CITY OF RALEIGH

NORTH CAROLINA

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2016

On the cover — the *banjostand*

Pictured here at the Raleigh Convention Center Plaza is Bruno Luchessi's iconic Sir Walter Raleigh sculpture, enhanced by artist Bland Hoke's temporary public art piece, Banjostand. Commissioned by the Raleigh Arts Commission for the City of Raleigh, Banjostand is created from hundreds of cast-off banjo parts and has become a destination place each year for those attending the wildly popular International Bluegrass Music Association's World of Bluegrass Conference and events.

The 2016 World of Bluegrass event was held in Raleigh from Sept. 27-Oct. 1 and included: the three-day IBMA Business Conference, the International Bluegrass Music Awards Show, Bluegrass Ramble and the two-day PNC presents Wide Open Bluegrass Festival. This year's World of Bluegrass week was record-breaking with 217,225 people attending the events associated with World of Bluegrass and generating $11.5 million in direct visitor spending.

Photo by Bryan Regan

The City of Raleigh
NORTH CAROLINA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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

INTRODUCTORY SECTION

Principal Officials i
Organization Chart ii
Letter of Transmittal iii
Certificate of Achievement for Excellence in Financial Reporting xi

FINANCIAL SECTION

Report of Independent Auditor
Management's Discussion and Analysis ..... MD&A-1
Basic Financial Statements

Government-Wide Financial Statements:
Statement of Net Position 1
Statement of Activities 2

Fund Financial Statements:
Balance Sheet – Governmental Funds 4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position..... 5
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... 7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund..... 8
Schedule of Revenues and Expenditures – Budget and Actual – Park Bond Fund..... 10
Statement of Net Position–Proprietary Funds 12
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds 16
Statement of Cash Flows – Proprietary Funds 18
Statement of Fiduciary Net Position – Fiduciary Funds..... 20
Statement of Changes in Fiduciary Net Position – Fiduciary Funds 21

Notes to the Financial Statements:
Note 1 – Summary of Significant Accounting Policies 22
Note 2 – Stewardship, Compliance, and Accountability..... 30
Note 3 – Detailed Notes on all Funds 31
Note 4 – Other Information 53

Required Supplementary Information:
Law Enforcement Officers' Special Separation Allowance – Schedule of Funding Progress 69
Other Post Employment Benefits - Schedule of Funding Progress 70
Other Post Employment Benefits - Schedule of Employer Contributions 71
City of Raleigh's Proportionate Share of Net Pension Liability (Asset) - Local Government Employees' Retirement System 72
City of Raleigh's Contributions - Local Government Employees' Retirement System 73

Combining and Individual Financial Statements and Schedules:
Combining Balance Sheet – Nonmajor Governmental Funds 74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds..... 75

Special Revenue Funds:
Combining Balance Sheet – Nonmajor Special Revenue Funds 76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –
Nonmajor Special Revenue Funds 78
Schedule of Revenues and Expenditures Compared with Budget:
Grants Fund 80
Housing Bond Fund 81
Community Development Fund 82
Disaster Recovery Fund 83
Convention Center Financing Fund 84
Emergency Telephone System Fund 85

General Capital Projects Funds:
Combining Balance Sheet – Nonmajor Capital Projects Funds 86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –
Nonmajor Capital Projects Funds 88
Schedule of Revenues and Expenditures Compared with Budget:
Street Improvement Fund 90
Street Bond Fund 91
Sidewalk Fund 92
Park Improvement Fund 93
Raleigh Union Station Fund 94
Facility Fees Fund 95
Miscellaneous Capital Improvements Fund 96
Walnut Creek Amphitheater Projects Fund 97
Technology Capital Projects Fund 98
Major Public Facilities Fund..... 99

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

Water and Sewer Fund (major fund):
Water and Sewer Operating Fund 100
Water Capital Projects Fund 102
Sewer Capital Projects Fund 103
Water and Sewer Revenue Bond Fund 104
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Water and Sewer Funds 105

Convention Center Complex Fund (major fund):
Convention Center and Performing Arts Complex Operating Fund 106
Convention Center and Performing Arts Complex Projects Fund 107
Convention Center Complex Capital Projects Fund 108
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Convention Center Funds 109

Mass Transit Fund (major fund):
Mass Transit Fund..... 110
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Mass Transit Fund 111

Stormwater Fund (major fund):
Stormwater Utility Operating Fund 112
Stormwater Utility Capital Projects Fund..... 113
Stormwater Utility Bond Fund 114
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Stormwater Utility Funds 115

Parking Fund (major fund):
Parking Facilities Operating Fund 116
Parking Facilities Capital Projects Fund 117
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Parking Facilities Funds 118

Solid Waste Services Fund (major fund):
Solid Waste Services Fund 119
Reconciliation of Modified Accrual Basis to Full Accrual Basis-Solid Waste Services Funds 120

Internal Service Funds:
Combining Statement of Net Position 121
Combining Statement of Revenues, Expenses and Changes in Fund Net Position 123
Combining Statement of Cash Flows 125

Fiduciary Funds:
Combining Statement of Net Position – Pension Trust Funds 127
Combining Statement of Changes in Plan Net Position – Pension Trust Funds 128

Other Schedules:
Schedule of Long-Term Obligation Maturities and Debt Service Requirements 129
Schedule of General Governmental Long-Term Obligations 131
Schedule of Enterprise Long-Term Obligations 133
Schedule of Internal Service Long-Term Obligations 135

STATISTICAL SECTION
Net Position by Component – Last Ten Fiscal Years 137
Changes in Net Position – Last Ten Fiscal Years 139
Fund Balances, Governmental Funds – Last Ten Fiscal Years 143
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years 145
Assessed Value of Taxable Property – Last Ten Fiscal Years 147
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years 148
Principal Property Taxpayers 149
Property Tax Levies and Collections – Last Ten Fiscal Years 150
Analysis of Current Tax Levy 151
Schedule of Ad Valorem Taxes Receivable 152
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years 153
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years 154
Direct and Overlapping Governmental Activities Debt 155
Legal Debt Margin Information – Last Ten Fiscal Years 156
Pledged Revenue Coverage – Last Ten Fiscal Years 157
Demographic and Economic Statistics – Last Ten Fiscal Years 158
Principal Employers 159
City Government Employees by Function/Department – Last Ten Fiscal Years 160
Operating Indicators by Function – Last Ten Fiscal Years 161
Capital Asset Statistics by Function – Last Ten Fiscal Years 163

SINGLE AUDIT SECTION
Reports of Independent Auditor
Schedule of Expenditures of Federal and State Awards 165
Schedule of Findings and Questioned Costs

INTRODUCTORY SECTION

CITY OF RALEIGH
ESTABLISHED 1792
NORTH CAROLINA

Raleigh City Council 2015-2016

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

Nancy McFarlane - Mayor

Richard "Dickie" Thompson - District A

David Cox - District B

Corey Branch - District C

Kay Crowder - District D

Bonner Gaylord - District E

Russ Stephenson - At Large

Mary-Ann Baldwin - At Large

City Administrative, Legal and Financial Staff

Ruffin L. Hall
City Manager

Ruffin L. Hall
City Manager

Tansy Hayward
Assistant City Manager

Marchell Adams-David
Assistant City Manager

James Greene Jr.
Assistant City Manager

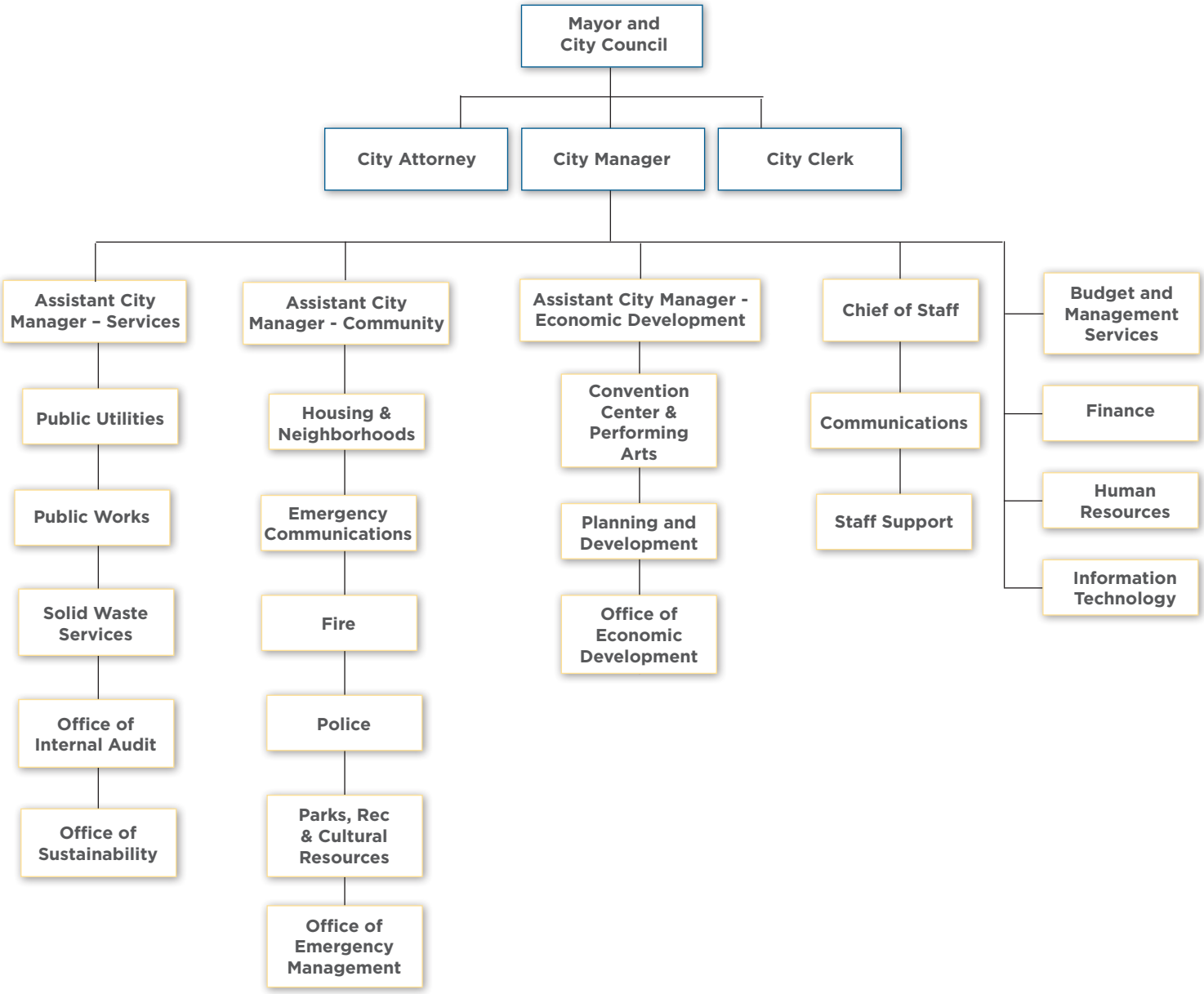
Thomas A. McCormick, Jr.
City Attorney

Gail G. Smith
City Clerk

Perry E. James, III
Chief Financial Officer

Perry E. James, III
Chief Financial Officer

City-Wide Organization Chart



October 26, 2016

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, 2016. State law requires that all general-purpose local governments annually publish a complete set of financial statements. The financial statements must be presented in accordance with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report complies with these requirements.

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

The City's financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016, are free of material misstatement. The independent auditor concluded, based upon their audit, that the City's financial statements for the fiscal year ended June 30, 2016 are fairly presented in accordance with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

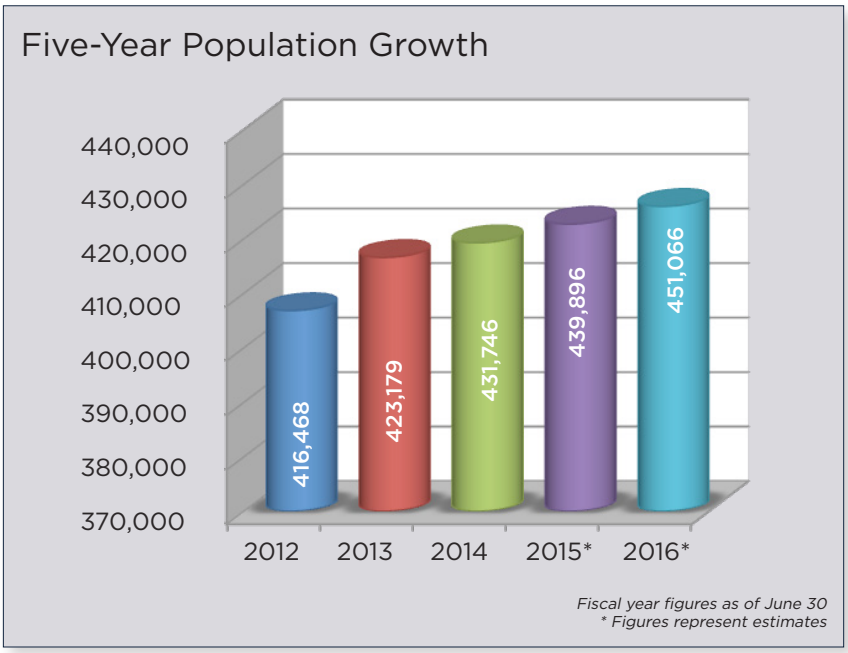
The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation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

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

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

Profile of City of Raleigh

Raleigh is situated in the heart of the State of North Carolina, in a section called the Piedmont region, 150 miles from the Atlantic Ocean and 190 miles from the Great Smoky Mountains. The City, the county seat of Wake County and the capital of North Carolina, covers an area of more than 180 square miles and has an estimated population of 451,066. The City forms one point of the Research Triangle Park developed in 1959 for industrial, governmental and scientific research, with Chapel Hill and Durham at the other two points. The City is located in a metropolitan area consisting of Wake, Durham, Orange, Franklin, Chatham and Johnston counties. The population for this area is estimated to be 1,787,000, which reflects a 30.5% increase over the past ten years.



The North Carolina General Assembly purchased land for the original site of the City for the specific purpose of being the capital of North Carolina. The City was established in 1792 by an act of the General Assembly and has utilized a council-manager form of government since 1947. The Mayor and two Council members are elected at-large, and the remaining five Council members are elected from five districts within the City. The Mayor and Council members serve two-year terms and all have an equal vote. The City Council sets policies, enacts ordinances and appoints the City Manager. The City Manager is responsible to the Council for the administration of daily operations and programs of the City and 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 works programs, and other traditional support activities.

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

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

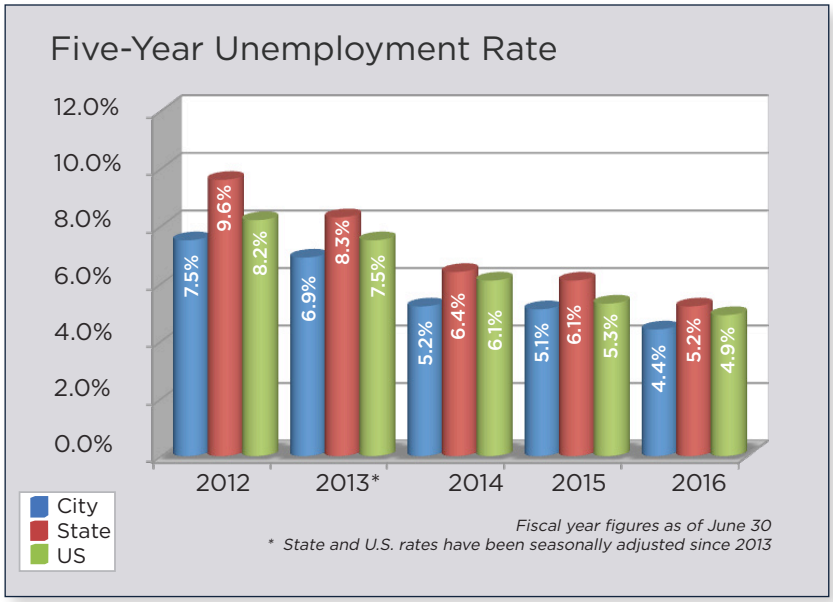
Economic Conditions and Outlook

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

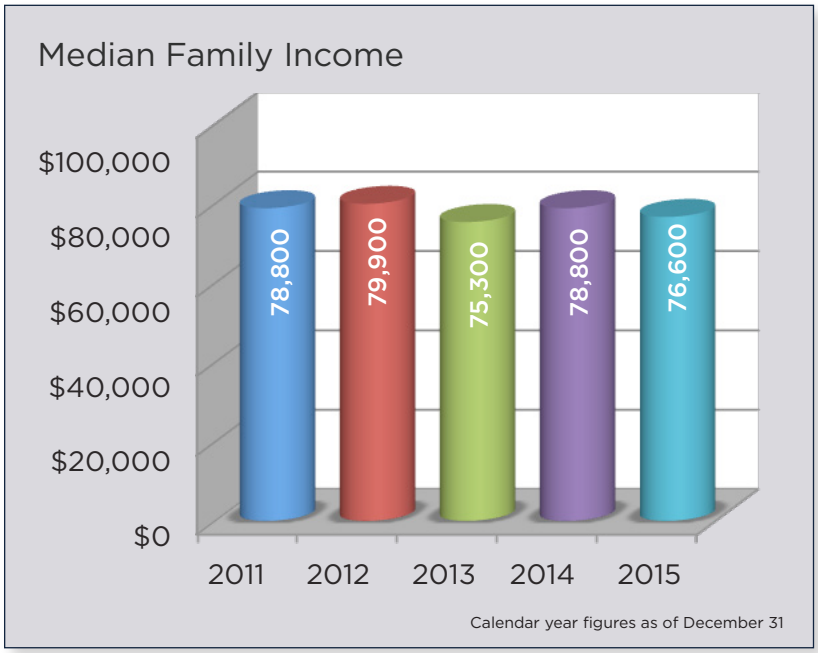
Raleigh continues to be widely recognized by independent sources as one of the nation's most attractive metropolitan areas. Recent accolades include:

--One of the 7 Hottest Startup Hubs Outside of Silicon Valley (February 2016 – Mattermark)
--One of the 100 Best Cities for Recent Graduates (March 2016 – NerdWallet.com)
--3rd Best City for Young Professionals (March 2016 – Forbes Magazine)
--3rd Best City for Young Families (February 2016 – ValuePenguin.com)
--5th on list of America's Next Boom Towns (January 2016 – Forbes Magazine)

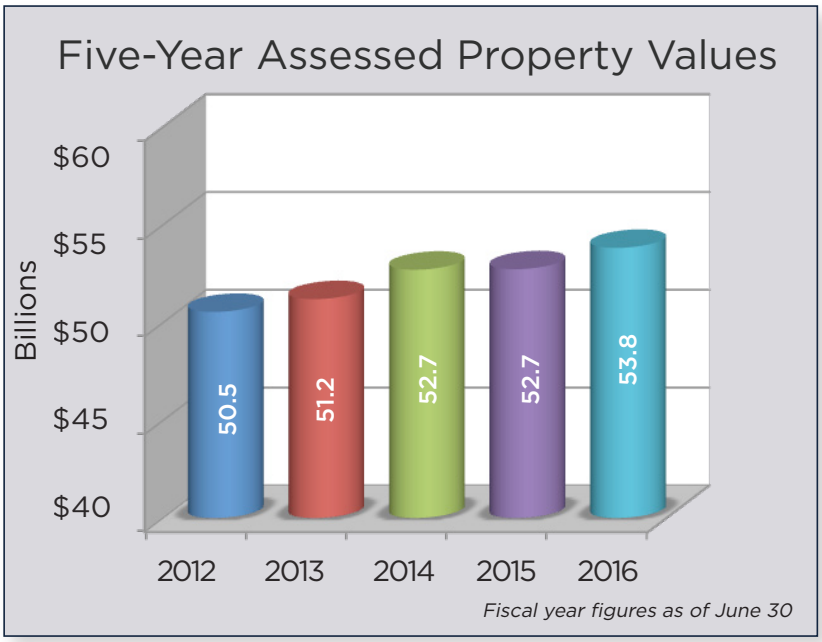
The Raleigh area's excellent business environment, its nationally ranked universities, and the outstanding health care facilities are some of the many attributes that attract people to the area. The mild climate, diverse work force and proximity to Research Triangle Park, a nationally recognized epicenter of innovation in more than a dozen industries, combine to make the City a great place to live. The City has experienced steady growth in population, land area and commercial activity over the past several years, becoming the 42nd largest city in the United States. As the capital of the State, the City derives its economic profile from a diverse combination of business and employment centers, including Federal and State government, higher education, information technology, scientific research, healthcare and retail trade. The City is the home of the principal executive, judicial and regulatory offices of State government, as well as six public and private institutions of higher education, including North Carolina State University, the largest university in North Carolina.



The City's new strategic plan has provided priorities and guidance in developing budget recommendations, as reported to Council during the fiscal year 2016-17 budget process. As a result, budget resources are directed to investing in public safety, arts and cultural resources, economic development and transportation, as well as expanding vital services and focusing on organizational excellence. Financial projections for fiscal year 2016-17 show signs of continued revenue growth, specifically in sales tax and property tax revenues, while user fee revenues for water and sewer services, stormwater management, and solid waste services remain steady. The property tax revaluation process conducted at the end of calendar year 2015 resulted in an 8% increase in the property tax base, but the fiscal year 2016-17 budget includes a decrease in the property tax rate from 42.10 cents to 41.83 cents per $100 valuation. Locally, the unemployment rate at June 30, 2016 was 4.4%, which represents a decrease from the June 2015 rate of 5.1%. Median family incomes, as shown on the following page, has decreased slightly from $78,800 in calendar year 2014 to $76,600 in calendar year 2015. The overall decline in median family income over the past few years is consistent with a nationwide decline of 8% from the period of 1999 to 2014, when adjusted for inflation.



Retail sales for the county have continued to grow at a strong pace, with the City's distributions increasing by 7.3% from 2015 to 2016. The value of construction permits remained steady at $1.6 billion in 2015 and 2016. During this period, the City's taxable property base gradually increased and represents a balanced tax base of commercial and industrial property complementing our residential base. Going forward, property tax revenues are projected to increase 6.7% over fiscal year 2016 results. Sales tax revenues are budgeted to increase 2.5% over fiscal year 2016 results, and utility franchise tax revenues are expected to provide $31.2 million in fiscal year 2017. These improving economic conditions, combined with diligent management of both revenues and expenses, have allowed the City to continue to maintain an excellent financial position and exceed fund balance objectives for 2016.



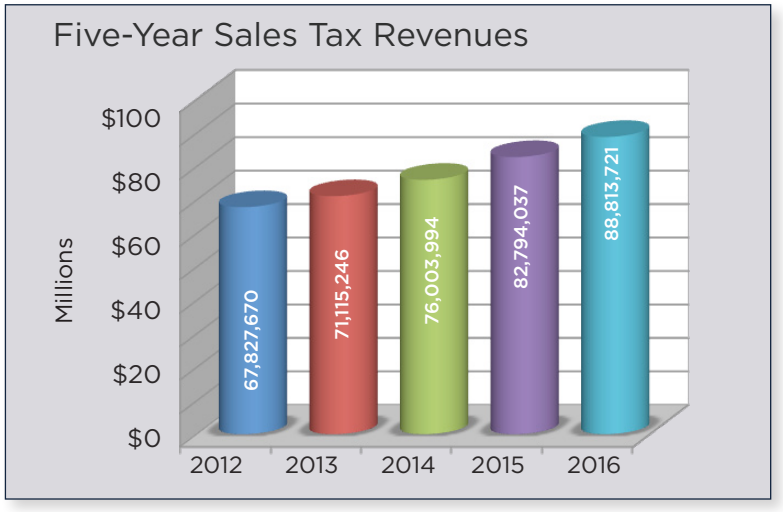
The nearby Research Triangle Park (RTP) was developed in 1959 for industrial, governmental and scientific research. Its primary objective is to attract research related institutions to the area, and its residents currently consist of more than 200 organizations including International Business Machines, Cisco Systems, Cree, GlaxoSmithKline, Syngenta and RTI International. Industries such as micro-electronics, telecommunications, biotechnology,chemicals,pharmaceuticals, and environmental sciences invest more than twice the national average in research and development at the region's universities each year. The research institutions in RTP employ more than 50,000 full-time equivalent employees and contract workers.

Raleigh annually attracts over 15 million visitors for conferences, special events, shopping and other attractions. This experience is enhanced by facilities such as the Raleigh Convention Center, Red Hat Amphitheater and Festival Site, PNC Arena, Coastal Credit Union Music Park at Walnut Creek, the Duke Energy Center for the Performing Arts, Marbles Kids Museum and IMAX Theater, numerous state museums, and major retail shopping malls. The PNC Arena is the home of the National Hockey League 2006 Stanley Cup champion Carolina Hurricanes, and North Carolina State University's Wolfpack basketball team. Memorial Auditorium, at the Duke Energy Center for the Performing Arts, hosts a diversified slate of plays and performances including productions of the NC Theatre and the Broadway Series South. The Progress Energy Center for the Performing Arts is the home of the North Carolina Symphony and the Carolina Ballet and features four performing arts theaters.

The City continues to recognize economic benefits from its investment in downtown and other areas of the City. The Raleigh Convention Center Complex has been met with outstanding bookings by regional, national and international conference groups, and continues to experience positive momentum. The Center held 270 events with 402,976 attendees during the twelve month period ending June 30, 2016. The events during fiscal year 2016 included 57 conventions and tradeshows, as well as 23 competitions, which had an estimated $49.4 million economic impact on Wake County. The Red Hat Amphitheater also has held a large number of events since opening in June 2010. Thirty-seven shows brought more than 107,000 attendees in the most recent summer season.

Major Initiatives

A number of key projects and initiatives in fiscal year 2015-16 reflect the City's continuing involvement in its vital capital infrastructure. Raleigh leaders approved a new plan for downtown which will focus on creating a greener community, creating connections, and revitalizing and redeveloping the downtown area. The City of Raleigh acquired the Dorothea Dix property from the State of North Carolina, a 308-acre site that the City plans to develop into a destination park, for $52 million in July 2015. The City finalized its Central Operations Facility in early fiscal year 2015-16, which sits on a 37-acre site just north of downtown Raleigh. The facility houses the Streets division, Vehicle Fleet Services, Traffic Engineering, and Parks and Building Maintenance staff. The City completed the Central Communications Center, a 95,000 square foot facility housing the Raleigh-Wake Emergency Communications Center, the Raleigh Emergency Operations Center, Raleigh Traffic Control Center and Raleigh Data Center. The facility was occupied in May 2016.



Long-term Financial Planning

The City seeks to consistently maintain a strong financial position as evidenced by its AAA/Aaa ratings from the three major credit rating agencies. This objective requires regular long-term planning of operating and capital requirements for its major general government and enterprise programs. In doing so, the City relies on key financial policies and procedures for dealing with future events in financially responsible ways.

Annually the City adopts a 10-year Capital Improvement Program (CIP) that looks ahead to project and plan for capital needs. Phase I encompasses the first 5 years of the CIP and addresses both project needs and financial strategy for this period. Phase II of the program, spanning the second 5-year period, includes longer range projects identified as necessary for the continuation of existing service levels to the citizens of the City.

Phase I of the CIP spans fiscal years 2015-16 through 2019-20. The major areas included in Phase I are transportation, public utilities, parks, housing, stormwater utility, technology and general public improvements. The public utilities and transportation programs represent the largest portions of the CIP due to the strong growth of our area and the large amount of utility and transportation needs.

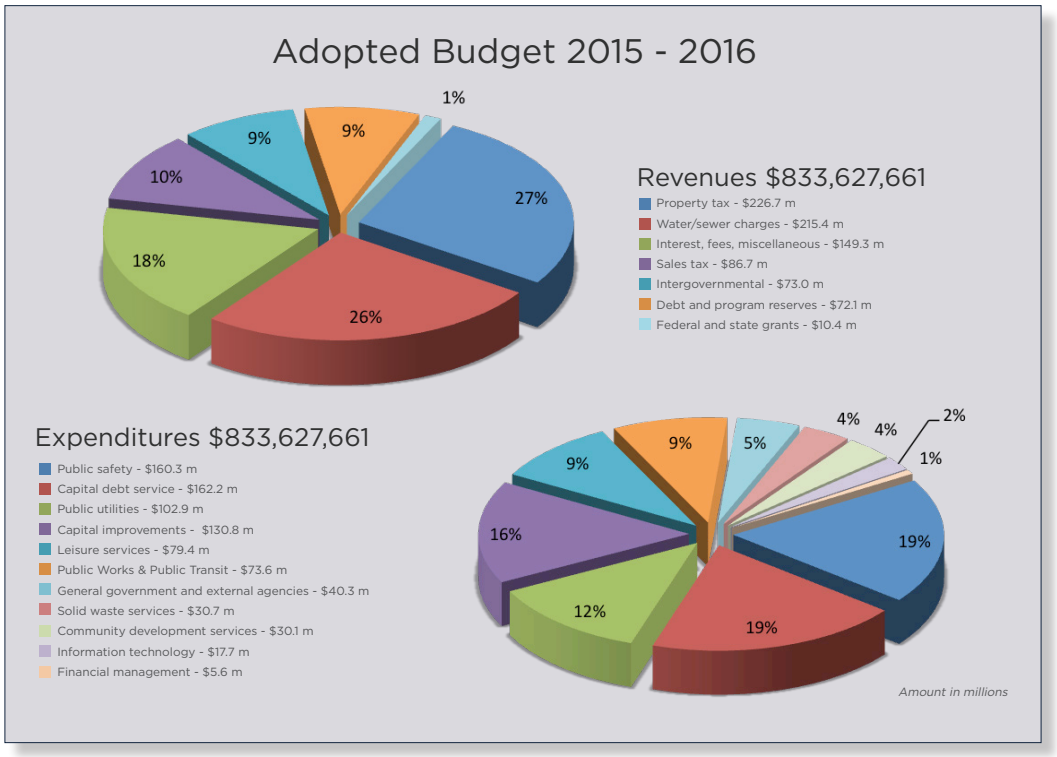
A key financial goal of the City for many years has been the maintenance of a 14.0% unassigned fund balance level in the general fund. In addition, the City is able to appropriate a consistent level of fund balance each year resulting from positive budget variances. These goals are met in the fiscal year 2016 results that are built into the 2016-17 operating budgets. A number of financial models are also used in the budget process and provide a means of projecting long-term resource requirements. These include general and enterprise debt models, rate sensitivity analyses and financing proformas. Other financial practices are designed to avoid the meeting of recurring expense needs with one-time revenue resources and to ensure an ongoing mix of pay-as-you-go funding of capital needs with long-term debt.

General Budget Information

For the Year 2015-16

The City's Annual Budget for 2015-16, inclusive of operating and capital programs, increased by 10.5% from the prior year. The fiscal year 2015-16 budget reflects a projected 1.5% increase in property tax revenues over projected fiscal year 2015 results, an increase in development revenues of 3.0% due to increasing permits and economic development activities, as well as a 4.0% increase in sales tax over projected fiscal year 2015 projections. The 2015-16 operating budget sustains the City's long tradition of financial strength and flexibility, balanced with infrastructure investment and services that support economic development for the City. Priorities established in the 2015-16 budget included responding to increasing development activity, plan review and inspections, addressing community growth pressures, investing in human capital with competitive compensation and benefits, and improving service efficiency and business processes.

Capital improvement budgets in fiscal year 2015-16 included new and/or continuing projects totaling $215.6 million, including traditional project funding for transportation, utilities, parks, stormwater, housing and general public improvements. The capital improvement budget remained relatively flat compared to fiscal year 2014-15.



For the Future

The fiscal year 2016-17 Annual Budget was adopted by the City Council on June 20, 2016. The combined capital and operating budget for the fiscal year beginning July 1, 2016 totals $859.0 million, which represents a 3.0% increase from the fiscal year 2015-16 Annual Budget. The fiscal year 2016-17 budget reflects a projected 6.7% increase in property tax revenues over fiscal year 2016 results, a 2.5% increase in sales tax revenues over fiscal year 2016 results, and steady revenues for water and sewer services, stormwater management and solid waste services. Priorities established in the 2016-17 budget include investing in economic development and innovation, growth, natural resources, transportation, arts and cultural resources, and human capital; improving service efficiency and business processes; and maintaining a safe community.

The 2016-17 capital budget includes new and/or continuing projects totaling $180.0 million. This budget includes traditional project funding for transportation, utilities, parks, stormwater, housing and general public improvements. Fiscal year 2016-17 capital funding sources include traditional capital revenues such as Powell Bill funds, facility fees, capital reserves, parking operations, and other pay-as-you-go funds. The capital budget is also funded by the appropriation of previously issued bond proceeds as well as new planned long-term debt issues.

Awards and Acknowledgments

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

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

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

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

Respectfully submitted,

Ruffin L. Hall
City Manager

Perry E. James III
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Raleigh North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2015

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.

Executive Director/CEO

FINANCIAL SECTION

CITY OF RALEIGH
ESTABLISHED 1792
NORTH CAROLINA

Cherry Bekaert LLP
CPAs & Advisors

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, 2016, 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, 2016, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 4 (G) of the basic financial statements, the City adopted Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. As a result, net position as of June 30, 2015 of the governmental activities has been restated. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act, and is also not a required part of the financial statements.

The combining and individual fund statements and schedules, as listed in the table of contents, and the accompanying schedule of expenditures of federal and state awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2016, 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.

Cherry Bekaert LLP

Raleigh, North Carolina
October 26, 2016

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, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

In 2015-16, the City maintained its strong financial position for both its general governmental and business-type funds. Key indicators of that were overall positive budget variances, increases in fund balance amounts, growth of key general tax and business-type revenues, and continued funding of long-term pensions, risk management claims and OPEB liabilities on an actuarial basis. Consistent with those indicators, the City's general obligation ratings remained AAA/Aaa. The following are summary financial highlights:

- The assets and deferred outflows of resources of the City of Raleigh exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $2,225.4 million *(net position)*.
    - This amount represents a $146.9 million increase in operating results from the prior year, or 7.1%
    - Of this amount, $483.1 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 $559.3 million.
    - $297.1 million, or 53.1% is assigned for specific purposes as identified by the City, with the largest assigned amount being $101.3 million for future debt service
    - $84.8 million, or 15.2% is unassigned in the general fund and is available for spending at the City's discretion
    - $77.7 million, or 13.9% is considered nonspendable
    - $96.9 million, or 17.3% is restricted by outside agencies
    - $2.9 million of fund balance 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 $268.2 million.
- Highlights of financing issues and activities for the City during 2015-16 are as follows:
    - The City obtained a loan of $52.0 million to finance the purchase of the Dorothea Dix property that will be used as a destination park
    - The City issued $11.5 million in limited obligation bonds to finance the construction of a fire station and projects for the Duke Energy Center for the Performing Arts
    - The City issued $6.0 million in taxable housing bonds
    - The City issued $31.0 million in limited obligation bonds to refund the 2009 variable rate limited obligation bonds
    - The City issued $19.2 million in limited obligation bonds to refund remaining parking certificate of participation obligations which will reduce gross future debt service payments by $3.8 million over the next fifteen years
    - The City issued $14.2 million in limited obligation bonds to refund an installment financing draw program for improvements to the Duke Energy Center for the Performing Arts

- The City issued $118.1 million in general obligation bonds to refund remaining general obligation public improvement and housing bonds which will reduce gross future debt service payments by $14.8 million over the next fifteen years
- The City issued $49.9 million in revenue bonds to refund remaining water and sewer revenue bond obligations which will reduce gross future debt service payments by $6.5 million over the next ten years
- The City drew down $2.5 million from the PNC Bank drawdown program to fund various capital projects at the Convention Center Complex

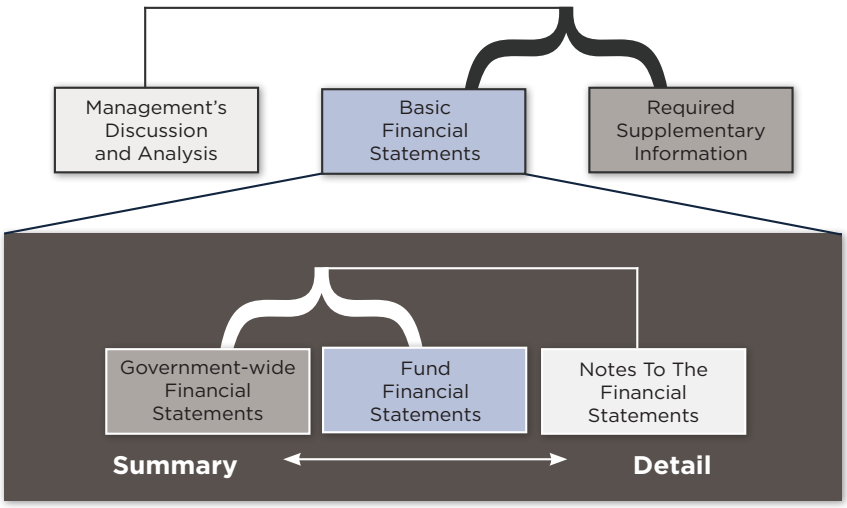
- The City of Raleigh maintained its AAA/Aaa general obligation bond rating from all three major rating agencies.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements consist of two sections: introductory and financial. As Figure A-1 shows, the financial section has three components – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

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

Components of the Financial Section



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. 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 of Raleigh is improving or deteriorating.

