



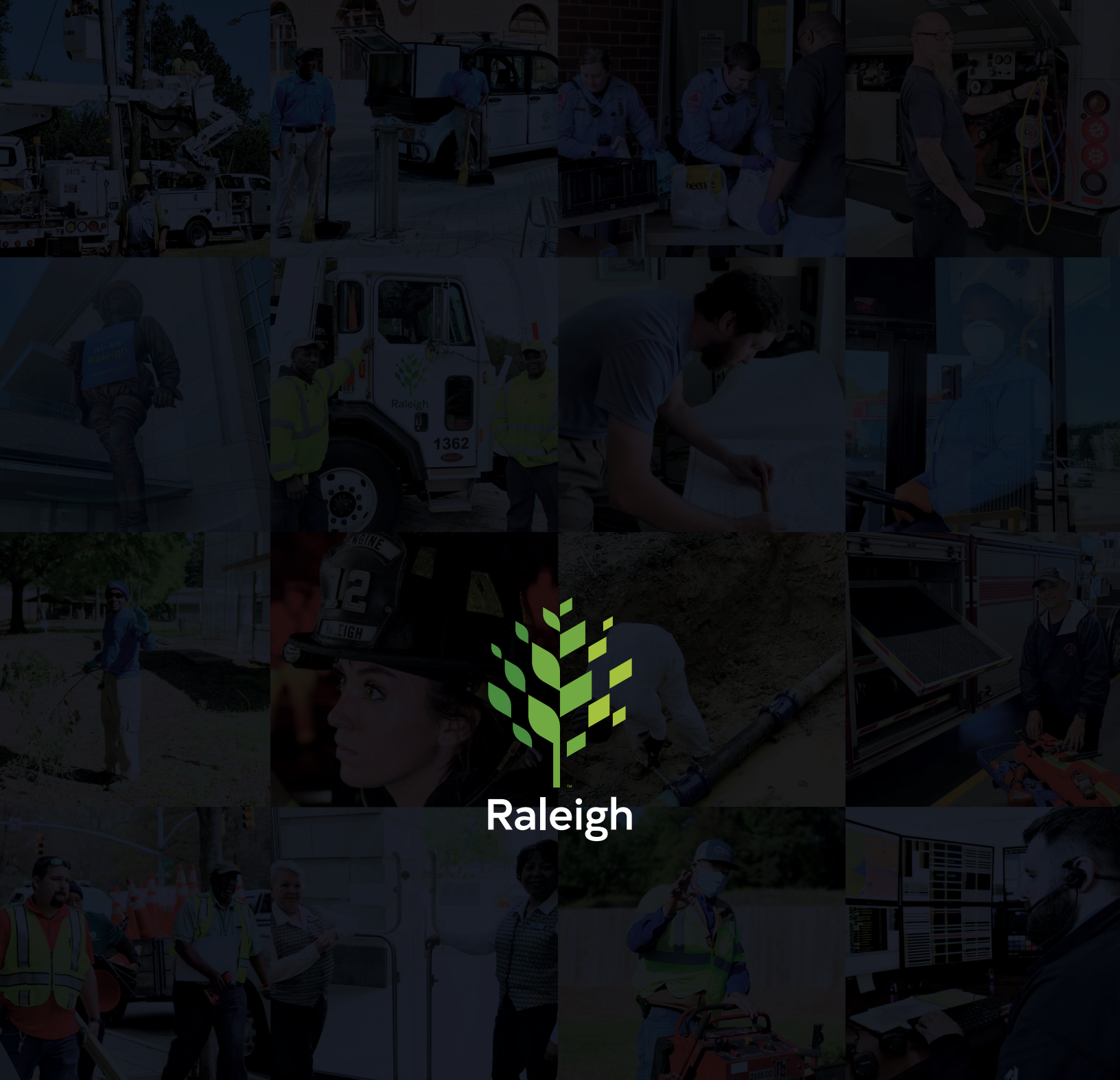
We are in this together.

We are Raleigh.

Comprehensive Annual Financial Report

FISCAL YEAR ENDING JUNE 30, 2020





Raleigh

CITY OF RALEIGH

OFFICE OF THE CITY MANAGER
919.996.3070

OFFICE OF THE CHIEF FINANCIAL OFFICER
919.996.3215

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RALEIGH, NORTH CAROLINA 27602

raleighnc.gov



City of Raleigh
NORTH CAROLINA

Comprehensive Annual
Financial Report

For the Fiscal Year Ended June 30, 2020

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

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INTRODUCTORY SECTION



Raleigh

Raleigh City Council 2020-2021



Mary-Ann Baldwin
MAYOR



Nicole Stewart
AT LARGE



Jonathan Melton
AT LARGE



Patrick Buffkin
DISTRICT A



David Cox
DISTRICT B



Corey D. Branch
DISTRICT C



Stormie Forte
DISTRICT D



David Knight
DISTRICT E

City Administrative, Legal and Financial Staff

Ruffin L. Hall
City Manager

Tansy Hayward
Assistant City Manager

Marchell Adams-David
Assistant City Manager

James Greene, Jr.
Assistant City Manager

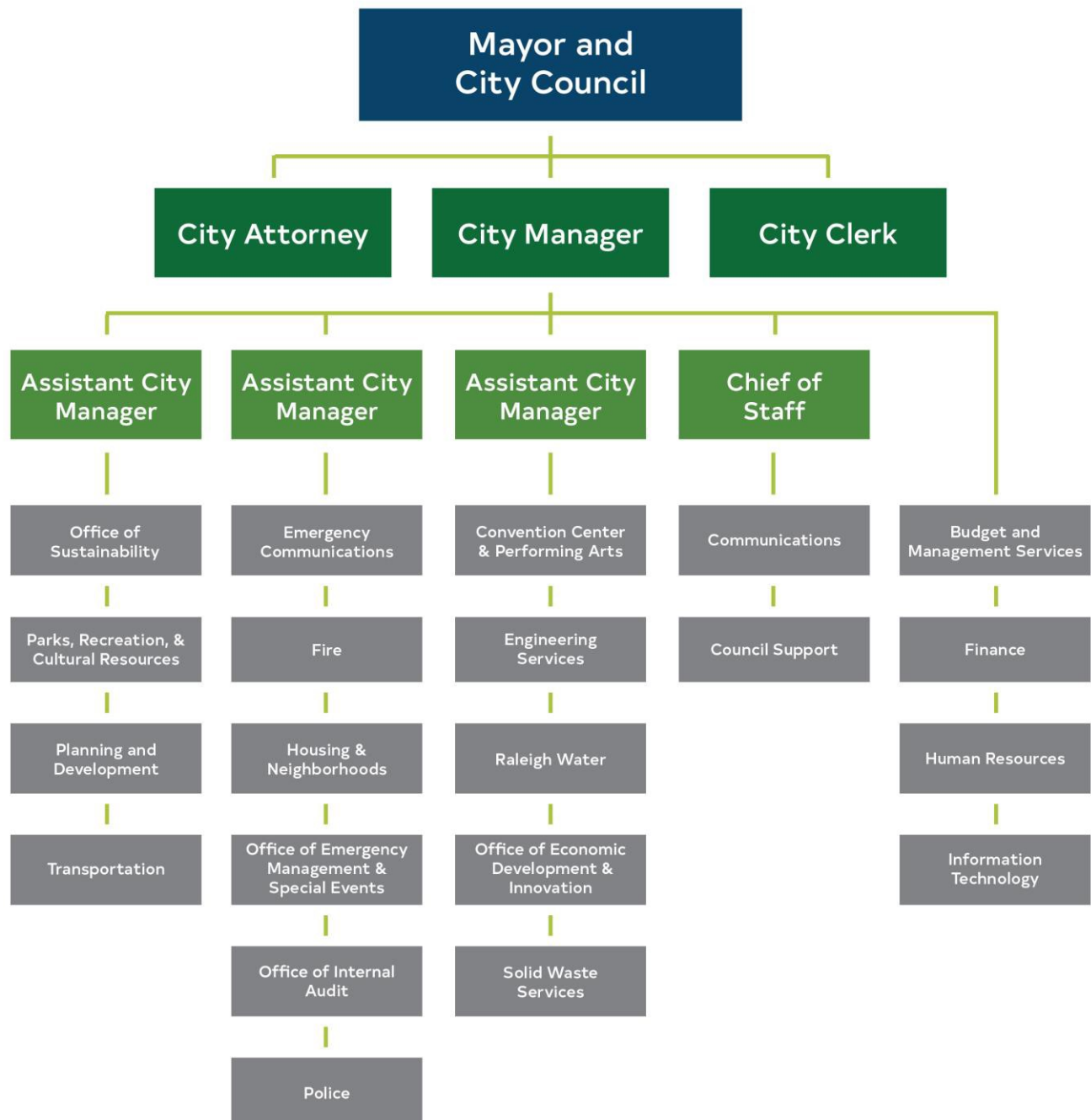
Louis Buonpane
Chief of Staff

Robin Tatum
City Attorney

Gail G. Smith
City Clerk

Allison E. Bradsher
Chief Financial Officer

City of Raleigh Organization Chart



October 30, 2020



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

It is our pleasure to submit the Comprehensive Annual Financial Report of the City of Raleigh, North Carolina for the fiscal year ended June 30, 2020. State law requires that all general-purpose local governments annually publish a complete set of financial statements. The financial statements must be presented in accordance with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report complies with these requirements.

The Comprehensive Annual Financial Report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect City assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. The City's comprehensive internal control framework has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

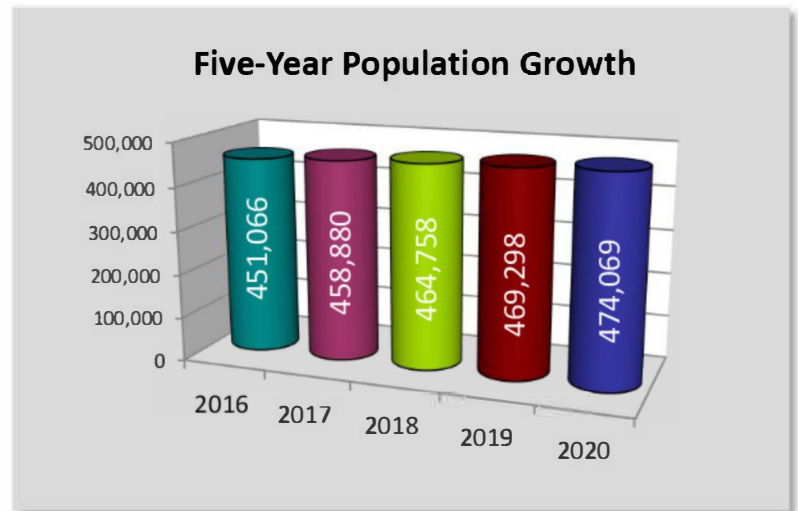
The City's financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent auditor concluded that the City's financial statements, for the fiscal year ended June 30, 2020, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of City of Raleigh

Raleigh is situated in the heart of the state's Piedmont region, centered between the sandy Atlantic beaches and the Great Smoky Mountains. The City is both the county seat of Wake County and the capital of North Carolina; it covers an area of more than 146 square miles and has an estimated population of 474,069. Raleigh, Durham, and Chapel Hill form the Research Triangle Park (RTP), which was founded in 1959 for research, innovation, and economic development and is now the largest research park in the nation. The City is located in a metropolitan area consisting of Wake, Durham, Orange, Franklin, Chatham and Johnston counties. The cumulative population for these areas exceeds 1.9 million and reflects a 23.9% increase over the past 10 years.



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 to Council and administers the daily operations and programs of the City as well as management of all City employees.

The City provides the full range of governmental services, including police and fire protection, street construction and maintenance, solid waste management, water and sanitary sewer services, parks, recreation and cultural services, planning and development services, a variety of transportation and public infrastructure programs, and other traditional support activities.

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

The Annual Budget serves as the foundation of the City's financial planning and fiscal control. The City Council is required to hold public hearings on the proposed budget and to annually adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may approve budget transfers within a fund up to \$10,000, while transfers between \$10,000 and \$50,000 require approval from the City Manager or designee. Transfers greater than \$50,000 and transfers of appropriations between funds require approval of the City Council.

Economic Conditions

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

Despite the ongoing global pandemic and financial crisis which continues to impact world economies, Raleigh continues to attract businesses and people to the area. This is in large part to the varied business environment, nationally ranked universities and outstanding health care facilities. Raleigh is not alone in facing these challenges, and has prioritized maintaining its greatest assets, the City's workforce, minimizing reductions to mission critical services and where possible continuing to advance established priorities. The overall economy and surrounding region has many economic trends which indicate that Raleigh is well positioned to weather the pandemic. The City is positioned to adapt to the ongoing pandemic while maintaining its high level of service to the community.

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

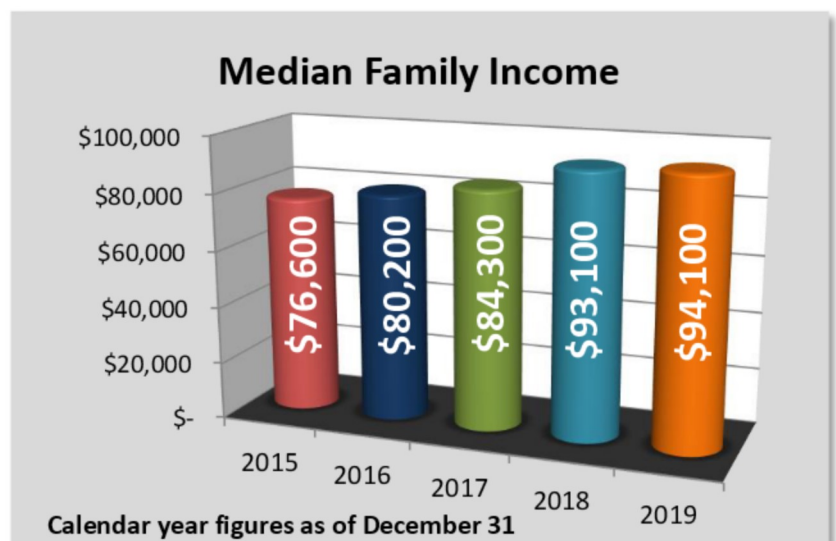
Recent accolades include:

- 9th best cities in U.S. to move to now (May 2020 – Curbed)
- 9th for most recession-resistant cities (March 2020 – SmartAsset)
- 2nd best State capital to live in (February 2020 – Wallethub)
- 3rd best City for Millennials to Relocate (January 2020 – Indy Week)
- 12th most livable up-and-coming markets for tech jobs (January 2020 – Zillow)
- 11th best big cities to live in (July 2019 – wallethub.com)

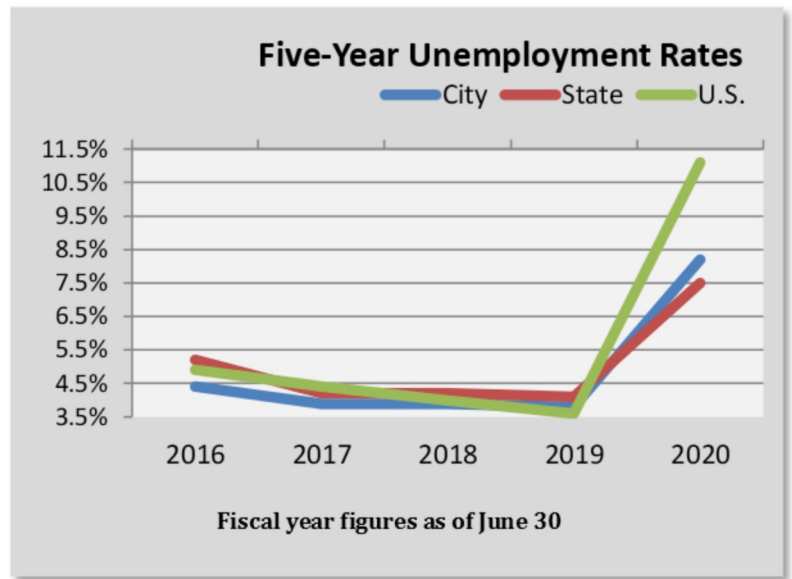
Raleigh has experienced steady growth in population and commercial activity in recent years and remains the 41st largest city in the United States. As the capital of the state, the City derives its economic profile from a diverse combination of business and employment centers, including Federal and State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

Raleigh is the home of the principal executive, judicial and regulatory offices of State government, as well as six public and private institutions of higher education, including North Carolina State University, the largest university in North Carolina.

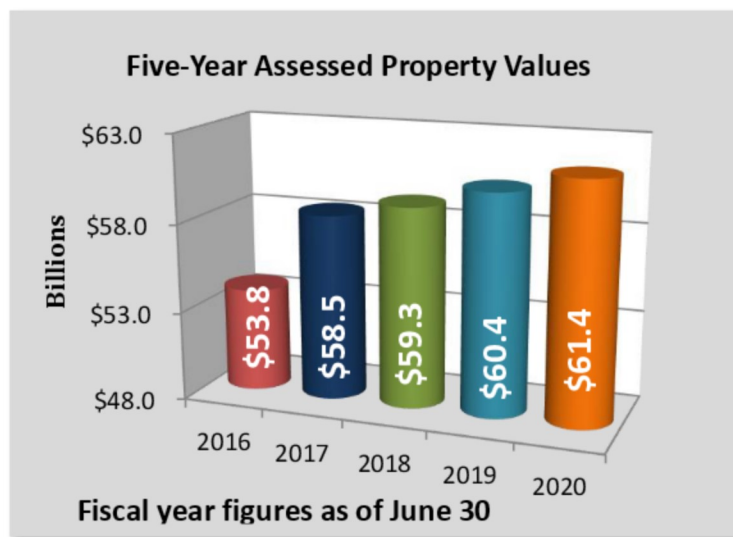
Locally, the unemployment rate at June 30, 2020 was 13.1%, which is at historic levels and represents economic hardship for many members of the community. Unemployment rates across the United States, in North Carolina and locally increased in 2020 representing the impacts from the global pandemic. However, the local unemployment rate continues to decline in the month's subsequent to the fiscal year end. Median family income continued an upward trend, rising to \$94,100 in calendar year 2019 as reported prior to the global pandemic.



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 250 organizations including International Business Machines, Cisco Systems, Fidelity Investments, GlaxoSmithKline, Wolfspeed (a Cree Company), NetApp and RTI International. RTP companies employ more than 50,000 full-time equivalent employees and contract workers. Industries such as micro-electronics, telecommunications, biotechnology, chemicals, pharmaceuticals, and environmental sciences also invest more than twice the national average in research and development at the region's universities each year.

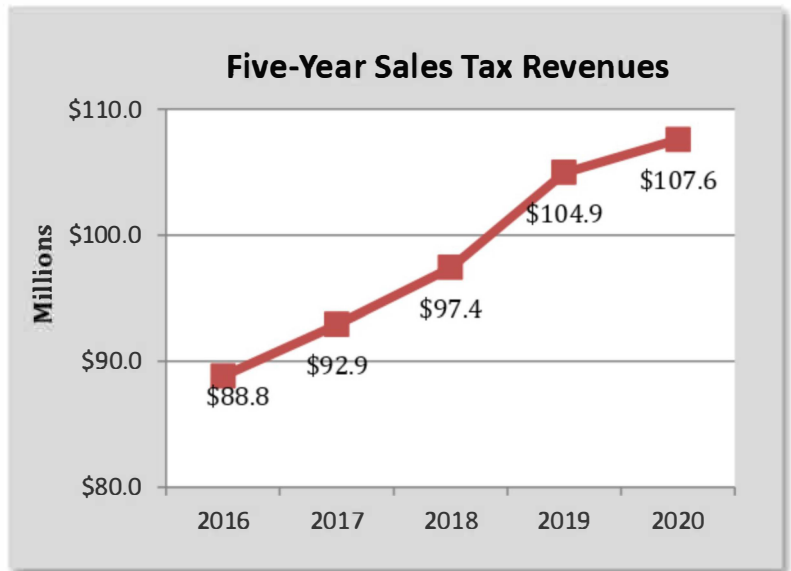


In North Carolina, real estate reappraisals are required to be conducted at least once every eight years. Wake County performs reappraisals on a four-year cycle. City's taxable property base remains balanced with industrial and commercial properties which complement its residential base. The most recent reappraisal in Wake County was effective as of January 1, 2020 and revised assessed values and tax rate will be reflective in the FY2021-21 fiscal year. The value of construction permits decreased slightly, however; remained strong at \$1.5 billion in 2020.



Sales tax is a revenue source highly dependent upon consumer spending and confidence. Sales tax has steadily increased annually as indicated in the chart. Retail sales for Raleigh was experiencing strong growth through the first two quarters of the fiscal year. Beginning with the onset of the global pandemic late in the third quarter retail sales decline similar to many other jurisdictions. Overall, the City's distributions increased by 2.5% from the previous fiscal year.

Raleigh attracted over 17 million visitors annually for conferences, special events, shopping and other attractions. This experience is enhanced by facilities such as the Raleigh Convention Center Complex, Red Hat Amphitheater and Festival Site, PNC Arena, Coastal Credit Union Music Park at Walnut Creek, the Duke Energy Center for the Performing Arts, Marbles Kids Museum and IMAX Theater, numerous state museums, and major retail shopping malls. The PNC Arena is home of the Carolina Hurricanes, National Hockey League's 2006 Stanley Cup champion, and North Carolina State University's Wolfpack basketball team. Memorial Auditorium, at the Duke Energy Center for the Performing Arts, hosts a diversified series of plays and performances including productions of the NC Theatre and the Broadway Series South. The Duke Energy Center for the Performing Arts is the home of the North Carolina Symphony and the Carolina Ballet and features four performing arts theaters.



Prior to the impacts from the global pandemic, the City continued to recognize economic benefits from its investment in downtown and other areas of the City. The Raleigh Convention Center Complex had an outstanding level of bookings by regional, national and international conference groups, and continued to experience positive momentum through February. In March, executive orders issued by the Governor as part of North Carolina's pandemic response impacted the operations of the Complex. Despite the shortened 2019-20 season, the Center held 168 events with 244,975 attendees and the Duke Energy Center for the Performing Arts held 426 events with 247,612 attendees. The Red Hat Amphitheater held 27 events during the fall season and brought 89,594 attendees downtown. One outdoor special event hosted 218,301 attendees. The Raleigh Convention Center Complex had an estimated \$51.7 million economic impact.

Major Initiatives

The City continues to invest in its vital capital infrastructure and completed several key projects and initiatives in fiscal year 2019-20. Ongoing projects and those completed reflect the City's commitment to Citywide transportation networks, public safety, leisure services including City parks network and cultural amenities.

Work was completed at several parks, recreational and cultural resources locations including Wilkerson nature preserve, Lake Johnson improvements as well as the installation of a wooden sports floor installed at Lions Park Community Center. The Neuse Crossing Greenway Connector project was completed providing safe access to residents to the Neuse River Trail and Horseshoe Farm Nature Preserve. The redevelopment at Moore Square concluded and provides a modernized, historic, destination in downtown Raleigh. Moore Square amenities include multipurpose event lawn, a restaurant, and an interactive water feature.

Stormwater completed several major capital improvement infrastructure projects including lower Longview Lake dam rehabilitation, Camp Durant lower lake dam repairs and completed emergency culvert repairs at Newton Road, Clark and Bellwood Drives.

The City continued its financial commitments within the community to support investment in affordable housing initiatives. Key projects supporting including funding for the construction of The Village at Washington Terrace and Booker Park North at Washington Terrace which are rental development communities for low-income individuals, families and seniors.

Resources remained committed to the City's water and sewer infrastructure. Projects included construction of several interceptor projects to address condition and capacity issues in line with the City's continued growth. The first phase of the E.M. Johnson Water Treatment Plant rehabilitation and condition assessment, was completed which is responsible for some of the largest and critical assets in the City's drinking water system.

The City continued to invest in transportation infrastructure and resurfacing to address growth needs and road conditions. An ongoing partnership with Wake County's Transit Planning Advisory Committee (TPAC) to link regional municipalities through transportation hubs for future planning of transit needs. In support of public safety initiatives construction and roof repairs were completed at Fire Stations.

Long-term Financial Planning

The City seeks to consistently maintain a strong financial position as evidenced by its AAA/Aaa ratings from the three major credit rating agencies. This objective requires regular long-term planning of operating and capital requirements for its major general government and enterprise programs. In doing so, the City relies on key financial policies and procedures for managing future needs in financially responsible ways. Annually the City adopts a 10-year Capital Improvement Program (CIP) that looks ahead to plan for capital needs. Phase I encompasses the first 5 years of the CIP and addresses both project needs and financial strategies for this period. Spanning fiscal years 2020 through 2024, major areas included in Phase I are transportation, public utilities, parks recreation and cultural resources, housing, stormwater utility, technology, convention & performing arts and general public improvements. Public utilities represent the largest portion of the CIP due to the strong growth of our area and continuing infrastructure needs. Phase II of the program, spanning the second 5-year period, includes longer range projects identified as necessary for the continuation of existing service levels to the citizens of the City.

A key financial goal of the City for many years has been the maintenance of a 14.0% unassigned fund balance level in the general fund. In addition, the City can appropriate a consistent level of fund balance each year resulting from positive budget variances. These goals are met in the fiscal year 2019-20 results that are built into the 2020-21 operating budgets. Several financial models are also used in the budget process and provide a means of projecting long-term resource requirements. These include general and enterprise debt models, rate sensitivity analyses and financial proformas. 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. As a result of the City's long-term financial planning strategy, the City remains well positioned to deliver resources needed to support critical capital needs.

General Budget Information

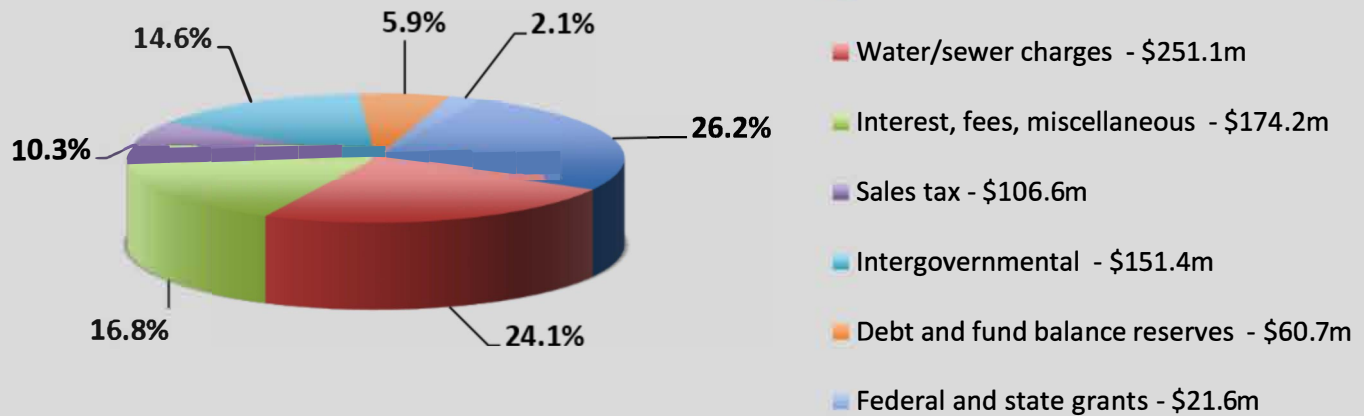
For the Year 2019-20

The City's Annual Budget for 2019-20, inclusive of operating and capital programs, increased by 4.4% from the prior year. The fiscal year 2019-20 property tax figure of \$271.4 million reflected a projected 2.1% increase in revenues over 2018-19 actual results of \$270.8 million. Property tax collections remain strong at 99.7% of amounts billed. The fiscal year 2019-20 sales tax budget figure of \$106.6 million estimated 2.5% increase in revenues over fiscal year 2018-19 actual results of \$107.6 million. The 2019-20 budget includes an increase in revenues for sewer administrative charges, an increase in revenues for solid waste services to stabilize service levels, a phased approach to shift parking rates to market rates and steady revenues for stormwater management. The 2019-20 operating budget remains financially strong and flexible, reflecting continued strategic investments to support a high quality of life for our community. Priorities established in the 2019-20 budget included input from the strategic plan, 2018 Community Survey and FY2020 Resident Budget Priorities Survey to include investment in public safety operations, investment in community outreach and engagement, investment in sustainability, protection of natural resources, and planning for neighborhoods and growth, investment in our greenways and parks as well as investment in human capital.

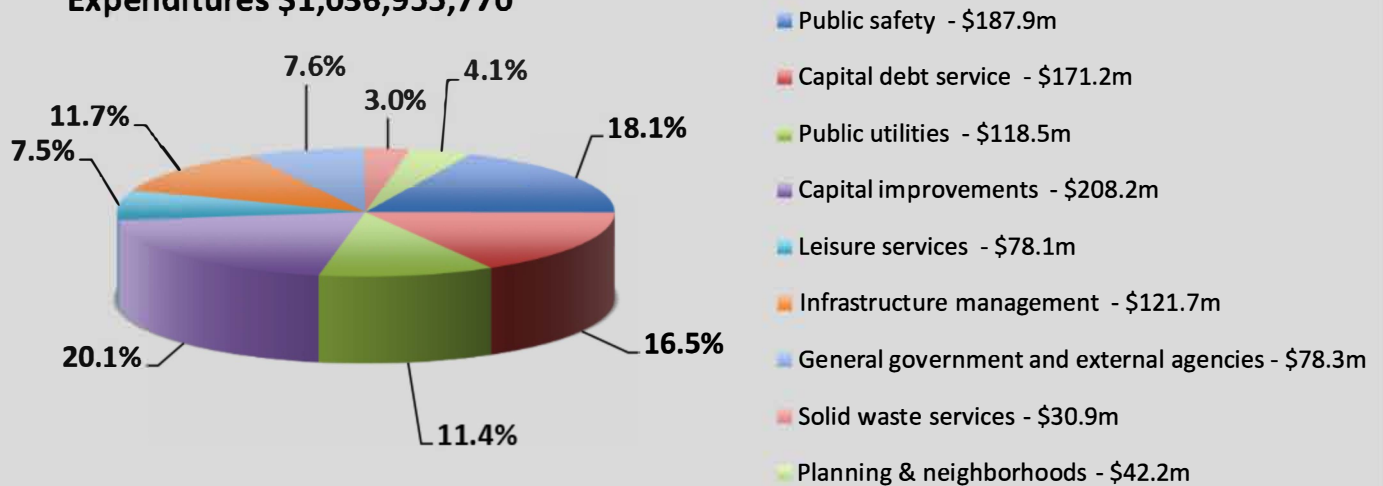
Adopted Budget 2019-20

Capital improvement budgets in fiscal year 2019-20 included new and/or continuing projects totaling \$389.0 million, including traditional project funding for transportation, utilities, parks, stormwater, housing and general public improvements.

Revenues \$1,036,955,770



Expenditures \$1,036,955,770



For the Future

The fiscal year 2020-21 budget was guided by the City's Strategic Plan, the 2018 community survey, and the FY2020 Resident Budget Priorities Survey. The adopted budget prioritizes the City's greatest asset, our workforce, minimizes reductions to mission critical capital maintenance and where possible, continues to advance key priorities. Similar to many other jurisdictions, Raleigh's adopted budget was guided by anticipated revenue impacts from the pandemic and the unknown duration of those impacts.

City Council adopted the fiscal year 2020-21 Budget and fiscal years 2021 - 2025 Capital Improvement Program at the June 15, 2020 Budget Work Session. The combined capital and operating budget for the fiscal year beginning July 1, 2020 totals \$1.0 billion, which represents a 2.9% decrease from the prior fiscal year's budget. The budget reflects strategic investments and reductions intended to minimize impacts from revenue losses due to the ongoing global pandemic. The fiscal years 2021 - 2025 Capital Improvement Program totals \$1.7 billion, with \$502.8 million planned for fiscal year 2020-21. The City's capital improvement program includes major facility and equipment needs, establishes capital priorities, estimates fiscal resources, and schedules the development of funded projects.

Information on the budget can be found on the City's website, including Budget Highlights, Adopted Operating budget book, and the Adopted Capital Improvement Program book. The information is available at the link below:

<https://www.raleighnc.gov/government/content/BudgetManagement/Articles/BudgetsAndProcess.html>

Awards and Acknowledgments

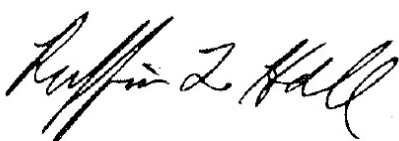
The City has participated in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program since 1980. GFOA recognizes governmental units that issue their comprehensive annual financial report (CAFR) substantially in conformity with generally accepted accounting principles and all legal requirements. The City has received this award for its CAFR for thirty-eight (39) straight years since 1980.

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

The preparation of this report has been accomplished by the City's Finance Department staff. The contributions of all are invaluable and clearly reflect the high standards we have set for ourselves. The Finance Department wishes to thank all employees, as they support the strategic vision and financial well-being of the City.

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

Respectfully submitted,



Ruffin L. Hall • City Manager



Allison E. Bradsher • Chief Financial Officer



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Raleigh
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2019

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



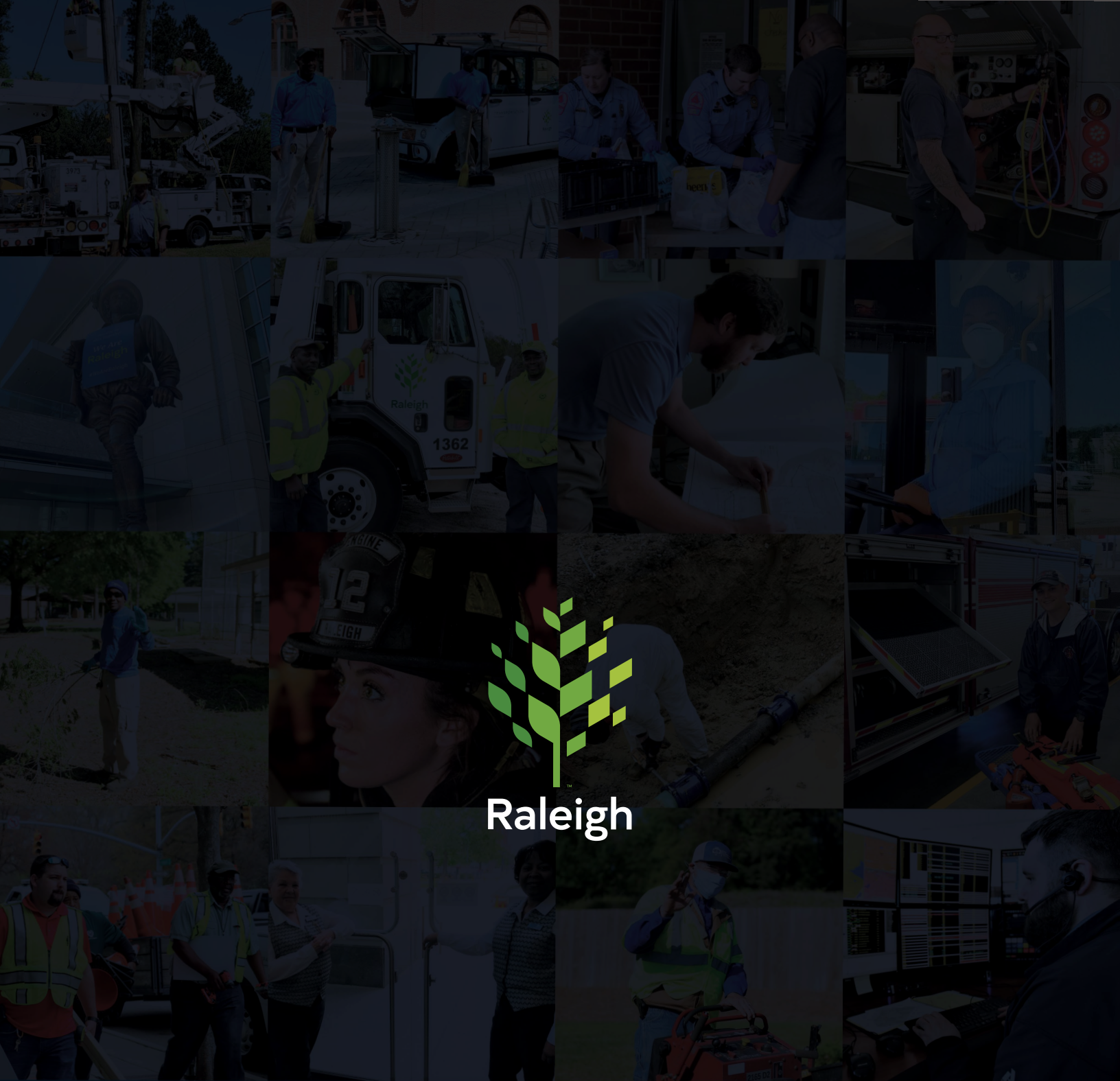
Christopher P. Morrell

Executive Director/CEO



Raleigh

FINANCIAL SECTION



Raleigh

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raleigh, North Carolina (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, other schedules, the schedule of expenditures of federal and state awards and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by 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, and is also not a required part of the financial statements.

The combining and individual fund statements and schedules and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and other schedules are fairly stated in all material respects in relation to all of the statements and schedules included within the financial section of the Comprehensive Annual Financial Report.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Raleigh, North Carolina
October 30, 2020

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, 2020. 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 2019-20 fiscal year was impacted by the onset of the global pandemic in March. Prior to the onset of the global pandemic, the City was experiencing many positive trends such as growth of key general taxes and business-type revenues. The City took immediate actions when the pandemic began and as such the financial impacts for the year ending June 30, 2020 were mitigated and results overall remained strong. In light of these challenges, the City 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. The following are summary financial highlights:

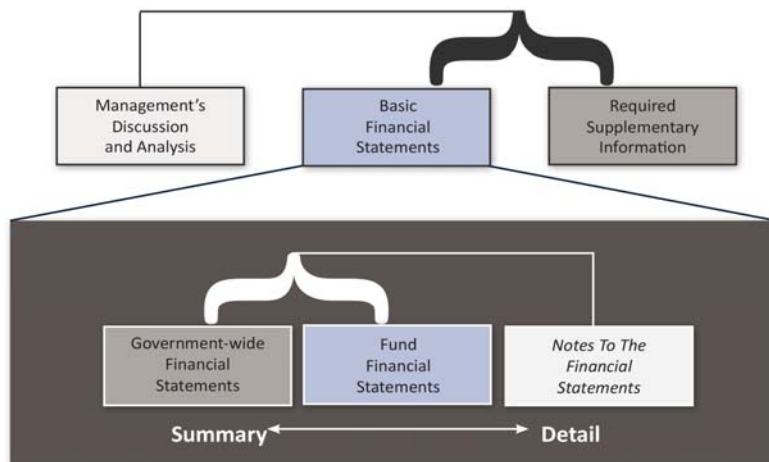
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,708.0 million (*net position*).
 - This amount represents a \$177.6 million increase in operating results from the prior year, or 7.0%
 - Of this amount, \$472.1 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$636.5 million.
 - \$419.8 million, or 65.9% is assigned for specific purposes
 - \$147.1 million for future debt service
 - \$104.4 for subsequent years' appropriation
 - \$91.7 million, or 14.4% is unassigned in the general fund and is available for spending
 - \$13.8 million, or 2.2% is considered nonspendable
 - \$105.7 million, or 16.7% is restricted by outside agencies
 - \$5.5 million, or 0.8% 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 \$348.6 million, a 7.5% increase over the prior year and exceeded the City's policy associated with unassigned fund balance.
- Highlights of financing issues and activities for the City during 2019-20 are as follows:
 - The City issued \$36.9 million in new money limited obligation bonds to finance public safety facilities. The City was also able to take advantage of favorable market conditions and refunded \$56.6 million in limited obligation bonds to refund prior bonds which will reduce gross future debt service payments by \$7.7 million
 - The City was able to take advantage of favorable market conditions and issued \$185.2 million in water and sewer revenue bonds to refund prior bonds which will reduce gross future debt service payments by \$19.7 million.
 - The City entered into a Public Improvement Bond Anticipation Note (BAN) program pertaining to capital improvements for the City's general governmental needs. The BANs included tax-exempt two-thirds bonds to finance capital projects for streets, parks and public safety (\$12.7 million) and taxable two-thirds bonds to support housing (\$4.7 million). In addition, BANs were entered into for voted general obligation bonds for up to \$68 million to finance capital projects for streets and parks.
 - The City maintained its AAA/Aaa general obligation and water and sewer bond ratings from all three major rating agencies.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City provides both an introductory and financial section in the Comprehensive Annual Financial Report (CAFR). As Figure A-1 shows, the financial section has three components – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements, as follows:
 - Governmental fund statements illustrate how general government services, such as public safety and public infrastructure, for example, were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates as a business, including the water and sewer enterprise, the convention and performing arts complex (referred to as convention center), and the operations of mass transit, stormwater management, parking facilities and solid waste services. Internal service funds are also presented within this section.
 - Fiduciary fund statements provide information about the financial relationships—for example, the retirement plan for the City's employees—in which the City acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

A-1: Components of the Financial Section



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

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

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

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

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

The government-wide financial statements include the Walnut Creek Financing Assistance Corporation (*WCFAC, a blended component unit*), an organization formed to be the financing conduit for certain debt issuances, such as certificate of participation. The WCFAC, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

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

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

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

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

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

The City maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is a major fund. Data from the other seventeen non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4 - 9 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, convention center operations, parking facilities, mass transit, stormwater management operations, and solid waste services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally amongst the City's various functions. The City uses internal service funds to account for governmental and business-type activities, such as risk management, employees' health benefits trust and vehicle fleet services. The City also maintains equipment replacement funds for governmental, solid waste services and public utilities. These internal services benefit government-wide functions except for the public utilities and solid waste services equipment replacement funds, which benefit business-type functions. These services have been included within their respective predominant activities in the government-wide financial statements.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 73 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 (LERS), as well as Law Enforcement Officers' Special Separation Allowance (LEOSA). Required supplementary information can be found on pages 75 - 87 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 83 - 155 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of a government's financial condition. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,708.0 million at the close of the most recent fiscal year, which increased by \$177.6 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	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$717.5	\$744.6	\$642.6	\$642.7	\$1,360.1	\$1,387.3
Capital assets	1,244.0	1,287.8	2,028.9	2,148.2	3,272.9	3,436.0
Total assets	1,961.5	2,032.4	2,671.5	2,790.9	4,633.0	4,823.3
Deferred outflows of resources	79.9	78.9	100.0	106.1	179.9	185.0
Total assets and deferred outflows of resources	2,041.4	2,111.3	2,771.5	2,897.0	4,812.9	5,008.3
Long-term liabilities outstanding	619.9	646.4	1,096.1	1,054.6	1,716.0	1,701.0
Net pension liabilities	249.9	267.9	75.5	80.5	325.4	348.4
Other liabilities	49.7	48.8	121.0	143.0	170.7	191.8
Total liabilities	919.5	963.1	1,292.6	1,278.1	2,212.1	2,241.2
Deferred inflows of resources	51.0	42.5	19.4	16.6	70.4	59.1
Total liabilities and deferred inflows of resources	970.5	1,005.6	1,312.0	1,294.7	2,282.5	2,300.3
Net investment in capital assets	726.5	753.4	1,030.6	1,135.6	1,757.1	1,889.0
Restricted	339.2	346.9	-	-	339.2	346.9
Unrestricted	5.2	5.4	428.9	466.7	434.1	472.1
Total net position	\$ 1,070.9	\$ 1,105.7	\$ 1,459.5	\$ 1,602.3	\$ 2,530.4	\$ 2,708.0

By far the largest portion of the City's net position (\$1,889.0 million or 69.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position (\$346.9 million or 12.8%) represents resources that are subject to external restrictions on how they may be used. The largest portions of restricted net position are for capital projects (\$149.2 million) and community development projects (\$138.6 million). The remaining balance of unrestricted net position (\$472.1 million or 17.4%) may be used to meet the City's ongoing operations.

