	5,679,262	5,679,262	-
U.S. Department of Homeland Security	-	-	-	1,488,422	(1,488,422)
Office of National Drug Control Policy	23,592	40,590	64,182	168,191	(104,009)
State of North Carolina	(41,812)	746,088	704,276	2,890,009	(2,185,733)
Wake County	104,191	-	104,191	384,693	(280,502)
	<u>34,224,631</u>	<u>21,038,055</u>	<u>55,262,686</u>	<u>91,434,636</u>	<u>(36,171,950)</u>
Non-governmental	2,629,547	398,073	3,027,620	1,646,579	1,381,041
Total revenues	<u>36,854,178</u>	<u>21,436,128</u>	<u>58,290,306</u>	<u>93,081,215</u>	<u>(34,790,909)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	9,142,829	907,525	10,050,354	5,075,833	4,974,521
Mass transit fund	1,042,571	254,133	1,296,704	480,671	816,033
Solid waste services	199,000	44,864	243,864	-	243,864
Miscellaneous capital projects fund	39,363	-	39,363	-	39,363
Total other financing sources	<u>10,423,763</u>	<u>1,206,522</u>	<u>11,630,285</u>	<u>5,556,504</u>	<u>6,073,781</u>
Total revenues and other financing sources	<u>\$ 47,277,941</u>	<u>\$ 22,642,650</u>	<u>\$ 69,920,591</u>	<u>\$ 98,637,719</u>	<u>\$ (28,717,128)</u>
EXPENDITURES					
General government	\$ 10,000	\$ 637,424	\$ 647,424	\$ 45,000	\$ 602,424
Community development services	2,828,115	204,465	3,032,580	3,476,177	(443,597)
Public infrastructure	37,349,097	20,828,952	58,178,049	81,828,556	(23,650,507)
Public safety	904,677	503,324	1,408,001	5,355,528	(3,947,527)
Leisure services	6,186,052	455,718	6,641,770	7,919,691	(1,277,921)
Total expenditures	<u>47,277,941</u>	<u>22,629,883</u>	<u>69,907,824</u>	<u>98,624,952</u>	<u>(28,717,128)</u>
OTHER FINANCING USES					
Transfers to:					
Mass transit fund	-	12,767	12,767	12,767	-
Total other financing sources	<u>-</u>	<u>12,767</u>	<u>12,767</u>	<u>12,767</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 47,277,941</u>	<u>\$ 22,642,650</u>	<u>\$ 69,920,591</u>	<u>\$ 98,637,719</u>	<u>\$ (28,717,128)</u>

**Schedule of Revenues and Expenditures
Compared with Budget
Housing Bond Fund
For the Fiscal Year Ended June 30, 2023**

	Actual			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
REVENUES					
Gain (loss) on investments	\$ 930,194	\$ -	\$ 930,194	\$ -	\$ 930,194
Rents	610,976	58,668	669,644	630,000	39,644
Program income	25,190,497	2,692,460	27,882,957	8,059,928	19,823,029
Recovery of claims	135,219	-	135,219	83,846	51,373
Miscellaneous other	450,633	27,885	478,518	796,000	(317,482)
Total revenues	27,317,519	2,779,013	30,096,532	9,569,774	20,526,758
OTHER FINANCING SOURCES					
Transfers from:					
General fund	1,500,000	-	1,500,000	1,500,000	-
Housing development fund	740,000	-	740,000	740,000	-
Bonds issued	54,142,137	9,800,000	63,942,137	33,441,000	30,501,137
Gain (loss) on sale of property	4,954,751	2,274,970	7,229,721	1,978,893	5,250,828
Total other financing sources	61,336,888	12,074,970	73,411,858	37,659,893	35,751,965
Total revenues and other financing sources	\$ 88,654,407	\$ 14,853,983	\$ 103,508,390	47,229,667	\$ 56,278,723
Fund balance appropriated				-	
				\$ 47,229,667	
EXPENDITURES					
Economic development programs	\$ 33,971,360	\$ 16,153	\$ 33,987,513	\$ 43,888,667	\$ (9,901,154)
OTHER FINANCING USES					
Transfer to housing bond fund					
Transfer to:					
Housing development fund	141,000	-	141,000	141,000	-
Debt service fund	3,200,000	-	3,200,000	3,200,000	-
Total expenditures and other financing uses	\$ 37,312,360	\$ 16,153	\$ 37,328,513	\$ 47,229,667	\$ (9,901,154)
Excess revenues and other financing sources over expenditures and other financing uses		\$ 14,837,830			
Reconciliation: Loan treatment under GAAP					
Principal payments on loans receivable		(2,248,519)			
Issuance of loans receivable		(598,550)			
Change in fund balance		\$ 11,990,761			

**Schedule of Revenues and Expenditures
Compared with Budget
Community Development Fund
For the Fiscal Year Ended June 30, 2023**

	Actual			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
REVENUES					
Intergovernmental:					
US Department of HUD	\$ 77,734,867	\$ 8,599,592	\$ 86,334,459	\$ 77,994,602	\$ 8,339,857
Rents	1,756,491	-	1,756,491	1,329,663	426,828
Program income	14,725,108	1,022,513	15,747,621	13,490,231	2,257,390
Miscellaneous other	1,029,789	-	1,029,789	1,616,290	(586,501)
Total revenues	95,246,255	9,622,105	104,868,360	94,430,786	10,437,574
OTHER FINANCING SOURCES					
Transfers from:					
Housing development - operating	1,783,403	-	1,783,403	1,783,403	-
Proceeds from sale of property	5,317,431	-	5,317,431	4,083,466	1,233,965
Total other financing sources	7,100,834	-	7,100,834	5,866,869	1,233,965
Total revenues and other financing sources	\$ 102,347,089	\$ 9,622,105	\$ 111,969,194	\$ 100,297,655	\$ 11,671,539
EXPENDITURES					
Community development services	\$ 73,529,450	\$ 6,906,810	\$ 80,436,260	\$ 100,259,420	\$ (19,823,160)
OTHER FINANCING USES					
Transfer to housing bond fund					
Transfer to:					
Technology capital projects fund	35,801	-	35,801	38,235	(2,434)
Total expenditures and other financing uses	\$ 73,565,251	\$ 6,906,810	\$ 80,472,061	\$ 100,297,655	\$ (19,825,594)
Excess revenues and other financing sources over expenditures and other financing uses		\$ 2,715,295			
Reconciliation: Loan treatment under GAAP					
Principal payments on loans receivable		(1,115,700)			
Issuance of loans receivable		1,945,820			
Change in fund balance		\$ 3,545,415			

**Schedule of Revenues and Expenditures
Compared with Budget
State and Local Fiscal Recovery Fund (SLFRF)
For the Fiscal Year Ended June 30, 2023**

	Actual			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
REVENUES					
Intergovernmental:					
US Department of Treasury	\$ 8,570,345	\$ 13,665,311	\$ 22,235,656	\$ 50,487,279	\$ (28,251,623)
Program income	476,726	322,400	799,126	728,993	70,133
Gain (loss) on investments	71,856	2,312,260	2,384,116	-	2,384,116
Total revenues	\$ 9,118,927	\$ 16,299,971	\$ 25,418,898	\$ 51,216,272	\$ (25,797,374)
EXPENDITURES					
General government	\$ 647,449	\$ 10,319,025	\$ 10,966,474	\$ 24,307,969	\$ (13,341,495)
Community development services	7,915,358	21,958	7,937,316	841,810	7,095,506
Economic development	-	2,894,795	2,894,795	17,916,493	(15,021,698)
Public infrastructure	-	494,583	494,583	5,000,000	(4,505,417)
Public safety	-	-	-	2,000,000	(2,000,000)
Leisure services	7,538	9,942	17,480	1,150,000	(1,132,520)
Total expenditures	\$ 8,570,345	\$ 13,740,303	\$ 22,310,648	\$ 51,216,272	\$ (28,905,624)

**Schedule of Revenues and Expenditures
Compared with Budget
Disaster Recovery Fund
For the Fiscal Year Ended June 30, 2023**

	Actual			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
REVENUES					
Intergovernmental:					
Federal Emergency Management Agency	\$ 8,988,627	\$ 36,961	\$ 9,025,588	\$ 12,128,874	\$ (3,103,286)
US Department of Treasury	4,228,391	-	4,228,391	25,612,354	(21,383,963)
NC Department of Transportation	80,347	-	80,347	-	80,347
Mutual aid	330,303	-	330,303	355,700	(25,397)
Recovery of claims	573,480	-	573,480	-	573,480
Total revenues	14,201,148	36,961	14,238,109	38,096,928	(23,858,819)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	3,350,000	-	3,350,000	3,350,000	-
Total revenues and other financing sources	\$ 17,551,148	\$ 36,961	\$ 17,588,109	\$ 41,446,928	\$ (23,858,819)
EXPENDITURES					
General government	\$ 10,938,538	\$ -	\$ 10,938,538	\$ 36,241,899	\$ (25,303,361)
OTHER FINANCING USES					
Transfers to:					
General fund	3,480,285	-	3,480,285	3,480,285	0
OPEB trust fund	500,000	-	500,000	500,000	-
Miscellaneous capital project fund	-	-	-	200,000	(200,000)
Street improvement fund	-	-	-	964,000	(964,000)
Solid waste services fund	31,934	-	31,934	31,934	0
Stormwater services fund	28,810	-	28,810	28,810	0
	4,041,029	-	4,041,029	5,205,028	(1,163,999)
Total expenditures and other financing uses	\$ 14,979,567	\$ -	\$ 14,979,567	\$ 41,446,928	\$ (26,467,361)

**Schedule of Revenues and Expenditures
Compared with Budget
Convention Center Financing Fund
For the Fiscal Year Ended June 30, 2023**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
Wake County	\$ 41,508,912	\$ 32,634,675	\$ 8,874,237
Miscellaneous other	118,413	-	118,413
Gain (loss) on investments	1,192,111	1,413,675	(221,564)
Total revenues	<u>\$ 42,819,436</u>	<u>34,048,350</u>	<u>\$ 8,771,086</u>
Fund balance appropriated		-	
		<u>\$ 34,048,350</u>	
EXPENDITURES			
Leisure services	\$ 600,000	\$ 7,448,902	\$ (6,848,902)
OTHER FINANCING USES			
Transfers to:			
Convention center complex fund	26,021,091	26,599,448	(578,357)
Total other financing uses	<u>26,021,091</u>	<u>26,599,448</u>	<u>(578,357)</u>
Total expenditures and other financing uses	<u>\$ 26,621,091</u>	<u>\$ 34,048,350</u>	<u>\$ (7,427,259)</u>

**Schedule of Revenues and Expenditures
Compared with Budget
Emergency Telephone System Fund
For the Fiscal Year Ended June 30, 2023**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 2,149,871	\$ 1,770,875	\$ 378,996
Gain (loss) on investments	14,072	4,912	9,160
Total revenues	<u>2,163,943</u>	<u>1,775,787</u>	<u>388,156</u>
OTHER FINANCING SOURCES			
Transfers from:			
General fund	198,894	198,894	-
Total revenues and other financing sources	<u>\$ 2,362,837</u>	1,974,681	<u>\$ 388,156</u>
Fund balance appropriated		740,651	
		<u>\$ 2,715,332</u>	
EXPENDITURES			
Public safety:			
Telephone	\$ 888,413	\$ 1,173,850	\$ (285,437)
Software maintenance	888,737	901,109	(12,372)
Hardware maintenance	6,395	6,453	(58)
Training	24,379	66,312	(41,933)
Functions	454,618	467,608	(12,990)
Total expenditures	<u>2,262,542</u>	<u>2,615,332</u>	<u>(352,790)</u>
OTHER FINANCING USES			
Transfers to:			
General fund	-	100,000	(100,000)
Total expenditures and other financing uses	<u>\$ 2,262,542</u>	<u>\$ 2,715,332</u>	<u>\$ (452,790)</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, technology projects, and other miscellaneous capital projects.



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General Capital Projects Funds

Sidewalk and Street Improvement Fund (nonmajor fund)

The Street Improvement Fund accounts for all street improvement and sidewalk programs. Street Improvements are to be financed from applicable street assessment proceeds and other non-bond street improvement resources. Sidewalks account for capital project costs for the construction of sidewalks within the City.

Street Bond Fund (nonmajor fund)

The Street Bond Fund accounts for the street construction projects financed from the general obligation street bond issues.

Park Improvement Fund (nonmajor fund)

The Park Improvement Fund accounts for transfers from the general fund and other revenues and allocations, and all project costs in the construction of park improvements as well as park land and greenway acquisition.

Facility Fees Fund (nonmajor fund)

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

Park Bond Fund (nonmajor fund)

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

Miscellaneous Capital Improvements Fund (nonmajor fund)

The Miscellaneous Capital Improvements Fund accounts for all capital improvement costs not applicable to other capital improvement programs. These improvements are financed from nonbond resources. With the Major Public Facilities projects completed, the funds are presented as part of the Miscellaneous Capital Project Fund for reporting purposes only.

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.

**Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2023**

	Sidewalk and Street Improvement Fund	Street Bond Fund	Park Improvement Fund	Facility Fees Fund	Park Bond Fund
ASSETS					
Cash and cash equivalents	\$ 64,689,253	\$ 3,463,226	\$ 20,178,597	\$ 39,871,361	\$ 17,726,900
Assessments receivable, net of allowance for uncollectibles of \$93,345	203,339	-	-	-	-
Franchise taxes receivable	-	-	-	-	-
Due from other governmental agencies	4,751,355	199,285	2,220,274	-	103,669
Sales tax receivable	160,770	97,736	162,417	-	232,323
Due from other funds	-	-	-	-	-
Cash and cash equivalents/investments - restricted deposits and bond proceeds	4,886,142	4,720,453	-	-	14,660,684
Total assets	\$ 74,690,859	\$ 8,480,700	\$ 22,561,288	\$ 39,871,361	\$ 32,723,576
LIABILITIES					
Accounts payable	\$ 3,121,842	\$ 398,581	\$ 426,034	\$ -	\$ 2,560,298
Sales tax payable	2,285	180	3,244	-	-
Due to other funds	-	-	-	-	-
Reimbursable facility fees	-	-	-	14,640,750	-
Escrow and other deposits payable from restricted assets	4,886,142	-	-	-	-
Total liabilities	8,010,269	398,761	429,278	14,640,750	2,560,298
DEFERRED INFLOWS OF RESOURCES					
Assessments receivable	203,339	-	-	-	-
Prepaid assessments	11,479	-	-	-	-
Deferred revenue	124,126	-	2,392	-	-
Total deferred inflows of resources	338,944	-	2,392	-	-
FUND BALANCES					
Restricted:					
Unspent capital debt proceeds	-	4,720,453	-	-	14,660,684
Assigned:					
Subsequent year's appropriation	21,122,847	(1,358,968)	8,597,475	-	(11,941,374)
City projects	45,218,799	4,720,454	13,532,143	25,230,611	27,443,968
Total fund balances	66,341,646	8,081,939	22,129,618	25,230,611	30,163,278
Total liabilities, deferred inflows of resources and fund balances	\$ 74,690,859	\$ 8,480,700	\$ 22,561,288	\$ 39,871,361	\$ 32,723,576

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2023

	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	Combining Eliminations	Total Nonmajor Capital Projects Funds
ASSETS					
Cash and cash equivalents	\$ 36,017,942	\$ 2,857,497	\$ 5,850,944	\$ -	\$ 190,655,720
Assessments receivable, net of allowance for uncollectibles of \$93,345	-	-	-	-	203,339
Franchise taxes receivable	19,231	-	-	-	19,231
Due from other governmental agencies	-	-	-	-	7,274,583
Sales tax receivable	239,662	1,203	163,415	-	1,057,526
Due from other funds	-	-	-	-	-
Cash and cash equivalents/investments - restricted deposits and bond proceeds	7,207,859	-	-	-	31,475,138
Total assets	\$ 43,484,694	\$ 2,858,700	\$ 6,014,359	\$ -	\$ 230,685,537
LIABILITIES					
Accounts payable	\$ 1,815,498	\$ 3,000	\$ 70,231	\$ -	\$ 8,395,484
Sales tax payable	205	-	-	-	5,914
Due to other funds	-	-	-	-	-
Reimbursable facility fees	-	-	-	-	14,640,750
Escrow and other deposits payable from restricted assets	22,045	-	-	-	4,908,187
Total liabilities	1,837,748	3,000	70,231	-	27,950,335
DEFERRED INFLOWS OF RESOURCES					
Assessments receivable	-	-	-	-	203,339
Prepaid assessments	-	-	-	-	11,479
Deferred revenue	60,860	-	-	-	187,378
Total deferred inflows of resources	60,860	-	-	-	402,196
FUND BALANCES					
Restricted:					
Unspent capital debt proceeds	7,185,814	-	-	-	26,566,951
Assigned:					
Subsequent year's appropriation	18,752,351	1,333,179	5,944,128	-	42,449,638
City projects	15,647,921	1,522,521	-	-	133,316,417
Total fund balances	41,586,086	2,855,700	5,944,128	-	202,333,006
Total liabilities, deferred inflows of resources and fund balances	\$ 43,484,694	\$ 2,858,700	\$ 6,014,359	\$ -	\$ 230,685,537

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds For the Fiscal Year Ended June 30, 2023

	Sidewalk and Street Improvement Fund	Street Bond Fund	Park Improvement Fund	Facility Fees Fund	Park Bond Fund
REVENUES					
Intergovernmental	\$ 2,679,026	\$ 28,514	\$ 2,543,893	\$ -	\$ 103,669
Non-governmental	-	-	-	-	9,545,000
Assessments	474,340	-	53,800	-	-
Franchise tax	-	-	-	-	-
Licenses	-	-	-	-	-
Gain (loss) on investments	-	137,202	-	-	294,245
Facility fees	-	-	78,746	17,852,242	-
Other fees and charges	-	-	-	-	-
Developer participation	76,145	-	-	-	-
Donations and contributions	-	-	-	-	1,451,899
Miscellaneous other	17,288	-	3,623	-	-
Total revenues	3,246,799	165,716	2,680,062	17,852,242	11,394,813
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Community development services	-	-	-	-	-
Public infrastructure	11,537,660	16,498,890	-	-	-
Public safety	-	-	-	-	-
Leisure services	-	-	10,191,309	-	23,495,295
Total expenditures	11,537,660	16,498,890	10,191,309	-	23,495,295
Excess (deficiency) of revenues over (under) expenditures	(8,290,861)	(16,333,174)	(7,511,247)	17,852,242	(12,100,482)
OTHER FINANCING SOURCES (USES)					
Transfers in	44,910,696	-	7,920,000	-	2,005,134
Transfers out	-	-	-	(13,660,202)	(60,000)
Issuance of debt	-	21,282,670	-	-	30,753,894
Gain (loss) on sale of property	-	-	-	-	-
Total other financing sources (uses)	44,910,696	21,282,670	7,920,000	(13,660,202)	32,699,028
Net change in fund balances	36,619,835	4,949,496	408,753	4,192,040	20,598,546
Fund balances, beginning of year	29,721,811	3,132,443	21,720,865	21,038,571	9,564,732
Fund balances, end of year	\$ 66,341,646	\$ 8,081,939	\$ 22,129,618	\$ 25,230,611	\$ 30,163,278