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

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

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

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

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 4 - 10 of this report.

Proprietary funds. The City of Raleigh maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, convention and performing arts complex (referred to as convention center) operations, parking facilities, mass transit, stormwater management operations, and solid waste services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally amongst the City's various functions. The City of Raleigh uses internal service funds to account for governmental and business-type activities, such as risk management, employees' health benefits trust and vehicle fleet services. The City also maintains equipment replacement funds for governmental, solid waste services and public utilities. 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 12 - 19 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 20 - 21 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 22 - 68 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Raleigh's progress in funding its obligation to provide pension benefits to City employees, which includes Other Post-Employment Benefits (OPEB), Local Government Employees' Retirement System (LGERS), as well as Law Enforcement Officers (LEO). Required supplementary information can be found on pages 69 - 73 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 74 - 126 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 $2,225.4 million at the close of the most recent fiscal year, compared to $2,067.9 million at the end of the previous fiscal year.

The following table reflects the condensed Statement of Net Position:

Net Position

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Activities	
	2015	2016	2015	2016	2015	2016
Current and other assets	$700.1	$659.8	$444.1	$477.7	$1,144.2	$1,137.5
Capital assets	998.9	1,104.0	1,784.8	1,832.3	2,783.7	2,936.3
Deferred outflows of resources	16.6	23.7	91.6	109.7	108.2	133.4
Total assets and deferred outflows of resources	**1,715.6**	**1,787.5**	**2,320.5**	**2,419.7**	**4,036.1**	**4,207.2**
Long-term debt outstanding	637.1	665.3	1,105.7	1,091.1	1,742.8	1,756.4
Other liabilities	47.5	58.1	117.6	149.7	165.1	207.8
Deferred inflows of resources	44.8	12.1	15.5	5.5	60.3	17.6
Total liabilities and deferred inflows of resources	**729.4**	**735.5**	**1,238.8**	**1,246.3**	**1,968.2**	**1,981.8**
Net investment in capital assets	601.8	597.7	763.3	799.0	1,365.1	1,396.7
Restricted	315.7	347.0	-	-	315.7	347.0
Unrestricted	68.7	107.3	318.4	374.4	387.1	481.7
Total net position	**$986.2**	**$1,052.0**	**$1,081.7**	**$1,173.4**	**$2,067.9**	**$2,225.4**

By far the largest portion of the City of Raleigh's net position ($1,396.7 million or 62.8%) 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 of Raleigh uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City of Raleigh's investment in its capital assets is reported net of outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position ($347.0 million or 15.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($481.7 million or 21.6%) may be used to meet the City's ongoing operations.

At the end of the current fiscal year, the City of Raleigh is able to report positive balances in all three categories of net position both for the City as a whole, as well as for its separate governmental and business-type activities.

The City's net position increased by $157.5 million in operating results from prior year. In fiscal year 2015-16, the City had a restatement of fund balance in the General Fund that reclassified the Law Enforcement Officers' Special Separation Allowance from a pension trust fund to the General Fund in compliance with Governmental Accounting Standards Board Statement 73. The City's net pension asset in prior year also changed and is reported as a net pension liability for June 30, 2016, and there will continue to be fluctuations from year to year due to actuarial assumptions and investment earnings. The following table summarizes the changes in net position, including a restatement amount of $3.1 million:

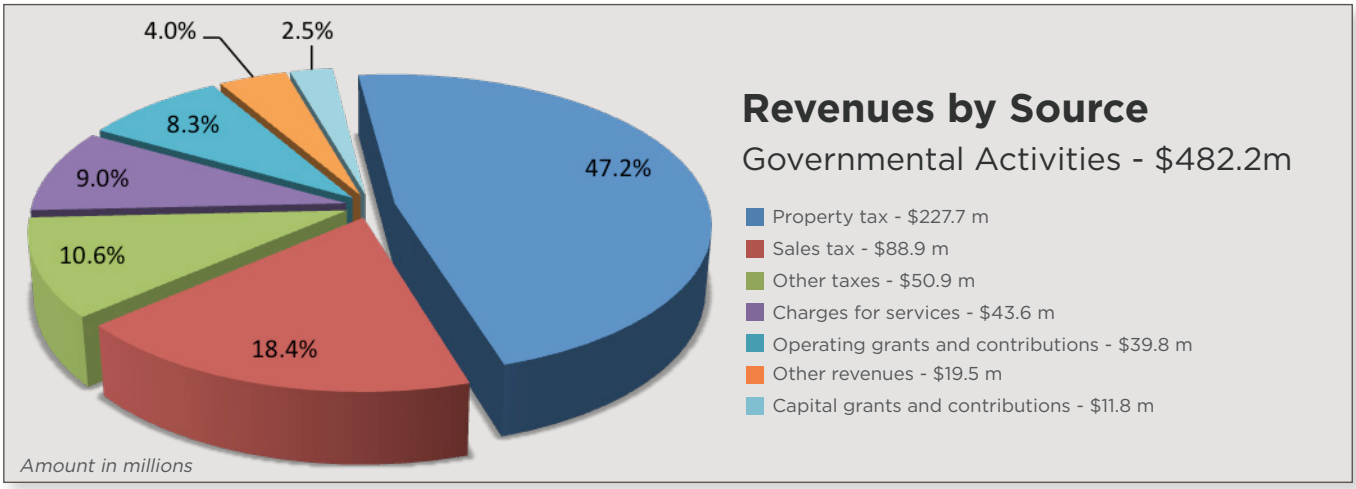
Changes in Net Position

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Activities	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program revenues:						
Charges for services	$46.2	$43.6	$289.1	$308.2	$335.3	$351.8
Operating grants and contributions	35.3	39.8	9.0	7.7	44.3	47.5
Capital grants and contributions	10.1	11.8	13.7	4.8	23.8	16.6
General revenues:						
Property taxes	214.3	227.7	-	-	214.3	227.7
Other taxes	135.8	139.8	-	-	135.8	139.8
Other	20.5	19.5	2.0	3.8	22.5	23.3
Total revenues	**462.2**	**482.2**	**313.8**	**324.5**	**776.0**	**806.7**
Expenses:						
General government	37.4	46.4	-	-	37.4	46.4
Community development services	22.9	20.1	-	-	22.9	20.1
Public works	50.7	58.2	-	-	50.7	58.2
Public safety	147.9	156.6	-	-	147.9	156.6
Leisure services	63.8	66.8	-	-	63.8	66.8
Economic development programs	4.9	7.0	-	-	4.9	7.0
Interest on long-term debt	18.7	20.9	-	-	18.7	20.9
Water and sewer	-	-	146.9	152.9	146.9	152.9
Convention center complex	-	-	33.9	34.7	33.9	34.7
Mass transit	-	-	37.9	38.2	37.9	38.2
Parking facilities	-	-	11.5	12.4	11.5	12.4
Solid waste services	-	-	28.4	32.3	28.4	32.3
Stormwater management	-	-	12.2	13.4	12.2	13.4
Total expenses	**346.3**	**376.0**	**270.8**	**283.9**	**617.1**	**659.9**
Increase in net position before transfers	115.9	106.2	43.0	40.6	158.9	146.8
Transfers in (out)	(54.8)	(51.1)	54.8	51.1	-	-
Gain on the sale of property	0.2	7.6	-	-	0.2	7.6
Increase in net position	61.3	62.7	97.8	91.7	159.1	154.4
Net position, beginning of year	955.8	986.2	992.0	1,081.7	1,947.8	2,067.9
Restatement	(30.9)	3.1	(8.1)	-	(39.0)	3.1
Net position, end of year	**$986.2**	**$1,052.0**	**$1,081.7**	**$1,173.4**	**$2,067.9**	**$2,225.4**

GOVERNMENTAL ACTIVITIES

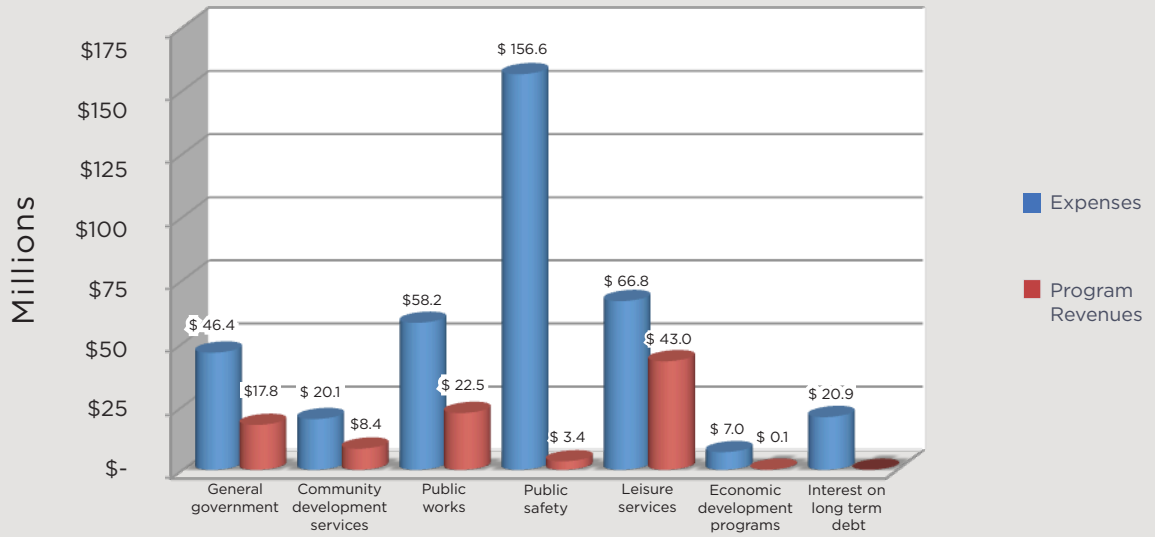
Revenues for the City's governmental activities were $482.2 million, while expenses were $376.0 million. The increase in net position for governmental activities (after transfers out of $51.1 million and the gain on the sale of property of $7.6 million) was $65.8 million, net of restatements in fiscal year 2015-16.



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

- The City received $387.0 million (or 80.3%) in general revenues from taxes and other revenues:
  - Property taxes - $227.7 million
  - Sales taxes - $88.9 million
  - Other taxes - $50.9 million
- General revenues are used to pay for the $280.8 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 inspection related fees, paid $43.6 million in charges for those services.
- Other governments and organizations subsidized certain City programs with grants and contributions totaling $51.6 million.
  - Support from various federal and state agencies – $26.1 million
  - Interlocal support from Wake County for debt service and other expenses on the convention center - $25.5 million
- The total cost of all governmental activities this year was $376.0 million. This cost was incurred in order to provide basic municipal services to the citizens of Raleigh. These services include, but are not limited to: public safety (police, fire, emergency communication), leisure services (parks, recreation and cultural resources), public works (street maintenance, transportation), general government (city attorney, finance, information technology) and others. The City's four largest governmental programs represent 80.2% of the total governmental activities:
  - Public safety – 41.6%
  - Leisure services – 17.8%
  - Public works - 15.5%
  - Community development – 5.3%

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



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

BUSINESS-TYPE ACTIVITIES

Revenues of the City's business-type activities were $324.5 million, and expenses were $283.9 million. The increase in net position for business-type activities (after transfers in of $51.1 million) was $91.7 million in 2016. The following table shows the total cost and net cost or revenue for these services.

Net Cost of Business-Type Activities

(in millions of dollars)

	Total Cost of Services		Net (Cost) Revenue of Services	
	2015	2016	2015	2016
Water and sewer	$146.9	$152.9	$71.0	$76.9
Convention center complex	33.9	34.7	(20.6)	(20.9)
Mass transit	37.9	38.2	(14.0)	(21.4)
Parking facilities	11.5	12.4	2.0	2.6
Solid waste services	28.4	32.3	(4.3)	(6.2)
Stormwater management	12.2	13.4	6.9	5.8
Total	**$270.8**	**$283.9**	**$41.0**	**$36.8**

Water and sewer operating revenue of $227.0 million reflects an increase of 6.8% from the prior year. The increase in revenue was largely the result of an increase in fees consistent with financial projection models and approved rate increases, as well as an increase in infrastructure fees. Operating expenses of $128.7 million increased 4.0% from 2014-15, which was consistent with expectations.

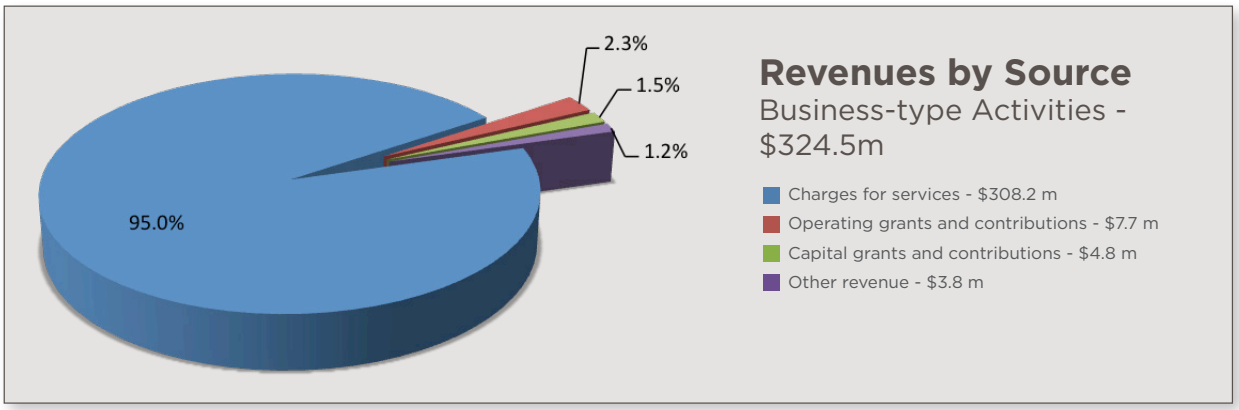
Convention Center Complex operations, including the Performing Arts venue, delivered $13.8 million of operating revenues in 2015-16, an increase of 3.8% over 2014-15. This increase was a result of continued positive event revenue as compared to the prior year. Operating expenses increased 1.1 million over the prior year. Overall, operations were consistent with expectations.

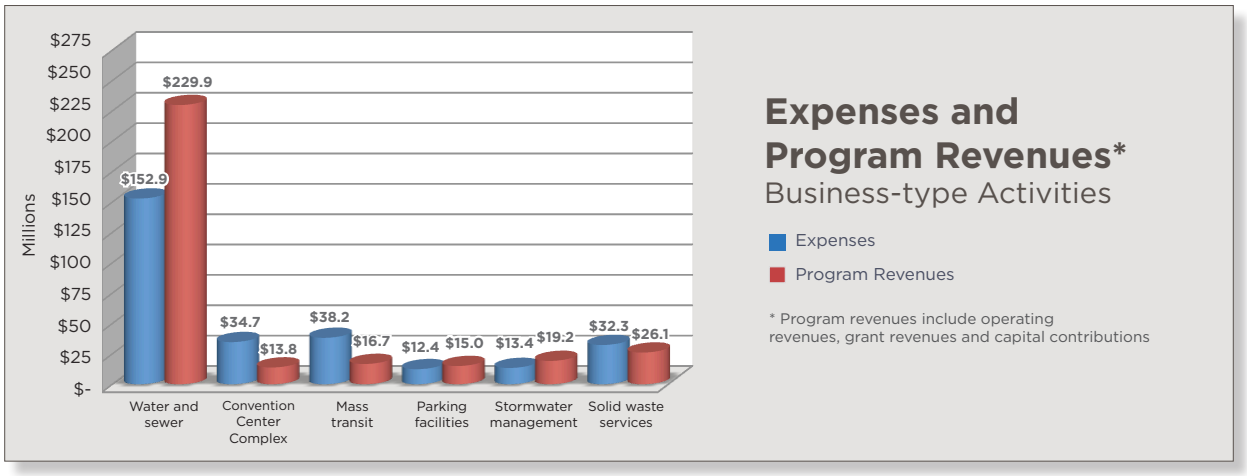
The parking facilities operations generated $14.9 million of revenues in 2015-16, an increase of 12.9% from 2014-15. This was driven by an increase in unreserved and reserved parking rates, as well as a flat $5 night and weekend parking fee that went into effect mid-year. Parking facilities receives a small subsidy from the general fund. Operating expenses increased 10.3% from the prior year. Parking operations met expectations.

Mass transit operating revenues of $7.1 million reflects a 2.7% decrease from the prior year. Operating expenses remained relatively flat as compared to prior year. The mass transit operations are subsidized by the general fund and at the federal and state level through grant funding.

Stormwater management operating revenues of $17.9 million in 2015-16 are 2.3% higher than in the prior year. Stormwater fees have been positively impacted by continued development and growth throughout the City. Operating expenses of $13.2 million increased 8.2% from 2014-15. Stormwater management results met expectations.

Solid Waste Services operating revenues of $25.6 million increased 6.2% from the prior year, due to an approved solid waste collection fee increase for 2015-16 that reduced the subsidy required of the general fund. Solid waste services operations are partially subsidized by the general fund. Operating expenses increased $3.4 million compared to 2014-15, which is in line with expectations.





FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the fiscal year, the City of Raleigh's governmental funds reported combined ending fund balances of $559.3 million, a decrease of $14.4 million or 2.5%, in comparison with the prior year. Classification of this fund balance is as follows:

- Approximately 13.9% is considered to be *nonspendable*, representing the City's investment in inventories and loans receivable.
- Approximately 17.3% is *restricted* to indicate that it is not available for new spending because it has already been restricted for:
    - State statute - $52.3 million
    - Debt service costs and encumbrances - $40.4 million
    - Federal program reserves - $3.1 million
    - Public safety - $1.1 million
- Approximately 53.1% constitutes *assigned* fund balance, which is available for spending at the government's discretion.
- Approximately 0.5% is *committed* fund balance, and represents the accumulated assets of the law enforcement officers' separation allowance plan.
- The remaining 15.2% of fund balance is *unassigned*, and represents the City's residual net resources.

Governmental Fund Balance Classification at June 30, 2016

(in millions of dollars)

	Major Funds				
	General Fund	Park Bond Fund	Nonmajor Governmental	Total Governmental	%
Nonspendable	$4.7	$ –	$72.9	$77.6	13.9%
Restricted:					
State statute	52.3	–	–	52.3	9.3%
Debt service	-	–	40.4	40.4	7.2%
Federal programs	3.1	–	–	3.1	0.6%
Public safety	-	–	1.1	1.1	0.2%
	55.4	–	41.5	96.9	17.3%
Committed	2.9	–	–	2.9	0.5%
Assigned	120.4	46.7	130.0	297.1	53.1%
Unassigned	84.8	–	–	84.8	15.2%
Total fund balance	**$268.2**	**$46.7**	**$244.4**	**$559.3**	**100.0%**

The general fund is the chief operating fund of the City. The fund balance of the general fund increased by $18.4 million during the current fiscal year. Revenues continue to show positive growth and were utilized for normal City programs, as well as continued investment in employees.

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 $84.8 million represents 17.4% of the 2016-17 general fund expenditure budget. Unassigned fund balance is the amount remaining after management's policy designations.

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

BUDGETARY HIGHLIGHTS

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

General Fund. General fund revenues recognized positive budget variances during 2015-16 with actual results coming in at $8.5 million above final budget. Revenue was positively impacted by continued improvement in both property tax and sales tax, two of the City's primary revenue streams. General fund expenditures came in well below budget, which resulted in a positive budget variance of $48.4 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, 2016, amounts to $2.9 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 $152.5 million, a 5.5% increase over prior year.

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

- Construction began and/or was completed for governmental activities including a variety of street, park and greenway projects. Total governmental projects completed and capitalized in fiscal year 2015-16 were $186.6 million. Examples include:
    - The New Communications Center was completed for a total capitalized cost of $66.4 million
    - The Central Operations Facility was completed for a total capitalized cost of $54.5 million
    - The Falls of Neuse Road Realignment and Widening project was completed for a total capitalized cost of $20.8 million
    - The Perry Creek Road Widening project was completed for a total capitalized cost of $9.4 million

    - Several other technology, streets, parks and miscellaneous projects were completed for a total capitalized cost of $35.5 million
- Governmental equipment acquisitions added $8.9 million to the City's rolling stock inventory
- Construction in progress for all governmental activities was $256.8 million
- Construction began and/or was completed on additional facilities for various enterprise operations. Total enterprise projects completed and capitalized in fiscal year 2015-16 amounted to $62.7 million. There were significant enterprise projects completed that attributed to the total including:
    - Neuse River East Parallel Interface - $7.1 million
    - Falls Lake Raw Water Pump Station Improvements - $6.7 million
    - Little Creek Wastewater Treatment Plant Expansion/Improvements - $6.6 million
    - Harps Mill & Haymarket Road Drainage - $4.1 million
    - Crabtree Valley Pump Station Improvements - $3.5 million
    - Lake Johnson Dam Upgrade - $2.1 million
    - Other enterprise projects were completed for a total capitalized cost of $32.6 million
- Enterprise equipment acquisitions added $8.7 million to the City's rolling stock inventory
- Construction in progress for all enterprise activities was $348.5 million
- Annexations added $1.1 million to streets for governmental activities and $1.3 million to water and sewer systems for the business-type activities

Capital Assets*

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Activities	
	2015	2016	2015	2016	2015	2016
Land	$149.8	$205.0	$81.2	$81.7	$231.0	$286.7
Construction in progress	347.2	256.8	316.1	348.5	663.3	605.3
Watershed protection rights	-	-	4.7	5.0	4.7	5.0
Buildings and machinery	57.6	175.8	301.3	292.0	358.9	467.8
Water and sewer systems	-	-	823.6	829.6	823.6	829.6
Streets and sidewalks	272.5	280.6	0.8	0.7	273.3	281.3
Parking decks	-	-	106.8	103.1	106.8	103.1
Buses	-	-	14.8	12.0	14.8	12.0
Equipment	25.4	26.9	23.2	25.2	48.6	52.1
Furniture and fixtures	0.1	-	-	-	0.1	-
Improvements	114.6	126.0	112.3	134.5	226.9	260.5
Enterprise-wide software	31.7	32.8	-	-	31.7	32.8
Total	**$998.9**	**$1,103.9**	**$1,784.8**	**$1,832.3**	**$2,783.7**	**$2,936.2**

* Amounts shown net of accumulated depreciation

Additional information on the City's capital assets can be found on pages 33 - 35 of the notes to the financial statements of this report.

Long-term debt. At the end of the current fiscal year, the City had total general obligation bonds outstanding of $304.3 million. The remainder of the City's debt represents revenue bonds ($617.4 million) and installment financing agreements ($670.0 million – installment notes, certificates of participation, limited obligation bonds, etc.) secured solely by specified revenue sources and property.

State statute limits the amount of general obligation debt a governmental entity may issue to 8.0% of the total assessed value of taxable property. The City's outstanding net debt of $1,139.7 million *(Legal Debt Margin Information statistical schedule)* is significantly less than the current debt limitation of $4,298.0 million.

Long-Term Debt

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Activities	
	2015	2016	2015	2016	2015	2016
General obligation bonds	$330.4	$303.9	$1.8	$0.4	$332.2	$304.3
Revenue bonds	-	-	646.4	617.4	646.4	617.4
Installment financing agreements	225.9	259.9	405.8	410.1	631.7	670.0
Total	**$556.3**	**$563.8**	**$1,054.0**	**$1,027.9**	**$1,610.3**	**$1,591.7**

Raleigh continues to benefit from outstanding credit ratings as evidenced by the aforementioned placements, earning the highest general obligation and revenue bond credit ratings and excellent certificate of participation and limited obligation bond ratings from all three major rating agencies.

Additional discussion concerning the outstanding debt of the City has already been addressed in the Financial Highlights section of this report. Further information on the City of Raleigh's long-term debt can be found in the notes to the financial statements on pages 39 – 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, 2016 continue to reflect positive trends in the local economy. The improvements in property tax, sales tax and certain growth related revenues are projected to continue for fiscal year 2016-17 and, combined with ongoing diligent management of City expenses, should result in the City again meeting our fund balance goals and maintaining our AAA/Aaa general credit ratings. Through these budget plans, City management and staff remain committed to providing Raleigh citizens a high quality of service at a reasonable cost.

Highlights of the City's budget for the 2016-17 fiscal year include the following:

- The 2016-17 combined budgets for operating and capital programs totals $859.0 million, representing a 3.0% overall increase over the 2015-16 combined budget.
- The adopted General Fund budget for 2016-17 of $466.3 million increased 7.2% over the prior year adopted budget.
    - The primary revenue source, property taxes, is budgeted at $242.9 million, an increase of $16.2 million, or 7.1% from 2015-16. This projection includes the results of the county property tax revaluation adjusted tax rate dedications of 1 cent for housing and 1 cent for the Dix property acquisition.
    - The 2016-17 budget for sales tax is $91.1 million, an increase of $4.4 million, or 5.0% from 2015-16.
- Consistent with the City's multi-year utility rate model, the budget for water and sewer charges increased 3.5% from $215.5 million to $223.1 million for the 2016-17 budget year. This increase is attributed to water and sewer rate adjustments.
- The 2016-17 capital budget includes new and/or continuing projects totaling $180.0 million, including projects for roads, parks, utilities and general public facilities.

REQUESTS FOR INFORMATION

This report is designed to provide readers with a full accountability of the City of Raleigh's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the:

Office of the Chief Financial Officer
City of Raleigh
PO Box 590
Raleigh, North Carolina 27602
(919) 996-4930

Basic Financial Statements

The Basic Financial Statements provide a dual perspective summary overview of the financial position and operating results of the government as a whole (government-wide financial statements) and of all funds (fund financial statements). They also serve as a condensed introduction to the more detailed statements and schedules that follow.

STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 446,997,791	$ 369,334,967	$ 816,332,758
Taxes receivable, net of allowance for uncollectibles of $9,254,404	274,472	-	274,472
Assessments receivable, net of allowance for uncollectibles of $244,415	773,466	1,185,905	1,959,371
Customer receivables, net of allowance for uncollectibles of $9,731,173	22,505	24,995,194	25,017,699
Due from transit management	-	871,315	871,315
Due from other governmental agencies	15,239,633	8,403,022	23,642,655
Accrued interest receivable	1,344,464	1,117,550	2,462,014
Other receivables and assets	8,514,791	1,676,408	10,191,199
Sales tax receivable	27,262,329	3,183,849	30,446,178
Internal balances	(3,636,104)	3,636,104	-
Inventories	4,903,374	9,545,969	14,449,343
Assets held for resale	11,625,378	-	11,625,378
Loans receivable, net of allowance $7,702,861	61,823,845	-	61,823,845
Cash and cash equivalents/investments - restricted deposits and bond proceeds	81,310,415	53,770,780	135,081,195
Net LEO asset	3,366,891	-	3,366,891
Capital assets:			
Land and construction in progress	461,867,906	435,007,774	896,875,680
Other capital assets, net of depreciation	642,071,297	1,397,306,279	2,039,377,576
Total assets	1,763,762,453	2,310,035,116	4,073,797,569
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized refunding charges	11,486,606	20,392,484	31,879,090
Contributions to pension plan	12,214,642	2,022,775	14,237,417
Accumulated decrease in fair value of hedging derivatives	-	87,248,859	87,248,859
Total deferred outflows of resources	23,701,248	109,664,118	133,365,366
LIABILITIES			
Accounts payable	17,340,411	20,595,604	37,936,015
Accrued salaries and employee payroll taxes	10,261,489	526,600	10,788,089
Accrued interest payable	5,010,870	10,106,110	15,116,980
Sales tax payable	-	61,786	61,786
Rehabilitation loans escrow	1,039,703	-	1,039,703
Due to other governmental agencies	-	524,501	524,501
Due to fiduciary funds	150,953	-	150,953
Other current liabilities	166,810	-	166,810
Escrow and other deposits payable from restricted assets	2,235,330	25,449,390	27,684,720
Reimbursable facility fees	7,056,868	-	7,056,868
Derivative instrument liability	-	87,248,859	87,248,859
Long-term liabilities:			
Due within one year	71,283,879	53,173,422	124,457,301
Due in more than one year	593,983,992	1,037,980,021	1,631,964,013
Net pension liability	12,552,338	4,306,294	16,858,632
Net OPEB pension liability	2,282,714	797,396	3,080,110
Total liabilities	723,365,357	1,240,769,983	1,964,135,340
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	4,981,426	2,856,147	7,837,573
Pension deferrals	7,050,368	2,656,962	9,707,330
Prepaid taxes and assessments	95,152	-	95,152
Total deferred inflows of resources	12,126,946	5,513,109	17,640,055
NET POSITION			
Net investment in capital assets	597,711,214	798,996,981	1,396,708,195
Restricted for:			
Capital projects	169,484,434	-	169,484,434
Community development projects	122,088,058	-	122,088,058
Stabilization by state statute	52,283,882	-	52,283,882
Federal programs	3,076,716	-	3,076,716
Unrestricted	107,327,094	374,419,161	481,746,255
Total net position	$ 1,051,971,398	$ 1,173,416,142	$ 2,225,387,540

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 46,407,537	$ 13,564,134	$ 4,257,478	$ -
Community development services	20,081,177	1,346,408	4,861,814	2,226,000
Public works	58,185,807	11,003,658	2,070,521	9,387,992
Public safety	156,680,303	458,101	2,890,583	-
Leisure services	66,794,996	17,186,883	25,595,238	229,102
Economic development programs	6,979,207	-	99,449	-
Interest on long-term debt	20,876,169	-	-	-
Total governmental activities	376,005,196	43,559,184	39,775,083	11,843,094
Business-type activities:				
Water and sewer	152,921,028	228,211,087	-	1,681,573
Convention center complex	34,702,482	13,784,548	-	-
Mass transit	38,179,696	7,117,697	7,685,351	1,942,973
Parking facilities	12,404,350	15,022,201	-	-
Solid waste services	32,329,619	26,104,137	-	-
Stormwater	13,345,749	17,938,660	-	1,210,796
Total business-type activities	283,882,924	308,178,330	7,685,351	4,835,342
Total City of Raleigh	$ 659,888,120	$ 351,737,514	$ 47,460,434	$ 16,678,436

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2016

	Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:			
General government	$ (28,585,925)	$ -	$ (28,585,925)
Community development services	(11,646,955)	-	(11,646,955)
Public works	(35,723,636)	-	(35,723,636)
Public safety	(153,331,619)	-	(153,331,619)
Leisure services	(23,783,773)	-	(23,783,773)
Economic development programs	(6,879,758)	-	(6,879,758)
Interest on long-term debt	(20,876,169)	-	(20,876,169)
Total governmental activities	(280,827,835)	-	(280,827,835)
Business-type activities:			
Water and sewer	-	76,971,632	76,971,632
Convention center complex	-	(20,917,934)	(20,917,934)
Mass transit	-	(21,433,675)	(21,433,675)
Parking facilities	-	2,617,851	2,617,851
Solid waste services	-	(6,225,482)	(6,225,482)
Stormwater	-	5,803,707	5,803,707
Total business-type activities	-	36,816,099	36,816,099
Total City of Raleigh	(280,827,835)	36,816,099	(244,011,736)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	227,722,939	-	227,722,939
Local sales tax	88,837,128	-	88,837,128
Franchise tax	29,310,381	-	29,310,381
Other taxes	21,526,342	-	21,526,342
Privilege license tax	93,080	-	93,080
Unrestricted investment earnings	3,256,638	3,824,203	7,080,841
Miscellaneous	16,293,285	-	16,293,285
Total general revenues not including transfers	387,039,793	3,824,203	390,863,996
Transfers	(51,071,553)	51,071,553	-
Gain on the sale of property	7,574,207	-	7,574,207
Total general revenues and transfers	343,542,447	54,895,756	398,438,203
Change in net position	62,714,612	91,711,855	154,426,467
Net position - beginning of year	986,179,614	1,081,704,287	2,067,883,901
Restatement, LEO separation allowance	3,077,172	-	3,077,172
Net position - end of year	$ 1,051,971,398	$ 1,173,416,142	$ 2,225,387,540

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Park Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 238,370,442	$ 12,443,462	$ 143,938,899	$ 394,752,803
Taxes receivable, net of allowance for uncollectibles of $9,254,404	274,473	-	-	274,473
Assessments receivable, net of allowance for uncollectibles of $175,553	321,061	-	452,405	773,466
Customer receivables	22,505	-	-	22,505
Due from other governmental agencies	2,607,880	63,281	11,011,135	13,682,296
Due from GoTriangle	-	-	1,557,337	1,557,337
Accrued interest receivable	922,488	-	421,976	1,344,464
Other receivables and assets	7,912,928	-	-	7,912,928
Sales tax receivable	24,965,515	95,723	1,706,663	26,767,901
Due from other funds	4,957,869	-	848,707	5,806,576
Inventories	4,232,332	-	-	4,232,332
Other assets	49,804	-	-	49,804
Loans receivable, net of allowance for uncollectibles of $7,709,061	529,623	-	61,294,222	61,823,845
Assets held for resale	-	-	11,625,378	11,625,378
Cash and cash equivalents /investments - restricted deposits and bond proceeds	113,502	34,630,278	42,615,919	77,359,699
Total assets	$ 285,280,422	$ 47,232,744	$ 275,472,641	$ 607,985,807
LIABILITIES				
Accounts payable	$ 4,455,624	$ 531,666	$ 11,650,159	$ 16,637,449
Accrued salaries and employee payroll taxes	2,091,561	-	29,884	2,121,445
Employee taxes and related withholdings	6,484,095	-	-	6,484,095
Sales tax payable	-	-	20,099	20,099
Loan servicing escrow	397,367	-	642,336	1,039,703
Other liabilities	1,650,290	-	5,659	1,655,949
Due to other funds	575,478	-	4,559,258	5,134,736
Reimbursable facility fees	422,274	-	6,634,594	7,056,868
Escrow and other deposits payable from restricted assets	-	-	2,235,330	2,235,330
Due to other governmental agencies	-	-	166,810	166,810
Total liabilities	16,076,689	531,666	25,944,129	42,552,484
DEFERRED INFLOWS OF RESOURCES				
Property tax receivable	274,473	-	-	274,473
Assessments receivable	321,061	-	452,405	773,466
Prepaid assessments	-	-	6,580	6,580
Prepaid taxes and facility fees	88,572	-	-	88,572
Unearned revenue	296,958	-	4,684,468	4,981,426
Total deferred inflows of resources	981,064	-	5,143,453	6,124,517
FUND BALANCES				
Nonspendable:				
Assets held for resale	-	-	11,625,378	11,625,378
Inventories	4,232,332	-	-	4,232,332
Loans receivable	529,623	-	61,294,222	61,823,845
Restricted:				
Stabilization by state statute	52,283,882	-	-	52,283,882
Debt service	-	-	40,429,226	40,429,226
Federal program reserves	3,076,716	-	-	3,076,716
Public safety	-	-	1,061,682	1,061,682
Committed:				
LEO	2,898,009	-	-	2,898,009
Assigned:				
Subsequent year's appropriation	17,787,454	46,224,500	64,497,565	128,509,519
Community development	890,420	-	10,043,269	10,933,689
City projects	482,035	476,578	53,375,488	54,334,101
Disaster recovery	-	-	2,058,229	2,058,229
Debt service	101,258,006	-	-	101,258,006
Unassigned	84,784,192	-	-	84,784,192
Total fund balances	268,222,669	46,701,078	244,385,059	559,308,806
Total liabilities, deferred inflows of resources and fund balances	$ 285,280,422	$ 47,232,744	$ 275,472,641	$ 607,985,807