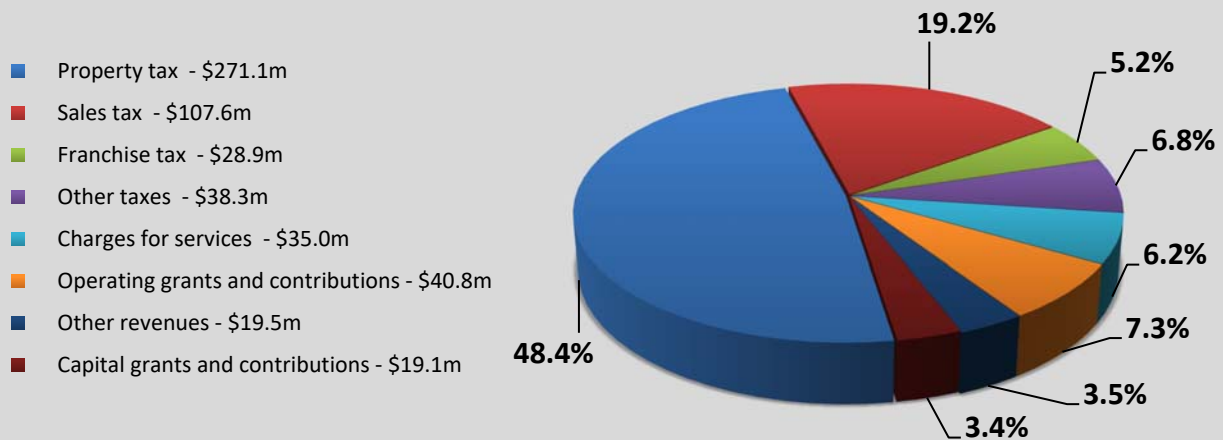
While the City results yielded a \$177.6 million increase in net position, this was a decline from the prior year, indicating initial impacts from the ongoing global pandemic. The City's continued investment in capital assets, moderate growth in certain revenues and diligent monitoring of expenditures yielded positive impacts to results.

City of Raleigh's Changes in Net Position (in millions of dollars)						
	Governmental Activities		Business-Type Activities		Total Activities	
	2019	2020	2019	2020	2019	2020
Revenues:						
Program revenues:						
Charges for services	\$ 37.8	\$ 35.0	\$ 350.0	\$ 350.2	\$ 387.8	\$ 385.2
Operating grants and contributions	46.6	40.8	9.8	15.8	56.4	56.6
Capital grants and contributions	26.6	19.1	24.8	26.8	51.4	45.9
General revenues:						
Property taxes	266.4	271.2	-	-	266.4	271.2
Other taxes	175.0	174.7	-	-	175.0	174.7
Other	18.1	19.5	17.1	17.7	35.2	37.2
Total revenues	570.5	560.3	401.7	410.5	972.2	970.8
Expenses:						
General government	55.0	63.1	-	-	55.0	63.1
Community development services	31.2	38.9	-	-	31.2	38.9
Public infrastructure	76.0	79.1	-	-	76.0	79.1
Public safety	177.8	191.2	-	-	177.8	191.2
Leisure services	65.7	67.9	-	-	65.7	67.9
Economic development programs	4.1	3.2	-	-	4.1	3.2
Interest on long-term debt	17.6	16.2	-	-	17.6	16.2
Water and sewer	-	-	175.9	182.4	175.9	182.4
Convention center complex	-	-	35.2	35.6	35.2	35.6
Mass transit	-	-	46.5	47.0	46.5	47.0
Parking facilities	-	-	13.7	13.8	13.7	13.8
Solid waste services	-	-	35.5	38.1	35.5	38.1
Stormwater management	-	-	18.0	19.5	18.0	19.5
Total expenses	427.4	459.6	324.8	336.4	752.2	796.0
Increase in net position before transfers	143.1	100.7	76.9	74.1	220.0	174.8
Transfers in (out)	(55.0)	(67.8)	55.0	67.8	-	-
Gain on the sale of property	4.1	1.9	0.6	0.9	4.7	2.8
Capital contribution	-	-	-	-	-	-
Increase in net position	92.2	34.8	132.5	142.8	224.7	177.6
Net position, beginning of year	978.7	1,070.9	1,327.0	1,459.5	2,305.7	2,530.4
Restatement	-	-	-	-	-	-
Net position, end of year	\$ 1,070.9	\$ 1,105.7	\$1,459.5	\$ 1,602.3	\$ 2,530.4	\$2,708.0

GOVERNMENTAL ACTIVITIES

Revenues for the City's governmental activities were \$560.3 million, while expenses were \$459.6 million. The increase in net position from operations for governmental activities (after transfers out of \$67.8 million and a gain on the sale of property of \$1.9 million) was \$34.8 million. The current year revenue decline was driven primarily by lower receipts from operating and capital grant revenues. Current year expenses increased primarily due to capital costs associated with the new Law Enforcement Training Center which is in construction and expected to be completed in the late fall 2020. In addition, increased operating costs for public safety were driven by required increases to the City's contribution for retirement and personnel expense associated with the City's civil unrest responses late in the 2019-20 fiscal year.

Revenues by Source - Governmental Activities - \$560.3 million

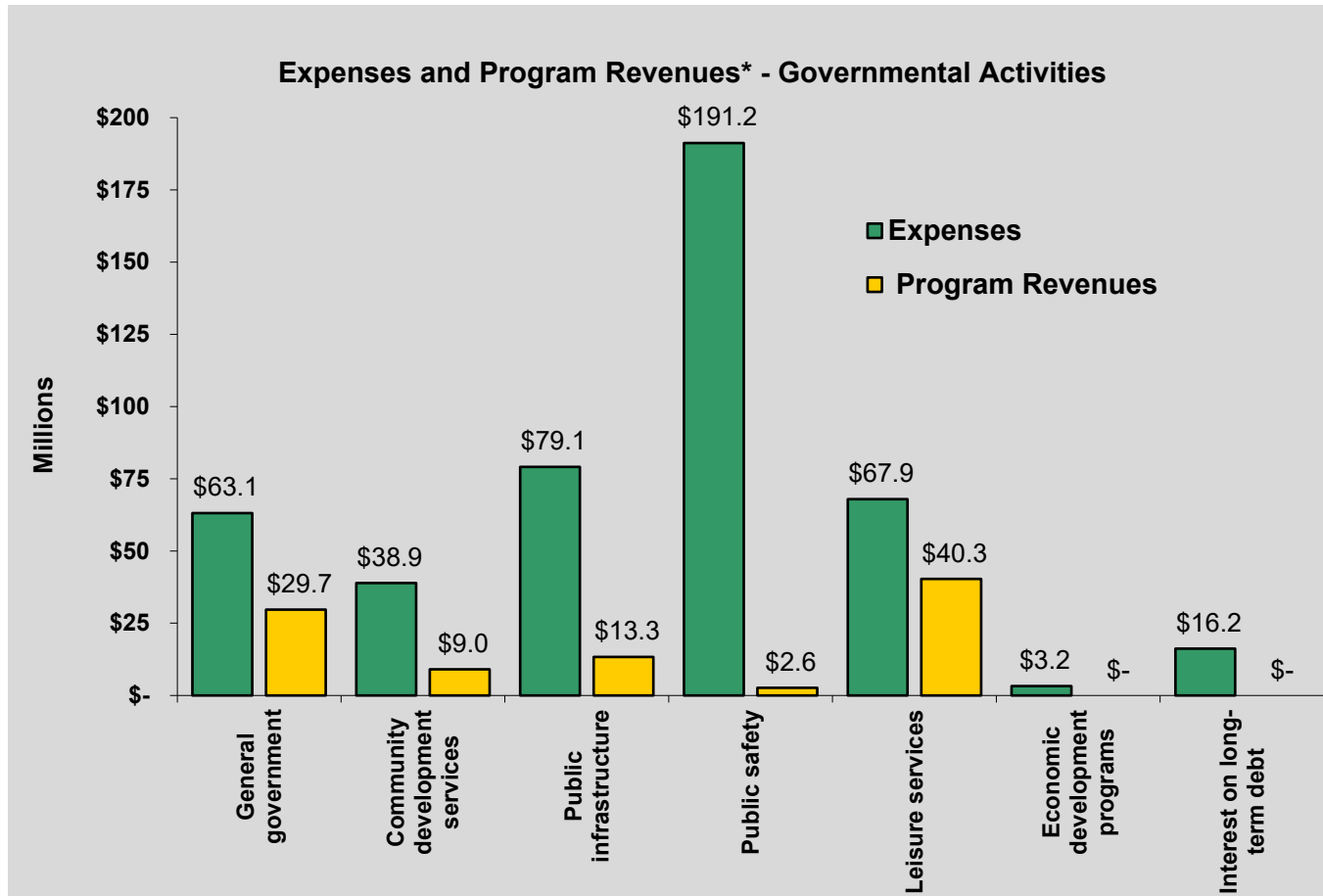


The reported results for the fiscal year for the governmental activities:

- The City received \$465.4 million (or 83.1%) in general revenues from taxes and other revenues:
 - Property taxes - \$271.1 million
 - Sales taxes - \$107.6 million
 - Franchise taxes - \$28.9 million
 - Other taxes - \$38.3 million
 - Other revenues - \$19.5 million
- General revenues are used to pay for the \$364.7 million net cost of governmental activities, which represents the cost of services not covered by program revenues.
- Those who directly benefited from service-fee based programs, such as ones involving parks, recreation and cultural resources and development and inspection related fees, paid \$35.0 million in charges for those services.
- Other governments and organizations subsidized certain City programs with grants and contributions totaling \$59.9 million.
 - Support from various federal and state agencies - \$32.9 million
 - Interlocal support from Wake County for debt service and other expenses on the convention center complex - \$27.0 million
- The total cost of all governmental activities this year was \$459.6 million. This cost was incurred in order to provide comprehensive municipal services to the citizens of Raleigh. 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), general government (city management, finance, information technology) and others.

The City's four largest governmental programs represent 87.3% of the total governmental activities:

- Public safety – 41.6%
- Public infrastructure – 17.2%
- Leisure services – 14.8%
- General government – 13.7%
- As depicted on the chart below, program expenses exceed program revenues for all governmental activities. This is to be expected as other general sources of revenue such as property taxes and sales taxes received by the City are used to subsidize the gap between program expenditures and program revenues.



* Program revenues include charges for services, grant revenues and capital contributions

BUSINESS-TYPE ACTIVITIES

Revenues of the City's business-type activities were \$410.5 million, and expenses were \$336.4 million. The increase in net position from operations for business-type activities (after transfers in of \$67.8 million and a gain on the sale of property of \$0.9 million) was \$142.8 million in 2020. The following table shows the total cost and net cost or revenue for these services.

Net Cost of Business-Type Activities				
<i>(in millions of dollars)</i>				
	Total Cost of Services		Net (Cost) Revenue of Services	
	2019	2020	2019	2020
Water and sewer	\$ 175.9	\$ 182.4	\$ 86.0	\$ 89.5
Convention center complex	35.2	35.6	(18.9)	(23.2)
Mass transit	46.5	47.0	(9.2)	(7.4)
Parking facilities	13.7	13.8	3.1	0.7
Solid waste services	35.5	38.1	(6.7)	(7.2)
Stormwater management	18.0	19.5	5.5	4.1
Total	\$ 324.8	\$ 336.4	\$ 59.8	\$ 56.5

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. Water and sewer operating revenue of \$264.0 million in 2019-20 reflects an increase of 2.2% from the prior year. The increase in revenue was consistent with management's expectations and is in alignment with financial projection models. Operating expenses of \$156.5 million increased 6.5% from prior year and reflect an increase in long-term pension expense.

An industry that has been impacted significantly by the pandemic in Raleigh as well as across the nation is the entertainment, convention and meeting sectors. Convention Center Complex operations, including the Performing Arts venue, recognized \$12.4 million of operating revenues in 2019-20, a decrease of 24.4% from prior year as a result of impacts on the ability to host events beginning with the onset of the global pandemic in March and lasting through the end of fiscal year 2019-20. Operating expenses of \$26.6 million increased 1.9% from 2018-19. The Convention Center Complex is partially funded by outside sources, specifically 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. Due to the economic impacts of the pandemic, the Convention Center complex did not meet budget expectations which resulted in a use of fund balance and management is closely monitoring the enterprise operations.

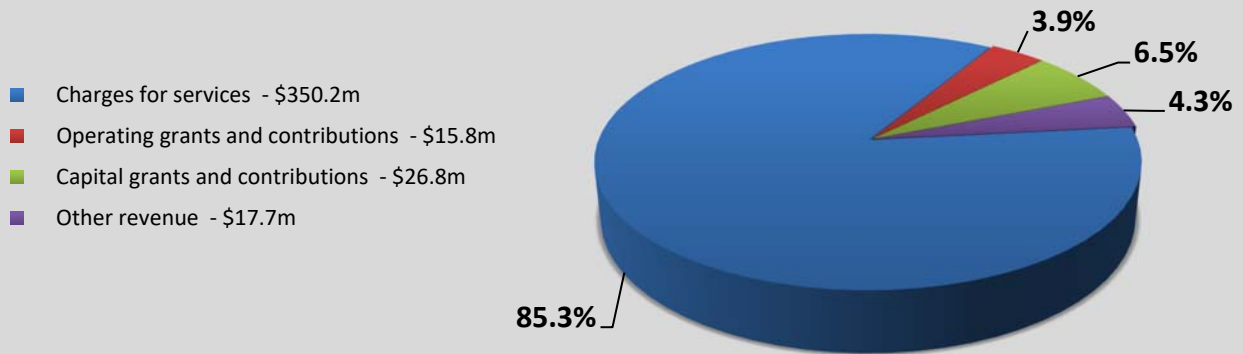
The Parking enterprise has been impacted by the global pandemic in Raleigh as well as the nation, generating a decline in demand for off-street and special event parking in the downtown areas. The parking operations generated \$14.5 million of operating revenues in 2019-20, a decrease of 13.7% from prior year. On-street and special event parking revenues were significantly impacted by the Governor's stay-at-home orders. Operating expenses of \$12.1 million increased 4.3% from 2018-19, which is consistent with expectations. Due to the economic impacts of the pandemic, the parking enterprise did not meet budget expectations which resulted in a use of fund balance and management is closely monitoring the enterprise operations.

Mass transit operating revenues of \$4.8 million in 2019-20 reflects a 21.3% decrease from the prior year primarily driven by fare waivers implemented at the onset of the global pandemic. Operating expenses increased slightly to \$47.0 million by 1% as compared to the prior year. The mass transit operations are subsidized by the general fund, at the federal and state level through grant funding and through 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 expectations.

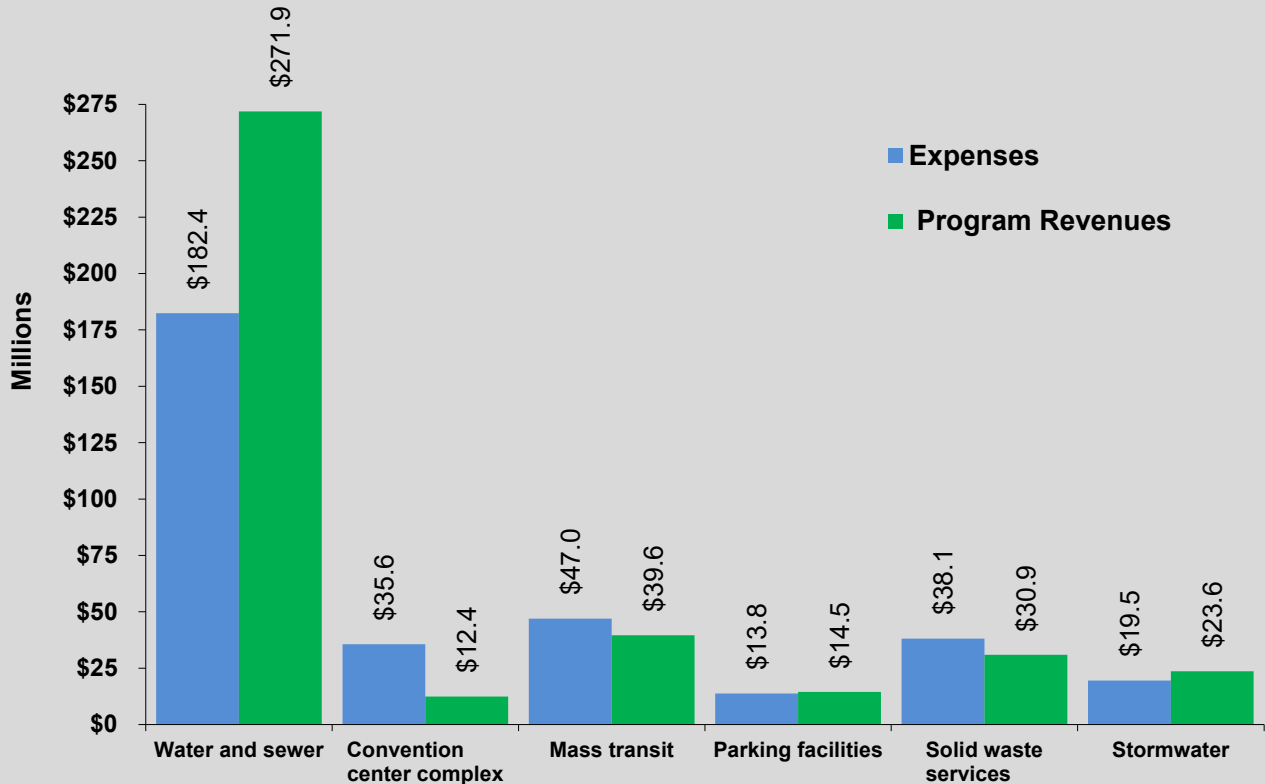
Stormwater management generated operating revenues of \$23.6 million in 2019-20, a slight increase of 1.3% from prior year, the result of continued growth of stormwater needs throughout the City. Operating expenses of \$19.5 million increased 9.5% from 2018-19, which reflects an increase in long-term pension expense. Results are consistent with expectations.

Solid waste services operating revenues of \$30.5 million in 2019-20 reflects a 7.8% increase from the prior year due to an approved \$1.50 per month rate increase on residential waste collections. Solid waste services operations are partially subsidized by the general fund. Operating expenses of \$36.4 million increased 7.4% as compared to 2018-19 due to operational needs supported by the approved rate increase. Overall results are in line with expectations.

Revenues by Source - Business-type Activities - \$410.5 million



Expenses and Program Revenues* - Business-type Activities



* Program revenues include charges for services, grant revenues and capital contributions

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the fiscal year, the City of Raleigh's governmental funds reported combined ending fund balances of \$636.5 million, an increase of \$36.7 million or 6.1%, in comparison with the prior year. The fund balance increase in 2019-20 was the result of continued strong economic drivers in Raleigh as well as continued ongoing management of expenditures.

Classification of fund balance is as follows:

- Approximately 2.2% is considered to be *nonspendable*, representing the City's investment in inventories as well as loans receivable arising from community and economic development program initiatives.
- Approximately 16.7% is not available and *restricted* for:
 - State statute - \$56.4 million
 - Debt service costs and encumbrances - \$45.7 million
 - Federal program reserves - \$2.6 million
 - Public safety - \$1.0 million
- Approximately 65.9% constitutes *assigned* fund balance, which is available for spending at the government's discretion.
- Approximately 0.8% is *committed* for the law enforcement officers' separation allowance plan.
- The remaining 14.4% is *unassigned*, and represents the City's residual net resources.

Governmental Fund Balance Classification at June 30, 2020 (in millions of dollars)				
	Major General Fund	Nonmajor Governmental	Total Governmental	%
Nonspendable	\$ 13.8	\$ -	\$ 13.8	2.2%
Restricted:				
State statute	56.4	-	56.4	8.9%
Debt service	-	45.7	45.7	7.2%
Federal programs	2.6	-	2.6	0.4%
Public safety	-	1.0	1.0	0.2%
	59.0	46.7	105.7	16.7%
Committed	5.5	-	5.5	0.8%
Assigned	178.6	241.2	419.8	65.9%
Unassigned	91.7	-	91.7	14.4%
Total fund balance	\$ 348.6	\$ 287.9	\$ 636.5	100.0%

The general fund is the chief operating fund of the City. The fund balance of the general fund increased by \$24.5 million during the current fiscal year. General fund revenues exceeded the budget by \$0.7 million for the current year and were impacted by the global pandemic. Revenues were utilized for normal City programs and ongoing operations. Increases to General fund expense was driven primarily by personnel and benefit costs associated with required increases to the City's contribution rate for employees and law enforcement officers to the Local Government Employees' Retirement System.

The North Carolina Local Government Commission strongly recommends that local governments maintain an unassigned fund balance of at least 8.0% of general fund expenditures. The City's policy is to maintain an unassigned fund balance of at least 14.0% of the succeeding year's expenditure budget. Unassigned fund balance of \$91.7 million represents 17.5% of the 2020-21 general fund expenditure budget. Unassigned fund balance is the amount remaining after management's policy designations. City Council will review unassigned fund balance in excess of the internal 14.0% policy at fiscal year-end to determine, at their discretion, if they want to appropriate amounts for one-time obligations during the next budget year to support key City initiatives and projects.

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

BUDGETARY HIGHLIGHTS

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

General Fund. General fund revenues overall continued to increase, including the City's primary revenue streams of property tax and sales tax. General fund expenditures came in well below budget, which resulted in a positive budget variance of \$53.0 million. All expenditure functions and departments reported positive budget variances, which is a result of conservative budget practices as well as the City's cost management efforts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Raleigh's cumulative investment in capital assets for its governmental and business-type activities, as of June 30, 2020, amounts to \$3.4 billion (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, watershed protection rights, buildings and machinery, water and sewer systems, streets and sidewalks, parking decks, buses, equipment, furniture and fixtures, enterprise-wide software and general improvements. The City's investment in capital assets for the current fiscal year was \$163.1 million, a 5.0% increase over prior year.

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

- Construction began and/or was completed for governmental activities including a variety of street, park and building improvement projects. Total governmental projects completed and capitalized in fiscal year 2019-20 were \$38.9 million. Examples include:
 - Street and sidewalk improvements were completed for a total capitalized cost of \$18.1 million
 - Park site improvements and park land acquisitions were completed for a total capitalized cost of \$18.6 million

- Other facility improvements were completed for a total capitalized cost of \$2.2 million
- Governmental equipment acquisitions added \$9.3 million to the City's rolling stock inventory
- Construction in progress for all governmental activities was \$381.2 million
- Construction began and/or was completed for various enterprise operations. Total enterprise projects completed and capitalized in fiscal year 2019-20 amounted to \$27.5 million. Enterprise capital asset investments completed during the year included:
 - Water & Sewer Utility Projects:
 - Other facility improvements - \$6.7 million
 - Utility billing system upgrades - \$5.0 million
 - Meter replacements - \$4.4 million
 - Water quality and plant expansion studies - \$3.6 million
 - Stormwater Projects:
 - Longview Lake - \$4.1 million
 - Other culvert and dam repairs - \$2.2 million
 - Parking deck assessments and repairs - \$0.4 million
 - RCC Projects for various security and building upgrades - combined \$1.1 million
- Enterprise equipment acquisitions added \$5.6 million to the City's rolling stock inventory
- Construction in progress for all enterprise activities was \$691.5 million
- Annexations added \$4.4 million to streets for governmental activities and \$7.7 million to water and sewer systems for the business-type activities

Capital Assets*						
(in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Activities	
	2019	2020	2019	2020	2019	2020
Land	\$ 214.8	\$ 214.8	\$ 82.7	\$ 94.5	\$ 297.5	\$ 309.3
Construction in progress	331.9	381.2	561.2	691.5	893.1	1,072.7
Watershed protection rights	-	-	4.8	4.8	4.8	4.8
Buildings and machinery	228.5	221.1	264.4	254.5	492.9	475.6
Water and sewer systems	-	-	797.5	789.9	797.5	789.9
Streets and sidewalks **	229.5	227.9	-	-	229.5	227.9
Parking decks	-	-	101.7	98.0	101.7	98.0
Buses	-	-	19.7	21.6	19.7	21.6
Equipment	36.9	36.2	32.2	32.9	69.1	69.1
Improvements	176.7	183.3	164.7	160.5	341.4	343.8
Enterprise-wide software	25.7	23.3	-	-	25.7	23.3
Total	\$ 1,244.0	\$ 1,287.8	\$ 2,028.9	\$ 2,148.2	\$ 3,272.9	\$ 3,436.0

*Amounts shown net of accumulated depreciation

Additional information on the City's capital assets can be found on pages 33 - 34 of the notes to the financial statements of this report.

Long-term debt. At the end of the current fiscal year, the City had total general obligation bonds outstanding of \$306.2 million. The remainder of the City's debt represents revenue bonds (\$638.0 million) and installment financing agreements (\$606.4 million – installment notes, certificates of participation, limited obligation bonds, etc.) secured solely by specified revenue sources and property.

Long-Term Debt						
<i>(in millions of dollars)</i>						
	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2020	2019	2020	2019	2020
General obligation bonds	\$ 297.4	\$ 306.2	\$ -	\$ -	\$ 297.4	\$ 306.2
Revenue bonds	-	-	647.8	638.0	647.8	638.0
Installment financing agreements	230.5	242.1	374.8	364.3	605.3	606.4
Total	\$ 527.9	\$ 548.3	\$1,022.6	\$ 1,002.3	\$ 1,550.5	\$ 1,550.6

State statute limits the amount of general obligation debt a governmental entity may issue to 8.0% of the total assessed value of taxable property. The City's outstanding net debt of \$1,212.1 million (*Legal Debt Margin Information statistical schedule*) is significantly less than the current debt limitation of \$4,915.3 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 top credit rating agencies maintain the highest rating category level on both the general obligation and public utility 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 obtaining 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, 2020 reflect impacts in the local economy due to ongoing global pandemic. As the City looks ahead to fiscal year 2020-2021, there is uncertainty regarding the economic impact and duration of the global pandemic. The 2020-2021 adopted budget included moderate growth assumptions for property tax and expected increased delinquencies on collections. Sales tax for fiscal year 2020-2021 was budgeted at an expected 5.6% decrease from 2019-20 levels due to uncertainty to impacts on this key revenue from the ongoing pandemic. City management will continue to monitor the global pandemic and its impacts on the City's finances. Management continues to monitor expense management actions implemented in 2019-20 and continued in the 2020-21 budget. These actions are to 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 providing Raleigh citizens a high quality of service at a reasonable cost.

Highlights of the City's budget for the 2020-21 fiscal year include the following:

- The 2020-21 combined budgets for operating and capital programs total \$1,010.6 million, representing a 2.5% reduction from the 2019-20 combined budget.

- The adopted General Fund budget for 2020-21 of \$507.7 million decreased 2.2% over the prior year adopted budget.
 - The primary revenue source, property taxes, is budgeted at \$274.7 million, an increase of \$3.3 million, or 1.2% from 2019-20.
 - The 2019-20 budget for sales tax is \$100.6 million, a decrease of \$6.0 million, or 5.6% from 2019-20.
- Consistent with the City's multi-year utility rate model, the budget for water and sewer charges increased slightly from \$248.1 million to \$248.9 million for the 2020-21 budget year.
- The 2020-21 capital budget includes new and/or continuing projects totaling \$502.8 million, including transportation, transit, parks, utilities, 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 (government-wide financial statements) and of all funds (fund financial statements). They also serve as a condensed introduction to the more detailed statements and schedules that follow.

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 540,055,972	\$ 543,412,113	\$ 1,083,468,085
Taxes receivable, net of allowance for uncollectibles of \$10,153,972	637,432	-	637,432
Assessments receivable, net of allowance for uncollectibles of \$281,308	628,323	376,210	1,004,533
Customer receivables, net of allowance for uncollectibles of \$9,406,829	39,711	29,742,540	29,782,251
Franchise tax receivable	6,786,884	-	6,786,884
Due from transit management	-	1,951,163	1,951,163
Due from other governmental agencies	12,728,728	17,353,816	30,082,544
Accrued interest receivable	2,504,990	2,388,300	4,893,290
Other receivables and assets	1,195,979	92,052	1,288,031
Sales tax receivable	30,724,659	3,733,885	34,458,544
Internal balances	7,088,522	(7,088,522)	-
Inventories	2,248,009	9,907,710	12,155,719
Loans receivable, net of allowance \$10,882,306	78,667,002	-	78,667,002
Cash and cash equivalents/investments - restricted deposits and bond proceeds	61,299,874	40,787,162	102,087,036
Capital assets:			
Land, construction in progress, watershed protection rights	595,996,377	790,829,993	1,386,826,370
Other capital assets, net of depreciation	691,817,602	1,357,386,304	2,049,203,906
Total assets	<u>2,032,420,064</u>	<u>2,790,872,726</u>	<u>4,823,292,790</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized refunding charges	8,053,480	23,241,270	31,294,750
Pension deferrals - LEOSA	11,010,271	-	11,010,271
Pension deferrals - LGERS	51,894,508	10,225,161	62,119,669
Pension deferrals - OPEB	7,953,340	2,991,743	10,945,083
Accumulated decrease in fair value of hedging derivatives	-	69,625,039	69,625,039
Total deferred outflows of resources	<u>78,911,599</u>	<u>106,083,213</u>	<u>184,994,812</u>
LIABILITIES			
Accounts payable	22,501,190	30,099,783	52,600,973
Accrued salaries and employee payroll taxes	10,931,718	2,065,561	12,997,279
Accrued interest payable	3,286,357	7,698,448	10,984,805
Sales tax payable	14,637	13,032	27,669
Loan servicing escrow	794,986	-	794,986
Due to other governmental agencies	810,308	992,331	1,802,639
Due to fiduciary funds	174,244	-	174,244
Other current liabilities	30,756	-	30,756
Escrow and other deposits payable from restricted assets	1,530,359	32,544,371	34,074,730
Reimbursable facility fees	8,786,495	-	8,786,495
Derivative instrument liability	-	69,625,039	69,625,039
Long-term liabilities:			
Due within one year	84,322,975	64,158,005	148,480,980
Due in more than one year	562,060,733	990,459,858	1,552,520,591
Net pension liability - LEOSA	51,515,552	-	51,515,552
Net pension liability - LGERS	77,332,066	28,589,748	105,921,814
Net pension liability - OPEB	139,007,100	51,893,760	190,900,860
Total liabilities	<u>963,099,476</u>	<u>1,278,139,936</u>	<u>2,241,239,412</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	1,813,028	1,876,608	3,689,636
Pension deferrals - LEOSA	1,361,486	-	1,361,486
Pension deferrals - LGERS	913,740	360,425	1,274,165
Pension deferrals - OPEB	38,331,049	14,323,720	52,654,769
Prepaid taxes and assessments	114,800	-	114,800
Total deferred inflows of resources	<u>42,534,103</u>	<u>16,560,753</u>	<u>59,094,856</u>
NET POSITION			
Net investment in capital assets	753,431,032	1,135,617,485	1,889,048,517
Restricted for:			
Capital projects	149,228,450	-	149,228,450
Community development projects	138,629,108	-	138,629,108
Stabilization by state statute	56,352,767	-	56,352,767
Federal programs	2,632,545	-	2,632,545
Unrestricted	5,424,182	466,637,765	472,061,947
Total net position	<u>\$ 1,105,698,084</u>	<u>\$ 1,602,255,250</u>	<u>\$ 2,707,953,334</u>

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 63,136,775	\$ 26,926,728	\$ 2,712,882	\$ 81,423
Community development services	38,914,670	840,534	2,928,729	5,181,297
Public infrastructure	79,107,433	1,162,732	2,840,845	9,288,601
Public safety	191,128,570	-	2,610,294	-
Leisure services	67,911,463	6,037,015	29,685,911	4,564,908
Economic development programs	3,151,603	-	-	-
Interest and other debt service	16,227,797	-	-	-
Total governmental activities	459,578,311	34,967,009	40,778,661	19,116,229
Business-type activities:				
Water and sewer	182,429,588	264,036,209	-	7,853,608
Convention center complex	35,595,862	12,396,348	-	-
Mass transit	46,971,473	4,811,875	15,828,611	18,922,233
Parking facilities	13,754,415	14,469,684	-	-
Solid waste services	38,118,035	30,939,118	-	-
Stormwater	19,527,052	23,554,621	-	66,606
Total business-type activities	336,396,425	350,207,855	15,828,611	26,842,447
Total City of Raleigh	\$ 795,974,736	\$ 385,174,864	\$ 56,607,272	\$ 45,958,676

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Governmental activities:			
General government	\$ (33,415,742)	\$ -	\$ (33,415,742)
Community development services	(29,964,110)	-	(29,964,110)
Public infrastructure	(65,815,255)	-	(65,815,255)
Public safety	(188,518,276)	-	(188,518,276)
Leisure services	(27,623,629)	-	(27,623,629)
Economic development programs	(3,151,603)	-	(3,151,603)
Interest and other debt service	(16,227,797)	-	(16,227,797)
Total governmental activities	(364,716,412)	-	(364,716,412)
Business-type activities:			
Water and sewer	-	89,460,229	89,460,229
Convention center complex	-	(23,199,514)	(23,199,514)
Mass transit	-	(7,408,754)	(7,408,754)
Parking facilities	-	715,269	715,269
Solid waste services	-	(7,178,917)	(7,178,917)
Stormwater	-	4,094,175	4,094,175
Total business-type activities	-	56,482,488	56,482,488
Total City of Raleigh	(364,716,412)	56,482,488	(308,233,924)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	271,130,995	-	271,130,995
Local sales tax	107,580,666	-	107,580,666
Franchise tax	28,865,152	-	28,865,152
Other taxes	38,272,687	-	38,272,687
Unrestricted investment earnings	17,907,109	17,670,608	35,577,717
Gain on the sale of property	1,886,588	847,022	2,733,610
Miscellaneous	1,627,585	-	1,627,585
Total general revenues not including transfers	467,270,782	18,517,630	485,788,412
Transfers	(67,795,555)	67,795,555	-
Total general revenues and transfers	399,475,227	86,313,185	485,788,412
Change in net position	34,758,815	142,795,673	177,554,488
Net position - beginning of year	1,070,939,269	1,459,459,577	2,530,398,846
Net position - end of year	\$ 1,105,698,084	\$ 1,602,255,250	\$ 2,707,953,334

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 298,565,985	\$ 186,236,738	\$ 484,802,723
Taxes receivable, net of allowance for uncollectibles of \$10,153,972	637,432	-	637,432
Assessments receivable, net of allowance for uncollectibles of \$180,579	358,261	270,062	628,323
Customer receivables	39,711	-	39,711
Franchise taxes receivable	6,786,884	-	6,786,884
Due from other governmental agencies	2,756,647	9,972,081	12,728,728
Accrued interest receivable	2,098,654	245,852	2,344,506
Other receivables and assets	761,872	5,748	767,620
Sales tax receivable	28,928,601	1,132,282	30,060,883
Due from other funds	14,910,396	26,688	14,937,084
Inventories	1,746,354	-	1,746,354
Loans receivable, net of allowance for uncollectibles of \$10,882,306	12,086,948	66,580,054	78,667,002
Cash and cash equivalents /investments - restricted deposits and bond proceeds	494,916	52,687,049	53,181,965
Total assets	<u>\$ 370,172,661</u>	<u>\$ 317,156,554</u>	<u>\$ 687,329,215</u>
LIABILITIES			
Accounts payable	\$ 6,568,443	\$ 14,886,176	\$ 21,454,619
Accrued salaries and employee payroll taxes	10,700,374	102,469	10,802,843
Sales tax payable	7,383	2,966	10,349
Loan servicing escrow	347,367	447,619	794,986
Other liabilities	30,754	2	30,756
Due to other funds	200,932	3,185,956	3,386,888
Reimbursable facility fees	981,053	7,805,442	8,786,495
Escrow and other deposits payable from restricted assets	89,422	1,440,937	1,530,359
Due to other governmental agencies	588,166	222,142	810,308
Total liabilities	<u>19,513,894</u>	<u>28,093,709</u>	<u>47,607,603</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax receivable	637,432	-	637,432
Assessments receivable	358,261	270,062	628,323
Prepaid assessments	-	7,408	7,408
Prepaid taxes and facility fees	107,392	-	107,392
Unearned revenue	885,211	927,817	1,813,028
Total deferred inflows of resources	<u>1,988,296</u>	<u>1,205,287</u>	<u>3,193,583</u>
FUND BALANCES			
Nonspendable:			
Inventories	1,746,354	-	1,746,354
Loans receivable	12,086,948	-	12,086,948
Restricted:			
Stabilization by state statute	56,352,767	-	56,352,767
Debt service	-	45,654,387	45,654,387
Federal program reserves	2,632,545	-	2,632,545
Public safety	-	1,014,593	1,014,593
Committed:			
LEOSSA	5,535,283	-	5,535,283
Assigned:			
Debt service	147,062,207	-	147,062,207
Subsequent year's appropriation	16,992,617	87,452,301	104,444,918
City projects	1,261,361	73,316,923	74,578,284
Community development	13,269,394	77,493,667	90,763,061
Disaster recovery	-	2,925,687	2,925,687
Unassigned	91,730,995	-	91,730,995
Total fund balances	<u>348,670,471</u>	<u>287,857,558</u>	<u>636,528,029</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 370,172,661</u>	<u>\$ 317,156,554</u>	<u>\$ 687,329,215</u>

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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**
June 30, 2020

Total *fund balances* for governmental funds \$ 636,528,029

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	\$ 595,996,377	
Capital Assets being depreciated, net	660,075,994	
	<u>\$ 1,256,072,371</u>	1,256,072,371

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

Law Enforcement Officer's (LEOSSA)	\$ (51,515,552)	
Pensions (LGERS)	(75,278,466)	
Other Post Retirement Benefits (OPEB)	(135,230,189)	
	<u>\$ (262,024,207)</u>	(262,024,207)

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

Law Enforcement Officer's (LEOSSA)	\$ 11,010,271	
Pensions (LGERS)	51,137,388	
Other Post Retirement Benefits (OPEB)	7,744,607	
	<u>\$ 69,892,266</u>	69,892,266

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

Law Enforcement Officer's (LEOSSA)	\$ (1,361,486)	
Pensions (LGERS)	(853,975)	
Other Post Retirement Benefits (OPEB)	(37,309,086)	
	<u>\$ (39,524,547)</u>	(39,524,547)

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. 8,053,480

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. 36,295,367

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	\$ 637,432	
Assessments receivable	628,323	
	<u>\$ 1,265,755</u>	1,265,755

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	\$ (345,753,387)	
Installment Financing Agreements, net	(226,337,435)	
Earned Vacation Pay	(25,572,920)	
Accrued Interest Payable	(3,196,688)	
	<u>\$ (600,860,430)</u>	(600,860,430)

Net position of governmental activities \$ 1,105,698,084

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**
For the Fiscal Year Ended June 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 270,850,754	\$ -	\$ 270,850,754
Intergovernmental	23,912,327	44,507,629	68,419,956
Project revenue (non-grant)	-	192,038	192,038
Mutual aid reimbursements	11,412	-	11,412
Assessments	-	1,256,917	1,256,917
Franchise tax	28,865,152	-	28,865,152
Local sales tax	107,580,666	-	107,580,666
Licenses	14,360,360	-	14,360,360
Gain (loss) on investments	15,404,696	1,987,728	17,392,424
Inspections fees	16,498,862	-	16,498,862
Highway maintenance refunds	1,184,919	-	1,184,919
Facility fees	-	9,601,559	9,601,559
Parks and recreation fees	3,779,400	-	3,779,400
Other fees and charges	5,285,334	6,905	5,292,239
Developer participation	-	20,000	20,000
Rents	1,600,053	392,290	1,992,343
Program income	27,532	955,091	982,623
Recovery of claims	-	83,846	83,846
Donations and contributions	1,074,892	683,765	1,758,657
Miscellaneous other	1,375,831	117,565	1,493,396
Total revenues	<u>491,812,190</u>	<u>59,805,333</u>	<u>551,617,523</u>
EXPENDITURES			
Current:			
General government	54,590,185	3,175,313	57,765,498
Community development services	30,337,637	8,005,120	38,342,757
Public infrastructure	41,737,315	43,836,972	85,574,287
Public safety	180,060,461	22,182,812	202,243,273
Leisure services	52,699,670	29,043,275	81,742,945
Economic development programs	2,640,975	510,628	3,151,603
Debt service:			
Principal	40,528,511	-	40,528,511
Interest	18,936,982	-	18,936,982
Other debt service expenditures	590,437	-	590,437
Total expenditures	<u>422,122,173</u>	<u>106,754,120</u>	<u>528,876,293</u>
Excess (deficiency) of revenues over (under) expenditures	<u>69,690,017</u>	<u>(46,948,787)</u>	<u>22,741,230</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	8,731,504	22,165,457	30,896,961
Transfers out	(54,849,975)	(41,846,925)	(96,696,900)
Issuance of debt	746,610	71,415,858	72,162,468
Premium on issuance of debt	-	6,380,539	6,380,539
Sale of property	153,596	1,133,261	1,286,857
Total other financing sources (uses)	<u>(45,218,265)</u>	<u>59,248,190</u>	<u>14,029,925</u>
Net change in fund balances	24,471,752	12,299,403	36,771,155
Fund balances, beginning of year	324,198,719	275,558,155	599,756,874
Fund balances, end of year	<u>\$ 348,670,471</u>	<u>\$ 287,857,558</u>	<u>\$ 636,528,029</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Fiscal Year Ended June 30, 2020

Net change in *fund balances* - total governmental funds \$ 36,771,155

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

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

Capital Outlays	\$ 89,287,861	
Depreciation	(49,774,215)	
	<u>\$ 39,513,646</u>	39,513,646

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

Annexations	\$ 4,410,033	
Property taxes	280,241	
Assessments	(81,938)	
Loss on sale of assets	(23,929)	
	<u>\$ 4,584,407</u>	4,584,407

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	\$ 34,750,856	
Installment financing	43,345,539	
Bond refunding:		
Face amount of debt	55,491,468	
Payment to escrow agent	(55,388,487)	
Principal repayments:		
General obligation debt	(25,920,000)	
Installment financing	(14,608,511)	
	<u>\$ 37,670,865</u>	(37,670,865)

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	\$ (2,890,023)	
Accrued interest expense	808,136	
Net pension expense - LEOSSA	(1,329,259)	
Net pension expense - LGERS	(14,833,008)	
Net pension expense - OPEB	6,517,275	
	<u>\$ (11,726,879)</u>	(11,726,879)

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

2,813,519

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.