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds For the Fiscal Year Ended June 30, 2023

	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	Combining Eliminations	Total Nonmajor Capital Projects Funds
REVENUES					
Intergovernmental	\$ 563,907	\$ -	\$ 711,040	\$ -	\$ 6,630,049
Non-governmental	-	-	-	-	9,545,000
Assessments	-	-	-	-	528,140
Franchise tax	76,924	-	-	-	76,924
Licenses	-	-	-	-	-
Gain (loss) on investments	349,971	-	-	-	781,418
Facility fees	-	-	-	-	17,930,988
Other fees and charges	114,806	-	-	-	114,806
Developer participation	-	-	-	-	76,145
Donations and contributions	-	-	-	-	1,451,899
Miscellaneous other	-	-	-	-	20,911
Total revenues	1,105,608	-	711,040	-	37,156,280
EXPENDITURES					
Current:					
General government	170,650	-	694,232	-	864,882
Community development services	3,790	-	-	-	3,790
Public infrastructure	5,759,289	-	-	-	33,795,839
Public safety	5,968,265	-	1,542,855	-	7,511,120
Leisure services	-	69,616	-	-	33,756,220
Total expenditures	11,901,994	69,616	2,237,087	-	75,931,851
Excess (deficiency) of revenues over (under) expenditures	(10,796,386)	(69,616)	(1,526,047)	-	(38,775,571)
OTHER FINANCING SOURCES (USES)					
Transfers in	11,757,746	1,572,915	875,000	(13,676,849)	55,364,642
Transfers out	(4,904,286)	-	-	13,676,849	(4,947,639)
Issuance of debt	-	-	-	-	52,036,564
Gain (loss) on sale of property (Gov Funds)	1,400,000	-	-	-	1,400,000
Total other financing sources (uses)	8,253,460	1,572,915	875,000	-	103,853,567
Net change in fund balances	(2,542,926)	1,503,299	(651,047)	-	65,077,996
Fund balances, beginning of year	44,129,012	1,352,401	6,595,175	-	137,255,010
Fund balances, end of year	\$ 41,586,086	\$ 2,855,700	\$ 5,944,128	\$ -	\$ 202,333,006

**Schedule of Revenues and Expenditures
Compared with Budget
Sidewalk and Street Improvement Fund
For the Fiscal Year Ended June 30, 2023**

	Actual			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 18,555,877	\$ 2,679,026	\$ 21,234,903	\$ 27,577,578	\$ (6,342,675)
Other	-	-	-	537,500	(537,500)
Developer participation	-	76,145	76,145	879,428	(803,283)
Assessments	1,575,182	474,340	2,049,522	4,944,963	(2,895,441)
Gain (loss) on investments	573,310	-	573,310	1,658,099	(1,084,789)
Inspections	-	-	-	2,200,000	(2,200,000)
Miscellaneous other	-	17,288	17,288	4,124,505	(4,107,217)
Total revenues	20,704,369	3,246,799	23,951,168	41,922,073	(17,970,905)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	83,692,557	38,136,552	121,829,109	121,829,109	-
Street bond fund	4,588,100	-	4,588,100	4,588,100	-
Sidewalk fund	1,184,583	-	1,184,583	1,184,583	-
Facility fees fund	30,717,719	6,774,144	37,491,863	37,491,863	-
Total other financing sources	120,182,959	44,910,696	165,093,655	165,093,655	-
Total revenues and other financing sources	\$ 140,887,328	\$ 48,157,495	\$ 189,044,823	207,015,728	\$ (17,970,905)
Fund balance appropriated				4,626,173	
				\$ 211,641,901	
EXPENDITURES					
Public infrastructure	\$ 110,000,719	\$ 11,537,660	\$ 121,538,379	\$ 210,477,103	\$ (88,938,724)
OTHER FINANCING USES					
Transfers to:					
Grants fund	16,476	-	16,476	16,476	-
Streets fund	9,355	-	9,355	9,355	-
Street improvement fund	28,942	-	28,942	28,942	-
Mass transit fund	1,110,025	-	1,110,025	1,110,025	-
Total other financing uses	1,164,798	-	1,164,798	1,164,798	-
Total expenditures and other financing uses	\$ 111,165,517	\$ 11,537,660	\$ 122,703,177	\$ 211,641,901	\$ (88,938,724)

**Schedule of Revenues and Expenditures
Compared with Budget
Street Bond Fund
For the Fiscal Year Ended June 30, 2023**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 4,205,556	\$ 28,514	\$ 4,234,070	\$ 1,592,270	\$ 2,641,800
Developer participation	3,699,758	-	3,699,758	2,725,000	974,758
Gain (loss) on investments	4,705,515	137,202	4,842,717	1,952,295	2,890,422
Total revenues	12,610,829	165,716	12,776,545	6,269,565	6,506,980
OTHER FINANCING SOURCES					
Transfers from:					
Note proceeds	1,518,123	-	1,518,123	1,994,631	(476,508)
Issuance of debt	132,630,088	21,282,670	153,912,758	304,827,087	(150,914,329)
Total other financing sources	134,148,211	21,282,670	155,430,881	306,821,718	(151,390,837)
Total revenues and other financing sources	\$ 146,759,040	\$ 21,448,386	\$ 168,207,426	313,091,283	\$ (144,883,857)
Fund balance appropriated				828,603	
				\$ 313,919,886	
EXPENDITURES					
Public infrastructure	\$ 139,234,942	\$ 16,498,890	\$ 155,733,832	\$ 309,528,231	\$ (153,794,399)
OTHER FINANCING USES					
Transfers to:					
Mass transit fund	516,229	-	516,229	516,229	-
Street improvement fund	3,875,426	-	3,875,426	3,875,426	-
Total other financing uses	4,391,655	-	4,391,655	4,391,655	-
Total expenditures and other financing uses	\$ 143,626,597	\$ 16,498,890	\$ 160,125,487	\$ 313,919,886	\$ (153,794,399)

**Schedule of Revenues and Expenditures
Compared with Budget
Park Improvement Fund
For the Fiscal Year Ended June 30, 2023**

	Actual			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
REVENUES					
Intergovernmental:					
State grants	\$ -	\$ -	\$ -	\$ 200,000	\$ (200,000)
US Department of the Interior	1,587,681	2,543,893	4,131,574	4,742,770	(611,196)
Non-governmental	40,000	-	40,000	40,000	-
Assessments	1,013,098	53,800	1,066,898	1,845,881	(778,983)
Gain (loss) on investments	136,281	-	136,281	316,349	(180,068)
Facility fees	312,266	78,746	391,012	127,000	264,012
Donations and contributions	392,151	-	392,151	100,000	292,151
Miscellaneous other	496,686	3,623	500,309	748,727	(248,418)
Total revenues	3,978,163	2,680,062	6,658,225	8,120,727	(1,462,502)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	28,825,213	7,000,000	35,825,213	35,825,213	-
Facility fees fund	8,200,000	860,000	9,060,000	9,060,000	-
Miscellaneous capital projects fund	50,000	-	50,000	50,000	-
Risk management fund	100,555	-	100,555	100,555	-
Street bond fund	43,579	-	43,579	43,579	-
Park bond fund	4,683,012	60,000	4,743,012	4,743,012	-
Total other financing sources	41,902,359	7,920,000	49,822,359	49,822,359	-
Total revenues and other financing sources	\$ 45,880,522	\$ 10,600,062	\$ 56,480,584	57,943,086	\$ (1,462,502)
Fund balance appropriated				2,506,000	
				\$ 60,449,086	
EXPENDITURES					
Leisure services	\$ 23,676,539	\$ 10,191,309	\$ 33,867,848	\$ 59,965,968	\$ (26,098,120)
OTHER FINANCING USES					
Transfers to:					
General fund	2,767	-	2,767	2,767	-
Park bond fund	45,007	-	45,007	45,007	-
Street bond fund	435,344	-	435,344	435,344	-
Total other financing uses	483,118	-	483,118	483,118	-
Total expenditures and other financing uses	\$ 24,159,657	\$ 10,191,309	\$ 34,350,966	\$ 60,449,086	\$ (26,098,120)

**Schedule of Revenues and Expenditures
Compared with Budget
Facility Fees Fund
For the Fiscal Year Ended June 30, 2023**

	Actual			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
REVENUES					
Facility fees	<u>\$ 21,038,571</u>	<u>\$ 17,852,242</u>	<u>\$ 38,890,813</u>	\$ 8,555,068	<u>\$ 30,335,745</u>
Fund balance appropriated				5,105,134	
				<u>\$ 13,660,202</u>	
OTHER FINANCING USES					
Transfers to:					
General fund	\$ -	\$ 4,920,924	\$ 4,920,924	\$ 4,920,924	\$ -
Street improvement fund	-	6,774,144	6,774,144	6,774,144	-
Dix park fund	-	1,105,134	1,105,134	1,105,134	-
Park Improvement fund	-	860,000	860,000	860,000	-
Total other financing uses	<u>\$ -</u>	<u>\$ 13,660,202</u>	<u>\$ 13,660,202</u>	<u>\$ 13,660,202</u>	<u>\$ -</u>

**Schedule of Revenues and Expenditures
Compared with Budget
Park Bond Fund
For the Fiscal Year Ended June 30, 2023**

	Actual			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
REVENUES					
Intergovernmental:					
State of North Carolina	\$ -	\$ 103,669	\$ 103,669	\$ 225,000	\$ (121,331)
Non-governmental	-	9,545,000	9,545,000	20,545,000	(11,000,000)
Gain (loss) on investments	1,338	294,245	295,583	-	295,583
Donations and contributions	5,776,099	1,451,899	7,227,998	6,371,098	856,900
Miscellaneous other	315,155	-	315,155	450,000	(134,845)
Total revenues	6,092,592	11,394,813	17,487,405	27,591,098	(10,103,693)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	12,320,200	900,000	13,220,200	13,220,200	-
Facility fees fund	-	1,105,134	1,105,134	1,105,134	-
Issuance of debt	123,248,607	30,753,894	154,002,501	186,775,429	(32,772,928)
Premium on issuance of debt	2,781,558	-	2,781,558	2,781,558	-
Total other financing sources	138,350,365	32,759,028	171,109,393	203,882,321	(32,772,928)
Total revenues and other financing sources	\$ 144,442,957	\$ 44,153,841	\$ 188,596,798	231,473,419	\$ (42,876,621)
Fund balance appropriated				2,850,000	
				\$ 234,323,419	
EXPENDITURES					
Leisure services	\$ 130,195,213	\$ 23,495,295	\$ 153,690,508	\$ 229,580,407	\$ (75,889,899)
OTHER FINANCING USES					
Transfers to:					
Park improvement fund	4,683,012	60,000	4,743,012	4,743,012	-
Total expenditures and other financing uses	\$ 134,878,225	\$ 23,555,295	\$ 158,433,520	\$ 234,323,419	\$ (75,889,899)

**Schedule of Revenues and Expenditures
Compared with Budget
Miscellaneous Capital Improvements Fund
For the Fiscal Year Ended June 30, 2023**

	Actual			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
REVENUES					
Intergovernmental:					
American recovery and reinvestment act	\$ 119,218	\$ -	\$ 119,218	\$ -	\$ 119,218
Other local	127,330	563,907	691,237	190,995	500,242
Project revenue (non-grant)	500,000	-	500,000	500,000	-
Gain (loss) on investments	94,409	349,971	444,380	581,675	(137,295)
Other fees and charges	7,071	114,806	121,877	-	121,877
Franchise tax	77,424	76,924	154,348	240,000	(85,652)
Miscellaneous other	100,000	-	100,000	797,243	(697,243)
Total revenues	1,025,452	1,105,608	2,131,060	2,309,913	(178,853)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	48,330,677	6,705,175	55,035,852	55,035,852	-
Street bond fund	7,934,806	-	7,934,806	7,934,806	-
Public utility fund	-	50,000	50,000	50,000	-
Solid waste fund	-	50,000	50,000	50,000	-
Miscellaneous capital project fund	-	5,084,325	5,084,325	(12,501,000)	17,585,325
Transit fund	-	75,000	75,000	75,000	-
Raleigh Union Station fund	45,000	-	45,000	45,000	-
Major public facilities fund	2,720,702	(206,754)	2,513,948	2,513,948	-
Issuance of debt	115,309,347	-	115,309,347	314,759,709	(199,450,362)
Premium on bonds	5,849,718	-	5,849,718	6,719,251	(869,533)
Gain (loss) on sale of property	7,953,298	1,400,000	9,353,298	(3,964,844)	13,318,142
Total other financing sources	188,143,548	13,157,746	201,301,294	370,717,722	(169,416,428)
Total revenues and other financing sources	\$ 189,169,000	\$ 14,263,354	\$ 203,432,354	373,027,635	\$ (169,595,281)
Fund balance appropriated				22,832,245	
				\$ 395,859,880	
EXPENDITURES					
General government	\$ 117,691	\$ 164,440	\$ 282,131	\$ (10,912,906)	\$ 11,195,037
Community development	5,856,828	-	5,856,828	7,376,250	(1,519,422)
Public infrastructure	87,779,418	5,853,441	93,632,859	283,850,119	(190,217,260)
Public safety	47,310,409	5,884,113	53,194,522	111,544,060	(58,349,538)
Total expenditures	141,064,346	11,901,994	152,966,340	391,857,523	(238,891,183)
OTHER FINANCING USES					
Transfers to:					
Street bond fund	20,000	-	20,000	20,000	-
Park bond fund	87,700	-	87,700	87,700	-
Stormwater fund	-	26,715	26,715	26,715	-
Miscellaneous capital project fund	1,227,457	4,877,571	6,105,028	1,520,703	4,584,325
Debt service fund	2,020,216	-	2,020,216	2,313,462	(293,246)
Grants fund	33,777	-	33,777	33,777	-
Total other financing uses	3,389,150	4,904,286	8,293,436	4,002,357	4,291,079
Total expenditures and other financing uses	\$ 144,453,496	\$ 16,806,280	\$ 161,259,776	\$ 395,859,880	\$ (234,600,104)

**Schedule of Revenues and Expenditures
Compared with Budget
Walnut Creek Amphitheater Projects Fund
For the Fiscal Year Ended June 30, 2023**

	Actual		Budget	Over (Under) Budget	
	Prior Years	Current Year			Total
REVENUES					
Rents	\$ 1,414,384	\$ -	\$ 1,414,384	\$ -	\$ 1,414,384
Other fees and charges	374,394	-	374,394	-	374,394
Total revenues	1,788,778	-	1,788,778	-	1,788,778
OTHER FINANCING SOURCES					
Transfers from:					
Walnut Crk Amph fund	-	1,572,915	1,572,915	1,572,915	-
Total other financing sources	-	1,572,915	1,572,915	1,572,915	-
Total revenues and other financing sources	\$ 1,788,778	\$ 1,572,915	\$ 3,361,693	1,572,915	\$ 1,788,778
Fund balance appropriated				828,291	
				\$ 2,401,206	
EXPENDITURES					
Leisure services	\$ 436,377	\$ 69,616	\$ 505,993	\$ 2,401,206	\$ (1,895,213)

**Schedule of Revenues and Expenditures
Compared with Budget
Technology Capital Projects Fund
For the Fiscal Year Ended June 30, 2023**

	Actual		Budget	Over (Under) Budget	
	Prior Years	Current Year			Total
REVENUES					
Intergovernmental:					
Wake County	\$ -	\$ 711,040	\$ 711,040	\$ -	\$ 711,040
Gain (loss) on investments	2,129,859	-	2,129,859	-	2,129,859
Miscellaneous other	-	-	-	-	-
Total revenues	2,129,859	711,040	2,840,899	-	2,840,899
OTHER FINANCING SOURCES					
Transfers from:					
Convention center complex fund	312,865	-	312,865	312,865	-
General fund	7,305,353	875,000	8,180,353	8,180,353	-
Mass transit fund	32,852	-	32,852	32,852	-
Parking fund	84,223	-	84,223	84,223	-
Solid waste services fund	577,144	-	577,144	577,144	-
Stormwater fund	529,642	-	529,642	529,642	-
Vehicle fleet services fund	240,347	-	240,347	240,347	-
Water and sewer fund	2,190,665	-	2,190,665	2,190,665	-
Total other financing sources	11,273,091	875,000	12,148,091	12,148,091	-
Total revenues and other financing sources	\$ 13,402,950	\$ 1,586,040	\$ 14,988,990	12,148,091	\$ 2,840,899
Fund balance appropriated				514,145	
				\$ 12,662,236	
EXPENDITURES					
General government	\$ 6,807,775	\$ 2,237,087	\$ 9,044,862	\$ 12,662,236	\$ (3,617,374)



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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.



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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 and the Water and Sewer Capital Projects 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.