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, 2016

Total *fund balances* for governmental funds			$	559,308,806
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 - $461,867,906 capital assets being depreciated, net - $619,619,102).				1,081,487,008
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.				1,084,177
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.				11,486,606
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.				29,118,870
Taxes receivable - $274,472, and assessments receivable - $773,466, will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.				1,047,938
Deferred outflows of resources related to pensions are not reported in the funds				12,214,642
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. See below for detail regarding these liabilities.				
General obligation Bonds - long-term, net of issuance premium	$	(351,862,628)		
Installment Financing Agreements - long-term, net of unamortized refunding charges and issuance premium		(248,358,947)		
Earned Vacation Pay		(19,165,608)		
Net pension liability		(12,552,338)		
Accrued Interest Payable		(5,010,870)		
	$	(636,950,391)		(636,950,391)
Deferred inflows of resources related to pensions are not reported in the funds				(6,826,258)
Net position of governmental activities			$	1,051,971,398

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, 2016

	General Fund	Park Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Ad valorem taxes	$ 227,933,522	$ -	$ -	$ 227,933,522
Intergovernmental	49,430,941	63,281	45,345,488	94,839,710
Non-governmental	-	-	2,658	2,658
Assessments	-	-	1,293,692	1,293,692
Local sales tax	88,837,128	-	-	88,837,128
Licenses	14,772,255	-	-	14,772,255
Gain (loss) on investments	2,910,876	77,421	1,625,638	4,613,935
Inspections fees	12,757,022	-	-	12,757,022
Highway maintenance refunds	857,298	-	-	857,298
Facility fees	-	-	9,891,183	9,891,183
Other fees and charges	16,087,230	-	-	16,087,230
Rents	388,626	-	330,525	719,151
Program income	79,244	-	822,910	902,154
Other revenues	2,666,165	219,044	101,919	2,987,128
Total revenues	416,720,307	359,746	59,414,013	476,494,066
EXPENDITURES				
Current:				
General government	40,497,325	-	5,593,120	46,090,445
Community development services	16,712,559	-	3,239,193	19,951,752
Public works	24,091,448	-	51,583,681	75,675,129
Public safety	151,284,210	-	37,554,750	188,838,960
Leisure services	56,305,414	56,578,179	5,151,847	118,035,440
Economic development programs	5,972,166	-	1,007,041	6,979,207
Debt service:				
Principal	34,399,797	-	-	34,399,797
Interest	21,361,987	-	-	21,361,987
Other debt service expenditures	745,493	-	-	745,493
Total expenditures	351,370,399	56,578,179	104,129,632	512,078,210
Excess (deficiency) of revenues over (under) expenditures	65,349,908	(56,218,433)	(44,715,619)	(35,584,144)
OTHER FINANCING SOURCES (USES)				
Transfers in	8,201,233	531,559	31,605,434	40,338,226
Transfers out	(58,908,035)	-	(32,081,991)	(90,990,026)
Bonds issuance	675,477	52,000,000	8,216,594	60,892,071
Premium on bonds issued	-	-	335,207	335,207
Refunding note issuance	40,019,598	-	-	40,019,598
Refunding bonds issuance	118,105,000	-	-	118,105,000
Payment to refunded bond escrow agent	(158,124,598)	-	-	(158,124,598)
Proceeds from sale of property	-	-	7,574,207	7,574,207
Total other financing sources (uses)	(50,031,325)	52,531,559	15,649,451	18,149,685
Net change in fund balances	15,318,583	(3,686,874)	(29,066,168)	(17,434,459)
Fund balances, beginning of year	249,826,914	50,387,952	273,451,227	573,666,093
Restatement, LEO separation allowance	3,077,172	-	-	3,077,172
Fund balances, restated	252,904,086	50,387,952	273,451,227	576,743,265
Fund balances, end of year	$ 268,222,669	$ 46,701,078	$ 244,385,059	$ 559,308,806

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, 2016

Net change in *fund balances* - total governmental funds		$ (17,434,459)
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 $149,711,699 exceeded depreciation $44,797,108 in the current period.		104,914,591
Net change in pension assets/liabilities		582,238
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Annexations - $1,116,484; Property taxes - ($210,583); Assessments - $12,174 and loss on sale of assets-($1,520,020).		(601,945)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Debt issued or incurred:		
General obligation bonds issued	$ 6,026,841	
Installment financing	55,200,437	
Bond Refunding:		
Face amount of new debt	158,124,598	
Payment to Escrow Agent	(158,124,598)	
Principal repayments:		
General obligation debt	(22,419,502)	
Installment financing	(11,980,295)	
Net adjustment	$ 26,827,481	(26,827,481)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Change in earned vacation pay -($429,786), and change in accrued interest expense - ($54,951) and net pension expense $4,798,470.		4,313,735
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.		1,559,479
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.		(3,791,546)
Change in net position of governmental activities		$ 62,714,612

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, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes	$ 226,696,250	$ 226,696,250	$ 227,933,522	$ 1,237,272
Intergovernmental	44,815,749	44,815,749	49,430,941	4,615,192
Local sales tax	86,713,000	86,713,000	88,837,128	2,124,128
Licenses	14,535,612	14,535,612	14,772,255	236,643
Gain (loss) on investments	1,859,354	2,654,128	2,910,876	256,748
Inspection fees	13,645,600	13,645,600	12,757,022	(888,578)
Highway maintenance refunds	1,100,000	1,100,000	857,298	(242,702)
Parks and recreation fees	5,722,360	5,722,360	5,684,403	(37,957)
Other fees and charges	10,154,755	10,192,520	10,402,827	210,307
Other revenues	2,110,604	2,140,339	3,134,035	993,696
Total revenues	407,353,284	408,215,558	416,720,307	8,504,749
EXPENDITURES				
General government:				
City council	314,691	363,491	300,822	62,669
City clerk	545,785	608,621	462,508	146,113
City attorney	3,236,909	3,400,728	3,145,850	254,878
Special appropriations	16,601,701	16,273,552	15,736,380	537,172
Agency appropriations	4,107,863	4,695,323	3,961,243	734,080
City manager	2,899,696	2,917,800	2,639,866	277,934
Public affairs office	2,445,840	2,538,740	2,175,958	362,782
Human resources	4,233,203	4,561,373	3,908,371	653,002
Administrative service	1,390,153	1,419,985	1,473,665	(53,680)
Finance	6,073,610	7,506,318	6,535,830	970,488
Information technology	17,686,183	19,125,304	16,600,598	2,524,706
Total general government	59,535,634	63,411,235	56,941,091	6,470,144
Community development services:				
Planning	5,463,994	5,471,606	4,792,128	679,478
Inspections	8,842,005	8,909,823	8,089,879	819,944
Community services	2,811,527	4,167,106	3,830,552	336,554
Economic development	6,102,138	6,708,062	5,972,166	735,896
Total community development services	23,219,664	25,256,597	22,684,725	2,571,872
Public works:				
Central engineering	16,043,596	16,178,136	14,802,763	1,375,373
Transportation	14,909,006	15,109,232	14,769,940	339,292
Total public works	30,952,602	31,287,368	29,572,703	1,714,665
Public safety:				
Emergency communications center	8,121,732	8,265,374	7,043,837	1,221,537
Police	93,610,774	95,838,092	89,370,221	6,467,871
Fire	55,945,985	56,958,302	54,870,152	2,088,150
Total public safety	157,678,491	161,061,768	151,284,210	9,777,558

Continued

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
Leisure services:				
Parks and recreation	$ 54,435,874	$ 56,887,124	$ 51,500,891	$ 5,386,233
Walnut Creek Amphitheatre	194,625	195,248	165,873	29,375
Continuing recreation activities	7,822,627	8,304,665	4,638,650	3,666,015
Total leisure services	62,453,126	65,387,037	56,305,414	9,081,623
Debt service:				
Principal and interest	73,607,927	73,607,927	55,761,784	17,846,143
Other debt service expenditures	1,285,000	2,118,886	745,493	1,373,393
Total debt service	74,892,927	75,726,813	56,507,277	19,219,536
Total expenditures before charge-out	408,732,444	422,130,818	373,295,420	48,835,398
Less: administrative costs charged to other funds	22,400,999	22,400,999	21,925,021	475,978
Total expenditures	386,331,445	399,729,819	351,370,399	48,359,420
Excess (deficiency) of revenues over expenditures	21,021,839	8,485,739	65,349,908	56,864,169
OTHER FINANCING SOURCES (USES)				
Transfers in	8,229,917	8,229,917	8,201,233	(28,684)
Transfers out	(54,865,942)	(61,632,534)	(58,908,035)	2,724,499
Refunding bond issued	-	-	675,477	675,477
Total other financing sources (uses)	(46,636,025)	(53,402,617)	(50,031,325)	3,371,292
Net changes in fund balance	$ (25,614,186)	$ (44,916,878)	15,318,583	$ 60,235,461
Fund balance appropriated	$ 25,614,186	$ 44,916,878		
Fund balance, beginning of year			249,826,914	
Restatement, LEO separation allowance			3,077,172	
Fund balance, restated			252,904,086	
Fund balance, end of year			$ 268,222,669	

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

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - PARK BOND FUND
For the Fiscal Year Ended June 30, 2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	$ 607,031	$ 63,281	$ 670,312	$ 925,000	$ (254,688)
North Carolina Department of Environment and Natural Resources	-	-	-	200,000	(200,000)
Other local sources	50,000	-	50,000	50,000	-
Gain (loss) on investments	-	77,421	77,421	-	77,421
Miscellaneous other	-	219,044	219,044	-	219,044
Total revenues	657,031	359,746	1,016,777	1,175,000	(158,223)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	531,559	531,559	531,559	-
Issuance of debt	46,055,006	52,000,000	98,055,006	116,205,006	(18,150,000)
Premium on issuance of debt	2,094,501	-	2,094,501	2,094,501	-
Total other financing sources	48,149,507	52,531,559	100,681,066	118,831,066	(18,150,000)
Total revenues and other financing sources	$ 48,806,538	$ 52,891,305	$ 101,697,843	120,006,066	$ (18,308,223)
Fund balance appropriated				53,480,490	
				$ 173,486,556	
EXPENDITURES					
Leisure services	$ 74,163,976	$ 56,578,179	$ 130,742,155	$ 173,486,556	$ (42,744,401)

LEFT BLANK INTENTIONALLY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
ASSETS				
Current assets:				
Cash and cash equivalents	$ 295,928,121	$ 13,116,077	$ 1,776,848	$ 40,530,800
Customer receivables, net of allowance for uncollectibles of $9,731,173	21,479,899	-	-	1,153,840
Assessments receivable, net of allowance for uncollectibles of $68,861	1,185,905	-	-	-
Due from transit management	-	-	871,315	-
Due from other governmental agencies	3,279,027	-	2,858,939	1,470,467
Due from other funds	101,738	1,120,426	-	471
Accrued interest receivable	893,423	36,386	-	162,726
Other receivables and assets	1,109,649	562,369	-	3,938
Sales tax receivable	2,332,795	380,030	89,716	17,732
Inventories	8,771,174	-	774,795	-
Insurance deposit	-	-	-	-
Total current assets	335,081,731	15,215,288	6,371,613	43,339,974
Noncurrent assets:				
Restricted cash and cash equivalents	30,313,805	5,529,786	50,305	10,896,417
Capital assets:				
Land and improvements	41,434,589	20,829,848	3,994,684	5,119,762
Construction in progress	303,908,877	17,350,336	2,428,717	19,609,636
Watershed protection rights	4,756,459	-	-	-
Water and sewer systems	1,208,427,008	-	-	-
Buildings and machinery	88,737,597	271,091,201	28,102,339	-
Parking decks	-	-	-	-
Buses	-	-	36,304,782	-
Equipment	21,457,260	2,354,857	2,819,244	996,010
Furniture and fixtures	61,921	2,511,265	50,046	-
Improvements	142,832,227	29,259,613	1,787,426	41,002,842
Less accumulated depreciation	(490,679,030)	(88,531,286)	(33,454,956)	(11,688,051)
Total noncurrent assets	1,351,250,713	260,395,620	42,082,587	65,936,616
Total assets	1,686,332,444	275,610,908	48,454,200	109,276,590
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized bond refunding charges	19,197,970	78,904	-	-
Contributions to pension plan	1,222,021	200,200	31,062	107,800
Accumulated decrease in fair value of hedging derivatives	38,205,151	49,043,708	-	-
Total deferred outflows of resources	58,625,142	49,322,812	31,062	107,800

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

Continued

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Enterprise Funds			
	Parking Fund	Solid Waste Services Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$ 7,403,577	$ 7,842,320	$ 366,597,743	$ 54,982,212
Customer receivables, net of allowance for uncollectibles of $9,731,173	995,088	1,366,367	24,995,194	-
Assessments receivable, net of allowance for uncollectibles of $68,861	-	-	1,185,905	-
Due from transit management	-	-	871,315	-
Due from other governmental agencies	-	794,589	8,403,022	-
Due from other funds	-	-	1,222,635	14,200
Accrued interest receivable	25,015	-	1,117,550	152,059
Other receivables and assets	452	-	1,676,408	-
Sales tax receivable	30,687	96,328	2,947,288	730,989
Inventories	-	-	9,545,969	671,042
Insurance deposit	-	-	-	400,000
Total current assets	8,454,819	10,099,604	418,563,029	56,950,502
Noncurrent assets:				
Restricted cash and cash equivalents	84,508	-	46,874,821	10,846,675
Capital assets:				
Land and improvements	7,414,706	2,952,033	81,745,622	-
Construction in progress	5,208,127	-	348,505,693	-
Watershed protection rights	-	-	4,756,459	-
Water and sewer systems	-	-	1,208,427,008	-
Buildings and machinery	-	15,648,174	403,579,311	230,912
Parking decks	146,120,540	-	146,120,540	-
Buses	-	-	36,304,782	-
Equipment	213,095	472,074	28,312,540	137,114,962
Furniture and fixtures	51,382	133,350	2,807,964	-
Improvements	1,972,311	7,241,743	224,096,162	-
Less accumulated depreciation	(43,503,522)	(5,371,147)	(673,227,992)	(94,007,715)
Total noncurrent assets	117,561,147	21,076,227	1,858,302,910	54,184,834
Total assets	126,015,966	31,175,831	2,276,865,939	111,135,336
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized bond refunding charges	753,794	361,816	20,392,484	-
Contributions to pension plan	72,318	389,374	2,022,775	159,775
Accumulated decrease in fair value of hedging derivatives	-	-	87,248,859	-
Total deferred outflows of resources	826,112	751,190	109,664,118	159,775

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

Continued

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
LIABILITIES				
Current liabilities:				
Accounts payable	$ 15,361,212	$ 2,559,580	$ 893,838	$ 524,264
Sales tax payable	15,274	14,457	1,519	-
Accrued salaries and employee payroll taxes	311,848	77,600	4,723	31,298
Accrued interest payable	6,410,039	3,139,743	-	-
Claims payable and other liabilities	-	1,105	-	-
Due to other funds	-	324,817	1,618,402	115,938
Due to other governmental agencies	-	-	-	-
Landfill postclosure liability	-	-	-	-
Earned vacation pay	1,823,505	314,379	26,026	186,925
Bonds, notes and loans payable, net of unamortized premiums and discounts	25,504,569	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	1,979,074	9,003,824	-	101,738
Total current liabilities	51,405,521	15,435,505	2,544,508	960,163
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	638,672,254	-	-	-
Contracts and other notes payable, net of unamortized premiums and discounts	51,482,523	238,678,303	-	1,729,538
Landfill postclosure liability	-	-	-	-
Escrow and other deposits payable from restricted assets	14,133,190	369,478	50,305	10,896,417
Derivative instrument liability	38,205,151	49,043,708	-	-
Earned vacation pay	923,713	343,482	22,160	82,463
Net pension liability	2,607,293	405,552	84,891	218,374
Net OPEB pension liability	482,284	76,929	14,054	41,423
Total noncurrent liabilities	746,506,408	288,917,452	171,410	12,968,215
Total liabilities	797,911,929	304,352,957	2,715,918	13,928,378
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	42,876	16,392	2,796,879	-
Pension deferrals	1,600,204	280,813	24,590	151,207
Total deferred inflows of resources	1,643,080	297,205	2,821,469	151,207
NET POSITION				
Net investment in capital assets	638,677,073	12,422,919	42,032,282	53,208,923
Unrestricted	306,725,504	7,860,639	915,593	42,095,882
Total net position	$ 945,402,577	$ 20,283,558	$ 42,947,875	$ 95,304,805

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

Continued

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Enterprise Funds			
	Parking Fund	Solid Waste Services Fund	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	$ 61,939	$ 499,204	$ 19,900,037	$ 1,294,093
Sales tax payable	46	2,899	34,195	47,890
Accrued salaries and employee payroll taxes	13,190	87,941	526,600	34,140
Accrued interest payable	429,919	96,783	10,076,484	57,094
Claims payable and other liabilities	-	-	1,105	9,420,831
Due to other funds	-	-	2,059,157	471
Due to other governmental agencies	-	524,501	524,501	-
Landfill postclosure liability	-	540,850	540,850	-
Earned vacation pay	91,815	535,766	2,978,416	-
Bonds, notes and loans payable, net of unamortized premiums and discounts	298,173	-	25,802,742	13,296,157
Contracts and other notes payable, net of unamortized premiums and discounts	3,805,281	1,463,206	16,353,123	-
Total current liabilities	4,700,363	3,751,150	78,797,210	24,150,676
Noncurrent liabilities:				
Claims payable and other liabilities	-	-	-	18,450,595
Bonds, notes and loans payable, net of unamortized premiums and discounts	-	-	638,672,254	25,768,207
Contracts and other notes payable, net of unamortized premiums and discounts	72,903,598	14,998,360	379,792,322	-
Landfill postclosure liability	-	3,896,745	3,896,745	-
Escrow and other deposits payable from restricted assets	-	-	25,449,390	-
Derivative instrument liability	-	-	87,248,859	-
Earned vacation pay	18,286	315,277	1,705,381	355,827
Net pension liability	157,482	832,702	4,306,294	323,661
Net OPEB pension liability	28,848	153,858	797,396	-
Total noncurrent liabilities	73,108,214	20,196,942	1,141,868,641	44,898,290
Total liabilities	77,808,577	23,948,092	1,220,665,851	69,048,966
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	-	-	2,856,147	-
Pension deferrals	91,948	508,200	2,656,962	224,111
Total deferred inflows of resources	91,948	508,200	5,513,109	224,111
NET POSITION				
Net investment in capital assets	41,307,889	4,976,477	792,625,563	15,120,471
Unrestricted	7,633,664	2,494,252	367,725,534	26,901,563
Total net position	$ 48,941,553	$ 7,470,729	$ 1,160,351,097	$ 42,022,034

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	13,065,045
Net position of business-type activities	$ 1,173,416,142

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, 2016

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
Operating revenues				
User charges	$ 219,842,310	$ 13,766,370	$ 6,874,246	$ 17,829,638
Charges for services - internal	-	-	-	-
Other	7,153,975	18,178	242,984	109,022
Drug rebate	-	-	-	-
Total operating revenues	226,996,285	13,784,548	7,117,230	17,938,660
Operating expenses				
Personnel services	-	8,528,890	701,724	4,249,119
Other facility operating costs	-	8,832,222	8,752,035	6,823,903
Operational expenses	-	-	-	-
Administration	9,634,152	-	-	-
Water supply and treatment	27,928,220	-	-	-
Sewer system and treatment	20,871,828	-	-	-
Warehousing, maintenance and construction	16,669,275	-	-	-
Utility billing	5,926,932	-	-	-
Other services	3,956,179	-	-	-
Non-departmental charges	8,886,751	-	-	-
Management contract charges	-	-	24,989,504	-
Claims	-	-	-	-
Premiums	-	-	-	-
Depreciation	34,822,233	8,215,751	3,724,582	2,118,660
Other	-	-	-	-
Total operating expenses	128,695,570	25,576,863	38,167,845	13,191,682
Operating income (loss)	98,300,715	(11,792,315)	(31,050,615)	4,746,978
Nonoperating revenue (expense)				
Gain (loss) on investments	3,036,029	135,671	-	537,907
Subsidy income - federal and state	-	-	7,685,351	-
Recovery of claims	-	-	-	-
Other revenues	600,130	-	-	-
Interest expense	(22,227,256)	(7,788,151)	-	-
Gain (loss) on sale of capital assets	614,672	-	467	-
Miscellaneous expense	(2,417,249)	(1,224,881)	-	-
Total nonoperating revenue (expense)	(20,393,674)	(8,877,361)	7,685,818	537,907
Income (loss) before contributions, transfers and special items	77,907,041	(20,669,676)	(23,364,797)	5,284,885
Capital contributions	1,681,573	-	1,942,973	1,210,796
Transfers in	331,360	22,883,546	20,075,542	18,326
Transfers out	(1,709,278)	(257,694)	(241,164)	(180,232)
Change in net position	78,210,696	1,956,176	(1,587,446)	6,333,775
Net position, beginning of year	867,191,881	18,327,382	44,535,321	88,971,030
Net position, end of year	$ 945,402,577	$ 20,283,558	$ 42,947,875	$ 95,304,805

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, 2016

	Enterprise Funds			
Operating revenues	**Parking Fund**	**Solid Waste Services Fund**	**Total**	**Internal Service Funds**
User charges	$ 14,880,729	$ 25,507,144	$ 298,700,437	$ -
Charges for services - internal	-	-	-	74,069,594
Other	29,074	55,585	7,608,818	153,137
Drug rebate	-	-	-	349
Total operating revenues	14,909,803	25,562,729	306,309,255	74,223,080
Operating expenses				
Personnel services	1,822,756	11,640,911	26,943,400	4,747,160
Other facility operating costs	5,265,726	20,519,065	50,192,951	8,029,820
Operational expenses	-	-	-	4,204,670
Administration	-	-	9,634,152	-
Water supply and treatment	-	-	27,928,220	-
Sewer system and treatment	-	-	20,871,828	-
Warehousing, maintenance and construction	-	-	16,669,275	-
Utility billing	-	-	5,926,932	-
Other services	-	-	3,956,179	-
Non-departmental charges	-	-	8,886,751	-
Management contract charges	-	-	24,989,504	-
Claims	-	-	-	46,633,832
Premiums	-	-	-	1,611,462
Depreciation	3,624,330	759,525	53,265,081	11,769,441
Other	-	-	-	273,257
Total operating expenses	10,712,812	32,919,501	249,264,273	77,269,642
Operating income (loss)	4,196,991	(7,356,772)	57,044,982	(3,046,562)
Nonoperating revenue (expense)				
Gain (loss) on investments	83,932	-	3,793,539	376,426
Subsidy income - federal and state	-	-	7,685,351	-
Recovery of claims	-	-	-	235,438
Other revenues	-	521,513	1,121,643	-
Interest expense	(1,650,058)	(581,028)	(32,246,493)	(588,611)
Gain (loss) on sale of capital assets	112,398	19,895	747,432	954,583
Miscellaneous expense	-	-	(3,642,130)	-
Total nonoperating revenue (expense)	(1,453,728)	(39,620)	(22,540,658)	977,836
Income (loss) before contributions, transfers and special items	2,743,263	(7,396,392)	34,504,324	(2,068,726)
Capital contributions	-	-	4,835,342	-
Transfers in	517,440	10,003,868	53,830,082	154,200
Transfers out	(159,719)	(210,442)	(2,758,529)	(573,953)
Change in net position	3,100,984	2,397,034	90,411,219	(2,488,479)
Net position, beginning of year	45,840,569	5,073,695		44,510,513
Net position, end of year	$ 48,941,553	$ 7,470,729		$ 42,022,034
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			1,300,636	
Change in net position of business-type activities			$ 91,711,855	

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, 2016

	Enterprise Funds			
	Water and Sewer Fund	Convention Center Complex Fund	Mass Transit Fund	Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 226,594,716	$ 13,852,100	$ 6,874,246	17,806,285
Payments to employees	(41,473,951)	(8,548,384)	(702,462)	(4,232,348)
Payments to suppliers and service providers	(53,132,462)	(7,595,973)	(33,817,900)	(7,187,411)
Claims paid	-	-	-	-
Premiums paid	-	-	-	-
Other receipts	600,130	18,178	242,984	109,022
Other payments	-	(1,224,881)	-	-
Net cash provided by (used in) operating activities	132,588,433	(3,498,960)	(27,403,132)	6,495,548
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers from other funds	331,360	22,883,546	20,075,542	18,326
Operating subsidies and transfers to other funds	(1,709,278)	(257,694)	(241,164)	(180,232)
Operating grants received	-	-	2,627,581	-
Other expenditures	-		-	-
Internal activity - payments from (to) other funds	-	(1,129,340)	1,618,402	13,729
Net cash provided by (used in) noncapital financing activities	(1,377,918)	21,496,512	24,080,361	(148,177)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	(62,451,982)	(11,239,543)	(2,428,717)	(5,244,780)
Capital grants and other capital contributions	1,915,194	-	9,242,903	232,734
Proceeds from capital debt	68,478,073	13,002,909	-	-
Intergovernmental proceeds for capital debt	-	-	-	-
Principal paid on capital debt	(81,978,885)	(7,695,000)	-	(101,738)
Interest paid on capital debt	(22,420,459)	(7,928,619)	-	-
Other debt related payments	(2,417,249)	-	-	-
Proceeds from the sale of capital assets	614,672	-	467	-
Escrow deposits	(287,513)	-	-	1,608,689
Net cash provided by (used in) capital and related financing activities	(98,548,149)	(13,860,253)	6,814,653	(3,505,095)
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	2,585,645	115,807	-	470,183
Net cash provided by investing activities	2,585,645	115,807	-	470,183
Net increase (decrease) in cash and cash equivalents	35,248,011	4,253,106	3,491,882	3,312,459
Cash and cash equivalents - beginning of year	290,993,915	14,392,757	(1,664,729)	48,114,758
Cash and cash equivalents - end of year	$ 326,241,926	$ 18,645,863	$ 1,827,153	$ 51,427,217
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ 98,300,715	$ (11,792,315)	$ (31,050,615)	$ 4,746,978
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	34,822,233	8,215,751	3,724,582	2,118,660
Miscellaneous nonoperating income	600,130	-	-	-
Miscellaneous nonoperating expense	-	(1,224,881)	-	-
Change in assets and liabilities:				
Operating receivables	410,326	(147,952)	(594,509)	(23,353)
Sales tax receivable	90,727	(124,773)	76,315	9,144
Inventories	(133,509)	-	(109,345)	-
Other receivables and assets	(747,602)	-	-	(3,938)
Accounts payable and other accrued liabilities	(535,367)	1,508,972	551,178	(368,715)
Landfill postclosure liability	-	-	-	-
Decrease in pension asset	3,455,844	561,575	91,796	302,386
(Increase) decrease in deferred outflows of resources - pensions	542,293	86,501	15,803	46,578
Increase (decrease) in deferred inflows of resources - pensions	(6,947,891)	(1,108,252)	(202,469)	(596,751)
Increase in pension liability	2,607,293	405,552	84,891	218,374
Escrow and other deposits	-	79,644	-	-
Earned vacation pay and other payroll liabilities	187,534	35,132	9,241	46,185
Unearned revenue	(64,293)	6,086	-	-
Total adjustments	34,287,718	8,293,355	3,647,483	1,748,570
Net cash provided by (used in) operating activities	$ 132,588,433	$ (3,498,960)	$ (27,403,132)	$ 6,495,548
Noncash investing, capital, and financing activities:				
Capital contributions from annexations and mergers	$ 1,278,008	$ -	$ -	$ -
Capital contributions from grant and assessment receivables	$ (1,511,629)	$ -	$ -	$ -
Acquisition and construction of capital assets	$ 6,779,370	$ -	$ -	$ -

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, 2016

	Enterprise Funds			
	Parking Fund	Solid Waste Services Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 14,605,387	$ 25,437,908	$ 305,170,642	$ 74,069,594
Payments to employees	(1,841,413)	(11,673,873)	(68,472,431)	(4,705,394)
Payments to suppliers and service providers	(5,268,976)	(19,311,300)	(126,314,022)	(12,117,288)
Claims paid	-	-	-	(42,768,706)
Premiums paid	-	-	-	(1,611,462)
Other receipts	29,074	55,585	1,054,973	388,924
Other payments	-	-	(1,224,881)	(273,257)
Net cash provided by (used in) operating activities	7,524,072	(5,491,680)	110,214,281	12,982,411
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers from other funds	517,440	10,003,868	53,830,082	154,200
Operating subsidies and transfers to other funds	(159,719)	(210,442)	(2,758,529)	(573,953)
Operating grants received	-	-	2,627,581	-
Other expenditures		-	-	-
Internal activity - payments from (to) other funds	-	-	502,791	(13,729)
Net cash provided by (used in) noncapital financing activities	357,721	9,793,426	54,201,925	(433,482)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	(3,681,568)	(55,716)	(85,102,306)	(14,689,895)
Capital grants and other capital contributions	-	-	11,390,831	-
Proceeds from capital debt	13,200,000	5,607,384	100,288,366	-
Intergovernmental proceeds for capital debt	-	521,513	521,513	-
Principal paid on capital debt	(17,135,114)	(6,912,090)	(113,822,827)	(15,690,957)
Interest paid on capital debt	(1,811,964)	(697,787)	(32,858,829)	(535,050)
Other debt related payments	-	-	(2,417,249)	-
Proceeds from the sale of capital assets	738,632	19,895	1,373,666	954,583
Escrow deposits	-	-	1,321,176	-
Net cash provided by (used in) capital and related financing activities	(8,690,014)	(1,516,801)	(119,305,659)	(29,961,319)
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	72,685	-	3,244,320	315,669
Net cash provided by investing activities	72,685	-	3,244,320	315,669
Net increase (decrease) in cash and cash equivalents	(735,536)	2,784,945	48,354,867	(17,096,721)
Cash and cash equivalents - beginning of year	8,223,621	5,057,375	365,117,697	82,925,608
Cash and cash equivalents - end of year	$ 7,488,085	$ 7,842,320	$ 413,472,564	$ 65,828,887
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ 4,196,991	$ (7,356,772)	$ 57,044,982	$ (3,046,562)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	3,624,330	759,525	53,265,081	11,769,441
Miscellaneous nonoperating income	-	-	600,130	235,438
Miscellaneous nonoperating expense	-	-	(1,224,881)	-
Change in assets and liabilities:				
Operating receivables	(274,890)	30,434	(599,944)	-
Sales tax receivable	17,893	(41,305)	28,001	108,446
Inventories	-	-	(242,854)	84,914
Other receivables and assets	(452)	(99,670)	(851,662)	-
Accounts payable and other accrued liabilities	(21,143)	424,652	1,559,577	3,829,412
Landfill postclosure liability	-	824,418	824,418	-
Decrease in pension asset	205,191	1,101,550	5,718,342	448,180
(Increase) decrease in deferred outflows of resources - pensions	32,438	173,001	896,614	69,034
Increase (decrease) in deferred inflows of resources - pensions	(415,595)	(2,216,505)	(11,487,463)	(884,470)
Increase in pension liability	157,482	832,702	4,306,294	323,661
Escrow and other deposits	-	-	79,644	-
Earned vacation pay and other payroll liabilities	1,827	76,290	356,209	44,917
Unearned revenue	-	-	(58,207)	-
Total adjustments	3,327,081	1,865,092	53,169,299	16,028,973
Net cash provided by (used in) operating activities	$ 7,524,072	$ (5,491,680)	$ 110,214,281	$ 12,982,411
Noncash investing, capital, and financing activities:				
Capital contributions from annexations and mergers	$ -	$ -	$ 1,278,008	$ -
Capital contributions from grant and assessment receivables	$ -	$ -	$ (1,511,629)	$ -
Acquisition and construction of capital assets	$ -	$ -	$ 6,779,370	$ -

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016

		Pension Trust Funds
ASSETS		
Cash and cash equivalents	$	80,335,494
Accrued interest receivable		927
Due from other funds		150,955
Total assets		80,487,376
LIABILITIES		
Claims payable		1,120,168
Total liabilities		1,120,168
NET POSITION		
Restricted for pensions	$	79,367,208

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2016

		Pension Trust Funds
ADDITIONS		
Employer contributions	$	17,760,174
Retiree contributions		2,271,037
Interest		2,837,830
Net increase (decrease) in the fair value of investments		(3,262,227)
Recovery of claims		81,991
Less investment expense		(81,800)
Total additions		19,607,005
DEDUCTIONS		
Benefits		19,542,581
Withdrawals and forfeitures		214,912
Professional services		19,425
Total deductions		19,776,918
Change in net position restricted for:		
Employees' retirement and other post-employment benefits		(169,913)
Net position, beginning of year		79,537,121
Net position, end of year	$	79,367,208

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

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

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

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

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

The City reports the following major governmental 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.

Park bond 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.

The City reports the following major enterprise funds:

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

1. Deposits and investments

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. All deposits are made in City Council designated official depositories and are secured as required by State law (G.S. 159-30(c)). The City may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law (G.S. 159-30(c)) authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The City's investments are reported at fair value. The NCCMT-Cash Portfolio, a SEC registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. In accordance with State law, the City has a portion of its investments in callable securities, some of which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Receivables and payables

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

City ad valorem taxes are billed by the Wake County Revenue Collector after July 1 of each year based upon the assessed value on property, other than motor vehicles, listed as of the prior January 1 lien date. In accordance with state law, property taxes on certain registered motor vehicles are assessed and collected throughout the year based on a staggered registration system. Wake County is responsible for the monthly billing and collections of City property taxes due on registered motor vehicles. Under the staggered registration system, property taxes become due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due.

The City Council is required to approve the tax levy no later than August 1, although this traditionally occurs in the month of June. Taxes are due on September 1 but do not begin to accrue penalties for nonpayment until the following January 5. Collections of City taxes are made by the County and are remitted to the City as collected.

Ad valorem taxes receivable at year-end are not considered to be available as a resource that can be used to finance the current year operations of the City and, therefore, are not susceptible to recognition as earned revenue. The amount of the recorded receivable for ad valorem taxes has been reduced by an allowance for uncollectible accounts and the net receivable is offset by unavailable revenue in an equal amount.

Other accounts receivable which are reported in governmental funds and which represent amounts considered measurable and available are recorded as revenue but, based on state law, are restricted in fund balance at year-end.

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

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

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

3. Inventories, prepaid items and assets held for resale

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

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

Assets held for resale in the amount of $11,625,378 as of June 30, 2016, can be found on the combining balance sheet for capital project funds as well as the government wide statement of net position and represents property that was repurchased during 2013-14 which is currently being held for resale.

4. Restricted assets

Certain proceeds of the City's enterprise fund revenue bonds and general obligation bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

5. Capital assets

Capital assets, which include property, plant, equipment, software, and infrastructure assets, (e.g. streets, sidewalks, water and sewer delivery systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All infrastructure acquired before July 1, 2001 (date of implementation of GASB 34) has been recorded by the City at historical cost if purchased or constructed or at fair market value at the date of donation. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City for business-type activities during the fiscal year was $32,561,887. Of this amount, $5,582,185 was included as part of the cost of capital assets under construction in connection with water and sewer projects.

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

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

6. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has three items that meet this criterion, unamortized bond refunding charges, contributions made to the pension plan in the 2016 fiscal year and an accumulated decrease in the fair value of hedging derivatives for the City's interest rate swap agreements.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has multiple items that meet the criterion for this category - prepaid taxes, loans receivable, assessments and property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

7. Earned vacation pay

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

8. Long-term obligations

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

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

9. Net position/fund balances

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

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

The governmental fund types classify fund balance as follows:

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

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

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

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

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

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

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

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

Restricted for streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures.

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

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.

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

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

10. Pensions

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

11. Interest rate swap

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

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary information

As required by the North Carolina Budget and Fiscal Control Act, the City adopts balanced budget ordinances for all funds except the trust funds which are not budgeted. The budgets shown in the financial statements reflect amounts adopted by the budget ordinances as amended and approved at the close of the day on June 30, 2014. The City adopts annual budgets prepared on the modified accrual basis for the general fund, the enterprise operating funds and the convention center financing fund. All other funds including all capital project funds and the remaining grant funds adopt project budgets.

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

At June 30, 2016, the effect of such amendments, less eliminating transfers, was as follows:

	Original Budget	Total Amendments	Budget
General Fund	$ 445,072,690	$ 7,219,006	$ 452,291,696
Special Revenue Funds	60,533,951	4,209,806	64,743,757
General Capital Projects Funds	394,438,100	2,436,164	396,874,264
Enterprise Funds	661,261,849	8,556,226	669,818,075
Internal Service Funds	97,220,800	11,249,269	108,470,069

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

B. Deficit net position

There are no funds which report a deficit net position as of June 30, 2016.