473,832

Change in net position of governmental activities \$ 34,758,815

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, 2020

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes - real & other property	\$ 252,197,829	\$ 252,197,829	\$ 252,046,294	\$ (151,535)
Ad valorem taxes - vehicles	19,200,000	19,200,000	18,804,460	(395,540)
Intergovernmental	23,405,387	23,405,387	23,912,327	506,940
Franchise tax	30,300,000	30,300,000	28,865,152	(1,434,848)
Local sales tax	106,600,000	106,600,000	107,580,666	980,666
Licenses	14,960,000	14,960,000	14,360,360	(599,640)
Gain (loss) on investments - investment income	6,086,538	6,086,538	8,445,685	2,359,147
Gain (loss) on investments - fair value measurement	-	-	6,959,011	6,959,011
Inspection fees	18,415,674	18,415,674	16,498,862	(1,916,812)
Highway maintenance refunds	1,200,000	1,200,000	1,184,919	(15,081)
Parks and recreation fees	7,396,410	7,396,410	3,779,400	(3,617,010)
Other fees and charges	8,028,804	8,028,804	5,285,334	(2,743,470)
Reimbursements for public infrastructure support	1,525,000	1,525,000	1,250,788	(274,212)
Administrative charges	18,765,430	18,765,430	18,765,430	-
Rents	388,724	388,724	1,600,053	1,211,329
Program income	52,600	52,600	27,532	(25,068)
Donations and contributions	1,333,033	1,374,033	1,074,892	(299,141)
Other revenues	799,385	1,364,385	1,387,243	22,858
Proceeds from sale of property	-	-	153,596	153,596
Total revenues available for appropriation	510,654,814	511,260,814	511,982,004	721,190
Fund balance appropriated	16,991,009	30,081,047	-	(30,081,047)
Total revenues	\$ 527,645,823	\$ 541,341,861	\$ 511,982,004	\$ (29,359,857)
EXPENDITURES				
General government:				
City council	\$ 442,902	\$ 461,873	\$ 294,698	\$ 167,175
City clerk	702,560	722,516	632,841	89,675
City attorney	4,130,584	4,144,553	4,054,226	90,327
Special appropriations	21,087,591	21,764,515	20,598,686	1,165,829
Agency appropriations	4,376,460	5,108,358	4,794,995	313,363
City manager	3,321,631	3,344,564	3,056,551	288,013
Communications	3,674,868	3,891,556	3,161,448	730,108
Human resources	4,599,046	4,781,676	4,009,015	772,661
Budget & management services	1,950,849	1,963,849	952,967	1,010,882
Finance	6,508,904	6,621,285	5,729,357	891,928
Information technology	22,555,696	24,005,769	22,317,564	1,688,205
Total general government	73,351,091	76,810,514	69,602,348	7,208,166
Community development services:				
Planning	5,759,424	6,201,132	5,886,726	314,406
Development Services	16,456,489	16,653,362	15,432,446	1,220,916
Community services	15,176,263	15,938,895	9,018,465	6,920,430
Economic development	1,838,678	2,970,854	2,640,975	329,879
Total community development services	39,230,854	41,764,243	32,978,612	8,785,631
Public infrastructure:				
Engineering services	21,214,126	23,215,119	19,323,172	3,891,947
Transportation	28,027,264	28,682,273	27,418,198	1,264,075
Total public infrastructure	49,241,390	51,897,392	46,741,370	5,156,022
Public safety:				
Emergency communications center	9,949,142	9,965,127	9,044,796	920,331
Police	108,420,352	109,239,069	106,488,347	2,750,722
Fire	66,059,931	67,446,904	64,527,318	2,919,586
Total public safety	\$ 184,429,425	\$ 186,651,100	\$ 180,060,461	\$ 6,590,639

Continued

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Leisure services:				
Parks, recreation and cultural resources	\$ 59,355,957	\$ 61,212,736	\$ 52,534,095	\$ 8,678,641
Walnut Creek Amphitheatre	277,298	285,788	165,575	120,213
Total leisure services	<u>59,633,255</u>	<u>61,498,524</u>	<u>52,699,670</u>	<u>8,798,854</u>
Debt service:				
Principal and interest	62,468,211	62,468,211	59,465,493	3,002,718
Other debt service expenditures	13,964,950	14,065,307	590,437	13,474,870
Total debt service	<u>76,433,161</u>	<u>76,533,518</u>	<u>60,055,930</u>	<u>16,477,588</u>
Total expenditures to appropriations	<u>\$ 482,319,176</u>	<u>\$ 495,155,291</u>	<u>\$ 442,138,391</u>	<u>\$ 53,016,900</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 8,731,504	\$ 8,731,504	\$ 8,731,504	\$ -
Transfers out	(54,058,151)	(54,918,074)	(54,849,975)	68,099
Bonds issuance	-	-	746,610	746,610
Total other financing sources (uses)	<u>\$ (45,326,647)</u>	<u>\$ (46,186,570)</u>	<u>\$ (45,371,861)</u>	<u>\$ 814,709</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	\$ 24,471,752	
Fund balance, beginning of year			324,198,719	
Fund balance, end of year			<u>\$ 348,670,471</u>	

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2020

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 445,078,505	\$ 31,199,994	\$ -	\$ 40,142,967
Customer receivables, net of allowance for uncollectibles of \$9,406,829	25,309,909	114,662	-	1,805,232
Assessments receivable, net of allowance for uncollectibles of \$100,730	376,210	-	-	-
Due from transit management	-	-	1,951,163	-
Due from other governmental agencies	6,465,877	-	9,640,543	295,450
Due from other funds	213,764	40,041	279,420	18,384
Accrued interest receivable	1,909,106	73,130	-	293,963
Other receivables and assets	76,126	9,637	-	3,400
Sales tax receivable	2,950,064	305,042	124,881	136,653
Inventories	9,406,215	-	501,495	-
Insurance deposit	-	-	-	-
Total current assets	491,785,776	31,742,506	12,497,502	42,696,049
Noncurrent assets:				
Restricted cash and cash equivalents	20,640,768	537,649	50,305	17,194,381
Capital assets:				
Land and improvements	42,036,359	32,126,089	3,994,684	5,980,458
Construction in progress	598,683,834	28,790,764	21,187,398	38,292,880
Watershed protection rights	4,780,059	-	-	-
Water and sewer systems	1,271,749,241	-	-	-
Buildings and machinery	90,607,911	271,091,201	28,102,339	-
Parking decks	-	-	-	-
Buses	-	-	51,643,170	-
Equipment	31,455,015	2,402,413	3,768,981	976,434
Furniture and fixtures	61,921	2,542,363	50,046	-
Improvements	190,541,067	33,103,099	4,164,310	72,505,682
Less accumulated depreciation	(642,173,392)	(121,141,649)	(43,099,007)	(28,361,315)
Total noncurrent assets	1,608,382,783	249,451,929	69,862,226	106,588,520
Total assets	2,100,168,559	281,194,435	82,359,728	149,284,569
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized bond refunding charges	22,441,589	63,123	-	-
Pension deferrals - LGERS	5,952,953	977,495	190,930	968,123
Pension deferrals - OPEB	1,687,680	295,280	72,032	305,462
Accumulated decrease in fair value of hedging derivatives	33,182,446	36,442,593	-	-
Total deferred outflows of resources	63,264,668	37,778,491	262,962	1,273,585

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

Continued

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 12,317,864	\$ 8,769,573	\$ 537,508,903	\$ 61,156,459
Customer receivables, net of allowance for uncollectibles of \$9,406,829	675,359	1,837,378	29,742,540	-
Assessments receivable, net of allowance for uncollectibles of \$100,730	-	-	376,210	-
Due from transit management	-	-	1,951,163	-
Due from other governmental agencies	-	951,946	17,353,816	-
Due from other funds	12,784	140,904	705,297	31,156
Accrued interest receivable	31,754	80,347	2,388,300	160,484
Other receivables and assets	2,889	-	92,052	8,359
Sales tax receivable	42,152	136,354	3,695,146	702,515
Inventories	-	-	9,907,710	501,655
Insurance deposit	-	-	-	420,000
Total current assets	13,082,802	11,916,502	603,721,137	62,980,628
Noncurrent assets:				
Restricted cash and cash equivalents	68,890	-	38,491,993	10,413,078
Capital assets:				
Land and improvements	7,414,706	2,952,033	94,504,329	-
Construction in progress	4,590,729	-	691,545,605	-
Watershed protection rights	-	-	4,780,059	-
Water and sewer systems	-	-	1,271,749,241	-
Buildings and machinery	-	15,648,174	405,449,625	230,912
Parking decks	156,535,540	-	156,535,540	-
Buses	-	-	51,643,170	-
Equipment	232,861	1,319,106	40,154,810	184,340,759
Furniture and fixtures	51,382	145,892	2,851,604	-
Improvements	2,169,511	7,200,018	309,683,687	-
Less accumulated depreciation	(59,745,466)	(8,541,733)	(903,062,562)	(130,448,874)
Total noncurrent assets	111,318,153	18,723,490	2,164,327,101	64,535,875
Total assets	124,400,955	30,639,992	2,768,048,238	127,516,503
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized bond refunding charges	445,198	291,360	23,241,270	-
Pension deferrals - LGERS	351,915	1,885,194	10,326,610	757,120
Pension deferrals - OPEB	96,730	534,559	2,991,743	208,733
Accumulated decrease in fair value of hedging derivatives	-	-	69,625,039	-
Total deferred outflows of resources	893,843	2,711,113	106,184,662	965,853

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

Continued

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2020

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 21,229,390	\$ 1,528,214	\$ 4,302,040	\$ 1,938,440
Sales tax payable	8,697	850	136	-
Accrued salaries and employee payroll taxes	1,281,049	186,161	35,549	207,657
Accrued interest payable	3,960,329	3,219,389	-	-
Claims payable and other liabilities	-	-	-	-
Due to other funds	-	-	5,949,835	-
Due to other governmental agencies	-	-	-	-
Landfill postclosure liability	-	-	-	-
Earned vacation pay	2,638,710	700,373	32,263	380,294
Bonds, notes and loans payable, net of unamortized premiums and discounts	33,267,134	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	4,657,225	10,648,615	-	101,738
Total current liabilities	67,042,534	16,283,602	10,319,823	2,628,129
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	639,898,955	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	69,552,857	198,736,478	-	1,322,589
Landfill postclosure liability	-	-	-	-
Escrow and other deposits payable from restricted assets	14,762,036	537,649	50,305	17,194,381
Derivative instrument liability	33,182,446	36,442,593	-	-
Earned vacation pay	1,186,884	-	61,104	286,387
Net pension liability - LGERS	16,433,582	2,742,108	598,933	2,629,358
Net pension liability - OPEB	29,799,552	4,834,394	940,599	5,034,026
Total noncurrent liabilities	804,816,312	243,293,222	1,650,941	26,466,741
Total liabilities	871,858,846	259,576,824	11,970,764	29,094,870
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	-	32,433	1,844,175	-
Pension deferrals - LGERS	293,109	63,317	-	-
Pension deferrals - OPEB	8,099,863	1,332,159	311,913	1,475,808
Total deferred inflows of resources	8,392,972	1,427,909	2,156,088	1,475,808
NET POSITION				
Net investment in capital assets	868,686,165	39,592,310	69,811,921	87,969,812
Unrestricted	414,495,244	18,375,883	(1,316,083)	32,017,664
Total net position	\$ 1,283,181,409	\$ 57,968,193	\$ 68,495,838	\$ 119,987,476

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

Continued

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 331,819	\$ 626,279	\$ 29,956,182	\$ 1,190,172
Sales tax payable	379	2,970	13,032	4,288
Accrued salaries and employee payroll taxes	53,652	301,493	2,065,561	128,875
Accrued interest payable	393,122	74,913	7,647,753	140,364
Claims payable and other liabilities	-	-	-	9,091,050
Due to other funds	6,510,000	-	12,459,835	1,058
Due to other governmental agencies	-	992,331	992,331	-
Landfill postclosure liability	-	986,770	986,770	-
Earned vacation pay	133,471	729,052	4,614,163	435,459
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	33,267,134	14,350,979
Contracts and other notes payable, net of unamortized premiums and discounts	3,922,496	878,973	20,209,047	-
Total current liabilities	<u>11,344,939</u>	<u>4,592,781</u>	<u>112,211,808</u>	<u>25,342,245</u>
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	12,791,167
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	639,898,955	26,753,842
Contracts and other notes payable, net of unamortized premiums and discounts	56,535,966	9,763,184	335,911,074	-
Landfill postclosure liability	-	3,097,212	3,097,212	-
Escrow and other deposits payable from restricted assets	-	-	32,544,371	-
Derivative instrument liability	-	-	69,625,039	-
Earned vacation pay	49,977	252,493	1,836,845	94,132
Net pension liability - LGERS	964,274	5,221,493	28,589,748	2,053,600
Net pension liability - OPEB	1,774,946	9,510,243	51,893,760	3,776,911
Total noncurrent liabilities	<u>59,325,163</u>	<u>27,844,625</u>	<u>1,163,397,004</u>	<u>45,469,652</u>
Total liabilities	<u>70,670,102</u>	<u>32,437,406</u>	<u>1,275,608,812</u>	<u>70,811,897</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	-	-	1,876,608	59,765
Pension deferrals - LGERS	14,994	90,454	461,874	1,021,963
Pension deferrals - OPEB	480,833	2,623,144	14,323,720	-
Total deferred inflows of resources	<u>495,827</u>	<u>2,713,598</u>	<u>16,662,202</u>	<u>1,081,728</u>
NET POSITION				
Net investment in capital assets	51,304,889	8,372,693	1,125,737,790	23,431,054
Unrestricted	2,823,980	(10,172,592)	456,224,096	33,157,677
Total net position	<u>\$ 54,128,869</u>	<u>\$ (1,799,899)</u>	<u>\$ 1,581,961,886</u>	<u>\$ 56,588,731</u>

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

20,293,364

Net position of business-type activities

\$ 1,602,255,250

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, 2020

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
Operating revenues				
User charges	\$ 258,591,531	\$ 11,370,663	\$ 4,293,321	\$ 23,450,359
Other	5,372,979	1,025,685	518,554	104,262
Total operating revenues	263,964,510	12,396,348	4,811,875	23,554,621
Operating expenses				
Personnel services	55,269,658	10,420,370	1,624,167	9,911,595
Other operational expenses	61,171,539	8,219,806	17,580,914	6,047,795
Management contract charges	-	-	23,070,111	-
Claims	-	-	-	-
Premiums	-	-	-	-
Depreciation	40,030,545	7,987,815	4,680,232	3,491,168
Total operating expenses	156,471,742	26,627,991	46,955,424	19,450,558
Operating income (loss)	107,492,768	(14,231,643)	(42,143,549)	4,104,063
Nonoperating revenue (expense)				
Gain (loss) on investments	14,379,139	486,719	-	1,956,483
Subsidy income - federal and state	-	-	7,001,512	-
Subsidy income - local	-	-	8,827,099	-
Recovery of claims	-	-	-	-
Other revenues	71,699	-	-	-
Interest expense	(22,329,959)	(7,944,927)	-	-
Other debt service costs	(3,190,575)	(986,052)	-	-
Gain (loss) on sale of property	59,650	-	11,003	-
Total nonoperating revenue (expense)	(11,010,046)	(8,444,260)	15,839,614	1,956,483
Income (loss) before contributions, transfers and special items	96,482,722	(22,675,903)	(26,303,935)	6,060,546
Capital contributions	7,853,608	-	18,922,233	66,606
Transfers in	735,470	40,875,574	21,375,217	116,722
Transfers out	(214,090)	(35,230)	(389,017)	(259,802)
Change in net position	104,857,710	18,164,441	13,604,498	5,984,072
Net position, beginning of year	1,178,323,699	39,803,752	54,891,340	114,003,404
Net position, end of year	\$ 1,283,181,409	\$ 57,968,193	\$ 68,495,838	\$ 119,987,476

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, 2020

	Enterprise Funds			Internal Service Funds
	Parking Fund	Solid Waste Services Fund	Total	
Operating revenues				
User charges	\$ 14,435,179	\$ 30,408,364	\$ 342,549,417	\$ 84,436,571
Other	34,505	77,529	7,133,514	3,720
Total operating revenues	14,469,684	30,485,893	349,682,931	84,440,291
Operating expenses				
Personnel services	2,570,065	14,646,266	94,442,121	6,407,103
Other operational expenses	5,304,725	20,824,505	119,149,284	13,295,763
Management contract charges	-	-	23,070,111	-
Claims	-	-	-	48,287,984
Premiums	-	-	-	2,017,598
Depreciation	4,199,437	898,571	61,287,768	17,466,897
Total operating expenses	12,074,227	36,369,342	297,949,284	87,475,345
Operating income (loss)	2,395,457	(5,883,449)	51,733,647	(3,035,054)
				88,529,016
Nonoperating revenue (expense)				
Gain (loss) on investments	212,400	534,751	17,569,492	2,603,529
Subsidy income - federal and state	-	-	7,001,512	-
Subsidy income - local	-	-	8,827,099	-
Recovery of claims	-	-	-	1,514,101
Other revenues	-	453,225	524,924	-
Interest expense	(1,511,687)	(386,643)	(32,173,216)	(1,053,671)
Other debt service costs	(155,370)	-	(4,331,997)	-
Gain (loss) on sale of property	678	-	71,331	1,375,422
Total nonoperating revenue (expense)	(1,453,979)	601,333	(2,510,855)	4,439,381
Income (loss) before contributions, transfers and special items	941,478	(5,282,116)	49,222,792	1,404,327
Capital contributions	-	-	26,842,447	-
Transfers in	82,435	6,615,471	69,800,889	2,393,528
Transfers out	(1,107,195)	-	(2,005,334)	(4,389,144)
Change in net position	(83,282)	1,333,355	143,860,794	(591,289)
Net position, end of year	54,212,151	(3,133,254)		57,180,020
Net position, end of year	\$ 54,128,869	\$ (1,799,899)		\$ 56,588,731
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(1,065,121)	
Change in net position of business-type activities			\$ 142,795,673	

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, 2020

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 258,562,766	\$ 11,631,001	\$ 4,293,321	\$ 23,113,161
Payments to employees	(51,285,305)	(9,940,714)	(1,450,076)	(9,205,073)
Payments to suppliers and service providers	(61,480,049)	(8,343,034)	(36,583,193)	(6,121,709)
Claims paid	-	-	-	-
Premiums paid	-	-	-	-
Other receipts	5,444,678	1,025,685	518,554	104,262
Other payments	-	(986,052)	-	-
Net cash provided by (used in) operating activities	151,242,090	(6,613,114)	(33,221,394)	7,890,641
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Insurance deposits	-	-	-	-
Operating subsidies and transfers from other funds	735,470	40,875,574	21,375,217	116,722
Operating subsidies and transfers to other funds	(214,090)	(35,230)	(389,017)	(258,802)
Operating grants received	-	-	16,032,777	-
Internal activity - payments from (to) other funds	(235,394)	9,390	(5,646,616)	(18,384)
Net cash provided by (used in) noncapital financing activities	285,986	40,849,734	31,372,361	(161,464)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	(119,379,711)	(16,180,285)	(20,073,734)	(14,700,084)
Capital grants and other capital contributions	(6,231,597)	-	21,911,764	179,282
Proceeds from capital debt	204,421,826	-	-	-
Gain (loss) on disposal of capital assets	-	-	11,003	-
Intergovernmental proceeds for capital debt	-	-	-	-
Principal paid on capital debt	(199,992,225)	(10,035,736)	-	(101,736)
Interest paid on capital debt	(44,060,057)	(7,787,328)	-	-
Other debt related payments	(3,190,575)	-	-	-
Proceeds from the sale of capital assets	59,650	-	-	-
Escrow deposits	156,036	-	-	1,817,775
Net cash provided by (used in) capital and related financing activities	(168,216,653)	(34,003,349)	1,849,033	(12,804,763)
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	14,616,354	495,759	-	1,992,820
Net cash provided by investing activities	14,616,354	495,759	-	1,992,820
Net increase (decrease) in cash and cash equivalents	(2,072,223)	729,030	-	(3,082,766)
Cash and cash equivalents - beginning of year	467,791,496	31,008,613	50,305	60,420,114
Cash and cash equivalents - end of year	\$ 465,719,273	\$ 31,737,643	\$ 50,305	\$ 57,337,348
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 107,492,768	\$ (14,231,643)	\$ (42,143,549)	\$ 4,104,063
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	40,030,545	7,987,815	4,680,232	3,491,168
Miscellaneous nonoperating income	71,699	-	-	-
Miscellaneous nonoperating expense	-	(986,052)	-	-
Change in assets and liabilities:				
Operating receivables	(140,027)	233,304	635,991	(337,198)
Sales tax receivable	(160,162)	(110,686)	52,208	(6,420)
Inventories	(504,820)	-	(22,561)	-
Other receivables and assets	111,262	-	-	4,779
Accounts payable and other accrued liabilities	764,404	(23,556)	3,402,192	(72,273)
Landfill postclosure liability	-	-	-	-
(Increase) decrease in deferred outflows of resources - LGERS	2,260,414	395,487	102,281	400,292
Increase (decrease) in deferred inflows of resources - LGERS	(48,802)	(8,539)	(2,208)	-
Increase in pension liability - LGERS	2,191,091	383,359	99,145	396,578
(Increase) decrease in deferred outflows of resources - OPEB	(251,108)	(43,934)	(11,362)	(45,449)
Increase (decrease) in deferred inflows of resources - OPEB	(1,808,473)	(316,415)	(81,831)	(327,325)
Increase (decrease) in pension liability - OPEB	640,547	112,071	28,984	115,936
Escrow and other deposits	-	31,374	-	-
Earned vacation pay and other payroll liabilities	592,752	(42,373)	39,084	166,490
Unearned revenue	-	6,674	-	-
Total adjustments	43,749,322	7,618,529	8,922,155	3,786,578
Net cash provided by (used in) operating activities	\$ 151,242,090	\$ (6,613,114)	\$ (33,221,394)	\$ 7,890,641
Noncash investing, capital, and financing activities:				
Capital contributions from annexations and mergers	\$ 7,727,439	\$ -	\$ -	\$ -
Capital contributions from grant and assessment receivables	\$ 6,231,597	\$ -	\$ -	\$ -
Acquisition and construction of capital assets	\$ 5,315,894	\$ -	\$ -	\$ -

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, 2020

	Enterprise Funds			
	Parking Fund	Solid Waste Services Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 15,053,361	\$ 29,847,811	\$ 342,501,421	\$ 84,436,571
Payments to employees	(2,341,727)	(13,489,809)	(87,712,704)	(6,360,144)
Payments to suppliers and service providers	(5,192,184)	(20,797,495)	(138,517,664)	(13,403,875)
Claims paid	-	-	-	(47,334,121)
Premiums paid	-	-	-	(2,017,598)
Other receipts	34,505	77,529	7,205,213	1,517,821
Other payments	-	-	(986,052)	(2,942)
Net cash provided by (used in) operating activities	7,553,955	(4,361,964)	122,490,214	16,835,712
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Insurance deposits	-	-	-	-
Operating subsidies and transfers from other funds	82,435	6,615,471	69,800,889	2,393,528
Operating subsidies and transfers to other funds	(1,107,195)	-	(2,005,334)	(4,389,144)
Operating grants received	-	-	16,032,777	-
Internal activity - payments from (to) other funds	(12,575)	(140,404)	(6,043,983)	(30,098)
Net cash provided by (used in) noncapital financing activities	(1,037,335)	6,475,067	77,784,349	(2,025,714)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	(438,981)	(18,539)	(170,791,334)	(14,925,741)
Capital grants and other capital contributions	-	-	15,859,449	-
Proceeds from capital debt	-	6,524,868	210,946,694	-
Gain (loss) on disposal of capital assets	-	-	11,003	-
Intergovernmental proceeds for capital debt	-	453,225	453,225	-
Principal paid on capital debt	(4,083,474)	(7,857,148)	(222,070,319)	(19,752,137)
Interest paid on capital debt	(1,723,491)	(467,125)	(54,038,001)	(1,014,399)
Other debt related payments	(155,370)	-	(3,345,945)	-
Proceeds from the sale of capital assets	678	-	60,328	1,375,422
Escrow deposits	-	-	1,973,811	-
Net cash provided by (used in) capital and related financing activities	(6,400,638)	(1,364,719)	(220,941,089)	(34,316,855)
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	216,325	544,683	17,865,941	2,651,143
Net cash provided by investing activities	216,325	544,683	17,865,941	2,651,143
Net increase (decrease) in cash and cash equivalents	332,307	1,293,067	(2,800,585)	(16,855,714)
Cash and cash equivalents - beginning of year	12,054,447	7,476,506	578,801,481	88,425,251
Cash and cash equivalents - end of year	\$ 12,386,754	\$ 8,769,573	\$ 576,000,896	\$ 71,569,537
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,395,457	\$ (5,883,449)	\$ 51,733,647	\$ (3,035,054)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	4,199,437	898,571	61,287,768	17,466,897
Miscellaneous nonoperating income	-	-	71,699	1,514,101
Miscellaneous nonoperating expense	-	-	(986,052)	-
Change in assets and liabilities:				
Operating receivables	621,071	(420,754)	592,387	-
Sales tax receivable	(367)	20,335	(205,092)	(125,315)
Inventories	-	-	(527,381)	72,742
Other receivables and assets	(2,889)	(139,799)	(26,647)	489,013
Accounts payable and other accrued liabilities	112,908	310,746	4,494,421	406,369
Landfill postclosure liability	-	(304,071)	(304,071)	-
(Increase) decrease in deferred outflows of resources - LGERS	129,556	715,968	4,003,998	279,569
Increase (decrease) in deferred inflows of resources - LGERS	(2,797)	(15,458)	(77,804)	(6,036)
Increase in pension liability - LGERS	125,583	694,010	3,889,766	270,995
(Increase) decrease in deferred outflows of resources - OPEB	(14,393)	(79,536)	(445,782)	(31,057)
Increase (decrease) in deferred inflows of resources - OPEB	(103,653)	(572,819)	(3,210,516)	(223,671)
Increase (decrease) in pension liability - OPEB	36,713	202,888	1,137,139	79,223
Escrow and other deposits	-	-	31,374	-
Earned vacation pay and other payroll liabilities	57,329	211,404	1,024,686	(322,064)
Unearned revenue	-	-	6,674	-
Total adjustments	5,158,498	1,521,485	70,756,567	19,870,766
Net cash provided by (used in) operating activities	\$ 7,553,955	\$ (4,361,964)	\$ 122,490,214	\$ 16,835,712
Noncash investing, capital, and financing activities:				
Capital contributions from annexations and mergers	\$ -	\$ -	\$ 7,727,439	\$ -
Capital contributions from grant and assessment receivables	\$ -	\$ -	\$ 6,231,597	\$ -
Acquisition and construction of capital assets	\$ (438,981)	\$ -	\$ 4,876,913	\$ -

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

STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS
June 30, 2020

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 125,213,796
Accrued interest receivable	168
Due from other funds	174,244
Total assets	<u>125,388,208</u>
LIABILITIES	
Claims payable	730,000
Accounts payable	14,558
Total liabilities	<u>744,558</u>
NET POSITION	
Restricted for pensions	73,155,586
Restricted for postemployment benefits other than pensions	51,488,064
Total net pension	<u>\$ 124,643,650</u>

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

STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS
For the Fiscal Year Ended June 30, 2020

	Pension Trust Funds
ADDITIONS	
Employer contributions	\$ 22,970,441
Retiree contributions	3,018,607
Interest	3,939,435
Net increase (decrease) in the fair value of investments	1,731,473
Recovery of claims	449,903
Total additions	<u>32,109,859</u>
DEDUCTIONS	
Benefits	21,351,899
Withdrawals and forfeitures	674,479
Investment expense	112,890
Professional services	76,033
Total deductions	<u>22,215,301</u>
Change in net position restricted for:	
Employees' retirement and other post-employment benefits	9,894,558
Net position, beginning of year	<u>114,749,092</u>
Net position, end of year	<u>\$ 124,643,650</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

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

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

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

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City because the tax is levied by Wake County and then remitted to and distributed by the State. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The City reports the following major governmental funds:

General fund – The general fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

The City reports the following major enterprise funds:

Water and sewer fund – The water and sewer fund accounts for the user charges, fees, other resources and all costs associated with the operation of the water and sewer systems of the City.

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

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

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

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

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

Additionally, the City reports the following fund types:

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

Fiduciary funds - The pension trust funds account for the City’s contributions to a supplemental money purchase pension plan fund and other post-employment benefits.

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

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

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

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

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

D. Assets, liabilities, deferred outflows/inflows of resources and net position or equity

1. Deposits and investments

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

The Local Government Budget and Fiscal Control Act of North Carolina governs all investments permitted to local governments. State law (G.S. 159-30(c)) authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; certain repurchase agreements; and the North Carolina Capital Management Trust (NCCMT).

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

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

City ad valorem taxes are billed by the Wake County Revenue Collector after July 1 of each year based upon the assessed value on property, other than motor vehicles, listed as of the prior January 1 lien date. In accordance with state law, property taxes on certain registered motor vehicles are assessed and collected throughout the year based on a staggered registration system. 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. Inventories, prepaid items and assets held for resale

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

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

There are no assets held for resale at June 30, 2020.

4. 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.

5. Capital assets

Capital assets, which include property, plant, equipment, software, and infrastructure assets, (e.g. streets, sidewalks, water and sewer delivery systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All infrastructure acquired before July 1, 2001 (date of implementation of GASB 34) has been recorded by the City at historical cost if purchased or constructed or at fair market value at the date of donation. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Effective with the adoption of GASB 89 "Accounting for Interest Cost Incurred before the End of a Construction Period", the City of Raleigh no longer capitalizes interest incurred during the construction phase of projects, as these are now recognized as expenditures when incurred.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and machinery	40
Water and sewer systems	50
Streets and sidewalks	25
Major improvements	20
Software	20
Buses	10
Furniture & fixtures	5
Equipment	5-10

6. *Deferred outflows/inflows of resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has several items that meet this criterion, including: unamortized 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 position 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: unearned revenues, prepaid taxes and assessments, property taxes receivable, and pension deferrals for LGERS, LEOSSA, and OPEB Plans.

7. *Earned vacation pay*

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

8. *Long-term obligations*

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

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

9. *Net position/fund balances*

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

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

The governmental fund types classify fund balance as follows:

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

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

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

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

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

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

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

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

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

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

Assigned Fund Balance – This classification includes a portion of fund balance that the City of Raleigh intends to use for specific purposes. The City of Raleigh City Council has designated the City Manager as the delegated Official that can "assign" portions of fund balance per the City of Raleigh's fund balance goal policy.

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

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

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

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

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

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

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

The City of Raleigh has also adopted a minimum fund balance policy for the general fund which instructs management to conduct business of the City in such a manner that available fund balance is at least equal to or greater than 14.00% of next years 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.

10. Pensions

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 as described above are reported at fair value.

11. Interest rate swap

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

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary information

As required by the North Carolina Budget and Fiscal Control Act, the City adopts balanced budget ordinances for all funds except the trust funds which are not budgeted. The budgets shown in the financial statements reflect amounts adopted by the budget ordinances as amended and approved at the close of the day on June 30, 2020. The City adopts annual budgets prepared on the modified accrual basis for the general fund, the enterprise operating funds and the convention center financing fund. All other funds including all capital project funds and the remaining grant funds adopt project budgets.

Appropriations for funds with annual budgets lapse at the end of the budget year. Capital and grant project budget appropriations do not lapse until the completion of the project or grant. The City Council may amend the budget throughout the year for new projects or other changes to existing appropriations as are needed.

At June 30, 2020, the effect of such amendments, less eliminating transfers, was as follows:

	Original Budget	Total Amendments	Budget June 30, 2020
General Fund	\$ 535,605,621	\$ 13,706,038	\$ 549,311,659
Special Revenue Funds	177,747,484	27,690,125	205,437,609
General Capital Projects Funds	1,057,901,261	10,142,209	1,068,043,470
Enterprise Funds	1,695,771,525	55,269,779	1,751,041,304
Internal Service Funds	116,502,098	10,767,775	127,269,873

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

B. Deficit net position

As a result of the effects from GASB 68 and GASB 75 pension standards, two funds reflect a deficit in net position - Solid Waste Services Fund (\$1,799,899) and Vehicle Fleet Services Fund (\$4,937,792).

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

At June 30, 2020, the City's bank balance in operating accounts was \$56,345,672 and the carrying amount of the City's deposits was \$55,554,919. The difference represents reconciling items such as deposits and payments in transit. Of the bank balance, \$258,090 was covered by federal depository insurance and \$56,087,582 was covered by collateral held under the Pooling Method.

Investments. At June 30, 2020, 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	\$ 249,961,839	24.63%	\$ 42,912,632	\$ 205,412,587	\$ 1,636,620
US Government Agencies	Fair Value, Level 2	557,927,827	54.97%	258,917,911	299,009,916	-
NCCMT - Government Portfolio	Amortized Cost	71,693,873	7.06%	71,693,873	-	-
NC Municipal Bonds	Fair Value, Level 1	28,297,441	2.80%	9,060,940	14,354,691	4,881,810
Corporate Bonds	Fair Value, Level 2	48,902	0.00%	48,902	-	-
Mutual Funds	Fair Value, Level 1	59,882,727	5.90%	59,882,727	-	-
Commercial Paper	Amortized Cost	47,067,471	4.64%	47,067,471	-	-
Total City-wide investments		<u>\$ 1,014,880,080</u>	<u>100.00%</u>	<u>\$ 489,584,456</u>	<u>\$ 518,777,194</u>	<u>\$ 6,518,430</u>

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

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

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

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

Bank	Long-term Credit Ratings		
	S & P	Moody's	Fitch
US Treasury Obligations	AA+	Aaa	AAA
US Government Agency Securities	AA+	Aaa	AAA
First National Bank (certificate of deposit)	N/A	A3	N/A
NCCMT - Government Portfolio	AAAm	N/A	N/A

Concentration of Credit Risk. The City's investment policy does not restrict the level of investment in US Treasury Obligations, US Government Agency Securities or the NCCMT, but it restricts investment in NC municipal bonds to no more than 10.00% 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, 2020, NC municipal bonds comprise 2.80% of the total investment portfolio and commercial paper is 4.64% of the total investment portfolio.

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

A summary of cash and investments at June 30, 2020 is as follows:

	Government-wide	Fiduciary	Total
Petty cash and change funds	\$ 18,625	\$ -	\$ 18,625
Deposits (checking, money market)	68,569,380	-	68,569,380
Fiduciary cash	-	125,213,796	125,213,796
Investments	1,014,880,080	-	1,014,880,080
Total cash and cash equivalents	1,083,468,085	125,213,796	1,208,681,881
Restricted deposits and bond proceeds	102,087,036	-	102,087,036
Total cash	\$ 1,185,555,121	\$ 125,213,796	\$ 1,310,768,917

Investment results shown in the financial statements are a combination of actual interest received, realized gains and losses on current year activity, and unrealized gains and losses as of the balance sheet date.

B. Capital assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	June 30, 2019	Additions	Transfers	Deletions	June 30, 2020
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 214,785,469	\$ -	\$ -	\$ (17,000)	\$ 214,768,469
Construction in progress	331,957,388	87,668,445	(38,321,223)	(76,702)	381,227,908
Total capital assets, not being depreciated	546,742,857	87,668,445	(38,321,223)	(93,702)	595,996,377
Capital assets, being depreciated:					
Buildings and machinery	310,264,310	13,900	81,271	-	310,359,481
Streets and sidewalks	767,803,714	4,578,889	16,603,590	-	788,986,193
Equipment	131,788,088	10,434,646	146,785	(4,667,245)	137,702,274
Furniture and fixtures	1,340,062	-	-	-	1,340,062
Improvements - general and parks	344,970,563	357,076	21,505,269	(34,628)	366,798,280
Software	46,851,680	-	-	-	46,851,680
Total capital assets being depreciated	1,603,018,417	15,384,511	38,336,915	(4,701,873)	1,652,037,970
Less accumulated depreciation for:					
Buildings and machinery	81,792,790	7,504,397	-	-	89,297,187
Streets and sidewalks	538,298,767	22,810,300	-	-	561,109,067
Equipment	94,940,560	11,220,076	15,692	(4,663,744)	101,512,584
Furniture and fixtures	1,329,499	3,086	-	-	1,332,585
Improvements - general and parks	168,255,671	15,239,595	-	(27,702)	183,467,564
Software	21,158,797	2,342,584	-	-	23,501,381
Total accumulated depreciation	905,776,084	59,120,038	15,692	(4,691,446)	960,220,368
Total capital assets being depreciated, net	697,242,333	(43,735,527)	38,321,223	(10,427)	691,817,602
Governmental activities capital assets, net	\$ 1,243,985,190	\$ 43,932,918	\$ -	\$ (104,129)	\$ 1,287,813,979

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

General government	\$ 3,731,101
Community development	7,155
Public infrastructure	31,156,516
Public safety	2,358,937
Leisure services	12,520,506
Capital assets held by certain internal service funds are charged to the various governmental functions based on the usage of the assets	9,345,823
Total depreciation expense - governmental activities	<u>\$ 59,120,038</u>

Annexations: The amount reported as additions for street and sidewalks includes \$4,410,033 from annexations.

	June 30, 2019	Additions	Transfers	Deletions	June 30, 2020
<u>Business-type activities</u>					
Capital assets, not being depreciated:					
Land	\$ 82,708,088	\$ 11,796,241	\$ -	\$ -	\$ 94,504,329
Construction in progress	561,230,664	156,112,640	(25,721,157)	(76,541)	691,545,606
Watershed protection rights	4,780,059	-	-	-	4,780,059
Total capital assets, not being depreciated	648,718,811	167,908,881	(25,721,157)	(76,541)	790,829,994
Capital assets, being depreciated:					
Buildings and machinery	405,449,625	-	-	-	405,449,625
Water and sewer systems	1,253,195,350	7,889,011	10,664,880	-	1,271,749,241
Parking decks	156,130,540	-	405,000	-	156,535,540
Buses	48,751,103	5,766,670	-	(2,874,603)	51,643,170
Equipment	110,503,295	6,204,820	4,981,678	(5,731,878)	115,957,915
Furniture and fixtures	2,851,604	-	-	-	2,851,604
Improvements	298,936,614	1,134,890	9,653,907	(41,725)	309,683,686
Total capital assets being depreciated	2,275,818,131	20,995,391	25,705,465	(8,648,206)	2,313,870,781
Less accumulated depreciation for:					
Buildings and machinery	141,093,550	9,865,908	-	-	150,959,458
Water and sewer systems	455,667,779	26,153,414	-	-	481,821,193
Parking decks	54,473,893	4,079,979	-	-	58,553,872
Buses	29,007,512	3,613,612	-	(2,874,603)	29,746,521
Equipment	78,297,574	10,715,376	(15,692)	(5,637,954)	83,359,304
Furniture and fixtures	2,816,692	8,729	-	-	2,825,421
Improvements	134,282,351	14,971,824	-	(35,466)	149,218,709
Total accumulated depreciation	895,639,351	69,408,842	(15,692)	(8,548,023)	956,484,478
Total capital assets being depreciated, net	1,380,178,780	(48,413,451)	25,721,157	(100,183)	1,357,386,303
Business-type activities capital assets, net	\$ 2,028,897,591	\$ 119,495,430	\$ -	\$ (176,724)	\$ 2,148,216,297

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

Water/Sewer	\$ 40,030,545
Convention center	7,987,815
Parking	4,199,437
Mass Transit	4,680,232
Stormwater	3,491,168
Solid Waste Services	898,571
Capital assets held by certain internal service funds are charged to the various business-type activities based on the usage of the assets	8,121,074
Total depreciation expense - business-type activities	\$ 69,408,842

Annexations: The amount reported as additions for water and sewer systems includes \$7,727,439 from annexations.

Commitments - construction projects. At June 30, 2020, the City has \$473,060,421 in project obligations for business-type activities for construction projects in progress including encumbered amounts as follows: \$405,049,910 for water and sewer projects, \$38,762,763 for transit projects, \$22,662,102 for stormwater projects, \$5,771,384 for convention center projects and \$814,262 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 \$202,540,394 in general government project obligations at June 30, 2020. 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 at June 30, 2020.

C. Unavailable revenue and unearned revenue

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

	General	Nonmajor Governmental	Total
Amounts arising from cash:			
Police informant account	\$ 40,128	\$ -	\$ 40,128
Cemetery cash account	8,090	-	8,090
Cafeteria plan cash	405,987	-	405,987
Prepaid taxes and assessments	107,392	7,408	114,800
Unearned revenue	431,006	927,817	1,358,823
	<u>992,603</u>	<u>935,225</u>	<u>1,927,828</u>
Amounts not arising from cash:			
Taxes receivable	637,432	-	637,432
Assessments receivable	358,261	270,062	628,323
	<u>995,693</u>	<u>270,062</u>	<u>1,265,755</u>
Total	<u>\$ 1,988,296</u>	<u>\$ 1,205,287</u>	<u>\$ 3,193,583</u>

D. Interfund receivables, payables, and transfers

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

The composition of interfund balances as of June 30, 2020, is as follows:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	\$ 2,450,561
	Mass transit fund	5,949,835
	Parking fund	6,510,000
	Subtotal	14,910,396
Nonmajor governmental funds	General fund	26,688
Water and sewer fund	Nonmajor governmental funds	213,764
Convention center complex fund	Nonmajor governmental funds	40,041
Mass transit fund	Nonmajor governmental funds	279,420
Stormwater fund	Nonmajor governmental funds	18,384
Parking fund	Nonmajor governmental funds	12,784
Solid waste services fund	Nonmajor governmental funds	140,904
Internal service funds	Nonmajor governmental funds	30,098
	Internal service funds	1,058
	Subtotal	31,156
Fiduciary funds	General fund	174,244
	Total	\$ 15,847,781

The largest component of the \$14,910,396 receivables in the general fund represents an interfund loan for cash deficits that were covered by the general fund and reclassified to the enterprise mass transit fund (\$5,949,835) as well as nonmajor governmental grants fund (\$1,078,770). 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 (\$6,510,000) placed with the enterprise parking fund as part of a private-public partnership on a downtown parking deck. The City is in the process of applying for relief for eligible costs associated with the COVID-19 pandemic and costs were reclassified to the disaster recovery fund at year-end; this represents the balance of nonmajor governmental amounts payable above. In addition, there are small amounts owed to the nonmajor governmental and business-type activities that also represent normal fiscal operations. The general fund payable (\$174,244) represents a final year-end retiree contribution owed to the OPEB fund, which is a fiduciary fund.