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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, 2023**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Water and sewer user charges	\$ 239,112,052	\$ 232,636,051	\$ 6,476,001
Water infrastructure replacement	5,138,091	4,915,000	223,091
Sewer infrastructure replacement	14,123,416	13,500,000	623,416
Watershed protection fees	2,560,628	2,425,000	135,628
Capital facility fees	26,484,551	16,100,000	10,384,551
Other operating revenues	7,327,243	2,939,176	4,388,067
Total operating revenues	<u>294,745,981</u>	<u>272,515,227</u>	<u>22,230,754</u>
NONOPERATING REVENUES			
Gain (loss) on investments	9,200,947	3,475,000	5,725,947
Gain (loss) on disposal of capital assets	121,724	-	121,724
Other nonoperating revenues	51,384	30,000	21,384
Total nonoperating revenues	<u>9,374,055</u>	<u>3,505,000</u>	<u>5,869,055</u>
OTHER FINANCING SOURCES			
Transfer from:			
Solid waste services fund	-	-	-
Refunding bonds issued	123,390,000	-	123,390,000
Lease liabilities issued	512,468	512,468	-
IT subscription liabilities issued	2,399,305	2,399,305	-
Total other financing sources	<u>126,301,773</u>	<u>2,911,773</u>	<u>123,390,000</u>
Total revenues and other financing sources	<u>\$ 430,421,809</u>	278,932,000	<u>\$ 151,489,809</u>
Fund balance appropriated		36,138,430	
		<u>\$ 315,070,430</u>	
EXPENDITURES			
Public utilities:			
Administration	\$ 14,984,312	\$ 13,248,389	\$ 1,735,923
Capital improvements management	5,575,101	6,102,184	(527,083)
Water plant	26,311,827	30,680,761	(4,368,934)
Waste treatment plant	27,153,696	33,197,332	(6,043,636)
Utility billing	9,431,282	11,034,530	(1,603,248)
Sewer maintenance	12,651,609	15,650,853	(2,999,244)
Water distribution	12,097,607	14,199,454	(2,101,847)
Meter operations	5,135,945	7,027,311	(1,891,366)
	<u>113,341,379</u>	<u>131,140,814</u>	<u>(17,799,435)</u>

**Schedule of Revenues and Expenditures
Budget (Modified Accrual Basis) and Actual
Water and Sewer Operating Fund
For the Fiscal Year Ended June 30, 2023**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)			
Special appropriations:			
Reimbursement to general fund	\$ 11,037,636	\$ 11,037,636	\$ -
Insurance and risk management charges	5,767,613	5,782,810	(15,197)
Other expenditures	186,761	4,663,864	(4,477,103)
	<u>16,992,010</u>	<u>21,484,310</u>	<u>(4,492,300)</u>
Debt service:			
Leases:			
Principal	491,288	491,288	-
Interest	65,323	65,323	-
IT Subscriptions:			
Principal	443,671	443,671	-
Interest	8,109	8,109	-
Revenue bonds:			
Principal	31,395,000	31,395,000	-
Interest	25,930,436	25,930,436	-
Installment financing agreements:			
Principal	4,635,622	4,635,622	-
Interest	1,120,169	1,120,169	-
Escrow expenditures - merged systems' debt	390,688	390,688	-
Other expenditures	377,436	2,075,000	(1,697,564)
Total nonoperating expenditures	<u>64,857,742</u>	<u>66,555,306</u>	<u>(1,697,564)</u>
Total expenditures	<u>195,191,131</u>	<u>219,180,430</u>	<u>(23,989,299)</u>
OTHER FINANCING USES			
Transfers to:			
Water capital projects fund	37,340,000	37,340,000	-
Sewer capital projects fund	58,500,000	58,500,000	-
Miscellaneous capital projects fund	50,000	50,000	-
Payment to refunded bond escrow agent	123,390,000	-	123,390,000
Total other financing uses	<u>219,280,000</u>	<u>95,890,000</u>	<u>123,390,000</u>
Total expenditures and other financing uses	<u>\$ 414,471,131</u>	<u>\$ 315,070,430</u>	<u>\$ 99,400,701</u>

**Schedule of Revenues and Expenditures
Budget (Modified Accrual Basis) and Actual
Water and Sewer Capital Projects Fund
For the Fiscal Year Ended June 30, 2023**

	Actual Over			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
REVENUES					
Intergovernmental:					
NC Department of Natural Resources	113,519,478	-	113,519,478	120,367,719	(6,848,241)
Total revenues	<u>113,519,478</u>	<u>-</u>	<u>113,519,478</u>	<u>120,367,719</u>	<u>(6,848,241)</u>
OTHER FINANCING SOURCES					
Transfers from:					
Water and sewer operating fund	675,733,676	95,840,000	771,573,676	754,139,303	17,434,373
Issuance of debt	359,032,917	67,500,000	426,532,917	815,590,849	(389,057,932)
Total other financing sources	<u>1,034,766,593</u>	<u>163,340,000</u>	<u>1,198,106,593</u>	<u>1,569,730,152</u>	<u>(371,623,559)</u>
Total revenues and other financing sources	<u>\$ 1,148,286,071</u>	<u>\$ 163,340,000</u>	<u>\$ 1,311,626,071</u>	1,690,097,871	<u>\$ (378,471,800)</u>
Fund balance appropriated				14,401,000	
				<u>\$ 1,704,498,871</u>	
EXPENDITURES					
Water capital projects	\$ 215,003,965	\$ 53,453,080	\$ 268,457,045	\$ 495,980,120	\$ (227,523,075)
Sewer capital projects	643,683,105	130,354,008	774,037,113	1,208,090,731	(434,053,618)
Total expenditures	<u>858,687,070</u>	<u>183,807,088</u>	<u>1,042,494,158</u>	<u>1,704,070,851</u>	<u>(661,576,693)</u>
OTHER FINANCING USES					
Transfer to:					
Public utilities equipment replacement fund	428,020	-	428,020	428,020	-
Total expenditures and other financing uses	<u>\$ 859,115,090</u>	<u>\$ 183,807,088</u>	<u>\$ 1,042,922,178</u>	<u>\$ 1,704,498,871</u>	<u>\$ (661,576,693)</u>

Schedule of Revenues and Expenditures Budget (Modified Accrual Basis) and Actual Water and Sewer Funds For the Fiscal Year Ended June 30, 2023

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	\$ 430,421,809
Water and sewer capital projects fund	163,340,000
Total current year expenditures and other financing uses - modified accrual basis:	
Water and sewer operating fund	(414,471,131)
Water and sewer capital projects fund	(183,807,088)
Excess of revenues and other financing sources over expenditures and other financing uses	(4,516,410)
Adjustments to full accrual basis:	
Amortization of deferred refunding charges	(1,560,467)
Amortization of bond premiums and discounts	2,645,640
Bond and note proceeds	(394,383,844)
Bond and note principal payments	361,250,775
Lease proceeds	(299,756)
Lease principal payments	925,478
IT Subscription principal payments	412,027
Capital contributions	29,241,737
Capital outlay	184,457,772
Depreciation and amortization	(59,240,073)
Interest expense accrual	(770,516)
Vacation expense	20,260
Increase (decrease) in deferred outflows of resources - LGERS	5,489,162
(Increase) decrease in deferred inflows of resources - LGERS	11,632,009
(Increase) decrease in net pension liability - LGERS	(21,075,009)
Increase (decrease) in deferred outflows of resources - OPEB	1,074,862
(Increase) decrease in deferred inflows of resources - OPEB	1,731,895
(Increase) decrease in net pension liability - OPEB	(1,978,332)
Change in net position per statement of revenues, expenses and changes in fund net position	<u>\$ 115,057,210</u>

**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, 2023**

	Actual	Budget	Over (Under) Budget
REVENUES			
User charges:			
Convention and civic center	\$ 7,849,995	\$ 6,570,898	\$ 1,279,097
Performing arts center	6,925,284	6,509,614	415,670
Red Hat amphitheater	2,764,446	3,200,606	(436,160)
Special events	76,587	147,434	(70,847)
Total user charges	17,616,312	16,428,552	1,187,760
Miscellaneous Other	1,611,507	2,147,550	(536,043)
Gain (loss) on investments	29,210	17,530	11,680
Total revenues	19,257,029	18,593,632	663,397
OTHER FINANCING SOURCES			
Transfers from:			
General fund	3,240,979	3,240,979	-
Convention center financing fund	22,021,091	22,599,448	(578,357)
Total other financing sources	25,262,070	25,840,427	(578,357)
Total revenues and other financing sources	\$ 44,519,099	44,434,059	\$ 85,040
Fund balance appropriated		5,553,619	
		\$ 49,987,678	
EXPENDITURES			
Civic and convention center	\$ 9,964,608	\$ 11,671,534	\$ (1,706,926)
Performing arts center	7,853,840	9,843,759	(1,989,919)
Red Hat amphitheater	2,945,341	3,886,810	(941,469)
Special events	112,386	292,319	(179,933)
Total operating expenditures	20,876,175	25,694,422	(4,818,247)
DEBT SERVICE			
Principal	11,582,542	11,582,542	-
Interest	7,046,223	7,299,073	(252,850)
Other debt service costs	801,050	1,493,500	(692,450)
Total debt service	19,429,815	20,375,115	(945,300)
OTHER FINANCING USES			
Transfers to:			
Convention Center and Performing Arts Complex Projects fund	3,918,141	3,918,141	-
Total other financing uses	3,918,141	3,918,141	-
Total expenditures and other financing uses	\$ 44,224,131	\$ 49,987,678	\$ (5,763,547)

**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, 2023**

	Actual Over			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
OTHER FINANCING SOURCES					
Note proceeds	\$ 4,090,708	\$ -	\$ 4,090,708	\$ 4,349,017	\$ (258,309)
Bond proceeds	9,147,202	-	9,147,202	10,584,202	(1,437,000)
Premium on bonds	905,182	-	905,182	582,436	322,746
Miscellaneous revenues	1,259,094	-	1,259,094	-	1,259,094
Gain (loss) on investments	-	-	-	11,961	(11,961)
Donations and contributions	548,568	-	548,568	571,530	(22,962)
Transfers from:					
General Fund	2,661,500	-	2,661,500	2,661,500	-
Walnut Creek Amphitheater fund	1,105,000	-	1,105,000	1,105,000	-
Miscellaneous capital projects fund	-	-	-	-	-
Convention center operating fund	2,675,000	3,918,141	6,593,141	6,593,141	-
Convention center financing fund	3,750,000	1,000,000	4,750,000	4,750,000	-
Total revenues and other financing sources	\$ 26,142,254	\$ 4,918,141	\$ 31,060,395	\$ 31,208,787	\$ (148,392)
EXPENDITURES					
Convention center and performing arts complex projects	\$ 22,173,856	\$ 938,994	\$ 23,112,850	\$ 31,208,787	\$ (8,095,937)

**Schedule of Revenues and Expenditures
Budget (Modified Accrual Basis) and Actual
Convention Center Complex Capital Projects Fund
For the Fiscal Year Ended June 30, 2023**

	Actual			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
OTHER FINANCING SOURCES					
Transfers from:					
Convention center financing fund	\$ 14,132,450	\$ 3,000,000	\$ 17,132,450	16,614,223	\$ 518,227
Fund balance appropriated				764,247	
				<u>\$ 17,378,470</u>	
EXPENDITURES					
Convention center projects	\$ 4,743,315	\$ 5,307,987	\$ 10,051,302	\$ 17,378,470	\$ (7,327,168)

Schedule of Revenues and Expenditures Budget (Modified Accrual Basis) and Actual Convention Center Funds For the Fiscal Year Ended June 30, 2023

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	\$ 44,519,099
Convention center and performing arts complex projects fund	4,918,141
Convention center complex capital projects fund	3,000,000
 Total current expenditures and other financing uses - modified accrual basis	
Convention center and performing arts complex operating fund	(44,224,131)
Convention center and performing arts complex projects fund	(938,994)
Convention center complex capital projects fund	<u>(5,307,987)</u>
 Deficiency of revenues and other financing sources under expenditures and other financing uses	 1,966,128
 Adjustments to full accrual basis:	
Amortization of deferred refunding charges	(3,945)
Amortization of premiums and discounts	117,881
Bond and note principal payments	11,420,734
Lease principal payments	161,808
IT subscription principal payments	16,328
Capital outlay	6,265,937
Depreciation and amortization	(8,733,769)
Interest expense accrual	190,285
Increase (decrease) in deferred outflows of resources - LGERS	1,041,887
(Increase) decrease in deferred inflows of resources - LGERS	2,207,848
(Increase) decrease in pension liability - LGERS	(4,000,205)
Increase (decrease) in deferred outflows of resources - OPEB	204,017
(Increase) decrease in deferred inflows of resources - OPEB	328,727
(Increase) decrease in pension liability - OPEB	(375,503)
Vacation expense	<u>(80,717)</u>
 Change in net position per statement of revenues, expenses and changes in net position	 <u><u>\$ 10,727,441</u></u>

**Schedule of Revenues and Expenditures
Budget (Modified Accrual Basis) and Actual
Mass Transit Fund
For the Fiscal Year Ended June 30, 2023**

	Actual		Total	Budget	Over (Under) Budget
	Prior Years	Current Year			
REVENUES					
Farebox	\$ -	\$ 1,620,827	\$ 1,620,827	\$ 1,969,463	\$ (348,636)
ART program fees	-	87,951	87,951	-	87,951
Intergovernmental revenue:					
Federal Transit Administration	36,057,794	16,749,131	52,806,925	74,689,039	(21,882,114)
State of North Carolina	1,021,723	3,041,187	4,062,910	4,814,213	(751,303)
Wake Transit	38,441,499	21,490,201	59,931,700	192,391,994	(132,460,294)
Miscellaneous other	-	360,151	360,151	355,000	5,151
Total revenues	75,521,016	43,349,448	118,870,464	274,219,709	(155,349,245)
OTHER FINANCING SOURCES					
Gain (loss) on disposal of capital assets	-	37,405	37,405	-	37,405
Transfers from:					
General fund	-	18,510,447	18,510,447	23,770,699	(5,260,252)
Street bond fund	-	-	-	135,379	(135,379)
Street improvement fund	-	-	-	30,470	(30,470)
Grants fund	-	12,767	12,767	12,767	-
Total other financing sources	-	18,560,619	18,560,619	23,949,315	(5,388,696)
Total revenues and other financing sources	\$ 75,521,016	\$ 61,910,067	\$ 137,431,083	298,169,024	\$ (160,737,941)
Fund balance appropriated				5,629,368	
				\$ 303,798,392	
EXPENDITURES					
Mass transit operating expenditures	\$ -	\$ 16,898,539	\$ 16,898,539	\$ 18,053,890	\$ (1,155,351)
ART program operating expenditures	-	12,799,799	12,799,799	14,306,503	(1,506,704)
Capital grant expenditures	56,806,648	14,396,595	71,203,243	211,370,841	(140,167,598)
Wake Transit operating expenditures	-	10,618,015	10,618,015	15,109,032	(4,491,017)
Wake Transit capital expenditures	18,822,176	5,298,999	24,121,175	44,626,171	(20,504,996)
Interest expense	-	2,822	2,822	2,822	-
Total expenditures	75,628,824	60,014,769	135,643,593	303,469,259	(167,825,666)
OTHER FINANCING USES					
Transfers to:					
Miscellaneous capital projects fund	-	75,000	75,000	75,000	-
Grants fund	-	254,133	254,133	254,133	-
Total other financing uses	-	329,133	329,133	329,133	-
Total expenditures and other financing uses	\$ 75,628,824	\$ 60,343,902	\$ 135,972,726	\$ 303,798,392	\$ (167,825,666)

**Schedule of Revenues and Expenditures
Budget (Modified Accrual Basis) and Actual
Mass Transit Fund
For the Fiscal Year Ended June 30, 2023**

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 61,910,067
Total current year expenditures and other financing uses - modified accrual basis	<u>(60,343,902)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	1,566,165
Adjustments to full accrual basis:	
Capital outlay	17,424,503
Depreciation and amortization	(8,514,613)
Interest expense accrual	(165)
Lease principal payments	40,524
IT Subscription principal payments	24,000
Increase (decrease) in deferred outflows of resources - LGERS	178,378
(Increase) decrease in deferred inflows of resources - LGERS	377,997
(Increase) decrease in pension liability - LGERS	(684,861)
Increase (decrease) in deferred outflows of resources - OPEB	34,929
(Increase) decrease in deferred inflows of resources - OPEB	56,280
(Increase) decrease in pension liability - OPEB	(64,288)
Vacation expense	<u>(18,515)</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u>\$ 10,420,334</u>

**Schedule of Revenues and Expenditures
Budget (Modified Accrual Basis) and Actual
Stormwater Utility Operating Fund
For the Fiscal Year Ended June 30, 2023**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
User charges	\$ 34,485,592	\$ 33,704,631	\$ 780,961
Gain (loss) on investments	510,617	300,000	210,617
Miscellaneous other	31,266	50,000	(18,734)
Total revenues	<u>35,027,475</u>	<u>34,054,631</u>	<u>972,844</u>
OTHER FINANCING SOURCES			
Lease liabilities issued	120,373	120,373	-
Total other financing sources	<u>120,373</u>	<u>120,373</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 35,147,848</u>	34,175,004	<u>\$ 972,844</u>
Fund balance appropriated		1,066,431	
		<u>\$ 35,241,435</u>	
EXPENDITURES			
Operating expenditures	\$ 19,437,097	\$ 22,362,280	\$ (2,925,183)
DEBT SERVICE			
Note principal	101,738	101,738	-
Lease principal	54,703	54,703	-
Lease interest	6,528	6,528	-
Total Debt Service	<u>162,969</u>	<u>162,969</u>	<u>-</u>
OTHER FINANCING USES			
Transfers to:			
Stormwater utility capital projects fund	12,408,950	12,408,950	-
General fund	307,236	307,236	-
Total other financing uses	<u>12,716,186</u>	<u>12,716,186</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 32,316,252</u>	<u>\$ 35,241,435</u>	<u>\$ (2,925,183)</u>

**Schedule of Revenues and Expenditures
Budget (Modified Accrual Basis) and Actual
Stormwater Utility Capital Projects Fund
For the Fiscal Year Ended June 30, 2023**

	Actual			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
REVENUES					
Intergovernmental:					
Federal Emergency Management Agency	\$ 1,047,296	\$ -	\$ 1,047,296	\$ 1,378,317	\$ (331,021)
N.C. Clean Water Management Trust	700,086	21,000	721,086	1,626,554	(905,468)
Gain (loss) on investments	6,234,938	-	6,234,938	1,804,000	4,430,938
Miscellaneous other	312,462	34,370	346,832	136,014	210,818
Total revenues	8,294,782	55,370	8,350,152	4,944,885	3,405,267
OTHER FINANCING SOURCES					
Transfer from:					
Stormwater utility operating fund	50,158,653	12,408,950	62,567,603	72,412,515	(9,844,912)
Raleigh union station capital projects fund	51,300	-	51,300	51,300	-
Miscellaneous capital projects fund	-	26,715	26,715	26,715	-
Total other financing sources	50,209,953	12,435,665	62,645,618	72,490,530	(9,844,912)
Total revenues and other financing sources	\$ 58,504,735	\$ 12,491,035	\$ 70,995,770	77,435,415	\$ (6,439,645)
Fund balance appropriated				2,756,000	
				\$ 80,191,415	
EXPENDITURES					
Stormwater capital projects	\$ 27,917,242	\$ 7,568,479	\$ 35,485,721	\$ 80,191,415	\$ (44,705,694)
Raleigh union station capital projects fund	-	-	-	-	-
Total expenditures and other financing uses	\$ 27,917,242	\$ 7,568,479	\$ 35,485,721	\$ 80,191,415	\$ (44,705,694)