Note 3. Detailed Notes on All Funds

A. Deposits and investments

Deposits. All of the City's deposits are either insured or collateralized by the Pooling Method. Under the Pooling Method, a collateral pool, all insured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each Pooling Method depository. The City relies on the State Treasurer to monitor these financial institutions. It is the City's policy to utilize only the pooling method of collateralization. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that the deposits are properly secured.

At June 30, 2016, the City's bank balance in operating accounts was $44,833,428 and the carrying amount of the City's deposits was $29,830,565. The difference represents reconciling items such as deposits and payments in transit. Of the bank balance, $258,088 was covered by federal depository insurance and $44,575,340 was covered by collateral held under the Pooling Method.

Investments. At June 30, 2016, the City had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	%	< 1 Year	1- 3 Years	>3 - 5 Years	> 5 Years
US Government Treasuries	Fair Value, Level 1	$ 81,771,400	10.5	$ 16,511,830	$ 754,456	$ 47,980,129	$ 16,524,985
Federal Home Loan Bank	Fair Value, Level 1	238,525,401	30.5	164,662,375	-	72,651,186	1,211,840
Freddie Mac	Fair Value, Level 1	59,713,320	7.7	1,004,070	-	58,382,621	326,629
Fannie Mae	Fair Value, Level 1	146,385,361	18.7	11,203,080	46,360	128,318,272	6,817,649
Federal Farm Credit Bank	Fair Value, Level 1	155,170,649	19.9	56,306,211	-	98,864,438	-
Bank certificates of deposit	Fair Value, Level 1	14,183,203	1.8	14,183,203	-	-	-
NCCMT - Cash Portfolio	Amortized Cost	17,941,428	2.3	17,941,428	-	-	-
NC Municipal Bonds	Fair Value, Level 1	18,467,752	2.4	537,017	1,693,982	14,102,770	2,133,983
Other investments	Fair Value, Level 1	48,594,627	6.2	34,846,073	1,334,849	9,459,435	2,954,270
Total City-wide investments		$ 780,753,141	100%	$ 317,195,287	$ 3,829,647	$ 429,758,851	$ 29,969,356

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.

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:

	Long-term Credit Ratings		
Bank	S & P	Moody's	Fitch
Bank of North Carolina (certificates of deposit)	N/A	NA	N/A
NCCMT - Cash Portfolio	AAAm	N/A	N/A
US Agencies	AA+	Aaa	AAA

Concentration of Credit Risk. The City's investment policy does not restrict the level of investment in federal agencies, but it restricts investment in commercial paper or bankers' acceptances of a single issuer to no more than 5.0% of the total investment portfolio. As of June 30, 2016, there are no investments in Commercial paper within the City's investment portfolio.

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

A summary of cash and investments at June 30, 2016 is as follows:

	Government-wide	Fiduciary	Total
Petty cash and change funds	$ 17,505	$ -	$ 17,505
Deposits (checking, money market)	35,562,112	-	35,562,112
Fiduciary cash	-	80,335,494	80,335,494
Investments	780,753,141	-	780,753,141
Total cash and cash equivalents	816,332,758	80,335,494	896,668,252
Restricted deposits and bond proceeds	135,081,195	-	135,081,195
Total cash	$ 951,413,953	$ 80,335,494	$ 1,031,749,447

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, 2016 was as follows (stated in thousands):

	June 30, 2015	Additions	Transfers	Deletions	June 30, 2016
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 149,838	$ 51,410	$ 5,184	$ (1,347)	$ 205,085
Construction in progress	347,196	59,723	(150,088)	(49)	256,782
Total capital assets, not being depreciated	497,034	111,133	(144,904)	(1,396)	461,867
Capital assets, being depreciated:					
Buildings and machinery	114,602	32,661	91,301	(1,700)	236,864
Streets and sidewalks	718,691	1,681	30,299	-	750,671
Equipment	102,763	8,880	492	(6,204)	105,931
Furniture and fixtures	2,278	-	-	(897)	1,381
Improvements - general and parks	235,964	1,517	21,214	(556)	258,139
Software	43,409	1,879	1,564	-	46,852
Total capital assets being depreciated	1,217,707	46,618	144,870	(9,357)	1,399,838
Less accumulated depreciation for:					
Buildings and machinery	57,010	5,798	-	(1,700)	61,108
Streets and sidewalks	446,185	23,974	(55)	-	470,104
Equipment	77,319	7,762	157	(6,193)	79,045
Furniture and fixtures	2,193	36	-	(897)	1,332
Improvements - general and parks	121,345	11,271	(136)	(388)	132,092
Software	11,766	2,319	-	-	14,085
Total accumulated depreciation	715,818	51,160	(34)	(9,178)	757,766
Total capital assets being depreciated, net	501,889	(4,542)	144,904	(179)	642,072
Governmental activities capital assets, net	$ 998,923	$ 106,591	$ -	$ (1,575)	$ 1,103,939

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

General government	$ 3,161
Community development	9
Public works	29,315
Public safety	2,086
Leisure services	10,226
Capital assets held by certain internal service funds are charged to the various governmental functions based on the usage of the assets	6,363
Total depreciation expense - governmental activities	$ 51,160

Annexations: The amount reported as additions for street and sidewalks includes $1,116,484 from annexations during fiscal year 2015-16.

	June 30, 2015	Additions	Transfers	Deletions	June 30, 2016
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 81,181	$ 1,160	$ -	$ (595)	$ 81,746
Construction in progress	316,078	92,593	(60,157)	(9)	348,505
Watershed protection rights	4,756	-	-	-	4,756
Total capital assets, not being depreciated	402,015	93,753	(60,157)	(604)	435,007
Capital assets, being depreciated:					
Buildings and machinery	403,016	-	563	-	403,579
Streets and sidewalks	1,746	-	55	-	1,801
Water and sewer systems	1,177,370	1,278	29,779	-	1,208,427
Parking decks	146,158	-	-	(37)	146,121
Buses	36,563	-	-	(258)	36,305
Equipment	83,927	8,718	(157)	(6,560)	85,928
Furniture and fixtures	2,808	-	-	-	2,808
Improvements	189,273	3,071	29,951	-	222,295
Total capital assets being depreciated	2,040,861	13,067	60,191	(6,855)	2,107,264
Less accumulated depreciation for:					
Buildings and machinery	101,769	9,819	-	-	111,588
Streets and sidewalks	938	70	55	-	1,063
Water and sewer systems	353,736	25,061	-	-	378,797
Parking decks	39,418	3,605	-	(6)	43,017
Buses	21,751	2,722	-	(258)	24,215
Equipment	60,764	6,623	(157)	(6,551)	60,679
Furniture and fixtures	2,763	33	-	-	2,796
Improvements	76,928	10,738	136	-	87,802
Total accumulated depreciation	658,067	58,671	34	(6,815)	709,957
Total capital assets being depreciated, net	1,382,794	(45,604)	60,157	(40)	1,397,307
Business-type activities capital assets, net	$ 1,784,809	$ 48,149	$ -	$ (644)	$ 1,832,314

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

Water/Sewer	$ 34,822
Convention center	8,216
Parking	3,624
Mass Transit	3,724
Stormwater	2,119
Solid Waste Services	760
Capital assets held by certain internal service funds are charged to the various business-type activities based on the usage of the assets	5,406
Total depreciation expense - business-type activities	$ 58,671

Annexations: The amount reported as additions for water and sewer systems includes $1,278,008 added from annexations during fiscal year 2015-16.

Commitments - construction projects. At June 30, 2016, the City has $221,422,469 in project obligations for business-type activities for construction projects in progress as follows: $173,757,820 for water and sewer projects, $13,267,328 for transit projects, $8,072,064 for stormwater projects, $12,867,689 for convention center projects and $13,457,568 for parking garage projects. These obligations are fully budgeted and are being financed primarily by state loans, general obligation bond proceeds, revenue bond proceeds, federal grants, storm water fees and certificates of participation.

In addition, the City has $183,395,263 in general government project obligations at June 30, 2016. These obligations relate to construction in progress projects for street construction, redevelopment projects and community center and park construction, and other major public facilities. These projects are fully budgeted and the funding for these governmental projects is indicated through designations of fund balance at June 30, 2016.

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	$ 47,018	$ -	$ 47,018
Cemetery cash account	8,088	-	8,088
Cafeteria plan cash	217,652	-	217,652
Prepaid taxes and assessments	88,572	6,580	95,152
Unearned revenue	24,200	4,684,468	4,708,668
	385,530	4,691,048	5,076,578
Amounts not arising from cash:			
Taxes receivable	274,473	-	274,473
Assessments receivable	321,061	452,405	773,466
	595,534	452,405	1,047,939
Total	$ 981,064	$ 5,143,453	$ 6,124,517

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, 2016, is as follows:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	$ 3,014,650
	Transit fund	1,618,402
	Convention center fund	324,817
Nonmajor governmental funds	General fund	424,523
	Nonmajor governmental funds	424,184
Stormwater fund	Internal service fund	471
Convention center fund	Nonmajor governmental funds	1,120,426
Water & sewer utility fund	Stormwater utility fund	101,738
Internal service fund	Stormwater fund	14,200
Fiduciary fund	General fund	150,955
	Total	$ 7,194,366

The largest component of receivables in the general fund represents interfund loans with nonmajor governmental funds of $2,006,643. Additionally, cash deficits were covered by the general fund and reclassified from the following nonmajor governmental funds; community development $81,741, and grants fund $926,266. This reclassification occurs due to the nature of grant drawdowns occurring after spending has taken place The general fund also has amounts due from proprietary funds; $324,817 from the Convention Center Complex fund and $1,618,402 from the transit fund. The $424,523 and $424,184 shown as receivables in nonmajor governmental funds represent $274,897 owed to the Walnut Creek amphitheater capital project fund, $4,473 owed to the grants and community development funds $14,696 owed to the emergency telephone fund and $554,641 owed to other capital project funds. The Convention Center receivable of $1,120,426 represents $1,024,203 owed from the Convention Center financing fund and $96,223 from capital projects fund. The Water and Sewer Utility receivable for $101,738 is due from the Stormwater utility fund. The $150,955 receivable in the fiduciary fund represents a year end accrual in the OPEB trust.

A summary of interfund transfers for the fiscal year ended June 30, 2016 is as follows:

Funds	General fund	Nonmajor governmental	Water and sewer	Solid waste services	Parking	Convention center	Mass transit	Storm-water	Internal service	Total Transfers Out
General fund	$ -	$ 29,647,743	$ -	$ 9,890,508	$ 500,000	$ 1,913,948	$ 16,955,836	$ -	$ -	$ 58,908,035
Nonmajor governmental	8,036,287	-	-	-	-	20,934,718	3,110,986	-	-	32,081,991
Water and sewer	-	1,708,392	-	-	-	-	-	886	-	1,709,278
Solid waste services	-	210,442	-	-	-	-	-	-	-	210,442
Parking	-	19,719	-	-	-	-	-	-	140,000	159,719
Convention center	164,946	92,748	-	-	-	-	-	-	-	257,694
Mass transit	-	241,164	-	-	-	-	-	-	-	241,164
Stormwater	-	166,032	-	-	-	-	-	-	14,200	180,232
Internal service	-	50,753	331,360	113,360	17,440	34,880	8,720	17,440	-	573,953
Total Transfers In	$ 8,201,233	$ 32,136,993	$ 331,360	$ 10,003,868	$ 517,440	$ 22,883,546	$ 20,075,542	$ 18,326	$ 154,200	$ 94,322,508

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 $56,149,950. 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 2015-16 total rental payments on noncancelable operating leases was $6,231,456. The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2016:

Fiscal Year Ending June 30	
2017	$ 5,507,748
2018	2,939,922
2019	2,278,084
2020	1,569,817
2021	740,856
2022 and beyond	135,093
	$ 13,171,520

F. Long-term obligations

1. General obligation bonds

The City issues general obligation bonds to fund the acquisition and/or construction of major Parks and Recreation, Transportation and Housing Program capital and noncapital needs. General obligation bonds have been issued for both the governmental and business-type activities. The bonds are direct obligations and pledge the full faith and credit of the City. The portion issued for Public Utility purposes is expected to be repaid with utility system user charges while the remaining bonds are expected to be repaid with general fund revenues. Interest on the bonds is payable semi-annually.

General obligation bonds outstanding at June 30, 2016 are as follows:

Purpose	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2016
Governmental Activities					
Housing Series 2007 Taxable	5.20% to 5.40%	3/1/2007	3/1/2027	$ 7,000,000	$ 350,000
Public Improvement, Series 2009A	2.25% to 4.25%	3/10/2009	2/1/2029	11,130,000	1,665,000
Public Improvement Refunding - Series 2009B	2.50%	3/11/2009	2/1/2017	13,778,981	924,246
Housing, Series 2009C - Taxable	3.70% to 5.50%	3/11/2009	2/1/2029	10,000,000	1,500,000
GO Refunding, Series 2009D	4.00% to 5.00%	7/28/2009	12/1/2020	33,640,000	20,630,000
GO Refunding, Series 2009E	4.00% to 5.00%	7/28/2009	12/1/2018	14,180,000	10,745,000
Public Improvement, Series 2009F	4.00% to 5.00%	9/3/2009	2/1/2029	57,665,000	6,900,000
Housing, Series 2009G	4.00% to 5.30%	9/3/2009	2/1/2030	10,000,000	1,500,000
GO Refunding, Series 2011A	2.50% to 5.00%	10/27/2011	9/1/2022	32,055,000	32,055,000
Public Improvement, Series 2012A	3.00% to 5.00%	5/15/2012	4/1/2032	9,000,000	3,450,000
Public Improvement, Series 2012B	3.00% to 5.00%	5/16/2012	4/1/2032	138,600,000	53,150,000
Public Improvement, Series 2014	3.00% to 3.25%	6/26/2014	6/1/2032	15,000,000	13,600,000
Street Improvement, Series 2015A	3.00% to 5.00%	6/24/2015	6/1/2034	5,050,000	4,800,000
GO Bonds, Series 2015B	3.00% to 5.00%	6/25/2015	6/1/2034	20,000,000	19,000,000
Housing Bonds, Series 2015C - Taxable	3.00% to 4.00%	6/25/2015	6/1/2034	10,000,000	9,500,000
General Obligation Refunding, Series 2016A	2.25% to 5.00%	3/2/2016	9/1/2030	101,850,000	101,850,000
General Obligation Refunding, Series 2016B	.5% to 1.99%	3/2/2016	9/1/2022	16,255,000	16,255,000
Housing Bonds, Series 2016C	2.00% to 3.375%	3/2/2016	2/1/2036	6,000,000	6,000,000
Total Governmental Activities					$ 303,874,246

During fiscal year 2015-16 the City issued $6,000,000 of general obligation taxable housing bonds. These bonds mature serially over 20 years, and carry fixed coupon rates of 2.0% to 3.375%.

General obligation bonds outstanding at June 30, 2016:

Purpose	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2016
Business-type Activities					
Water and Sewer:					
Sanitary Sewer Refunding - Series 2009B	2.25% to 2.50%	3/11/2009	2/1/2017	1,305,737	$ 87,584
Water and Sewer Total					87,584
Parking Facilities:					
Parking Facilities Refunding–Series 2009B	2.25% to 2.50%	3/11/2009	2/1/2017	4,445,282	298,173
Parking Facilities Total					298,173
Total Business-type Activities					$ 385,757

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

Fiscal Year	Governmental Activities		Business-type Activities	
Ending June 30	Principal	Interest	Principal	Interest
2017	$ 22,499,246	$ 12,447,357	$ 385,757	$ 9,644
2018	22,455,000	11,450,690	-	-
2019	22,770,000	10,406,403	-	-
2020	22,520,000	9,326,781	-	-
2021	21,135,000	8,414,592	-	-
2022-2026	96,805,000	29,757,304	-	-
2027-2031	81,740,000	10,700,500	-	-
2032-2035	13,950,000	832,513	-	-
	$ 303,874,246	$ 93,336,140	$ 385,757	$ 9,644

Status of Bond Authorizations. The following represent continuing authorization of general obligation bonds, which were unsold at June 30, 2016:

October 11, 2011	
Transportation	$ 20,000,000
October 8, 2013	
Transportation	75,000,000
November 4, 2014	
Parks and Recreation	71,775,000
Total	$ 166,775,000

2. *Defeased debt and refundings*

During fiscal year 2015-16, the City issued $30,955,000 of Series 2016A limited obligation refunding bonds to retire $30,700,000 of series 2009 limited obligation refunding bonds. The reacquisition price exceeded the net carrying amount of the old debt by $255,000. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The current refunding was undertaken for marketability. The 2009 limited obligations bonds were issued as variable rate bonds utilizing a self-liquidity program by Citigroup (termed "Windows") to sell and remarket the bonds whenever necessary. Due to regulatory changes and an evolving variable rate bond market it was determined to be in the City's best interest to convert from this type of liquidity arrangement to a more traditional third party liquidity facility with PNC Bank.

During fiscal year 2015-16, the City issued $49,860,000 of Series 2016B revenue refunding bonds to generate resources for future debt service payments on $56,755,000 of series 2006B water and sewer revenue bonds. The reacquisition price exceeded the net carrying amount of the old debt by $1,658,466. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The advance refunding was undertaken to reduce total debt service payments over the next 10 years by $6,455,745 and resulted in an economic gain of $4,486,519.

During fiscal year 2015-16, the City issued $118,105,000 of Series 2016A and B general obligation refunding bonds to generate resources for future debt service payments on $66,650,000 of series 2012B general obligation public improvement bonds, $4,350,000 series 2012A general obligation public improvement bonds, $36,965,000 of series 2009F general obligation public improvement bonds, $5,580,000 series 2009A public improvements bonds, $5,000,000 of series 2009C housing bonds, $3,500,000 of series 2007 housing bonds, $705,000 of series 2004B housing bonds and $5,500,000 of series 2009G general obligation housing bonds which total $128,250,000. The reacquisition price exceeded the net carrying amount of the old debt by $6,614,087. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The partial advance refundings were undertaken to reduce total debt service payments over the next 15 years by $14,811,388 and resulted in an economic gain of $11,863,717.

During fiscal year 2015-16, the City issued $14,150,000 of Series 2016 limited obligation refunding bonds to generate resources for future debt service payments on $15,971,789 previously drawn from a PNC installment financing program for improvements to the Duke Energy Center for the Performing Arts and other various capital projects across the City. The reacquisition price exceeded the net carrying amount of the old debt by $144,789. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The advance refunding was undertaken to establish fixed financing for previous drawdowns where the program term of two years is expiring.

During fiscal year 2015-16, the City issued $19,240,000 of Series 2016 limited obligation refunding bonds to generate resources for future debt service payments on $2,355,000 of series 2005C parks certificates of participation and $19,210,000 series 2007A downtown improvement certificates of participation. The reacquisition price exceeded the net carrying amount of the old debt by $1,019,600. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The partial advance refunding was undertaken to reduce total debt service payments over the next 15 years by $3,837,542 and resulted in an economic gain of $3,269,924.

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, 2016, the amount of defeased debt outstanding was $79,105,000 for non-general obligation.

3. Revenue bonds

The City also issues revenue bonds to fund various water and sewer utility capital projects. The bonds are payable serially over the next 30 years and have stated interest rates between 0.65% and 5.0% and one variable rate issue at 4.163% at June 30, 2016.

The City has pledged water and sewer customer revenues, net of specified operating expenses, to repay $617,375,000 in water and sewer system revenue bonds. This pledge relates to all water and sewer revenue bonds outstanding, issued for the purpose of making water and sewer system improvements. The bonds are payable solely from water and sewer customer net revenues and are payable through 2043. Annual debt service requirements for 2015-16 were 23.1% of gross utility revenue and are expected to remain in this range.

Annual debt service requirements to maturity are as follows:

Fiscal Year	Business-type Activities	
Ending June 30	Principal	Interest
2017	$ 22,860,000	$ 27,655,315
2018	23,130,000	26,783,173
2019	24,070,000	25,833,525
2020	25,195,000	24,784,513
2021	26,300,000	23,654,865
2022-2026	136,780,000	99,812,948
2027-2031	157,530,000	66,615,243
2032-2036	151,065,000	29,688,350
2037-2041	42,645,000	7,690,431
2042-2043	7,800,000	589,750
	$ 617,375,000	$ 333,108,113

A trust agreement, dated December 1, 1996 and amended by the First Amendatory Trust Agreement, dated as of April 15, 2004, authorizes and secures all outstanding revenue bonds. Certain financial covenants are contained in the trust agreement, controlled by the trustee, including the requirement that the City maintain a long-term debt service coverage ratio on all utility debt of not less than 1.00. The City was in compliance with all such covenants during the fiscal year ended June 30, 2016.

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

Operating revenues	$ 226,996,285
Operating expenses	(128,695,570)
Operating income	98,300,715
Nonoperating revenues	6,263,764
Nonoperating expenses	(26,353,783)
Change in net position	78,210,696
Allowable revenue adjustments for calculation	(1,699,345)
Allowable expense adjustments for calculation	63,327,307
Income available for debt service	$ 139,838,658
Debt service, principal and interest paid on revenue bonds and certain state loans (Parity)	$ 51,375,261
Debt service coverage ratio	2.72

4. *Other long-term obligations*

Other long-term obligations include reimbursement contracts, capital lease obligations, certificates of participation, installment financing agreements, limited obligation bonds, earned vacation pay and landfill closure and postclosure costs. The total amount to be paid in the future periods including interest on certificates, installment financing agreements and other installment obligations is $904,574,695.

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

This debt was sold by the Walnut Creek Financing Assistance Corporation, a blended component unit of the City, whose main purpose is to issue certificates of participation for the City. The City has remarketing and standby purchase agreements with banks related to the variable rate certificates. Under these agreements, the banks will remarket any certificates for which payment is demanded. If the certificates cannot be remarketed, the banks will purchase the certificates. Interest rates may change pursuant to the terms of the debt agreements based on market conditions. The interest rates, per the remarketing agreements, cannot exceed 12.0%. The maximum interest, which cannot exceed 12.0%, required for these variable rate certificates through maturity would be $305,034,600. The following schedule shows the expiration dates, which can be renewed, fees paid in fiscal year 2015-16 pursuant to the terms of the debt agreements, and the interest rate at year-end for these issues.

Issue	Balance June 30, 2016	Agreement Expiration	Fees Paid FY 2016	Interest Rate June 30, 2016
2004A	$ 55,000,000	January 5, 2019	$ 240,999	0.05 %
2005B	$ 173,370,000	December 26, 2017	$ 751,368	0.04 %

During fiscal year 2015-16, the City drew down $2,473,553 in debt proceeds from a PNC Drawdown Program for improvements to the Duke Energy Center for the Performing Arts. This installment financing program was initiated in May 2013 and operates similar to a credit line in that the City reimburses its capital expenditures by drawing down proceeds. The City would owe only what it has drawn to date, $6,230,314 plus the current year draws all of which were refunded during the year and permanently financed with the 2016 limited obligation bonds issue. This program has both governmental and business-type activity components, with a total maximum limit of $25,300,000.

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

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2017	$ 8,883,976	$ 9,448,229
2018	9,260,734	9,123,338
2019	9,645,734	8,731,140
2020	10,035,734	8,358,035
2021	10,530,734	7,854,006
2022-2026	59,663,672	32,232,896
2027-2031	76,279,706	17,895,817
2032-2036	61,024,214	3,654,209
	$ 245,324,504	$ 97,297,670

The City has previously entered into installment financing agreements to finance various general governmental capital projects. These debt issues carry fixed interest rates of 5.54% (outdoor amphitheater), 3.0% to 5.25% (downtown improvement projects), 1.76% (enterprise resource planning technology), and 3.0% to 4.25% (parks projects). The City also previously entered into limited obligation bonds that carry fixed coupon interest rates from 3.0% to 5.57%, and one variable rate at 0.42% at June 30, 2016, for the purpose of rehabilitating existing structures and constructing remote operations centers. Principal and interest requirements will be provided by appropriation in the year in which they become due.

During fiscal year 2015-16, the City issued $11,460,000 of Series 2016 limited obligation bonds to finance the construction of a fire station and finance projects for the Duke Energy Center for the Performing Arts. These bonds mature serially over 20 years, and carry fixed coupon rates of 4.25% to 5.0%. Also during fiscal year 2015-16, the City drew down $1,032,846 in debt proceeds from a PNC Drawdown Program for the design of street improvement project. This installment financing program was initiated in May 2013 and operates similar to a credit line in that the City reimburses its capital expenditures by drawing down proceeds. The City owes only what it has drawn to date including prior draws of $6,262,553 and interest is a variable rate which was 0.52% at June 30, 2016. This program has both governmental and business-type activity components, with a total maximum limit of $25,300,000.

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

Annual maturities are as follows:

Fiscal Year	Governmental Activities	
Ending June 30	Principal	Interest
2017	$ 17,592,798	$ 9,066,321
2018	17,543,568	8,578,656
2019	14,653,241	8,049,007
2020	14,608,511	7,574,837
2021	14,046,201	7,089,700
2022-2026	68,496,735	27,978,815
2027-2031	41,234,277	17,155,983
2032-2036	37,200,091	7,816,440
2037-2040	16,860,000	1,275,872
	$ 242,235,422	$ 94,585,631

The City has previously entered into installment financing agreements to finance various downtown parking facilities. These agreements bear interest at rates ranging from 4.20% to 5.25% with a variable rate component for one agreement, not to exceed 15%, which was 0.25% at June 30, 2016. There are also two variable rate agreements that each had an interest rate of 0.46% at June 30, 2016. Principal and interest requirements will be provided by appropriation in the year in which they become due.

Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities Principal	Business-type Activities Interest
2017	$ 3,525,793	$ 2,554,770
2018	3,622,057	2,460,250
2019	3,956,262	2,336,246
2020	4,083,474	2,350,361
2021	3,661,382	2,200,466
2022-2026	19,669,736	9,542,042
2027-2031	19,467,803	6,161,320
2032-2036	14,640,000	1,567,900
	$ 72,626,507	$ 29,173,355

The City has previously issued debt associated with the Solid Waste Services function. These include certificates of participation that carry fixed interest rates of 4.0% to 5.0% (solid waste transfer station), limited obligation bonds that carry fixed coupon interest rates from 3.0% to 5.57% and a variable rate agreement that had an interest rate of 0.42% at June 30, 2016 (design and construction of remote operations center).

Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities Principal	Business-type Activities Interest
2017	$ 1,317,434	$ 656,635
2018	1,317,919	611,329
2019	1,324,763	561,014
2020	1,332,281	510,893
2021	1,346,683	457,951
2022-2026	6,929,856	1,414,787
2027-2031	1,658,211	149,110
2032-2036	215,696	17,256
	$ 15,442,843	$ 4,378,975

The City has previously issued certificates of participation and master installment financing agreements to fund separate internal service funds for the purchase of rolling stock equipment for governmental and business-type activities. The debt issues carry fixed interest rates ranging from 0.90% to 1.75%. Principal and interest requirements for these debt issues will be provided by appropriation in the year they become due.

Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest
2017	$ 5,800,937	$ 190,457	$ 7,495,219	$ 223,431
2018	5,593,027	125,099	7,202,259	141,325
2019	3,083,119	72,774	3,360,180	79,313
2020	3,176,830	31,387	3,352,848	34,207
	$ 17,653,913	$ 419,717	$ 21,410,506	$ 478,276

State Revolving Loans. During the current fiscal year, the City's Water and Sewer Utility enterprise received $8,096,049 in proceeds from state revolving fund loans. These loans carry fixed interest rates of 0.0% to 2.00% and are payable over 20 years. Final amounts for these loans will be determined when the associated projects close. Repayment will begin six months after respective project completion.

The City has previously entered into state revolving loans to finance various water and sewer capital projects. These debt issues carry fixed interest rates of 2.00% to 2.95% (water/sewer system improvements), 2.66% (water improvements to Rolesville merged utilities), and 0.0% (spray irrigation). Principal and interest requirements for these debt issues will be provided by appropriation in the year they become due. The City's participation in the state revolving fund loan program is summarized below:

State Revolving Loans	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2016
Water and Sewer:					
Neuse River Nitrogen Removal	2.95%	7/31/1998	5/1/2018	$ 7,972,965	$ 796,101
Crabtree Creek Interceptor Phase 3	2.60%	1/7/2000	5/1/2020	3,300,000	660,000
Rolesville Projects (F-97-0931)	2.66%	11/14/2005	5/1/2025	2,316,247	1,042,311
Rolesville Projects (F-98-0931)	2.66%	11/14/2005	5/1/2025	683,753	307,689
Spray Irrigation	0.00%	9/1/2010	5/1/2030	625,694	393,899
Crabtree Creek North Bank Interceptor	2.45%	7/5/2011	5/1/2033	11,094,556	8,254,331
Centennial Reuse Pipeline Segment 4	0.00%	5/1/2012	5/1/2033	5,125,312	2,225,791
NRWWTP 15MGD Expansion	2.00%	4/18/2013	5/1/2037	27,638,450	22,049,849
DE Benton Backwash Waste Facility	0.00%	5/18/2013	5/1/2034	7,075,847	6,608,823
Sodium Permanganate Facility	0.00%	3/26/2015	5/1/2036	3,678,800	1,662,151
Crabtree Creek Improvement Phase II	2.00%	7/13/2015	5/1/2037	37,500,000	9,460,652
Water and Sewer Total					53,461,597
Stormwater:					
Upper Longview Restoration	0.00%	1/16/2013	5/1/2035	2,034,751	1,831,276
Stormwater Total					1,831,276
Total Loan Amount					$ 55,292,873

Annual maturities for Water and Sewer Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities Principal	Business-type Activities Interest
2017	$ 1,979,074	$ 279,199
2018	5,235,996	838,253
2019	4,837,945	741,172
2020	4,837,945	655,833
2021	4,672,945	570,495
2022-2026	15,673,152	2,163,456
2027-2031	11,449,039	982,876
2032-2036	4,775,501	116,240
	$ 53,461,597	$ 6,347,524

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

Annual maturities for the Stormwater Utility are as follows:

Fiscal Year Ending June 30	Business-type Activities Principal
2017	$ 101,738
2018	101,738
2019	101,738
2020	101,738
2021	101,738
2022-2026	508,690
2027-2031	508,690
2032-2036	305,206
	$ 1,831,276

Earned Vacation Pay. At June 30, 2016, earned vacation pay consists of $19,521,435 for governmental activities and $4,683,796 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 2015-16 the third party cost estimate was updated for both postclosure costs and the corrective action plan (CAP) costs associated with ground water violations at the landfill identified in 2007-08. The $4,437,595 reported as landfill postclosure liability as of June 30, 2016 includes the CAP report cost estimate as well as the cost to perform the on-going postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to demonstrate financial assurance for postclosure care. The City is in compliance with these requirements, and, demonstrated such by completion of the local government financial assurance test submitted to DENR on November 24, 2015.

5. *Changes in long-term liabilities*

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Governmental activities:					
General obligation bonds	$ 330,438,748	$ 124,105,000	$ 150,669,502	$ 303,874,246	$ 22,499,246
Unamortized premiums - GO bonds	33,166,184	27,368,187	12,545,989	47,988,382	3,827,028
Installment financing agreements	225,910,601	94,293,026	60,314,292	259,889,335	23,393,735
Unamortized premiums on IFA	4,556,099	2,083,461	516,089	6,123,471	395,157
Earned vacation pay	19,060,377	12,208,940	11,747,882	19,521,435	11,747,882
Claims payable	24,006,300	3,865,126	-	27,871,426	9,420,831
Total governmental activities	$ 637,138,309	$ 263,923,740	$ 235,793,754	$ 665,268,295	$ 71,283,879
Business-type activities:					
General obligation bonds	$ 1,771,255	$ -	$ 1,385,498	$ 385,757	$ 385,757
Unamortized premium - GO bonds	69,257	-	46,295	22,962	22,962
Revenue bonds	646,425,000	49,860,000	78,910,000	617,375,000	22,860,000
Unamortized premium - Rev. bonds	40,710,545	7,702,016	1,702,915	46,709,646	2,554,365
Installment financing agreements	405,834,748	54,576,123	50,313,638	410,097,233	23,303,234
Unamortized premiums - IFA	2,801,183	4,822,014	182,851	7,440,346	524,768
Earned vacation pay	4,443,299	3,218,914	2,978,417	4,683,796	2,978,416
Landfill postclosure	3,613,177	824,418	-	4,437,595	540,850
Claims payable	1,105	-	-	1,105	1,105
Total business-type activities	$ 1,105,669,569	$ 121,003,485	$ 135,519,614	$ 1,091,153,440	$ 53,171,457

There were no current year additions to the noncash related installment financing for governmental activities.

Certain internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year end $355,827 of internal service funds earned vacation pay are included above as part of governmental activities. Also, for the governmental activities, earned vacation pay is generally liquidated by the general fund.

The LGERS plan had a net pension liability of $16,858,632 as of June 30, 2016; however, the plan had a net pension asset at the beginning of the fiscal year.

6. *Arbitrage*

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the City must rebate to the federal government "arbitrage profits" earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2016, 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 $173,370,000 matches the variable rates certificates of participation. Beginning in February 2015, the notional value of the swap and the principal amount of the associated debt started to decline annually. Under the swap agreement, the City pays the counterparty a fixed interest payment semiannually at 4.36% of the notional amount and receives a variable interest payment equivalent to the Bond Market Association Municipal Swap Index (BMA). At June 30, 2016, the swap had a negative fair value to the City of $49,043,708. 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, 2016, 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, 2016, Citibank NA, the counterparty, was rated "A1" by Moody's Investor's Service, "A" by Standard and Poor's Ratings Services, and "A+" by Fitch Ratings. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make or being entitled to receive an unanticipated termination payment based on the market value on the date of termination. As rates vary, variable rate bond interest payments and net swap payments will vary. The principal and interest payments shown below are components of the business-type activities demand bond debt service requirements as reported on page 44.

Using rates as of June 30, 2016, 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
2017-2019	$ 25,245,000	$ 2,032,042	$ 19,576,990	$ 21,609,032
2020-2024	50,580,000	2,949,376	28,414,720	31,364,096
2025-2029	63,570,000	1,810,929	17,446,755	19,257,684
2030-2034	33,975,000	651,654	6,278,130	6,929,784
Total	$ 173,370,000	$ 7,444,001	$ 71,716,595	$ 79,160,596

**Computed using 4.36% less floating rate paid to the City (0.41% at June 30, 2016) times $188,425,000 less accumulated annual reductions.*

2008 Swap

On February 9, 2006, the City entered into forward starting swap transactions with two financial institutions as related to $150,000,000 of water and sewer revenue bonds to be issued in 2008. The City engaged the swap transactions effective June 18, 2008 in conjunction with the issue of variable rate revenue bonds. Under the swap agreements, the City pays the counterparties a fixed interest rate payment at 4.163% of the swap notional amount ($150,000,000) and receives a variable interest rate payment equivalent to the BMA. At June 30, 2016, the swaps had a combined negative fair value to the City of $38,205,151, 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, 2016, Citigroup and Wells Fargo Bank, N.A., the counterparties, were rated "A1"/"Aa2","A"/"AA-" and "A+"/"AA", respectively by Moody's, Standard and Poor's, and Fitch. The derivative contracts use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make or being entitled to receive an unanticipated termination payment based on the market value on the termination date. As rates vary, variable rate bond interest payments and net swap payments shown below are components of the business type activities revenue bond debt service requirements as reported on page 42.

Using the rates as of June 30, 2016, 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
2017-2019	$ 13,775,000	$ 1,510,358	$ 13,825,301	$ 15,335,659
2020-2024	27,415,000	2,111,049	19,323,822	21,434,871
2025-2029	34,090,000	1,496,931	13,702,391	15,199,322
2030-2034	42,350,000	733,449	6,713,742	7,447,191
2035	9,630,000	39,483	361,414	400,897
Total	$ 127,260,000	$ 5,891,270	$ 53,926,670	$ 59,817,940

**Computed using 4.163% less floating rate paid to the City (0.41% at June 30, 2016) 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:

Governmental	Deposits	Unspent Debt Proceeds
General Fund	$ -	$ 113,502
Nonmajor governmental funds	2,235,330	77,246,197
Total governmental	2,235,330	77,359,699
Enterprise		
Water and sewer fund	14,133,190	16,180,615
Convention center fund	369,478	5,160,308
Mass transit fund	50,305	-
Stormwater fund	10,896,417	-
Parking Fund	-	84,508
Total enterprise	25,449,390	21,425,431
Internal service funds		
Governmental equipment replacement fund	-	3,950,716
Public utilities equipment replacement fund	-	5,837,005
Solid waste services equipment replacement fund	-	1,058,954
Total internal service fund	-	10,846,675
Total	$ 27,684,720	$ 109,631,805

Note 4. Other Information

A. Risk management and employees' health benefits

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

The City protects itself from potential loss through a combination of self-insurance programs and the purchase through the private sector of commercial insurance for various primary and excess coverages. There were no significant changes in insurance coverage from the prior year; however the City did add cyber insurance effective July 1, 2015.