A summary of interfund transfers for the fiscal year ended June 30, 2020 is as follows:

<u>Funds</u>	General fund	Nonmajor governmental	Water and sewer	Solid waste services	Parking	Convention center	Mass transit	Stormwater	Internal service	Total Transfers Out
General fund	\$ -	\$ 21,353,395	\$ -	\$ 6,430,000	\$ -	\$ 4,426,228	\$ 21,126,824	\$ -	\$ 1,513,528	\$ 54,849,975
Nonmajor governmental	5,320,923	-	-	-	-	36,307,002	219,000	-	-	41,846,925
Water and sewer	-	214,090	-	-	-	-	-	-	-	214,090
Parking	215,000	12,195	-	-	-	-	-	-	880,000	1,107,195
Convention center	-	35,230	-	-	-	-	-	-	-	35,230
Mass transit	-	389,017	-	-	-	-	-	-	-	389,017
Stormwater	223,217	36,585	-	-	-	-	-	-	-	259,802
Internal service	2,972,364	124,945	735,470	185,471	82,435	142,344	29,393	116,722	-	4,389,144
Total Transfers In	\$ 8,731,504	\$ 22,165,457	\$ 735,470	\$ 6,615,471	\$ 82,435	\$ 40,875,574	\$ 21,375,217	\$ 116,722	\$ 2,393,528	\$ 103,091,378

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

The transfer made internally in the general fund between its operating and debt service components was \$70,555,556. This transfer was eliminated as part of the consolidation of the general fund as reported in the basic financial statements.

E. Operating leases

During fiscal year 2019-20 total rental payments on noncancelable operating leases was \$7,738,038. The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2020:

<u>Fiscal Year Ending June 30</u>	<u>Lease Payments</u>
2021	\$ 7,069,539
2022	5,657,175
2023	4,540,579
2024	3,271,343
2025	2,349,115
2026 and beyond	7,292,030
	<u>\$ 30,179,781</u>

F. Long-term obligations

1. 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.

General obligation bonds outstanding at June 30, 2020 are as follows:

Governmental Activities	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2020	Due Within One Year Fiscal 2020-2021
GO Refunding, Series 2009D	3.50% to 5.00%	7/28/2009	12/01/2020	\$ 33,640,000	\$ 1,660,000	\$ 1,660,000
GO Refunding, Series 2011A	2.50% to 5.00%	10/27/2011	9/01/2022	32,055,000	19,885,000	8,175,000
Public Improvement, Series 2012A	3.00% to 5.00%	5/15/2012	4/01/2032	9,000,000	2,250,000	300,000
Public Improvement, Series 2012B	3.00% to 5.00%	5/16/2012	4/01/2032	138,600,000	34,350,000	4,700,000
Public Improvement, Series 2014	3.00% to 3.25%	6/26/2014	6/01/2032	15,000,000	10,600,000	800,000
Street Improvement, Series 2015A	3.00% to 5.00%	6/24/2015	6/01/2034	5,050,000	3,800,000	250,000
GO Bonds, Series 2015B	3.00% to 5.00%	6/25/2015	6/01/2034	20,000,000	15,000,000	1,000,000
Housing Bonds, Series 2015C - Taxable	3.00% to 4.00%	6/25/2015	6/01/2034	10,000,000	7,500,000	500,000
General Obligation Refunding, Series 2016A	2.25% to 5.00%	3/02/2016	9/01/2030	101,850,000	101,850,000	-
General Obligation Refunding, Series 2016B	0.50% to 1.99%	3/02/2016	9/01/2022	16,255,000	11,935,000	3,450,000
Housing Bonds, Series 2016C	2.00% to 3.375%	3/02/2016	2/01/2036	6,000,000	4,800,000	300,000
Public Improvement Bonds, Series 2017	3.00% to 5.00%	2/14/2017	2/01/2037	68,000,000	57,800,000	3,400,000
Public Improvement 2/3 BANs *, Series 2020A	18.00% **	5/13/2020	5/1/2022	12,746,666	12,746,666	-
Public Improvement 2/3 BANs *, Series 2020B	18.00% **	5/13/2020	5/1/2022	4,700,000	4,700,000	-
Voted GO Bond Anticipation Notes	18.00% **	5/13/2020	5/1/2022	17,304,190	17,304,190	-
Total Governmental Activities					\$ 306,180,856	\$ 24,535,000

* BANs - Bond Anticipation Notes

** Interest rate not to exceed rate shown

The City entered into a Public Improvement Bond Anticipation Note (BAN) program with PNC Bank on 5/13/2020 for acquisition related to and capital improvements for the City's general government needs. 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. The initial term of the BANs would be payable through 5/1/2022, and the BANs can be refinanced with a notice period of 30 days. The BANs included tax-exempt two-thirds bonds of \$12,746,666 to support streets, parks and public safety; taxable two-thirds bonds of \$4,700,000 to support housing and voted general obligation BANs up to \$68,000,000 to support streets and parks. The voted general obligation BANs are a line of credit arrangement that serve as a draw program as expenses are paid. As of 6/30/2020, the City has drawn \$17,304,190 against the voted general obligation BANs.

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2021	\$ 24,535,000	\$ 10,777,591
2022	24,800,000	9,783,551
2023	23,490,000	8,732,246
2024	21,810,000	7,818,288
2025	21,825,000	6,860,869
2026-2030	102,705,000	20,102,375
2031-2035	45,165,000	4,455,863
2036-2037	7,100,000	362,875
	<u>\$ 271,430,000</u>	<u>\$ 68,893,658</u>

The principal amount outstanding as of June 30, 2020 for the BANs is not included in the above schedule of maturities because there is no annual payment required. Annual payments will begin once permanent financing is obtained on or before the maturity date of May 1, 2022.

Status of Bond Authorizations. The following represent continuing authorization of general obligation bonds, which were unsold at June 30, 2020:

	Bonds Authorized	BANs
	Not Issued	Authorized
Transportation - October 8, 2013	\$ 35,090,000	\$ 35,090,000
Parks and Recreation - November 4, 2014	63,685,000	32,910,000
Transportation - October 10, 2017	206,700,000	-
Housing Development - April 7, 2020 *	4,700,000	4,700,000
Parks and Recreation - April 7, 2020 *	5,842,704	5,842,704
Public Safety - April 7, 2020 *	1,600,000	1,600,000
Transportation - April 7, 2020 *	5,303,962	5,303,962
Total	<u>\$ 322,921,666</u>	<u>\$ 85,446,666</u>

Note: BANs are not considered issued from a legal perspective.

Note: 2/3 BANs are non-voted. *

2. Defeased debt and refundings

During fiscal year 2019-20, the City issued \$22,655,000 of 2020A limited obligation bonds to generate resources for future debt service payments on \$27,840,000 of Series 2010A limited obligation bonds, as well as \$33,935,000 of 2020B limited obligation bonds to generate resources for future debt service payments on \$28,965,000 of Series 2013A limited obligation bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$1,591,598. 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 total debt service payments over the next 20 years by \$7,687,849 and resulted in an economic gain of \$6,534,276.

During fiscal year 2019-20, the City issued \$33,780,000 of 2019A revenue bonds to generate resources for future debt service payments on \$31,230,000 of 2012A revenue bonds, as well as \$151,525,000 of 2019B revenue bonds to generate resources for future debt service payments on \$136,400,000 of 2013A revenue bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$6,038,046. 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 total debt service payments over the next 23 years by \$19,688,335 and resulted in an economic gain of \$15,546,558.

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, 2020, the amount of defeased debt outstanding was \$72,963,127.

3. 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.

Annual debt service requirements for 2019-20 were 21.10% of gross utility revenue and are expected to remain in this range.

Revenue bonds outstanding at June 30, 2020 are as follows:

	Interest	Date	Date	Amount of	Balance	Due Within
Water and Sewer Revenue Bonds	Rates	Issued	Series Matures	Original Issue	Outstanding June 30, 2020	One Year Fiscal 2020-2021
Water/Sewer, Series 2008A Variable Rate	4.163%	6/12/2008	3/01/2035	\$ 90,000,000	\$ 65,060,000	\$ 3,145,000
Water/Sewer, Series 2008B Variable Rate	4.163%	6/12/2008	3/01/2035	60,000,000	43,385,000	2,095,000
Water/Sewer Refunding, Series 2010A	2.25 - 5.00%	3/20/2010	3/01/2023	68,745,000	24,495,000	7,780,000
Water/Sewer, Series 2011	3.00 - 5.00%	2/10/2011	3/01/2040	10,435,000	2,795,000	2,795,000
Water/Sewer, Series 2013A	2.00 - 5.00%	5/16/2013	3/01/2043	66,895,000	36,220,000	1,555,000
Water/Sewer Refunding, Series 2013B, Taxable	0.65 - 2.14%	5/16/2013	3/01/2022	23,470,000	4,995,000	2,470,000
Water/Sewer Refunding, Series 2015A	3.25 - 4.00%	4/30/2015	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	40,795,000	6,460,000
Water/Sewer, Series 2016A	3.00 - 5.00%	11/16/2016	3/01/2046	99,170,000	95,255,000	2,065,000
Water/Sewer Refunding, Series 2016B	3.00 - 5.00%	11/16/2016	3/01/2040	92,190,000	92,190,000	-
Water/Sewer Refunding, Series 2019A	1.75 - 3.24%	11/26/2019	3/01/2031	33,780,000	33,780,000	335,000
Water/Sewer Refunding, Series 2019B	1.75 - 3.24%	11/26/2019	3/01/2043	151,525,000	151,185,000	2,205,000
Total Water and Sewer Revenue Bonds					<u>\$ 637,970,000</u>	<u>\$ 30,905,000</u>

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2021	\$ 30,905,000	\$ 27,982,278
2022	32,530,000	21,814,407
2023	31,395,000	20,395,910
2024	32,800,000	18,963,789
2025	32,455,000	17,806,803
2026-2030	174,605,000	72,403,280
2031-2035	178,480,000	43,109,330
2036-2040	83,870,000	15,500,486
2041-2045	35,215,000	4,915,935
2046	5,715,000	228,600
	<u>\$ 637,970,000</u>	<u>\$ 243,120,818</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, 2020.

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

Operating revenues	\$ 263,964,510
Operating expenses	(156,471,742)
Operating income	107,492,768
Nonoperating revenues	23,099,566
Nonoperating expenses	(25,734,624)
Change in net position	104,857,710
Allowable revenue adjustments for calculation	(8,462,909)
Allowable expense adjustments for calculation	67,212,256
Income available for debt service	\$ 163,607,057
Debt service, principal and interest paid on	
revenue bonds and certain state loans (Parity)	\$ 60,688,837
Debt service coverage ratio	2.70

4. 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 \$843,731,825.

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 following schedule shows the expiration dates, which can be renewed, fees paid in fiscal year 2019-20 pursuant to the terms of the debt agreements, and the swap interest rate at year-end for these issues.

Issue	Balance June 30, 2020	Agreement Expiration	Fees Paid FY 2020	Interest Rate June 30, 2020
2004A	\$ 55,000,000	January 5, 2022	\$ 177,343	0.13 %
2005B	\$ 138,940,000	December 1, 2020	\$ 780,309	0.13 %

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
2021	\$ 10,530,734	\$ 8,182,906
2022	10,945,734	7,773,244
2023	11,420,734	7,299,073
2024	11,900,734	6,795,684
2025	12,410,735	6,294,995
2026-2030	70,796,464	22,639,068
2031-2035	78,649,883	6,751,015
2036-2037	843,977	25,319
	<u>\$ 207,498,995</u>	<u>\$ 65,761,304</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 0.11% at June 30, 2020, 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. The detail of these debt issues is on the following page.

During fiscal year 2019-20, the City issued \$36,965,000 of limited obligation bonds to finance the construction and renovations of fire stations. These bonds mature serially over 20 years and carry fixed coupon rates of 2.00% to 5.00%. Existing fire stations will serve as collateral for the issued bonds.

	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2020	Due Within One Year Fiscal 2020-2021
<u>Installment Financing Agreements - General Governmental</u>					
Limited Obligation Bds 2013A&B	10/03/2013	10/01/2038	\$ 47,595,000	\$ 10,350,000	\$ 2,070,000
Limited Obligation Bds 2013B Refunding	10/03/2013	10/01/2024	5,885,000	2,765,000	575,000
Limited Obligation Bds 2014A - CPS Fac & FS 12	8/28/2014	10/01/2039	66,715,000	53,380,000	2,670,000
Dix Park Acquisition IFA 2015	7/24/2015	7/01/2025	52,000,000	31,200,000	5,200,000
Limited Obligation Bds 2016 - Refunded 2007 COPS Fayetteville St	2/24/2016	2/01/2027	3,031,757	2,092,565	308,400
Limited Obligation Bds 2016 - Refunded 2007 COPS Transfer Station	2/24/2016	2/01/2027	906,722	668,702	85,044
Limited Obligation Bds 2016 - Refunded PNC Draw Prog	2/24/2016	2/01/2036	6,438,250	5,148,325	323,050
Limited Obligation Bds 2016 - New Money	2/24/2016	2/01/2036	2,216,575	1,772,680	111,215
Limited Obligation Bds 2016A - Refunded 2009 LOBS	6/15/2016	6/01/2024	3,819,270	1,804,769	473,831
Limited Obligation Bds 2016A - Refunded 2009 LOBS	6/15/2016	6/01/2034	23,577,928	18,318,387	1,309,210
Limited Obligation Bds 2020A - New Money	6/18/2020	10/01/2038	36,965,000	36,965,000	1,845,000
Limited Obligation Bds 2020A - Refunded 2010A LOBs	6/18/2020	10/01/2038	17,390,974	17,390,974	1,128,437
Limited Obligation Bds 2020B - Refunded 2013A LOBs	6/18/2020	10/01/2038	33,935,000	33,935,000	670,000
Total Installment Financing Agreements - General Governmental				<u>\$ 215,791,402</u>	<u>\$ 16,769,187</u>

Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2021	\$ 16,769,187	\$ 8,749,921
2022	16,556,237	8,398,003
2023	16,551,738	7,793,076
2024	16,546,451	7,180,667
2025	16,127,828	6,554,264
2026-2030	55,366,243	18,710,127
2031-2035	47,014,236	9,366,879
2036-2040	30,859,482	2,308,088
	<u>\$ 215,791,402</u>	<u>\$ 69,061,025</u>

The City has previously entered into installment financing agreements to finance various downtown parking facilities. These agreements bear interest at rates ranging from 4.20% to 5.25% with a variable rate component for one agreement, not to exceed 15.00%, which was 0.11% at June 30, 2020. There are also two variable rate agreements that each had an interest rate of 0.15% at June 30, 2020. Principal and interest requirements will be provided by appropriation in the year in which they become due. A detail of these debt issues is as follows:

Installment Financing Agreements - Parking	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2020	Due Within One Year Fiscal 2020-2021
COPS 2008 - Taxable - Blount St Parking Deck	8/13/2008	8/01/2033	\$ 12,950,000	\$ 8,185,000	\$ 470,000
COPS 2009 - Taxable - Site One Parking Deck	8/12/2009	8/01/2035	24,875,000	18,915,000	905,000
Limited Obligation Bds 2013B Refunding	10/03/2013	10/01/2024	8,860,000	4,745,000	900,000
Limited Obligation Bds 2014B Refunding	11/05/2014	10/01/2034	21,370,000	17,710,000	835,000
Limited Obligation Bds 2016 - Refunded 2007 COPS	2/24/2016	02/01/2032	9,429,633	7,883,921	551,382
Total Installment Financing Agreements - Parking				<u>\$ 57,438,921</u>	<u>\$ 3,661,382</u>

Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2021	\$ 3,661,382	\$ 2,200,466
2022	3,810,614	2,076,992
2023	3,961,318	2,062,198
2024	4,121,335	1,900,508
2025	4,313,276	1,731,667
2026-2030	18,715,996	7,064,647
2031-2035	18,855,000	2,435,250
	<u>\$ 57,438,921</u>	<u>\$ 19,471,728</u>

The City has previously issued debt associated with the Solid Waste Services function. These include certificates of participation that carry fixed interest rates of 4.00% 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 0.11% at June 30, 2020 (design and construction of remote operations center). A detail of these debt issues is as follows:

Installment Financing Agreements - Solid Waste Services	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2020	Due Within One Year Fiscal 2020-2021
Limited Obligation Bds 2016 - Refunded 2007 COPS	2/24/2016	02/01/2027	\$ 3,626,888	\$ 2,674,811	\$ 340,175
Limited Obligation Bds 2016A - Refunded 2009 LOBS	6/15/2016	06/01/2034	1,295,928	1,006,844	71,959
Limited Obligation Bds 2020A - Refunded 2010A LOBS	6/18/2020	06/01/2035	5,264,026	5,264,026	341,563
Total Installment Financing Agreements - Solid Waste Services				<u>\$ 8,945,681</u>	<u>\$ 753,697</u>

Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2021	\$ 753,697	\$ 510,893
2022	747,414	457,951
2023	766,210	406,441
2024	786,479	348,257
2025	808,162	285,491
2026-2030	2,962,838	826,847
2031-2035	2,120,881	253,564
	<u>\$ 8,945,681</u>	<u>\$ 3,089,444</u>

The City has previously issued certificates of participation and master installment financing agreements to fund separate internal service funds for the purchase of rolling stock equipment for governmental and business-type activities. The debt issues carry fixed interest rates ranging from 0.90% to 1.87%. Principal and interest requirements for these debt issues will be provided by appropriation in the year they become due. A detail of these debt issues is as follows:

Installment Financing Agreements - Internal Service Funds	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2020	Due Within One Year Fiscal 2020-2021
Equipment Acquisition Project, Series 2017	06/27/2017	6/30/2022	\$ 42,303,111	\$ 17,388,405	\$ 8,613,291
Equipment Acquisition Project, Series 2019	06/26/2019	6/30/2024	28,484,308	23,716,416	5,737,688
Total Installment Financing Agreements - Internal Service				<u>\$ 41,104,821</u>	<u>\$ 14,350,979</u>

Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 9,270,088	\$ 492,125	\$ 5,080,891	\$ 185,300
2022	9,455,496	306,716	5,183,068	97,143
2023	3,750,974	145,003	2,240,997	86,631
2024	3,831,600	62,786	2,291,707	42,002
	<u>\$ 26,308,158</u>	<u>\$ 1,006,630</u>	<u>\$ 14,796,663</u>	<u>\$ 411,076</u>

State Revolving Loans. During the current fiscal year, the City's Water and Sewer Utility enterprise received \$19,116,826 in 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 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	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2020	Due Within One Year Fiscal 2020-2021
Water and Sewer:						
Rolesville Projects	2.66%	11/14/2005	5/01/2025	\$ 3,000,000	\$ 750,000	\$ 150,000
Spray Irrigation	0.00%	9/01/2010	5/01/2030	625,694	281,357	28,135
Crabtree Creek North Bank Interceptor	2.45%	7/05/2011	5/01/2033	11,094,556	6,312,136	485,549
Centennial Reuse Pipeline Segment 4	0.00%	5/01/2012	5/01/2033	5,125,312	2,476,808	190,524
NRWWTP 15MGD Expansion	2.00%	4/18/2013	5/01/2037	27,638,450	23,492,683	1,381,922
DE Benton Backwash Waste Facility	0.00%	5/18/2013	5/01/2034	7,075,847	5,140,196	367,157
Sodium Permanganate Facility	0.00%	3/26/2015	5/01/2036	3,678,800	2,430,938	178,938
Crabtree Creek Improvement Phase II	2.00%	7/13/2015	5/01/2037	37,500,000	20,650,572	1,875,000
Bioenergy Recovery	0.00%	10/3/2017	5/01/2043	50,000,000	12,675,392	-
Water and Sewer Total State Revolving Loans					<u>\$ 74,210,082</u>	<u>\$ 4,657,225</u>

Annual maturities for Water and Sewer Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2021	\$ 4,657,225	\$ 1,057,778
2022	4,657,226	976,729
2023	4,657,226	895,681
2024	5,290,995	814,632
2025	5,290,995	733,583
2026-2030	25,704,975	2,492,087
2031-2035	16,117,438	801,006
2036-2040	5,932,693	82,915
2041-2043	1,901,309	-
	<u>\$ 74,210,082</u>	<u>\$ 7,854,411</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.

	Interest	Date	Date	Amount of	Balance	Due Within
	Rates	Issued	Series	Original	Outstanding	One Year
State Revolving Loans			Matures	Issue	June 30,	Fiscal
Upper Longview Restoration	0.00%	1/16/2013	5/01/2034	<u>\$2,034,751</u>	<u>\$ 1,424,327</u>	<u>\$ 101,738</u>

Annual maturities for the Stormwater Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	
2021	\$	101,738
2022		101,738
2023		101,738
2024		101,738
2025		101,738
2026-2030		508,687
2031-2034		406,950
	<u>\$</u>	<u>1,424,327</u>

Earned Vacation Pay. At June 30, 2020, earned vacation pay consists of \$26,102,511 for governmental activities and \$6,451,008 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 \$4,083,982 reported as landfill postclosure liability as of June 30, 2020 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 20, 2019.

5. Changes in long-term liabilities

There were current year additions to general obligation bonds of \$34.8 million, which consisted of bond anticipation notes for streets, parks, public safety and housing, as well as additions to installment financing agreements for governmental activities that consisted of newly issued limited obligation bonds for public safety needs and refunded bonds for previous issuances. There were current year additions to revenue bonds for refundings of previous issuances, as well as additions to installment financing agreements for business-type activities for state revolving loans.

Certain internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the totals for governmental activities. At year end, \$529,591 of internal service funds earned vacation pay are included as part of governmental activities, as well as \$26,308,158 of installment financing agreements net of unamortized premiums.

Long-term liability governmental activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 297,350,000	\$ 34,750,856	\$ 25,920,000	\$ 306,180,856	\$ 24,535,000
Unamortized premiums - GO bonds	43,553,711	-	3,981,180	39,572,531	3,981,179
Installment financing agreements	230,453,444	88,290,974	76,644,858	242,099,560	26,039,275
Unamortized premiums on IFA	3,536,199	10,546,033	3,536,199	10,546,033	527,302
Earned vacation pay	23,161,634	23,101,415	20,160,538	26,102,511	20,149,169
Claims payable	21,834,925	5,690,617	5,643,325	21,882,217	9,091,050
Subtotal before pension	619,889,913	162,379,895	135,886,100	646,383,708	84,322,975
Net pension liability (LEOSSA)	46,961,348	8,255,050	3,700,846	51,515,552	-
Net pension liability (LGERs)	66,997,916	34,262,500	23,928,350	77,332,066	-
Net pension liability (OPEB)	135,985,994	16,114,266	13,093,160	139,007,100	-
Subtotal pension	249,945,258	58,631,816	40,722,356	267,854,718	-
Total governmental activities	\$ 869,835,171	\$ 221,011,711	\$ 176,608,456	\$ 914,238,426	\$ 84,322,975

Long-term liability business-type activity for the year ended June 30, 2020 is on the next page.

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
<u>Business-type activities:</u>					
<i>Water and Sewer:</i>					
Revenue bonds	\$ 647,835,000	\$ 185,305,000	\$ 195,170,000	\$ 637,970,000	\$ 30,905,000
Unamortized premium - Rev. bonds	57,651,447	-	22,455,358	35,196,089	2,362,134
Installment financing agreements	59,915,481	19,116,826	4,822,225	74,210,082	4,657,225
Earned vacation pay	3,232,841	3,231,463	2,638,710	3,825,594	2,638,710
Net pension liability (LGERS)	14,242,491	7,264,483	5,073,392	16,433,582	-
Net pension liability (OPEB)	29,159,005	3,416,615	2,776,068	29,799,552	-
Subtotal Water and Sewer	812,036,265	218,334,387	232,935,753	797,434,899	40,563,069
<i>Convention Center Complex:</i>					
Installment financing agreements	217,534,729	-	10,035,734	207,498,995	10,530,734
Unamortized premiums - IFA	2,003,980	-	117,882	1,886,098	117,881
Earned vacation pay	703,873	738,398	741,898	700,373	700,373
Net pension liability (LGERS)	2,358,749	1,271,011	887,652	2,742,108	-
Net pension liability (OPEB)	4,722,323	597,778	485,707	4,834,394	-
Subtotal Convention Center Complex	227,323,654	2,607,187	12,268,873	217,661,968	11,348,988
<i>Transit:</i>					
Earned vacation pay	66,066	59,564	32,263	93,367	32,263
Net pension liability (LGERS)	499,788	328,710	229,565	598,933	-
Net pension liability (OPEB)	911,615	154,598	125,614	940,599	-
Subtotal Transit	1,477,469	542,872	387,442	1,632,899	32,263
<i>Stormwater:</i>					
Installment financing agreements	1,526,063	-	101,736	1,424,327	101,738
Earned vacation pay	562,656	484,319	380,294	666,681	380,294
Net pension liability (LGERS)	2,232,780	1,314,839	918,261	2,629,358	-
Net pension liability (OPEB)	4,918,090	618,392	502,456	5,034,026	-
Subtotal Stormwater	9,239,589	2,417,550	1,902,747	9,754,392	482,032
<i>Parking:</i>					
Installment financing agreements	61,522,395	-	4,083,474	57,438,921	3,661,382
Unamortized premiums - IFA	3,280,656	-	261,115	3,019,541	261,114
Earned vacation pay	142,973	173,946	133,471	183,448	133,471
Net pension liability (LGERS)	838,691	416,366	290,783	964,274	-
Net pension liability (OPEB)	1,738,233	195,824	159,111	1,774,946	-
Subtotal Parking	67,522,948	786,136	4,927,954	63,381,130	4,055,967
<i>Solid Waste Services:</i>					
Installment financing agreements	11,482,728	5,264,026	7,801,073	8,945,681	753,697
Unamortized premiums - IFA	581,406	1,260,842	145,772	1,696,476	125,276
Earned vacation pay	855,411	855,186	729,052	981,545	729,052
Landfill postclosure	4,388,053	-	304,071	4,083,982	986,770
Net pension liability (LGERS)	4,527,483	2,300,967	1,606,957	5,221,493	-
Net pension liability (OPEB)	9,307,355	1,082,186	879,298	9,510,243	-
Subtotal Solid Waste Services	31,142,436	10,763,207	11,466,223	30,439,420	2,594,795
<i>Internal Service Funds:</i>					
Installment financing agreements	22,848,661	-	8,051,998	14,796,663	5,080,891
Total business-type activities	\$ 1,171,591,022	\$ 235,451,339	\$ 271,940,990	\$ 1,135,101,371	\$ 64,158,005

6. Arbitrage

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the City must rebate to the federal government “arbitrage profits” earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2020, the City had no arbitrage liabilities.

7. Interest rate swaps

2005 Swap

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

The certificates of participation and the related swap agreement mature on February 1, 2034. The swap notional amount of \$138,940,000 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, 2020, the swap had a negative fair value to the City of \$36,442,593. 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, 2020, 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, 2020, Citibank NA, the counterparty, was rated “Aa3” by Moody’s Investor’s Service, “A+” by Standard and Poor’s Ratings Services, and “A+” by Fitch Ratings. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make or being entitled to receive an unanticipated termination payment based on the market value on the date of termination. As rates vary, variable rate bond interest payments and net swap payments will vary. The principal and interest payments shown below are components of the business-type activities demand bond debt service requirements as reported on page 42.

Using rates as of June 30, 2020, 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
2021	\$ 9,680,000	\$ 180,622	\$ 5,877,162	\$ 6,057,784
2022-2026	55,410,000	702,715	22,865,265	23,567,980
2027-2031	58,945,000	307,177	9,995,067	10,302,244
2032-2034	14,905,000	39,338	1,279,998	1,319,336
Total	<u>\$ 138,940,000</u>	<u>\$ 1,229,852</u>	<u>\$ 40,017,492</u>	<u>\$ 41,247,344</u>

*Computed using 4.36% less floating rate paid to the City (0.15% at June 30, 2019) times \$188,425,000 less accumulated annual reductions.

2008 Swap

On February 9, 2006, the City entered into forward starting swap transactions with two financial institutions as related to \$150,000,000 of water and sewer revenue bonds to be issued in 2008. The City engaged the swap transactions effective June 18, 2008 in conjunction with the issue of variable rate revenue bonds. Under the swap agreements, the City pays the counterparties a fixed interest rate payment at 4.163% of the swap notional amount (\$150,000,000) and receives a variable interest rate payment equivalent to the SIFMA. At June 30, 2020, the swaps had a combined negative fair value to the City of \$33,182,446, which mitigates the City's exposure to credit risk. However, should interest rates change and the fair value of swaps become positive, the City would be exposed to credit risk in the amount of the derivatives' positive fair values. At June 30, 2020, Citibank NA, one of the counterparties, was rated "Aa3" by Moody's Investor's Service, "A+" by Standard and Poor's Ratings Services, and "A+" by Fitch Ratings. Wells Fargo Bank, N.A., the other counterparty, was rated "Aa2" by Moody's Investor's Service, "A+" by Standard and Poor's Ratings Services, and "AA-" by Fitch Ratings. The derivative contracts use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make or being entitled to receive an unanticipated termination payment based on the market value on the termination date. As rates vary, variable rate bond interest payments and net swap payments shown below are components of the business type activities revenue bond debt service requirements as reported on page 40.

Using the rates as of June 30, 2020, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the 2008 A and B variable rate bonds were as follows:

Fiscal Year Ending June 30	Principal	Variable Rate Interest	Interest Rate Swaps, Net*	Total Interest
2021	\$ 5,240,000	\$ 140,979	\$ 4,373,587	\$ 4,514,566
2022-2026	29,900,000	596,512	18,505,622	19,102,134
2027-2031	37,165,000	384,059	11,914,692	12,298,751
2032-2035	36,140,000	119,990	3,722,459	3,842,449
Total	<u>\$ 108,445,000</u>	<u>\$ 1,241,540</u>	<u>\$ 38,516,360</u>	<u>\$ 39,757,900</u>

**Computed using 4.163% less floating rate paid to the City (0.15% at June 30, 2019) times \$150,000,000 less accumulated annual reductions.*

G. Restricted assets

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

	Deposits	Unspent Debt Proceeds
<u>Governmental</u>		
General Fund	\$ 89,422	\$ 405,494
Nonmajor governmental funds	1,440,937	51,246,112
Total governmental	1,530,359	51,651,606
 <u>Enterprise</u>		
Water and sewer fund	14,762,036	5,878,732
Convention center fund	537,649	-
Mass transit fund	50,305	-
Stormwater fund	17,194,381	-
Parking Fund	-	68,890
Total enterprise	32,544,371	5,947,622
 <u>Internal service funds</u>		
Governmental equipment replacement fund	-	8,117,909
Public utilities equipment replacement fund	-	1,546,770
Solid waste services equipment replacement fund	-	748,399
Total internal service fund	-	10,413,078
 Total	\$ 34,074,730	\$ 68,012,306

Note 4. Other Information

A. Risk management and employees' health benefits

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

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

City insurance coverage includes workers' compensation, general liability, automobile liability, law enforcement liability, cyber liability, automobile comprehensive, real and personal property. For workers' compensation, the City self-insures the first \$1,100,000 per occurrence, with an excess policy of \$25,000,000 per occurrence, as well as employers' liability coverage of \$1,000,000 per occurrence and in the aggregate. For liability, the City self-insures the first \$1,000,000 per occurrence, with excess coverage of \$10,000,000 in the aggregate. Cyber security coverage is \$15,000,000. For property, the City self-insures the first \$100,000 per occurrence, with excess coverage up to the replacement value of \$500,000,000 per occurrence. The excess coverage includes \$100,000,000 in the aggregate for loss due to flood and \$10,000,000 annual aggregate for flood plain location losses.

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 \$500,000. Additionally, the City purchases a Crime and Fidelity insurance policy for all other employees in the amount of \$2,000,000. City taxes are collected by the Wake and Durham County tax collectors. Wake and Durham County tax collectors are endorsed onto the City of Raleigh's Crime and Fidelity insurance policy for their collection of taxes on behalf of the City of Raleigh up to the \$2,000,000 coverage limit.

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

The City uses internal service funds, the risk management fund and the employees' health benefits fund, to account for its risk financing activities, as allowed by GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues". The claims liability total of \$21,882,217 reported for these two internal service funds at June 30, 2020, 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 2019-20 and 2018-19 are as follows:

	2020	2019
Insurance claims payable, beginning of year	\$ 21,834,925	\$ 19,343,033
Current year claims and changes in estimates	48,335,276	51,704,180
Claim payments	(48,287,984)	(49,212,288)
Insurance claims payable, end of year	<u>\$ 21,882,217</u>	<u>\$ 21,834,925</u>

Employees' health benefits and risk management current portion of pending claims is \$9,091,050.

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 2019-20 obligation was \$941,655. It is estimated, at this time, that the future cost to the City will not exceed \$900,000 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 2019-20 obligation for the reallocation was \$1,299,247. It is estimated, at this time, that the future cost to the City will not exceed \$1,300,000 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, 2020 was \$7,068,916. 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 under the guidance of GASB 83 "Certain Asset Retirement Obligations". 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 \$129,017 to the council during the fiscal year ended June 30, 2020. 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, 2020 the City paid \$48,552 to the commission. The not-for-profit organization does not meet the criteria to be included in the City's financial reporting entity.

The Raleigh Parking Deck Associates, Inc. A for-profit corporation established to finance and construct a parking deck is reflected in substance through a capital lease with the City. The corporation does not meet the criteria to be included in the City's financial reporting entity.

Interlocal agreement with Wake County

Pursuant to enabling legislation in 1991, the City of Raleigh and Wake County entered into an interlocal agreement to provide for the funding of various projects and facilities from the proceeds to be realized from the levy of a county-wide room occupancy tax and a prepared food and beverage tax. The proceeds and distributions of the taxes are accounted for in a special revenue fund maintained by the County. The City, by terms of the enabling legislation, is granted specific allocations of the taxes, but has entered into the interlocal agreement requiring joint action of the City and County governing bodies to expend both the City and County allocations.

At June 30, 2020 the balance of the trust maintained by the County was \$6,411,195, which is not available to the City except for current and future projects jointly determined by the City and the County. During fiscal year 2019-20, 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 \$26,997,160 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 \$33,478,691 in interlocal funding from GoTriangle for fiscal year 2020 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, 2020. 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, 2020. 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 and pension plans

North Carolina Local Government Employees' Retirement System

Plan Description. The City of Raleigh is a participating employer in the statewide Local Government Employees' Retirement System (LGERS); a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial ReportPensio (CAFR) for the State of North Carolina. The State's CAFR 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 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, 2020, was 9.70% of compensation for law enforcement officers and 8.95% 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 \$23,648,570 for the year ended June 30, 2020.

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, 2020, the City reported a liability of \$105,921,814 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the City's proportion was 3.88%, which was an increase of 0.01% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$46,842,067. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,136,497	\$ -
Changes in assumptions	17,263,499	-
Net difference between projected and actual earnings on pension plan investments	2,583,581	-
Changes in proportion and differences between City contributions and proportionate share of contributions	487,522	1,274,165
City contributions subsequent to the measurement date	23,648,570	-
Total	<u>\$ 62,119,669</u>	<u>\$ 1,274,165</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 \$23,648,570 reported as deferred outflows of resources related to pensions will be recognized as an increase of the net pension asset in the year ended June 30, 2021.

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
2021	\$ 18,521,703
2022	5,643,245
2023	10,264,045
2024	2,767,941
2025	-
Thereafter	-
	<u>\$ 37,196,934</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Assumption Type	Parameter
Inflation	3.00 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
Fixed Income	29.00%	1.4%
Global equity	42.00%	5.3%
Real estate	8.00%	4.3%
Alternatives	8.00%	8.9%
Credit	7.00%	6.0%
Inflation protection	6.00%	4.0%
	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	<u>1 % Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1 % Increase (8.00%)</u>
City's proportionate share of the net pension liability (asset)	<u>\$ 242,262,557</u>	<u>\$ 105,921,814</u>	<u>\$ (7,404,965)</u>

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

Law Enforcement Supplemental Plans

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officers' salary, and all amounts collected are vested immediately. Also, law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$5,173,372, which consisted of \$2,725,920 from the City and \$2,447,452 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. At December 31, 2018, the separation allowance's membership consisted of:

Retirees currently receiving benefits	159
Active plan members	<u>736</u>
Total membership	<u><u>895</u></u>

Summary of significant accounting policies:

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73: contributions to the pension plan and earnings on those contributions are irrevocable, pension plan assets are dedicated to providing benefits to plan members, pension plan assets are legally protected from the creditors or employers.

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2018 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	3.50% - 7.35%
Discount Rate	3.26%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017. Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed \$4,335,918 or 8.16% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance plan are financed through investment earnings. The City paid \$3,779,059 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, 2020, the City reported a total pension liability of \$51,515,552. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the City recognized pension expense of \$5,108,317.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,513,017	\$ -
Changes of assumptions	2,239,387	1,361,486
Benefit payments and administrative expenses subsequent to the measurement date	2,257,867	-
Total	<u>\$ 11,010,271</u>	<u>\$ 1,361,486</u>

The \$2,257,867 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, 2021.

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
2021	\$ 1,974,582
2022	2,008,628
2023	1,822,886
2024	1,153,352
2025	431,470
Thereafter	-
	<u>\$ 7,390,918</u>

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the City's total pension liability calculated using the discount rate of 3.26 %, 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 (2.26 %) or one-percentage-point higher (4.26 %) than the current rate:

	1% Decrease 2.26%	Discount Rate 3.26%	1% Increase 4.26%
Total Pension Liability	<u>\$ 55,442,311</u>	<u>\$ 51,515,552</u>	<u>\$ 47,902,402</u>

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

Beginning Balance	\$ 46,961,348
Service Cost	1,491,697
Interest on the total pension liability	1,642,038
Difference between expected and actual experience	3,712,191
Change in assumptions and other inputs	1,409,124
Benefit payments	<u>(3,700,846)</u>
Ending balance of pension liability	<u>\$ 51,515,552</u>

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Other Post-Employment Benefits (OPEB) Plan

Plan Description:

Plan Administration. The City administers a single employer defined benefit pension 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, 2018 (valuation date), the OPEB Benefit Plan membership consisted of:

OPEB Plan Membership	
Inactive plan members or beneficiaries currently receiving benefit payments	2,007
Inactive plan members entitled to by not yet receiving benefit payments	-
Active plan members	3,952
Total membership	5,959

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 \$18,021,414 or 7.95% of the annual covered payroll. Contributions made by retirees for dependent coverage and Medicare supplement premiums were \$3,018,607. 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, 2020 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%
	<u>100.00%</u>
Maximum allowable allocation to illiquid securities:	10.00%
Long-term expected real rate of return	7.00%
Bond Restrictions	
Bond quality rated:	BBB or better
Maximum avg. bond maturity:	10 years
Maximum individual bond maturity:	30 years
Maximum fund portion:	40.00%
Maximum security portion:	5.00%
<u>Equity Restrictions</u>	
Maximum fund portion:	15.00%
Maximum security portion:	1.50%

Rate of Return. For the year ended June 30, 2020, the annual money weighted rate of return on investments, net of investment expense was 7.00%. 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, 2020 were as follows:

Total OPEB liability	\$ 242,388,924
Plan fiduciary net position	51,488,064
Net OPEB liability	<u>\$ 190,900,860</u>
Plan fiduciary net position as a percentage of the total OPEB liability	21.24%

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 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	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Long-term investment rate of return, net of OPEB plan investment expense, including inflation	7.00%
Healthcare cost trend rates*	7.25% for 2018
*decreasing to an ultimate rate of 4.75% by 2028	

Mortality rates were based on the RP-2014 Healthy Annuitant base mortality tables, with adjustments for LGERS experiences and generational mortality improvements using scale MP-2015. For general employees, rates are adjusted by 115.00% (male) and 79.00% (female) for ages under 78 and by 135.00% (male) and 116.00% (female) for age 78 and older. For law enforcement officers, rates are adjusted by 104.00% (male) and 100.00% (female).

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of the biennial actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board. The remaining actuarial assumptions were based upon a review of recent plan experience and done concurrently with the June 30, 2018 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, 2020 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, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 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 at a rate of 3.50%
- 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.
- 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, 2020, 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>\$ 213,054,109</u>	<u>\$ 190,900,860</u>	<u>\$ 171,275,381</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, 2020, 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 (6.25%) or one-percentage-point higher (8.25%) than the current healthcare cost trend rate:

	1% Decrease 6.25%	Trend Rate 7.25%	1% Increase 8.25%
Net OPEB Liability	<u>\$ 167,713,507</u>	<u>\$ 190,900,860</u>	<u>\$ 217,904,198</u>

Changes in Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2020, the City reported a net OPEB liability of \$190,900,860. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing updated procedures incorporating the actuarial assumptions.

At June 30, 2020, the components of the City's net OPEB liability were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2019	\$ 231,743,793	\$ 45,001,178	\$ 186,742,615
Changes for the year:			
Service cost	5,693,047	-	5,693,047
Interest	15,721,881	-	15,721,881
Change in benefit terms	(5,634)	-	(5,634)
Differences between:			
Expected and actual experience	3,772,689	-	3,772,689
Changes of assumptions	-	-	-
Contributions - employer	-	18,021,414	(18,021,414)
Net investment income	-	3,078,357	(3,078,357)
Benefit payments	(14,536,852)	(14,536,852)	-
Plan administrative expenses	-	(76,033)	76,033
Net changes	10,645,131	6,486,886	4,158,245
Balances at June 30, 2020	\$ 242,388,924	\$ 51,488,064	\$ 190,900,860

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, 2018 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 decreased from 3.50% on the prior measurement to 2.21% respectively at June 30, 2020. Medical claims cost and rates were changed based on most recent experience and change to the current schedule. The health care cost trends remained consistent at 7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028.