**Schedule of Revenues and Expenditures
Budget (Modified Accrual Basis) and Actual
Stormwater Utility Bond Fund
For the Fiscal Year Ended June 30, 2023**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
OTHER FINANCING SOURCES					
Transfers from:					
Stormwater utility operating fund	\$ 82,945	\$ -	\$ 82,945	\$ 20,890	\$ 62,055
EXPENDITURES					
Stormwater capital projects	\$ 20,890	\$ -	\$ 20,890	\$ 20,890	\$ -

Schedule of Revenues and Expenditures Budget (Modified Accrual Basis) and Actual Stormwater Utility Funds For the Fiscal Year Ended June 30, 2023

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	
Stormwater utility operating fund	\$ 35,147,848
Stormwater utility capital projects fund	12,491,035
Stormwater utility bond fund	-
Total current year expenditures and other financing uses - modified accrual basis	
Stormwater utility operating fund	(32,316,252)
Stormwater utility capital projects fund	(7,568,479)
Stormwater utility bond fund	-
Deficiency of revenues and other financing sources under expenditures and other financing uses	7,754,152
Adjustments to full accrual basis:	
Capital outlay	7,480,645
Depreciation and amortization	(5,791,893)
Note principal	101,738
Interest expense accrual	(1,444)
Lease principal payments	54,702
Increase (decrease) in deferred outflows of resources - LGERS	1,151,346
(Increase) decrease in deferred inflows of resources - LGERS	2,439,801
(Increase) decrease in pension liability - LGERS	(4,420,460)
Increase (decrease) in deferred outflows of resources - OPEB	225,451
(Increase) decrease in deferred inflows of resources - OPEB	363,263
(Increase) decrease in pension liability - OPEB	(414,953)
Vacation expense	(65,421)
Change in net position per statement of revenues, expenses, and changes in fund net position	<u>\$ 8,876,927</u>

**Schedule of Revenues and Expenditures
Budget (Modified Accrual Basis) and Actual
Parking Facilities Operating Fund
For the Fiscal Year Ended June 30, 2023**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Parking fees	\$ 14,407,368	\$ 14,904,724	\$ (497,356)
Gain (loss) on investments	80,412	64,121	16,291
Miscellaneous other	1,385,346	43,387	1,341,959
Total revenues	<u>\$ 15,873,126</u>	15,012,232	<u>\$ 860,894</u>
Fund balance appropriated		1,368,183	
		<u>\$ 16,380,415</u>	
EXPENDITURES			
Operating expenditures	\$ 8,578,421	\$ 10,084,211	\$ (1,505,790)
DEBT SERVICE			
Note principal	4,588,472	3,999,149	589,323
Note interest	1,968,780	2,037,055	(68,275)
Other debt service expenditures	-	260,000	(260,000)
Total debt service	<u>6,557,252</u>	<u>6,296,204</u>	<u>261,048</u>
Total expenditures and other financing uses	<u>\$ 15,135,673</u>	<u>\$ 16,380,415</u>	<u>\$ (1,244,742)</u>

**Schedule of Revenues and Expenditures
Budget (Modified Accrual Basis) and Actual
Parking Facilities Capital Projects Fund
For the Fiscal Year Ended June 30, 2023**

	Prior Current	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Gain (loss) on investments	\$ 2,617	\$ 38,767	\$ 41,384	\$ -	\$ 41,384
Developer participation	-	-	-	-	-
Miscellaneous income	-	-	-	-	-
Total revenues	2,617	38,767	41,384	-	41,384
OTHER FINANCING SOURCES					
Parking facilities operating fund	\$ 4,414,725	\$ -	\$ 4,414,725	\$ 7,443,432	\$ (3,028,707)
Equipment replacement fund	1,692,663	-	1,692,663	1,692,663	-
Total other financing sources	6,107,388	-	6,107,388	9,136,095	(3,028,707)
Total revenue and other financing sources	\$ 6,110,005	\$ 38,767	\$ 6,148,772	9,136,095	\$ (2,987,323)
Fund balance appropriated				3,176,829	
				\$ 12,312,924	
EXPENDITURES					
Parking facilities capital projects	\$ 5,728,704	\$ 1,668,136	\$ 7,396,840	\$ 12,312,924	\$ (4,916,084)

Schedule of Revenues and Expenditures Budget (Modified Accrual Basis) and Actual Parking Facilities Funds For the Fiscal Year Ended June 30, 2023

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	
Parking facilities operating fund	\$ 15,873,126
Parking facilities capital projects fund	38,767
Total current year expenditures and other financing uses - modified accrual basis	
Parking facilities operating fund	(15,135,673)
Parking facilities capital projects fund	<u>(1,668,136)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(891,916)
Adjustments to full accrual basis:	
Accrued interest expense	17,559
Amortization of bond refunding costs	3,153
Amortization of premiums and discounts	261,114
Bond and note principal	3,961,318
Lease principal payments	37,831
IT Subscription principal payments	589,323
Lease proceeds (payments)	311,476
Capital outlay	1,668,136
Depreciation and amortization	(4,812,392)
Increase (decrease) in deferred outflows of resources - LGERS	308,107
(Increase) decrease in deferred inflows of resources - LGERS	652,905
Increase (decrease) in pension liability - LGERS	(1,182,940)
Increase (decrease) in deferred outflows of resources - OPEB	60,332
(Increase) decrease in deferred inflows of resources - OPEB	97,211
Increase (decrease) in pension liability - OPEB	(111,044)
Vacation expense	<u>30,766</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u>\$ 1,000,939</u>

**Schedule of Revenues and Expenditures
Budget (Modified Accrual Basis) and Actual
Solid Waste Services Fund
For the Fiscal Year Ended June 30, 2023**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Solid waste residential collection	\$ 24,693,315	\$ 24,769,281	\$ (75,966)
Recycling residential collection	11,704,225	11,685,013	19,212
Yardwaste center	1,074,704	894,474	180,230
Miscellaneous other	15,779	-	15,779
Total revenues	<u>37,488,023</u>	<u>37,348,768</u>	<u>139,255</u>
OTHER FINANCING SOURCES			
Other revenue	516,510	80,425	436,085
Transfer from:			
General fund	7,730,000	7,730,000	-
Total other financing sources	<u>8,246,510</u>	<u>7,810,425</u>	<u>436,085</u>
Total revenues and other financing sources	<u>\$ 45,734,533</u>	45,159,193	<u>\$ 575,340</u>
Fund balance appropriated		6,254,062	
		<u>\$ 51,413,255</u>	
EXPENDITURES			
Administration	\$ 10,932,145	\$ 11,936,350	\$ (1,004,205)
Residential collection	5,930,555	6,078,835	(148,280)
Residential recycling	21,326,915	24,071,368	(2,744,453)
Yardwaste center	5,739,666	8,053,062	(2,313,396)
	<u>43,929,281</u>	<u>50,139,615</u>	<u>(6,210,334)</u>
DEBT SERVICE			
Note principal	766,210	826,096	(59,886)
Note interest	338,097	352,680	(14,583)
	<u>1,104,307</u>	<u>1,178,776</u>	<u>(74,469)</u>
Total expenditures	<u>45,033,588</u>	<u>51,318,391</u>	<u>(6,284,803)</u>
OTHER FINANCING USES			
Transfers to:			
Grants fund	44,864	44,864	-
Miscellaneous capital improvements fund	50,000	50,000	-
Total other financing uses	<u>94,864</u>	<u>94,864</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 45,128,452</u>	<u>\$ 51,413,255</u>	<u>\$ (6,284,803)</u>

**Schedule of Revenues and Expenditures
Budget (Modified Accrual Basis) and Actual
Solid Waste Services Fund
For the Fiscal Year Ended June 30, 2023**

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 45,734,533
Total current year expenditures and other financing uses - modified accrual basis	<u>(45,128,452)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	606,081
Adjustments to full accrual basis:	
(Gain) loss on the sale of property	(146,446)
Amortization of refunding charges	(17,614)
Amortization of note premiums and discounts	125,275
Bond and note principal payments	766,210
Lease principal payments	59,886
Depreciation and amortization	(795,335)
Interest expense accrual	4,118
Landfill closure/postclosure liability adjustment	1,578,595
Increase (decrease) in deferred outflows of resources - LGERS	1,702,694
(Increase) decrease in deferred inflows of resources - LGERS	3,608,157
(Increase) decrease in pension liability - LGERS	(6,537,300)
Increase (decrease) in deferred outflows of resources - OPEB	333,413
(Increase) decrease in deferred inflows of resources - OPEB	537,220
(Increase) decrease in pension liability - OPEB	(613,663)
Vacation expense	<u>(57,116)</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u>\$ 1,154,175</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.



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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, 2023**

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 39,566,267	\$ 25,578,164	\$ 9,789,636	\$ 4,138,745
Due from other funds	-	-	-	-
Accrued interest receivable	381,217	77,169	-	-
Other receivables and assets	-	807,611	-	-
Sales tax receivable	272	-	298,666	630,912
Inventories	-	-	-	-
Insurance deposit	420,000	-	-	-
Total current assets	40,367,756	26,462,944	10,088,302	4,769,657
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	17,548,353	9,608,329
Capital assets:				
Buildings and machinery	-	-	-	-
Buses	-	-	104,241	-
Equipment	-	-	125,464,589	47,063,523
Intangible right to use lease asset, net of amortization	3,999	-	-	-
Less accumulated depreciation	-	-	(90,790,951)	(31,533,297)
Total noncurrent assets	3,999	-	52,326,232	25,138,555
Total assets	40,371,755	26,462,944	62,414,534	29,908,212
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals - LGERS	112,542	-	-	-
Pension deferrals - OPEB	34,481	-	-	-
Total deferred outflows of resources	147,023	-	-	-
LIABILITIES				
Current liabilities:				
Accounts payable	12,037	23,664	4,727,441	197,010
Sales tax payable	-	6	12,678	14,283
Accrued salaries and employee payroll taxes	-	-	-	-
Accrued interest payable	72	-	62,867	29,581
Claims payable and other liabilities	6,158,661	4,332,586	-	-
Due to other funds	450,110	-	-	-
Earned vacation pay	13,918	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	11,831,383	6,036,752
Contracts and other notes payable, net of unamortized premiums and discounts	1,802	-	-	-
Total current liabilities	6,636,600	4,356,256	16,634,369	6,277,626
Noncurrent liabilities:				
Claims payable and other liabilities	14,122,149	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	27,739,304	14,831,940
Contracts and other notes payable, net of unamortized premiums and discounts	2,436	-	-	-
Earned vacation pay	5,252	-	-	-
Net pension liability - LGERS	250,050	-	-	-
Net pension liability - OPEB	311,384	-	-	-
Total noncurrent liabilities	14,691,271	-	27,739,304	14,831,940
Total liabilities	21,327,871	4,356,256	44,373,673	21,109,566
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals - LGERS	14,336	-	-	-
Pension deferrals - OPEB	28,610	-	-	-
Total deferred inflows of resources	42,946	-	-	-
NET POSITION				
Net investment in capital assets	(239)	-	12,755,545	4,269,863
Unrestricted	19,148,200	22,106,688	5,285,316	4,528,783
Total net position	\$ 19,147,961	\$ 22,106,688	\$ 18,040,861	\$ 8,798,646

**Combining Statement of Net Position
Internal Service Funds
June 30, 2023**

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,659,232	\$ 2,018,487	\$ 88,750,531
Due from other funds		450,110	450,110
Accrued interest receivable	-	-	458,386
Other receivables and assets	-	5,494	813,105
Sales tax receivable	68,674	424,634	1,423,158
Inventories	-	698,927	698,927
Insurance deposit	-	-	420,000
Total current assets	7,727,906	3,597,652	93,014,217
Noncurrent assets:			
Restricted cash and cash equivalents	4,618,370	-	31,775,052
Capital assets:			
Buildings and machinery	-	230,912	230,912
Buses	-	-	104,241
Equipment	42,683,497	1,158,158	216,369,767
Intangible right to use lease asset, net of amortization	-	37,705	41,704
Less accumulated depreciation	(34,857,227)	(1,194,163)	(158,375,638)
Total noncurrent assets	12,444,640	232,612	90,146,038
Total assets	20,172,546	3,830,264	183,160,255
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals - LGERS	-	1,493,235	1,605,777
Pension deferrals - OPEB	-	496,765	531,246
Total deferred outflows of resources	-	1,990,000	2,137,023
LIABILITIES			
Current liabilities:			
Accounts payable	2,001	590,540	5,552,693
Sales tax payable	-	10,497	37,464
Accrued salaries and employee payroll taxes	-	-	-
Accrued interest payable	17,188	647	110,355
Claims payable and other liabilities	-	-	10,491,247
Due to other funds	-	-	450,110
Earned vacation pay	-	334,962	348,880
Bonds, notes and loans payable, net of unamortized premiums and discounts	3,689,010	-	21,557,145
Contracts and other notes payable, net of unamortized premiums and discounts	-	14,128	15,930
Total current liabilities	3,708,199	950,774	38,563,824
Noncurrent liabilities:			
Claims payable and other liabilities	-	-	14,122,149
Bonds, notes and loans payable, net of unamortized premiums and discounts	7,328,559	-	49,899,803
Contracts and other notes payable, net of unamortized premiums and discounts	-	24,210	26,646
Earned vacation pay	-	38,311	43,563
Net pension liability - LGERS	-	3,471,820	3,721,870
Net pension liability - OPEB	-	3,990,037	4,301,421
Total noncurrent liabilities	7,328,559	7,524,378	72,115,452
Total liabilities	11,036,758	8,475,152	110,679,276
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals - LGERS	-	163,217	177,553
Pension deferrals - OPEB	-	341,161	369,771
Total deferred inflows of resources	-	504,378	547,324
NET POSITION			
Net investment in capital assets	1,427,071	194,274	18,646,514
Unrestricted	7,708,717	(3,353,540)	55,424,164
Total net position	\$ 9,135,788	\$ (3,159,266)	\$ 74,070,678

**Combining Statement of Revenues, Expenses
And Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2023**

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
Operating revenues				
Charges for services - internal	\$ 12,095,984	\$ 51,271,117	\$ 7,872,371	\$ 5,044,625
Other	244,653	1,596,983	-	-
Total operating revenues	12,340,637	52,868,100	7,872,371	5,044,625
Operating expenses				
Personnel services	512,902	-	-	-
Other operational expenses	1,045,980	4,254,497	120,065	48,891
Claims	6,306,857	44,834,658	-	-
Premiums	3,658,409	-	-	-
Depreciation	-	-	10,565,671	4,606,271
Total operating expenses	11,524,148	49,089,155	10,685,736	4,655,162
Operating income (loss)	816,489	3,778,945	(2,813,365)	389,463
Nonoperating revenue (expense)				
Gain (loss) on investments	2,901,412	672,998	136,155	62,357
Interest expense	(282)	-	(242,800)	(121,011)
Gain (loss) on sale of property	-	-	193,998	445,580
Total nonoperating revenue (expense)	2,901,130	672,998	87,353	386,926
Income (loss) before contributions and transfers	3,717,619	4,451,943	(2,726,012)	776,389
Transfers in	-	-	2,850,326	-
Transfers out	-	-	(25,000)	-
Change in net position	3,717,619	4,451,943	99,314	776,389
Net position, beginning of year	15,430,342	17,654,745	17,941,547	8,022,257
Net position, end of year	\$ 19,147,961	\$ 22,106,688	\$ 18,040,861	\$ 8,798,646

**Combining Statement of Revenues, Expenses
And Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2023**

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
Operating revenues			
Charges for services - internal	\$ 2,840,972	\$ 18,036,040	\$ 97,161,109
Other	-	10,077	1,851,713
Total operating revenues	2,840,972	18,046,117	99,012,822
Operating expenses			
Personnel services	-	6,040,176	6,553,078
Other operational expenses	27,231	11,189,703	16,686,367
Claims	-	-	51,141,515
Premiums	-	-	3,658,409
Depreciation	3,139,419	37,546	18,348,907
Total operating expenses	3,166,650	17,267,425	96,388,276
Operating income (loss)	(325,678)	778,692	2,624,546
Nonoperating revenue (expense)			
Gain (loss) on investments	48,177	-	3,821,099
Interest expense	(84,978)	(2,030)	(451,101)
Gain (loss) on sale of property	207,234	29,200	876,012
Total nonoperating revenue (expense)	170,433	27,170	4,246,010
Income (loss) before contributions and transfers	(155,245)	805,862	6,870,556
Transfers in	25,000	-	2,875,326
Transfers out	-	-	(25,000)
Change in net position	(130,245)	805,862	9,720,882
Net position, beginning of year	9,266,033	(3,965,128)	64,349,796
Net position, end of year	\$ 9,135,788	\$ (3,159,266)	\$ 74,070,678

**Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2023**

	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	\$ 12,095,984	\$ 51,271,117	\$ 7,872,371	\$ 5,044,625
Payments to employees	(497,347)	-	-	-
Payments to suppliers and service providers	(1,153,505)	(4,254,491)	(189,239)	(174,735)
Claims paid	(5,366,787)	(44,108,312)	-	-
Premiums paid	(3,658,409)	-	-	-
Other receipts	244,653	1,596,983	-	-
Other payments	-	-	-	-
Net cash provided by (used in) operating activities	1,664,589	4,505,297	7,683,132	4,869,890
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers from other funds	-	-	2,850,326	-
Operating subsidies and transfers to other funds	-	-	(25,000)	-
Internal activity - payments from (to) other funds	450,110	-	-	-
Net cash provided by (used in) noncapital financing activities	450,110	-	2,825,326	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	-	-	(13,465,444)	(9,917,513)
Proceeds from capital debt	-	-	26,600,804	10,960,988
Principal paid on capital debt	-	-	(6,764,741)	(3,954,624)
Interest paid on capital debt	-	-	(220,623)	(111,855)
Lease proceeds (payments)	(264)	-	-	-
Proceeds from the sale of capital assets	-	-	567,060	479,180
Net cash provided by (used in) capital and related financing activities	(264)	-	6,717,056	(2,543,824)
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	2,732,415	608,686	136,155	62,357
Net cash provided by (used in) investing activities	2,732,415	608,686	136,155	62,357
Net increase (decrease) in cash and cash equivalents	4,846,850	5,113,983	17,361,669	2,388,423
Cash and cash equivalents - beginning of year	34,719,417	20,464,181	9,976,320	11,358,651
Cash and cash equivalents - end of year	\$ 39,566,267	\$ 25,578,164	\$ 27,337,989	\$ 13,747,074
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 816,489	\$ 3,778,945	\$ (2,813,365)	\$ 389,463
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	-	-	10,565,671	4,606,271
Miscellaneous nonoperating income	-	-	-	-
Change in assets, liabilities, deferred inflows and outflows:				
Sales tax receivable	79	-	(73,785)	(124,918)
Inventories	-	-	-	-
Other receivables and assets	-	(154,099)	-	-
Accounts payable and other accrued liabilities	832,466	880,451	4,611	(926)
(Increase) decrease in deferred outflows of resources - LGERS	(48,648)	-	-	-
Increase (decrease) in deferred inflows of resources - LGERS	(103,090)	-	-	-
Increase (decrease) in pension liability - LGERS	186,780	-	-	-
(Increase) decrease in deferred outflows of resources - OPEB	(9,526)	-	-	-
Increase (decrease) in deferred inflows of resources - OPEB	(15,349)	-	-	-
Increase (decrease) in pension liability - OPEB	17,534	-	-	-
Earned vacation pay and other payroll liabilities	(12,146)	-	-	-
Total adjustments	848,100	726,352	10,496,497	4,480,427
Net cash provided by (used in) operating activities	\$ 1,664,589	\$ 4,505,297	\$ 7,683,132	\$ 4,869,890

**Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2023**

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,840,972	\$ 18,036,040	\$ 97,161,109
Payments to employees	-	(5,909,259)	(6,406,606)
Payments to suppliers and service providers	(22,416)	(11,484,360)	(17,278,746)
Claims paid	-	-	(49,475,099)
Premiums paid	-	-	(3,658,409)
Other receipts	-	10,077	1,851,713
Other payments	-	3,272	3,272
Net cash provided by (used in) operating activities	<u>2,818,556</u>	<u>655,770</u>	<u>22,197,234</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	25,000	-	2,875,326
Operating subsidies and transfers to other funds	-	-	(25,000)
Internal activity - payments from (to) other funds	-	(450,110)	-
Net cash provided by (used in) noncapital financing activities	<u>25,000</u>	<u>(450,110)</u>	<u>2,850,326</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	(1,668,415)	(68,815)	(25,120,187)
Proceeds from capital debt	5,438,208	-	43,000,000
Principal paid on capital debt	(2,639,581)	-	(13,358,946)
Interest paid on capital debt	(82,926)	-	(415,404)
Lease proceeds (payments)	-	(1,536)	(1,800)
Proceeds from the sale of capital assets	207,234	29,200	1,282,674
Net cash provided by (used in) capital and related financing activities	<u>1,254,520</u>	<u>(41,151)</u>	<u>5,386,337</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Gain (loss) on investments held	48,177	-	3,587,790
Net cash provided by (used in) investing activities	<u>48,177</u>	<u>-</u>	<u>3,587,790</u>
Net increase (decrease) in cash and cash equivalents	4,146,253	164,509	34,021,687
Cash and cash equivalents - beginning of year	8,131,349	1,853,978	86,503,896
Cash and cash equivalents - end of year	<u>\$ 12,277,602</u>	<u>\$ 2,018,487</u>	<u>\$ 120,525,583</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (325,678)	\$ 778,692	\$ 2,624,546
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization expense	3,139,419	37,546	18,348,907
Miscellaneous nonoperating income	-	-	-
Change in assets, liabilities, deferred inflows and outflows:			
Sales tax receivable	4,962	(55,228)	(248,890)
Inventories	-	2,565	2,565
Other receivables and assets	-	3,272	(150,827)
Accounts payable and other accrued liabilities	(147)	(241,995)	1,474,460
(Increase) decrease in deferred outflows of resources - LGERS	-	(632,427)	(681,075)
Increase (decrease) in deferred inflows of resources - LGERS	-	(1,340,172)	(1,443,262)
Increase (decrease) in pension liability - LGERS	-	2,428,140	2,614,920
(Increase) decrease in deferred outflows of resources - OPEB	-	(123,839)	(133,365)
Increase (decrease) in deferred inflows of resources - OPEB	-	(199,539)	(214,888)
Increase (decrease) in pension liability - OPEB	-	227,932	245,466
Earned vacation pay and other payroll liabilities	-	(229,177)	(241,323)
Total adjustments	<u>3,144,234</u>	<u>(122,922)</u>	<u>19,572,688</u>
Net cash provided by (used in) operating activities	<u>\$ 2,818,556</u>	<u>\$ 655,770</u>	<u>\$ 22,197,234</u>



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Fiduciary Funds

The **Fiduciary Funds** are used to account for resources received and held by the City as the trustee. 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.



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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 Fiduciary Statement of Net Position June 30, 2023

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ASSETS			
Cash and cash equivalents	\$ 88,987,255	\$ 71,289,023	\$ 160,276,278
Accrued interest receivable	-	42,239	42,239
Other assets	-	526,314	526,314
Total assets	88,987,255	71,857,576	160,844,831
LIABILITIES			
Claims payable	-	1,507,285	1,507,285
Accounts payable	-	15,372	15,372
Total liabilities	-	1,522,657	1,522,657
NET POSITION			
Restricted for pensions	88,987,255	-	88,987,255
Restricted for postemployment benefits other than pensions	-	70,334,919	70,334,919
Total net position	\$ 88,987,255	\$ 70,334,919	\$ 159,322,174

Combining Statement of Changes In Fiduciary Net Position For the Fiscal Year Ended June 30, 2023

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ADDITIONS			
Contributions:			
Employer contributions	\$ 5,094,603	\$ 21,160,346	\$ 26,254,949
Retiree contributions	-	3,250,104	3,250,104
Total contributions	<u>5,094,603</u>	<u>24,410,450</u>	<u>29,505,053</u>
Investment income			
Net increase (decrease) in the fair value of investments	8,309,509	5,940,050	14,249,559
Interest	<u>1,624,316</u>	<u>36,448</u>	<u>1,660,764</u>
Total investment income	9,933,825	5,976,498	15,910,323
Investment expense	(95,118)	-	(95,118)
Net investment income	<u>9,838,707</u>	<u>5,976,498</u>	<u>15,815,205</u>
Recovery of claims	-	678,394	678,394
Total additions	<u>14,933,310</u>	<u>31,065,342</u>	<u>45,998,652</u>
DEDUCTIONS			
Benefits and withdrawals	5,447,032	23,215,635	28,662,667
Professional services	-	85,751	85,751
Total deductions	<u>5,447,032</u>	<u>23,301,386</u>	<u>28,748,418</u>
Change in net position restricted for employees' retirement and other post-employment benefits	9,486,278	7,763,956	17,250,234
Net position, beginning of year	<u>79,500,977</u>	<u>62,570,963</u>	<u>142,071,940</u>
Net position, end of year	<u>\$ 88,987,255</u>	<u>\$ 70,334,919</u>	<u>\$ 159,322,174</u>



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Statistical Section



Statistical Section

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



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Statistical Schedules

This part of the Annual Comprehensive 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, property taxes.

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)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities:					
Net investment in capital assets	\$ 568,329	\$ 601,802	\$ 597,711	\$ 656,258	\$ 695,890
Restricted	285,736	315,650	346,933	382,018	363,161
Unrestricted	101,746	68,728	107,327	39,911	(80,377)
Total governmental activities net position	<u>955,811</u>	<u>986,180</u>	<u>1,051,971</u>	<u>1,078,187</u>	<u>978,674</u>
Business-type activities:					
Net investment in capital assets	730,664	763,249	798,997	855,401	937,859
Unrestricted	261,284	318,455	374,419	433,114	389,162
Total business-type activities net position	<u>991,948</u>	<u>1,081,704</u>	<u>1,173,416</u>	<u>1,288,515</u>	<u>1,327,021</u>
Total government:					
Net investment in capital assets	1,298,993	1,365,051	1,396,708	1,511,659	1,633,749
Restricted	285,736	315,650	346,933	382,018	363,161
Unrestricted	363,030	387,183	481,746	473,025	308,785
Total government net position	<u>\$ 1,947,759</u>	<u>\$ 2,067,884</u>	<u>\$ 2,225,387</u>	<u>\$ 2,366,702</u>	<u>\$ 2,305,695</u>

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities:					
Net investment in capital assets	\$ 726,472	\$ 753,431	\$ 835,295	\$ 871,723	\$ 837,522
Restricted	339,274	346,843	316,075	347,818	456,560
Unrestricted	<u>5,194</u>	<u>5,424</u>	<u>20,009</u>	<u>48,174</u>	<u>128,030</u>
Total governmental activities net position	<u>1,070,940</u>	<u>1,105,698</u>	<u>1,171,379</u>	<u>1,267,715</u>	<u>1,422,112</u>
Business-type activities:					
Net investment in capital assets	1,030,539	1,135,617	1,247,085	1,380,135	1,522,390
Unrestricted	<u>428,920</u>	<u>466,638</u>	<u>489,107</u>	<u>523,131</u>	<u>531,307</u>
Total business-type activities net position	<u>1,459,459</u>	<u>1,602,255</u>	<u>1,736,192</u>	<u>1,903,266</u>	<u>2,053,697</u>
Total government:					
Net investment in capital assets	1,757,011	1,889,048	2,082,380	2,251,858	2,359,912
Restricted	339,274	346,843	316,075	347,818	456,560
Unrestricted	<u>434,114</u>	<u>472,062</u>	<u>509,116</u>	<u>571,305</u>	<u>659,337</u>
Total government net position	<u>\$ 2,530,399</u>	<u>\$ 2,707,953</u>	<u>\$ 2,907,571</u>	<u>\$ 3,170,981</u>	<u>\$ 3,475,809</u>

**Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	\$ 40,754	\$ 37,368	\$ 46,408	\$ 47,446	\$ 53,954
Community development services	23,193	22,867	20,081	30,613	28,276
Public infrastructure	57,944	50,719	58,186	69,785	71,552
Public safety	155,623	147,887	156,680	167,155	168,747
Leisure services	61,695	63,835	66,795	63,483	62,672
Economic development programs	7,930	4,868	6,979	3,331	5,474
Interest on long-term debt	16,646	18,735	20,876	19,302	18,931
Total governmental activities expenses	363,785	346,279	376,005	401,115	409,606
Business-type activities:					
Water and sewer	144,960	146,919	152,921	162,002	169,217
Convention center	33,861	33,886	34,702	34,158	34,628
Mass transit	35,387	37,854	38,180	41,319	42,091
Parking facilities	11,782	11,456	12,404	12,506	12,989
Solid waste services	30,482	28,450	32,330	30,683	34,051
Stormwater	10,444	12,205	13,346	15,131	16,648
Total business-type activities	266,916	270,770	283,883	295,799	309,624
Total government expenses	\$ 630,701	\$ 617,049	\$ 659,888	\$ 696,914	\$ 719,230
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 10,775	\$ 14,697	\$ 13,564	\$ 21,427	\$ 22,895
Community development services	7,398	1,902	1,346	1,485	273
Public infrastructure	8,667	12,950	11,004	9,466	1,102
Public safety	285	448	458	414	-
Leisure services	15,822	16,189	17,187	12,073	10,368
Economic development programs	128	2	-	-	-
Operating grants and contributions	32,434	35,296	39,775	37,526	41,502
Capital grants and contributions	8,689	10,080	11,843	26,459	37,632
Total governmental activities program revenues	84,198	91,564	95,177	108,850	113,772
Business-type activities:					
Charges for services:					
Water and sewer	197,947	213,298	228,211	240,163	255,568
Convention center	12,950	13,342	13,785	15,085	14,736
Mass transit	5,441	7,356	7,118	6,720	5,707
Parking facilities	12,330	13,417	15,022	15,784	16,259
Solid waste services	22,162	24,170	26,104	27,281	27,709
Stormwater	16,972	17,459	17,939	22,725	23,043
Operating grants and contributions	6,757	9,029	7,685	12,332	11,272
Capital grants and contributions	3,831	13,688	4,835	9,923	5,910
Total business-type activities program revenues	278,390	311,759	320,699	350,013	360,204
Total government program revenues	\$ 362,588	\$ 403,323	\$ 415,876	\$ 458,863	\$ 473,976
Net (expense)/revenue:					
Governmental activities	\$ (279,587)	\$ (254,715)	\$ (280,828)	\$ (292,265)	\$ (295,834)
Business-type activities	11,474	40,989	36,816	54,214	50,580
Total government net expense	\$ (268,113)	\$ (213,726)	\$ (244,012)	\$ (238,051)	\$ (245,254)

Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2019	2020	2021	2022	2023
Expenses					
Governmental activities:					
General government	\$ 54,954	\$ 63,137	\$ 64,614	\$ 86,660	\$ 89,282
Community development services	31,160	38,915	27,679	31,436	34,219
Public infrastructure	75,982	79,107	89,897	88,436	105,693
Public safety	177,817	191,128	192,409	186,625	204,826
Leisure services	65,734	67,911	64,369	64,380	76,444
Economic development programs	4,151	3,152	8,817	2,575	4,795
Interest on long-term debt	17,560	16,228	16,381	15,792	17,435
Total governmental activities expenses	427,358	459,578	464,166	475,904	532,694
Business-type activities:					
Water and sewer	175,882	182,430	185,584	186,015	216,332
Convention center	35,253	35,596	26,887	31,403	37,737
Mass transit	46,532	46,972	37,000	46,554	50,629
Parking facilities	13,699	13,754	12,900	12,929	13,883
Solid waste services	35,498	38,118	40,574	38,442	44,060
Stormwater	17,970	19,527	20,527	21,494	25,907
Total business-type activities	324,834	336,397	323,472	336,837	388,548
Total government expenses	\$ 752,192	\$ 795,975	\$ 787,638	\$ 812,741	\$ 921,242
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 26,142	\$ 26,927	\$ 29,645	\$ 35,627	\$ 43,352
Community development services	105	840	3,154	1,722	531
Public infrastructure	693	1,163	1,963	1,484	474
Public safety	-	-	-	868	-
Leisure services	10,870	6,037	4,533	8,897	10,912
Economic development programs	-	-	-	-	-
Operating grants and contributions	46,634	40,779	37,950	77,542	76,482
Capital grants and contributions	26,582	19,116	18,283	40,266	60,169
Total governmental activities program revenues	111,026	94,862	95,528	166,406	191,920
Business-type activities:					
Charges for services:					
Water and sewer	258,608	264,036	271,043	282,671	294,774
Convention center	16,417	12,396	2,745	11,860	19,188
Mass transit	6,134	4,812	1,794	2,054	2,016
Parking facilities	16,787	14,470	10,734	13,531	14,490
Solid waste services	28,796	30,939	35,371	37,604	37,989
Stormwater	23,259	23,555	25,779	33,668	34,551
Operating grants and contributions	9,836	15,829	18,167	44,989	35,651
Capital grants and contributions	24,811	26,842	28,305	35,688	34,526
Total business-type activities program revenues	384,648	392,879	393,938	462,065	473,185
Total government program revenues	\$ 495,674	\$ 487,741	\$ 489,466	\$ 628,471	\$ 665,105
Net (expense)/revenue:					
Governmental activities	\$ (316,332)	\$ (364,716)	\$ (368,638)	\$ (309,498)	\$ (340,774)
Business-type activities	59,814	56,482	70,466	125,228	84,637
Total government net expense	\$ (256,518)	\$ (308,234)	\$ (298,172)	\$ (184,270)	\$ (256,137)

Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2014	2015	2016	2017	2018
General Revenues and Change in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 203,513	\$ 214,288	\$ 227,723	\$ 243,511	\$ 252,991
Local sales tax	76,004	82,864	88,837	92,879	97,394
Franchise tax	21,944	28,552	29,311	28,699	29,425
Other taxes	23,216	20,124	21,526	30,341	39,794
Privilege license tax	7,512	4,282	93	-	-
Investment earnings	5,045	2,288	3,257	4,501	5,000
Miscellaneous	13,821	18,191	16,293	12,280	2,116
Transfers	(46,235)	(54,858)	(51,072)	(55,334)	(50,803)
Gain on sale of property	6,271	256	7,574	4,196	3,455
Capital contributions	-	-	-	(2,723)	-
Total governmental activities	<u>311,091</u>	<u>315,987</u>	<u>343,542</u>	<u>358,350</u>	<u>379,372</u>
Business-type activities:					
Investment earnings	3,269	2,029	3,824	3,032	4,723
Transfers	46,235	54,858	51,072	54,984	50,803
Gain on the sale of property	-	-	-	145	769
Capital contributions	-	-	-	2,723	-
Total business-type activities	<u>49,504</u>	<u>56,887</u>	<u>54,896</u>	<u>60,884</u>	<u>56,295</u>
Total government general revenues	<u>\$ 360,595</u>	<u>\$ 372,874</u>	<u>\$ 398,438</u>	<u>\$ 419,234</u>	<u>\$ 435,667</u>
Change in Net Position					
Governmental activities	\$ 31,504	\$ 61,272	\$ 62,714	\$ 66,085	\$ 83,538
Business-type activities	60,978	97,876	91,712	115,098	106,875
Total government change in net position	<u>\$ 92,482</u>	<u>\$ 159,148</u>	<u>\$ 154,426</u>	<u>\$ 181,183</u>	<u>\$ 190,413</u>

Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2019	2020	2021	2022	2023
General Revenues and Change in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 266,350	\$ 271,131	\$ 275,575	\$ 291,853	\$ 315,814
Local sales tax	104,943	107,581	123,182	139,532	150,029
Franchise tax	30,320	28,865	28,598	28,605	30,406
Other taxes	39,798	38,273	43,728	28,379	28,525
Privilege license tax	-	-	-	-	-
Investment earnings	15,636	17,907	17,305	(27,674)	16,744
Miscellaneous	2,431	1,627	672	2,581	3,961
Transfers	(55,046)	(67,795)	(56,752)	(58,740)	(54,786)
Gain on sale of property	4,165	1,886	2,011	1,298	4,478
Capital contributions	-	-	-	-	-
Total governmental activities	<u>408,597</u>	<u>399,475</u>	<u>434,319</u>	<u>405,834</u>	<u>495,171</u>
Business-type activities:					
Investment earnings	17,022	17,671	6,045	(17,649)	10,359
Transfers	55,046	67,795	56,752	58,740	54,786
Gain on the sale of property	557	847	674	755	648
Capital contributions	-	-	-	-	-
Total business-type activities	<u>72,625</u>	<u>86,313</u>	<u>63,471</u>	<u>41,846</u>	<u>65,793</u>
Total government general revenues	<u>\$ 481,222</u>	<u>\$ 485,788</u>	<u>\$ 497,790</u>	<u>\$ 447,680</u>	<u>\$ 560,964</u>
Change in Net Position					
Governmental activities	\$ 92,265	\$ 34,759	\$ 65,681	\$ 96,336	\$ 154,397
Business-type activities	132,439	142,795	133,937	167,074	150,430
Total government change in net position	<u>\$ 224,704</u>	<u>\$ 177,554</u>	<u>\$ 199,618</u>	<u>\$ 263,410</u>	<u>\$ 304,827</u>