City insurance coverage includes workers' compensation, general liability, automobile liability, police liability, cyber liability, automobile comprehensive, real and personal property. For workers' compensation, the City self-insures the first $1,100,000 per occurrence with excess coverage of $10,000,000 per occurrence and employers' liability coverage of $1,000,000 per occurrence and in the aggregate. For liability, the City self-insures the first $1,000,000 per occurrence, with excess coverage of $10,000,000 in the aggregate. For cyber liability, the City has coverage up to $5,000,000. For property, the City self-insures the first $100,000 per occurrence, with excess coverage up to the replacement value of $300,000,000 in the aggregate. The excess coverage includes $100,000,000 in the aggregate for loss due to flood and $10,000,000 annual aggregate for flood plain location losses.

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

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

The City, as allowed by GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, uses internal service funds, the risk management fund and the employees' health benefits fund, to account for its risk financing activities. The claims liability total of $27,871,426 reported for these two internal service funds at June 30, 2016, 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 2015-16 and 2014-15 are as follows:

	2016	2015
Insurance claims payable, beginning of year	$ 24,006,300	$ 24,395,044
Current year claims and changes in estimates	50,498,958	37,225,767
Claim payments	(46,633,832)	(37,614,511)
Insurance claims payable, end of year	$ 27,871,426	$ 24,006,300

Employees' health benefits and risk management current portion of pending claims is $9,420,831.

B. Commitments and contingent liabilities

Commitment - Enterprise Funds. In February 1972, the City entered into a raw water storage contract and joint use construction costs with the U. S. Corps of Engineers for raw water usage of up to 100 million gallons per day from Falls Lake. The City's estimated share of construction cost for the project was estimated at $12,170,000 payable annually over 50 years beginning in 1984. The contract requires that the City pay certain capital and operating costs of the lake which are dependent upon future costs of operation. The City's fiscal year 2015-16 obligation was $848,305. It is estimated, at this time, that the future cost to the City will not exceed $850,000 annually and will be repaid in 2033 with a final payment of $3,726,122.

Contingent Liabilities. Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally by the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Contingent Liabilities – Facility Fees. The City enters into Thoroughfare Facility Fee Reimbursement contracts that provide developers with contract awards based on the calculated value of the capital contributions to the City. Each contract states minimum amounts that must be paid and recorded as long-term liabilities in the City's entity-wide financial statements. The remaining liability amounts for each contract are paid based on a formula and are contingent on available funds in the facility fee reimbursement account. The total value of the contracts at June 30, 2016 was $13,611,552. Of this amount, $7,056,868 was recorded as a liability, and the remaining $6,554,684 represents a contingent liability.

C. Jointly governed organizations

Raleigh-Durham Airport Authority. The Raleigh-Durham Airport Authority plans and conducts operations of the Raleigh-Durham International Airport. This eight-member governing body is jointly appointed by the City of Durham, City of Raleigh, County of Durham and County of Wake, with each member government appointing two members. The authority selects the management and sets the budget and financing requirements of the airport. Each member government contributes $12,500 annually for administration of the authority. Neither the City nor the other member governments exercise management control or are responsible for budget and financing requirements for the authority. A special airport tax district of Durham and Wake Counties was created to aid in the financing of major airport facilities and is governed by two members each from the respective county boards of commissioners. Because of its limited role in the Raleigh-Durham Airport Authority and the related special tax district, the City does not consider its participation to be a joint venture and, accordingly, further disclosure of the airport entity is not included. The authority does not meet the criteria to be included in the City's financial reporting entity.

Triangle J Council of Governments. The City, in conjunction with three counties and 22 other municipalities are members of the Triangle J Council of Governments. The participating governments established the council to coordinate various regional interests and intergovernmental funding. Each participating government appoints one delegate to the council's governing board. The City paid dues of $122,585 to the council during the fiscal year ended June 30, 2016. 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, 2016 the City appropriated $60,774 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, 2016 the balance of the trust maintained by the County was $2,404,889, which is not available to the City except for current and future projects jointly determined by the City and the County. During fiscal year 2015-16, the City received funding as follows: an annual $1,000,000 that the City Council previously dedicated for continuing support of the performing arts and convention center complex; an annual $680,000 to fund visitor-related programs and activities and $25,517,817 to support the financing of the convention center facility. The City will continue to receive $1,000,000 allocations that the City Council may use for any eligible purpose in the original state legislation. In addition, the City will annually receive 85% of all uncommitted interlocal tax funds for debt service and other costs related to the convention center facility.

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

Joint venture

The Greater Raleigh Convention and Visitors Bureau. The Greater Raleigh Convention and Visitors Bureau promotes and solicits business, conventions, meeting and tourism in Wake County. The bureau receives its primary revenue from a county-wide 6% occupancy tax and is a joint venture of the City of Raleigh and Wake County. The governing body of the bureau is a board of directors appointed by the Raleigh City Council and the Wake County Commissioners. The County is required to distribute monthly a percentage of the tax collected with a minimum aggregate annual distribution of $1,000,000. If tax revenues are not sufficient to fully fund the bureau's minimum annual distributions, the City and County must fund the deficiency equally to ensure that the bureau receives its minimum distribution of $1,000,000 in any fiscal year. There was no additional funding required of the City or County in the year ended June 30, 2016. All unexpended funds of the bureau revert to the County and City at the end of the fiscal year. Except for an investment in capital assets previously recorded by the City, the only equity in the fund at year-end is for encumbrances which will be expensed in the subsequent year. Based on this, no additional equity interest in the bureau is recorded at June 30, 2016. Full financial statements for the bureau can be obtained at the Greater Raleigh Convention and Visitors Bureau, Post Office Box 1879, Raleigh, North Carolina 27602. The bureau does not meet the criteria to be included in the City's financial reporting entity.

D. Employee retirement systems and pension plans

North Carolina Local Government Employees' Retirement System

Plan Description. The City of Raleigh is a participating employer in the statewide Local Government Employees' Retirement System (LGERS); a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Services Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Raleigh employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Raleigh's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.67% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Raleigh were $14,237,418 for the year ended June 30, 2016.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the City reported a liability of $16,858,632 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the City's proportion was 3.76%, which was an increase of 0.05% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of $7,406,406. At June 30, 2016, 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	$ -	$ 3,962,728
Net difference between projected and actual earnings on pension plan investments	-	4,799,587
Changes in proportion and differences between City contributions and proportionate share of contributions	-	945,015
City contributions subsequent to the measurement date	14,237,417	-
Total	$ 14,237,417	$ 9,707,330

$14,237,418 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017.

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
2017	$ (5,882,933)
2018	(5,882,933)
2019	(5,874,878)
2020	7,933,415
	$ (9,707,329)

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate
Fixed Income	29.0%	2.2%
Global equity	42.0%	5.8%
Real estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation protection	6.0%	3.4%
	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1 % Decrease (6.25%)	Discount Rate (7.25%)	Discount Rate (8.25%)
City's proportionate share of the net pension liability (asset)	$ 117,557,285	$ 16,858,632	$ (67,977,834)

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, 2016 were $3,755,862 which consisted of $2,254,132 from the City and $1,501,730 from the law enforcement officers.

Law Enforcement Officers' Special Separation Allowance

Plan Description. The City administers a public employee retirement system (the "separation allowance"); a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The separation allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees and beneficiaries currently receiving benefits	146
Current active employees	749
Total	895

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 Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed $3,000,000 or 6.2% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance plan are financed through investment earnings.

The City's annual pension cost and net pension obligation to the separation allowance for the current year were as follows:

Employer annual required contribution	$	2,922,863
Interest paid on pension obligation		(168,173)
Adjustment to annual required contribution		241,881
Annual pension cost		2,996,571
Employer contributions made for current fiscal year		(3,000,000)
Increase in net pension asset		(3,429)
Net pension (asset) obligation beginning of fiscal year		(3,363,462)
Net pension (asset) obligation end of fiscal year	$	(3,366,891)

Annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. Item (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2014 was 16 years.

The trend information is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset) End of Year
June 30, 2014	$ 2,563,263	138.0%	$ (3,086,407)
June 30, 2015	2,722,945	110.2	(3,363,462)
June 30, 2016	2,996,571	100.1	(3,366,891)

The negative amounts shown above as the net pension obligations represent asset amounts or prepaid expenses. At these year-ends, there was no net pension obligation. Other required supplementary information is included in the required supplemental financial data.

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was 7.5% funded. The actuarial accrued liability for benefits was $43,129,788, and the actuarial value of assets was $3,235,186, resulting in an unfunded actuarial accrued liability (UAAL) of $39,894,602. The covered payroll (annual payroll of active employees coved by the plan) was $48,708,066, and the ratio of UAAL to the covered payroll was 81.9%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Other Post-Employment Benefits (OPEB) Plan

Plan Description. The City administers a public employee retirement system, single employer defined benefit pension plan that provides health insurance, life insurance, and Medicare supplement benefits to eligible retirees. Employees who meet any of the retirement options available through NCLGERS and retire with 15 or more years of service may continue in the City's group health plan until age 65. Medicare eligible retirees receive a Medicare supplement of $100 per month. Dependent health coverage is available until the spouse turns 65. The City's group medical coverage continues with the option of limited or zero cost to the retiree, depending on coverage plan selected, until age 65 for retirees that were hired prior to June 30, 2008.

Retirees that were hired on or after June 30, 2008 will pay a maximum of 50% of the premium cost if they retired with 15 years of service until age 65. The percentage of premium contribution decreases by 5% for each additional year of service at retirement, with retirees that have 25 years of service at retirement able to continue coverage at limited or no cost.

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

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

All active full-time employees are eligible for membership. At December 31, 2015, the plan membership consisted of:

Law enforcement officers	719
Firefighters	554
General employees	2,471
Retirees	1,836
Total	5,580

Summary of significant accounting policies:

Funding Policy. The City pays the full cost or almost full cost of coverage, depending on coverage plan selected, for health care and life insurance benefits, and a $100 monthly Medicare supplement for eligible retirees. The City has chosen to fund the plan benefits based on an actuarially determined annual required contribution. For the current year the City contributed $13,949,558 or 7.0% of the annual covered payroll. Contributions made by retirees for dependent coverage and Medicare supplement premiums were $2,271,037.

Basis of Accounting. Financial statements for the plan are prepared using the accrual basis of accounting. Employer contributions are recognized when due and when the City has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the plan terms.

Method used to Value Investments. The City pools money from several funds, including the OPEB trust fund. All such pooled cash and investments are considered cash and cash equivalents, which approximates fair value.

The City's annual pension cost and net OPEB obligation for the current year were as follows:

Employer annual required contribution	$	14,084,837
Interest paid on OPEB obligation		204,580
Adjustment to annual required contribution		(182,322)
Annual OPEB cost		14,107,095
Employer contributions made for current fiscal year		(13,949,558)
Increase in net OPEB obligation		157,537
Net OPEB (asset) obligation beginning of fiscal year		2,922,573
Net OPEB (asset) obligation end of fiscal year	$	3,080,110

The annual required contribution for the current year was determined as part of the December 31, 2015 actuarial valuation using projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return and (b) projected medical cost trend rates of 7.75% to 5.0%, including an inflation component of 3.0%. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as level percentage of pay on a closed basis. The remaining amortization period was 23 years.

The trend information is as follows:

Fiscal Year Ending	Annual Plan Cost (APC)	Percentage of APC Contributed	Net OPEB Obligation End of Year
June 30, 2014	$ 13,685,448	96.8%	$ 3,185,157
June 30, 2015	13,689,492	101.9	2,922,573
June 30, 2016	14,107,095	98.9	3,080,110

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was 14.5% funded. The actuarial accrued liability for benefits was $195,163,081, and the actuarial value of assets was $28,387,974, resulting in an unfunded actuarial accrued liability (UAAL) of $166,775,107. The covered payroll (annual payroll of active employees covered by the plan) was $210,481,133, and the ratio of UAAL to the covered payroll was 79.2%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. Other required supplementary information is included in the required supplementary financial data.

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

Supplemental Retirement Plan – Section 401a

Plan Description. The City contributes to a Section 401a Money Purchase Pension Plan for the purpose of providing supplemental retirement benefits to general employees. This plan is a defined contribution plan and is reported as a pension trust fund. The City is a trustee of all plan resources. The plan is managed by the City and administered by Branch Banking and Trust Company with investment options being exercised by employees.

Funding Policy. For each eligible employee who contributes a minimum of 1.5% of salary to a Section 457 Supplemental Retirement Plan, the City contributes double this percentage (to a maximum of 3.0%) into the 401a plan. During fiscal year 2015-16, the City contributed $3,810,616 to the plan.

The 2015-16 combining financial statements for the City's pension trust funds are as follows:

COMBINING STATEMENT NET ASSETS

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ASSETS			
Cash and cash equivalents	$ 51,692,744	$ 28,642,750	$ 80,335,494
Accrued interest receivable	-	927	927
Due from other funds	-	150,955	150,955
Total assets	51,692,744	28,794,632	80,487,376
LIABILITIES			
Claims payable	-	1,120,168	1,120,168
Total liabilities	-	1,120,168	1,120,168
NET POSITION			
Restricted for pensions	$ 51,692,744	$ 27,674,464	$ 79,367,208

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ADDITIONS			
Employer contributions	$ 3,810,616	$ 13,949,558	$ 17,760,174
Retiree contributions	-	2,271,037	2,271,037
Interest	2,296,276	541,554	2,837,830
Net increase (decrease) in the fair value of investments	(2,532,413)	(729,814)	(3,262,227)
Recovery of claims	-	81,991	81,991
Less investment expense	(81,800)	-	(81,800)
Total additions	3,492,679	16,114,326	19,607,005
DEDUCTIONS			
Benefits	2,686,571	16,856,010	19,542,581
Withdrawals and forfeitures	214,912	-	214,912
Professional services	-	19,425	19,425
Total deductions	2,901,483	16,875,435	19,776,918
Change in net position restricted for:			
Employees' retirement and other post-employment benefits	591,196	(761,109)	(169,913)
Net position, beginning of year	51,101,548	28,435,573	79,537,121
Net position, end of year	$ 51,692,744	$ 27,674,464	$ 79,367,208

E. New pronouncements

The GASB has issued pronouncements which are effective for the fiscal year ended June 30, 2016.

The GASB has issued Statement No. 72, "Fair Value Measurement and Application." The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015. Management has determined that the impacts of this Statement did not have a material effect on the City.

The GASB has issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68." The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015. There are two implementation phases related to this pronouncement. The City adopted Phase One to account for assets accumulated for pensions that are not administered through trusts as assets of the employer in committed fund balance rather than as assets of a separate pension trust fund in fiscal year ending June 30, 2016. Phase Two to recognize a liability for the total pension liability provided from the actuary report, as well as pension expense for the annual change in the total pension liability will be adopted in fiscal year ending June 30, 2017. Management has determined that the impacts of this Statement did have a material effect on the City.

The GASB has issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015. Management has determined that the impacts of this Statement did not have a material effect on the City.

The GASB has issued Statement No. 79, "Certain External Investment Pools and Pool Participants." The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015. Management has determined that the impacts of this Statement did not have a material effect on the City.

The GASB has issued pronouncements prior to June 30, 2016, which have an effective date that may impact future presentations.

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

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

GASB Statement No. 77, "Tax Abatement Disclosures." This Statement is effective for periods beginning after December 15, 2015.

GASB Statement No. 78, "Pensions Provided through Certain Multi-Employer Defined Benefit Pension Plans." This Statement is effective for periods beginning after December 15, 2015.

GASB Statement No. 80, "Blending Requirement for Certain Component Units." This Statement is effective for periods beginning after June 15, 2016.

GASB Statement No. 81, "Irrevocable Split-Interest Agreements." This Statement is effective for periods beginning after December 15, 2016.

GASB Statement No. 82, "Pension Issues." This Statement is effective for periods beginning after June 15, 2016.

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

F. Subsequent events

The City has evaluated events through October 26, 2016 in connection with the preparation of these financial statements, which is the date the financials were available to be issued.

In August 2016, the North Carolina Supreme Court issued its decision in the matter of *Quality Built Homes, Inc. vs. Town of Carthage.* The court held that the imposition of certain development fees by the town was not authorized by state law. The case was remanded to the North Carolina Court of Appeals for further consideration of some issues raised in the case. The City Attorney's Office is currently reviewing the Supreme Court opinion and will be following the remand process at the Court of Appeals. It is unlikely that a Court of Appeals decision will be handed down until sometime after the upcoming general election. At that time the City will be in a better position to determine any effect the case might have on the City.

G. Change in accounting principles/restatement

In accordance with Governmental Accounting Standards Board (GASB) Statement 73, the City reclassified the Law Enforcement Officers' Special Separation Allowance trust fund to the General Fund. As a result, net position for the governmental activities increased by $3,077,172.

Required Supplementary Information

LAW ENFORCEMENT OFFICERS'
SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial * Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2010	$ 2,967,018	$ 25,647,487	$ 22,680,469	11.6%	$ 43,621,569	52.0%
2011	2,935,667	26,577,019	23,641,352	11.1	43,872,223	53.9
2012	3,103,169	27,480,439	24,377,270	11.3	43,960,650	55.5
2013	3,208,552	28,342,548	25,133,996	11.3	43,504,631	57.8
2014	3,280,188	30,424,139	27,143,951	10.8	43,831,182	61.9
2015	3,235,186	43,129,788	39,894,602	7.5	48,708,066	81.9

Note:
Information presented as of December 31 actuarial valuation date.

* To prepare for upcoming changes required under GASB Statement No. 73, the actuarial cost method was changed from Projected Unit Credit (applied in 2010 - 2014) to Entry Age Normal (applied in 2015).

OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2010	$ 10,143,872	$ 150,185,303	$ 140,041,431	6.8%	$ 188,427,731	74.3%
2011	12,879,600	151,583,713	138,704,113	8.5	189,054,112	73.4
2012	18,679,039	159,349,708	140,670,669	11.7	184,795,621	76.1
2013	24,497,654	160,144,987	135,647,333	15.3	193,037,094	70.3
2014	27,367,097	167,302,907	139,935,810	16.4	198,589,085	70.5
2015	28,387,974	195,163,081	166,775,107	14.5	210,481,133	79.2

Notes:
Information presented as of December 31 actuarial valuation date.

OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2011	$ 11,580,475	97.1%
2012	13,405,285	87.0
2013	13,242,037	101.3
2014	13,660,387	96.9
2015	13,660,387	102.1
2016	14,084,837	99.0

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

Valuation date	December 31, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	23 years
Amortization factor	15.6134
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	7.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.75% to 5.00%
Year of ultimate trend rate	2022
*Includes inflation at	3.00%

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

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

Local Government Employees' Retirement System

	2016	2015	2014
Raleigh's proportion of the net pension liability (asset) (%)	3.75642%	3.72410%	3.72410%
Raleigh's proportion of the net pension liability (asset) ($)	$ 16,858,648	$ (21,863,612)	$ 44,889,706
Raleigh's covered-employee payroll	$ 210,212,491	$ 202,649,654	$ 194,516,160
Raleigh's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.02%	(10.79%)	23.08%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	102.64%	94.35%

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

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

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

Local Government Employees' Retirement System

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

Combining and Individual Financial Statements and Schedules

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

Included are the following:

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

Nonmajor Governmental Funds

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 43,559,678	$ 100,379,221	$ 143,938,899
Assessments receivable, net of allowance for uncollectibles of $107,637	-	452,405	452,405
Due from other funds	19,169	829,538	848,707
Due from other governmental agencies	7,797,175	3,213,960	11,011,135
Due from GoTriangle	-	1,557,337	1,557,337
Accrued interest receivable	148,071	273,905	421,976
Sales tax receivable	152,797	1,553,866	1,706,663
Loans receivable, net of allowance for uncollectibles of $6,147,602	61,294,222	-	61,294,222
Assets held for resale	-	11,625,378	11,625,378
Cash and cash equivalents/investments - restricted deposits and bond proceeds	12,887,255	29,728,664	42,615,919
Total assets	$ 125,858,367	$ 149,614,274	$ 275,472,641
LIABILITIES			
Accounts payable	$ 911,850	$ 10,738,309	$ 11,650,159
Accrued salaries and employee payroll taxes	29,663	221	29,884
Sales tax payable	-	20,099	20,099
Loan servicing escrow	642,336	-	642,336
Other liabilities	-	5,659	5,659
Due to other funds	2,033,709	2,525,549	4,559,258
Reimbursable facility fees	-	6,634,594	6,634,594
Escrow and other deposits payable from restricted assets	-	2,235,330	2,235,330
Due to other governmental agencies	152,751	14,059	166,810
Total liabilities	3,770,309	22,173,820	25,944,129
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	486,355	4,198,113	4,684,468
Assessment receivable	-	452,405	452,405
Prepaid assessments	-	6,580	6,580
Total deferred inflows of resources	486,355	4,657,098	5,143,453
FUND BALANCES			
Nonspendable:			
Assets held for resale	-	11,625,378	11,625,378
Loans receivable	61,294,222	-	61,294,222
Restricted:			
Debt service	40,429,226	-	40,429,226
Public safety	1,061,682	-	1,061,682
Assigned:			
Subsequent year's appropriation	6,715,075	57,782,490	64,497,565
City projects	-	53,375,488	53,375,488
Community development	10,043,269	-	10,043,269
Disaster recovery	2,058,229	-	2,058,229
Total fund balances	121,601,703	122,783,356	244,385,059
Total liabilities, deferred inflows of resources and fund balances	$ 125,858,367	$ 149,614,274	$ 275,472,641

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Combining Eliminations	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	$ 36,076,073	$ 9,269,415	$ -	$ 45,345,488
Non-governmental	2,658	-	-	2,658
Assessments	-	1,293,692	-	1,293,692
Gain (loss) on investments	518,233	1,107,405	-	1,625,638
Facility fees	-	9,891,183	-	9,891,183
Rents	55,628	274,897	-	330,525
Program income	822,910	-	-	822,910
Miscellaneous other	21,764	80,155	-	101,919
Total revenues	37,497,266	21,916,747	-	59,414,013
EXPENDITURES				
Current:				
General government	525	5,592,595	-	5,593,120
Community development services	3,239,193	-	-	3,239,193
Public works	3,834,661	47,749,020	-	51,583,681
Public safety	4,454,741	33,100,009	-	37,554,750
Leisure services	1,074,043	4,077,804	-	5,151,847
Economic development programs	1,007,041	-	-	1,007,041
Total expenditures	13,610,204	90,519,428	-	104,129,632
Excess (deficiency) of revenues over (under) expenditures	23,887,062	(68,602,681)	-	(44,715,619)
OTHER FINANCING SOURCES (USES)				
Transfers in	868,855	30,760,702	(24,123)	31,605,434
Transfers out	(21,345,064)	(10,761,050)	24,123	(32,081,991)
Issuance of debt	6,000,019	2,216,575	-	8,216,594
Premium on issuance of debt	26,841	308,366	-	335,207
Proceeds from sale of property	654,370	6,919,837	-	7,574,207
Total other financing sources and uses	(13,794,979)	29,444,430	-	15,649,451
Net change in fund balances	10,092,083	(39,158,251)	-	(29,066,168)
Fund balances, beginning of year	111,509,620	161,941,607	-	273,451,227
Fund balances, end of year	$ 121,601,703	$ 122,783,356	$ -	$ 244,385,059

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 fund, community development fund, disaster recovery fund, convention center financing fund, and emergency telephone system fund.

Special Revenue Funds

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

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

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

Disaster Recovery Fund (nonmajor fund)
The Disaster Recovery Fund accounts for federal and state reimbursement for disaster recovery activities resulting from various natural disasters and the City's flood mitigation program.

Convention Center Financing Fund (nonmajor fund)
The Convention Center Financing Fund accounts for hotel and motel occupancy taxes collected by the County and remitted to the City per an interlocal agreement to fund the financing of the Convention Center.

Emergency Telephone System Fund (nonmajor fund)
The Emergency Telephone System Fund is used to account for 911 revenues received by the state 911 board to enhance the state's 911 system.

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2016

	Grants Fund	Housing Bond Fund	Community Development Fund
ASSETS			
Cash and cash equivalents	$ -	$ 4,159,815	$ 327,910
Due from other funds	2,973	-	1,500
Due from other governmental agencies	1,821,366	-	736,955
Accrued interest receivable	-	-	-
Sales tax receivable	5,735	130	551
Loans receivable, net of allowance of $6,147,602	-	37,406,884	23,887,338
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	12,887,255	-
Total assets	$ 1,830,074	$ 54,454,084	$ 24,954,254
LIABILITIES			
Accounts payable	$ 551,701	$ 40,000	$ 278,771
Accrued salaries and employee payroll taxes	18,169	-	6,257
Employee taxes and related withholdings	-	-	-
Sales tax payable	-	-	-
Loan servicing escrow	-	248,856	393,480
Due to other funds	926,266	-	83,240
Due to other governmental agencies	-	-	152,751
Total liabilities	1,496,136	288,856	914,499
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	333,938	-	152,417
Total deferred inflows of resources	333,938	-	152,417
FUND BALANCES			
Nonspendable:			
Loans receivable	-	37,406,884	23,887,338
Restricted:			
Debt service	-	-	-
Public safety	-	-	-
Assigned:			
Subsequent year's appropriation	-	6,715,075	-
Community development	-	10,043,269	-
Disaster recovery	-	-	-
Total fund balances	-	54,165,228	23,887,338
Total liabilities, deferred inflows of resources and fund balances	$ 1,830,074	$ 54,454,084	$ 24,954,254

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2016

	Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents	$ 1,516,786	$ 36,674,862	$ 880,305	$ 43,559,678
Due from other funds	-	-	14,696	19,169
Due from other governmental agencies	541,443	4,639,087	58,324	7,797,175
Accrued interest receivable	-	139,480	8,591	148,071
Sales tax receivable	-	-	146,381	152,797
Loans receivable, net of allowance of $6,147,602	-	-	-	61,294,222
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	-	-	12,887,255
Total assets	$ 2,058,229	$ 41,453,429	$ 1,108,297	$ 125,858,367
LIABILITIES				
Accounts payable	$ -	$ -	$ 41,378	$ 911,850
Accrued salaries and employee payroll taxes	-	-	5,237	29,663
Employee taxes and related withholdings	-	-	-	-
Sales tax payable	-	-	-	-
Loan servicing escrow	-	-	-	642,336
Due to other funds	-	1,024,203	-	2,033,709
Due to other governmental agencies	-	-	-	152,751
Total liabilities	-	1,024,203	46,615	3,770,309
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	-	-	-	486,355
Total deferred inflows of resources	-	-	-	486,355
FUND BALANCES				
Nonspendable:				
Loans receivable	-	-	-	61,294,222
Restricted:				
Debt service	-	40,429,226	-	40,429,226
Public safety	-	-	1,061,682	1,061,682
Assigned:				
Subsequent year's appropriation	-	-	-	6,715,075
Community development	-	-	-	10,043,269
Disaster recovery	2,058,229	-	-	2,058,229
Total fund balances	2,058,229	40,429,226	1,061,682	121,601,703
Total liabilities, deferred inflows of resources and fund balances	$ 2,058,229	$ 41,453,429	$ 1,108,297	$ 125,858,367

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2016

	Grants Fund	Housing Bond Fund	Community Development Fund
REVENUES			
Intergovernmental (including in-kind contributions of $46,872)	$ 4,271,124	$ -	$ 2,782,500
Non-governmental	2,658	-	-
Gain (loss) on investments	-	30,832	-
Rents	-	-	55,628
Program income	-	511,360	311,550
Miscellaneous other	-	700	21,064
Total revenues	4,273,782	542,892	3,170,742
EXPENDITURES			
Current:			
General government	225	-	-
Community development services	363,154	-	2,876,039
Public works	3,834,661	-	-
Public safety	603,833	-	-
Leisure services	124,043	-	-
Economic development programs	-	1,007,041	-
Total expenditures	4,925,916	1,007,041	2,876,039
Excess (deficiency) of revenues over (under) expenditures	(652,134)	(464,149)	294,703
OTHER FINANCING SOURCES (USES)			
Transfers in	652,134	-	216,721
Transfers out	-	(400,000)	(10,346)
Issuance of debt	-	6,000,019	-
Premium on issuance of debt	-	26,841	-
Gain (loss) on sale of capital assets	-	-	654,370
Total other financing sources and uses	652,134	5,626,860	860,745
Net change in fund balances	-	5,162,711	1,155,448
Fund balances, beginning of year	-	49,002,517	22,731,890
Fund balances, end of year	$ -	$ 54,165,228	$ 23,887,338

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2016

	Disaster Recovery Fund	Convention Center Financing Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
REVENUES				
Intergovernmental (including in-kind contributions of $46,872)	$ 643,539	$ 25,517,817	$ 2,861,093	$ 36,076,073
Non-governmental	-	-	-	2,658
Gain (loss) on investments	-	457,911	29,490	518,233
Rents	-	-	-	55,628
Program income	-	-	-	822,910
Miscellaneous other	-	-	-	21,764
Total revenues	643,539	25,975,728	2,890,583	37,497,266
EXPENDITURES				
Current:				
General government	300	-	-	525
Community development services	-	-	-	3,239,193
Public works	-	-	-	3,834,661
Public safety	-	-	3,850,908	4,454,741
Leisure services	-	950,000	-	1,074,043
Economic development programs	-	-	-	1,007,041
Total expenditures	300	950,000	3,850,908	13,610,204
Excess (deficiency) of revenues over (under) expenditures	643,239	25,025,728	(960,325)	23,887,062
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	868,855
Transfers out	-	(20,934,718)	-	(21,345,064)
Issuance of debt	-	-	-	6,000,019
Premium on issuance of debt	-	-	-	26,841
Gain (loss) on sale of capital assets	-	-	-	654,370
Total other financing sources and uses	-	(20,934,718)	-	(13,794,979)
Net change in fund balances	643,239	4,091,010	(960,325)	10,092,083
Fund balances, beginning of year	1,414,990	36,338,216	2,022,007	111,509,620
Fund balances, end of year	$ 2,058,229	$ 40,429,226	$ 1,061,682	$ 121,601,703

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
GRANTS FUND
For the Fiscal Year Ended June 30, 2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Intergovernmental:					
U.S. Department of Transportation	$ 3,946,467	$ 3,640,155	$ 7,586,622	$ 7,413,056	$ 173,566
Corporation for National and Community Service (including in-kind contributions of $46,872)	-	297,411	297,411	321,496	(24,085)
U.S. Department of Justice	187,799	113,363	301,162	499,783	(198,621)
U.S. Department of Homeland Security	24,596	(10,975)	13,621	227,374	(213,753)
U.S. Department of the Interior	-	7,000	7,000	7,000	-
Office of National Drug Control Policy	23,845	19,431	43,276	43,845	(569)
State of North Carolina	128,125	204,041	332,166	417,815	(85,649)
Wake County	120,657	698	121,355	120,673	682
	4,431,489	4,271,124	8,702,613	9,051,042	(348,429)
Non-governmental	52,190	2,658	54,848	95,190	(40,342)
Total revenues	4,483,679	4,273,782	8,757,461	9,146,232	(388,771)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	407,460	407,460	407,460	-
Miscellaneous capital projects fund	-	13,777	13,777	13,777	-
Mass transit fund	-	230,897	230,897	230,897	-
Total other financing sources	-	652,134	652,134	652,134	-
Total revenues and other financing sources	$ 4,483,679	$ 4,925,916	$ 9,409,595	$ 9,798,366	$ (388,771)
EXPENDITURES					
General government	$ 50,153	$ 225	$ 50,378	$ 85,153	$ (34,775)
Community development services	-	363,154	363,154	387,240	(24,086)
Public works	2,948,064	3,834,661	6,782,725	7,021,829	(239,104)
Public safety	559,562	603,833	1,163,395	1,218,919	(55,524)
Leisure services	925,900	124,043	1,049,943	1,085,225	(35,282)
Total expenditures	$ 4,483,679	$ 4,925,916	$ 9,409,595	$ 9,798,366	$ (388,771)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
HOUSING BOND FUND
For the Fiscal Year Ended June 30, 2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Gain (loss) on investments	$ -	$ 30,832	$ 30,832	$ -	$ 30,832
Program income	47,320	511,360	558,680	147,320	411,360
Miscellaneous other	-	700	700	-	700
Total revenues	47,320	542,892	590,212	147,320	442,892
OTHER FINANCING SOURCES					
Issuance of debt	10,000,005	6,000,019	16,000,024	15,745,684	254,340
Premium on issuance of debt	95,525	26,841	122,366	-	122,366
Total other financing sources	10,095,530	6,026,860	16,122,390	15,745,684	376,706
Total revenues and other financing sources	$ 10,142,850	$ 6,569,752	$ 16,712,602	15,893,004	$ 819,598
Fund balance appropriated				5,210,529	
				$ 21,103,533	
EXPENDITURES					
Economic development programs	$ 16,928,046	$ 1,007,041	$ 17,935,087	$ 20,703,533	$ (2,768,446)
OTHER FINANCING USES					
Transfer to:					
General fund	-	400,000	400,000	400,000	-
Total expenditures and other financing uses	$ 16,928,046	$ 1,407,041	$ 18,335,087	$ 21,103,533	$ (2,768,446)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
COMMUNITY DEVELOPMENT FUND
For the Fiscal Year Ended June 30, 2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Intergovernmental:					
US Department of HUD	$ 16,872,333	$ 2,782,500	$ 19,654,833	$ 20,937,250	$ (1,282,417)
Rents	649,152	55,628	704,780	729,570	(24,790)
Program income	4,772,497	311,550	5,084,047	5,507,497	(423,450)
Miscellaneous other	-	21,064	21,064	-	21,064
Total revenues	22,293,982	3,170,742	25,464,724	27,174,317	(1,709,593)
OTHER FINANCING SOURCES					
Transfers from:					
Housing development - operating	-	216,721	216,721	216,721	-
Gain (loss) on sale of capital assets	343,932	654,370	998,302	1,631,012	(632,710)
Total other financing sources	343,932	871,091	1,215,023	1,847,733	(632,710)
Total revenues and other financing sources	$ 22,637,914	$ 4,041,833	$ 26,679,747	29,022,050	$ (2,342,303)
Fund balance appropriated				5,876,255	
				$ 34,898,305	
EXPENDITURES					
Community development services	$ 29,389,327	$ 2,876,039	$ 32,265,366	$ 34,887,959	$ (2,622,593)
OTHER FINANCING USES					
Transfer to:					
Technology capital projects fund	-	10,346	10,346	10,346	-
Total expenditures and other financing uses	$ 29,389,327	$ 2,886,385	$ 32,275,712	$ 34,898,305	$ (2,622,593)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
DISASTER RECOVERY FUND
For the Fiscal Year Ended June 30, 2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Intergovernmental:					
Federal Emergency Management Agency	$ 4,751,225	$ 643,539	$ 5,394,764	$ 4,751,225	$ 643,539
NC Department of Transportation	80,347	-	80,347	80,347	-
Total revenues	$ 4,831,572	$ 643,539	$ 5,475,111	$ 4,831,572	$ 643,539
EXPENDITURES					
General government	$ 4,831,572	$ 300	$ 4,831,872	$ 4,831,572	$ 300

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
CONVENTION CENTER FINANCING FUND
For the Fiscal Year Ended June 30, 2016

	Actual	Budget	Over (Under) Budget
REVENUES			
Intergovernmental:			
Wake County	$ 25,517,817	$ 23,887,002	$ 1,630,815
Gain (loss) on investments	457,911	1,054,934	(597,023)
Total revenues	$ 25,975,728	$ 24,941,936	$ 1,033,792
EXPENDITURES			
Leisure services	$ 950,000	$ 2,382,191	$ (1,432,191)
OTHER FINANCING USES			
Transfers to:			
Convention center and performing arts complex operating fund	19,782,718	21,407,745	(1,625,027)
Convention center complex capital projects fund	1,152,000	1,152,000	-
Total other financing uses	20,934,718	22,559,745	(1,625,027)
Total expenditures and other financing uses	$ 21,884,718	$ 24,941,936	$ (3,057,218)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
EMERGENCY TELEPHONE SYSTEM FUND
For the Fiscal Year Ended June 30, 2016