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$8,809,475. At June 30, 2020, 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	\$ 3,219,509	\$ 13,192,851
Changes of assumptions	7,567,525	39,461,918
Difference between projected and actual earnings on plan investments, net	158,049	-
Total	<u>\$ 10,945,083</u>	<u>\$ 52,654,769</u>

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:	
2021	\$ (9,408,489)
2022	(9,408,488)
2023	(9,345,381)
2024	(9,389,733)
2025	(4,611,204)
Thereafter	453,609
	<u>\$ (41,709,686)</u>

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 Branch Banking and Trust Company (now Truist) 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 2019-20, the City contributed \$4,949,027 to the plan.

The 2019-20 combining financial statements for the City's pension trust funds are as follows:

COMBINING STATEMENT PLAN NET POSITION

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ASSETS			
Cash and cash equivalents	\$ 73,155,586	\$ 52,058,210	\$ 125,213,796
Accrued interest receivable	-	168	168
Due from other funds	-	174,244	174,244
Total assets	73,155,586	52,232,622	125,388,208
LIABILITIES			
Claims payable	-	730,000	730,000
Accounts payable	-	14,558	14,558
Total liabilities	-	744,558	744,558
NET POSITION			
Restricted for pensions	73,155,586	-	73,155,586
Restricted for postemployment benefits other than pensions	-	51,488,064	51,488,064
Total net position	\$ 73,155,586	\$ 51,488,064	\$ 124,643,650

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ADDITIONS			
Employer contributions	\$ 4,949,027	\$ 18,021,414	\$ 22,970,441
Retiree contributions	-	3,018,607	3,018,607
Interest	1,956,871	1,982,564	3,939,435
Net increase (decrease) in the fair value of investments	635,680	1,095,793	1,731,473
Recovery of claims	-	449,903	449,903
Total additions	<u>7,541,578</u>	<u>24,568,281</u>	<u>32,109,859</u>
DEDUCTIONS			
Benefits	3,346,537	18,005,362	21,351,899
Withdrawals and forfeitures	674,479	-	674,479
Investment expense	112,890	-	112,890
Professional services	-	76,033	76,033
Total deductions	<u>4,133,906</u>	<u>18,081,395</u>	<u>22,215,301</u>
Change in net position restricted for employees' retirement and other post-employment benefits	3,407,672	6,486,886	9,894,558
Net position, beginning of year	<u>69,747,914</u>	<u>45,001,178</u>	<u>114,749,092</u>
Net position, end of year	<u>\$ 73,155,586</u>	<u>\$ 51,488,064</u>	<u>\$ 124,643,650</u>

At June 30, 2020, 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>	<u>OPEB</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 18,136,497	\$ 6,513,017	\$ 3,219,509	\$ 27,869,023
Changes of assumptions	17,263,499	2,239,387	7,567,525	27,070,411
Difference between projected and actual earnings on pension plan investments	2,583,581	-	158,049	2,741,630
Changes in proportion and differences between City contributions and proportionate share of contributions	487,522	-	-	487,522
City contributions (LGERS)/benefit payments and administration costs (LEOSSA, OPEB) subsequent to the measurement date	23,648,570	2,257,867	-	25,906,437
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ -	\$ 13,192,851	\$ 13,192,851
Changes of assumptions	-	1,361,486	39,461,918	40,823,404
Difference between projected and actual earnings on plan investments, net	-	-	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,274,165	-	-	1,274,165

E. New pronouncements

The GASB has issued pronouncements which are effective as of the fiscal year ended June 30, 2020.

GASB Statement No. 84 and Implementation Guide No. 2019-2, "Fiduciary Activities," became effective for periods beginning after December 15, 2018. Management has determined that the impacts of this Statement did not have a material effect on the City and implemented the standard in fiscal year 2020.

GASB Statement No. 90, "Major Equity Interests – an Amendment of GASB Statements No. 14 and No. 61. This Statement is effective for periods beginning after December 15, 2018. Management has determined that the impacts of this Statement did not have a material effect on the City.

GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement is effective for periods beginning after December 15, 2019; however, as permitted by the standard, the City moved forward with early adoption of this pronouncement back in fiscal year 2019 reporting. Management has determined that the impact of this Statement is reflective of expenditure activity instead of recognizing capitalized interest. This standard was a prospective implementation, so no restatement was required.

Implementation Guide No. 2019-1, "Implementation Guide Update – 2019." The requirements of this Implementation Guide take effect for the fiscal year that ends June 30, 2020.

The GASB has issued pronouncements prior to June 30, 2020, 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. 87 and Implementation Guide No. 2019-3, "Leases," are effective for periods beginning after December 15, 2019.

GASB Statement No. 91, "Conduit Debt Obligations." This Statement is effective for periods beginning after December 15, 2020.

* Dates noted above represent original effective dates when standards were issued. Due to the global COVID-19 pandemic, a grace period of one additional year was announced to finalize implementation.

F. Subsequent events

The City has evaluated events through October 30, 2020 in connection with the preparation of these financial statements, which is the date the financials were available to be issued.

Required Supplementary Information

**City of Raleigh's Schedule of Changes in the Net OPEB Liability and Related Ratios
Required Supplementary Information
Last Four Fiscal Years**

OPEB Benefits Plan

Total OPEB Liability	2020	2019	2018	2017
Service Cost	\$ 5,693,047	\$ 5,822,396	\$ 9,927,166	\$ 10,561,625
Interest	15,721,881	15,698,439	11,950,667	10,767,810
Changes of benefits terms	(5,634)	-	-	-
Differences between expected and actual experience	3,772,689	(18,202,365)	(548,349)	-
Changes of assumptions	-	10,707,577	(65,887,310)	(14,718,276)
Benefit payments**	<u>(14,536,852)</u>	<u>(12,873,618)</u>	<u>(13,274,514)</u>	<u>(13,737,352)</u>
Net change in total OPEB liability	10,645,131	1,152,429	(57,832,340)	(7,126,193)
Total OPEB liability - beginning	<u>231,743,793</u>	<u>230,591,364</u>	<u>288,423,704</u>	<u>295,549,897</u>
Total OPEB liability - ending	<u><u>\$ 242,388,924</u></u>	<u><u>\$ 231,743,793</u></u>	<u><u>\$ 230,591,364</u></u>	<u><u>\$ 288,423,704</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 18,021,414	\$ 17,728,081	\$ 16,539,000	\$ 14,434,837
Net investment income	3,078,357	2,577,776	2,651,455	3,465,384
Benefit payments*	(14,536,852)	(12,873,618)	(13,274,514)	(13,737,352)
Administrative expense	<u>(76,033)</u>	<u>(75,587)</u>	<u>(72,496)</u>	<u>(36,252)</u>
Net change in plan fiduciary net position	6,486,886	7,356,652	5,843,445	4,126,617
Plan fiduciary net position - beginning	<u>45,001,178</u>	<u>37,644,526</u>	<u>31,801,081</u>	<u>27,674,464</u>
Plan fiduciary net position - ending	<u><u>\$ 51,488,064</u></u>	<u><u>\$ 45,001,178</u></u>	<u><u>\$ 37,644,526</u></u>	<u><u>\$ 31,801,081</u></u>
City's net OPEB liability - ending	<u><u>\$ 190,900,860</u></u>	<u><u>\$ 186,742,615</u></u>	<u><u>\$ 192,946,838</u></u>	<u><u>\$ 256,622,623</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	21.24%	19.42%	16.33%	11.03%
Covered payroll	\$ 226,599,625	\$ 226,599,625	\$ 182,145,153	\$ 182,145,153
City's net OPEB liability as a percentage of covered payroll	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.

**City of Raleigh's Schedule of Employer Contributions
Required Supplementary Information
Last Five Fiscal Years**

OPEB Benefits Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 16,322,792	\$ 16,322,792	\$ 16,322,792	\$ 16,538,686	\$ 14,084,837
Contributions in relation to the actuarially determined contribution	18,021,414	17,728,081	16,539,000	14,434,837	13,949,558
Contribution deficiency (excess)	<u>\$ (1,698,622)</u>	<u>\$ (1,405,289)</u>	<u>\$ (216,208)</u>	<u>\$ 2,103,849</u>	<u>\$ 135,279</u>
Covered payroll	\$ 226,599,625	\$ 226,599,625	\$ 182,145,153	\$ 182,145,153	\$ 182,145,153
Contributions as a percentage of covered payroll	7.95%	7.82%	9.08%	7.92%	7.66%

Notes to schedule

Valuation Date: 6/30/2018

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay
Amortization period	21 years, closed
Asset valuation method	Market value of assets
Inflation	2.50%
Healthcare cost trend rates	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Salary increases	
General Employees	3.50%-7.75%
Firefighters	3.50%-7.75%
Law Enforcement Officers	3.50%-7.35%
Investment rate of return	7.00%

Retirement age:

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

Mortality:

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

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

**City of Raleigh's Schedule of Investment Returns
Required Supplementary Information
Last Four Fiscal Years
OPEB Benefits Plan**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	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.

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

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Raleigh's proportion of the net pension liability (asset)	3.87861%	3.86529%	3.71006%	3.82340%	3.75642%	3.72410%
Raleigh's proportion of the net pension liability (asset)	\$ 105,921,814	\$ 91,697,898	\$ 56,679,440	\$ 81,145,356	\$ 16,858,648	\$ (21,863,612)
Raleigh's covered payroll	\$ 248,029,917	\$ 240,754,795	\$ 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	42.71%	38.09%	24.62%	38.60%	8.32%	(11.24%)
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	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.

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

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 23,648,570	\$ 19,688,743	\$ 18,460,693	\$ 17,046,989	\$ 14,237,418	\$ 14,479,623
Contributions in relation to the contractually required contribution	23,648,570	19,688,743	18,460,693	17,046,989	14,237,418	14,479,623
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Raleigh's covered-employee payroll	\$ 258,413,079	\$ 248,029,917	\$ 240,754,795	\$ 230,212,405	\$ 210,212,491	\$ 202,649,654
Contributions as a percentage of covered-employee payroll	9.15%	7.94%	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.

**City of Raleigh's Schedule of Changes in Total Pension Liability
Required Supplementary Information
Last Four Fiscal Years**

Law Enforcement Officers' Special Separation Allowance

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 46,961,348	\$ 45,440,181	\$ 41,779,030	\$ 43,129,788
Service Cost	1,491,697	1,520,495	1,230,644	1,367,308
Interest on the total pension liability	1,642,038	1,378,023	1,544,969	1,481,526
Difference between expected and actual experience	3,712,191	3,966,358	2,049,262	-
Change in assumptions and other inputs	1,409,124	(1,679,990)	2,344,123	(938,656)
Benefit payments	<u>(3,700,846)</u>	<u>(3,663,719)</u>	<u>(3,507,847)</u>	<u>(3,260,936)</u>
Ending balance of pension liability	<u>\$ 51,515,552</u>	<u>\$ 46,961,348</u>	<u>\$ 45,440,181</u>	<u>\$ 41,779,030</u>

**City of Raleigh's Schedule of Total Pension Liability as a Percentage of Covered Payroll
Required Supplementary Information
Last Four Fiscal Years**

Law Enforcement Officers' Special Separation Allowance

	<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>
Total pension liability	\$ 51,515,552	\$	46,961,348	\$	45,440,181	\$	41,779,030
Covered payroll	53,106,703		49,859,872		46,317,598		48,708,066
Total pension liability as a percentage of covered payroll	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

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, 2020

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 61,639,470	\$ 124,597,268	\$ 186,236,738
Assessments receivable, net of allowance for uncollectibles of \$107,036	-	270,062	270,062
Due from other funds	26,688	-	26,688
Due from other governmental agencies	7,667,203	2,304,878	9,972,081
Accrued interest receivable	245,852	-	245,852
Other receivables and assets	5,748	-	5,748
Sales tax receivable	37,816	1,094,466	1,132,282
Loans receivable, net of allowance for uncollectibles of \$8,963,117	66,580,054	-	66,580,054
Cash and cash equivalents/investments - restricted deposits and bond proceeds	7,326,031	45,361,018	52,687,049
Total assets	<u>\$ 143,528,862</u>	<u>\$ 173,627,692</u>	<u>\$ 317,156,554</u>
LIABILITIES			
Accounts payable	\$ 731,659	\$ 14,154,517	\$ 14,886,176
Accrued salaries and employee payroll taxes	102,469	-	102,469
Sales tax payable	353	2,613	2,966
Loan servicing escrow	447,619	-	447,619
Due to other funds	2,966,956	219,000	3,185,956
Reimbursable facility fees	-	7,805,442	7,805,442
Escrow and other deposits payable from restricted assets	-	1,440,937	1,440,937
Due to other governmental agencies	222,142	-	222,142
Other liabilities	2	-	2
Total liabilities	<u>4,471,200</u>	<u>23,622,509</u>	<u>28,093,709</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	428,554	499,263	927,817
Assessments receivable	-	270,062	270,062
Prepaid assessments	-	7,408	7,408
Total deferred inflows of resources	<u>428,554</u>	<u>776,733</u>	<u>1,205,287</u>
FUND BALANCES			
Restricted:			
Debt service	45,654,387	-	45,654,387
Public safety	1,014,593	-	1,014,593
Assigned:			
Subsequent year's appropriation	11,540,774	75,911,527	87,452,301
City projects	-	73,316,923	73,316,923
Community development	77,493,667	-	77,493,667
Disaster recovery	2,925,687	-	2,925,687
Total fund balances	<u>138,629,108</u>	<u>149,228,450</u>	<u>287,857,558</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 143,528,862</u>	<u>\$ 173,627,692</u>	<u>\$ 317,156,554</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
For the Fiscal Year Ended June 30, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 41,344,928	\$ 3,162,701	\$ 44,507,629
Project revenue (non-grant)	-	192,038	192,038
Assessments	-	1,256,917	1,256,917
Gain (loss) on investments	1,707,115	280,613	1,987,728
Facility fees	-	9,601,559	9,601,559
Other fees and charges	-	6,905	6,905
Developer participation	-	20,000	20,000
Rents	392,290	-	392,290
Program income	955,091	-	955,091
Recovery of claims	83,846	-	83,846
Donations and contributions	-	683,765	683,765
Miscellaneous other	116,365	1,200	117,565
Total revenues	<u>44,599,635</u>	<u>15,205,698</u>	<u>59,805,333</u>
EXPENDITURES			
Current:			
General government	1,802,693	1,372,620	3,175,313
Community development services	8,005,120	-	8,005,120
Public infrastructure	4,656,626	39,180,346	43,836,972
Public safety	2,874,248	19,308,564	22,182,812
Leisure services	665,905	28,377,370	29,043,275
Economic development programs	510,628	-	510,628
Total expenditures	<u>18,515,220</u>	<u>88,238,900</u>	<u>106,754,120</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,084,415</u>	<u>(73,033,202)</u>	<u>(46,948,787)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,501,646	20,663,811	22,165,457
Transfers out	(36,707,002)	(5,139,923)	(41,846,925)
Issuance of debt	4,700,000	66,715,858	71,415,858
Premium on issuance of debt	-	6,380,539	6,380,539
Sale of property	1,133,261	-	1,133,261
Total other financing sources and uses	<u>(29,372,095)</u>	<u>88,620,285</u>	<u>59,248,190</u>
Net change in fund balances	(3,287,680)	15,587,083	12,299,403
Fund balances, beginning of year	<u>141,916,788</u>	<u>133,641,367</u>	<u>275,558,155</u>
Fund balances, end of year	<u>\$ 138,629,108</u>	<u>\$ 149,228,450</u>	<u>\$ 287,857,558</u>

Special Revenue Funds

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

Special Revenue Funds

Grants Fund (nonmajor fund)

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

Housing Bond Fund (nonmajor fund)

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

Community Development Fund (nonmajor fund)

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

Disaster Recovery Fund (nonmajor fund)

The Disaster Recovery Fund accounts for federal and state reimbursement for disaster recovery activities resulting from various natural disasters, 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, 2020

	Grants Fund	Housing Bond Fund	Community Development Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ 15,127,883	\$ 83,101
Due from other funds	-	9,147	-
Due from other governmental agencies	1,883,738	-	1,013,501
Accrued interest receivable	-	-	-
Other receivables and assets	-	-	-
Sales tax receivable	4,103	2,043	3,844
Loans receivable, net of allowance of \$8,963,117	-	36,657,244	29,922,810
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	7,326,031	-
Total assets	<u>\$ 1,887,841</u>	<u>\$ 59,122,348</u>	<u>\$ 31,023,256</u>
LIABILITIES			
Accounts payable	\$ 432,881	\$ 10,717	\$ 212,495
Accrued salaries and employee payroll taxes	81,124	-	21,345
Sales tax payable	-	-	-
Loan servicing escrow	-	-	447,619
Due to other funds	1,142,125	-	-
Due to other governmental agencies	-	-	222,142
Other liabilities	2	-	-
Total liabilities	<u>1,656,132</u>	<u>10,717</u>	<u>903,601</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	231,709	-	196,845
Total deferred inflows of resources	<u>231,709</u>	<u>-</u>	<u>196,845</u>
FUND BALANCES			
Restricted:			
Debt service	-	-	-
Public safety	-	-	-
Assigned:			
Subsequent year's appropriation	-	11,540,774	-
Community development	-	47,570,857	29,922,810
Disaster recovery	-	-	-
Total fund balances	<u>-</u>	<u>59,111,631</u>	<u>29,922,810</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,887,841</u>	<u>\$ 59,122,348</u>	<u>\$ 31,023,256</u>

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2020

	Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ 2,671,463	\$ 42,804,158	\$ 952,865	\$ 61,639,470
Due from other funds	-	-	17,541	26,688
Due from other governmental agencies	2,056,603	2,625,256	88,105	7,667,203
Accrued interest receivable	-	242,484	3,368	245,852
Other receivables and assets	-	4,926	822	5,748
Sales tax receivable	15	-	27,811	37,816
Loans receivable, net of allowance of \$8,963,117	-	-	-	66,580,054
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	-	-	7,326,031
Total assets	<u>\$ 4,728,081</u>	<u>\$ 45,676,824</u>	<u>\$ 1,090,512</u>	<u>\$ 143,528,862</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 75,566	\$ 731,659
Accrued salaries and employee payroll taxes	-	-	-	102,469
Sales tax payable	-	-	353	353
Loan servicing escrow	-	-	-	447,619
Due to other funds	1,802,394	22,437	-	2,966,956
Due to other governmental agencies	-	-	-	222,142
Other liabilities	-	-	-	2
Total liabilities	<u>1,802,394</u>	<u>22,437</u>	<u>75,919</u>	<u>4,471,200</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	-	-	-	428,554
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,554</u>
FUND BALANCES				
Restricted:				
Debt service	-	45,654,387	-	45,654,387
Public safety	-	-	1,014,593	1,014,593
Assigned:				
Subsequent year's appropriation	-	-	-	11,540,774
Community development	-	-	-	77,493,667
Disaster recovery	2,925,687	-	-	2,925,687
Total fund balances	<u>2,925,687</u>	<u>45,654,387</u>	<u>1,014,593</u>	<u>138,629,108</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,728,081</u>	<u>\$ 45,676,824</u>	<u>\$ 1,090,512</u>	<u>\$ 143,528,862</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2020**

	Grants Fund	Housing Bond Fund	Community Development Fund
REVENUES			
Intergovernmental (including in-kind contributions of \$15,997)	\$ 4,562,581	\$ -	\$ 5,680,756
Gain (loss) on investments	-	70,841	-
Rents	-	294,305	97,985
Program income	-	416,383	538,708
Recovery of claims	-	83,846	-
Miscellaneous other	-	46,000	-
Total revenues	<u>4,562,581</u>	<u>911,375</u>	<u>6,317,449</u>
EXPENDITURES			
Current:			
General government	-	-	-
Community development services	345,095	-	7,660,025
Public infrastructure	4,656,626	-	-
Public safety	126,378	-	-
Leisure services	65,905	-	-
Economic development programs	-	510,628	-
Total expenditures	<u>5,194,004</u>	<u>510,628</u>	<u>7,660,025</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(631,423)</u>	<u>400,747</u>	<u>(1,342,576)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	631,423	-	-
Transfers out	-	(400,000)	-
Issuance of debt	-	4,700,000	-
Sale of property	-	582,656	550,605
Total other financing sources and uses	<u>631,423</u>	<u>4,882,656</u>	<u>550,605</u>
Net change in fund balances	-	5,283,403	(791,971)
Fund balances, beginning of year		53,828,228	30,714,781
Fund balances, end of year	<u>\$ -</u>	<u>\$ 59,111,631</u>	<u>\$ 29,922,810</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2020**

	Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
REVENUES				
Intergovernmental (including in-kind contributions of \$15,997)	\$ 1,516,551	\$ 26,997,160	\$ 2,587,880	\$ 41,344,928
Gain (loss) on investments	-	1,613,859	22,415	1,707,115
Rents	-	-	-	392,290
Program income	-	-	-	955,091
Recovery of claims	-	-	-	83,846
Miscellaneous other	-	70,365	-	116,365
Total revenues	<u>1,516,551</u>	<u>28,681,384</u>	<u>2,610,295</u>	<u>44,599,635</u>
EXPENDITURES				
Current:				
General government	1,802,693	-	-	1,802,693
Community development services	-	-	-	8,005,120
Public infrastructure	-	-	-	4,656,626
Public safety	-	-	2,747,870	2,874,248
Leisure services	-	600,000	-	665,905
Economic development programs	-	-	-	510,628
Total expenditures	<u>1,802,693</u>	<u>600,000</u>	<u>2,747,870</u>	<u>18,515,220</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(286,142)</u>	<u>28,081,384</u>	<u>(137,575)</u>	<u>26,084,415</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	870,223	1,501,646
Transfers out	-	(36,307,002)	-	(36,707,002)
Issuance of debt	-	-	-	4,700,000
Sale of property	-	-	-	1,133,261
Total other financing sources and uses	<u>-</u>	<u>(36,307,002)</u>	<u>870,223</u>	<u>(29,372,095)</u>
Net change in fund balances	(286,142)	(8,225,618)	732,648	(3,287,680)
Fund balances, beginning of year	<u>3,211,829</u>	<u>53,880,005</u>	<u>281,945</u>	<u>141,916,788</u>
Fund balances, end of year	<u>\$ 2,925,687</u>	<u>\$ 45,654,387</u>	<u>\$ 1,014,593</u>	<u>\$ 138,629,108</u>

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

For the Fiscal Year Ended June 30, 2020

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
U.S. Department of Transportation	\$ 243,382	\$ 4,027,554	\$ 4,270,936	\$ 19,269,822	\$ (14,998,886)
Corporation for National and Community Service (including in-kind contributions of \$15,997)	1,435,327	270,630	1,705,957	2,568,568	(862,611)
U.S. Department of Justice	(1,500,874)	56,728	(1,444,146)	612,843	(2,056,989)
U.S. Department of Homeland Security	566,140	770	566,910	1,457,460	(890,550)
U.S. Department of the Interior	(4,000)	-	(4,000)	-	(4,000)
Office of National Drug Control Policy	(48,677)	11,974	(36,703)	55,914	(92,617)
State of North Carolina	(611,236)	132,322	(478,914)	475,253	(954,167)
Wake County	(180,617)	62,603	(118,014)	238,170	(356,184)
	(100,555)	4,562,581	4,462,026	24,678,030	(20,216,004)
Non-governmental	118,559	-	118,559	2,277,062	(2,158,503)
Total revenues	18,004	4,562,581	4,580,585	26,955,092	(22,374,507)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	1,599,325	273,477	1,872,802	2,177,953	(305,151)
Mass transit fund	598,512	357,946	956,458	1,286,852	(330,394)
Total other financing sources	2,197,837	631,423	2,829,260	3,464,805	(635,545)
Total revenues and other financing sources	<u>\$ 2,215,841</u>	<u>\$ 5,194,004</u>	<u>\$ 7,409,845</u>	<u>\$ 30,419,897</u>	<u>\$ (23,010,052)</u>
EXPENDITURES					
General government	\$ (6,199)	\$ -	(6,199)	\$ 35,000	\$ (41,199)
Community development services	1,569,248	345,095	1,914,343	2,855,413	(941,070)
Public infrastructure	1,033,526	4,656,626	5,690,152	23,419,648	(17,729,496)
Public safety	(362,575)	126,378	(236,197)	3,498,950	(3,735,147)
Leisure services	(18,159)	65,905	47,746	610,886	(563,140)
Total expenditures	2,215,841	5,194,004	7,409,845	30,419,897	(23,010,052)
Total expenditures and other financing uses	<u>\$ 2,215,841</u>	<u>\$ 5,194,004</u>	<u>\$ 7,409,845</u>	<u>\$ 30,419,897</u>	<u>\$ (23,010,052)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
HOUSING BOND FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Gain (loss) on investments	\$ -	\$ 70,841	\$ 70,841	\$ -	\$ 70,841
Rents	-	294,305	294,305	275,000	19,305
Program income	11,826,064	2,945,744	14,771,808	1,000,000	13,771,808
Recovery of claims	-	83,846	83,846	-	83,846
Miscellaneous other	-	46,000	46,000	-	46,000
Total revenues	<u>11,826,064</u>	<u>3,440,736</u>	<u>15,266,800</u>	<u>1,275,000</u>	<u>13,991,800</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	2,240,000	-	2,240,000	2,240,000	-
Bonds issued	49,442,137	4,700,000	54,142,137	54,142,137	-
Sale of property	4,292,095	582,656	4,874,751	-	4,874,751
Total other financing sources	<u>55,974,232</u>	<u>5,282,656</u>	<u>61,256,888</u>	<u>56,382,137</u>	<u>4,874,751</u>
Total revenues and other financing sources	<u>\$ 67,800,296</u>	<u>\$ 8,723,392</u>	<u>\$ 76,523,688</u>	57,657,137	<u>\$ 18,866,551</u>
Fund balance appropriated				4,534,452	
				<u>\$ 62,191,589</u>	
EXPENDITURES					
Economic development programs	<u>\$ 19,264,273</u>	<u>\$ 3,276,903</u>	<u>\$ 22,541,176</u>	<u>\$ 61,391,589</u>	<u>\$ (38,850,413)</u>
OTHER FINANCING USES					
Transfer to:					
General fund	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 19,264,273</u>	<u>\$ 3,676,903</u>	<u>\$ 22,941,176</u>	<u>\$ 61,791,589</u>	<u>\$ (38,850,413)</u>
Excess revenues and other financing sources over expenditures and other financing uses		\$ 5,046,489			
Reconciliation: Loan treatment under GAAP					
Principal payments on loans receivable		(2,529,361)			
Issuance of loans receivable		2,766,275			
Change in fund balance		<u>\$ 5,283,403</u>			

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
COMMUNITY DEVELOPMENT FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
US Department of HUD	\$ 62,398,442	\$ 5,680,756	\$ 68,079,198	\$ 52,020,686	\$ 16,058,512
Rents	1,658,506	97,985	1,756,491	1,329,663	426,828
Program income	13,165,814	991,319	14,157,133	11,173,457	2,983,676
Miscellaneous other	984,222	-	984,222	1,570,723	(586,501)
Total revenues	<u>78,206,984</u>	<u>6,770,060</u>	<u>84,977,044</u>	<u>66,094,529</u>	<u>18,882,515</u>
OTHER FINANCING SOURCES					
Transfers from:					
Housing development - operating	1,783,403	-	1,783,403	1,783,403	-
Sale of property	4,169,774	550,605	4,720,379	3,261,277	1,459,102
Total other financing sources	<u>5,953,177</u>	<u>550,605</u>	<u>6,503,782</u>	<u>5,044,680</u>	<u>1,459,102</u>
Total revenues and other financing sources	<u>\$ 84,160,161</u>	<u>\$ 7,320,665</u>	<u>\$ 91,480,826</u>	<u>\$ 71,139,209</u>	<u>\$ 20,341,617</u>
EXPENDITURES					
Community development services	<u>\$ 53,409,579</u>	<u>\$ 9,696,902</u>	<u>\$ 63,106,481</u>	<u>\$ 71,100,974</u>	<u>\$ (7,994,493)</u>
OTHER FINANCING USES					
Transfer to:					
Technology capital projects fund	35,801	-	35,801	38,235	(2,434)
Total expenditures and other financing uses	<u>\$ 53,445,380</u>	<u>\$ 9,696,902</u>	<u>\$ 63,142,282</u>	<u>\$ 71,139,209</u>	<u>\$ (7,996,927)</u>
Excess revenues and other financing sources over expenditures and other financing uses		(2,376,237)			
Reconciliation: Loan treatment under GAAP					
Principal payments on loans receivable		(452,611)			
Issuance of loans receivable		2,036,877			
Change in fund balance		<u>\$ (791,971)</u>			

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
DISASTER RECOVERY FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
Federal Emergency Management Agency	\$ 8,387,189	\$ 450,037	\$ 8,837,226	\$ 12,541,045	\$ (3,703,819)
US Department of Treasury	-	1,066,514	1,066,514	1,066,514	-
NC Department of Transportation	80,347	-	80,347	-	80,347
Mutual aid	330,303	-	330,303	-	330,303
Recovery of claims	573,480	-	573,480	-	573,480
Total revenues	<u>9,371,319</u>	<u>1,516,551</u>	<u>10,887,870</u>	<u>13,607,559</u>	<u>(2,719,689)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	<u>3,350,000</u>	<u>-</u>	<u>3,350,000</u>	<u>3,350,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 12,721,319</u>	<u>\$ 1,516,551</u>	<u>\$ 14,237,870</u>	<u>\$ 16,957,559</u>	<u>\$ (2,719,689)</u>
EXPENDITURES					
General government	<u>\$ 5,468,461</u>	<u>\$ 1,802,693</u>	<u>\$ 7,271,154</u>	<u>\$ 12,916,530</u>	<u>\$ (5,645,376)</u>
OTHER FINANCING USES					
Transfers to:					
General fund	3,480,285	-	3,480,285	3,480,285	-
OPEB trust fund	500,000	-	500,000	500,000	-
Solid waste services fund	31,934	-	31,934	31,934	-
Stormwater services fund	28,810	-	28,810	28,810	-
	<u>4,041,029</u>	<u>-</u>	<u>4,041,029</u>	<u>4,041,029</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 9,509,490</u>	<u>\$ 1,802,693</u>	<u>\$ 11,312,183</u>	<u>\$ 16,957,559</u>	<u>\$ (5,645,376)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
CONVENTION CENTER FINANCING FUND
For the Fiscal Year Ended June 30, 2020**

	Actual	Budget	Over (Under) Budget
REVENUES			
Intergovernmental:			
Wake County	\$ 26,997,160	\$ 34,162,605	\$ (7,165,445)
Miscellaneous other	70,365	-	70,365
Gain (loss) on investments	1,613,859	1,585,398	28,461
Total revenues	<u>\$ 28,681,384</u>	<u>35,748,003</u>	<u>\$ (7,066,619)</u>
Fund balance appropriated		19,400,000	
		<u>\$ 55,148,003</u>	
EXPENDITURES			
Leisure services	\$ 600,000	\$ 15,109,933	\$ (14,509,933)
OTHER FINANCING USES			
Transfers to:			
Convention center complex fund	36,307,002	40,038,070	(3,731,068)
Total other financing uses	<u>36,307,002</u>	<u>40,038,070</u>	<u>(3,731,068)</u>
Total expenditures and other financing uses	<u>\$ 36,907,002</u>	<u>\$ 55,148,003</u>	<u>\$ (18,241,001)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
EMERGENCY TELEPHONE SYSTEM FUND
For the Fiscal Year Ended June 30, 2020**

	Actual	Budget	Over (Under) Budget
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 2,587,880	\$ 2,603,702	\$ (15,822)
Gain (loss) on investments	22,415	-	22,415
Total revenues	<u>2,610,295</u>	<u>2,603,702</u>	<u>6,593</u>
OTHER FINANCING SOURCES			
Transfers from:			
General fund	<u>870,223</u>	<u>870,223</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 3,480,518</u>	<u>3,473,925</u>	<u>\$ 6,593</u>
Fund balance appropriated		<u>208,167</u>	
		<u>\$ 3,682,092</u>	
EXPENDITURES			
Public safety:			
Telephone	\$ 1,301,470	\$ 1,652,471	\$ (351,001)
Software maintenance	854,558	1,271,230	(416,672)
Hardware maintenance	2,676	11,453	(8,777)
Training	23,208	33,760	(10,552)
Functions	565,958	713,178	(147,220)
Total expenditures	<u>\$ 2,747,870</u>	<u>\$ 3,682,092</u>	<u>\$ (934,222)</u>

General Capital Projects Funds

The purpose of the **General Capital Projects Funds** are to account for the financial resources segregated for the acquisition or construction of major general capital assets and facilities. The budgets within these funds are adopted for the life of the projects. Under the project accounting concept, project expenditures, and the revenues used to fund them, are accumulated until the year the project is completed. General projects accounted for within the general capital projects funds include street projects, park improvements, Raleigh Union Station, technology projects, major public facilities and other miscellaneous capital projects.

General Capital Projects Funds

Street Improvement Fund (nonmajor fund)

The Street Improvement Fund accounts for all street improvement programs to be financed from applicable street assessment proceeds and other non-bond street improvement resources.

Street Bond Fund (nonmajor fund)

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

Sidewalk Fund (nonmajor fund)

The Sidewalk Fund accounts for capital project costs for the construction of sidewalks within the City.

Park Improvement Fund (nonmajor fund)

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

Raleigh Union Station Fund (nonmajor fund)

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

Facility Fees Fund (nonmajor fund)

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

Park Bond Fund (nonmajor fund)

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

Miscellaneous Capital Improvements Fund (nonmajor fund)

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

Walnut Creek Amphitheater Fund (nonmajor fund)

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

Technology Capital Projects Fund (nonmajor fund)

The Technology Capital Projects Fund accounts for long-term technology projects as recommended by the City's technology governance process. These projects are financed partially from general fund resources.

Major Public Facilities Fund (nonmajor fund)

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2020

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Raleigh Union Station Fund	Facility Fees Fund
ASSETS						
Cash and cash equivalents	\$ 27,990,898	\$ 3,492,362	\$ 4,786,520	\$ 20,419,850	\$ 2,430,971	\$ 14,782,512
Assessments receivable, net of allowance for uncollectibles of \$107,036	270,062	-	-	-	-	-
Due from other governmental agencies	1,994,316	275,530	-	35,032	-	-
Sales tax receivable	120,655	63,199	11,749	149,411	2,014	-
Cash and cash equivalents/investments - restricted deposits and bond proceeds	1,193,159	5,304,659	242,120	-	-	-
Total assets	<u>\$ 31,569,090</u>	<u>\$ 9,135,750</u>	<u>\$ 5,040,389</u>	<u>\$ 20,604,293</u>	<u>\$ 2,432,985</u>	<u>\$ 14,782,512</u>
LIABILITIES						
Accounts payable	\$ 3,086,125	\$ 2,937,877	\$ 47,190	\$ 606,547	\$ -	\$ -
Sales tax payable	2,448	-	-	-	-	-
Due to other funds	-	219,000	-	-	-	-
Reimbursable facility fees	-	-	-	-	-	7,805,442
Escrow and other deposits payable from restricted assets	1,193,159	-	242,120	-	-	-
Total liabilities	<u>4,281,732</u>	<u>3,156,877</u>	<u>289,310</u>	<u>606,547</u>	<u>-</u>	<u>7,805,442</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	432,411	-	-	5,992	60,860	-
Assessments receivable	270,062	-	-	-	-	-
Prepaid assessments	-	-	7,408	-	-	-
Total deferred inflows of resources	<u>702,473</u>	<u>-</u>	<u>7,408</u>	<u>5,992</u>	<u>60,860</u>	<u>-</u>
FUND BALANCES						
Assigned:						
Subsequent year's appropriation	17,159,687	5,978,873	4,743,671	7,363,591	2,372,125	-
City projects	9,425,198	-	-	12,628,163	-	6,977,070
Total fund balances	<u>26,584,885</u>	<u>5,978,873</u>	<u>4,743,671</u>	<u>19,991,754</u>	<u>2,372,125</u>	<u>6,977,070</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,569,090</u>	<u>\$ 9,135,750</u>	<u>\$ 5,040,389</u>	<u>\$ 20,604,293</u>	<u>\$ 2,432,985</u>	<u>\$ 14,782,512</u>

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2020

	Park Bond Fund	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	Major Public Facilities Fund	Total Nonmajor Capital Projects Funds
ASSETS						
Cash and cash equivalents	\$ 21,284	\$ 40,554,236	\$ 1,511,169	\$ 8,607,466	\$ -	\$ 124,597,268
Assessments receivable, net of allowance for uncollectibles of \$107,036	-	-	-	-	-	270,062
Due from other governmental agencies	-	-	-	-	-	2,304,878
Sales tax receivable	296,976	336,598	6,444	107,420	-	1,094,466
Cash and cash equivalents/investments - restricted deposits and bond proceeds	2,638,004	30,718,603	-	-	5,264,473	45,361,018
Total assets	<u>\$ 2,956,264</u>	<u>\$ 71,609,437</u>	<u>\$ 1,517,613</u>	<u>\$ 8,714,886</u>	<u>\$ 5,264,473</u>	<u>\$ 173,627,692</u>
LIABILITIES						
Accounts payable	\$ 2,845,687	\$ 4,530,328	\$ 1,390	\$ 99,373	\$ -	\$ 14,154,517
Sales tax payable	-	165	-	-	-	2,613
Due to other funds	-	-	-	-	-	219,000
Reimbursable facility fees	-	-	-	-	-	7,805,442
Escrow and other deposits payable from restricted assets	-	5,658	-	-	-	1,440,937
Total liabilities	<u>2,845,687</u>	<u>4,536,151</u>	<u>1,390</u>	<u>99,373</u>	<u>-</u>	<u>23,622,509</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	-	-	-	-	-	499,263
Assessments receivable	-	-	-	-	-	270,062
Prepaid assessments	-	-	-	-	-	7,408
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>776,733</u>
FUND BALANCES						
Assigned:						
Subsequent year's appropriation	-	28,320,713	1,357,354	8,615,513	-	75,911,527
City projects	110,577	38,752,573	158,869	-	5,264,473	73,316,923
Total fund balances	<u>110,577</u>	<u>67,073,286</u>	<u>1,516,223</u>	<u>8,615,513</u>	<u>5,264,473</u>	<u>149,228,450</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,956,264</u>	<u>\$ 71,609,437</u>	<u>\$ 1,517,613</u>	<u>\$ 8,714,886</u>	<u>\$ 5,264,473</u>	<u>\$ 173,627,692</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2020

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Raleigh Union Station Fund	Facility Fees Fund
REVENUES						
Intergovernmental	\$ 2,330,538	\$ 714,386	\$ 4,076	\$ 55,132	\$ 58,569	\$ -
Project revenue (non-grant)	-	-	-	-	192,038	-
Assessments	1,050,697	-	112,035	94,185	-	-
Gain (loss) on investments	-	118,906	-	-	3,052	-
Facility fees	-	-	-	1,197	-	9,600,362
Other fees and charges	-	-	-	-	-	-
Developer participation	20,000	-	-	-	-	-
Donations and contributions	-	-	-	232,151	-	-
Miscellaneous other	-	-	-	1,200	-	-
Total revenues	<u>3,401,235</u>	<u>833,292</u>	<u>116,111</u>	<u>383,865</u>	<u>253,659</u>	<u>9,600,362</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public infrastructure	12,974,844	22,245,810	407,931	-	738,051	-
Public safety	-	-	-	-	-	-
Leisure services	-	-	-	6,926,380	-	-
Total expenditures	<u>12,974,844</u>	<u>22,245,810</u>	<u>407,931</u>	<u>6,926,380</u>	<u>738,051</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,573,609)</u>	<u>(21,412,518)</u>	<u>(291,820)</u>	<u>(6,542,515)</u>	<u>(484,392)</u>	<u>9,600,362</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	14,201,986	-	-	5,420,555	100,000	-
Transfers out	-	(252,980)	-	-	-	(9,836,923)
Issuance of debt	-	17,448,278	-	-	-	-
Premium on issuance of debt	-	-	-	-	-	-
Total other financing sources and uses	<u>14,201,986</u>	<u>17,195,298</u>	<u>-</u>	<u>5,420,555</u>	<u>100,000</u>	<u>(9,836,923)</u>
Net change in fund balances	4,628,377	(4,217,220)	(291,820)	(1,121,960)	(384,392)	(236,561)
Fund balances, beginning of year	<u>21,956,508</u>	<u>10,196,093</u>	<u>5,035,491</u>	<u>21,113,714</u>	<u>2,756,517</u>	<u>7,213,631</u>
Fund balances, end of year	<u>\$ 26,584,885</u>	<u>\$ 5,978,873</u>	<u>\$ 4,743,671</u>	<u>\$ 19,991,754</u>	<u>\$ 2,372,125</u>	<u>\$ 6,977,070</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2020