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund					
Nonspendable	\$ 3,153	\$ 3,976	\$ 4,762	\$ 4,823	\$ 8,277
Restricted	46,800	54,396	55,361	56,389	59,670
Committed	67,776	-	2,898	3,924	4,088
Assigned	35,870	108,058	120,418	132,624	135,791
Unassigned	73,080	83,397	84,784	76,757	74,033
Total general fund	<u>\$ 226,679</u>	<u>\$ 249,827</u>	<u>\$ 268,223</u>	<u>\$ 274,517</u>	<u>\$ 281,859</u>
All other governmental funds					
Nonspendable	\$ 11,625	\$ 69,510	\$ 72,920	\$ 72,483	\$ -
Restricted	40,478	38,360	41,491	43,056	46,493
Assigned	186,832	215,969	176,675	210,091	256,998
Total all other governmental funds	<u>\$ 238,935</u>	<u>\$ 323,839</u>	<u>\$ 291,086</u>	<u>\$ 325,630</u>	<u>\$ 303,491</u>

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General fund					
Nonspendable	\$ 11,197	\$ 13,833	\$ 13,704	\$ 18,618	\$ 17,288
Restricted	63,716	58,985	65,114	70,716	79,948
Committed	4,616	5,535	7,815	7,250	10,092
Assigned	159,232	178,586	214,304	224,547	236,873
Unassigned	85,438	91,731	104,220	107,716	126,366
Total general fund	<u>\$ 324,199</u>	<u>\$ 348,670</u>	<u>\$ 405,157</u>	<u>\$ 428,847</u>	<u>\$ 470,567</u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	54,162	46,669	37,820	52,409	100,089
Assigned	221,396	241,189	213,161	224,693	276,522
Total all other governmental funds	<u>\$ 275,558</u>	<u>\$ 287,858</u>	<u>\$ 250,981</u>	<u>\$ 277,102</u>	<u>\$ 376,611</u>

Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting) (amounts expressed in thousands)

	2014	2015	2016	2017	2018
Revenues					
Ad valorem taxes	\$ 204,623	\$ 215,042	\$ 227,934	\$ 243,503	\$ 252,969
Intergovernmental	76,861	87,900	94,840	104,716	83,871
Project revenue (non-grant)	-	-	-	3,650	2,092
Non-governmental	42	80	3	46	128
Mutual aid reimbursements	-	-	-	-	-
Developer participation	164	-	-	-	-
Assessments	1,119	1,270	1,294	1,427	1,349
Franchise tax ⁽³⁾	-	-	-	-	29,425
Local sales tax	76,004	82,864	88,837	92,879	97,394
Licenses	24,906	19,506	14,772	15,087	14,910
Gain (loss) on investments	4,588	2,851	4,614	3,810	5,434
Inspection fees	10,830	12,416	12,757	12,250	16,664
Highway maintenance refunds	899	1,393	857	1,148	1,079
Facility fees	7,663	11,990	9,891	8,235	9,627
Parks and recreation fees ⁽⁴⁾	-	-	-	-	6,368
Other fees and charges	15,495	15,488	16,087	16,869	7,028
Rents	548	857	719	763	2,475
Leases	-	-	-	-	-
Program income	2,384	1,180	902	878	1,346
Recovery of claims	-	-	-	-	-
Donations and contributions ⁽⁵⁾	-	-	-	-	3,700
Other revenues	1,916	2,941	2,987	2,567	1,230
Miscellaneous	284	-	-	-	-
Total revenues	428,326	455,778	476,494	507,828	537,089
Expenditures					
General government	38,112	40,352	46,090	45,825	52,700
Community development services	23,364	23,067	19,952	30,421	30,529
Public works ⁽²⁾	26,022	81,695	75,675	-	-
Public infrastructure	-	-	-	114,548	103,318
Public safety	148,450	185,497	188,839	169,281	179,130
Leisure services	53,898	79,384	118,035	67,667	65,968
Economic development programs	7,931	4,868	6,979	3,331	5,474
Capital outlay	92,753	-	-	-	-
Debt service					
Principal	30,203	31,726	34,400	40,092	43,399
Interest	17,316	19,602	21,362	21,201	21,488
Other debt service expenditures	333	597	746	921	326
Total expenditures	438,382	466,788	512,078	493,287	502,332
Other financing sources (uses)					
Transfers in	43,554	35,916	40,338	52,318	42,617
Transfers out	(88,499)	(87,878)	(90,990)	(103,992)	(95,019)
Proceeds from sale of property	6,271	256	7,574	4,196	2,848
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)	35,452	60,032	18,149	26,297	(49,554)
Net change in fund balances	\$ 25,396	\$ 49,022	\$ (17,435)	\$ 40,838	\$ (14,797)
Debt service as a percentage of noncapital expenditures ⁽¹⁾	13.53%	14.68%	15.39%	15.69%	15.57%

⁽¹⁾ Capital outlay component of ratio calculation included as follows: FY13 -FY22 - capital outlay as per reconciliation of statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities

⁽²⁾ Public works changed to public infrastructure in FY17 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)**

	2019	2020	2021	2022	2023
Revenues					
Ad valorem taxes	\$ 266,299	\$ 270,851	\$ 275,622	\$ 291,708	\$ 315,668
Intergovernmental	75,153	68,420	67,625	112,368	115,516
Project revenue (non-grant)	3,611	192	-	-	-
Non-governmental	129	-	105	262	9,943
Mutual aid reimbursements	511	11	14	-	-
Developer participation	-	20	1,657	15	76
Assessments	849	1,257	2,139	1,657	528
Franchise tax ⁽³⁾	30,320	28,865	28,599	28,606	30,483
Local sales tax	104,943	107,581	123,182	139,532	150,029
Licenses	14,798	14,360	15,120	14,737	14,508
Gain (loss) on investments	16,836	17,392	11,849	(24,584)	17,333
Inspection fees	18,317	16,499	19,350	24,756	24,989
Highway maintenance refunds	975	1,185	1,008	1,014	1,048
Facility fees	11,431	9,602	11,439	16,465	17,931
Parks and recreation fees ⁽⁴⁾	6,790	3,779	2,952	5,505	6,844
Other fees and charges	6,540	5,292	3,982	6,603	7,203
Rents	2,480	1,992	764	2,358	4,033
Leases	-	-	-	374	-
Program income	674	983	3,203	1,994	673
Recovery of claims	573	84	51	-	-
Donations and contributions ⁽⁵⁾	2,402	1,759	2,320	3,040	3,229
Other revenues	1,179	1,493	1,030	1,887	1,664
Miscellaneous	-	-	-	-	-
Total revenues	564,810	551,617	572,011	628,297	721,698
Expenditures					
General government	56,254	57,765	59,526	79,894	81,125
Community development services	30,882	38,343	31,344	39,710	39,844
Public works ⁽²⁾	-	-	-	-	-
Public infrastructure	82,898	85,574	105,279	101,869	101,767
Public safety	185,857	202,243	197,868	196,092	206,966
Leisure services	82,835	81,743	76,577	72,010	95,322
Economic development programs	4,151	3,152	8,817	2,576	4,795
Capital outlay	-	-	-	-	-
Debt service					
Principal	40,823	40,529	41,304	41,356	40,068
Interest	19,995	18,937	18,067	16,557	18,341
Other debt service expenditures	648	1,036 ⁽⁶⁾	1,023	576	1,136
Total expenditures	504,343	529,322	539,805	550,640	589,364
Other financing sources (uses)					
Transfers in	35,278	30,897	21,003	50,846	61,998
Transfers out	(85,030)	(96,697)	(80,063)	(110,682)	(119,609)
Proceeds from sale of property	3,692	1,287	937	806	4,256
Bonds issuance	-	72,162	45,527	31,184	62,251
Premium on bonds issued	-	6,381	-	-	-
Premium on refunding bond issued	-	5,426 ⁽⁶⁾	-	-	-
Refunding bonds issuance	-	56,590 ⁽⁶⁾	-	-	-
Payments to escrow agent	-	(61,570) ⁽⁶⁾	-	-	-
Total other financing sources (uses)	(46,060)	14,476	(12,596)	(27,846)	8,896
Net change in fund balances	\$ 14,407	\$ 36,771	\$ 19,610	\$ 49,811	\$ 141,230
Debt service as a percentage of noncapital expenditures ⁽¹⁾	14.42%	13.51%	13.39%	12.34%	11.54%

⁽³⁾ ⁽⁴⁾ ⁽⁵⁾ For improved transparency, The City broke out franchise tax ⁽⁴⁾, parks and recreation fees ⁽⁵⁾ and donations and contributions ⁽⁶⁾ into separate lines on the appropriate statements starting FY18. Prior to that, they were included in miscellaneous and other revenues.

⁽⁶⁾ Adjusted to show the refunding of bonds issued and payment to bond refunding escrow agent in FY20.

**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)
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
2018	51,426,935	6,927,715	840,898	59,195,548	0.4253
2019	52,407,240	7,157,611	849,900	60,414,751	0.4382
2020	53,331,994	7,253,926	855,757	61,441,676	0.4382
2021	69,010,673	7,892,835	859,113	77,762,621 ⁽¹⁾	0.3552
2022	69,143,646	8,132,646	1,019,206	78,295,498	0.3730
2023	70,041,816	8,624,750	954,931	79,621,497	0.3930

Notes:

⁽¹⁾ Increase due to revaluation of property every four 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
Last Ten Fiscal Years
(Per \$100 of Assessed Value)**

<u>Fiscal Year</u>	<u>City Rate</u>	<u>Wake County Rate</u>	<u>Total</u>
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
2018	0.4253	0.6150	1.0403
2019	0.4382	0.6544	1.0926
2020	0.4382	0.7207	1.1589
2021 ⁽¹⁾	0.3552	0.6000	0.9552
2022	0.3730	0.6000	0.9730
2023	0.3930	0.6195 ⁽²⁾	1.0125

Note:

⁽¹⁾ Tax rate decreased due to revaluation.

⁽²⁾ County rate is for Wake County only. A small section of the City of Raleigh is located in Durham County where the county rate is 0.7222.

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.

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 Ten Years Ago
(amounts expressed in thousands)**

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Progress, Inc.	\$ 523,942	1	0.66%	\$ 399,913	1	0.76%
Highwoods Realty LP	467,899	2	0.59%	249,571	3	0.47%
CVM Holdings LLC	401,442	3	0.50%	334,466	2	0.63%
First Citizens Bank & Trust Co.	303,178	4	0.38%	177,595	4	0.34%
Mid America Apartments LP	287,916	5	0.36%	-		-%
Starwood Real Estate Income Trust (SREIT)	276,949	6	0.35%	-		-%
State Employees Credit Union	205,228	7	0.26%	120,702	8	0.23%
HRLP Fayetteville LP	147,596	8	0.19%	-		-%
MLC Automotive	146,118	9	0.18%	-		-%
Columbia Cameron Village LLC	141,518	10	0.18%	-		-%
Triangle Town Center LLC	-		-%	173,177	5	0.33%
G&I VI LTD PTNRP	-		-%	141,403	6	0.27%
NHM Owner-1 LLC	-		-%	133,002	7	0.25%
Highwoods DLF Forum LLC	-		-%	116,825	9	0.22%
ARI RCC 32 LLC	-		-%	110,377	10	0.21%
Totals	\$ 2,901,786		3.64%	\$ 1,957,031		3.71%

Note:

Above taxable assessed valuations are as of January 1, 2022 and 2013 respectively, and the associated tax levies were due in the fiscal year ended June 30, 2023 and 2014 respectively.

Source:

Wake County website, Statistics and Reports and 2014 City of Raleigh ACFR.

**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
2014	\$ 203,033	\$ 201,842	99.41%	\$ 569	\$ 202,411	99.69%
2015	212,617	211,668	99.55%	283	211,951	99.69%
2016	227,479	225,261	99.02%	136	225,397	99.08%
2017	243,201	241,145	99.15%	(34)	241,111	99.14%
2018	252,877	250,734	99.15%	242	250,976	99.25%
2019	266,178	263,654	99.05%	320	263,974	99.17%
2020	271,048	267,946	98.86%	625	268,571	99.09%
2021	275,554	272,426	98.86%	(448)	271,978	98.70%
2022	291,972	289,350	99.10%	184	289,534	99.17%
2023	314,023	311,093	99.07%	-	311,093 ⁽¹⁾	99.07%

Note:

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

Total collected as per above	\$ 311,093
Penalties collected	615
Prior year collections in current year	198
Special districts	3,762
Ad valorem taxes collected per general fund financial statements	\$ 315,668

Collection in Subsequent Years updated to remove interest and fees previously reported.

**Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2023**

	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	\$ 78,138,307,187	\$.3930	\$ 307,081,788	\$ 291,174,524	\$ 15,907,264
Registered motor vehicles taxed at prior year's rate	1,285,474,158	.3730	4,794,819	-	4,794,819
	<u>79,423,781,345</u>		<u>311,876,607</u>	<u>291,174,524</u>	<u>20,702,083</u>
Discoveries:					
Prior years' taxes	<u>197,716,338</u> ⁽¹⁾		<u>643,200</u>	<u>643,200</u>	<u>-</u>
Total property valuation	<u>\$ 79,621,497,683</u>				
Deferred and waived			1,799,939	1,799,939	-
Penalty			615,026	615,026	-
Rebates			<u>(911,503)</u>	<u>(911,503)</u>	<u>-</u>
Net levy			314,023,269	293,321,186	20,702,083
Uncollected taxes at June 30, 2023			<u>(515,422)</u>	<u>(515,422)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 313,507,847</u>	<u>\$ 292,805,764</u>	<u>\$ 20,702,083</u>
Current levy collection percentage			<u>99.84%</u>	<u>99.82%</u>	<u>100.00%</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, 2023

Fiscal Year Ended June 30	Taxes Receivable June 30, 2022	Additions	Collections and Other Reductions	Taxes Receivable June 30, 2023
				(1)
2014 & prior	\$ 5,102,607	\$ -	\$ 7,525	\$ 5,095,082
2015	241,603	-	1,445	240,158
2016	150,654	-	1,790	148,864
2017	531,411	-	3,666	527,745
2018	87,034	-	4,365	82,669
2019	176,798	-	11,643	165,155
2020	346,728	-	42,810	303,918
2021	604,735	-	(50,320)	655,055
2022	600,261	-	21,641	578,620
2023	-	316,492,219	315,925,168	567,051
Totals	\$ 7,841,831	\$ 316,492,219	\$ 315,969,733	\$ 8,364,317

(2)

Notes:

(1) Ad valorem taxes receivable only; does not include vehicle tag fee receivable (\$3,660,479).

(2) Reconciliation to revenues collected:

Collections and other reductions per above	\$ 315,969,733
Late list penalties collected-Wake County	(184,549)
Penalties collected	615,026
Prior year levy adjustments	179,444
Rebates and waived taxes	(911,503)
	<u>\$ 315,668,151</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	General Bond Anticipation Notes	Installment Financing Agreements	General Obligation Bonds	Water and Sewer Revenue Bonds	Revenue Bond Anticipation Notes	Installment Financing Agreements			
2014 ⁽³⁾	\$ 343,739	\$ -	\$ 162,224	\$ 3,467	\$ 708,895	\$ -	\$ 389,116	1,607,441	7.64%	\$ 3,723.12
2015 ⁽³⁾	363,605	-	230,467	1,771	687,136	-	408,636	1,691,615	7.94%	3,845.49
2016 ⁽³⁾	351,863	-	266,013	386	664,085	-	417,537	1,699,884	7.47%	3,768.59
2017 ⁽³⁾	399,236	-	270,251	-	761,470	-	420,100	1,851,057	7.69%	4,033.86
2018 ⁽³⁾	369,456	-	241,462	-	735,108	-	393,343	1,739,369	6.80%	3,742.51
2019 ⁽³⁾	340,904	-	233,990	-	705,486	-	380,696	1,661,076	6.12%	3,539.48
2020 ⁽³⁾	311,002 ⁽⁴⁾	34,751	252,646	-	673,166	-	370,917	1,642,478	5.69%	3,464.42
2021 ⁽³⁾	282,486 ⁽⁴⁾	80,278	241,222	-	639,899	30,100 ⁽⁵⁾	403,649	1,677,631	5.96%	3,469.06
2022 ⁽³⁾	254,075 ⁽⁴⁾	111,461	211,692	-	604,425	154,000 ⁽⁵⁾	374,346	1,709,995	⁽²⁾	3,559.53
2023 ⁽³⁾	391,298 ⁽⁴⁾	9,851	214,449	-	776,172	21,500 ⁽⁵⁾	362,761	1,776,027	⁽²⁾	3,758.47

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 schedule for personal income and population data.

⁽²⁾ Personal income data unavailable

⁽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:

⁽⁴⁾ General Bond Anticipation Notes presented separately from General Obligation Bonds.

⁽⁵⁾ Revenue Bond Anticipation Notes presented separately from Revenue Bonds.

	Governmental Activities	Business-type Activities
General obligation bonds	\$ 391,298	\$ -
Revenue bonds	-	776,172
Bond anticipation notes	9,851	21,500
Installment financing agreements	214,449	362,761
Earned vacation payable	25,362	6,915
Landfill postclosure costs	-	3,035
Lease and subscription liabilities	17,638	4,293
Claims payable	24,614	-
	<u>\$ 683,212</u>	<u>\$ 1,174,676</u>

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capital amounts)**

Fiscal Year	General Bonded Debt (1)	Net Bonded Debt (2)	Percentage Actual Taxable Value of Property (3)	Per Capita Bonded Debt	
				General (4)	Net
2014	\$ 320,200	\$ 317,188	0.61%	\$ 742	\$ 735
2015	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
2018 (5)	369,456	368,703	0.62%	696	694
2019 (5)	340,904	340,295	0.56%	726	725
2020 (5)	345,753	345,244	0.56%	729	728
2021 (5)	362,764	362,357	0.47%	750	749
2022 (5)	365,536	365,129	0.47%	761	760
2023 (5)	401,149	400,871	0.50%	849	848

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, including bond anticipation notes.