	Actual	Budget	Over (Under) Budget
REVENUES			
Intergovernmental:			
State of North Carolina	$ 2,861,093	$ 2,875,526	$ (14,433)
Gain (loss) on investments	29,490	5,110	24,380
Total revenues	$ 2,890,583	2,880,636	$ 9,947
Fund balance appropriated		1,955,417	
		$ 4,836,053	
EXPENDITURES			
Public safety:			
Telephone	$ 1,628,585	$ 2,123,342	$ (494,757)
Furniture	757,125	591,279	165,846
Software maintenance	1,026,192	1,828,379	(802,187)
Hardware maintenance	411,986	272,853	139,133
Training	27,020	20,200	6,820
Total expenditures	$ 3,850,908	$ 4,836,053	$ (985,145)

General Capital Projects Funds

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

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

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

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

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2016

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Raleigh Union Station Fund	Facility Fees Fund
ASSETS						
Cash and cash equivalents	$ 24,523,304	$ 8,721,586	$ 3,809,399	$ 12,924,357	$ 6,752,249	$ 12,028,372
Assessments receivable, net of allowance for uncollectibles of $107,637	452,405	-	-	-	-	-
Due from other funds	-	435,344	-	-	-	-
Due from other governmental agencies	1,192,351	-	273,786	-	1,747,823	-
Due from GoTriangle	-	-	-	-	1,557,337	-
Accrued interest receivable	78,836	-	24,004	40,429	-	48,009
Sales tax receivable	62,712	78,829	11,053	81,465	12,580	-
Assets held for resale	-	-	-	-	-	-
Cash and cash equivalents/investments - restricted deposits and bond proceeds	1,865,709	335,443	369,621	-	7,074,729	-
Total assets	$ 28,175,317	$ 9,571,202	$ 4,487,863	$ 13,046,251	$ 17,144,718	$ 12,076,381
LIABILITIES						
Accounts payable	$ 2,587,351	$ 3,923,802	$ 73,639	$ 381,744	$ 2,295,711	$ 3,425
Accrued salaries and employee payroll taxes	105	116	-	-	-	-
Sales tax payable	-	19,573	-	158	-	-
Other liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	435,344	-	-
Reimbursable facility fees	-	-	-	-	-	6,634,594
Escrow and other deposits payable from restricted assets	1,865,709	-	369,621	-	-	-
Due to other governmental agencies	-	-	-	-	14,059	-
Total liabilities	4,453,165	3,943,491	443,260	817,246	2,309,770	6,638,019
DEFERRED INFLOWS OF RESOURCES						
Unearned revenues	113,714	-	-	27,062	4,057,337	-
Assessments receivable	452,405	-	-	-	-	-
Prepaid assessments	-	-	6,580	-	-	-
Total deferred inflows of resources	566,119	-	6,580	27,062	4,057,337	-
FUND BALANCES						
Nonspendable:						
Assets held for resale	-	-	-	-	-	-
Assigned:						
Subsequent year's appropriation	11,633,703	5,627,711	4,038,023	6,264,805	-	-
City projects	11,522,330	-	-	5,937,138	10,777,611	5,438,362
Total fund balances	23,156,033	5,627,711	4,038,023	12,201,943	10,777,611	5,438,362
Total liabilities, deferred inflows of resources and fund balances	$ 28,175,317	$ 9,571,202	$ 4,487,863	$ 13,046,251	$ 17,144,718	$ 12,076,381

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2016

	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	$ 20,911,617	$ 1,333,770	$ 9,275,161	$ 99,406	$ 100,379,221
Assessments receivable, net of allowance for uncollectibles of $107,637	-	-	-	-	452,405
Due from other funds	119,297	274,897	-	-	829,538
Due from other governmental agencies	-	-	-	-	3,213,960
Due from GoTriangle	-	-	-	-	1,557,337
Accrued interest receivable	43,461	-	39,166	-	273,905
Sales tax receivable	73,162	7,595	65,282	1,161,188	1,553,866
Assets held for resale	11,625,378	-	-	-	11,625,378
Cash and cash equivalents/investments - restricted deposits and bond proceeds	10,951,830	-	-	9,131,332	29,728,664
Total assets	$ 43,724,745	$ 1,616,262	$ 9,379,609	$ 10,391,926	$ 149,614,274
LIABILITIES					
Accounts payable	$ 296,589	$ 6,219	$ 816,470	$ 353,359	$ 10,738,309
Accrued salaries and employee payroll taxes	-	-	-	-	221
Sales tax payable	-	368	-	-	20,099
Other liabilities	5,659	-	-	-	5,659
Due to other funds	2,090,205	-	-	-	2,525,549
Reimbursable facility fees	-	-	-	-	6,634,594
Escrow and other deposits payable from restricted assets	-	-	-	-	2,235,330
Due to other governmental agencies	-	-	-		14,059
Total liabilities	2,392,453	6,587	816,470	353,359	22,173,820
DEFERRED INFLOWS OF RESOURCES					
Unearned revenues	-	-	-	-	4,198,113
Assessments receivable	-	-	-	-	452,405
Prepaid assessments	-	-	-	-	6,580
Total deferred inflows of resources	-	-	-	-	4,657,098
FUND BALANCES					
Nonspendable:					
Assets held for resale	11,625,378	-	-	-	11,625,378
Assigned:					
Subsequent year's appropriation	15,951,487	1,609,675	8,423,609	4,233,477	57,782,490
City projects	13,755,427	-	139,530	5,805,090	53,375,488
Total fund balances	41,332,292	1,609,675	8,563,139	10,038,567	122,783,356
Total liabilities, deferred inflows of resources and fund balances	$ 43,724,745	$ 1,616,262	$ 9,379,609	$ 10,391,926	$ 149,614,274

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2016

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund	Raleigh Union Station Fund	Facility Fees Fund
REVENUES						
Intergovernmental	$ 1,861,073	$ -	$ 359,236	$ -	$ 7,049,106	$ -
Assessments	857,631	-	270,797	165,264	-	-
Gain (loss) on investments	268,117	8,375	81,350	144,067	18,852	174,579
Facility fees	-	-	-	15,953	-	9,875,230
Rents	-	-	-	-	-	-
Miscellaneous other	-	-	-	21,754	10,000	-
Total revenues	2,986,821	8,375	711,383	347,038	7,077,958	10,049,809
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public works	14,333,119	15,631,584	1,965,441	-	13,549,485	-
Public safety	-	-	-	-	-	-
Leisure services	-	-	-	3,886,080	-	-
Total expenditures	14,333,119	15,631,584	1,965,441	3,886,080	13,549,485	-
Excess (deficiency) of revenues over (under) expenditures	(11,346,298)	(15,623,209)	(1,254,058)	(3,539,042)	(6,471,527)	10,049,809
OTHER FINANCING SOURCES (USES)						
Transfers in	17,071,000	435,344	425,000	5,825,000	11,910,000	-
Transfers out	(2,821,105)	(5,499,881)	-	(435,344)	-	(13,552,100)
Issuance of debt	-	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-	-	-
Total other financing sources and uses	14,249,895	(5,064,537)	425,000	5,389,656	11,910,000	(13,552,100)
Net change in fund balances	2,903,597	(20,687,746)	(829,058)	1,850,614	5,438,473	(3,502,291)
Fund balances, beginning of year	20,252,436	26,315,457	4,867,081	10,351,329	5,339,138	8,940,653
Fund balances, end of year	$ 23,156,033	$ 5,627,711	$ 4,038,023	$ 12,201,943	$ 10,777,611	$ 5,438,362

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2016

	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	$ -	$ -	$ -	$ -	$ -	$ 9,269,415
Assessments	-	-	-	-	-	1,293,692
Gain (loss) on investments	173,635	-	138,981	99,449	-	1,107,405
Facility fees	-	-	-	-	-	9,891,183
Rents	-	274,897	-	-	-	274,897
Miscellaneous other	48,401	-	-	-	-	80,155
Total revenues	222,036	274,897	138,981	99,449	-	21,916,747
EXPENDITURES						
Current:						
General government	1,168,022	-	4,424,573	-	-	5,592,595
Public works	831,948	-	-	1,437,443	-	47,749,020
Public safety	1,772,477	-	-	31,327,532	-	33,100,009
Leisure services	18,084	173,640	-	-	-	4,077,804
Total expenditures	3,790,531	173,640	4,424,573	32,764,975	-	90,519,428
Excess (deficiency) of revenues over (under) expenditures	(3,568,495)	101,257	(4,285,592)	(32,665,526)	-	(68,602,681)
OTHER FINANCING SOURCES (USES)						
Transfers in	4,000,000	-	6,289,702	-	(15,195,344)	30,760,702
Transfers out	(13,777)	-	(3,134,187)	(500,000)	15,195,344	(10,761,050)
Issuance of debt	2,216,575	-	-	-	-	2,216,575
Premium on issuance of debt	308,366	-	-	-	-	308,366
Gain (loss) on sale of capital assets	6,919,837	-	-	-	-	6,919,837
Total other financing sources and uses	13,431,001	-	3,155,515	(500,000)	-	29,444,430
Net change in fund balances	9,862,506	101,257	(1,130,077)	(33,165,526)	-	(39,158,251)
Fund balances, beginning of year	31,469,786	1,508,418	9,693,216	43,204,093	-	161,941,607
Fund balances, end of year	$ 41,332,292	$ 1,609,675	$ 8,563,139	$ 10,038,567	$ -	$ 122,783,356

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STREET IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	$ 30,500,593	$ 1,861,073	$ 32,361,666	$ 43,705,151	$ (11,343,485)
Developer participation	334,471	-	334,471	1,312,744	(978,273)
Assessments	198,967	857,631	1,056,598	747,741	308,857
Gain (loss) on investments	-	268,117	268,117	96,000	172,117
Miscellaneous other	-	-	-	800,000	(800,000)
Total revenues	31,034,031	2,986,821	34,020,852	46,661,636	(12,640,784)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	10,071,000	10,071,000	10,071,000	-
Facility fees fund	-	7,000,000	7,000,000	7,000,000	-
Total other financing sources	-	17,071,000	17,071,000	17,071,000	-
Total revenues and other financing sources	$ 31,034,031	$ 20,057,821	$ 51,091,852	63,732,636	$ (12,640,784)
Fund balance appropriated				81,683,494	
				$ 145,416,130	
EXPENDITURES					
Public works	$ 93,238,849	$ 14,333,119	$ 107,571,968	$ 142,595,025	$ (35,023,057)
OTHER FINANCING USES					
Transfers to:					
Mass transit fund	-	2,821,105	2,821,105	2,821,105	-
Total expenditures and other financing uses	$ 93,238,849	$ 17,154,224	$ 110,393,073	$ 145,416,130	$ (35,023,057)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
STREET BOND FUND
For the Fiscal Year Ended June 30, 2016

	Actual				
	Prior Years	Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	$ 985,788	$ -	$ 985,788	$ 5,553,406	$ (4,567,618)
Developer participation	2,027,831	-	2,027,831	2,027,831	-
Gain (loss) on investments	-	8,375	8,375	104,000	(95,625)
Total revenues	3,013,619	8,375	3,021,994	7,685,237	(4,663,243)
OTHER FINANCING SOURCES					
Transfers from:					
Park improvement fund	-	435,344	435,344	435,344	-
Note proceeds	1,032,846	-	1,032,846	1,500,000	(467,154)
Issuance of debt	26,112,050	-	26,112,050	49,958,050	(23,846,000)
Total other financing sources	27,144,896	435,344	27,580,240	51,893,394	(24,313,154)
Total revenues and other financing sources	$ 30,158,515	$ 443,719	$ 30,602,234	59,578,631	$ (28,976,397)
Fund balance appropriated				103,575,925	
				$ 163,154,556	
EXPENDITURES					
Public works	$ 62,805,573	$ 15,631,584	$ 78,437,157	$ 162,864,675	$ (84,427,518)
OTHER FINANCING USES					
Transfers to:					
Mass transit fund	-	289,881	289,881	289,881	-
Raleigh Union Station fund	-	5,210,000	5,210,000	-	5,210,000
Total other financing uses	-	5,499,881	5,499,881	289,881	5,210,000
Total expenditures and other financing uses	$ 62,805,573	$ 21,131,465	$ 83,937,038	$ 163,154,556	$ (79,217,518)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
SIDEWALK FUND
For the Fiscal Year Ended June 30, 2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Intergovernmental:					
North Carolina Department of Transportation	$ 787,654	$ 359,236	$ 1,146,890	$ 2,042,133	$ (895,243)
Other local sources	82,500	-	82,500	82,500	-
Gain (loss) on investments	-	81,350	81,350	-	81,350
Sidewalk paving assessment	57,251	270,797	328,048	110,826	217,222
Total revenues	927,405	711,383	1,638,788	2,235,459	(596,671)
OTHER FINANCING SOURCES					
Transfers from general fund	-	425,000	425,000	425,000	-
Total revenues and other financing sources	$ 927,405	$ 1,136,383	$ 2,063,788	2,660,459	$ (596,671)
Fund balance appropriated				9,753,468	
				$ 12,413,927	
EXPENDITURES					
Public works	$ 5,965,378	$ 1,965,441	$ 7,930,819	$ 12,413,927	$ (4,483,108)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
PARK IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Intergovernmental:					
Wake County	$ 1,505,605	$ -	$ 1,505,605	$ 1,505,605	$ -
Assessments	163,103	165,264	328,367	213,103	115,264
Gain (loss) on investments	-	144,067	144,067	50,000	94,067
Facility fees	-	15,953	15,953	-	15,953
Miscellaneous other	512,478	21,754	534,232	15,000	519,232
Total revenues	2,181,186	347,038	2,528,224	1,783,708	744,516
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	3,775,000	3,775,000	3,775,000	-
Facility fees fund	-	2,050,000	2,050,000	2,050,000	-
Total other financing sources	-	5,825,000	5,825,000	5,825,000	-
Total revenues and other financing sources	$ 2,181,186	$ 6,172,038	$ 8,353,224	7,608,708	$ 744,516
Fund balance appropriated				28,053,294	
				$ 35,662,002	
EXPENDITURES					
Leisure services	$ 21,013,866	$ 3,886,080	$ 24,899,946	$ 35,226,658	$ (10,326,712)
OTHER FINANCING USES					
Transfers to:					
Street bond fund	-	435,344	435,344	435,344	-
Total expenditures and other financing uses	$ 21,013,866	$ 4,321,424	$ 25,335,290	$ 35,662,002	$ (10,326,712)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
RALEIGH UNION STATION FUND
For the Fiscal Year Ended June 30, 2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Intergovernmental:					
Federal Railroad Authority	$ 3,979,403	$ 5,447,424	$ 9,426,827	$ 38,000,000	$ (28,573,173)
State of North Carolina	1,100,619	1,601,682	2,702,301	9,000,000	(6,297,699)
Gain (loss) on investments	-	18,852	18,852	-	18,852
Miscellaneous other	-	10,000	10,000	10,000	-
Total revenues	5,080,022	7,077,958	12,157,980	47,010,000	(34,852,020)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	6,200,000	6,200,000	-	6,200,000
Street bond fund	-	5,210,000	5,210,000	-	5,210,000
Major public facilities fund	-	500,000	500,000	-	500,000
Issuance of debt	5,050,000	-	5,050,000	5,050,000	-
Premium on issuance of debt	433,355	-	433,355	433,355	-
Total other financing sources	5,483,355	11,910,000	17,393,355	5,483,355	11,910,000
Total revenues and other financing sources	$ 10,563,377	$ 18,987,958	$ 29,551,335	52,493,355	$ (22,942,020)
Fund balance appropriated				25,321,121	
				$ 77,814,476	
EXPENDITURES					
Public works	$ 8,264,353	$ 13,549,485	$ 21,813,838	$ 77,814,476	$ (56,000,638)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
FACILITY FEES FUND
For the Fiscal Year Ended June 30, 2016

	Actual				
	Prior Years	Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Gain (loss) on investments	$ -	$ 174,579	$ 174,579	$ -	$ 174,579
Facility fees	-	9,875,230	9,875,230	10,202,100	(326,870)
Total revenues	$ -	$ 10,049,809	$ 10,049,809	$ 10,202,100	$ (152,291)
Fund balance appropriated				3,350,000	
				$ 13,552,100	
OTHER FINANCING USES					
Transfers to:					
General fund	$ -	$ 4,502,100	$ 4,502,100	$ 4,502,100	$ -
Park improvement fund	-	2,050,000	2,050,000	2,050,000	-
Street improvement fund	-	7,000,000	7,000,000	7,000,000	-
Total other financing uses	$ -	$ 13,552,100	$ 13,552,100	$ 13,552,100	$ -

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MISCELLANEOUS CAPITAL IMPROVEMENTS FUND
For the Fiscal Year Ended June 30,2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Gain (loss) on investments	$ -	$ 173,635	$ 173,635	$ 100,000	$ 73,635
Miscellaneous other	-	48,401	48,401	-	48,401
Total revenues	-	222,036	222,036	100,000	122,036
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	4,000,000	4,000,000	4,000,000	-
Issuance of debt	6,492,544	2,216,575	8,709,119	8,709,119	-
Premium on bonds	561,167	308,366	869,533	869,533	-
Gain (loss) on sale of capital assets	-	6,919,837	6,919,837	-	6,919,837
Total other financing sources	7,053,711	13,444,778	20,498,489	13,578,652	6,919,837
Total revenues and other financing sources	$ 7,053,711	$ 13,666,814	$ 20,720,525	13,678,652	$ 7,041,873
Fund balance appropriated				49,101,066	
				$ 62,779,718	
EXPENDITURES					
General government	$ 627,626	$ 1,168,022	$ 1,795,648	$ 5,137,850	$ (3,342,202)
Community development	5,830,677	-	5,830,677	5,876,250	(45,573)
Public works	11,055,441	831,948	11,887,389	17,284,044	(5,396,655)
Public safety	6,601,702	1,772,477	8,374,179	33,812,797	(25,438,618)
Leisure services	625,180	18,084	643,264	655,000	(11,736)
Total expenditures	24,740,626	3,790,531	28,531,157	62,765,941	(34,234,784)
OTHER FINANCING USES					
Transfers to:					
Grants fund	-	13,777	13,777	13,777	-
Total expenditures and other financing uses	$ 24,740,626	$ 3,804,308	$ 28,544,934	$ 62,779,718	$ (34,234,784)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
WALNUT CREEK AMPHITHEATER PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

	Actual				
	Prior Years	Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Rents	$ 144,240	$ 274,897	$ 419,137	$ 344,240	$ 74,897
Fund balance appropriated				4,133,761	
				$ 4,478,001	
EXPENDITURES					
Leisure services	$ 3,696,472	$ 173,640	$ 3,870,112	$ 4,478,001	$ (607,889)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
TECHNOLOGY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Gain (loss) on investments	$ -	$ 138,981	$ 138,981	$ -	$ 138,981
OTHER FINANCING SOURCES					
Transfers from:					
Convention center operating fund	-	92,748	92,748	92,748	-
General fund	-	4,021,003	4,021,003	4,021,003	-
Community development fund	-	10,346	10,346	10,346	-
Mass transit fund	-	10,267	10,267	10,267	-
Parking facilities operating fund	-	19,719	19,719	19,719	-
Solid waste services operating fund	-	210,442	210,442	210,442	-
Stormwater utility operating fund	-	166,032	166,032	166,032	-
Vehicle fleet services fund	-	50,753	50,753	50,753	-
Water and sewer operating fund	-	1,708,392	1,708,392	1,708,392	-
Total other financing sources	-	6,289,702	6,289,702	6,289,702	-
Total revenues and other financing sources	$ -	$ 6,428,683	$ 6,428,683	6,289,702	$ 138,981
Fund balance appropriated				17,839,302	
				$ 24,129,004	
EXPENDITURES					
General government	$ 5,424,301	$ 4,424,573	$ 9,848,874	$ 20,994,817	$ (11,145,943)
OTHER FINANCING USES					
Transfers to:					
General fund	-	3,134,187	3,134,187	3,134,187	-
Total expenditures and other financing uses	$ 5,424,301	$ 7,558,760	$ 12,983,061	$ 24,129,004	$ (11,145,943)

SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED WITH BUDGET
MAJOR PUBLIC FACILITIES FUND
For the Fiscal Year Ended June 30, 2016

	Actual				
	Prior Years	Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
American recovery and reinvestment act	$ 1,174,152	$ -	$ 1,174,152	$ 1,291,334	$ (117,182)
Other local sources	1,293,625	-	1,293,625	1,293,625	-
Gain (loss) on investments	-	99,449	99,449	-	99,449
Total revenues	2,467,777	99,449	2,567,226	2,584,959	(17,733)
OTHER FINANCING SOURCES					
Issuance of debt	124,688,400	-	124,688,400	124,688,400	-
Premium on issuance of debt	11,985,425	-	11,985,425	11,985,425	-
Total other financing sources	136,673,825	-	136,673,825	136,673,825	-
Total revenues and other financing sources	$ 139,141,602	$ 99,449	$ 139,241,051	139,258,784	$ (17,733)
Fund balance appropriated				40,337,108	
				$ 179,595,892	
EXPENDITURES					
Public works	$ 100,533,138	$ 1,437,443	$ 101,970,581	$ 106,692,424	$ (4,721,843)
Public safety	35,064,058	31,327,532	66,391,590	72,403,468	(6,011,878)
Total expenditures	135,597,196	32,764,975	168,362,171	179,095,892	(10,733,721)
OTHER FINANCING USES					
Transfers to:					
Raleigh Union Station fund	-	500,000	500,000	500,000	-
Total expenditures and other financing uses	$ 135,597,196	$ 33,264,975	$ 168,862,171	$ 179,595,892	$ (10,733,721)

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

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

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

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

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

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

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

For the Fiscal Year Ended June 30, 2016

	Actual	Budget	Over (Under) Budget
REVENUES			
Water and sewer user charges	$ 191,946,446	$ 185,582,475	$ 6,363,971
Water infrastructure replacement	3,780,875	3,714,547	66,328
Sewer infrastructure replacement	9,046,890	8,535,000	511,890
Watershed protection fees	2,207,812	2,250,000	(42,188)
Capital facility fees	9,631,566	7,997,000	1,634,566
Connections and tap fees	1,539,122	1,004,000	535,122
Water and sewer penalties	1,149,030	1,155,000	(5,970)
Water and sewer sales - municipalities	235,589	158,400	77,189
Facility charges	2,416,691	2,745,000	(328,309)
Water and sewer assessments	406,978	657,077	(250,099)
Acreage connection fees	1,715,074	250,000	1,465,074
Miscellaneous other	2,994,548	2,531,544	463,004
Total operating revenues	227,070,621	216,580,043	10,490,578
NONOPERATING REVENUES			
Gain (loss) on investments	1,995,928	1,045,000	950,928
Gain (loss) on disposal of capital assets	614,672	-	614,672
Other	600,130	1,022,600	(422,470)
Total nonoperating revenues	3,210,730	2,067,600	1,143,130
OTHER FINANCING SOURCES			
Transfer from:			
Risk management fund	331,360	331,360	-
Refunding bonds issued	56,836,574	56,836,574	-
Total other financing sources	57,167,934	57,167,934	-
Total revenues and other financing sources	$ 287,449,285	275,815,577	$ 11,633,708
Fund balance appropriated		40,097,624	
		$ 315,913,201	
EXPENDITURES			
Public utilities:			
Administration	$ 9,893,501	$ 12,860,675	$ (2,967,174)
Water plant	17,930,036	21,926,493	(3,996,457)
Waste treatment plant	19,972,370	21,845,371	(1,873,001)
Utility billing	5,926,932	6,290,136	(363,204)
Sewer maintenance	10,328,815	12,461,774	(2,132,959)
Water distribution	9,523,942	12,032,552	(2,508,610)
Meter operations	4,685,940	5,976,717	(1,290,777)
Warehouse	1,708,327	2,581,080	(872,753)
Repairs and maintenance	1,669,736	2,730,551	(1,060,815)
	81,639,599	98,705,349	(17,065,750)

Continued

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

For the Fiscal Year Ended June 30, 2016

	Actual	Budget	Over (Under) Budget
EXPENDITURES (CONTINUED)			
Special appropriations:			
Reimbursement to general fund	$ 8,135,115	$ 8,135,115	$ -
Insurance and risk management charges	3,935,848	3,960,604	(24,756)
Other expenditures	751,635	7,956,663	(7,205,028)
	12,822,598	20,052,382	(7,229,784)
Debt service:			
General obligations bonds:			
Principal	1,005,384	1,005,384	-
Interest	34,027	34,027	-
Revenue bonds:			
Principal	22,155,000	22,155,000	-
Interest	28,966,854	27,947,243	1,019,611
Installment financing agreements:			
Principal	2,063,501	2,105,951	(42,450)
Interest	314,579	345,149	(30,570)
Escrow expenditures - merged systems' debt	1,797,388	1,739,363	58,025
Other expenditures	1,248,932	2,854,075	(1,605,143)
	57,585,665	58,186,192	(600,527)
Total expenditures	152,047,862	176,943,923	(24,896,061)
OTHER FINANCING USES			
Transfers to:			
Water capital projects fund	20,277,306	21,770,000	(1,492,694)
Sewer capital projects fund	50,200,000	58,735,000	(8,535,000)
Stormwater utility operating fund	886	886	-
Technology capital projects fund	1,708,392	1,708,392	-
Total transfers	72,186,584	82,214,278	(10,027,694)
Payment to refunded bond escrow agent	56,755,000	56,755,000	-
Total other financing uses	128,941,584	138,969,278	(10,027,694)
Total expenditures and other financing uses	$ 280,989,446	$ 315,913,201	$ (34,923,755)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

	Actual				
	Prior Years	Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Gain (loss) on investments	$ -	$ 411,166	$ 411,166	$ -	$ 411,166
OTHER FINANCING SOURCES					
Transfers from:					
Water and sewer operating fund	-	18,623,541	18,623,541	21,770,000	(3,146,459)
Total revenues and other financing sources	$ -	$ 19,034,707	$ 19,034,707	21,770,000	$ (2,735,293)
Fund balance appropriated				64,005,620	
				$ 85,775,620	
EXPENDITURES					
Water capital projects	$ 32,008,099	$ 14,410,902	$ 46,419,001	$ 85,775,620	$ (39,356,619)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SEWER CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Gain (loss) on investments	$ -	$ 571,541	$ 571,541	$ -	$ 571,541
OTHER FINANCING SOURCES					
Transfers from:					
Water and sewer operating fund	-	51,853,765	51,853,765	58,735,000	(6,881,235)
Total revenues and other financing sources	$ -	$ 52,425,306	$ 52,425,306	58,735,000	$ (6,309,694)
Fund balance appropriated				68,433,009	
				$ 127,168,009	
EXPENDITURES					
Sewer capital projects	$ 23,955,811	$ 12,585,975	$ 36,541,786	$ 127,168,009	$ (90,626,223)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER REVENUE BOND FUND
For the Fiscal Year Ended June 30, 2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Intergovernmental:					
US Environmental Protection Agency	$ 1,029,762	$ 24,250	$ 1,054,012	$ 1,870,607	$ (816,595)
N.C. Department of Natural Resources	34,453,215	18,618,073	53,071,288	98,455,731	(45,384,443)
Gain (loss) on investments	-	57,394	57,394	-	57,394
Total revenues	35,482,977	18,699,717	54,182,694	100,326,338	(46,143,644)
OTHER FINANCING SOURCES					
Issuance of debt	2,945,557	-	2,945,557	32,885,802	(29,940,245)
Premium on issuance of debt	8,542,927	-	8,542,927	8,542,927	-
Total other financing sources	11,488,484	-	11,488,484	41,428,729	(29,940,245)
Total revenues and other financing sources	$ 46,971,461	$ 18,699,717	$ 65,671,178	141,755,067	$ (76,083,889)
Fund balance appropriated				304,689,591	
				$ 446,444,658	
EXPENDITURES					
Water capital projects	$ 96,086,302	$ 7,155,888	$ 103,242,190	$ 149,803,878	$ (46,561,688)
Sewer capital projects	163,976,978	34,717,939	198,694,917	296,640,780	(97,945,863)
Total expenditures	$ 260,063,280	$ 41,873,827	$ 301,937,107	$ 446,444,658	$ (144,507,551)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER FUNDS
For the Fiscal Year Ended June 30, 2016

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	$	287,449,285
Water capital projects fund		19,034,707
Sewer capital projects fund		52,425,306
Water and sewer revenue bond fund		18,699,717
Total current year expenditures and other financing uses - modified accrual basis:		
Water and sewer operating fund		(280,989,446)
Water capital projects fund		(14,410,902)
Sewer capital projects fund		(12,585,975)
Water and sewer revenue bond fund		(41,873,827)
Excess of revenues and other financing sources over expenditures and other financing uses		27,748,865
Adjustments to full accrual basis:		
Amortization of refunding charges		(14,063)
Amortization of bond premiums and discounts		(5,971,181)
Bond and note proceeds		(68,478,073)
Bond and note principal payments		81,978,885
Capital contributions		1,278,008
Capital outlay		69,231,352
Capitalized interest		5,582,185
Depreciation		(34,822,233)
Earned vacation pay expense		(187,534)
Interest expense accrual		596,262
Other escrow expenditures		641,114
OPEB expense		(20,331)
Decrease in net pension asset		(3,455,844)
Increase in deferred outflows of resources - pensions		(542,293)
Decrease in deferred inflows of resources - pensions		6,947,891
Increase in net pension liability		(2,607,293)
Revenue accruals from receivables		304,979
Change in net position per statement of revenues, expenses and changes in fund net position	$	78,210,696

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, 2016

	Actual	Budget	Over (Under) Budget
REVENUES			
User charges:			
Convention and civic center	$ 6,166,767	$ 5,446,359	$ 720,408
Performing arts center	5,419,245	6,044,758	(625,513)
Red Hat amphitheater	1,908,229	1,993,500	(85,271)
Special events	272,277	270,000	2,277
Total user charges	13,766,518	13,754,617	11,901
Gain (loss) on investments	126,096	38,003	88,093
Total revenues	13,892,614	13,792,620	99,994
OTHER FINANCING SOURCES			
Transfers from:			
General fund	1,913,948	1,913,948	-
Risk management fund	34,880	34,880	-
Convention center financing fund	19,782,718	21,407,745	(1,625,027)
Refunding bonds issued	8,703,867	8,703,867	-
Total other financing sources	30,435,413	32,060,440	(1,625,027)
Total revenues and other financing sources	$ 44,328,027	45,853,060	$ (1,525,033)
Fund balance appropriated		280,295	
		$ 46,133,355	
EXPENDITURES			
Civic and convention center	$ 8,244,079	$ 8,603,040	$ (358,962)
Performing arts center	6,750,530	7,377,445	(626,915)
Red Hat amphitheater	2,013,117	2,287,131	(274,014)
Special events	395,259	479,258	(83,998)
Total operating expenditures	17,402,985	18,746,874	(1,343,889)
DEBT SERVICE			
Principal	7,695,000	7,695,000	-
Interest	7,928,619	9,139,000	(1,210,381)
Payment to refunded bond escrow agent	8,703,867	8,703,867	-
Other debt service costs	1,224,883	1,590,920	(366,037)
Total debt service	25,552,369	27,128,787	(1,576,418)
OTHER FINANCING USES			
Transfers to:			
General fund	164,946	164,946	-
Technology capital projects fund	92,748	92,748	-
Total other financing uses	257,694	257,694	-
Total expenditures and other financing uses	$ 43,213,048	$ 46,133,355	$ (2,920,307)

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, 2016

	Actual				
	Prior Years	Current Year	Total	Budget	Over (Under) Budget
OTHER FINANCING SOURCES					
Note proceeds	$ 3,312,463	$ 2,473,553	$ 5,786,016	$ 14,224,778	$ (8,438,762)
Bond proceeds	-	9,243,425	9,243,425	708,441	8,534,984
Premium on bonds	-	1,285,931	1,285,931	728,559	557,372
Gain (loss) on investments	-	9,575	9,575	-	9,575
Total revenues and other financing sources	$ 3,312,463	$ 13,012,484	$ 16,324,947	$ 15,661,778	$ 663,169
Fund balance appropriated				2,825,298	
				$ 18,487,076	
EXPENDITURES					
Convention center and performing arts complex projects	$ 6,409,990	$ 8,713,282	$ 15,123,272	$ 18,487,076	$ (3,363,804)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
CONVENTION CENTER COMPLEX CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

	Actual				
	Prior Years	Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Miscellaneous other	$ -	$ 18,030	$ 18,030	$ -	$ 18,030
OTHER FINANCING SOURCES					
Transfers from:					
Convention center financing fund	-	1,152,000	1,152,000	1,152,000	-
Total revenues and other financing sources	$ -	$ 1,170,030	$ 1,170,030	1,152,000	$ 18,030
Fund balance appropriated				8,280,284	
				$ 9,432,284	
EXPENDITURES					
Convention center projects	$ 2,742,570	$ 2,526,261	$ 5,268,831	$ 9,432,284	$ (4,163,453)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL CONVENTION CENTER FUNDS
For the Fiscal Year Ended June 30, 2016

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis		
Convention center and performing arts complex operating fund	$	44,328,027
Convention center and performing arts complex projects fund		13,012,484
Convention center complex capital projects fund		1,170,030
Total current expenditures and other financing uses - modified accrual basis		
Convention center and performing arts complex operating fund		(43,213,048)
Convention center and performing arts complex projects fund		(8,713,282)
Convention center complex capital projects fund		(2,526,261)
Excess of revenues and other financing sources over expenditures and other financing uses		4,057,950
Adjustments to full accrual basis:		
Bond and note proceeds		(21,706,776)
Bond and note principal payments		7,695,000
Capital outlay		11,239,543
Depreciation		(8,215,751)
Interest expense accrual		140,471
OPEB expense		(1,862)
Decrease in net pension asset		(561,575)
Increase in deferred outflows of resources - pensions		(86,501)
Decrease in deferred inflows of resources - pensions		1,108,252
Increase in net pension liability		(405,552)
Refunded bond escrow expense		8,703,867
Vacation expense		(10,890)
Change in net position per statement of revenues, expenses and changes in net position	$	1,956,176

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND
For the Fiscal Year Ended June 30, 2016

	Actual				Over
	Prior Years	Current Year	Total	Budget	(Under) Budget
REVENUES					
Farebox	$ -	$ 6,074,541	$ 6,074,541	$ 6,119,254	$ (44,713)
ART program fees	-	799,705	799,705	800,000	(295)
Intergovernmental revenue:					
Federal Transit Administration	27,194,959	6,960,915	34,155,874	55,517,732	(21,361,858)
State of North Carolina	1,397,543	2,667,409	4,064,952	5,479,719	(1,414,767)
Miscellaneous other	-	242,984	242,984	130,000	112,984
Total revenues	28,592,502	16,745,554	45,338,056	68,046,705	(22,708,649)
OTHER FINANCING SOURCES					
Proceeds on disposal of capital assets	-	467	467	-	467
Transfers from:					
General fund	-	16,955,836	16,955,836	18,574,238	(1,618,402)
Risk management fund	-	8,720	8,720	8,720	-
Street bond fund	-	289,881	289,881	289,881	-
Street improvement fund	-	2,821,105	2,821,105	2,821,105	-
Total other financing sources	-	20,076,009	20,076,009	21,693,944	(1,617,935)
Total revenues and other financing sources	$ 28,592,502	$ 36,821,563	$ 65,414,065	89,740,649	$ (24,326,584)
Fund balance appropriated				1,384,471	
				$ 91,125,120	
EXPENDITURES					
Mass transit operating expenditures	$ -	$ 18,706,972	$ 18,706,972	$ 20,793,681	$ (2,086,709)
ART program operating expenditures	-	7,993,672	7,993,672	8,668,984	(675,312)
Capital grant expenditures	34,216,477	8,637,230	42,853,707	61,418,369	(18,564,662)
Total expenditures	34,216,477	35,337,874	69,554,351	90,881,034	(21,326,683)
OTHER FINANCING USES					
Transfers to:					
Grants fund	-	230,897	230,897	233,819	(2,922)
Technology capital projects fund	-	10,267	10,267	10,267	-
Total other financing uses	-	241,164	241,164	244,086	(2,922)
Total expenditures and other financing uses	$ 34,216,477	$ 35,579,038	$ 69,795,515	$ 91,125,120	$ (21,329,605)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND
For the Fiscal Year Ended June 30, 2016