	Park Bond Fund	Miscellaneous Capital Improvements Fund	Walnut Creek Amphitheater Projects Fund	Technology Capital Projects Fund	Major Public Facilities Fund	Combining Eliminations	Total Nonmajor Capital Projects Funds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,162,701
Project revenue (non-grant)	-	-	-	-	-	-	192,038
Assessments	-	-	-	-	-	-	1,256,917
Gain (loss) on investments	70,288	6,944	-	-	81,423	-	280,613
Facility fees	-	-	-	-	-	-	9,601,559
Other fees and charges	-	6,905	-	-	-	-	6,905
Developer participation	-	-	-	-	-	-	20,000
Donations and contributions	451,614	-	-	-	-	-	683,765
Miscellaneous other	-	-	-	-	-	-	1,200
Total revenues	<u>521,902</u>	<u>13,849</u>	<u>-</u>	<u>-</u>	<u>81,423</u>	<u>-</u>	<u>15,205,698</u>
EXPENDITURES							
Current:							
General government	-	-	-	1,372,620	-	-	1,372,620
Public infrastructure	-	2,813,710	-	-	-	-	39,180,346
Public safety	-	19,308,564	-	-	-	-	19,308,564
Leisure services	<u>21,321,588</u>	<u>-</u>	<u>129,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,377,370</u>
Total expenditures	<u>21,321,588</u>	<u>22,122,274</u>	<u>129,402</u>	<u>1,372,620</u>	<u>-</u>	<u>-</u>	<u>88,238,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,799,686)</u>	<u>(22,108,425)</u>	<u>(129,402)</u>	<u>(1,372,620)</u>	<u>81,423</u>	<u>-</u>	<u>(73,033,202)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	4,295,250	-	1,796,000	-	(5,149,980)	20,663,811
Transfers out	(200,000)	-	-	-	-	5,149,980	(5,139,923)
Issuance of debt	11,002,578	38,265,002	-	-	-	-	66,715,858
Premium on issuance of debt	-	6,380,539	-	-	-	-	6,380,539
Total other financing sources and uses	<u>10,802,578</u>	<u>48,940,791</u>	<u>-</u>	<u>1,796,000</u>	<u>-</u>	<u>-</u>	<u>88,620,285</u>
Net change in fund balances	(9,997,108)	26,832,366	(129,402)	423,380	81,423	-	15,587,083
Fund balances, beginning of year	<u>10,107,685</u>	<u>40,240,920</u>	<u>1,645,625</u>	<u>8,192,133</u>	<u>5,183,050</u>	<u>-</u>	<u>133,641,367</u>
Fund balances, end of year	<u>\$ 110,577</u>	<u>\$ 67,073,286</u>	<u>\$ 1,516,223</u>	<u>\$ 8,615,513</u>	<u>\$ 5,264,473</u>	<u>\$ -</u>	<u>\$ 149,228,450</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STREET IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 32,189,978	\$ 2,330,538	\$ 34,520,516	\$ 35,510,300	\$ (989,784)
Other	-	-	-	537,500	(537,500)
Developer participation	334,471	20,000	354,471	1,312,744	(958,273)
Assessments	4,165,429	1,050,697	5,216,126	5,403,091	(186,965)
Gain (loss) on investments	-	-	-	2,169,190	(2,169,190)
Inspections	-	-	-	1,350,000	(1,350,000)
Miscellaneous other	-	-	-	6,160,788	(6,160,788)
Total revenues	<u>36,689,878</u>	<u>3,401,235</u>	<u>40,091,113</u>	<u>52,443,613</u>	<u>(12,352,500)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	75,785,627	10,175,000	85,960,627	85,960,627	-
Street bond fund	1,462,020	33,980	1,496,000	1,496,000	-
Sidewalk fund	1,250,573	-	1,250,573	1,250,573	-
Facility fees fund	23,632,609	3,966,000	27,598,609	27,598,609	-
Mass transit fund	2,315,468	27,006	2,342,474	2,342,474	-
Total other financing sources	<u>104,446,297</u>	<u>14,201,986</u>	<u>118,648,283</u>	<u>118,648,283</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 141,136,175</u>	<u>\$ 17,603,221</u>	<u>\$ 158,739,396</u>	171,091,896	<u>\$ (12,352,500)</u>
Fund balance appropriated				6,289,399	
				<u>\$ 177,381,295</u>	
EXPENDITURES					
Public infrastructure	<u>\$ 108,226,056</u>	<u>\$ 12,974,844</u>	<u>\$ 121,200,900</u>	<u>\$ 166,427,684</u>	<u>\$ (45,226,784)</u>
OTHER FINANCING USES					
Transfers to:					
Grants fund	16,476	-	16,476	16,476	-
Mass transit fund	10,937,135	-	10,937,135	10,937,135	-
Total other financing uses	<u>10,953,611</u>	<u>-</u>	<u>10,953,611</u>	<u>10,953,611</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 119,179,667</u>	<u>\$ 12,974,844</u>	<u>\$ 132,154,511</u>	<u>\$ 177,381,295</u>	<u>\$ (45,226,784)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STREET BOND FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 3,320,399	\$ 714,386	\$ 4,034,785	\$ 4,431,934	\$ (397,149)
Developer participation	2,027,831	-	2,027,831	1,500,000	527,831
Gain (loss) on investments	4,582,579	118,906	4,701,485	5,198,644	(497,159)
Total revenues	<u>9,930,809</u>	<u>833,292</u>	<u>10,764,101</u>	<u>11,130,578</u>	<u>(366,477)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	5,124,630	-	5,124,630	5,124,630	-
Street improvement fund	5,952,559	-	5,952,559	5,952,559	-
Park improvement fund	435,344	-	435,344	435,344	-
Facility fees fund	25,834	-	25,834	25,834	-
Miscellaneous capital projects fund	336,000	-	336,000	336,000	-
Note proceeds	1,527,477	-	1,527,477	1,994,631	(467,154)
Issuance of debt	106,039,988	17,448,278	123,488,266	241,260,664	(117,772,398)
Total other financing sources	<u>119,441,832</u>	<u>17,448,278</u>	<u>136,890,110</u>	<u>255,129,662</u>	<u>(118,239,552)</u>
Total revenues and other financing sources	<u>\$ 129,372,641</u>	<u>\$ 18,281,570</u>	<u>\$ 147,654,211</u>	266,260,240	<u>\$ (118,606,029)</u>
Fund balance appropriated				<u>1,080,000</u>	
				<u>\$ 267,340,240</u>	
EXPENDITURES					
Public infrastructure	<u>\$ 118,178,167</u>	<u>\$ 22,245,810</u>	<u>\$ 140,423,977</u>	<u>\$ 266,088,879</u>	<u>\$ (125,664,902)</u>
OTHER FINANCING USES					
Transfers to:					
Mass transit fund	402,381	219,000	621,381	621,381	-
Street improvement fund	596,000	33,980	629,980	629,980	-
Total other financing uses	<u>998,381</u>	<u>252,980</u>	<u>1,251,361</u>	<u>1,251,361</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 119,176,548</u>	<u>\$ 22,498,790</u>	<u>\$ 141,675,338</u>	<u>\$ 267,340,240</u>	<u>\$ (125,664,902)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
SIDEWALK FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
North Carolina Department of Transportation	\$ 17,820	\$ 4,076	\$ 21,896	\$ 260,000	\$ (238,104)
Assessments	3,006,990	112,035	3,119,025	-	3,119,025
Miscellaneous other	-	-	-	95,234	(95,234)
Gain (loss) on investments	573,310	-	573,310	179,945	393,365
Total revenues	3,598,120	116,111	3,714,231	535,179	3,179,052
OTHER FINANCING SOURCES					
Transfers from:					
Facilities fees fund	930,800	-	930,800	930,800	-
General fund	6,379,187	-	6,379,187	6,379,187	-
Total other financing sources	7,309,987	-	7,309,987	7,309,987	-
Total revenues and other financing sources	<u>\$ 10,908,107</u>	<u>\$ 116,111</u>	<u>\$ 11,024,218</u>	7,845,166	<u>\$ 3,179,052</u>
Fund balance appropriated				1,050,000	
				<u>\$ 8,895,166</u>	
EXPENDITURES					
Public infrastructure	\$ 5,801,674	\$ 407,931	\$ 6,209,605	\$ 8,824,224	\$ (2,614,619)
OTHER FINANCING USES					
Transfers to:					
Street improvement fund	70,942	-	70,942	70,942	-
Total expenditures and other financing uses	<u>\$ 5,872,616</u>	<u>\$ 407,931</u>	<u>\$ 6,280,547</u>	<u>\$ 8,895,166</u>	<u>\$ (2,614,619)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARK IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
Wake County	\$ -	\$ -	\$ -	\$ 200,000	\$ (200,000)
US Department of the Interior	-	55,132	55,132	747,600	(692,468)
Non-governmental	40,000	-	40,000	40,000	-
Assessments	569,820	94,185	664,005	686,882	(22,877)
Gain (loss) on investments	136,281	-	136,281	316,349	(180,068)
Facility fees	155,577	1,197	156,774	-	156,774
Fees and charges	684	-	684	684	-
Donations and contributions	-	232,151	232,151	144,540	87,611
Miscellaneous other	491,922	1,200	493,122	1,290,650	(797,528)
Total revenues	<u>1,394,284</u>	<u>383,865</u>	<u>1,778,149</u>	<u>3,426,705</u>	<u>(1,648,556)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	22,126,538	4,170,000	26,296,538	26,296,538	-
Facility fees fund	9,400,000	950,000	10,350,000	10,350,000	-
Risk management fund	-	100,555	100,555	100,555	-
Park bond fund	3,003,000	200,000	3,203,000	3,203,000	-
Total other financing sources	<u>34,529,538</u>	<u>5,420,555</u>	<u>39,950,093</u>	<u>39,950,093</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 35,923,822</u>	<u>\$ 5,804,420</u>	<u>\$ 41,728,242</u>	<u>43,376,798</u>	<u>\$ (1,648,556)</u>
Fund balance appropriated				<u>1,556,000</u>	
				<u>\$ 44,932,798</u>	
EXPENDITURES					
Leisure services	<u>\$ 14,326,990</u>	<u>\$ 6,926,380</u>	<u>\$ 21,253,370</u>	<u>\$ 44,449,680</u>	<u>\$ (23,196,310)</u>
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	<u>483,118</u>	<u>-</u>	<u>483,118</u>	<u>483,118</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 14,810,108</u>	<u>\$ 6,926,380</u>	<u>\$ 21,736,488</u>	<u>\$ 44,932,798</u>	<u>\$ (23,196,310)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
RALEIGH UNION STATION FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
Federal Railroad Authority	\$ 37,998,800	\$ -	\$ 37,998,800	\$ 37,998,800	\$ -
State of North Carolina	8,941,431	58,569	9,000,000	9,000,000	-
Other local	3,040,000	-	3,040,000	3,040,000	-
Project revenue (non-grant)	6,381,557	192,038	6,573,595	7,050,000	(476,405)
Gain (loss) on investments	275,445	3,052	278,497	-	278,497
Miscellaneous other	69,481	-	69,481	10,000	59,481
Total revenues	<u>56,706,714</u>	<u>253,659</u>	<u>56,960,373</u>	<u>57,098,800</u>	<u>(138,427)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	7,260,000	100,000	7,360,000	7,360,000	-
Street bond fund	10,644,806	-	10,644,806	10,644,806	-
Major public facilities fund	500,000	-	500,000	500,000	-
Stormwater utility capital project fund	290,000	-	290,000	290,000	-
Miscellaneous capital projects fund	523,533	-	523,533	523,533	-
Issuance of debt	5,050,000	-	5,050,000	5,050,000	-
Total other financing sources	<u>24,268,339</u>	<u>100,000</u>	<u>24,368,339</u>	<u>24,368,339</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 80,975,053</u>	<u>\$ 353,659</u>	<u>\$ 81,328,712</u>	<u>\$ 81,467,139</u>	<u>\$ (138,427)</u>
EXPENDITURES					
Public infrastructure	<u>\$ 78,122,236</u>	<u>\$ 738,051</u>	<u>\$ 78,860,287</u>	<u>\$ 81,370,839</u>	<u>\$ (2,510,552)</u>
OTHER FINANCING USES					
Transfers to:					
Stormwater utility capital project fund	51,300	-	51,300	51,300	-
Miscellaneous capital projects fund	45,000	-	45,000	45,000	-
Total other financing uses	<u>96,300</u>	<u>-</u>	<u>96,300</u>	<u>96,300</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 78,218,536</u>	<u>\$ 738,051</u>	<u>\$ 78,956,587</u>	<u>\$ 81,467,139</u>	<u>\$ (2,510,552)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
FACILITY FEES FUND
For the Fiscal Year Ended June 30, 2020**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Facility fees	\$ 7,213,631	\$ 9,600,362	\$ 16,813,993	\$ 8,370,923	\$ 8,443,070
Fund balance appropriated				1,466,000	
				<u>\$ 9,836,923</u>	
OTHER FINANCING USES					
Transfers to:					
General fund	\$ -	\$ 4,920,923	\$ 4,920,923	\$ 4,920,923	\$ -
Park improvement fund	-	950,000	950,000	950,000	-
Street improvement fund	-	3,966,000	3,966,000	3,966,000	-
Total other financing uses	<u>\$ -</u>	<u>\$ 9,836,923</u>	<u>\$ 9,836,923</u>	<u>\$ 9,836,923</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARK BOND FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 70,312	\$ -	\$ 70,312	\$ 70,312	\$ -
Gain (loss) on investments	-	70,288	70,288	-	70,288
Donations and contributions	2,371,900	451,614	2,823,514	6,627,998	(3,804,484)
Miscellaneous other	315,155	-	315,155	450,000	(134,845)
Total revenues	<u>2,757,367</u>	<u>521,902</u>	<u>3,279,269</u>	<u>7,148,310</u>	<u>(3,869,041)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	320,200	-	320,200	320,200	-
Issuance of debt	116,852,310	11,002,578	127,854,888	178,652,348	(50,797,460)
Premium on issuance of debt	2,781,558	-	2,781,558	2,781,558	-
Total other financing sources	<u>119,954,068</u>	<u>11,002,578</u>	<u>130,956,646</u>	<u>181,754,106</u>	<u>(50,797,460)</u>
Total revenues and other financing sources	<u>\$ 122,711,435</u>	<u>\$ 11,524,480</u>	<u>\$ 134,235,915</u>	<u>\$ 188,902,416</u>	<u>\$ (54,666,501)</u>
Fund balance appropriated				<u>3,356,000</u>	
				<u>\$ 192,258,416</u>	
EXPENDITURES					
Leisure services	<u>\$ 109,600,750</u>	<u>\$ 21,321,588</u>	<u>\$ 130,922,338</u>	<u>\$ 189,055,416</u>	<u>\$ (58,133,078)</u>
OTHER FINANCING USES					
Transfers to:					
Park improvement fund	<u>3,003,000</u>	<u>200,000</u>	<u>3,203,000</u>	<u>3,203,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 112,603,750</u>	<u>\$ 21,521,588</u>	<u>\$ 134,125,338</u>	<u>\$ 192,258,416</u>	<u>\$ (58,133,078)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MISCELLANEOUS CAPITAL IMPROVEMENTS FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Gain (loss) on investments	\$ 509,828	\$ 6,944	\$ 516,772	\$ 993,255	\$ (476,483)
Other fees and charges	185,739	6,905	192,644	13,734	178,910
Total revenues	695,567	13,849	709,416	1,006,989	(297,573)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	43,114,484	4,295,250	47,409,734	47,409,734	-
Raleigh Union Station fund	45,000	-	45,000	45,000	-
Major public facilities fund	1,200,000	-	1,200,000	1,200,000	-
Issuance of debt	22,921,625	38,265,002	61,186,627	66,670,065	(5,483,438)
Premium on bonds	869,533	6,380,539	7,250,072	7,250,072	-
Gain (loss) on sale of property	9,488,050	-	9,488,050	7,742,823	1,745,227
Total other financing sources	77,638,692	48,940,791	126,579,483	130,317,694	(3,738,211)
Total revenues and other financing sources	\$ 78,334,259	\$ 48,954,640	\$ 127,288,899	131,324,683	\$ (4,035,784)
Fund balance appropriated				15,861,277	
				<u>\$ 147,185,960</u>	
EXPENDITURES					
General government	\$ 1,452,431	\$ -	\$ 1,452,431	\$ 2,494,764	\$ (1,042,333)
Community development	5,830,677	-	5,830,677	5,876,250	(45,573)
Public infrastructure	6,666,349	2,813,710	9,480,059	39,641,383	(30,161,324)
Public safety	23,135,372	19,308,564	42,443,936	98,165,053	(55,721,117)
Total expenditures	37,084,829	22,122,274	59,207,103	146,177,450	(86,970,347)
OTHER FINANCING USES					
Transfers to:					
Street bond fund	336,000	-	336,000	336,000	-
Raleigh Union Station fund	523,533	-	523,533	523,533	-
General fund	105,000	-	105,000	105,000	-
Solid waste operations fund	30,200	-	30,200	30,200	-
Grants fund	13,777	-	13,777	13,777	-
Total other financing uses	1,008,510	-	1,008,510	1,008,510	-
Total expenditures and other financing uses	\$ 38,093,339	\$ 22,122,274	\$ 60,215,613	\$ 147,185,960	\$ (86,970,347)

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 WALNUT CREEK AMPHITHEATER PROJECTS FUND
 For the Fiscal Year Ended June 30, 2020**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Rents	\$ 1,719,282	\$ -	\$ 1,719,282	\$ 67,362	\$ 1,651,920
Other fees and charges	<u>374,394</u>	<u>-</u>	<u>374,394</u>	<u>-</u>	<u>374,394</u>
Total revenues	<u>\$ 2,093,676</u>	<u>\$ -</u>	<u>\$ 2,093,676</u>	67,362	<u>\$ 2,026,314</u>
Fund balance appropriated				<u>1,090,000</u>	
				<u>\$ 1,157,362</u>	
EXPENDITURES					
Leisure services	<u>\$ 448,051</u>	<u>\$ 129,402</u>	<u>\$ 577,453</u>	<u>\$ 1,157,362</u>	<u>\$ (579,909)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
TECHNOLOGY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Gain (loss) on investments	\$ 2,129,859	\$ -	\$ 2,129,859	\$ -	\$ 2,129,859
OTHER FINANCING SOURCES					
Transfers from:					
Convention center complex fund	370,383	35,230	405,613	405,613	-
General fund	12,532,752	1,469,445	14,002,197	14,002,197	-
Community development fund	10,346	-	10,346	10,346	-
Mass transit fund	39,054	4,065	43,119	43,119	-
Parking fund	91,747	12,195	103,942	103,942	-
Solid waste services fund	787,586	-	787,586	787,586	-
Stormwater fund	659,089	36,585	695,674	695,674	-
Vehicle fleet services fund	266,710	24,390	291,100	291,100	-
Water and sewer fund	5,526,437	214,090	5,740,527	5,740,527	-
Total other financing sources	20,284,104	1,796,000	22,080,104	22,080,104	-
Total revenues and other financing sources	<u>\$ 22,413,963</u>	<u>\$ 1,796,000</u>	<u>\$ 24,209,963</u>	22,080,104	<u>\$ 2,129,859</u>
Fund balance appropriated				1,769,520	
				<u>\$ 23,849,624</u>	
EXPENDITURES					
General government	<u>\$ 14,221,830</u>	<u>\$ 1,372,620</u>	<u>\$ 15,594,450</u>	<u>\$ 23,849,624</u>	<u>\$ (8,255,174)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MAJOR PUBLIC FACILITIES FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
American Recovery and Reinvestment Act	\$ 119,218	\$ -	\$ 119,218	\$ 119,218	\$ -
Gain (loss) on investments	-	81,423	81,423	-	81,423
Total revenues	119,218	81,423	200,641	119,218	81,423
OTHER FINANCING SOURCES					
Issuance of debt	83,732,997	-	83,732,997	81,160,743	2,572,254
Premium on issuance of debt	5,849,718	-	5,849,718	5,849,718	-
Total other financing sources	89,582,715	-	89,582,715	87,010,461	2,572,254
Total revenues and other financing sources	<u>\$ 89,701,933</u>	<u>\$ 81,423</u>	<u>\$ 89,783,356</u>	<u>\$ 87,129,679</u>	<u>\$ 2,653,677</u>
EXPENDITURES					
Public infrastructure	\$ 84,018,883	-	\$ 84,018,883	\$ 86,629,679	\$ (2,610,796)
Total expenditures	84,018,883	-	84,018,883	86,629,679	(2,610,796)
OTHER FINANCING USES					
Transfers to:					
Raleigh Union Station fund	500,000	-	500,000	500,000	-
Total other financing uses	500,000	-	500,000	500,000	-
Total expenditures and other financing uses	<u>\$ 84,518,883</u>	<u>\$ -</u>	<u>\$ 84,518,883</u>	<u>\$ 87,129,679</u>	<u>\$ (2,610,796)</u>

Enterprise Funds

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

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

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

Enterprise Funds

Water and Sewer Fund (major fund)

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

Convention Center Complex Fund (major fund)

The Convention Center Complex Fund accounts for the operating and capital costs at the City's convention center and performing arts complex. This fund combines the Convention Center and Performing Arts Complex Operating Fund, the Convention Center and Performing Arts Projects Fund and the Convention Center Complex Capital Projects Fund.

Mass Transit Fund (major fund)

The Mass Transit Fund accounts for user charges, fees, federal contributions and all operating costs associated with the operation of the transit system in the City. This fund also accounts for all capital projects financed by transit grant proceeds.

Stormwater Utility Fund (major fund)

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

Parking Facilities Fund (major fund)

The Parking Facilities Fund accounts for parking fee charges and all operating costs associated with City-owned off-street and on-street parking facilities. This fund combines the Parking Facilities Operating Fund and the Parking Facilities Capital Projects Fund.

Solid Waste Services Fund (major fund)

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

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

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

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER OPERATING FUND
For the Fiscal Year Ended June 30, 2020**

	Actual	Budget	Over (Under) Budget
REVENUES			
Water and sewer user charges	\$ 223,086,267	\$ 214,245,079	\$ 8,841,188
Water infrastructure replacement	4,841,648	4,655,000	186,648
Sewer infrastructure replacement	13,344,575	13,050,000	294,575
Watershed protection fees	2,415,176	2,250,000	165,176
Capital facility fees	16,279,403	14,600,000	1,679,403
Other operating revenues	5,499,148	6,287,879	(788,731)
Total operating revenues	<u>265,466,217</u>	<u>255,087,958</u>	<u>10,378,259</u>
NONOPERATING REVENUES			
Gain (loss) on investments	7,779,733	4,461,725	3,318,008
Gain (loss) on disposal of capital assets	59,650	-	59,650
Other nonoperating revenues	63,525	30,000	33,525
Total nonoperating revenues	<u>7,902,908</u>	<u>4,491,725</u>	<u>3,411,183</u>
OTHER FINANCING SOURCES			
Transfers from:			
Risk management fund	735,470	735,470	-
Refunding bonds issued	185,305,000	-	185,305,000
Total other financing sources	<u>186,040,470</u>	<u>735,470</u>	<u>185,305,000</u>
Total revenues and other financing sources	<u>\$ 459,409,595</u>	<u>260,315,153</u>	<u>\$ 199,094,442</u>
Fund balance appropriated		<u>30,428,426</u>	
		<u>\$ 290,743,579</u>	
EXPENDITURES			
Public utilities:			
Administration	\$ 8,726,916	\$ 12,149,206	\$ (3,422,290)
Capital improvements management	4,713,953	4,818,680	(104,727)
Water plant	22,448,062	26,161,249	(3,713,187)
Waste treatment plant	23,161,902	28,032,366	(4,870,464)
Utility billing	8,442,261	9,198,584	(756,323)
Sewer maintenance	12,529,399	14,392,048	(1,862,649)
Water distribution	11,766,061	13,369,580	(1,603,519)
Meter operations	5,839,982	6,046,372	(206,390)
	<u>97,628,536</u>	<u>114,168,085</u>	<u>(16,539,549)</u>

Continued

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER OPERATING FUND
For the Fiscal Year Ended June 30, 2020**

	Actual	Budget	Over (Under) Budget
EXPENDITURES (CONTINUED)			
Special appropriations:			
Reimbursement to general fund	\$ 9,585,997	\$ 9,585,997	\$ -
Insurance and risk management charges	4,288,570	4,306,915	(18,345)
Other expenditures	857,749	8,928,213	(8,070,464)
	<u>14,732,316</u>	<u>22,821,125</u>	<u>(8,088,809)</u>
Debt service:			
Revenue bonds:			
Principal	27,540,000	27,200,000	340,000
Interest	25,017,453	27,982,279	(2,964,826)
Installment financing agreements:			
Principal	4,822,225	4,850,000	(27,775)
Interest	1,367,605	1,375,000	(7,395)
Escrow expenditures - merged systems' debt	655,181	673,000	(17,819)
Other expenditures	2,573,989	2,305,000	268,989
Total nonoperating expenditures	<u>61,976,453</u>	<u>64,385,279</u>	<u>(2,408,826)</u>
Total expenditures	<u>174,337,305</u>	<u>201,374,489</u>	<u>(27,037,184)</u>
OTHER FINANCING USES			
Transfers to:			
Water capital projects fund	28,705,000	28,705,000	-
Sewer capital projects fund	60,450,000	60,450,000	-
Technology capital projects fund	214,090	214,090	-
Total transfers	<u>89,369,090</u>	<u>89,369,090</u>	<u>-</u>
Payment to refunded bond escrow agent	186,205,632	-	186,205,632
Total other financing uses	<u>275,574,722</u>	<u>89,369,090</u>	<u>186,205,632</u>
Total expenditures and other financing uses	<u>\$ 449,912,027</u>	<u>\$ 290,743,579</u>	<u>\$ 159,168,448</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Gain (loss) on investments	\$ -	\$ 1,793,176	\$ 1,793,176	\$ -	\$ 1,793,176
OTHER FINANCING SOURCES					
Transfers from:					
Water and sewer operating fund	166,941,432	28,705,000	195,646,432	173,194,955	22,451,477
Street bond fund	146,123	-	146,123	146,123	-
Total other financing sources	167,087,555	28,705,000	195,792,555	173,341,078	22,451,477
Total revenues and other financing sources	\$ 167,087,555	\$ 30,498,176	\$ 197,585,731	173,341,078	\$ 24,244,653
Fund balance appropriated				911,000	
				<u>\$ 174,252,078</u>	
EXPENDITURES					
Water capital projects	\$ 91,535,119	\$ 26,123,936	\$ 117,659,055	\$ 173,824,058	\$ (56,165,003)
OTHER FINANCING USES					
Transfer to:					
Public utilities equipment replacement fund	428,020	-	428,020	428,020	-
Total expenditures and other financing uses	\$ 91,963,139	\$ 26,123,936	\$ 118,087,075	\$ 174,252,078	\$ (56,165,003)

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SEWER CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Gain (loss) on investments	\$ 3,421,309	\$ 3,704,829	\$ 7,126,138	\$ -	\$ 7,126,138
Insurance proceeds	2,220,375	-	2,220,375	-	2,220,375
Developer participation	281,614	8,173	289,787	-	289,787
Total revenues	<u>5,923,298</u>	<u>3,713,002</u>	<u>9,636,300</u>	<u>-</u>	<u>9,636,300</u>
OTHER FINANCING SOURCES					
Transfers from:					
Water and sewer operating fund	<u>241,437,576</u>	<u>60,450,000</u>	<u>301,887,576</u>	<u>297,999,017</u>	<u>3,888,559</u>
Total revenues and other financing sources	<u>\$ 247,360,874</u>	<u>\$ 64,163,002</u>	<u>\$ 311,523,876</u>	<u>\$ 297,999,017</u>	<u>\$ 13,524,859</u>
EXPENDITURES					
Sewer capital projects	<u>\$ 128,544,980</u>	<u>\$ 21,842,117</u>	<u>\$ 150,387,097</u>	<u>\$ 297,999,017</u>	<u>\$ (147,611,920)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER REVENUE BOND FUND
For the Fiscal Year Ended June 30, 2020**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
N.C. Department of Natural Resources	\$ 64,136,810	\$ 19,116,826	\$ 83,253,636	\$ 127,093,026	\$ (43,839,390)
Gain (loss) on investments	-	1,101,402	1,101,402	-	1,101,402
Total revenues	<u>64,136,810</u>	<u>20,218,228</u>	<u>84,355,038</u>	<u>127,093,026</u>	<u>(42,737,988)</u>
OTHER FINANCING SOURCES					
Issuance of debt	<u>273,830,109</u>	<u>-</u>	<u>273,830,109</u>	<u>479,828,323</u>	<u>(205,998,214)</u>
Total revenues and other financing sources	<u>\$ 337,966,919</u>	<u>\$ 20,218,228</u>	<u>\$ 358,185,147</u>	<u>606,921,349</u>	<u>\$ (248,736,202)</u>
Fund balance appropriated				<u>1,000,000</u>	
				<u>\$ 607,921,349</u>	
EXPENDITURES					
Water capital projects	\$ 56,834,931	\$ 7,691,090	\$ 64,526,021	\$ 98,629,317	\$ (34,103,296)
Sewer capital projects	<u>216,896,075</u>	<u>68,769,731</u>	<u>285,665,806</u>	<u>509,292,032</u>	<u>(223,626,226)</u>
Total expenditures	<u>\$ 273,731,006</u>	<u>\$ 76,460,821</u>	<u>\$ 350,191,827</u>	<u>\$ 607,921,349</u>	<u>\$ (257,729,522)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER FUNDS
For the Fiscal Year Ended June 30, 2020**

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	\$ 459,409,595
Water capital projects fund	30,498,176
Sewer capital projects fund	64,163,002
Water and sewer revenue bond fund	<u>20,218,228</u>

Total current year expenditures and other financing

uses - modified accrual basis:

Water and sewer operating fund	(449,912,027)
Water capital projects fund	(26,123,936)
Sewer capital projects fund	(21,842,117)
Water and sewer revenue bond fund	<u>(76,460,821)</u>

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

(49,900)

Adjustments to full accrual basis:

Amortization of deferred refunding charges	(3,653,379)
Amortization of bond premiums and discounts	22,455,359
Bond and note proceeds	(204,421,826)
Bond and note principal payments	199,992,225
Capital contributions	7,727,439
Capital outlay	124,823,584
Depreciation	(40,030,545)
Earned vacation pay expense	(592,752)
Interest expense accrual	2,928,120
Other escrow expenditures	38,595
Increase (decrease) in deferred outflows of resources - LGERS	(2,260,414)
(Increase) decrease in deferred inflows of resources - LGERS	48,802
(Increase) decrease in net pension liability - LGERS	(2,191,091)
Increase (decrease) in deferred outflows of resources - OPEB	251,108
(Increase) decrease in deferred inflows of resources - OPEB	1,808,473
(Increase) decrease in net pension liability - OPEB	(640,547)
Revenue accruals from receivables	<u>(1,375,541)</u>

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

\$ 104,857,710

**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, 2020**

	Actual	Budget	Over (Under) Budget
REVENUES			
User charges:			
Convention and civic center	\$ 4,443,062	\$ 5,212,000	\$ (768,938)
Performing arts center	4,811,282	5,723,000	(911,718)
Red Hat amphitheater	1,870,075	2,082,500	(212,425)
Special events	246,244	294,000	(47,756)
Total user charges	11,370,663	13,311,500	(1,940,837)
Miscellaneous Other	891,939	1,033,900	(141,961)
Gain (loss) on investments	486,719	17,003	469,716
Total revenues	12,749,321	14,362,403	(1,613,082)
OTHER FINANCING SOURCES			
Transfers from:			
General fund	3,321,228	3,321,228	-
Risk management fund	142,344	142,344	-
Convention center financing fund	20,923,012	22,038,070	(1,115,058)
Total other financing sources	24,386,584	25,501,642	(1,115,058)
Total revenues and other financing sources	\$ 37,135,905	39,864,045	\$ (2,728,140)
Fund balance appropriated		3,240,893	
		\$ 43,104,938	
EXPENDITURES			
Civic and convention center	\$ 9,283,403	\$ 10,128,196	\$ (844,793)
Performing arts center	6,901,573	7,889,137	(987,564)
Red Hat amphitheater	1,523,731	2,134,862	(611,131)
Special events	389,266	446,342	(57,076)
Total operating expenditures	18,097,973	20,598,537	(2,500,564)
DEBT SERVICE			
Principal	10,035,735	10,035,735	-
Interest	7,787,330	8,686,936	(899,606)
Other debt service costs	986,052	1,548,500	(562,448)
Total debt service	18,809,117	20,271,171	(1,462,054)
OTHER FINANCING USES			
Transfers to:			
Technology capital projects fund	35,230	35,230	-
Convention and performing arts complex projects fund	2,200,000	2,200,000	-
Total other financing uses	2,235,230	2,235,230	-
Total expenditures and other financing uses	\$ 39,142,320	\$ 43,104,938	\$ (3,962,618)

**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, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
OTHER FINANCING SOURCES					
Note proceeds	\$ 4,090,708	\$ -	\$ 4,090,708	\$ 4,349,017	\$ (258,309)
Bond proceeds	9,147,202	-	9,147,202	9,336,132	(188,930)
Premium on bonds	905,182	-	905,182	728,559	176,623
Miscellaneous revenues	631,868	-	631,868	250,000	381,868
Gain (loss) on investments	97,023	-	97,023	63,912	33,111
Donations and contributions	1,041,530	133,745	1,175,275	571,530	603,745
Transfers from:					
General Fund	3,031,500	-	3,031,500	4,125,000	(1,093,500)
Walnut Creek Amphitheater fund	-	1,105,000	1,105,000	1,105,000	-
Convention center operating fund	1,885,431	2,200,000	4,085,431	4,340,000	(254,569)
Miscellaneous capital projects fund	118,000	-	118,000	118,000	-
Conventer center financing fund	1,500,000	1,000,000	2,500,000	2,400,000	100,000
Total revenues and other financing sources	<u>\$ 22,448,444</u>	<u>\$ 4,438,745</u>	<u>\$ 26,887,189</u>	<u>\$ 27,387,150</u>	<u>\$ (499,961)</u>
EXPENDITURES					
Convention center and performing arts complex projects	<u>\$ 19,561,709</u>	<u>\$ 2,588,725</u>	<u>\$ 22,150,434</u>	<u>\$ 27,387,150</u>	<u>\$ (5,236,716)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER COMPLEX CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2020**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Gain (loss) on investments	\$ 530,509	\$ -	\$ 530,509	\$ -	\$ 530,509
Miscellaneous other	618,004	-	618,004	-	618,004
Total revenues	<u>1,148,513</u>	<u>-</u>	<u>1,148,513</u>	<u>-</u>	<u>1,148,513</u>
OTHER FINANCING SOURCES					
Transfers from:					
Convention center financing fund	<u>12,525,143</u>	<u>14,383,990</u>	<u>26,909,133</u>	<u>27,454,667</u>	<u>(545,534)</u>
Total revenues and other financing sources	<u>\$ 13,673,656</u>	<u>\$ 14,383,990</u>	<u>\$ 28,057,646</u>	<u>27,454,667</u>	<u>\$ 602,979</u>
Fund balance appropriated				<u>1,184,247</u>	
				<u>\$ 28,638,914</u>	
EXPENDITURES					
Convention center projects	<u>\$ 6,242,005</u>	<u>\$ 13,615,231</u>	<u>\$ 19,857,236</u>	<u>\$ 28,638,914</u>	<u>\$ (8,781,678)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER FUNDS
For the Fiscal Year Ended June 30, 2020**

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	\$	37,135,905
Convention center and performing arts complex projects fund		4,438,745
Convention center complex capital projects fund		14,383,990
 Total current expenditures and other financing uses - modified accrual basis		
Convention center and performing arts complex operating fund		(39,142,320)
Convention center and performing arts complex projects fund		(2,588,725)
Convention center complex capital projects fund		(13,615,231)
 Excess of revenues and other financing sources over expenditures and other financing uses		612,364
 Adjustments to full accrual basis:		
Amortization of premiums and discounts		113,936
Bond and note principal payments		10,035,735
Capital outlay		16,180,284
Depreciation		(7,987,815)
Interest expense accrual		(271,532)
(Increase) decrease in deferred outflows of resources - LGERS		(395,487)
(Increase) decrease in deferred inflows of resources - LGERS		8,539
Increase in pension liability - LGERS		(383,359)
(Increase) decrease in deferred outflows of resources - OPEB		43,934
(Increase) decrease in deferred inflows of resources - OPEB		316,415
Decrease in pension liability - OPEB		(112,071)
Vacation expense		3,498
 Change in net position per statement of revenues, expenses and changes in net position	\$	18,164,441

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND
For the Fiscal Year Ended June 30, 2020**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Farebox	\$ -	\$ 3,606,361	\$ 3,606,361	\$ 5,336,032	\$ (1,729,671)
ART program fees	-	686,960	686,960	850,000	(163,040)
Intergovernmental revenue:					
Federal Transit Administration	38,672,087	5,957,943	44,630,030	83,253,984	(38,623,954)
State of North Carolina	834,083	2,681,021	3,515,104	3,189,259	325,845
Wake Transit	6,642,117	26,111,880	32,753,997	80,795,969	(48,041,972)
Miscellaneous other	-	518,554	518,554	505,000	13,554
Total revenues	<u>46,148,287</u>	<u>39,562,719</u>	<u>85,711,006</u>	<u>173,930,244</u>	<u>(88,219,238)</u>
OTHER FINANCING SOURCES					
Proceeds on disposal of capital assets	-	11,003	11,003	-	11,003
Transfers from:					
General fund	-	21,126,824	21,126,824	21,126,824	-
Risk management fund	-	29,393	29,393	29,393	-
Street bond fund	-	219,000	219,000	219,000	-
Total other financing sources	<u>-</u>	<u>21,386,220</u>	<u>21,386,220</u>	<u>21,375,217</u>	<u>11,003</u>
Total revenues and other financing sources	<u>\$ 46,148,287</u>	<u>\$ 60,948,939</u>	<u>\$ 107,097,226</u>	<u>195,305,461</u>	<u>\$ (88,208,235)</u>
Fund balance appropriated				<u>3,071,527</u>	
				<u>\$ 198,376,988</u>	
EXPENDITURES					
Mass transit operating expenditures	\$ -	\$ 19,526,079	\$ 19,526,079	\$ 21,634,781	\$ (2,108,702)
ART program operating expenditures	-	6,314,074	6,314,074	7,346,407	(1,032,333)
Capital grant expenditures	40,283,903	9,494,395	49,778,298	86,714,542	(36,936,244)
Wake Transit operating expenditures	-	8,825,152	8,825,152	17,874,134	(9,048,982)
Wake Transit capital expenditures	<u>6,642,117</u>	<u>17,284,781</u>	<u>23,926,898</u>	<u>64,418,107</u>	<u>(40,491,209)</u>
Total expenditures	<u>46,926,020</u>	<u>61,444,481</u>	<u>108,370,501</u>	<u>197,987,971</u>	<u>(89,617,470)</u>
OTHER FINANCING USES					
Transfers to:					
Grants fund	-	357,946	357,946	357,946	-
Street improvement fund	-	27,006	27,006	27,006	-
Technology capital projects fund	-	4,065	4,065	4,065	-
Total other financing uses	<u>-</u>	<u>389,017</u>	<u>389,017</u>	<u>389,017</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 46,926,020</u>	<u>\$ 61,833,498</u>	<u>\$ 108,759,518</u>	<u>\$ 198,376,988</u>	<u>\$ (89,617,470)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND
For the Fiscal Year Ended June 30, 2020**

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 60,948,939
Total current year expenditures and other financing uses - modified accrual basis	(61,833,498)
Excess of revenues and other financing sources over expenditures and other financing uses	(884,559)
Adjustments to full accrual basis:	
Capital outlay	19,331,597
Depreciation	(4,680,232)
Increase (decrease) in deferred outflows of resources - LGERS	(102,281)
(Increase) decrease in deferred inflows of resources - LGERS	2,208
Increase in pension liability - LGERS	(99,145)
Increase (decrease) in deferred outflows of resources - OPEB	11,362
(Increase) decrease in deferred inflows of resources - OPEB	81,831
Increase in pension liability - OPEB	(28,984)
Vacation expense	(27,299)
Change in net position per statement of revenues, expenses, and changes in fund net position	\$ 13,604,498

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY OPERATING FUND
For the Fiscal Year Ended June 30, 2020**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
User charges	\$ 23,450,359	\$ 23,464,922	\$ (14,563)
Gain (loss) on investments	566,772	25,000	541,772
Miscellaneous other	95,262	50,000	45,262
Total revenues	<u>24,112,393</u>	<u>23,539,922</u>	<u>572,471</u>
OTHER FINANCING SOURCES			
Transfers from:			
Risk management fund	116,722	116,722	-
Total other financing sources	<u>116,722</u>	<u>116,722</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 24,229,115</u>	<u>\$ 23,656,644</u>	<u>\$ 572,471</u>
Fund balance appropriated		2,131,980	
		<u>\$ 25,788,624</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 15,151,448</u>	<u>\$ 17,472,484</u>	<u>\$ (2,321,036)</u>
DEBT SERVICE			
Note principal	<u>101,738</u>	<u>101,738</u>	<u>-</u>
OTHER FINANCING USES			
Transfers to:			
Stormwater utility capital projects fund	7,954,600	7,954,600	-
Technology capital projects fund	36,585	36,585	-
General fund	223,217	223,217	-
Total other financing uses	<u>8,214,402</u>	<u>8,214,402</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 23,467,588</u>	<u>\$ 25,788,624</u>	<u>\$ (2,321,036)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2020**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
Federal Emergency Management Agency	\$ 1,047,296	-	\$ 1,047,296	\$ 1,378,317	\$ (331,021)
N.C. Clean Water Management Trust	512,903	66,606	579,509	367,400	212,109
Gain (loss) on investments	5,510,860	1,389,711	6,900,571	85,224	6,815,347
Miscellaneous other	222,463	9,000	231,463	-	231,463
Total revenues	<u>7,293,522</u>	<u>1,465,317</u>	<u>8,758,839</u>	<u>1,830,941</u>	<u>6,927,898</u>
OTHER FINANCING SOURCES					
Transfer from:					
Stormwater utility operating fund	61,374,270	7,954,600	69,328,870	69,328,870	-
Raleigh Union Station capital projects fund	51,300	-	51,300	51,300	-
Total other financing sources	<u>61,425,570</u>	<u>7,954,600</u>	<u>69,380,170</u>	<u>69,380,170</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 68,719,092</u>	<u>\$ 9,419,917</u>	<u>\$ 78,139,009</u>	71,211,111	<u>\$ 6,927,898</u>
Fund balance appropriated				<u>3,156,000</u>	
				<u>\$ 74,367,111</u>	
EXPENDITURES					
Stormwater capital projects	<u>\$ 31,652,131</u>	<u>\$ 14,853,672</u>	<u>\$ 46,505,803</u>	<u>\$ 73,690,742</u>	<u>\$ (27,184,939)</u>
OTHER FINANCING USES					
Transfer to :					
Raleigh Union Station capital projects fund	<u>676,369</u>	<u>-</u>	<u>676,369</u>	<u>676,369</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 32,328,500</u>	<u>\$ 14,853,672</u>	<u>\$ 47,182,172</u>	<u>\$ 74,367,111</u>	<u>\$ (27,184,939)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY BOND FUND**
For the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
OTHER FINANCING SOURCES					
Transfers from:					
Stormwater utility operating fund	<u>\$ 82,945</u>	<u>\$ -</u>	<u>\$ 82,945</u>	<u>\$ 20,890</u>	<u>\$ 62,055</u>
EXPENDITURES					
Stormwater capital projects	<u>\$ 10,498</u>	<u>\$ 10,392</u>	<u>\$ 20,890</u>	<u>\$ 20,890</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY FUNDS
For the Fiscal Year Ended June 30, 2020**

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing

sources - modified accrual basis

Stormwater utility operating fund	\$	24,229,115
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Stormwater utility capital projects fund		9,419,917
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Stormwater utility bond fund		-
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Total current year expenditures and other financing

uses - modified accrual basis

Stormwater utility operating fund	(23,467,588)
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Stormwater utility capital projects fund	(14,853,672)
--	--------------

Stormwater utility bond fund	(10,392)
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Excess of revenues and other financing sources over

expenditures and other financing uses	(4,682,620)
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Adjustments to full accrual basis:

Capital outlay	14,700,180
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Depreciation	(3,491,168)
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Note principal	101,736
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Increase (decrease) in deferred outflows of resources - LGERS	(409,125)
---	-----------

(Increase) decrease in deferred inflows of resources - LGERS	8,833
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Increase in pension liability - LGERS	(396,578)
---------------------------------------	-----------

Increase (decrease) in deferred outflows of resources - OPEB	45,449
--	--------

(Increase) decrease in deferred inflows of resources - OPEB	327,325
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Increase in pension liability - OPEB	(115,936)
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Vacation expense	(104,024)
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Change in net position per statement of revenues, expenses, and
changes in fund net position

\$	5,984,072
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**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES OPERATING FUND
For the fiscal year ended June 30, 2020**

	Actual	Budget	Over (Under) Budget
REVENUES			
Parking fees	\$ 14,435,179	\$ 18,635,799	\$ (4,200,620)
Gain (loss) on investments	212,400	35,500	176,900
Miscellaneous other	34,505	16,900	17,605
Total revenues	<u>14,682,084</u>	<u>18,688,199</u>	<u>(4,006,115)</u>
OTHER FINANCING SOURCES			
Proceeds from sale of capital assets	678	-	678
Transfers from:			
Risk management fund	82,435	82,435	-
Total other financing sources	<u>83,113</u>	<u>82,435</u>	<u>678</u>
Total revenues and other financing sources	<u>\$ 14,765,197</u>	<u>18,770,634</u>	<u>\$ (4,005,437)</u>
Fund balance appropriated		<u>3,989,328</u>	
		<u>\$ 22,759,962</u>	
EXPENDITURES			
Operating expenditures	<u>\$ 7,663,305</u>	<u>\$ 11,793,134</u>	<u>\$ (4,129,829)</u>
DEBT SERVICE			
Note principal	4,083,474	4,510,271	(426,797)
Note interest	1,723,491	2,647,362	(923,871)
Other debt service expenditures	155,370	345,000	(189,630)
Total debt service	<u>5,962,335</u>	<u>7,502,633</u>	<u>(1,540,298)</u>
OTHER FINANCING USES			
Transfers to:			
Equipment replacement fund	880,000	880,000	-
General fund	215,000	215,000	-
Parking facilities capital projects fund	2,357,000	2,357,000	-
Technology capital projects fund	12,195	12,195	-
Total other financing uses	<u>3,464,195</u>	<u>3,464,195</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 17,089,835</u>	<u>\$ 22,759,962</u>	<u>\$ (5,670,127)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES CAPITAL PROJECTS FUND
For the fiscal year ended June 30, 2020**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
OTHER FINANCING SOURCES					
Transfer from:					
Parking facilities operating fund	\$ 1,500,502	\$ 2,357,000	\$ 3,857,502	\$ 6,242,796	\$ (2,385,294)
Total revenues and other financing sources	<u>\$ 1,500,502</u>	<u>\$ 2,357,000</u>	<u>\$ 3,857,502</u>	6,242,796	<u>\$ (2,385,294)</u>
Fund balance appropriated				<u>1,771,329</u>	
				<u>\$ 8,014,125</u>	
EXPENDITURES					
Parking facilities capital projects	<u>\$ 4,653,609</u>	<u>\$ 438,980</u>	<u>\$ 5,092,589</u>	<u>\$ 8,014,125</u>	<u>\$ (2,921,536)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES FUNDS
For the fiscal year ended June 30, 2020**

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing

sources - modified accrual basis

Parking facilities operating fund

\$ 14,765,197

Parking facilities capital projects fund

2,357,000

Total current year expenditures and other financing

uses - modified accrual basis

Parking facilities operating fund

(17,089,835)

Parking facilities capital projects fund

(438,980)

Deficiency of revenues and other financing sources under

expenditures and other financing uses

(406,618)

Adjustments to full accrual basis:

Accrued interest expense

27,837

Amortization of bond refunding costs

(77,149)

Amortization of premiums and discounts

261,115

Bond and note principal

4,083,474

Capital outlay

438,981

Depreciation

(4,199,437)

Increase (decrease) in deferred outflows of resources - LGERS

(129,556)

(Increase) decrease in deferred inflows of resources - LGERS

2,797

Increase in pension liability - LGERS

(125,583)

Increase (decrease) in deferred outflows of resources - OPEB

14,393

(Increase) decrease in deferred inflows of resources - OPEB

103,653

Decrease in pension liability - OPEB

(36,713)

Vacation expense

(40,476)

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

changes in fund net position

\$ (83,282)

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SOLID WASTE SERVICES FUND
For the Fiscal Year Ended June 30, 2020**

	Actual	Budget	Over (Under) Budget
REVENUES			
Solid waste residential collection	\$ 23,330,256	\$ 23,786,031	\$ (455,775)
Recycling residential collection	6,316,653	6,000,000	316,653
Yardwaste center	761,455	550,000	211,455
Gain (loss) on investments	534,751	100,000	434,751
Miscellaneous other	70,698	200	70,498
Total revenues	<u>31,013,813</u>	<u>30,436,231</u>	<u>577,582</u>
OTHER FINANCING SOURCES			
Refunding bonds issued	6,484,439	6,484,439	-
Other revenue	460,058	575,000	(114,942)
Transfer from:			
General fund	6,430,000	6,430,000	-
Risk management fund	185,471	185,471	-
Total other financing sources	<u>13,559,968</u>	<u>13,674,910</u>	<u>(114,942)</u>
Total revenues and other financing sources	<u>\$ 44,573,781</u>	<u>44,111,141</u>	<u>\$ 462,640</u>
Fund balance appropriated		<u>2,653,210</u>	
		<u>\$ 46,764,351</u>	
EXPENDITURES			
Administration	\$ 9,512,944	\$ 10,582,175	\$ (1,069,231)
Residential collection	16,708,125	18,427,384	(1,719,259)
Residential recycling	4,483,581	4,722,580	(238,999)
Yardwaste center	4,017,542	4,704,599	(687,057)
	<u>34,722,192</u>	<u>38,436,738</u>	<u>(3,714,546)</u>
DEBT SERVICE			
Note principal	1,332,281	1,332,281	-
Note interest	467,125	510,893	(43,768)
	<u>1,799,406</u>	<u>1,843,174</u>	<u>(43,768)</u>
Total expenditures	<u>36,521,598</u>	<u>40,279,912</u>	<u>(3,758,314)</u>
OTHER FINANCING USES			
Payment to refunded bond escrow agent	6,484,439	6,484,439	-
Total other financing uses	<u>6,484,439</u>	<u>6,484,439</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 43,006,037</u>	<u>\$ 46,764,351</u>	<u>\$ (3,758,314)</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SOLID WASTE SERVICES FUND
For the Fiscal Year Ended June 30, 2020**

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	\$ 44,573,781
Total current year expenditures and other financing uses - modified accrual basis	<u>(43,006,037)</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	1,567,744
Adjustments to full accrual basis:	
Amortization of refunding charges	(17,615)
Amortization of note premiums and discounts	89,696
Bond and note principal payments	1,332,280
Bond and note proceeds	(6,484,439)
Capital outlay	18,539
Depreciation	(898,571)
Interest expense accrual	8,398
Landfill closure/postclosure liability adjustment	304,071
Increase (decrease) in deferred outflows of resources - LGERS	(715,968)
(Increase) decrease in deferred inflows of resources - LGERS	15,458
(Increase) decrease in pension liability - LGERS	(694,010)
(Increase) decrease in deferred inflows of resources - OPEB	572,819
(Increase) decrease in pension liability - OPEB	(202,888)
Increase (decrease) in deferred outflows of resources - OPEB	79,536
Refunded bond escrow expense	6,484,439
Vacation expense	<u>(126,134)</u>
Change in net position per statement of revenues, expenses, and changes in fund net position	<u>\$ 1,333,355</u>

Internal Service Funds

Internal Service Funds are used to account for centralized services provided on a cost-reimbursement basis. The City maintains six internal service funds for its risk management, health benefits, equipment replacement programs, and vehicle fleet services.

Internal Service Funds

Risk Management Fund

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

Employees' Health Benefits Fund

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

Governmental Equipment Replacement Fund

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

Solid Waste Services Equipment Replacement Fund

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

Public Utilities Equipment Replacement Fund

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

Vehicle Fleet Services Fund

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

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

June 30, 2020

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 33,784,986	\$ 16,944,547	\$ 3,891,214	\$ 1,809,066
Accrued interest receivable	159,665	819	-	-
Sales tax receivable	264	-	351,947	-
Other receivables	-	-	-	-
Due from other funds	-	-	1,058	-
Inventories	-	-	-	-
Insurance deposit	420,000	-	-	-
Total current assets	<u>34,364,915</u>	<u>16,945,366</u>	<u>4,244,219</u>	<u>1,809,066</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	8,117,909	748,399
Capital assets:				
Buildings and machinery	-	-	-	-
Equipment	-	-	107,383,683	37,428,275
Less: accumulated depreciation	-	-	(75,798,382)	(26,702,863)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>39,703,210</u>	<u>11,473,811</u>
Total assets	<u>34,364,915</u>	<u>16,945,366</u>	<u>43,947,429</u>	<u>13,282,877</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals - LGERS	52,836	-	-	-
Pension deferrals - OPEB	12,728	-	-	-
Total deferred outflows of resources	<u>65,564</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	17,576	5,879	593,832	-
Accrued salaries and employee payroll taxes	8,262	-	-	-
Accrued interest payable	-	-	89,669	25,815
Sales tax payable	-	-	-	-
Claims payable and other liabilities	6,275,300	2,815,750	-	-
Earned vacation pay	26,372	-	-	-
Due to other funds	1,058	-	-	-
Bonds, notes and loans payable	-	-	9,270,088	2,729,216
Total current liabilities	<u>6,328,568</u>	<u>2,821,629</u>	<u>9,953,589</u>	<u>2,755,031</u>
Noncurrent liabilities:				
Claims payable and other liabilities	12,791,167	-	-	-
Bonds, notes and loans payable	-	-	17,038,070	4,875,772
Net pension liability - LGERS	137,830	-	-	-
Net pension liability - OPEB	273,472	-	-	-
Earned vacation pay	-	-	-	-
Total noncurrent liabilities	<u>13,202,469</u>	<u>-</u>	<u>17,038,070</u>	<u>4,875,772</u>
Total liabilities	<u>19,531,037</u>	<u>2,821,629</u>	<u>26,991,659</u>	<u>7,630,803</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals - LGERS	4,788	-	-	-
Pension deferrals - OPEB	74,986	-	-	-
Total deferred inflows of resources	<u>79,774</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	-	-	13,395,052	3,868,823
Unrestricted	14,819,668	14,123,737	3,560,718	1,783,251
Total net position	<u>\$ 14,819,668</u>	<u>\$ 14,123,737</u>	<u>\$ 16,955,770</u>	<u>\$ 5,652,074</u>

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

June 30, 2020

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,094,144	\$ 632,502	\$ 61,156,459
Accrued interest receivable	-	-	160,484
Sales tax receivable	38,739	311,565	702,515
Other receivables	-	8,359	8,359
Due from other funds	-	30,098	31,156
Inventories	-	501,655	501,655
Insurance deposit	-	-	420,000
Total current assets	<u>4,132,883</u>	<u>1,484,179</u>	<u>62,980,628</u>
Noncurrent assets:			
Restricted cash and cash equivalents	1,546,770	-	10,413,078
Capital assets:			
Buildings and machinery	-	230,912	230,912
Equipment	38,374,830	1,153,971	184,340,759
Less: accumulated depreciation	(26,719,053)	(1,228,576)	(130,448,874)
Total noncurrent assets	<u>13,202,547</u>	<u>156,307</u>	<u>64,535,875</u>
Total assets	<u>17,335,430</u>	<u>1,640,486</u>	<u>127,516,503</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals - LGERS	-	704,284	757,120
Pension deferrals - OPEB	-	196,005	208,733
Total deferred outflows of resources	<u>-</u>	<u>900,289</u>	<u>965,853</u>
LIABILITIES			
Current liabilities:			
Accounts payable	143,601	429,284	1,190,172
Accrued salaries and employee payroll taxes	-	120,613	128,875
Accrued interest payable	24,880	-	140,364
Sales tax payable	-	4,288	4,288
Claims payable and other liabilities	-	-	9,091,050
Earned vacation pay	-	409,087	435,459
Due to other funds	-	-	1,058
Bonds, notes and loans payable	2,351,675	-	14,350,979
Total current liabilities	<u>2,520,156</u>	<u>963,272</u>	<u>25,342,245</u>
Noncurrent liabilities:			
Claims payable and other liabilities	-	-	12,791,167
Bonds, notes and loans payable	4,840,000	-	26,753,842
Net pension liability - LGERS	-	1,915,770	2,053,600
Net pension liability - OPEB	-	3,503,439	3,776,911
Earned vacation pay	-	94,132	94,132
Total noncurrent liabilities	<u>4,840,000</u>	<u>5,513,341</u>	<u>45,469,652</u>
Total liabilities	<u>7,360,156</u>	<u>6,476,613</u>	<u>70,811,897</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals - LGERS	-	54,977	59,765
Pension deferrals - OPEB	-	946,977	1,021,963
Total deferred inflows of resources	<u>-</u>	<u>1,001,954</u>	<u>1,081,728</u>
NET POSITION			
Net investment in capital assets	6,010,872	156,307	23,431,054
Unrestricted	3,964,402	(5,094,099)	33,157,677
Total net position	<u>\$ 9,975,274</u>	<u>\$ (4,937,792)</u>	<u>\$ 56,588,731</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS**
For the Fiscal Year Ended June 30, 2020

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
OPERATING REVENUES				
Charges for services - internal	\$ 8,289,251	\$ 46,754,825	\$ 8,427,169	\$ 3,210,245
Other charges	-	-	-	-
Total operating revenues	8,289,251	46,754,825	8,427,169	3,210,245
OPERATING EXPENSES				
Personnel services	479,825	-	-	-
Other operational expenses	888,237	4,255,699	147,689	14,115
Claims	5,572,814	42,715,170	-	-
Premiums	2,017,598	-	-	-
Depreciation	-	-	9,323,107	4,205,009
Total operating expenses	8,958,474	46,970,869	9,470,796	4,219,124
Operating income (loss)	(669,223)	(216,044)	(1,043,627)	(1,008,879)
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on investments	2,078,681	185,833	237,899	45,791
Recovery of claims	275,046	1,047,901	191,154	-
Interest expense	-	-	(665,662)	(192,263)
Sale of property	-	-	561,728	462,063
Total nonoperating revenues (expenses)	2,353,727	1,233,734	325,119	315,591
Income (loss) before transfers	1,684,504	1,017,690	(718,508)	(693,288)
Transfers in	-	-	2,393,528	-
Transfers out	(4,364,754)	-	-	-
Change in net position	(2,680,250)	1,017,690	1,675,020	(693,288)
Net position, beginning of year	17,499,918	13,106,047	15,280,750	6,345,362
Net position, end of year	\$ 14,819,668	\$ 14,123,737	\$ 16,955,770	\$ 5,652,074

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS**
For the Fiscal Year Ended June 30, 2020

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
OPERATING REVENUES			
Charges for services - internal	\$ 4,021,076	\$ 13,734,005	\$ 84,436,571
Other charges	-	3,720	3,720
Total operating revenues	4,021,076	13,737,725	84,440,291
OPERATING EXPENSES			
Personnel services	-	5,927,278	6,407,103
Other operational expenses	50,606	7,939,417	13,295,763
Claims	-	-	48,287,984
Premiums	-	-	2,017,598
Depreciation	3,916,065	22,716	17,466,897
Total operating expenses	3,966,671	13,889,411	87,475,345
Operating income (loss)	54,405	(151,686)	(3,035,054)
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on investments	55,325	-	2,603,529
Recovery of claims	-	-	1,514,101
Interest expense	(195,746)	-	(1,053,671)
Sale of property	313,628	38,003	1,375,422
Total nonoperating revenues (expenses)	173,207	38,003	4,439,381
Income (loss) before transfers	227,612	(113,683)	1,404,327
Transfers in	-	-	2,393,528
Transfers out	-	(24,390)	(4,389,144)
Change in net position	227,612	(138,073)	(591,289)
Net position, beginning of year	9,747,662	(4,799,719)	57,180,020
Net position, end of year	\$ 9,975,274	\$ (4,937,792)	\$ 56,588,731

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2020

	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	\$ 8,289,251	\$ 46,754,825	\$ 8,427,169	\$ 3,210,245
Payments to employees	(461,246)	-	-	-
Payments to suppliers and service providers	(880,762)	(4,255,699)	(293,318)	21,067
Claims paid	(5,579,272)	(42,163,936)	-	-
Premiums paid	(2,017,598)	-	-	-
Other receipts	275,046	1,047,901	191,154	-
Other payments	-	-	-	-
Net cash provided by (used in) operating activities	(374,581)	1,383,091	8,325,005	3,231,312
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers from other funds	-	-	2,393,528	-
Operating subsidies and transfers to other funds	(4,364,754)	-	-	-
Internal activity - payments from (to) other funds	1,058	-	(1,456)	127
Net cash provided by (used in) noncapital financing activities	(4,363,696)	-	2,392,072	127
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	-	-	(9,546,676)	(2,534,385)
Principal paid on capital debt	-	-	(11,700,139)	(3,405,187)
Interest paid on capital debt	-	-	(639,846)	(185,694)
Proceeds from sale of property	-	-	561,728	462,063
Net cash provided by (used in) capital and related financing activities	-	-	(21,324,933)	(5,663,203)
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	2,099,770	212,358	237,899	45,791
Net cash provided by (used in) investing activities	2,099,770	212,358	237,899	45,791
Net increase (decrease) in cash and cash equivalents/investments	(2,638,507)	1,595,449	(10,369,957)	(2,385,973)
Cash and cash equivalents/investments				
Beginning of year	36,423,493	15,349,098	22,379,080	4,943,438
End of year	\$ 33,784,986	\$ 16,944,547	\$ 12,009,123	\$ 2,557,465
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (669,223)	\$ (216,044)	\$ (1,043,627)	\$ (1,008,879)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	9,323,107	4,205,009
Miscellaneous nonoperating income	275,046	1,047,901	191,154	-
Change in assets and liabilities:				
Sales tax receivable	48	-	(143,222)	35,182
Inventories	-	-	-	-
Other receivables and assets	-	491,955	-	-
Accounts payable and other accrued liabilities	969	59,279	(2,407)	-
(Increase) decrease in deferred outflows of resources - LGERS	17,047	-	-	-
Increase (decrease) in deferred inflows of resources - LGERS	(368)	-	-	-
Increase (decrease) in pension liability - LGERS	16,524	-	-	-
(Increase) decrease in deferred outflows of resources - OPEB	(1,894)	-	-	-
Increase (decrease) in deferred inflows of resources - OPEB	(13,638)	-	-	-
Increase (decrease) in pension liability - OPEB	4,831	-	-	-
Earned vacation pay and other payroll liabilities	(3,923)	-	-	-
Total adjustments	294,642	1,599,135	9,368,632	4,240,191
Net cash provided by (used in) operating activities	\$ (374,581)	\$ 1,383,091	\$ 8,325,005	\$ 3,231,312

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2020

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 4,021,076	\$ 13,734,005	\$ 84,436,571
Payments to employees	-	(5,489,811)	(5,951,057)
Payments to suppliers and service providers	(56,136)	(7,939,027)	(13,403,875)
Claims paid	-	-	(47,743,208)
Premiums paid	-	-	(2,017,598)
Other receipts	-	3,720	1,517,821
Other payments	-	(2,942)	(2,942)
Net cash provided by (used in) operating activities	<u>3,964,940</u>	<u>305,945</u>	<u>16,835,712</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	-	-	2,393,528
Operating subsidies and transfers to other funds	-	(24,390)	(4,389,144)
Internal activity - payments from (to) other funds	271	(30,098)	(30,098)
Net cash provided by (used in) noncapital financing activities	<u>271</u>	<u>(54,488)</u>	<u>(2,025,714)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	(2,837,029)	(7,651)	(14,925,741)
Principal paid on capital debt	(4,646,811)	-	(19,752,137)
Interest paid on capital debt	(188,859)	-	(1,014,399)
Proceeds from sale of property	313,628	38,003	1,375,422
Net cash provided by (used in) capital and related financing activities	<u>(7,359,071)</u>	<u>30,352</u>	<u>(34,316,855)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Gain (loss) on investments held	55,325	-	2,651,143
Net cash provided by (used in) investing activities	<u>55,325</u>	<u>-</u>	<u>2,651,143</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>(3,338,535)</u>	<u>281,809</u>	<u>(16,855,714)</u>
Cash and cash equivalents/investments			
Beginning of year	8,979,449	350,693	88,425,251
End of year	<u>\$ 5,640,914</u>	<u>\$ 632,502</u>	<u>\$ 71,569,537</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 54,405	\$ (151,686)	\$ (3,035,054)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	3,916,065	22,716	17,466,897
Miscellaneous nonoperating income	-	-	1,514,101
Change in assets and liabilities:			
Sales tax receivable	(5,530)	(11,793)	(125,315)
Inventories	-	72,742	72,742
Other receivables and assets	-	(2,942)	489,013
Accounts payable and other accrued liabilities	-	(60,559)	(2,718)
(Increase) decrease in deferred outflows of resources - LGERS	-	262,522	279,569
Increase (decrease) in deferred inflows of resources - LGERS	-	(5,668)	(6,036)
Increase (decrease) in pension liability - LGERS	-	254,471	270,995
(Increase) decrease in deferred outflows of resources - OPEB	-	(29,163)	(31,057)
Increase (decrease) in deferred inflows of resources - OPEB	-	(210,033)	(223,671)
Increase (decrease) in pension liability - OPEB	-	74,392	79,223
Earned vacation pay and other payroll liabilities	-	90,946	87,023
Total adjustments	<u>3,910,535</u>	<u>457,631</u>	<u>19,870,766</u>
Net cash provided by (used in) operating activities	<u>\$ 3,964,940</u>	<u>\$ 305,945</u>	<u>\$ 16,835,712</u>

Fiduciary Funds

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

The City's fiduciary funds include two pension trust funds, which account for activities of the City's general supplemental retirement plan and other post employment benefits.

Fiduciary Funds

Supplemental Money Purchase Pension Plan Fund

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

Other Post Employment Benefits Fund

The Other Post Employment Benefits Fund accounts for the City's contributions and retirees' contributions to health, life insurance, and Medicare supplement benefits provided to eligible retirees.

COMBINING STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS
June 30, 2020

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ASSETS			
Cash and cash equivalents	\$ 73,155,586	\$ 52,058,210	\$ 125,213,796
Accrued interest receivable	-	168	168
Due from other funds	-	174,244	174,244
Total assets	<u>73,155,586</u>	<u>52,232,622</u>	<u>125,388,208</u>
LIABILITIES			
Claims payable	-	730,000	730,000
Accounts payable	-	14,558	14,558
Total liabilities	<u>-</u>	<u>744,558</u>	<u>744,558</u>
NET POSITION			
Restricted for pensions	73,155,586	-	73,155,586
Restricted for postemployment benefits other than pensions	-	51,488,064	51,488,064
Total net position	<u>\$ 73,155,586</u>	<u>\$ 51,488,064</u>	<u>\$ 124,643,650</u>

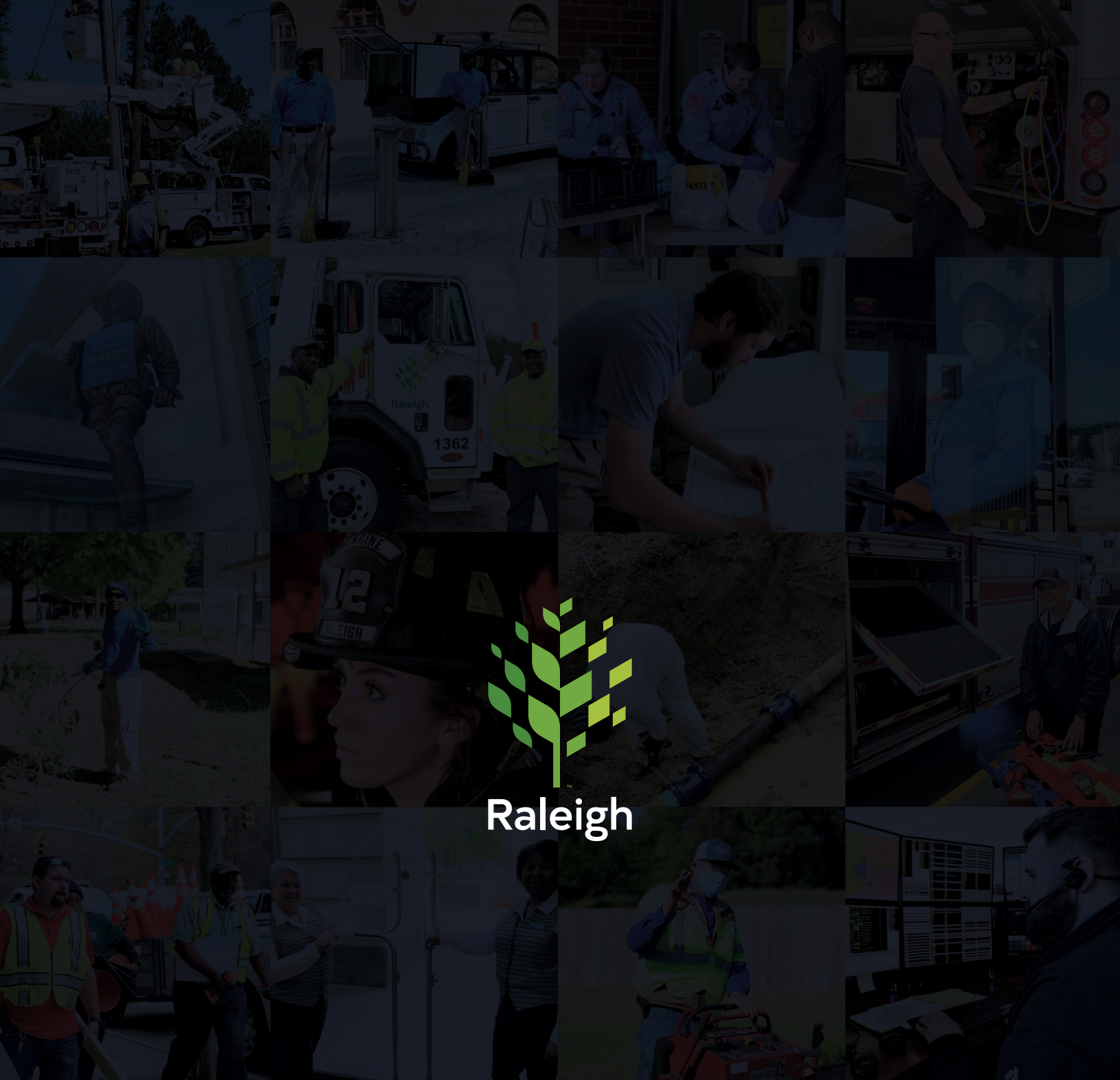
**COMBINING STATEMENT OF CHANGES
IN PLAN NET POSITION
PENSION TRUST FUNDS**
For the Fiscal Year Ended June 30, 2020

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ADDITIONS			
Employer contributions	\$ 4,949,027	\$ 18,021,414	\$ 22,970,441
Retiree contributions	-	3,018,607	3,018,607
Interest	1,956,871	1,982,564	3,939,435
Net increase (decrease) in the fair value of investments	635,680	1,095,793	1,731,473
Recovery of claims	-	449,903	449,903
Total additions	<u>7,541,578</u>	<u>24,568,281</u>	<u>32,109,859</u>
DEDUCTIONS			
Benefits	3,346,537	18,005,362	21,351,899
Withdrawals and forfeitures	674,479	-	674,479
Investment expense	112,890	-	112,890
Professional services	-	76,033	76,033
Total deductions	<u>4,133,906</u>	<u>18,081,395</u>	<u>22,215,301</u>
Change in net position restricted for employees' retirement and other post-employment benefits	3,407,672	6,486,886	9,894,558
Net position, beginning of year	69,747,914	45,001,178	114,749,092
Net position, end of year	<u>\$ 73,155,586</u>	<u>\$ 51,488,064</u>	<u>\$ 124,643,650</u>



STATISTICAL SECTION

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



Raleigh

Statistical Schedules

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

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed overtime.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

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

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

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental activities					
Net investment in capital assets	\$ 597,711	\$ 656,258	\$ 695,890	\$ 726,472	\$ 753,431
Restricted	346,933	382,018	363,161	339,274	346,843
Unrestricted	107,327	39,911	(80,377)	5,194	5,424
Total governmental activities net position	<u>1,051,971</u>	<u>1,078,187</u>	<u>978,674</u>	<u>1,070,940</u>	<u>1,105,698</u>
Business-type activities					
Net investment in capital assets	798,997	855,401	937,859	1,030,539	1,135,617
Unrestricted	<u>374,419</u>	<u>433,114</u>	<u>389,162</u>	<u>428,920</u>	<u>466,638</u>
Total business-type activities net position	<u>1,173,416</u>	<u>1,288,515</u>	<u>1,327,021</u>	<u>1,459,459</u>	<u>1,602,255</u>
Total government					
Net investment in capital assets	1,396,708	1,511,659	1,633,749	1,757,011	1,889,048
Restricted	346,933	382,018	363,161	339,274	346,843
Unrestricted	481,746	473,025	308,785	434,114	472,062
Total government net position	<u>\$ 2,225,387</u>	<u>\$ 2,366,702</u>	<u>\$ 2,305,695</u>	<u>\$ 2,530,399</u>	<u>\$ 2,707,953</u>

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

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

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2016	2017	2018	2019	2020
Expenses					
Governmental activities:					
General government	\$ 46,408	\$ 47,446	\$ 53,954	\$ 54,954	\$ 63,137
Community development services	20,081	30,613	28,276	31,160	38,915
Public infrastructure	58,186	69,785	71,552	75,982	79,107
Public safety	156,680	167,155	168,747	177,817	191,128
Solid waste services (2)	-	-	-	-	-
Leisure services	66,795	63,483	62,672	65,734	67,911
Economic development programs	6,979	3,331	5,474	4,151	3,152
Interest on long-term debt	20,876	19,302	18,931	17,560	16,228
Total governmental activities expenses	<u>376,005</u>	<u>401,115</u>	<u>409,606</u>	<u>427,358</u>	<u>459,578</u>
Business-type activities:					
Water and sewer	152,921	162,002	169,217	175,882	182,430
Convention center	34,702	34,158	34,628	35,253	35,596
Mass transit	38,180	41,319	42,091	46,532	46,972
Parking facilities	12,404	12,506	12,989	13,699	13,754
Solid waste services (2)	32,330	30,683	34,051	35,498	38,118
Stormwater (1)	13,346	15,131	16,648	17,970	19,527
Total business-type activities	<u>283,883</u>	<u>295,799</u>	<u>309,624</u>	<u>324,834</u>	<u>336,397</u>
Total government expenses	<u>\$ 659,888</u>	<u>\$ 696,914</u>	<u>\$ 719,230</u>	<u>\$ 752,192</u>	<u>\$ 795,975</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 13,564	\$ 21,427	\$ 22,895	\$ 26,142	\$ 26,927
Community development services	1,346	1,485	273	105	840
Public infrastructure	11,004	9,466	1,102	693	1,163
Public safety	458	414	-	-	-
Solid waste services (2)	-	-	-	-	-
Leisure services	17,187	12,073	10,368	10,870	6,037
Economic development programs	-	-	-	-	-
Operating grants and contributions	39,775	37,526	41,502	46,634	40,779
Capital grants and contributions	11,843	26,459	37,632	26,582	19,116
Total governmental activities program revenues	<u>95,177</u>	<u>108,850</u>	<u>113,772</u>	<u>111,026</u>	<u>94,862</u>
Business-type activities:					
Charges for services:					
Water and sewer	228,211	240,163	255,568	258,608	264,036
Convention center	13,785	15,085	14,736	16,417	12,396
Mass transit	7,118	6,720	5,707	6,134	4,812
Parking facilities	15,022	15,784	16,259	16,787	14,470
Solid waste services	26,104	27,281	27,709	28,796	30,939
Stormwater	17,939	22,725	23,043	23,259	23,555
Operating grants and contributions	7,685	12,332	11,272	9,836	15,829
Capital grants and contributions	4,835	9,923	5,910	24,811	26,842
Total business-type activities program revenues	<u>320,699</u>	<u>350,013</u>	<u>360,204</u>	<u>384,648</u>	<u>392,879</u>
Total government program revenues	<u>\$ 415,876</u>	<u>\$ 458,863</u>	<u>\$ 473,976</u>	<u>\$ 495,674</u>	<u>\$ 487,741</u>
Net (expense)/revenue:					
Governmental activities	\$ (280,828)	\$ (292,265)	\$ (295,834)	\$ (316,332)	\$ (364,716)
Business-type activities	36,816	54,214	50,580	59,814	56,482
Total government net expense	<u>\$ (244,012)</u>	<u>\$ (238,051)</u>	<u>\$ (245,254)</u>	<u>\$ (256,518)</u>	<u>\$ (308,234)</u>

Continued

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

(accrual basis of accounting)

(amounts expressed in thousands)

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

Notes:

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

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

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2016	2017	2018	2019	2020
General Revenues and Change in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 227,723	\$ 243,511	\$ 252,991	\$ 266,350	\$ 271,131
Local sales tax	88,837	92,879	97,394	104,943	107,581
Franchise tax	29,311	28,699	29,425	30,320	28,865
Other taxes	21,526	30,341	39,794	39,798	38,273
Privilege license tax	93	-	-	-	-
Investment earnings	3,257	4,501	5,000	15,636	17,907
Miscellaneous	16,293	12,280	2,116	2,431	1,627
Transfers	(51,072)	(55,334)	(50,803)	(55,046)	(67,795)
Gain on sale of property	7,574	4,196	3,455	4,165	1,886
Capital contributions	-	(2,723)	-	-	-
Total governmental activities	<u>343,542</u>	<u>358,350</u>	<u>379,372</u>	<u>408,597</u>	<u>399,475</u>
Business-type activities:					
Investment earnings	3,824	3,032	4,723	17,022	17,671
Transfers	51,072	54,984	50,803	55,046	67,795
Gain on the sale of property	-	145	769	557	847
Capital contributions	-	2,723	-	-	-
Total business-type activities	<u>54,896</u>	<u>60,884</u>	<u>56,295</u>	<u>72,625</u>	<u>86,313</u>
Total government general revenues	<u>\$ 398,438</u>	<u>\$ 419,234</u>	<u>\$ 435,667</u>	<u>\$ 481,222</u>	<u>\$ 485,788</u>
 Change in Net Position					
Governmental activities	\$ 62,714	\$ 66,085	\$ 83,538	\$ 92,265	\$ 34,759
Business-type activities	91,712	115,098	106,875	132,439	142,795
Total government change in net position	<u>\$ 154,426</u>	<u>\$ 181,183</u>	<u>\$ 190,413</u>	<u>\$ 224,704</u>	<u>\$ 177,554</u>

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

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

Notes:

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

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

	Fiscal Year				
	2016	2017	2018	2019	2020
General fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	4,762	4,823	8,277	11,197	13,833
Restricted	55,361	56,389	59,670	63,716	58,985
Committed	2,898	3,924	4,088	4,616	5,535
Assigned	120,418	132,624	135,791	159,232	178,586
Unassigned	84,784	76,757	74,033	85,438	91,731
Total general fund	<u>\$ 268,223</u>	<u>\$ 274,517</u>	<u>\$ 281,859</u>	<u>\$ 324,199</u>	<u>\$ 348,670</u>
 All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	72,920	72,483	-	-	-
Restricted	41,491	43,056	46,493	54,162	46,669
Assigned	176,675	210,091	256,998	221,396	241,189
Total all other governmental funds	<u>\$ 291,086</u>	<u>\$ 325,630</u>	<u>\$ 303,491</u>	<u>\$ 275,558</u>	<u>\$ 287,858</u>

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

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

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

2011-2020 - capital outlay as per reconciliation of statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities

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

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

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

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues					
Ad valorem taxes	\$ 227,934	\$ 243,503	\$ 252,969	\$ 266,299	\$ 270,851
Intergovernmental	94,840	104,716	83,871	75,153	68,420
Project revenue (non-grant)	-	3,650	2,092	3,611	192
Non-governmental	3	46	128	129	-
Mutual aid reimbursements (8)	-	-	-	511	11
Developer participation	-	-	-	-	20
Assessments	1,294	1,427	1,349	849	1,257
Franchise tax (4)	-	-	29,425	30,320	28,865
Local sales tax	88,837	92,879	97,394	104,943	107,581
Licenses	14,772	15,087	14,910	14,798	14,360
Gain (loss) on investments	4,614	3,810	5,434	16,836	17,392
Inspection fees	12,757	12,250	16,664	18,317	16,499
Highway maintenance refunds	857	1,148	1,079	975	1,185
Facility fees	9,891	8,235	9,627	11,431	9,602
Parks and recreation fees (5)	-	-	6,368	6,790	3,779
Other fees and charges	16,087	16,869	7,028	6,540	5,292
Rents	719	763	2,475	2,480	1,992
Program income	902	878	1,346	674	983
Recovery of claims (8)	-	-	-	573	84
Donations and contributions (6)	-	-	3,700	2,402	1,759
Other revenues	2,987	2,567	1,230	1,179	1,493
Miscellaneous	-	-	-	-	-
Total revenues	476,494	507,828	537,089	564,810	551,617
Expenditures					
General government	46,090	45,825	52,700	56,254	57,765
Community development services	19,952	30,421	30,529	30,882	38,343
Public works	75,675	-	-	-	-
Public infrastructure (3)	-	114,548	103,318	82,898	85,574
Public safety	188,839	169,281	179,130	185,857	202,243
Solid waste services (2)	-	-	-	-	-
Leisure services	118,035	67,667	65,968	82,835	81,743
Economic development programs	6,979	3,331	5,474	4,151	3,152
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	34,400	40,092	43,399	40,823	40,529
Interest	21,362	21,201	21,488	19,995	18,937
Other debt service expenditures	746	921	326	648	590
Total expenditures	512,078	493,287	502,332	504,343	528,876
Other financing sources (uses)					
Transfers in	40,338	52,318	42,617	35,278	30,897
Transfers out	(90,990)	(103,992)	(95,019)	(85,030)	(96,697)
Proceeds from sale of property	7,574	4,196	2,848	3,692	1,287
Bonds issuance	-	68,000	-	-	72,162
Premium on bonds issued	335	5,775	-	-	6,381
Premium on refunding bond issued	-	-	-	-	-
Refunding bonds issuance	60,892	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Total other financing sources (uses)	18,149	26,297	(49,554)	(46,060)	14,030
Net change in fund balances	\$ (17,435)	\$ 40,838	\$ (14,797)	\$ 14,407	\$ 36,771
Debt service as a percentage of noncapital expenditures (1)	15.39%	15.69%	15.57%	14.42%	13.53%

(4) (5) (6) For better 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.

**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)		
2011	\$	44,147,844	\$	5,260,838	\$	654,892	\$	50,063,574	0.3735
2012		44,414,047		5,467,141		659,756		50,540,944	0.3735
2013		44,786,140		5,752,586		655,403		51,194,129	0.3826
2014		45,123,087		6,855,399		719,248		52,697,734	0.3826
2015		45,837,276		6,170,996		717,557		52,725,829	0.4038
2016		46,568,861		6,350,280		806,368		53,725,509	0.4210
2017		50,892,976		6,752,840		819,339		58,465,155 (1)	0.4183
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

Notes:

(1) Increase due to revaluation of property every eight years.

This schedule does not include valuations on property owned by the State of North Carolina, United States Government, charitable institutions, etc., not subject to taxation.

Assessed valuations are established at 100% of estimated market value for real property and 100% of actual value for personal property.

Source:

Wake County Tax Administrator

**PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(PER \$100 OF ASSESSED VALUE)**

Fiscal Year		City Rate	Wake County Rate	Total
2011		0.3735	0.5340	0.9075
2012		0.3735	0.5340	0.9075
2013		0.3826	0.5340	0.9166
2014		0.3826	0.5340	0.9166
2015		0.4038	0.5780	0.9818
2016		0.4210	0.6145	1.0355
2017	(1)	0.4183	0.6005	1.0188
2018		0.4253	0.6150	1.0403
2019		0.4382	0.6544	1.0926
2020		0.4382	0.7207 (2)	1.1589

Note:

(1) Tax rate decrease 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 0.7779.

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 NINE YEARS AGO
 (amounts expressed in thousands)

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Progress, Inc.	\$ 412,667	1	0.67%	\$ -		1.08%
CVM Holdings LLC	390,228	2	0.64%	334,451	1	0.69%
Highwoods Realty LP	341,976	3	0.56%	235,745	3	0.61%
First Citizens Bank & Trust Co.	257,105	4	0.42%	170,269	5	0.00%
Mid America Apartments LP	229,940	5	0.37%	-		-
State Employees Credit Union	221,408	6	0.36%	-		-
G&I VIII TTC LLC	148,844	7	0.24%	-		-
North Hills Owner LLC	138,681	8	0.23%	-		-
Columbia Cameron Village LLC	124,676	9	0.20%	-		-
PRIII RTP8	121,301	10	0.20%	-		-
Progress Energy Carolinas	-		-	308,839	2	0.75%
Triangle Town Center LLC	-		-	173,177	4	0.46%
Fairfield LLC	-		-	154,394	6	0.39%
G&I VI LTD PTNRP	-		-	141,036	7	0.23%
NHM Owner-1 LLC	-		-	134,251	8	0.24%
Bellsouth	-		-	124,545	9	0.34%
Highwoods DLF Forum LLC	-		-	116,429	10	0.28%
Totals	<u>\$ 2,386,826</u>		<u>3.88%</u>	<u>\$ 1,893,136</u>		<u>5.07%</u>

Note:

Above taxable assessed valuations are as of January 1, 2019 and 2010 respectively, and the associated tax levies were due in the fiscal year ended June 30, 2020 and 2011 respectively.

Source:

Wake County website, Statistics and Reports and 2011 City of Raleigh CAFR.