(2) Represents gross bonded debt less allowable statutory deductions.

(3) See Assessed Value of Taxable Property statistical schedule for property value data.

(4) See Demographic and Economic Statistics statistical schedule for population data.

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

Direct and Overlapping Governmental Activities Debt
As of June 30, 2023
(amounts expressed in thousands)

	<u>Bonded Debt</u>	<u>Percentage Applicable to City</u>	<u>City's Share of Debt</u>
Direct Debt - City of Raleigh ⁽¹⁾	\$ 633,236	100.00%	\$ 633,236
Overlapping Debt: ⁽²⁾			
Wake County Debt ⁽³⁾	2,630,348	39.80% ⁽⁴⁾	1,047,009
Total Direct and Overlapping Debt	<u>\$ 3,263,584</u>		<u>\$ 1,680,245</u>

Notes:

⁽¹⁾ This total includes all governmental activities debt including leases and IT subscriptions.

⁽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 \$1,292,280,986 of Wake County School Bonds.

⁽⁴⁾ Percentage of direct and overlapping debt is based on June 30, 2023 assessed valuation of the City of Raleigh (\$79,621,497,683) as compared to the June 30, 2023 assessed valuation of Wake County (\$200,029,113,686).

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
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%
2018	4,735,644	1,251,042	3,484,602	26.42%
2019	4,833,180	1,207,499	3,625,681	24.98%
2020	4,915,334	1,212,052	3,703,282	24.66%
2021	6,221,010	1,266,748	4,954,262	20.36%
2022	6,263,640	1,230,383	5,033,257	19.64%
2023	6,369,720	1,484,582	4,885,138	23.31%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 79,621,497
Debt limit (8% of assessed value)	6,369,720
Debt applicable to limit:	
General Obligation bonds	391,298
GO bonds authorized not issued	515,475
Other outstanding debt	578,087
Less: Statutory deductions	
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	(278)
Total net debt applicable to limit	<u>1,484,582</u>
Legal debt margin	<u><u>\$ 4,885,138</u></u>

Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year Ended	Gross Revenues	15% of CY Unrestricted Net Position	Operating Expenses	Debt Service Requirements (3 and 4)	Debt Service Requirements ⁽³⁾			Coverage Ratios		
					Principal	Interest	Total	Net	With 15%	Covenanted Coverage
Parity Debt Service Coverage ⁽²⁾										
2014	\$ 201,259,452	\$ 30,659,474	\$ 91,027,389	\$ 110,232,063	\$ 15,715,000	\$ 26,127,278	\$ 41,842,278	2.63	3.37	1.20
2015	214,997,564	37,843,467	89,725,721	125,271,843	19,445,000	27,004,803	46,449,803	2.70	3.51	1.20
2016	231,560,704	46,008,826	91,722,046	139,838,658	22,155,000	28,966,854	51,121,854	2.74	3.64	1.20
2017	243,174,781	52,018,440	99,896,408	143,278,373	22,860,000	26,348,958	49,208,958	2.91	3.97	1.20
2018	259,719,422	50,142,853	100,287,101	159,432,321	23,130,000	30,070,063	49,208,958	3.00	3.94	1.20
2019	272,685,950	55,506,967	104,023,906	168,662,044	25,980,000	29,093,590	55,073,590	3.06	4.07	1.20
2020	278,601,167	62,174,287	114,994,110	163,607,057	27,540,000	26,959,007	54,499,007	3.00	4.14	1.20
2021	279,331,751	65,431,229	111,235,970	168,095,781	30,905,000	23,353,545	54,258,545	3.10	⁽⁴⁾ 4.30	1.20
2022	289,808,464	66,248,919	112,310,105	177,498,359	32,530,000	22,144,500	54,674,500	3.25	⁽⁴⁾ 4.46	1.20
2023	301,273,561	65,370,214	123,551,522	177,722,039	31,395,000	25,930,436	57,325,436	3.10	⁽⁴⁾ 4.24	1.20

Parity and Subordinate Debt Service Coverage⁽³⁾

2014	\$ 201,259,452	\$ 91,027,389	\$ 110,232,063	\$ 18,549,105	\$ 26,729,341	\$ 45,278,446	2.43	1.00
2015	214,997,564	89,725,721	125,271,843	22,480,320	27,388,673	49,868,993	2.51	1.00
2016	231,560,704	91,722,046	139,838,658	25,223,884	29,315,460	54,539,344	2.56	1.00
2017	243,174,781	99,896,408	143,278,373	24,926,658	26,630,347	51,557,005	2.78	1.00
2018	259,719,422	100,287,101	159,432,321	28,287,396	32,092,890	60,380,286	2.64	1.00
2019	272,685,950	104,023,906	168,662,044	30,802,225	30,546,534	61,348,759	2.75	1.00
2020	278,601,167	114,994,110	163,607,057	32,362,225	28,326,612	60,688,837	2.70	1.00
2021	279,331,751	111,235,970	168,095,781	35,562,225	24,635,812	60,198,037	2.79	⁽⁴⁾ 1.00
2022	289,808,464	112,310,105	177,498,359	37,057,606	23,345,718	60,403,324	2.94	⁽⁴⁾ 1.00
2023	301,273,561	123,551,522	177,722,039	36,030,622	27,050,605	63,081,227	2.82	⁽⁴⁾ 1.00

Notes:

- ⁽¹⁾ Water and sewer user charges and other utility revenues are pledged revenues; operating expenses are exclusive of depreciation and interest expense.
- ⁽²⁾ Parity debt service includes interest and principal of revenue bonds.
- ⁽³⁾ 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.
- ⁽⁴⁾ Pledged revenue coverage calculation updated prospectively in fiscal year 2020-21 to exclude fair market value adjustments on investments and net pension and OPEB expense.

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (expressed in thousands) (2)	Per Capita Personal Income (2)	School Enrollment ADM (3)	Unemployment Rate % (4)
2014	\$ 431,746	\$ 21,035,913	\$ 46,636	159,984	5.1
2015	432,520	21,295,805	48,411	161,027	5.0
2016	441,326	22,753,573	50,444	164,429	4.3
2017	449,477	24,065,503	52,444	169,436	3.6
2018	457,159	25,582,604	55,045	170,202	3.6
2019	464,485	27,149,359	57,851	171,158	4.1
2020	469,698	28,863,217	60,884	172,292	8.2
2021	462,219	28,141,742	60,884	172,965	4.5
2022	479,138	Unavailable	Unavailable	174,599	3.6
2023	472,540	Unavailable	Unavailable	175,368	3.4

Sources:

⁽¹⁾ U.S. Census City and Town Comparative Demographic ACS 5-Year Estimates 2014 - 2023

⁽²⁾ U.S. Bureau of Economic Analysis Per capita income for the Raleigh-Cary MSA. Updated 2021 info as released. Data for 2022 and 2023 are unavailable.

⁽³⁾ North Carolina Department of Public Instruction, Information Analysis and Reporting. ADM = Average daily membership - (final ADM). Includes all Wake County charter schools. 2021 figure has been updated to reflect consistency of data source

⁽⁴⁾ North Carolina Department of Commerce - Labor and Economic Analysis Division Estimated percentage of labor force unemployed in Raleigh, not seasonally adjusted

⁽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	2023*			2014*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of North Carolina	24,083	1	9.10%	24,083	1	11.05%
Wake County Public School System	17,000	2	6.42%	17,572	2	8.06%
Wake Med Health and Hospitals	10,307	3	3.89%	8,423	3	3.86%
Food Lion	9,037	4	3.41%	-		0.00%
North Carolina State University	9,019	5	3.41%	8,080	4	3.71%
Target Stores	8,400	6	3.17%	-		0.00%
UNC Rex Healthcare System	7,700	7	2.91%	-		0.00%
Wake County Government	4,389	9	1.66%	4,341	6	1.99%
City of Raleigh	3,974	10	1.50%	3,936	7	1.81%
Rex Healthcare	-		0.00%	5,400	5	2.48%
NC Department of Health and Human Services	-		0.00%	3,879	8	1.78%
NC Department of Commerce	-		0.00%	2,884	9	1.32%
Fidelity Investments	-		0.00%	2,400	10	1.10%
Total	99,209		37.49%	80,998		37.15%

Notes:

City-wide employment as of June 30, 2023: 264,634

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

Source:

Wake County Economic Development

NC Employment Security Commission (Laus City Wide Employment)

City Government Employees By Function/Department Last Ten Fiscal Years

Function	Employees as of June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Policy & Management Services										
General Government	105	103	109	111	111	111	132	132	135	140
Human Resources	30	30	31	33	34	34	34	32	34	36
Finance	61	61	65	63	63	62	62	62	62	63
Information Technology ⁽⁵⁾	78	81	80	81	90	90	90	90	90	89
Community Development Services										
Public Infrastructure ^{(1) (4)}	430	445	586	597	627	628	654	654	669	682
Planning & Development Services ⁽²⁾	169	191	195	210	215	218	193	193	193	193
Community Services	18	-	-	-	-	-	-	-	-	-
Community Development	23	-	-	-	-	-	-	-	-	-
Housing and Neighborhoods ⁽³⁾	-	73	76	76	76	79	70	70	74	75
Public Safety										
Police	890	898	902	904	906	901	901	901	908	908
Fire	607	609	611	621	621	621	621	621	626	627
Emergency Communications	115	115	127	129	129	129	129	129	129	129
Solid Waste Services										
	202	204	208	210	213	210	210	210	210	210
Public Utilities										
	632	640	652	656	659	663	663	663	663	677
Leisure Services										
Convention Center	104	104	104	107	109	116	116	116	116	116
Parks & Recreation	472	495	417	420	423	429	429	429	435	438
Total	3,936	4,049	4,163	4,218	4,276	4,291	4,304	4,302	4,344	4,383

Notes:

Numbers presented are authorized positions.

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

⁽²⁾ Planning and Development Services reorganized in 2020 to revert back to a previous design of divisions.

⁽³⁾ Housing and Neighborhoods was formed to include Community Development, Community Services and Housing & Neighborhood Preservation - 2015.

⁽⁴⁾ Public Works changed to Public Infrastructure to include Engineering Services and Transportation - 2017.

⁽⁵⁾ Changed name to Information Technology from Information Services - 2017.

Source:

City of Raleigh Adopted Budget - Position Summary

Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2014	2015	2016	2017	2018
Community Development Services Inspections and Permits (all trade types)	105,105	107,628	117,340	123,119	118,368
Community Development:					
New housing units constructed	21	14	18	5	18
Homeownership loans provided	55	85	66	32	38
Rehabilitation loans provided	50	55	42	29	36
Public Infrastructure					
Asphalt failures repaired	5,544	5,000	5,800	4,257	3,213 ⁽¹⁾
Drainage structures repaired/maintained/inspected ⁽³⁾	1,120	1,200	2,721	2,176	3,857
Police					
Physical arrests and citations	98,857	86,498	75,157	68,214	60,095
Traffic accidents investigated	21,189	21,706	27,566	27,621	25,016
Fire					
Emergency responses	23,119	24,349	39,301	40,891	40,518
Fire calls answered	1,133	1,192	1,079	1,188	1,138
Emergency Communications					
911 calls processed	580,465	597,245	611,047	574,315	622,515 ⁽¹⁾
Solid Waste					
Refuse collected (tons)	87,068	91,786	98,028	94,252	94,800 ⁽¹⁾
Recyclables collected (tons)	26,176	27,584	28,239	28,412	28,690 ⁽¹⁾
Water					
Number of consumers	174,010	176,918	191,479	195,681	198,984
Average daily consumption (millions of gallons per day)	47.90	47.30	49.00	55.78	49.75
Maximum daily flow (millions of gallons per day)	61.10	67.88	62.00	62.59	63.40
Wastewater					
Average daily sewage treatment (millions of gallons per day)	45.40	48.19	50.00	50.11	48.76
Maximum daily flow (millions of gallons per day)	83.53	68.03	89.00	101.09	64.49
Leisure Services					
Convention center events	726	705	912	917	924
Event attendance	766,107	768,501	973,038	1,346,883	1,375,964
Parks and recreation programs	13,204	13,170	11,810	13,088	13,343
Registrants	158,257	158,500	148,194	105,102	114,270
Attendance at parks & recreation facilities (millions) ⁽²⁾	4.3	-	-	-	3.1

Notes:

⁽¹⁾ Numbers represent estimates.

⁽²⁾ Parks and Recreation changed reporting measure in years 2015 to 2017 to not include attendance at facilities.

⁽³⁾ Infrastructure reports changed reporting measure starting in 2019 to include inspections of drainage structures as well.

⁽⁴⁾ Change in reporting measure from count to feet beginning in 2020. Further change to reporting from feet to tons to align with industry standards beginning in 2022.

⁽⁵⁾ Number represents NRRRF, SCRRF, and LCRRF beginning 2020. Prior to 2020, this number only included NRRRF.

⁽⁶⁾ Global COVID-19 pandemic forced pass closures of public venues, and led to significant cancellations.

⁽⁷⁾ Changed to reflect fiscal year operating indicators from fiscal year 2018 through 2020

⁽⁸⁾ 2021 figure has been updated to reflect figures reported within the Letter of Transmittal

Source:

Various city departments and the Budget and Management Services Department's Performance Indicators document.

Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2019	2020	2021	2022	2023
Community Development Services Inspections and Permits (all trade types)	119,149	97,012	102,476	136,709	175,799
Community Development:					
New housing units constructed	28	19	21	8	5
Homeownership loans provided	61	62	59	16	9
Rehabilitation loans provided	30	29	23	16	15
Public Infrastructure					
Asphalt failures repaired	5,157	96,921 ⁽⁴⁾	54,041	21,949 ⁽⁴⁾	28,188
Drainage structures repaired/maintained/inspected ⁽³⁾	22,804	8,596	6,982	23,942	13,031
Police					
Physical arrests and citations	52,784	33,297	30,604	36,883	24,180
Traffic accidents investigated	25,937	31,425	26,984	22,046	22,005
Fire					
Emergency responses	42,173	43,782 ⁽⁶⁾	43,980	51,293	52,591
Fire calls answered	896	1,048	1,028	1,209	1,094
Emergency Communications					
911 calls processed	553,997	535,000 ⁽¹⁾	515,516	545,929	555,921
Solid Waste					
Refuse collected (tons)	92,524	92,600 ⁽¹⁾	100,490	97,437	98,436
Recyclables collected (tons)	27,966	27,970 ⁽¹⁾	30,205	27,915	26,528
Water					
Number of consumers	204,377	207,596	211,910	216,651	221,819
Average daily consumption (millions of gallons per day)	49.06	51.44	51.32	53.56	56.02
Maximum daily flow (millions of gallons per day)	69.18	67.40	67.99	69.49	67.58
Wastewater					
Average daily sewage treatment (millions of gallons per day)	48.96	50.23 ⁽⁵⁾	52.65	48.93	51.38
Maximum daily flow (millions of gallons per day)	101.08	116.63 ⁽⁵⁾	84.49	76.58	82.45
Leisure Services					
Convention center events	927	622 ⁽⁶⁾	119 ⁽⁸⁾	646	795
Event attendance	1,197,309	552,870 ⁽⁶⁾	35,758 ⁽⁶⁾	652,148	843,505
Parks and recreation programs	13,389	12,915	17,602	9,741	9,135
Registrants	113,587	69,072 ⁽⁶⁾	75,380 ⁽⁶⁾	91,889	86,910
Attendance at parks & recreation facilities (millions) ⁽²⁾	2.9	1.5 ⁽⁶⁾	0.8 ⁽⁶⁾	1.4	2.0

⁽¹⁾ Numbers represent estimates.

⁽²⁾ Parks and Recreation changed reporting measure in years 2015 to 2017 to not include attendance at facilities.

⁽³⁾ Infrastructure reports changed reporting measure starting in 2019 to include inspections of drainage structures as well.

⁽⁴⁾ Change in reporting measure from count to feet beginning in 2020. Further change to reporting from feet to tons to align with industry standards beginning in 2022.

⁽⁵⁾ Number represents NRRRF, SCRRF, and LCRRF beginning 2020. Prior to 2020, this number only included NRRRF.

⁽⁶⁾ Global COVID-19 pandemic forced pass closures of public venues, and led to significant cancellations.

⁽⁷⁾ Changed to reflect fiscal year operating indicators from fiscal year 2018 through 2020

⁽⁸⁾ 2021 figure has been updated to reflect figures reported within the Letter of Transmittal

Source:

Various city departments and the Budget and Management Services Department's Performance Indicators document.

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018
Public safety					
Police stations	6	6	6	6	6
Fire stations	27	28	28	28	29
Highways and streets					
Streets (miles) - City ⁽²⁾	1,076	1,087	1,092	1,094	1,100
Streets (miles) - State ⁽²⁾	268	265	265	272	269
Streetlights	34,567	34,749	34,891	35,038	35,228
Signalized intersections	615	619	620	620	625
Leisure services					
Number of major parks	85	86	86	112	197
Parks acreage	9,846	10,194	9,893	9,893	10,124
Aquatic facilities	9	9	9	9	8
Community centers (staffed and unstaffed)	47	47	49	49	49
Water					
Water mains (miles) ⁽³⁾	2,226	2,245	2,355	2,496	2,521
Sewers					
Sanitary sewers (miles) ⁽³⁾	2,281	2,297	2,300	2,569	2,616

Notes:

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

⁽¹⁾ Major parks measure was re-evaluated in 2017.

⁽²⁾ Schedule restated to separately display City owned and maintained street miles from NC State-owned street miles within City limits. The City occasionally performs sidewalk repairs, ADA ramp repairs, pothole repairs, and other capital work conducted on NCDOT right-of-ways. General maintenance conducted on NCDOT-owned assets (traffic signals, signs, pavement markings) within City limits is reimbursable. Please note that only City-owned streets are included in the annual Powell Bill report.

⁽³⁾ Water and Sewer miles are calculated using GIS for accurate data as of FY23. Prior to FY23 miles calculated using private mains that are no longer included.