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	$	36,821,563
Total current year expenditures and other financing uses - modified accrual basis		(35,579,038)
Excess of revenues and other financing sources over expenditures and other financing uses		1,242,525
Adjustments to full accrual basis:		
Capital outlay		2,428,717
Depreciation		(3,724,582)
Net OPEB pension liability		(1,783)
Decrease in net pension asset		(91,796)
Increase (decrease) in deferred outflows of resources for pensions		(15,803)
(Increase) decrease in deferred inflows of resources for pensions		202,469
Increase in pension liability		(84,891)
Unearned contributions from other funds		(1,537,035)
Vacation expense		(5,267)
Change in net position per statement of revenues, expenses, and changes in fund net position	$	(1,587,446)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY OPERATING FUND
For the Fiscal Year Ended June 30, 2016

	Actual	Budget	Over (Under) Budget
REVENUES			
User charges	$ 17,829,638	$ 17,286,248	$ 543,390
Gain (loss) on investments	160,671	25,000	135,671
Miscellaneous other	69,213	20,000	49,213
Total revenues	18,059,522	17,331,248	728,274
OTHER FINANCING SOURCES			
Transfers from:			
Risk management fund	17,440	17,440	-
Water and sewer operating fund	886	886	-
Total other financing sources	18,326	18,326	-
Total revenues and other financing sources	$ 18,077,848	17,349,574	$ 728,274
Fund balance appropriated		841,322	
		$ 18,190,896	
EXPENDITURES			
Operating expenditures	$ 11,050,231	$ 11,851,926	$ (801,695)
DEBT SERVICE			
Note principal	101,738	101,738	-
OTHER FINANCING USES			
Transfers to:			
Governmental equipment replacement fund	14,200	14,200	-
Stormwater utility capital projects fund	6,057,000	6,057,000	-
Technology capital projects fund	166,032	166,032	-
Total other financing uses	6,237,232	6,237,232	-
Total expenditures and other financing uses	$ 17,389,201	$ 18,190,896	$ (801,695)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

	Actual				
	Prior Years	Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
American Recovery and Reinvestment A	$ 292,178	$ 523	$ 292,701	$ 453,302	$ (160,601)
Federal Emergency Management Agency	2,034,752	1,175,017	3,209,769	3,760,061	(550,292)
U.S. Department of Homeland Security	806,371	10,211	816,582	1,100,785	(284,203)
U.S. EPA	328,000	-	328,000	328,000	-
N.C. Clean Water Management Trust	1,004,421	21,641	1,026,062	1,875,435	(849,373)
State of North Carolina	268,790	3,404	272,194	366,928	(94,734)
Gain (loss) on investments	-	377,236	377,236	168,000	209,236
Miscellaneous other	-	39,809	39,809	75,000	(35,191)
Total revenues	4,734,512	1,627,841	6,362,353	8,127,511	(1,765,158)
OTHER FINANCING SOURCES					
Transfer from:					
Stormwater utility operating fund	-	6,057,000	6,057,000	6,057,000	-
Total revenues and other financing sources	$ 4,734,512	$ 7,684,841	$ 12,419,353	14,184,511	$ (1,765,158)
Fund balance appropriated				49,594,205	
				$ 63,778,716	
EXPENDITURES					
Stormwater capital projects	$ 28,596,993	$ 5,262,827	$ 33,859,820	$ 63,778,716	$ (29,918,896)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY BOND FUND
For the Fiscal Year Ended June 30, 2016

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

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
STORMWATER UTILITY FUNDS
For the Fiscal Year Ended June 30, 2016

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis		
Stormwater utility operating fund	$	18,077,848
Stormwater utility capital projects fund		7,684,841
Stormwater utility bond fund		-
Total current year expenditures and other financing uses - modified accrual basis		
Stormwater utility operating fund		(17,389,201)
Stormwater utility capital projects fund		(5,262,827)
Stormwater utility bond fund		-
Excess of revenues and other financing sources over expenditures and other financing uses		3,110,661
Adjustments to full accrual basis:		
Capital outlay		5,244,780
Depreciation		(2,118,660)
Net OPEB pension liability		(1,002)
Note principal		101,738
Decrease in net pension asset		(302,386)
Increase (decrease) in deferred outflows of resources for pensions		(46,578)
(Increase) decrease in deferred inflows of resources for pensions		596,751
Increase in pension liability		(218,374)
Vacation expense		(33,155)
Change in net position per statement of revenues, expenses, and changes in fund net position	$	6,333,775

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES OPERATING FUND
For the fiscal year ended June 30, 2016

	Actual	Budget	Over (Under) Budget
REVENUES			
Parking fees	$ 14,880,729	$ 15,221,428	$ (340,699)
Gain (loss) on investments	83,932	48,000	35,932
Miscellaneous other	29,075	-	29,075
Total revenues	14,993,736	15,269,428	(275,692)
OTHER FINANCING SOURCES			
Proceeds from sale of capital assets	738,632	-	738,632
Refunding bonds issued	13,200,000	13,200,000	-
Transfers from:			
General fund	500,000	500,000	-
Risk management fund	17,440	17,440	-
Total other financing sources	14,456,072	13,717,440	738,632
Total revenues and other financing sources	$ 29,449,808	28,986,868	$ 462,940
Fund balance appropriated		5,971,967	
		$ 34,958,835	
EXPENDITURES			
Operating expenditures	$ 6,873,352	$ 9,858,616	$ (2,985,264)
DEBT SERVICE			
Bond principal	380,114	380,114	-
Bond interest	16,957	16,957	-
Note principal	3,555,000	3,415,000	140,000
Note interest	1,795,007	2,688,600	(893,593)
Other debt service expenditures	238,397	384,329	(145,932)
Total debt service	5,985,475	6,885,000	(899,525)
OTHER FINANCING USES			
Payment to refunded bond escrow agent	13,200,000	13,200,000	-
Transfers to:			
Parking facilities capital projects fund	4,855,500	4,855,500	-
Technology capital projects fund	19,719	19,719	-
Vehicle fleet services fund	140,000	140,000	-
Total other financing uses	18,215,219	18,215,219	-
Total expenditures and other financing uses	$ 31,074,046	$ 34,958,835	$ (3,884,789)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES CAPITAL PROJECTS FUND
For the fiscal year ended June 30, 2016

	Actual				
	Prior Years	Current Year	Total	Budget	Over (Under) Budget
OTHER FINANCING SOURCES					
Transfer from:					
Parking facilities operating fund	$ -	$ 4,855,500	$ 4,855,500	$ 4,855,500	$ -
Proceeds from bonds	-	-	-	7,875,000	(7,875,000)
Total revenues and other financing sources	$ -	$ 4,855,500	$ 4,855,500	12,730,500	$ (7,875,000)
Fund balance appropriated				4,131,794	
				$ 16,862,294	
EXPENDITURES					
Parking facilities capital projects	$ 1,785,995	$ 3,681,568	$ 5,467,563	$ 16,862,294	$ (11,394,731)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES FUNDS
For the fiscal year ended June 30, 2016

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis		
Parking facilities operating fund	$	29,449,808
Parking facilities capital projects fund		4,855,500
Total current year expenditures and other financing uses - modified accrual basis		
Parking facilities operating fund		(31,074,046)
Parking facilities capital projects fund		(3,681,568)
Deficiency of revenues and other financing sources under expenditures and other financing uses		(450,306)
Adjustments to full accrual basis:		
Accrued interest expense		92,079
Amortization of premiums and discounts		69,827
Bond and note principal		3,935,114
Bond and note proceeds		(13,200,000)
Capital outlay		3,681,568
Depreciation		(3,624,330)
Gain (loss) on disposal of assets		(626,234)
Net OPEB liability		(1,420)
Decrease in net pension asset		(205,191)
Increase (decrease) in deferred outflows of resources for pensions		(32,438)
(Increase) decrease in deferred inflows of resources for pensions		415,595
Increase in pension liability		(157,482)
Refunded bond escrow expense		13,200,000
Vacation expense		4,202
Change in net position per statement of revenues, expenses, and changes in fund net position	$	3,100,984

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SOLID WASTE SERVICES FUND
For the Fiscal Year Ended June 30, 2016

	Actual	Budget	Over (Under) Budget
REVENUES			
Solid waste residential collection	$ 18,186,773	$ 18,017,021	$ 169,752
Recycling residential collection	6,804,839	6,516,787	288,052
Yardwaste center	543,876	672,500	(128,624)
Miscellaneous other	47,136	65,000	(17,864)
Total revenues	25,582,624	25,271,308	311,316
OTHER FINANCING SOURCES			
Refunding bonds issued	5,607,384	5,607,384	-
Other revenue	521,513	522,000	(487)
Transfer from:			
General fund	9,890,508	9,890,508	-
Risk management fund	113,360	113,360	-
	16,132,765	16,133,252	(487)
Total revenues and other financing sources	$ 41,715,389	41,404,560	$ 310,829
Fund balance appropriated		2,485,361	
		$ 43,889,921	
EXPENDITURES			
Administration	$ 8,012,713	$ 9,943,097	$ (1,930,384)
Residential collection	17,147,695	17,829,388	(681,693)
Residential recycling	4,714,066	5,384,120	(670,054)
Yardwaste center	1,611,586	2,877,490	(1,265,904)
	31,486,060	36,034,095	(4,548,035)
DEBT SERVICE			
Note principal	1,304,706	1,304,800	(94)
Note interest	697,787	733,200	(35,413)
	2,002,493	2,038,000	(35,507)
Total expenditures	33,488,553	38,072,095	(4,583,542)
OTHER FINANCING USES			
Payment to refunded bond escrow agent	5,607,384	5,607,384	-
Transfer to:			
Technology capital projects fund	210,442	210,442	-
Total other financing uses	5,817,826	5,817,826	-
Total expenditures and other financing uses	$ 39,306,379	$ 43,889,921	$ (4,583,542)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SOLID WASTE SERVICES FUND
For the Fiscal Year Ended June 30, 2016

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:

Total current year revenues and other financing sources - modified accrual basis	$	36,108,005
Total current year expenditures and other financing uses - modified accrual basis		(33,698,995)
Excess of revenues and other financing sources over expenditures and other financing uses		2,409,010
Adjustments to full accrual basis:		
Amortization of note premiums and discounts		83,539
Bond and note principal payments		1,304,706
Bond and note proceeds		(5,607,384)
Capital outlay		55,716
Depreciation		(759,525)
Interest expense accrual		33,222
Landfill closure/postclosure liability adjustment		(824,418)
OPEB expense		(6,616)
Decrease in pension asset		(1,101,550)
Decrease in deferred outflows of resources - pensions		(173,001)
Increase in pension liability		(832,702)
Decrease in deferred inflows of resources - pensions		2,216,505
Refunded bond escrow expense		5,607,384
Vacation expense		(7,852)
Change in net position per statement of revenues, expenses, and changes in fund net position	$	2,397,034

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.

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, 2016

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
ASSETS				
Current assets:				
Cash and cash equivalents	$ 40,465,746	$ 6,564,391	$ 2,842,370	$ 1,034,942
Accrued interest receivable	128,352	23,707	-	-
Sales tax receivable	354	-	174,194	24,857
Due from other funds	-	-	14,200	-
Inventories	-	-	-	-
Insurance deposit	400,000	-	-	-
Total current assets	40,994,452	6,588,098	3,030,764	1,059,799
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	3,950,716	1,058,954
Capital assets:				
Buildings and machinery	-	-	-	-
Equipment	-	-	78,021,499	28,673,771
Less: accumulated depreciation	-	-	(55,743,230)	(16,784,828)
Total noncurrent assets	-	-	26,228,985	12,947,897
Total assets	40,994,452	6,588,098	29,259,749	14,007,696
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan	11,550	-	-	-
LIABILITIES				
Current liabilities:				
Accounts payable	-	-	213,826	213,500
Accrued salaries and employee payroll taxes	2,941	-	-	-
Accrued interest payable	-	-	27,468	7,656
Sales tax payable	-	-	12,158	-
Claims payable and other liabilities	6,256,000	3,164,831	-	-
Due to other funds	-	-	-	-
Bonds, notes and loans payable	-	-	5,800,937	4,419,021
Total current liabilities	6,258,941	3,164,831	6,054,389	4,640,177
Noncurrent liabilities:				
Claims payable and other liabilities	18,450,595	-	-	-
Bonds, notes and loans payable	-	-	11,852,922	5,872,083
Net pension liability	23,397	-	-	-
Earned vacation pay	16,633	-	-	-
Total noncurrent liabilities	18,490,625	-	11,852,922	5,872,083
Total liabilities	24,749,566	3,164,831	17,907,311	10,512,260
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	16,201	-	-	-
NET POSITION				
Net investment in capital assets	-	-	8,575,126	2,656,793
Unrestricted	16,240,235	3,423,267	2,777,312	838,643
Total net position	$ 16,240,235	$ 3,423,267	$ 11,352,438	$ 3,495,436

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,702,282	$ 2,372,481	$ 54,982,212
Accrued interest receivable	-	-	152,059
Sales tax receivable	211,704	319,880	730,989
Due from other funds	-	-	14,200
Inventories	-	671,042	671,042
Insurance deposit	-	-	400,000
Total current assets	1,913,986	3,363,403	56,950,502
Noncurrent assets:			
Restricted cash and cash equivalents	5,837,005	-	10,846,675
Capital assets:			
Buildings and machinery	-	230,912	230,912
Equipment	28,941,239	1,478,453	137,114,962
Less: accumulated depreciation	(19,944,218)	(1,535,439)	(94,007,715)
Total noncurrent assets	14,834,026	173,926	54,184,834
Total assets	16,748,012	3,537,329	111,135,336
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan	-	148,225	159,775
LIABILITIES			
Current liabilities:			
Accounts payable	479,636	387,131	1,294,093
Accrued salaries and employee payroll taxes	-	31,199	34,140
Accrued interest payable	21,970	-	57,094
Sales tax payable	27,591	8,141	47,890
Claims payable and other liabilities	-	-	9,420,831
Due to other funds	-	471	471
Bonds, notes and loans payable	3,076,199	-	13,296,157
Total current liabilities	3,605,396	426,942	24,150,676
Noncurrent liabilities:			
Claims payable and other liabilities	-	-	18,450,595
Bonds, notes and loans payable	8,043,202	-	25,768,207
Net pension liability	-	300,264	323,661
Earned vacation pay	-	339,194	355,827
Total noncurrent liabilities	8,043,202	639,458	44,898,290
Total liabilities	11,648,598	1,066,400	69,048,966
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	-	207,910	224,111
NET POSITION			
Net investment in capital assets	3,714,625	173,927	15,120,471
Unrestricted	1,384,789	2,237,317	26,901,563
Total net position	$ 5,099,414	$ 2,411,244	$ 42,022,034

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2016

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
OPERATING REVENUES				
Charges for services - internal	$ 9,533,682	$ 38,005,656	$ 6,168,052	$ 4,837,520
Other charges	-	-	135,378	-
Drug rebate	-	349	-	-
Total operating revenues	9,533,682	38,006,005	6,303,430	4,837,520
OPERATING EXPENSES				
Personnel services	397,133	-	-	-
Other facility operating costs	-	-	182,019	500
Operational expenses	811,141	3,393,529	-	-
Claims	7,991,756	38,642,076	-	-
Premiums	1,611,462	-	-	-
Depreciation	-	-	6,340,432	3,322,547
Other	-	-	189,711	14,847
Total operating expenses	10,811,492	42,035,605	6,712,162	3,337,894
Operating income (loss)	(1,277,810)	(4,029,600)	(408,732)	1,499,626
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on investments	288,055	31,740	25,967	5,875
Recovery of claims	106,705	128,733	-	-
Interest expense	-	-	(273,217)	(141,266)
Gain (loss) on sale of capital assets	-	-	391,057	304,380
Total nonoperating revenues (expenses)	394,760	160,473	143,807	168,989
Income (loss) before transfers	(883,050)	(3,869,127)	(264,925)	1,668,615
Transfers in	-	-	14,200	-
Transfers out	(523,200)	-	-	-
Change in net position	(1,406,250)	(3,869,127)	(250,725)	1,668,615
Total net position, beginning of year	17,646,485	7,292,394	11,603,163	1,826,821
Total net position, end of year	$ 16,240,235	$ 3,423,267	$ 11,352,438	$ 3,495,436

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2016

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
OPERATING REVENUES			
Charges for services - internal	$ 3,412,269	$ 12,112,415	$ 74,069,594
Other charges	14,166	3,593	153,137
Drug rebate	-	-	349
Total operating revenues	3,426,435	12,116,008	74,223,080
OPERATING EXPENSES			
Personnel services	-	4,350,027	4,747,160
Other facility operating costs	33,722	7,813,579	8,029,820
Operational expenses	-	-	4,204,670
Claims	-	-	46,633,832
Premiums	-	-	1,611,462
Depreciation	2,083,865	22,597	11,769,441
Other	68,699	-	273,257
Total operating expenses	2,186,286	12,186,203	77,269,642
Operating income (loss)	1,240,149	(70,195)	(3,046,562)
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on investments	24,789	-	376,426
Recovery of claims	-	-	235,438
Interest expense	(174,128)	-	(588,611)
Gain (loss) on sale of capital assets	230,023	29,123	954,583
Total nonoperating revenues (expenses)	80,684	29,123	977,836
Income (loss) before transfers	1,320,833	(41,072)	(2,068,726)
Transfers in	-	140,000	154,200
Transfers out	-	(50,753)	(573,953)
Change in net position	1,320,833	48,175	(2,488,479)
Total net position, beginning of year	3,778,581	2,363,069	44,510,513
Total net position, end of year	$ 5,099,414	$ 2,411,244	$ 42,022,034

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2016

	Risk Management Fund	Employees' Health Benefits Fund	Governmental Equipment Replacement Fund	Solid Waste Services Equipment Replacement Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 9,533,682	$ 38,005,656	$ 6,168,052	$ 4,837,520
Payments to employees	(399,208)	-	-	-
Payments to suppliers and service providers	(811,062)	(3,461,779)	(3,660)	40,119
Claims paid	(4,373,295)	(38,395,411)	-	-
Premiums paid	(1,611,462)	-	-	-
Other receipts	106,705	129,082	135,378	-
Other payments	-	-	(189,711)	(14,847)
Net cash provided by (used in) operating activities	2,445,360	(3,722,452)	6,110,059	4,862,792
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers from other funds	-	-	14,200	-
Operating subsidies and transfers to other funds	(523,200)	-	-	-
Internal activity - payments from (to) other funds	-	-	(2,188)	-
Net cash provided by (used in) noncapital financing activities	(523,200)	-	12,012	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase and construction of capital assets	-	-	(6,961,387)	(1,987,590)
Reclass proceeds from prior capital debt	-	-	84,330	(1,202,976)
Principal paid on capital debt	-	-	(7,246,697)	(5,103,075)
Interest paid on capital debt	-	-	(247,877)	(134,613)
Proceeds from sale of capital assets	-	-	391,057	304,380
Net cash provided by (used in) capital and related financing activities	-	-	(13,980,574)	(8,123,874)
CASH FLOWS FROM INVESTING ACTIVITIES				
Gain (loss) on investments held	250,929	8,109	25,967	5,875
Net cash provided by (used in) investing activities	250,929	8,109	25,967	5,875
Net increase (decrease) in cash and cash equivalents/investments	2,173,089	(3,714,343)	(7,832,536)	(3,255,207)
Cash and cash equivalents/investments				
Beginning of year	38,292,657	10,278,734	14,625,622	5,349,103
End of year	$ 40,465,746	$ 6,564,391	$ 6,793,086	$ 2,093,896
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (1,277,810)	$ (4,029,600)	$ (408,732)	$ 1,499,626
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	6,340,432	3,322,547
Miscellaneous nonoperating income	106,705	128,733	-	-
Change in assets and liabilities:				
Sales tax receivable	79	-	212,735	40,619
Inventories	-	-	-	-
Accounts payable and other accrued liabilities	3,618,461	178,415	(34,376)	-
Decrease in pension asset	32,399	-	-	-
(Increase) decrease in deferred outflows of resources - pensions	4,990	-	-	-
Increase (decrease) in deferred inflows of resources - pensions	(63,937)	-	-	-
Increase in pension liability	23,397	-	-	-
Earned vacation pay and other payroll liabilities	1,076	-	-	-
Total adjustments	3,723,170	307,148	6,518,791	3,363,166
Net cash provided by (used in) operating activities	$ 2,445,360	$ (3,722,452)	$ 6,110,059	$ 4,862,792
Noncash investing, capital, and financing activities	$ -	$ -	$ -	$ -

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2016

	Public Utilities Equipment Replacement Fund	Vehicle Fleet Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 3,412,269	$ 12,112,415	$ 74,069,594
Payments to employees	-	(4,306,186)	(4,705,394)
Payments to suppliers and service providers	(125,237)	(7,755,669)	(12,117,288)
Claims paid	-	-	(42,768,706)
Premiums paid	-	-	(1,611,462)
Other receipts	14,166	3,593	388,924
Other payments	(68,699)	-	(273,257)
Net cash provided by (used in) operating activities	3,232,499	54,153	12,982,411
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	-	140,000	154,200
Operating subsidies and transfers to other funds	-	(50,753)	(573,953)
Internal activity - payments from (to) other funds	22,294	(33,835)	(13,729)
Net cash provided by (used in) noncapital financing activities	22,294	55,412	(433,482)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	(5,730,695)	(10,223)	(14,689,895)
Reclass proceeds from prior capital debt	1,118,646	-	-
Principal paid on capital debt	(3,341,185)	-	(15,690,957)
Interest paid on capital debt	(152,560)	-	(535,050)
Proceeds from sale of capital assets	230,023	29,123	954,583
Net cash provided by (used in) capital and related financing activities	(7,875,771)	18,900	(29,961,319)
CASH FLOWS FROM INVESTING ACTIVITIES			
Gain (loss) on investments held	24,789	-	315,669
Net cash provided by (used in) investing activities	24,789	-	315,669
Net increase (decrease) in cash and cash equivalents/investments	(4,596,189)	128,465	(17,096,721)
Cash and cash equivalents/investments			
Beginning of year	12,135,476	2,244,016	82,925,608
End of year	$ 7,539,287	$ 2,372,481	$ 65,828,887
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ 1,240,149	$ (70,195)	$ (3,046,562)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	2,083,865	22,597	11,769,441
Miscellaneous nonoperating income	-	-	235,438
Change in assets and liabilities:			
Sales tax receivable	(120,136)	(24,851)	108,446
Inventories	-	84,914	84,914
Accounts payable and other accrued liabilities	28,621	38,291	3,829,412
Decrease in pension asset	-	415,781	448,180
(Increase) decrease in deferred outflows of resources - pensions	-	64,044	69,034
Increase (decrease) in deferred inflows of resources - pensions	-	(820,533)	(884,470)
Increase in pension liability	-	300,264	323,661
Earned vacation pay and other payroll liabilities	-	43,841	44,917
Total adjustments	1,992,350	124,348	16,028,973
Net cash provided by (used in) operating activities	$ 3,232,499	$ 54,153	$ 12,982,411
Noncash investing, capital, and financing activities	$ -	$ -	$ -

Fiduciary Funds

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

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

Fiduciary Funds

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

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

COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
June 30, 2016

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ASSETS			
Cash and cash equivalents	$ 51,692,744	$ 28,642,750	$ 80,335,494
Accrued interest receivable	-	927	927
Due from other funds	-	150,955	150,955
Total assets	51,692,744	28,794,632	80,487,376
LIABILITIES			
Claims payable	-	1,120,168	1,120,168
Accounts payable	-	-	-
Total liabilities	-	1,120,168	1,120,168
NET POSITION			
Restricted for pensions	$ 51,692,744	$ 27,674,464	$ 79,367,208

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION PENSION TRUST FUNDS
For the Fiscal Year Ended June 30, 2016

	Supplemental Money Purchase Pension Plan	Other Post Employment Benefits Trust	Total
ADDITIONS			
Employer contributions	$ 3,810,616	$ 13,949,558	$ 17,760,174
Retiree contributions	-	2,271,037	2,271,037
Interest	2,296,276	541,554	2,837,830
Net increase (decrease) in the fair value of investments	(2,532,413)	(729,814)	(3,262,227)
Recovery of claims	-	81,991	81,991
Less: investment expense	(81,800)	-	(81,800)
Total additions	3,492,679	16,114,326	19,607,005
DEDUCTIONS			
Benefits	2,686,571	16,856,010	19,542,581
Withdrawals and forfeitures	214,912	-	214,912
Professional services	-	19,425	19,425
Total deductions	2,901,483	16,875,435	19,776,918
Change in net position restricted for employees' retirement and other post-employment benefits	591,196	(761,109)	(169,913)
Net position, beginning of year	51,101,548	28,435,573	79,537,121
Net position, end of year	$ 51,692,744	$ 27,674,464	$ 79,367,208

Other Schedules

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

SCHEDULE OF LONG-TERM OBLIGATION MATURITIES
AND DEBT SERVICE REQUIREMENTS
June 30, 2016

Maturities on all long-term obligations are:

	Enterprise					
	Water and Sewer		Convention Center		Parking Facilities	
General Obligation Bonded Debt:						
Fiscal Year Ended June 30	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 87,584	$ 2,190	$ -	$ -	$ 298,173	$ 7,454
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022-2026	-	-	-	-	-	-
2027-2031	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-
Total General Obligation Bonded Debt	87,584	2,190	-	-	298,173	7,454
Revenue Bonds:						
2017	22,860,000	27,655,315	-	-	-	-
2018	23,130,000	26,783,173	-	-	-	-
2019	24,070,000	25,833,525	-	-	-	-
2020	25,195,000	24,784,513	-	-	-	-
2021	26,300,000	23,654,865	-	-	-	-
2022-2026	136,780,000	99,812,948	-	-	-	-
2027-2031	157,530,000	66,615,243	-	-	-	-
2032-2036	151,065,000	29,688,350	-	-	-	-
2037-2041	42,645,000	7,690,431	-	-	-	-
2042-2043	7,800,000	589,750	-	-	-	-
Total Revenue Bonded Debt	617,375,000	333,108,113	-	-	-	-
Other Long-Term Obligations:						
Installment Financing Agreement:						
2017	1,979,074	279,199	8,883,976	9,448,229	3,525,793	2,554,770
2018	5,235,996	838,253	9,260,734	9,123,338	3,622,057	2,460,250
2019	4,837,945	741,172	9,645,734	8,731,140	3,956,262	2,336,246
2020	4,837,945	655,833	10,035,734	8,358,035	4,083,474	2,350,361
2021	4,672,945	570,495	10,530,734	7,854,006	3,661,382	2,200,466
2022-2026	15,673,152	2,163,456	59,663,672	32,232,896	19,669,736	9,542,042
2027-2031	11,449,039	982,876	76,279,706	17,895,817	19,467,803	6,161,320
2032-2036	4,775,501	116,240	61,024,214	3,654,209	14,640,000	1,567,900
2037-2040	-	-	-	-	-	-
	53,461,597	6,347,524 (3)	245,324,504	97,297,670	72,626,507	29,173,355
Other:						
Earned Vacation Pay (1)	2,747,218	-	657,860	-	110,101	-
Landfill Postclosure Costs (1)	-	-	-	-	-	-
	2,747,218	-	657,860	-	110,101	-
Total Other Long-Term Obligations	56,208,815	6,347,524	245,982,364	97,297,670	72,736,608	29,173,355
Total Long-Term Obligations	$ 673,671,399	$ 339,457,827	$ 245,982,364	$ 97,297,670	$ 73,034,781	$ 29,180,809

Notes:

(1) Interest not applicable.

(2) Represents debt service remaining from prior individual utility system mergers with towns of Rolesville, Wake Forest, Knightdale, Wendell and Zebulon

(3) Interest indicated includes full interest amounts per preliminary amortization schedule. Not all proceeds were drawn at 6/30/2016 for some issues. Therefore actual interest amounts could differ, depending on what principal amounts are finalized on these state revolving loans.

(4) Includes Solid Waste Services; Stormwater

SCHEDULE OF LONG-TERM OBLIGATION MATURITIES
AND DEBT SERVICE REQUIREMENTS
June 30, 2016

Other Enterprise (4)		General Governmental		Internal Service		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
$ -	$ -	$ 22,499,246	$ 12,447,357	$ -	$ -	$ 22,885,003	$ 12,457,001
-	-	22,455,000	11,450,690	-	-	22,455,000	11,450,690
-	-	22,770,000	10,406,403	-	-	22,770,000	10,406,403
-	-	22,520,000	9,326,781	-	-	22,520,000	9,326,781
-	-	21,135,000	8,414,592	-	-	21,135,000	8,414,592
-	-	96,805,000	29,757,304	-	-	96,805,000	29,757,304
-	-	81,740,000	10,700,500	-	-	81,740,000	10,700,500
-	-	13,950,000	832,513	-	-	13,950,000	832,513
-	-	303,874,246	93,336,140	-	-	304,260,003	93,345,784
-	-	-	-	-	-	22,860,000	27,655,315
-	-	-	-	-	-	23,130,000	26,783,173
-	-	-	-	-	-	24,070,000	25,833,525
-	-	-	-	-	-	25,195,000	24,784,513
-	-	-	-	-	-	26,300,000	23,654,865
-	-	-	-	-	-	136,780,000	99,812,948
-	-	-	-	-	-	157,530,000	66,615,243
-	-	-	-	-	-	151,065,000	29,688,350
-	-	-	-	-	-	42,645,000	7,690,431
-	-	-	-	-	-	7,800,000	589,750
-	-	-	-	-	-	617,375,000	333,108,113
1,419,171	656,635	17,592,798	9,066,321	13,296,157	413,888	46,696,969	22,419,042
1,419,656	611,329	17,543,568	8,578,656	12,795,172	266,423	49,877,183	21,878,249
1,426,500	561,014	14,653,241	8,049,007	6,443,298	152,087	40,962,980	20,570,666
1,434,018	510,893	14,608,511	7,574,837	6,529,792	65,595	41,529,474	19,515,554
1,448,420	457,951	14,046,201	7,089,700	-	-	34,359,682	18,172,618
7,438,546	1,414,787	68,496,735	27,978,815	-	-	170,941,841	73,331,996
2,166,901	149,110	41,234,277	17,155,983	-	-	150,597,726	42,345,106
520,907	17,256	37,200,091	7,816,440	-	-	118,160,713	13,172,045
		16,860,000	1,275,872	-	-	16,860,000	1,275,872
17,274,119	4,378,974	242,235,422	94,585,631	39,064,419	897,993	669,986,568	232,681,147
1,168,617	-	19,165,604	-	355,827	-	24,205,227	-
4,437,592	-	-	-	-	-	4,437,592	-
5,606,209	-	19,165,604	-	355,827	-	28,642,819	-
22,880,328	4,378,974	261,401,026	94,585,631	39,420,246	897,993	698,629,387	232,681,147
$ 22,880,328	$ 4,378,974	$ 565,275,272	$ 187,921,771	$ 39,420,246	$ 897,993	$ 1,620,264,390	$ 659,135,044

SCHEDULE OF GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2016

Description	Interest Rate	Date of Issue	Principal Balance June 30, 2015	Issued During Year
GENERAL OBLIGATION BONDS PAYABLE				
Housing, Series 1996, Taxable	5.75%	6/01/96	$ 115,000	$ -
Public Improvement Refunding, Series 2004A	3.00 - 3.25%	3/01/04	1,571,272	-
Housing, Series 2004B, Taxable	4.375%	3/01/04	1,405,000	-
Housing, Series 2007, Taxable	5.20 - 5.40%	3/01/07	4,200,000	-
Public Improvement, Series 2009A	2.25 - 4.25%	3/10/09	7,800,000	-
Public Improvement Refunding, Series 2009B	2.50%	3/11/09	2,102,476	-
Housing, Series 2009C Taxable	3.70 - 5.50%	3/11/09	7,000,000	-
General Obligation Refunding, Series 2009D	4.00 - 5.00%	7/28/09	23,945,000	-
General Obligation Refunding, Series 2009E	4.00 - 5.00%	7/28/09	14,180,000	-
Public Improvement, Series 2009F	4.00 - 5.00%	9/03/09	46,165,000	-
Housing, Series 2009G, Taxable	4.00 - 5.30%	9/03/09	7,500,000	-
General Obligation Refunding, Series 2011A	2.50 - 5.00%	10/27/11	32,055,000	-
General Obligation Refunding Housing, S2011B	1.15 - 1.50%	10/27/11	450,000	-
Public Improvement, Series 2012A	3.00 - 5.00%	5/15/12	8,100,000	-
Public Improvement, Series 2012B	3.00 - 5.00%	5/16/12	124,500,000	-
Public Improvement, Series 2014 Two-thirds	3.00-3.25%	6/26/14	14,300,000	-
Street Improvement, Series 2015A	3.00 - 5.00%	6/24/15	5,050,000	-
Parks & Recreation Bonds, Series 2015B	3.00 - 5.00%	6/25/15	20,000,000	-
Housing Bonds, Series 2015C (Taxable)	3.00 - 4.00%	6/25/15	10,000,000	-
General Obligation Refunding, Series 2016A	2.25 - 5.00%	3/2/16	-	101,850,000
General Obligation Refunding, Series 2016B (Taxable)	.5 - 1.99%	3/2/16	-	16,255,000
Housing Bonds, Series 2016C (Taxable)	2.00 - 3.375%	3/2/16	-	6,000,000
Total General Obligation Bonded Debt			330,438,748	124,105,000
OTHER GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS				
Installment Financing Agreement (COPS/LOBS)			201,094,376	94,208,695
Earned Vacation Pay			18,735,822	11,987,046
Total Other General Governmental Long-Term Obligations			219,830,198	106,195,741
Total General Governmental Long-Term Obligations			$ 550,268,946	$ 230,300,741

Note:

(1) Refunded in part or in whole by 2016AB GO Refunding Bonds which closed on 3/2/16
(2) The amount of vacation pay to be paid in any fiscal year cannot be determined. The total amount of accrued vacation pay outstanding at any point in time is not expected to materially increase or decrease from the amount shown.