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year Ended June 30	Original Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2011	\$ 188,777	\$ 186,280	98.68%	\$ 4,912	\$ 191,192	101.28%
2012	190,578	188,329	98.82%	9,655	197,984	103.89%
2013	197,617	195,117	98.73%	10,861	205,978	104.23%
2014	203,033	201,842	99.41%	11,965	213,807	105.31%
2015	212,617	211,668	99.55%	10,862	222,530	104.66%
2016	227,479	225,261	99.02%	20,717	245,978	108.13%
2017	243,201	241,145	99.15%	669	241,814	99.43%
2018	252,877	250,734	99.15%	249,209	499,943	197.70%
2019	266,178	263,654	99.05%	268,478	532,132	199.92%
2020	271,048	267,946	98.86%	-	267,946 (1)	98.86%

Note:

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

Total collected as per above	\$ 267,946
Penalties collected	474
Prior year collections in current year	377
Special districts	2,054
	<u>2,054</u>
Ad valorem taxes collected per general fund financial statements	<u>\$ 270,851</u>

ANALYSIS OF CURRENT TAX LEVY
CITY - WIDE LEVY
For the Fiscal Year Ended June 30, 2020

	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	\$ 60,356,460,543	\$.4382	\$ 264,471,122	\$ 250,391,231	\$ 14,079,891
Registered motor vehicles taxed at prior year's rate	1,085,215,742	.4382	4,724,569	-	4,724,569
	<u>61,441,676,285</u>		<u>269,195,691</u>	<u>250,391,231</u>	<u>18,804,460</u>
Discoveries:					
Prior years' taxes	132,959,503	(1)	550,343	550,343	-
Total property valuation	<u>\$ 61,574,635,788</u>				
Deferred and waived			1,267,323	1,267,323	-
Penalty			473,933	473,933	-
Rebates			<u>(438,867)</u>	<u>(438,867)</u>	<u>-</u>
Net levy			271,048,423	252,243,963	18,804,460
Uncollected taxes at June 30, 2020			<u>(811,235)</u>	<u>(811,235)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 270,237,188</u>	<u>\$ 251,432,728</u>	<u>\$ 18,804,460</u>
Current levy collection percentage			<u>99.70%</u>	<u>99.68%</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, 2020

Fiscal Year Ended June 30	Taxes Receivable June 30, 2019	Additions	Collections and Other Reductions	Taxes Receivable June 30, 2020
				(1)
2011 & prior	\$ 4,430,784	\$ -	\$ 11,627	\$ 4,419,157
2012	251,051	-	3,311	247,740
2013	243,874	-	3,976	239,898
2014	224,512	-	4,871	219,641
2015	248,736	-	2,692	246,044
2016	161,959	-	6,394	155,565
2017	520,210	-	25,940	494,270
2018	124,834	-	49,421	75,413
2019	485,944	-	266,780	219,164
2020	-	271,509,402	270,580,662	928,740
TOTALS	\$ 6,691,904	\$ 271,509,402	\$ 270,955,674	\$ 7,245,632
			(2)	

Notes:

(1) Ad valorem taxes receivable only; does not include vehicle tag fee receivable (\$3,545,771).

(2) Reconciliation to revenues collected:

Collections and other reductions per above	\$ 270,955,674
Late list penalties collected-Wake County	(153,967)
Penalties collected	473,915
Prior year levy adjustments	13,999
Rebates and waived taxes	(438,867)
	<u>\$ 270,850,754</u>

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

Fiscal Year	Governmental Activities		Business-type Activities			Total Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Installment Financing Agreements	General Obligation Bonds	Water and Sewer Revenue Bonds	Installment Financing Agreements			
2011	\$ 213,916	\$ 161,229	\$ 8,569	\$ 643,725	\$ 352,794	\$ 1,380,233	8.41%	\$ 3,417.33
2012	344,046	142,883	6,679	629,750	342,932	1,466,290	8.35%	3,567.62
2013	(3) 351,612	139,903	5,118	727,382	369,471	1,593,486	8.16%	3,765.51
2014	(3) 343,739	162,224	3,467	708,895	389,116	1,607,441	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	(2)	3,539.48
2020	(3) 345,753	252,646	-	673,166	370,917	1,642,482	(2)	3,464.42

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 after 2018

(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:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General obligation bonds	\$ 345,753	\$ -
Revenue bonds	-	673,166
Installment financing agreements	252,646	370,917
Earned vacation payable	26,103	6,451
Landfill postclosure costs		4,084
Claims Payable	21,882	
	<u>\$ 646,384</u>	<u>\$ 1,054,618</u>

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	General Bonded Debt		Net Bonded Debt		Percentage Actual Taxable Value of Property	Per Capita Bonded Debt			
						General	Net		
	(1)		(2)		(3)	(4)			
2011	\$	222,485	\$	217,758	0.44%	\$	551	\$	539
2012		350,725		345,852	0.69%		853		841
2013		327,775		324,002	0.64%		775		766
2014		320,200		317,188	0.61%		742		735
2015	(5)	363,605		361,578	0.69%		755		751
2016	(5)	351,863		350,558	0.65%		675		672
2017	(5)	399,236		398,219	0.60%		761		759
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

Notes:

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

(1) Total includes all general obligation bonded debt.

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

(3) See Assessed Value of Taxable Property 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, 2020****(amounts expressed in thousands)**

	Bonded Debt	Percentage Applicable to City	City's Share of Debt
Direct Debt - City of Raleigh (1)	\$ 521,972	100.00%	\$ 521,972
Overlapping Debt: (2)			
Wake County Debt (3)	1,580,690	40.10% (4)	633,830
Total Direct and Overlapping Debt	<u>\$ 2,102,662</u>		<u>\$ 1,155,802</u>

Notes:

- (1) This total includes all governmental activities debt.
- (2) Overlapping debt does not include the debt of the Special Airport Tax District of Durham and Wake Counties as these bonds are payable by the Airport Authority out of airport revenues.
- (3) This total includes \$1,268,294,615 of Wake County School Bonds.
- (4) Percentage of direct and overlapping debt is based on June 30, 2020 assessed valuation of the City of Raleigh (\$61,441,676,285) as compared to the June 30, 2020 assessed valuation of Wake County (\$153,227,562,019).

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
2011	\$ 4,005,086	\$ 850,380	\$ 3,154,706	21.23%
2012	4,043,155	867,667	3,175,488	21.46%
2013	4,095,530	867,668	3,227,862	21.19%
2014	4,225,446	974,216	3,251,230	23.06%
2015	4,218,066	1,134,703	3,083,363	26.90%
2016	4,298,041	1,139,717	3,158,324	26.52%
2017	4,677,212	1,124,420	3,552,792	24.04%
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%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 61,441,676
Debt limit (8% of assessed value)	4,915,334
Debt applicable to limit:	
General Obligation bonds	271,430
GO bonds authorized not issued	322,922
Other outstanding debt	618,209
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	(509)
Total net debt applicable to limit	1,212,052
Legal debt margin	\$ 3,703,282

**PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Gross Revenues (1)		15% of CY Unrestricted Net Position		Operating Expenses (1)		Net Revenue Available for Debt Service		Debt Service Requirements (3)			Coverage Ratios					
									Principal	Interest	Total	Net	With 15%	Covenanted Coverage			
Parity Debt Service Coverage (2)																	
2011	\$	153,349,630	\$	14,913,980	\$	86,210,412	\$	67,139,218	\$	10,865,000	\$	24,822,751	\$	35,687,751	1.88	2.30	1.20
2012		173,365,019		19,133,381		90,783,309		82,581,710		11,800,000		24,608,629		36,408,629	2.27	2.79	1.20
2013		187,414,283		24,812,247		89,197,234		98,217,049		12,895,000		23,870,470		36,765,470	2.67	3.35	1.20
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		53,200,063	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
Parity and Subordinate Debt Service Coverage (3)																	
2011	\$	153,349,630			\$	86,210,412	\$	67,139,218	\$	13,675,025	\$	25,351,895	\$	39,026,920	1.72		1.00
2012		173,365,019				90,783,309		82,581,710		14,011,829		25,037,720		39,049,549	2.11		1.00
2013		187,414,283				89,197,234		98,217,049		15,072,689		24,215,588		39,288,277	2.50		1.00
2014		201,259,452				91,027,389		110,232,063		18,549,105		26,729,341		45,278,446	2.43		1.00
2015		214,997,564				89,725,721		125,271,843		22,480,320		27,388,673		49,868,993	2.51		1.00
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

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.

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (expressed in thousands)	Per Capita Personal Income	School Enrollment ADM	Unemployment Rate %
	(1)	(2)	(2)	(3)	(4)
2011	403,892	\$ 16,410,536	\$ 40,631	148,470	9.9
2012	411,000	17,553,399	42,709	152,474	9.4
2013	423,179	18,597,448	43,947	156,073	7.4
2014	431,746	21,035,913	46,636	159,984	5.1
2015	439,896	21,295,805	48,411	161,027	5.0
2016	451,066	22,753,573	50,444	164,429	4.3
2017	458,880	24,065,503	52,444	169,436	3.6
2018	464,758	25,582,604	55,045	170,202	3.6
2019	469,298	Unavailable	Unavailable	171,158	4.1
2020	474,069	Unavailable	Unavailable	172,292	8.2

Sources:

- (1) Census Population Estimates Program for 2011, 2013-2020
City of Raleigh Planning Department - estimate for 2012.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis.
Per capita income for the Raleigh-Cary MSA.
Updated 2018 info as released. Data for 2019 and 2020 are unavailable.
- (3) North Carolina Department of Public Instruction, Information Analysis and Reporting.
ADM = Average daily membership - (final ADM). Includes seventeen charter schools.
- (4) North Carolina Employment Security Commission.
Estimated percentage of local unemployment as of June 30, 2020.
- (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	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of North Carolina	24,083	1	10.68%	24,739	1	12.74%
Wake Med Health and Hospitals	9,773	2	4.34%	7,607	4	3.92%
Wake County Public School System	9,261	3	4.11%	17,572	2	9.05%
North Carolina State University	9,019	4	4.00%	7,730	3	3.98%
UNC Rex Healthcare	6,001	5	2.66%	4,800	5	2.47%
NC Department of Health and Human Services	4,448	6	1.97%	-	-	-
City of Raleigh	4,304	7	1.91%	3,811	7	1.96%
Wake County	3,930	8	1.74%	4,272	6	2.20%
Conduent Business Services	3,487	9	1.55%	-	-	-
Duke Energy Progress	2,800	10	1.24%	2,500	8	1.29%
First Citizens Bank	-	-	-	1,703	9	0.88%
Duke Raleigh Hospital	-	-	-	1,700	10	0.88%
Total	<u>77,106</u>		<u>34.20%</u>	<u>76,434</u>		<u>39.37%</u>

Notes:

City-wide employment as of June 30, 2020: 225,440

City-wide employment as of June 30, 2011: 194,229

Duke Energy Progress was Progress Energy Inc. in 2011.

Source:

Wake County Economic Development

NC Office of State Human Resources

NC Employment Security Commission (Laus City Wide Employment)

City Budget Office

Various Area Employers

CITY GOVERNMENT EMPLOYEES BY FUNCTION/DEPARTMENT LAST TEN FISCAL YEARS

Function	Employees as of June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Policy & Management Services										
General Government	131	88	90	105	103	109	111	111	111	132
Human Resources	25	25	29	30	30	31	33	34	34	34
Administrative Services (2)	-	-	-	-	-	-	-	-	-	-
Finance (4)	112	111	65	61	61	65	63	63	62	62
Information Technology (7)	78	79	78	78	81	80	81	90	90	90
Community Development Services										
Public Infrastructure (1) (6)	395	397	403	430	445	586	597	627	628	654
Planning & Development Services (3)	60	200	203	169	191	195	210	215	218	193
Inspections	97	-	-	-	-	-	-	-	-	-
Community Services	18	18	18	18	-	-	-	-	-	-
Community Development	23	23	23	23	-	-	-	-	-	-
Housing and Neighborhood preservation	-	-	-	-	-	-	-	-	-	-
Housing and Neighborhoods (5)	-	-	-	-	73	76	76	76	79	70
Public Safety										
Police	882	879	876	890	898	902	904	906	901	901
Fire	575	575	577	607	609	611	621	621	621	621
Emergency Communications	102	109	115	115	115	127	129	129	129	129
Solid Waste Services	211	204	200	202	204	208	210	213	210	210
Public Utilities (4)	586	586	642	632	640	652	656	659	663	663
Leisure Services										
Convention Center	108	104	104	104	104	104	107	109	116	116
Parks & Recreation	408	428	443	472	495	417	420	423	429	429
Total	<u>3,811</u>	<u>3,826</u>	<u>3,866</u>	<u>3,936</u>	<u>4,049</u>	<u>4,163</u>	<u>4,218</u>	<u>4,276</u>	<u>4,291</u>	<u>4,304</u>

Notes:

Numbers presented are authorized positions.

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

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

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

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

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

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

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

Source:

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

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year				
	2011	2012	2013	2014	2015
Community Development Services					
Inspections:					
Permits issued (all trade types)	47,723	39,144	95,547	105,105	107,628
Construction - inspections requested (2)	77,000	88,640	-	-	-
Community Development:					
New housing units constructed	17	25	7	21	14
Homeownership loans provided	39	60	43	55	85
Rehabilitation loans provided	13	24	13	50	55
Public Infrastructure					
Asphalt failures repaired	5,000	1,906	4,000	5,544	5,000
Drainage structures repaired/maintained/inspected	1,000	594	505	1,120	1,200
Police					
Physical arrests and citations	115,361	92,387	88,321	98,857	86,498
Traffic accidents investigated	19,328	19,810	20,283	21,189	21,706
Fire					
Emergency responses	22,790	21,912	21,951	23,119	24,349
Fire calls answered	1,489	1,354	1,077	1,133	1,192
Emergency Communications					
911 calls processed	454,223	475,453	608,770	580,465	597,245
Solid Waste					
Refuse collected (tons)	85,217	84,700	84,582	87,068	91,786
Recyclables collected (tons)	22,370	23,890	26,040	26,176	27,584
Water					
Number of consumers	167,746	170,353	171,123	174,010	176,918
Average daily consumption (millions of gallons per day)	52.00	53.50	52.00	47.90	47.30
Maximum daily flow (millions of gallons per day)	68.71	70.13	68.93	61.10	67.88
Wastewater					
Average daily sewage treatment (millions of gallons per day)	45.70	44.10	45.60	45.40	48.19
Maximum daily flow (millions of gallons per day)	78.94	59.23	72.63	83.53	68.03
Leisure Services					
Convention center events	649	576	601	726	705
Event attendance	460,012	537,804	355,012	766,107	768,501
Parks and recreation programs	11,233	12,717	13,062	13,204	13,170
Registrants	136,489	142,965	151,545	158,257	158,500
Attendance at parks & recreation (3) facilities (millions)	4.0	4.0	4.3	4.3	-

Notes:

- (1) Numbers represent estimates.
- (2) Change in reporting measure beginning in 2014 for 2013. Combined construction inspections with permits issued (all trade and types).
- (3) Parks and Recreation changed reporting measure in 2015 to no longer include attendance at facilities.
- (4) Infrastructure reports changed reporting measure starting in 2019 to include inspections of drainage structures as well.
- (5) Change in reporting measure from count to feet beginning in 2020.
- (6) Number represents NRRRF, SCRRF, and LCRRF beginning 2020. Prior to 2020, this number only included NRRRF.
- (7) Global COVID-19 pandemic forced pass closures of public venues, and led to significant cancellations.

Source:

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

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year				
	2016	2017	2018	2019	2020
Community Development Services					
Inspections:					
Permits issued (all trade types)	117,340	123,119	118,368	119,149	97,012
Construction - inspections requested (2)	-	-	-	-	-
Community Development:					
New housing units constructed	18	5	18	28	19
Homeownership loans provided	66	32	38	61	62
Rehabilitation loans provided	42	29	36	30	29
Public Infrastructure					
Asphalt failures repaired	5,800	4,257	3,213 (1)	5,157	96,921 (5)
Drainage structures (4) repaired/maintained/inspected	2,721	2,176	3,857	22,804	8,596
Police					
Physical arrests and citations	75,157	68,214	60,095	52,784	33,297
Traffic accidents investigated	27,566	27,621	25,016	25,937	31,425
Fire					
Emergency responses	39,301	40,891	40,465	42,174	43,782
Fire calls answered	1,079	1,188	1,071	896	1,048
Emergency Communications					
911 calls processed	611,047	574,315	622,515 (1)	553,997	535,000 (1)
Solid Waste					
Refuse collected (tons)	98,028	94,252	94,800 (1)	92,524	92,600 (1)
Recyclables collected (tons)	28,239	28,412	28,690 (1)	27,966	27,970 (1)
Water					
Number of consumers	191,479	195,681	198,984	204,377	207,596
Average daily consumption (millions of gallons per day)	49.00	55.78	49.75	49.06	51.44
Maximum daily flow (millions of gallons per day)	62.00	62.59	63.40	69.18	67.40
Wastewater					
Average daily sewage treatment (millions of gallons per day)	50.00	50.11	48.76	48.96	50.23 (6)
Maximum daily flow (millions of gallons per day)	89.00	101.09	64.49	101.08	116.63 (6)
Leisure Services					
Convention center events	912	917	924	927	622 (7)
Event attendance	973,038	1,346,883	1,375,964	1,197,309	552,870 (7)
Parks and recreation programs	11,810	13,088	13,343	13,389	12,915
Registrants	148,194	105,102	114,270	113,587	69,072
Attendance at parks & recreation (3) facilities (millions)	-	-	3.1	2.9	1.5

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

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

Notes:

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

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

Source:

Various city departments and Budget Office.

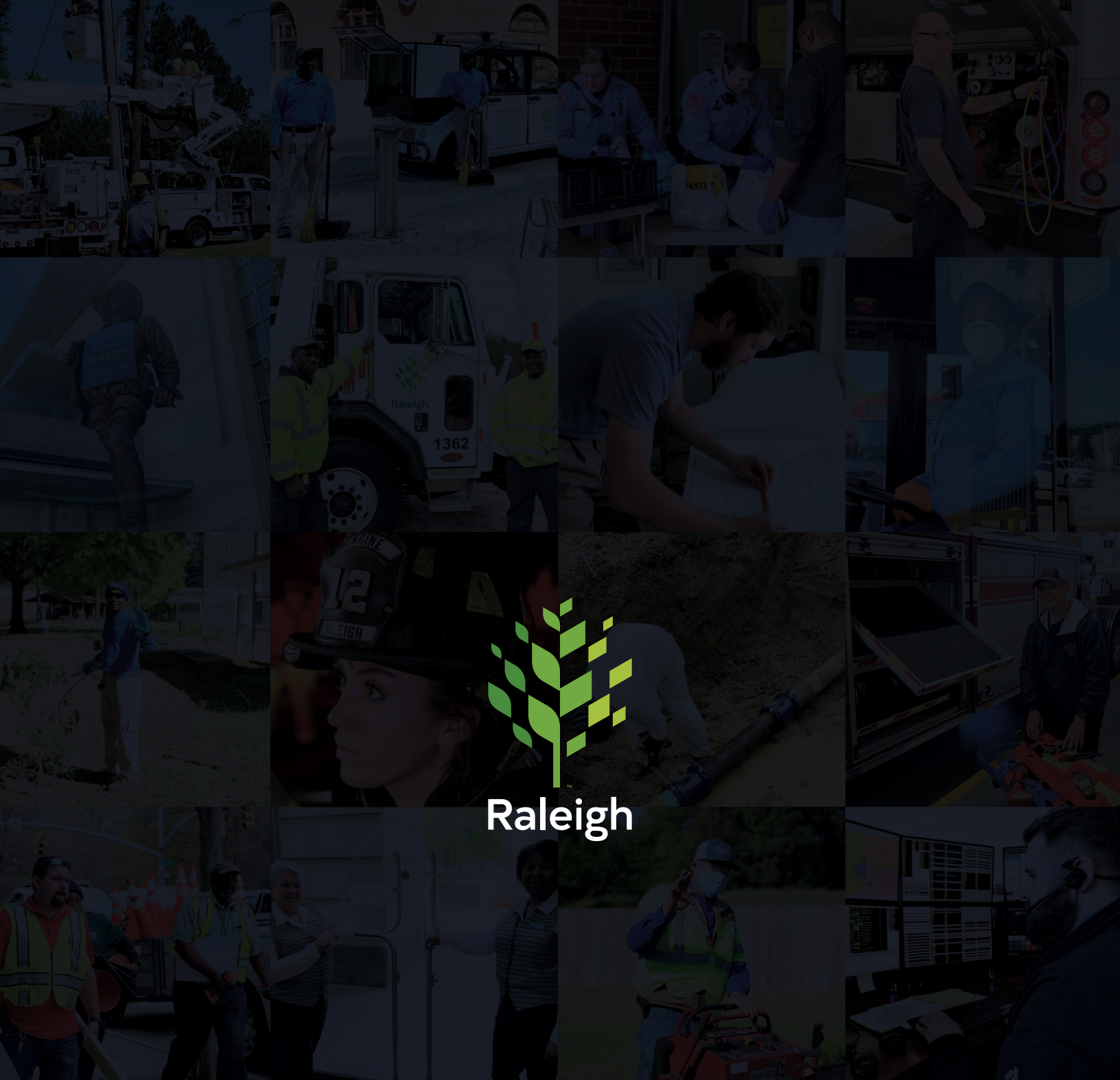
CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year				
	2016	2017	2018	2019	2020
Public safety					
Police stations	6	6	6	6	6
Fire stations	28	28	29	29	29
Highways and streets					
Streets (miles)	1,357	1,366	1,369	1,369	1,385
Streetlights	34,891	35,038	35,228	35,527	35,681
Signalized intersections	620	620	625	625	635
Leisure services					
Number of major parks (1)	86	112	197	197	199
Parks acreage	9,893	9,893	10,124	10,126	10,130
Aquatic facilities	9	9	8	8	8
Community centers (staffed and unstaffed)	49	49	49	49	38
Water					
Water mains (miles)	2,355	2,496	2,521	2,602	2,658
Sewers					
Sanitary sewers (miles)	2,300	2,569	2,616	2,649	2,690



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.



**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, 2020, 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, 2020.

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 a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

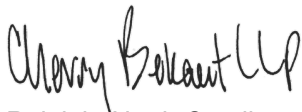
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Cherry Bolant". The signature is fluid and cursive, with a large initial "C" and a stylized "B".

Raleigh, North Carolina
October 30, 2020

**Report of Independent Auditor on Compliance for Each Major Federal Program
and on Internal Control over Compliance in Accordance with OMB Uniform Guidance
and the State Single Audit Implementation Act**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Raleigh, North Carolina (the "City"), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 30, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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



Raleigh, North Carolina
October 30, 2020

**Report of Independent Auditor on Compliance for Each Major State Program
and on Internal Control over Compliance in Accordance with the Uniform Guidance
and the State Single Audit Implementation Act**

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

Report on Compliance for Each Major State Program

We have audited the City of Raleigh, North Carolina (the “City”), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City’s major state programs for the year ended June 30, 2020. The City’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the *State Single Audit Implementation Act*. Those standards, the Uniform Guidance and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City’s internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over compliance.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 30, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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



Raleigh, North Carolina
October 30, 2020

Single Audit Schedules

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (1)
EXPENDITURES OF FEDERAL AWARDS:						
<u>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	\$ 112,325	\$ 18,053	\$ -	\$ 10,029
Federal Transit Cap & Maint 2018	20.507	NC-2018-040-00	(2) 81,717	(87,363)	16,035	69,787
Federal Transit Cap & Maint 2019	20.507	NC-2019-039-00	(2) 972,465	-	-	811,768
Federal Transit Cap & Maint 2020	20.507	NC-2020-039-00	4,928,819	-	-	2,094,644
STPDA Moore Square & ADA	20.507	NC-05-X084-00	(2) 18,802	(19,478)	-	(77,711)
CNG Fueling Station 2018	20.507	NC-2019-026-00	-	-	-	183,763
Computer Aided Dispatch 2018	20.507	NC-2017-046-00	551,286	-	-	137,822
Planning Assistance - Section 9 (5307)	20.507	18-08-101	21,635	-	-	5,408
Planning Assistance - Section 9 (5307)	20.507	19-08-101	(3) 553,979	-	-	138,494
Planning Assistance - Section 9 (5307)	20.507	20-08-101	674,648	-	-	168,662
Navaho Dr Sidewalk - LAPP Funding	20.507	TBD	651	-	-	163
Transit Signal Priority Capital Blvd - LAPP Funding	20.507	NC-2019-033-00	110,710	-	-	27,678
Total Federal Transit Cluster			6,082,107	(88,788)	16,035	3,570,507
Transit Services Programs Cluster:						
Enhanced Mobility	20.513	NC-2016-035-00	(2) (14,598)	-	161	15,245
Enhanced Mobility	20.513	NC-2017-055-00	236,949	-	89,824	16,989
Enhanced Mobility	20.513	NC-2019-045-00	174,653	-	61,295	-
Total Transit Services Programs Cluster			397,004	-	151,280	32,234
Planning Assistance - Section 9 (5303)	20.505	19-08-101	(3) (391,870)	-	-	(97,967)
Planning Assistance - Section 9 (5303)	20.505	20-08-101	299,200	37,400	-	37,400
Total Planning Assistance (5303) Direct Program			(92,670)	37,400	-	(60,567)
Direct Programs: Federal Railroad Administration:						
Highway Planning and Construction Cluster:						
Raleigh Union Station - Phase I	20.933	FR-TII-0020-13-01-01	-	58,569	-	-
Raleigh Union Station - Phase I Terminal Building	20.933	FR-TII-0028-14-01-02	-	-	-	199,473
Subtotal Highway Planning and Construction Cluster			-	58,569	-	199,473
Total Direct Programs U.S. Department of Transportation			6,386,441	7,181	167,315	3,741,647
Passed-Through North Carolina Department of Transportation - Federal Highway Administration:						
Highway Planning and Construction Cluster:						
Lake Dam Road Project	20.205	BRSTP-0520 (053)	(2) 455,848	-	-	113,962
Trailwood Bridge Improvements	20.205	STPDA 0505 (71)	(8)	-	-	8
Leesville Road School Route Improvements	20.205	STPDA 0505 (72)	108,764	-	-	27,191
Wake Forest/Blount/Person Complete Streets	20.205	STPDA 0520 (059)	2,044,562	183,700	-	650,675
Walnut Creek Greenway	20.205	CMAQ 0520 (058)	55,132	-	-	27,154
Capital BikeShare Phase I	20.205	CMAQ 0520 (056)	323,920	-	-	80,979
New Bern Ave Pedestrian Improvements	20.205	CMAQ 0505 (074)	262,613	-	-	523,656
Section 104(f) PL	20.205	WBS48476-1.4	1,581,494	-	-	395,373
Section 104(f) STPDA	20.205	WBS09245-1.1	397,742	-	-	99,436
Subtotal Highway Planning and Construction Cluster			5,230,067	183,700	-	1,918,434
Total Highway Planning and Construction Cluster			5,230,067	242,269	-	2,117,907
Passed-Through North Carolina Department of Transportation - National Highway Traffic Safety Administration:						
Highway Safety Cluster:						
Bikesafe Coordinator 2018	20.616	MC-19-03-05	1,537	-	-	-
Bikesafe Coordinator 2019	20.616	MC-20-03-01	574	-	-	-
Total Highway Safety Cluster			2,111	-	-	-
Total Passed-Through North Carolina Department of Transportation			5,232,178	183,700	-	1,918,434
Total U.S. Department of Transportation			11,618,619	190,881	167,315	5,660,081
<u>CORPORATION FOR NATIONAL SERVICE</u>						
Direct Programs: Foster Grandparent /Senior Companion Cluster:						
Foster Grandparent Program	94.011	17SFSNC003	254,633	-	-	90,462
Total Corporation for National Service			254,633	-	-	90,462
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>						
Direct Programs: CDBG Entitlement Grant Cluster:						
Community Development Block Grant - Entitlement	14.218	B16MC370009	101,718	-	-	-
Community Development Block Grant - Entitlement	14.218	B17MC370009	912,669	-	-	-
Community Development Block Grant - Entitlement	14.218	B18MC370009	1,464,033	-	58,912	-
Community Development Block Grant - Entitlement	14.218	B19MC370009	891,663	-	463,191	-
Total CDBG Entitlement Grant Cluster			3,370,083	-	522,103	-
Direct Programs: HOME						
HOME Investment Partnerships Program	14.239	M16-MC370206	881,662	-	-	220,693
HOME Investment Partnerships Program	14.239	M17-MC370206	712,366	-	-	178,315
HOME Investment Partnerships Program	14.239	M18-MC370206	236,243	-	-	59,135
HOME Investment Partnerships Program	14.239	M19-MC370206	96,938	-	-	24,265
Total Direct Programs HOME			1,927,209	-	-	482,408
Direct Programs: ESG Grant						
Emergency Solutions Grant Program	14.231	E18MC370009	73,928	-	73,928	-
Emergency Solutions Grant Program	14.231	E19MC370009	272,027	-	272,027	-
Total Direct Programs ESG			345,955	-	345,955	-
Total U.S. Department of Housing and Urban Development			5,643,247	-	868,058	482,408

(2) The City has pre-spending authority for Transit grants. The Federal Transit Cap & Maint 2019 amount reported prior year was based on anticipated Federal thresholds. As the grant award was finalized in FY 2020, the (972,465) represents a subsequent reporting adjustment based on the applied actual Federal allocation permitted and drawn to date for this executed award.

(3) Adjustment in Planning Assistance-Section 9. Amount reported to 5303 in 2019, reclassified to scope 5307 in 2020.

See accompanying notes to the schedule of expenditures of federal and state financial awards.

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (1)
<u>U.S. DEPARTMENT OF JUSTICE</u>						
Direct Programs:						
JAG Cluster:						
Edward Byrne Memorial Justice Assistance (JAG) 2016	16.738	2016-DJ-BX-1066	25,080	-	25,080	-
Edward Byrne Memorial Justice Assistance (JAG) 2017	16.738	2017-DJ-BX-0816	21,480	-	-	-
Total JAG Cluster			46,560	-	25,080	-
Direct Programs:						
Equitable Sharing	16.922	2020	236,556	-	-	-
Total Direct Programs U.S. Department of Justice			236,556	-	-	-
Total U.S. Department of Justice			283,116	-	25,080	-
<u>ENVIRONMENTAL PROTECTION AGENCY</u>						
Passed-Through N.C. Department of Environmental Quality - Capitalization Grants for Clean Water State Revolving Funds:						
Crabtree Creek Wastewater Conveyance	66.458	CS370419-19	6,441,434	-	-	-
Bioenergy Recovery Project	66.458	CS370419-20	12,675,392	-	-	-
Total Clean Water State Revolving Funds			19,116,826	-	-	-
Total Environmental Protection Agency			19,116,826	-	-	-
<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	54,209	-	-	-
Total Passed-Through N.C. Department of Public Safety - FEMA			54,209	-	-	-
Passed-Through N.C. Department of Public Safety - FEMA: Homeland Security Cluster:						
USAR	97.067	EMW-2017-SS-00085-S01	676	-	-	-
USAR	97.067	EMW-2018-SS-00053-S01	94	-	-	-
Total Homeland Security Cluster			770	-	-	-
Total Passed-Through N.C. Department of Public Safety - FEMA			54,979	-	-	-
Total U.S. Department of Homeland Security			54,979	-	-	-
<u>U.S. DEPARTMENT OF TREASURY</u>						
Passed-Through Wake County: Coronavirus Relief Fund	21.019	20-1892-O-1-806	1,066,514	-	-	-
Total U.S. Department of Treasury			1,066,514	-	-	-
<u>OFFICE OF NATIONAL DRUG CONTROL POLICY</u>						
Passed -Through Durham County:						
High Intensity Drug Trafficking Area (HIDTA) 2018	95.001	G18GA0004A	636	-	-	175
High Intensity Drug Trafficking Area (HIDTA) 2019	95.001	G19GA0004A	11,163	-	-	-
Total Office of National Drug Control and Policy			11,799	-	-	175
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 38,049,733	\$ 190,881	\$ 1,060,453	\$ 6,233,126
EXPENDITURES OF STATE AWARDS:						
<u>N.C. DEPARTMENT OF TRANSPORTATION</u>						
Direct Programs: Division of Highways:						
Powell Bill		WBS32570	\$ -	\$ 10,741,286	\$ -	\$ -
Direct Programs: Public Transportation Division:						
Public Transportation Maint Asst Prog		18-SM-013	-	2,931,622	-	-
Total Direct Programs N.C. Department of Transportation			-	13,672,908	-	-
Passed-Through Triangle J Council of Governments:						
Transportation Demand Management Grant		TDMRAL20	-	81,514	-	81,514
Total Passed-Through Triangle J Council of Governments			-	81,514	-	81,514
Total N.C. Department of Transportation			-	13,754,422	-	81,514
<u>N.C. DEPARTMENT OF NATURAL & CULTURAL RESOURCES</u>						
Passed-Through Clean Water Management Trust Fund:						
Millbrook Exchange CWMTF	N/A	2016-1006	-	38,384	-	9,596
Upper Durant Lake CWMTF	N/A	2017-807	-	28,222	-	12,095
Total N.C. Department of Natural & Cultural Resources			-	66,606	-	21,691
<u>N.C. DEPARTMENT OF PUBLIC SAFETY</u>						
Direct Programs:						
Fire Regional Response Team		RRT42020	-	64,963	-	-
Total Direct Programs N.C. Department of Public Safety			-	64,963	-	-
Passed-Through Wake County:						
Juvenile Crime Prevention Council	2019		-	-	-	37
Juvenile Crime Prevention Council	2020		-	48,171	-	17,697
Total Passed-Through Wake County			-	48,171	-	17,734
Total N.C. Department of Public Safety			-	113,134	-	17,734
TOTAL EXPENDITURES OF STATE AWARDS			\$ -	\$ 13,934,162	\$ -	\$ 120,939
TOTAL EXPENDITURES ALL AWARDS			\$ 38,049,733	\$ 14,125,043	\$ 1,060,453	\$ 6,354,065

See accompanying notes to the schedule of expenditures of federal and state financial awards.

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, 2020. 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, 2020. 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, 2020 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, 2020. 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 2020 or awards newly executed, which adjusted prior year anticipated allocations between federal, state, and local components. **(2)**

Note 3: Loan Balances

The City of Raleigh had the following loan balances outstanding at June 30, 2020 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 WWTTP Phase II Revolving Loan	66.458	CS-370419-18	\$ 23,492,683
SRF Crabtree Creek Wastewater Conveyance Revolving Loan	66.458	CS-370419-19	\$ 20,650,572
SRF Bioenergy Recovery Revolving Loan	66.458	CS-370419-20	\$ 12,675,392

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

YEAR ENDED JUNE 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

CFDA Numbers

14.218
14.231
20.205
20.513
21.019

Names of Federal Program or Cluster

CDBG Entitlement Grant Cluster
Emergency Solutions Grant Programs
Highway Planning and Construction Cluster
Transit Services Programs Cluster
Coronavirus Relief Fund Cluster

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

\$ 1,141,492

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, 2020

Section I – Summary of Auditor’s Results (continued)

State Awards

Internal control over major state programs:

- Material weakness(es) identified? _____ yes X none
- 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

Highway Planning and Construction Cluster

Powell Bill

Public Transportation Maintenance Assistance Program

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

None

IV – State Award Findings and Questioned Costs

None

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

YEAR ENDED JUNE 30, 2020

Section V – Summary Schedule of Prior Audit Findings

II – Financial Statement Findings

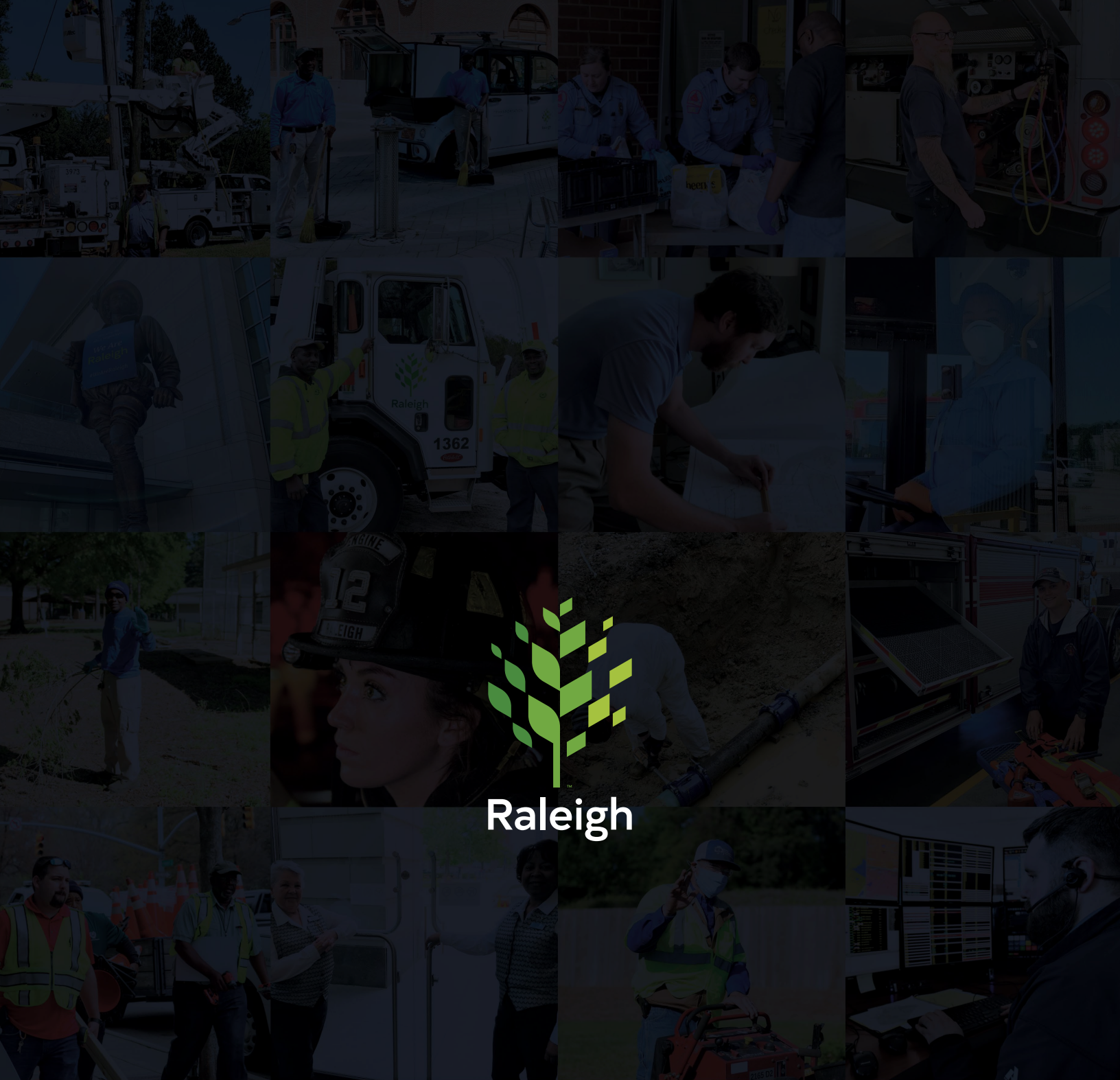
None

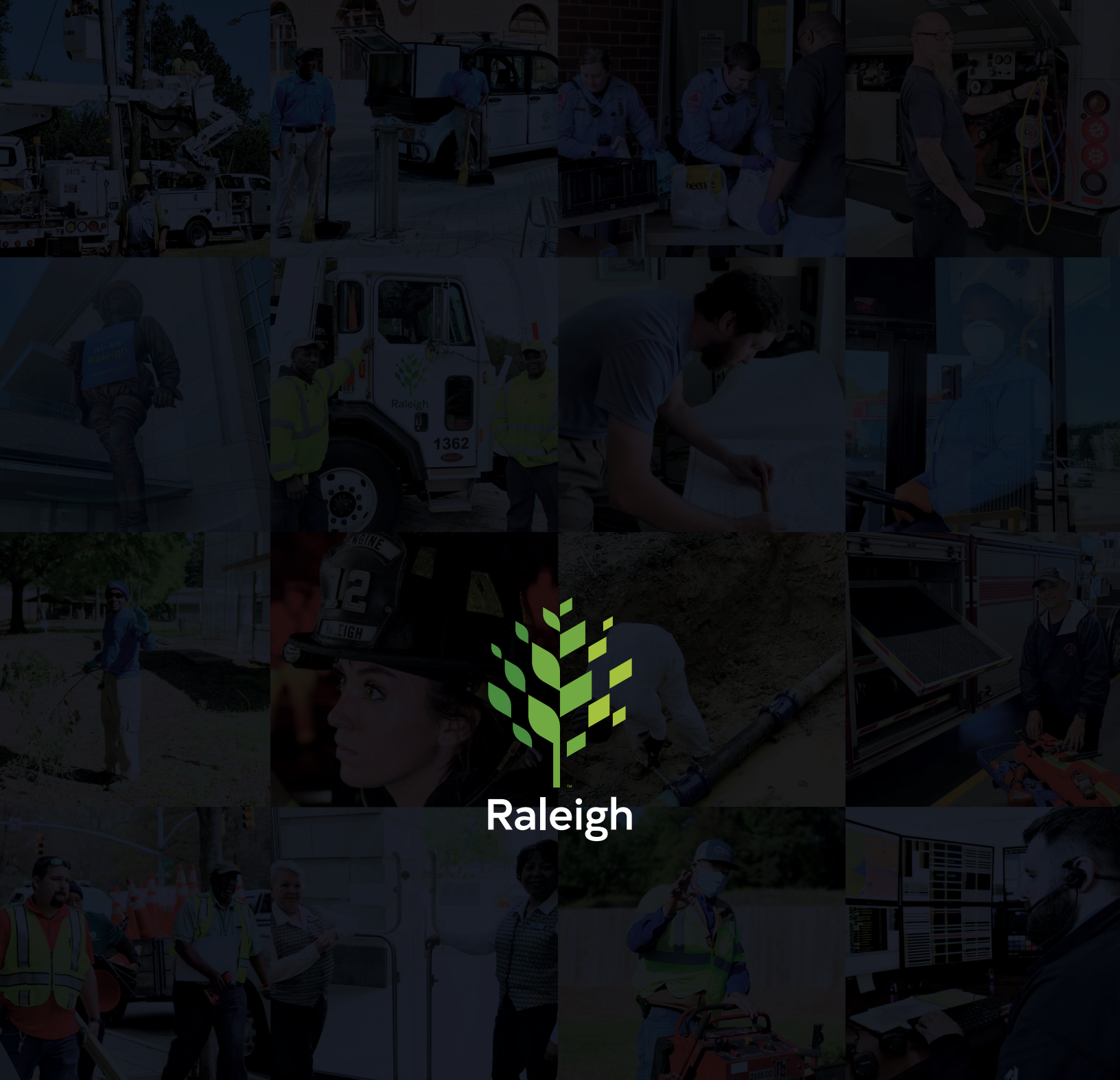
III – Federal Award Findings and Questioned Costs

None

IV – State Award Findings and Questioned Costs

None





Raleigh

CITY OF RALEIGH

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