Source:

Various city departments and the Budget and Management Services Department

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	2019	2020	2021	2022	2023
Public safety					
Police stations	6	6	6	6	6
Fire stations	29	29	29	29	29
Highways and streets					
Streets (miles) - City ⁽²⁾	1,104	1,115	1,123	1,132	1,145
Streets (miles) - State ⁽²⁾	265	270	269	272	273
Streetlights	35,527	35,681	36,192	36,640	36,753
Signalized intersections	625	635	647	661	661
Leisure services					
Number of major parks ⁽¹⁾	197	199	199	199	200
Parks acreage	10,126	10,130	10,018	10,054	10,054
Aquatic facilities	8	8	8	8	8
Community centers (staffed and unstaffed)	49	38	49	49	49
Water					
Water mains (miles) ⁽³⁾	2,602	2,658	2,719	2,769	2,418
Sewers					
Sanitary sewers (miles) ⁽³⁾	2,649	2,690	2,723	2,771	2,600

Notes:

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

⁽¹⁾ Major parks measure was re-evaluated in 2017.

⁽²⁾ Schedule restated to separately display City owned and maintained street miles from NC State-owned street miles within City limits. The City occasionally performs sidewalk repairs, ADA ramp repairs, pothole repairs, and other capital work conducted on NCDOT right-of-ways. General maintenance conducted on NCDOT-owned assets (traffic signals, signs, pavement markings) within City limits is reimbursable. Please note that only City-owned streets are included in the annual Powell Bill report.

⁽³⁾ Water and Sewer miles are calculated using GIS for accurate data as of FY23. Prior to FY23 miles calculated using private mains that are no longer included.

Source:

Various city departments and the Budget and Management Services Department



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The image features a dark blue background with a stylized city skyline at night. The skyline includes several skyscrapers, some with illuminated windows. In the foreground, there is a road with a speed limit sign that reads "SPEED LIMIT 35". Overlaid on the top half of the image are several large, stylized leaves in various shades of green and yellow. The leaves are arranged in a pattern that suggests a tree or a cluster of foliage. The overall aesthetic is modern and professional.

Single Audit Section



Single Audit Section

The Single Audit Section contains schedules, exhibits and auditor reports reflecting federal, state and other participation in various projects and programs of the City as required by the 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.



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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, 2023, 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 30, 2023.

Report on 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”) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.

Cherry Bekaert LLP

Raleigh, North Carolina
October 30, 2023

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

Opinion on Each Major Federal Program

We have audited the City of Raleigh, North Carolina's (the "City"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina
October 30, 2023

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

Opinion on Each Major State Program

We have audited the City of Raleigh, North Carolina's (the "City"), compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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 state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's state programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed..

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 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina
October 30, 2023

Single Audit Schedules

Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2023

Grantor/Passed-Through Grantor/ Grantor Program and/or Project Title	Assistance Listing Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (1)
EXPENDITURES OF FEDERAL AWARDS:						
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>						
Direct Programs: Federal Transit Administration:						
Federal Transit Cluster:						
Federal Transit Cap & Maint 2017	20.507	NC-2017-041-00	\$ 212,047	\$ -	\$ -	\$ 53,012
Poole Road Park & Ride Lot	20.507	NC-2018-070-00	889,709	-	-	222,427
Transit Signal Priority Capital Blvd - LAPP Funding	20.507	NC-2019-033-00	72,025	-	-	18,006
Federal Transit Cap & Maint 2019	20.507	NC-2019-059-00	191,872	-	-	47,968
(4) Federal Transit Cap & Maint 2020 (SG1)	20.507	NC-2020-039-00	(a) 1,000,520	-	-	201,827
(4) Navaho Dr Sidewalk (SG1)	20.507	NC-2020-039-00	555,915	-	-	138,979
CARES Act 2020 Operating Assistance	20.507	NC-2020-047-01	9,178,278	-	-	-
CARES Act 2020-Planning Assistance	20.507	NC-2020-047-01	189,089	-	-	-
(4) SE Raleigh Bus Shelter Sites 2019 (SG3)	20.507	NC-2021-047-00	22,852	-	-	5,713
(4) LAPP Bus Stop Improvements 2020 (SG 3)	20.507	NC-2021-047-00	9,463	-	-	2,366
(4) Planning Assistance - Section 9 (5307) (SG3)	20.507	NC-2021-047-00	56,705	-	-	14,186
(4) Federal Transit Cap & Maint 2021 - GoRaleigh Operations (SG3)	20.507	NC-2021-047-00	103,537	-	-	25,884
(4) Federal Transit Cap & Maint 2021 - GoAccess Operations (SG3)	20.507	NC-2021-047-00	(b) (108,800)	-	-	(27,200)
(4) Federal Transit Cap & Maint 2021 - Wake County (SG3)	20.507	NC-2021-047-00	1,325,811	-	1,325,811	-
Operating Assistance (CARES Act 2020)	20.507	NC-2020-047-01	995,688	-	995,688	-
Section 5307 CRRSAA Operating Assistance	20.507	NC-2023-018-00	2,970,447	-	-	-
ARP Operating and Capital Assistance - Sec 5307 GOWake Access	20.507	NC-2023-019-00	7,730,077	-	-	-
ARP Operating and Capital Assistance - Sec 5307 GORaleigh Access	20.507	NC-2023-019-00	2,316,757	-	-	-
Multi-Source Flex Capital and Planning - LAPP Enhanced Transfer Point	20.507	NC-2023-052-00	285,603	-	-	71,401
Multi-Source Flex Capital and Planning Section 5307	20.507	NC-2023-052-00	701,384	-	-	175,346
Multi-Source Flex Capital and Planning Section 5303	20.507	NC-2023-052-00	299,200	37,400	-	37,400
Multi-Source Flex Capital and Planning - GoRaleigh Access	20.507	NC-2023-052-00	4,026,957	-	-	1,006,739
Multi-Source Flex Capital and Planning - 5307 to Wake County	20.507	NC-2023-052-00	1,349,023	-	1,349,023	-
Multi-Source Flex Capital and Planning - GoAccess	20.507	NC-2023-052-00	2,733,441	-	-	2,733,441
Multi-Source Flex Capital and Planning - Navaho Dr	20.507	NC-2023-052-00	901,620	-	-	225,405
Total Federal Transit Cluster			38,009,221	37,400	3,670,522	4,952,900
Public Transit Intergration:						
Integrated Mobility Innovation-Section 5312 - Wake County	20.530	NC-2020-066-00	167,087	-	167,087	-
Total Public Transit Intergration			167,087	-	167,087	-
Transit Services Programs Cluster:						
Enhanced Mobility 2020	20.513	NC-2019-045-00	232,358	-	10,032	-
Enhanced Mobility 2021	20.513	NC-2022-053-00	407,005	-	407,005	-
Total Transit Services Programs Cluster			639,363	-	417,037	-
Total Direct Programs U.S. Department of Transportation			38,815,671	37,400	4,254,646	4,952,900
Passed-Through North Carolina Department of Transportation - Federal Highway Administration:						
Highway Planning and Construction Cluster:						
Crabtree Creek Greenway (West)	20.205	CMAQ 0520 (057)	727,445	-	-	1,412,099
Walnut Creek Greenway	20.205	CMAQ 0520 (058)	207,339	-	-	102,123
Capital BikeShare Phase I	20.205	CMAQ 0520 (074)	278,762	-	-	69,691
Gorman Street Connector	20.205	CMAQ 0520 (120)	(a) 28,514	-	-	(28,514)
Section 104(f) STPDA	20.205	WBS50245.1.3	302,446	-	-	75,612
Section 104(f) STPDA	20.205	WBS50245.1.4	348,371	-	-	87,093
Section 104(f) PL-FY23	20.205	WBS50341.1.4	697,945	-	-	177,236
Old Wake Forest Road - LAPP STP-DA	20.205	9420	1,364,782	-	-	341,196
Blue Ridge Road LAPP	20.205	C-56040F	1,014,622	-	-	286,175
Leesville Rd Safe Routes to School - FY16 and Supplemental Funding	20.205	U-55300B	460,066	-	-	242,886
Total Highway Planning and Construction Cluster			5,430,292	-	-	2,765,597
Highway Safety Cluster:						
Bikesafe Coordinator 2021	20.616	M9MT-22-16-01	3,486	-	-	-
Bikesafe Coordinator 2022	20.616	M11MT-23-16-03	1,395	-	-	-
Governor's Highway Safety Program 2021	20.616	2000057833	12,495	-	-	-
Governor's Highway Safety Program 2022	20.616	200062500	16,678	-	-	-
Total Highway Safety Cluster			34,054	-	-	-
Total Passed-Through North Carolina Department of Transportation			5,464,346	-	-	2,765,597

The notes to the Schedule of Expenditures of Federal and State Financial Awards are an integral part of this schedule.

Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2023

Grantor/Passed-Through Grantor/ Grantor Program and/or Project Title	Assistance Listing Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (1)
Total U.S. Department of Transportation			44,280,016	37,400	4,254,646	7,718,497
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>						
Direct Programs: Foster Grandparent /Senior Companion Cluster:						
Foster Grandparent Program	94.011	20SFSNC002 (23)	168,961	-	-	35,568
Total Corporation for National and Community Service			168,961	-	-	35,568
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>						
Direct Programs: CDBG Entitlement Grant Cluster:						
Community Development Block Grant - Entitlement	14.218	B16MC370009	45	-	-	-
Community Development Block Grant - Entitlement	14.218	B17MC370009	1,054	-	-	-
Community Development Block Grant - Entitlement	14.218	B19MC370009	1,145,658	-	-	-
Community Development Block Grant - Entitlement	14.218	B20MC370009	1,932,906	-	43,754	-
Community Development Block Grant - Entitlement	14.218	B20MW370009	1,027,664	-	1,027,664	-
Community Development Block Grant - Entitlement	14.218	B21MC370009	1,226,162	-	152,309	-
Community Development Block Grant - Entitlement	14.218	B22MC370009	956,748	-	418,126	-
Total CDBG Entitlement Grant Cluster			6,290,237	-	1,641,853	-
Direct Programs: HOME						
HOME Investment Partnerships Program FY2017	14.239	M17MC370206	120,045	-	-	-
HOME Investment Partnerships Program FY2019	14.239	M19MC370206	211,315	-	-	-
HOME Investment Partnerships Program FY2020	14.239	M20MC370206	219,648	-	-	-
HOME Investment Partnerships Program FY2022	14.239	M22MC370206	67,491	-	-	-
Total Direct Programs HOME			618,499	-	-	-
Direct Programs: ESG Grant						
Emergency Solutions Grant Program - CARES 2020/2021	14.231	E20MW370009	1,393,720	-	1,393,720	-
Emergency Solutions Grant Program - FY2022	14.231	E21MC370009	25,274	-	25,274	-
Emergency Solutions Grant Program - FY2023	14.231	E22MC370009	200,484	-	200,484	-
Total Direct Programs ESG			1,619,478	-	1,619,478	-
Total U.S. Department of Housing and Urban Development			8,528,214	-	3,261,331	-
<u>U.S. DEPARTMENT OF THE INTERIOR</u>						
Passed-Through N.C. Department of Natural and Cultural Resources:						
Survey of African American Resources	15.904	2021	13,000	-	-	13,000
Total Passed-Through N.C. Department of Natural and Cultural Resources			13,000	-	-	13,000
Total U.S. Department of the Interior			13,000	-	-	13,000
<u>U.S. DEPARTMENT OF JUSTICE</u>						
Direct Programs:						
JAG Cluster:						
Edward Byrne Memorial Justice Assistance (JAG) 2019	16.738	2019-DJ-BX-0706	78,362	-	-	-
Edward Byrne Memorial Justice Assistance (JAG) 2020	16.738	2020-DJ-BX-0928	33,477	-	-	-
Edward Byrne Memorial Justice Assistance (JAG) 2021	16.738	15PBJA-21-GG-01655-JAGX	56,502	-	-	-
Edward Byrne Memorial Justice Assistance (JAG) 2022	16.738	15PBJA-22-GG-02117-JAGX	41,150	-	-	-
Total JAG Cluster			209,491	-	-	-
Direct Programs:						
Equitable Sharing	16.922	2023	452,384	-	-	-
Coronavirus Emergency Supplemental Funding (2020 CESF)	16.034	2020-VD-BX-1474	85,418	-	-	-
Bureau of Justice Assistance (BVP) 2022	16.607	2023	37,886	-	-	-
Total Direct Programs U.S. Department of Justice			575,688	-	-	-
Total U.S. Department of Justice			785,179	-	-	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>						
Passed-Through N.C. Department of Public Safety - FEMA:						
Hurricane Matthew 2016	97.036	FEMA-4285-DR-NC	(2,314)	-	-	-
COVID-19 Pandemic 2020	97.036	FEMA-4487-DR-NC	624,425	-	-	-
Total Passed-Through N.C. Department of Public Safety - FEMA			622,111	-	-	-

The notes to the Schedule of Expenditures of Federal and State Financial Awards are an integral part of this schedule.

Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2023

Grantor/Passed-Through Grantor/ Grantor Program and/or Project Title	Assistance Listing Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (1)
Total U.S. Department of Homeland Security			622,111	-	-	-
<u>U.S. DEPARTMENT OF TREASURY</u>						
Direct Programs:						
State & Local Fiscal Recovery	21.027	YDNCVFA9NH4	13,665,311	-	6,357,271	-
Total Direct Programs U.S. Department of Treasury			13,665,311	-	6,357,271	-
Total U.S. Department of Treasury			13,665,311	-	6,357,271	-
<u>OFFICE OF NATIONAL DRUG CONTROL POLICY</u>						
Passed -Through Durham County:						
High Intensity Drug Trafficking Area (HIDTA) 2021	95.001	G21GA0004A	7,278	-	-	-
High Intensity Drug Trafficking Area (HIDTA) 2022	95.001	G22GA0004A	29,620	-	-	-
Total Office of National Drug Control and Policy			36,898	-	-	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 68,099,691	\$ 37,400	\$ 13,873,248	\$ 7,767,065
EXPENDITURES OF STATE AWARDS:						
<u>N.C. DEPARTMENT OF TRANSPORTATION</u>						
Direct Programs: Division of Highways:						
Powell Bill	N/A	WBS32570	\$ -	\$ 7,160,857	\$ -	\$ -
Direct Programs: Public Transportation Division:						
Public Transportation Maint Asst Prog	N/A	18-SM-013	-	3,041,187	-	-
Total Direct Programs N.C. Department of Transportation			-	10,202,044	-	-
Passed-Through Triangle J Council of Governments:						
Transportation Demand Management Grant 2023	N/A	TDMRAL23	-	76,409	-	76,409
Total Passed-Through Triangle J Council of Governments			-	76,409	-	76,409
Total N.C. Department of Transportation			-	10,278,453	-	76,409
<u>N.C. DEPARTMENT OF ENVIRONMENTAL QUALITY</u>						
Direct Programs:						
Walnut Creek Wetland Park Boardwalk & Education Pavilion	N/A	2019-7951	-	200,000	-	200,000
Walnut Creek Wetland Park Subsurface Gravel Wetland Project	N/A	CW18358	-	21,000	-	5,378
Division of Water Resources - Dix Rocky Branch	N/A	CW18433	-	68,633	-	68,633
North Carolina Department of Environmental Quality VW Settlement Funds - Buses	N/A	45614VW	-	364,380	-	-
Total N.C. Department of Environmental Quality			-	654,013	-	274,011
<u>N.C. DEPARTMENT OF NATURAL & CULTURAL RESOURCES</u>						
Passed-Through Clean Water Management Trust Fund:						
NCLWF Wilders Grove Stream Restoration	N/A	2020-421	-	400,000	-	303,657
NCLWF Dix Rocky Branch Enhancement	N/A	2020-813	-	35,036	-	77,984
Total N.C. Department of Natural & Cultural Resources			-	435,036	-	381,641
<u>N.C. DEPARTMENT OF PUBLIC SAFETY</u>						
Direct Programs:						
Fire Regional Response Team (RRT)	N/A	RRT42023	-	66,223	-	-
Total Direct Programs N.C. Department of Public Safety			-	66,223	-	-
Total N.C. Department of Public Safety			-	66,223	-	-
<u>N.C. OFFICE OF STATE BUDGET & MANAGEMENT</u>						
Direct Programs:						
NCOSBM Special Appropriations FY22 Directed Grants	N/A	FY22-DG-0017	-	100,072	-	-
Total N.C. Office of State Budget & Management			-	100,072	-	-
TOTAL EXPENDITURES OF STATE AWARDS			\$ -	\$ 11,533,797	\$ -	\$ 732,061
TOTAL EXPENDITURES ALL AWARDS			\$ 68,099,691	\$ 11,571,197	\$ 13,873,248	\$ 8,499,126

The notes to the Schedule of Expenditures of Federal and State Financial Awards are an integral part of this schedule.

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, 2023. 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, 2023. 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, 2023 is \$-0-.

Local dollars represent City of Raleigh matching as well as awards from local governments. **(1)**

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, 2023. 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. **(2)**

Negative current year expenditures represent adjustments to previously reported balances for grant projects completed during FY 2023, awards newly executed or amended, or scope changes identified in FY 2023, which adjusted prior year anticipated allocations between federal, state, and local components. **(3)**

Projects grouped under a "Supergrant" award, FTA Multi-Source Flex and Formula Funding to include Section 5307 and LAPP funding, but are bifurcated in schedule above for project & scope tracking. Each project line lists the unique grant number to associate back to the FTA Award identification. Cumulative fiscal activities reported below. **(4)**

Grant Number		Federal	State	Local
NC-2020-039-00	(SGI)	1,556,435	-	340,806
NC-2021-047-00	(SG3)	1,352,863	-	6,763

Note 3: Loan Balances

The City of Raleigh had the following loan balances outstanding at June 30, 2023 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 Neuse River WWTP Phase II Revolving Loan	66.458	CS-370419-18	\$ 19,346,916
SRF Crabtree Creek Wastewater Conveyance Revolving Loan	66.458	CS-370419-19	\$ 17,808,517
SRF Bioenergy Recovery Revolving Loan	66.458	CS-370419-20	\$ 46,883,596

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

YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

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:

ALN Numbers

14.218
 20.205
 21.027

Names of Federal Program or Cluster

CDBG-Entitlement Grants Cluster
 Highway Planning and Construction Cluster
 COVID-19: Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 2,042,991

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, 2023

Section 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 *State Single Audit Implementation Act*? _____ yes X no

Identification of major state programs:

Names of State Program or Cluster
Public Transportation Maintenance Assistance Program

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – State Award Findings and Questioned Costs

None

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

YEAR ENDED JUNE 30, 2023

Section V – Summary Schedule of Prior Audit Findings

Financial Statement Findings

None

Federal Award Findings and Questioned Costs

None

State Award Findings and Questioned Costs

None



Raleigh

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