SCHEDULE OF GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2016

Payments During Fiscal 2015-2016		Principal Balance	Due Fiscal 2016-2017		
Principal	Interest	June 30, 2016	Principal	Interest	Total
$ 115,000	$ 6,613	$ -	$ -	$ -	$ -
1,571,272	51,066	-	-	-	-
1,405,000	56,517	-	-	-	-
3,850,000	221,538	350,000	350,000	18,200	368,200
6,135,000	305,297	1,665,000	555,000	45,788	600,788
1,178,230	52,562	924,246	924,246	23,106	947,352
5,500,000	371,604	1,500,000	500,000	67,000	567,000
3,315,000	1,036,050	20,630,000	4,720,000	868,625	5,588,625
3,435,000	605,950	10,745,000	3,515,000	449,375	3,964,375
39,265,000	2,250,020	6,900,000	2,300,000	345,000	2,645,000
6,000,000	384,081	1,500,000	500,000	63,500	563,500
-	1,355,575	32,055,000	670,000	1,342,175	2,012,175
450,000	3,375	-	-	-	-
4,650,000	321,984	3,450,000	300,000	139,875	439,875
71,350,000	4,957,919	53,150,000	4,700,000	2,163,877	6,863,877
700,000	432,625	13,600,000	700,000	411,625	1,111,625
250,000	200,445	4,800,000	250,000	201,625	451,625
1,000,000	793,333	19,000,000	1,000,000	800,000	1,800,000
500,000	308,933	9,500,000	500,000	316,000	816,000
-	-	101,850,000	-	4,799,431	4,799,431
-	-	16,255,000	715,000	245,202	960,202
-	-	6,000,000	300,000	146,953	446,953
150,669,502	13,715,487	303,874,246	22,499,246	12,447,357	34,946,603
53,067,649	7,613,789	242,235,422	17,592,798	9,066,321	26,659,119
11,557,260	-	19,165,608	-	-	-
64,624,909	7,613,789	261,401,030	17,592,798	9,066,321	26,659,119
$ 215,294,411	$ 21,329,276	$ 565,275,276	$ 40,092,044	$ 21,513,678	$ 61,605,722

SCHEDULE OF ENTERPRISE LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2016

Description	Interest Rate	Date of Issue	Principal Balance June 30, 2015	Issued During Year
WATER AND SEWER				
GENERAL OBLIGATION BONDS PAYABLE				
Water Refunding, Series 2004A	3.25%	3/1/04	$ 560,753	$ -
Sanitary Sewer Refunding, Series 2004A	3.25%	3/1/04	332,978	-
Sanitary Sewer Refunding, Series 2009B	2.50%	3/11/09	199,237	-
Total Water and Sewer General Obligation Debt			1,092,968	-
REVENUE BONDS PAYABLE				
Water/Sewer, Series 2006A	5.00%	10/10/06	6,305,000	-
Water/Sewer Refunding, Series 2006B	3.90 - 4.25%	10/10/06	57,035,000	-
Water/Sewer, Series 2008A Variable Rate	4.163%	6/12/08	78,880,000	-
Water/Sewer, Series 2008B Variable Rate	4.163%	6/12/08	52,595,000	-
Water/Sewer Refunding, Series 2010A	2.25 - 5.00%	3/20/10	65,435,000	-
Water/Sewer, Series 2011	3.00 - 5.00%	2/10/11	103,985,000	-
Water/Sewer Refunding, Series 2012A	5.00%	4/05/12	31,230,000	-
Water/Sewer, Series 2013A	2.00 - 5.00%	05/16/13	66,895,000	-
Water/Sewer Refunding, Series 2013A	3.75 - 5.00%	05/16/13	112,780,000	-
Water/Sewer Refunding, Series 2013B, Taxable	0.65 - 2.14%	05/16/13	23,470,000	-
Water/Sewer Refunding, Series 2015A	3.25 - 4.00%	04/30/15	47,815,000	-
Water/Sewer Refunding, Series 2015B	3.00 - 5.00%	12/08/15	-	49,860,000
Total Water and Sewer Revenue Debt			646,425,000	49,860,000
OTHER WATER AND SEWER LONG TERM OBLIGATIONS				
Installment Financing Agreement (DEQ/STATE LOANS)			36,907,025	18,618,073
Other Installment Obligations			-	-
Reimbursement Contracts - Water and Sewer Lines			-	-
Earned Vacation Pay			2,559,684	2,011,039
Total Other Water and Sewer Long-Term Obligations			39,466,709	20,629,112
Total Water and Sewer Long-Term Obligations			686,984,677	70,489,112
PARKING FACILITIES FUND				
General Obligation Series 2009B, Parking Facilities Refunding	2.50%	3/11/09	678,287	-
Total Parking Facilities General Obligation Bonded Debt			678,287	-
OTHER PARKING FACILITIES LONG-TERM OBLIGATIONS				
Installment Financing Agreements (COPS/LOBS)			77,690,000	11,691,507
Earned Vacation Pay			114,303	87,613
Total Other Parking Facilities Long-Term Obligations			77,804,303	11,779,120
Total Parking Facilities Long-Term Obligations			78,482,590	11,779,120
CONVENTION CENTER FACILITIES LONG-TERM OBLIGATIONS				
Installment Financing Agreements (COPS)			242,295,314	19,428,057
Earned Vacation Pay			646,971	325,269
Total Convention Center Facilities Long-Term Obligations			242,942,285	19,753,326
MASS TRANSIT LONG-TERM OBLIGATIONS				
Mass Transit Earned Vacation Pay			42,918	31,294
Total Mass Transit Long-Term Obligations			42,918	31,294
SOLID WASTE SERVICES LONG-TERM OBLIGATIONS				
Installment Financing Agreements (COPS)			17,070,299	4,922,816
Solid Waste Services Earned Vacation Pay			843,190	543,618
Landfill closure and Postclosure Costs			3,613,177	824,418
Total Solid Waste Services Long-Term Obligations			21,526,666	6,290,852
STORMWATER LONG-TERM OBLIGATIONS				
Installment Financing Agreements (DEQ/STATE LOANS)			1,933,013	-
Stormwater Earned Vacation Pay			236,233	220,081
Total Stormwater Long-Term Obligations			2,169,246	220,081
Total Enterprise Long-Term Obligations			$ 1,032,148,383	$ 108,563,785

Notes:

(1) 2006B maturities refunded on 12/8/15 by 2015B Rev Refunding Bonds
(2) Assumed rate is the synthetically fixed rate of SWAP Agreement. Actual variable rate interest paid may differ.

(3) The amount of vacation pay to be paid in any fiscal year cannot be determined. The total amount of accrued vacation pay outstanding at any point in time is not expected to materially increase or decrease from the amount shown.

SCHEDULE OF ENTERPRISE LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2016

Payments During Fiscal 2015-2016		Principal Balance	Due Fiscal 2016-2017		
Principal	Interest	June 30, 2016	Principal	Interest	Total
$ 560,753	$ 18,224	$ -	$ -	$ -	$ -
332,978	10,822	-	-	-	-
111,653	4,981	87,584	87,584	2,190	89,774
1,005,384	34,027	87,584	87,584	2,190	89,774
6,305,000	315,250	-	-	-	-
57,035,000	1,779,091	-	-	-	-
2,530,000	3,259,333	76,350,000	2,640,000	3,178,451 (2)	5,818,451
1,685,000	2,172,898	50,910,000	1,760,000	2,119,383 (2)	3,879,383
3,465,000	3,091,375	61,970,000	10,180,000	3,002,350	13,182,350
2,275,000	5,064,560	101,710,000	2,345,000	4,996,310	7,341,310
-	1,561,500	31,230,000	-	1,561,500	1,561,500
1,340,000	2,855,294	65,555,000	1,365,000	2,828,494	4,193,494
-	5,333,975	112,780,000	-	5,333,975	5,333,975
4,275,000	303,040	19,195,000	4,570,000	275,252	4,845,252
-	2,036,567	47,815,000	-	1,875,100	1,875,100
-	1,193,940	49,860,000	-	2,484,500	2,484,500
78,910,000	28,966,822	617,375,000	22,860,000	27,655,315	50,515,315
2,063,501	314,579	53,461,597	1,979,074	279,199	2,258,272
-	-	-	-	-	-
-	-	-	-	-	-
1,823,505	-	2,747,218	- (3)	-	-
3,887,006	314,579	56,208,815	1,979,074	279,199	2,258,272
83,802,390	29,315,429	673,671,399	24,926,658	27,936,703	52,863,361
380,114	16,957	298,173	298,173	7,454	305,627
380,114	16,957	298,173	298,173	7,454	305,627
16,755,000	1,795,007	72,626,507	3,525,793	2,554,770	6,080,563
91,815	-	110,101	- (3)	-	-
16,846,815	1,795,007	72,736,608	3,525,793	2,554,770	6,080,563
17,226,929	1,811,964	73,034,781	3,823,966	2,562,224	6,386,190
16,398,867	7,961,314	245,324,504	8,883,976	9,448,229	18,332,205
314,380	-	657,860	- (3)	-	-
16,713,247	7,961,314	245,982,364	8,883,976	9,448,229	18,332,205
26,026	-	48,186	- (3)	-	-
26,026	-	48,186	-	-	-
6,550,272	697,788	15,442,843	1,317,434	656,635	1,974,069
535,766	-	851,042	- (3)	-	-
-	-	4,437,595	540,850	-	540,850
7,086,038	697,788	20,731,480	1,858,284	656,635	2,514,919
101,737	-	1,831,276	101,737	-	101,737
186,925	-	269,389	- (3)	-	-
288,662	-	2,100,665	101,737	-	101,737
$ 125,143,293	$ 39,786,495	$ 1,015,568,875	$ 39,594,620	$ 40,603,791	$ 80,198,411

SCHEDULE OF INTERNAL SERVICE LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2016

Description	Interest Rate	Date of Issue	Principal Balance June 30, 2015	Issued During Year
EQUIPMENT INTERNAL SERVICE LONG-TERM OBLIGATIONS PAYABLE				
INSTALLMENT FINANCING AGREEMENTS:				
Equipment Acquisition Project, Series 2011	1.75%	05/18/11	$ 2,422,583	$ -
Equipment Acquisition Project, Series 2013	0.9007%	05/13/13	20,482,062	-
Equipment Acquisition Project, Series 2015	1.3379%	06/18/15	31,850,676	-
Total Installment Financing Agreements:			54,755,321	-
OTHER INTERNAL SERVICE LONG-TERM OBLIGATIONS				
Earned Vacation Pay - Risk Management			16,522	19,979
Earned Vacation Pay - Vehicle Fleet Services			308,033	201,915
Total Other Internal Service Long-Term Obligations			324,555	221,894
Total Internal Service Long-Term Obligations			$ 55,079,876	$ 221,894

Note:

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

SCHEDULE OF INTERNAL SERVICE LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2016

Payments During Fiscal 2015-2016		Principal Balance	Due Fiscal 2016-2017		
Principal	Interest	June 30, 2016	Principal	Interest	Total
$ 2,422,582	$ 30,076	$ -	$ -	$ -	$ -
7,022,422	155,485	13,459,640	7,022,422	92,237	7,114,658
6,245,898	349,489	25,604,779	6,273,735	321,651	6,595,386
15,690,902	535,050	39,064,419	13,296,157	413,888	13,710,044
19,868	-	16,633	-	-	-
170,754	-	339,194	-	-	-
190,622	-	355,827	-	-	-
$ 15,881,524	$ 535,050	$ 39,420,246	$ 13,296,157	$ 413,888	$ 13,710,044

STATISTICAL SECTION

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

CITY OF RALEIGH
ESTABLISHED 1792
NORTH CAROLINA

Statistical Schedules

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

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

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

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

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

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

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental activities					
Net investment in capital assets	$ 462,286	$ 493,738	$ 525,177	$ 559,035	$ 574,134
Restricted	120,362	113,337	120,517	112,849	203,561
Unrestricted	156,309	163,270	162,693	135,746	61,324
Total governmental activities net position	738,957	770,345	808,387	807,630	839,019
Business-type activities					
Net investment in capital assets	662,101	701,221	682,123	682,642	692,069
Unrestricted	79,776	88,288	111,066	124,426	147,898
Total business-type activities net position	741,877	789,509	793,189	807,068	839,967
Total government					
Net investment in capital assets	1,124,387	1,194,959	1,207,300	1,241,677	1,266,203
Restricted	120,362	113,337	120,517	112,849	203,561
Unrestricted	236,085	251,558	273,759	260,172	209,222
Total government net position	$ 1,480,834	$ 1,559,854	$ 1,601,576	$ 1,614,698	$ 1,678,986

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental activities					
Net investment in capital assets	$ 563,336	$ 570,848	$ 568,329	$ 601,802	$ 596,350
Restricted	294,462	264,363	285,736	315,650	291,572
Unrestricted	7,234	89,096	101,746	68,728	163,887
Total governmental activities net position	865,032	924,307	955,811	986,180	1,051,809
Business-type activities					
Net investment in capital assets	703,484	717,882	730,664	763,249	798,997
Unrestricted	175,696	213,088	261,284	318,455	374,419
Total business-type activities net position	879,180	930,970	991,948	1,081,704	1,173,416
Total government					
Net investment in capital assets	1,266,820	1,288,730	1,298,993	1,365,051	1,395,347
Restricted	294,462	264,363	285,736	315,650	291,572
Unrestricted	182,930	302,184	363,030	387,183	538,306
Total government net position	$ 1,744,212	$ 1,855,277	$ 1,947,759	$ 2,067,884	$ 2,225,225

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
General government	$ 37,624	$ 37,801	$ 36,884	$ 51,866	$ 57,866
Community development services	15,084	19,827	22,269	25,247	25,695
Public works	50,141	53,691	54,530	44,084	42,207
Public safety	118,436	130,067	136,331	143,480	145,189
Solid waste services (2)	17,996	22,383	24,460	23,769	24,453
Leisure services	42,690	45,530	49,674	53,314	56,473
Economic development programs	4,456	5,329	4,399	4,375	5,710
Interest on long-term debt	10,035	10,772	11,541	13,516	14,401
Total governmental activities expenses	296,462	325,400	340,088	359,651	371,994
Business-type activities:					
Water and sewer	108,461	124,613	136,935	129,034	134,033
Convention center	29,880	20,100	28,409	33,889	35,130
Mass transit	19,923	23,895	28,552	28,724	30,358
Parking facilities	6,641	7,149	8,874	11,307	12,043
Solid waste services (3)	-	-	-	-	-
Stormwater (1)	5,359	7,951	8,728	10,249	9,980
Total business-type activities	170,264	183,708	211,498	213,203	221,544
Total government expenses	$ 466,726	$ 509,108	$ 551,586	$ 572,854	$ 593,538
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 864	$ 782	$ 854	$ -	$ 16,362
Community development services	12,805	9,635	8,042	13,417	7,637
Public works	663	2,058	3,040	4,592	7,792
Public safety	3,081	3,304	3,248	2,862	337
Solid waste services (2)	13,347	15,868	16,840	16,600	18,472
Leisure services	7,732	8,501	8,749	11,924	17,843
Economic development programs	1,324	1,041	966	981	906
Operating grants and contributions	28,725	33,794	32,338	11,913	40,557
Capital grants and contributions	22,666	27,419	19,434	29,968	18,211
Total governmental activities program revenues	91,207	102,402	93,511	92,257	128,117
Business-type activities:					
Charges for services:					
Water and sewer	106,758	109,384	112,280	137,228	150,648
Convention center	20,794	13,518	13,269	12,394	11,857
Mass transit	2,787	3,215	3,314	4,466	5,001
Parking facilities	6,001	7,961	8,467	7,815	10,288
Solid waste services	-	-	-	-	-
Stormwater	13,257	14,268	14,413	14,213	15,657
Operating grants and contributions	4,831	5,560	6,281	5,245	3,438
Capital grants and contributions	49,740	22,627	20,024	12,198	21,108
Total business-type activities program revenues	204,168	176,533	178,048	193,559	217,997
Total government program revenues	$ 295,375	$ 278,935	$ 271,559	$ 285,816	$ 346,114
Net (expense)/revenue					
Governmental activities	$ (205,255)	$ (222,998)	$ (246,577)	$ (267,394)	$ (243,877)
Business-type activities	33,904	(7,175)	(33,450)	(19,644)	(3,547)
Total government net expense	$ (171,351)	$ (230,173)	$ (280,027)	$ (287,038)	$ (247,424)

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
General government	$ 52,370	$ 39,185	$ 40,754	$ 37,368	$ 46,626
Community development services	25,031	25,084	23,193	22,867	20,080
Public works	51,828	48,525	57,944	50,719	58,174
Public safety	141,602	142,121	155,623	147,887	156,647
Solid waste services (2)	23,621	-	-	-	-
Leisure services	60,265	56,160	61,695	63,835	66,786
Economic development programs	5,656	4,601	7,930	4,868	6,979
Interest on long-term debt	11,043	14,816	16,646	18,735	20,876
Total governmental activities expenses	371,416	330,492	363,785	346,279	376,168
Business-type activities:					
Water and sewer	133,804	135,146	144,960	146,919	152,921
Convention center	34,106	34,058	33,861	33,886	34,702
Mass transit	34,769	33,766	35,387	37,854	38,180
Parking facilities	11,699	11,826	11,782	11,456	12,404
Solid waste services (2)	-	27,919	30,482	28,450	32,330
Stormwater (1)	10,583	11,209	10,444	12,205	13,346
Total business-type activities	224,961	253,924	266,916	270,770	283,883
Total government expenses	$ 596,377	$ 584,416	$ 630,701	$ 617,049	$ 660,051
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 9,293	$ 9,906	$ 10,775	$ 14,697	$ 13,564
Community development services	5,326	5,316	7,398	1,902	1,346
Public works	8,308	10,607	8,667	12,950	11,004
Public safety	337	333	285	448	458
Solid waste services (2)	18,054	-	-	-	-
Leisure services	20,199	19,252	15,822	16,189	17,187
Economic development programs	277	53	128	2	-
Operating grants and contributions	41,706	35,942	32,434	35,296	39,775
Capital grants and contributions	17,210	20,887	8,689	10,080	11,843
Total governmental activities program revenues	120,710	102,296	84,198	91,564	95,177
Business-type activities:					
Charges for services:					
Water and sewer	171,221	186,969	197,947	213,298	228,211
Convention center	12,490	12,231	12,950	13,342	13,785
Mass transit	5,216	5,194	5,441	7,356	7,118
Parking facilities	10,838	10,772	12,330	13,417	15,022
Solid waste services	-	19,515	22,162	24,170	26,104
Stormwater	15,521	16,025	16,972	17,459	17,939
Operating grants and contributions	7,505	9,328	6,757	9,029	7,685
Capital grants and contributions	6,032	7,139	3,831	13,688	4,835
Total business-type activities program revenues	228,823	267,173	278,390	311,759	320,699
Total government program revenues	$ 349,533	$ 369,469	$ 362,588	$ 403,323	$ 415,876
Net (expense)/revenue					
Governmental activities	$ (250,706)	$ (228,196)	$ (279,587)	$ (254,715)	$ (280,991)
Business-type activities	3,862	13,249	11,474	40,989	36,816
Total government net expense	$ (246,844)	$ (214,947)	$ (268,113)	$ (213,726)	$ (244,175)

Continued

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

	Fiscal Year				
	2007	2008	2009	2010	2011
General Revenues and Change in Net Position					
Governmental activities:					
Taxes					
Property taxes	$ 144,428	$ 151,695	$ 180,534	$ 184,697	$ 186,379
Local sales tax	67,178	70,313	62,442	58,651	61,776
Franchise tax	18,326	19,553	23,438	22,500	22,634
Other taxes	6,730	7,502	9,119	5,473	13,937
Privilege license tax	14,800	17,585	19,627	19,098	7,166
Unrestricted grants and contributions	680	680	-	-	-
Investment earnings	16,131	17,555	10,632	1,703	5,280
Miscellaneous	4,673	1,959	3,250	5,659	11,182
Transfers	(12,845)	(32,455)	(24,423)	(31,144)	(32,231)
Gain on sale of property	-	-	-	-	-
Total governmental activities	260,101	254,387	284,619	266,637	276,123
Business-type activities:					
Investment earnings	20,609	17,770	10,632	2,379	3,357
Transfers	12,845	32,455	24,423	31,144	32,231
Gain on the sale of land	-	-	2,075	-	-
Total business-type activities	33,454	50,225	37,130	33,523	35,588
Total government general revenues	$ 293,555	$ 304,612	$ 321,749	$ 300,160	$ 311,711
Change in Net Position					
Governmental activities	$ 54,846	$ 31,389	$ 38,042	$ (757)	$ 32,246
Business-type activities	67,358	43,050	3,680	13,879	32,041
Total government change in net position	$ 122,204	$ 74,439	$ 41,722	$ 13,122	$ 64,287

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				
	2012	2013	2014	2015	2016
General Revenues and Change in Net Position					
Governmental activities:					
Taxes					
Property taxes	$ 189,422	$ 195,568	$ 203,513	$ 214,288	$ 227,723
Local sales tax	67,828	71,115	76,004	82,864	88,837
Franchise tax	21,190	21,313	21,944	28,552	29,311
Other taxes	11,875	11,517	23,216	20,124	21,526
Privilege license tax	7,663	7,949	7,512	4,282	93
Unrestricted grants and contributions	-	-	-	-	-
Investment earnings	946	1,204	5,045	2,288	3,257
Miscellaneous	11,982	20,416	13,821	18,191	16,293
Transfers	(34,186)	(41,210)	(46,235)	(54,858)	(51,072)
Gain on sale of property	-	-	6,271	256	7,574
Total governmental activities	276,720	287,872	311,091	315,987	343,542
Business-type activities:					
Investment earnings	1,165	253	3,269	2,029	3,824
Transfers	34,186	41,210	46,235	54,858	51,072
Gain on the sale of land	-	-	-	-	-
Total business-type activities	35,351	41,463	49,504	56,887	54,896
Total government general revenues	$ 312,071	$ 329,335	$ 360,595	$ 372,874	$ 398,438
Change in Net Position					
Governmental activities	$ 26,014	$ 59,676	$ 31,504	$ 61,272	$ 62,551
Business-type activities	39,213	54,712	60,978	97,876	91,712
Total government change in net position	$ 65,227	$ 114,388	$ 92,482	$ 159,148	$ 154,263

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

	Fiscal Year				
	2007	2008	2009	2010	2011
General fund					
Reserved	$ 42,321	$ 44,293	$ 43,647	$ 49,722	$ -
Unreserved	84,164	92,797	116,900	116,162	-
Nonspendable	-	-	-	-	3,090
Restricted	-	-	-	-	40,783
Committed	-	-	-	-	-
Assigned	-	-	-	-	72,987
Unassigned	-	-	-	-	58,176
Total general fund	$ 126,485	$ 137,090	$ 160,547	$ 165,884	$ 175,036
All other governmental funds					
Reserved	$ 40,105	$ 34,559	$ 37,361	$ 36,105	$ -
Unreserved, reported in:					
Special revenue funds	9,870	6,281	11,917	127,157	-
Capital projects funds	137,677	157,982	126,845	7,027	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	36,177
Assigned	-	-	-	-	123,024
Total all other governmental funds	$ 187,652	$ 198,822	$ 176,123	$ 170,289	$ 159,201

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				
	2012	2013	2014	2015	2016
General fund					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-	-
Nonspendable	3,415	3,020	3,153	3,976	4,762
Restricted	43,367	40,302	46,800	54,396	55,361
Committed	66,317	68,466	67,776	-	2,898
Assigned	34,305	35,446	35,870	108,058	120,418
Unassigned	62,813	67,990	73,080	83,397	84,784
Total general fund	$ 210,217	$ 215,224	$ 226,679	$ 249,827	$ 268,223
All other governmental funds					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	-	-	11,625	69,510	72,920
Restricted	35,793	37,031	40,478	38,360	41,491
Assigned	215,302	187,964	186,832	215,969	176,675
Total all other governmental funds	$ 251,095	$ 224,995	$ 238,935	$ 323,839	$ 291,086

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Revenues					
Ad valorem taxes	$ 144,015	$ 151,301	$ 180,362	$ 184,930	$ 186,625
Intergovernmental	55,235	61,500	65,815	64,174	87,156
Non-governmental	-	-	-	-	-
Developer participation	740	127	141	15	2,313
Assessments	831	733	527	493	562
Local sales tax	67,179	70,313	62,442	58,651	61,776
Licenses	14,800	17,585	19,627	19,098	19,671
Gain (loss) on investments	15,094	15,982	9,764	3,853	5,000
Inspections	12,109	10,918	8,517	7,408	7,164
Highway maintenance refunds	1,377	986	1,104	1,242	786
Facility fees	5,605	5,638	4,040	4,084	7,310
Other fees and charges	26,629	29,658	30,975	30,995	32,429
Rents	351	310	374	437	514
Program income	4,481	2,881	2,691	2,188	2,536
Other revenues	2,888	3,605	2,410	2,149	1,589
Miscellaneous	1,383	1,076	3,461	2,022	1,024
Total revenues	352,717	372,613	392,250	381,739	416,455
Expenditures					
General government	33,202	37,792	35,998	34,791	42,096
Community development services	25,340	24,828	26,652	25,421	25,332
Public works	21,326	21,572	22,054	21,762	24,723
Public safety	118,848	130,476	136,794	143,173	145,251
Solid waste services (2)	18,860	21,658	25,091	24,043	24,949
Leisure services	36,577	39,572	42,073	43,973	49,415
Economic development programs	4,456	5,329	4,399	4,375	5,710
Other expenditures	-	-	36	-	3
Capital outlay	39,899	65,634	101,497	94,470	73,332
Debt service					
Principal	16,547	15,967	20,125	20,717	26,900
Interest	9,486	9,493	10,021	13,195	13,494
Other debt service expenditures	275	307	335	335	572
Total expenditures	324,816	372,628	425,075	426,255	431,777
Less: Administrative costs charged to water and sewer	-	-	-	-	-
Total expenditures	324,816	372,628	425,075	426,255	431,777
Other financing sources (uses)					
Transfers in	22,499	22,730	36,820	23,253	26,759
Transfers out	(37,818)	(55,219)	(59,991)	(52,146)	(60,307)
Proceeds from sale of property	-	-	-	177	-
Proceeds from borrowing	-	54,279	56,281	109,550	46,430
Premium on bonds issued	7,011	-	-	6,405	1,360
Premium on refunding bond issued	-	-	-	-	-
Refunding bonds issued	-	-	14,759	52,197	-
Payments to escrow agent	-	-	(14,284)	(95,418)	-
Total other financing sources (uses)	(8,308)	21,790	33,585	44,018	14,242
Net change in fund balances	$ 19,593	$ 21,775	$ 760	$ (498)	$ (1,080)
Debt service as a percentage of noncapital expenditures (1)	8.96%	8.09%	8.85%	9.95%	11.17%

(1) Capital outlay component of ratio calculation included as follows:
2006-2015 - capital outlay as per reconciliation of statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities

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

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues					
Ad valorem taxes	$ 189,486	$ 195,392	$ 204,623	$ 215,042	$ 227,934
Intergovernmental	85,624	85,143	76,861	87,900	94,840
Non-governmental	-	-	42	80	3
Developer participation	510	57	164	-	-
Assessments	1,336	1,124	1,119	1,270	1,294
Local sales tax	67,828	71,115	76,004	82,864	88,837
Licenses	21,050	21,280	24,906	19,506	14,772
Gain (loss) on investments	1,683	1	4,588	2,851	4,614
Inspections	7,695	9,291	10,830	12,416	12,757
Highway maintenance refunds	772	1,125	899	1,393	857
Facility fees	6,632	9,571	7,663	11,990	9,891
Other fees and charges	37,175	18,900	15,495	15,488	16,087
Rents	787	649	548	857	719
Program income	2,619	2,340	2,384	1,180	902
Other revenues	1,831	2,467	1,916	2,941	2,987
Miscellaneous	745	875	284	-	-
Total revenues	425,773	419,330	428,326	455,778	476,494
Expenditures					
General government	38,709	36,724	38,112	40,352	46,090
Community development services	25,268	25,388	23,364	23,067	19,952
Public works	23,143	22,215	26,022	81,695	75,675
Public safety	144,448	144,463	148,450	185,497	188,839
Solid waste services (2)	24,556	-	-	-	-
Leisure services	54,355	50,023	53,898	79,384	118,035
Economic development programs	5,656	2,312	7,931	4,868	6,979
Other expenditures	402	2,290	-	-	-
Capital outlay	78,785	66,279	92,753	-	-
Debt service					
Principal	26,699	30,371	30,203	31,726	34,400
Interest	12,601	15,841	17,316	19,602	21,362
Other debt service expenditures	652	436	333	597	746
Total expenditures	435,274	396,342	438,382	466,788	512,078
Less: Administrative costs charged to water and sewer	-	-	-	-	-
Total expenditures	435,274	396,342	438,382	466,788	512,078
Other financing sources (uses)					
Transfers in	27,185	32,982	43,554	35,916	40,338
Transfers out	(56,101)	(77,063)	(88,499)	(87,878)	(90,990)
Proceeds from sale of property	-	-	6,271	256	7,574
Proceeds from borrowing	147,600	-	-	-	-
Premium on bonds issued	17,765	-	73,377	103,231	335
Premium on refunding bond issued	5,331	-	4,490	8,507	-
Refunding bonds issued	33,925	-	5,885	-	60,892
Payments to escrow agent	(39,129)	-	(9,626)	-	-
Total other financing sources (uses)	136,576	(44,081)	35,452	60,032	18,149
Net change in fund balances	$ 127,075	$ (21,093)	$ 25,396	$ 49,022	$ (17,435)
Debt service as a percentage of noncapital expenditures (1)	10.74%	13.97%	13.53%	14.68%	15.39%

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)
2007	$ 27,737,471	$ 5,161,031	$ 714,511	$ 33,613,013	0.4350
2008	29,059,934	5,442,892	606,352	35,109,178	0.4350
2009	42,825,483	5,478,583	740,108	49,044,174 (1)	0.3735
2010	43,901,186	5,303,143	687,150	49,891,479	0.3735
2011	44,147,844	5,260,838	654,892	50,063,574	0.3735
2012	44,414,047	5,467,141	659,756	50,540,944	0.3735
2013	44,786,140	5,752,586	655,403	51,194,129	0.3826
2014	45,123,087	6,855,399	719,248	52,697,734	0.3826
2015	45,837,276	6,170,996	717,557	52,725,829	0.4038
2016	46,568,861	6,350,280	806,368	53,725,509	0.4210

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

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

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

Source:
Wake County Tax Administrator

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

Fiscal Year		City Rate	Wake County Rate	Total
2007		0.4350	0.6340	1.0690
2008		0.4350	0.6780	1.1130
2009	(1)	0.3735	0.5340	0.9075
2010		0.3735	0.5340	0.9075
2011		0.3735	0.5340	0.9075
2012		0.3735	0.5340	0.9075
2013		0.3826	0.5340	0.9166
2014		0.3826	0.5340	0.9166
2015		0.4038	0.5780	0.9818
2016		0.4210	0.6145	1.0355

Note:
(1) Tax rate decrease due to revaluation.

Source:
Wake County Tax Administrator

Other Tax Data:
Property taxes are listed and assessed as of January 1, and the collections are first budgeted for the fiscal year beginning the next July 1.

The City rate is completely applicable to general government and not divided among other components.

There is a State statutory tax rated limit of $1.50 per hundred dollars valuation for operating expenses, but no limitation on the rate of tax which may be levied for debt service.

The City has no financial responsibility for any part of the public school system. The school budget is approved and funded by the Wake County Board of Commissioners with revenues derived from County, State and Federal governments.

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(amounts expressed in thousands)

	2016			2007		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Highwoods Realty LP	$ 397,089	1	0.74%	$ -		-
Duke Energy Progress, Inc.	358,077	2	0.67%	325,807	1	0.97%
CVM Holdings LLC	334,550	3	0.62%	173,086	2	0.51%
First Citizens Bank & Trust Co.	181,188	4	0.34%	116,848	5	0.35%
Triangle Town Center LLC	173,177	5	0.32%	108,950	7	0.32%
State Employees Credit Union	146,628	6	0.27%	-		-
North Hills Owner LLC	132,912	7	0.25%	-		-
Highwoods DLF Forum LLC	116,825	8	0.22%	-		-
150 Fayetteville TIC Owner LLC	110,377	9	0.21%	-		-
Raleigh Portfolio NW LLC	101,601	10	0.19%	-		-
Bellsouth Telephone	-		-	149,245	3	0.44%
UDRT of North Carolina	-		-	125,875	4	0.37%
NHM Owner-1 LLC	-		-	112,410	6	0.33%
Parker Raleigh Development	-		-	106,297	8	0.32%
Summit Properties	-		-	81,575	9	0.24%
Prudential Insurance	-		-	78,842	10	0.23%
Totals	$ 2,052,424		3.83%	$ 1,378,935		4.08%

Note:
Above taxable assessed valuations are as of January 1, 2015 and 2006 respectively, and the associated tax levies were due in the fiscal years ended June 30, 2016 and 2007 respectively.

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

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

Fiscal Year Ended June 30,	Original Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2007	$ 146,117	$ 142,895	97.79%	$ 2,046	$ 144,941	99.20%
2008	153,544	150,661	98.12%	2,413	153,074	99.69%
2009	184,579	181,468	98.31%	2,449	183,917	99.64%
2010	187,901	185,225	98.58%	2,122	187,347	99.71%
2011	188,777	186,280	98.68%	1,983	188,263	99.73%
2012	190,578	188,329	98.82%	2,100	190,429	99.92%
2013	197,617	195,117	98.73%	2,660	197,617	100.00%
2014	203,033	201,842	99.41%	1,874	203,033	100.00%
2015	212,617	211,668	99.55%	339	212,007	99.71%
2016	227,479	225,261	99.02%	-	225,261 (1)	99.02%

Note:

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

Total collected as per above	$ 225,261
Penalties collected	542
Prior year collections in current year	528
Special districts	1,603
Ad valorem taxes collected per general fund financial statements	$ 227,934

ANALYSIS OF CURRENT TAX LEVY
CITY - WIDE LEVY
For the Fiscal Year Ended June 30, 2016

	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	$ 52,788,649,874	$ .4210	$ 222,212,864	$ 209,728,334	$ 12,484,530
Registered motor vehicles taxed at prior year's rate	936,859,072	.4038	3,752,425	-	3,752,425
	53,725,508,946		225,965,289	209,728,334	16,236,955
Discoveries:					
Prior years' taxes	89,003,589	(1)	318,679	308,970	9,709
Total property valuation	$ 53,814,512,535				
Deferred and waived			1,072,196	1,072,196	-
Penalty			542,309	542,309	-
Rebates			(419,861)	(419,861)	-
Net levy			227,478,612	211,231,948	16,246,664
Uncollected taxes at June 30, 2015			(284,844)	(275,085)	(9,759)
Current year's taxes collected			$ 227,193,768	$ 210,956,863	$ 16,236,905
Current levy collection percentage			99.87%	99.87%	99.94%

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, 2016

Fiscal Year Ended June 30	Taxes Receivable June 30, 2015	Additions	Collections and Other Reductions	Taxes Receivable June 30, 2016
				(1)
2007 & prior	3,162,532	-	6,636	3,155,896
2008	327,798	-	6,258	321,540
2009	231,808	-	7,645	224,163
2010	295,895	-	9,974	285,921
2011	494,609	-	10,494	484,115
2012	333,666	-	47,421	286,245
2013	383,993	-	77,918	306,075
2014	388,416	-	108,308	280,108
2015	597,438	-	327,188	270,250
2016	-	227,808,051	227,418,829	389,222
TOTALS	$ 6,216,155	$ 227,808,051	$ 228,020,671	$ 6,003,535
			(2)	

Notes:

(1) Ad valorem taxes receivable only; does not include vehicle tag fee receivable ($3,525,341).

(2) Reconciliation to revenues collected:

Collections and other reductions per above	$ 228,020,671
Late list penalties collected	(218,088)
Penalties collected	542,309
Prior year levy adjustments	8,491
Rebates and waived taxes	(419,861)
Ad valorem taxes collected per general fund financial statements	$ 227,933,522

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

	Governmental Activities		Business-type Activities					
Fiscal Year	General Obligation Bonds	Installment Financing Agreements	General Obligation Bonds	Water and Sewer Revenue Bonds	Installment Financing Agreements	Total Government	Percentage of Personal Income (1)	Per Capita (1)
2007	$ 183,219	$ 60,272	$ 18,916	$ 415,540	$ 338,067	$ 1,016,014	6.89%	2,760.95
2008	170,030	104,398	15,405	560,240	344,335	1,194,408	7.93%	3,141.75
2009	177,949	139,825	12,616	554,740	349,998	1,235,128	8.36%	3,203.91
2010	230,567	120,967	10,574	546,250	361,869	1,270,227	8.21%	3,239.69
2011	213,916	161,229	8,569	643,725	352,794	1,380,233	8.41%	3,417.33
2012	344,046	142,883	6,679	629,750	342,932	1,466,290	8.35%	3,567.62
2013 (3)	351,612	139,903	5,118	727,382	369,471	1,593,486	8.16%	3,765.51
2014 (3)	343,739	162,224	3,467	708,895	389,116	1,607,441	(2)	3,723.12
2015 (3)	363,605	230,467	1,840	687,136	408,636	1,691,684	(2)	3,845.65
2016 (3)	351,863	266,013	409	664,085	417,537	1,699,907	(2)	3,768.64

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

(1) See the Schedule of Demographic and Economic Statistics on page 146 for personal income and population data.

(2) Personal income data unavailable for 2014, 2015 and 2016.

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

	Governmental Activities	Business-type Activities
General obligation bonds	351,863	409
Revenue bonds	-	664,085
Installment financing agreements	266,013	417,537
Earned vacation payable	19,521	4,684
Landfill postclosure costs	-	4,437
Claims Payable	27,871	1
	665,268	1,091,153

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amounts)

Fiscal Year		General Bonded Debt (1)	Net Bonded Debt (2)	Percentage Actual Taxable Value of Property (3)	Per Capita Bonded Debt (4) General	Per Capita Bonded Debt (4) Net
2007		$ 202,135	$ 194,600	0.60%	$ 549	$ 529
2008		185,435	178,953	0.53%	488	471
2009		190,565	184,770	0.39%	494	479
2010		241,140	235,030	0.48%	615	599
2011		222,485	217,758	0.44%	551	539
2012		350,725	345,852	0.69%	853	841
2013		327,775	324,002	0.64%	775	766
2014		320,200	317,188	0.61%	742	735
2015	(5)	363,605	361,578	0.69%	755	751
2016	(5)	351,863	350,558	0.65%	675	672

Notes:

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

(1) Total includes all general obligation bonded debt.

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

(3) See Assessed Value of Taxable Property schedule on page 135 for property value data.

(4) See Demographic and Economic Statistics schedule on page 146 for population data.

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2016

(amounts expressed in thousands)

	Bonded Debt	Percentage Applicable to City		City's Share of Debt
Direct Debt - City of Raleigh (1)	$ 563,694	100.00%		$ 563,694
Overlapping Debt: (2)				
Wake County Debt (3)	1,812,535	40.72%	(4)	737,996
Total Direct and Overlapping Debt	$ 2,376,229			$ 1,301,690

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 $1,493,005,464 of Wake County School Bonds.

(4) Percentage of direct and overlapping debt is based on June 30, 2016 assessed valuation of the City of Raleigh ($53,725,508,946) as compared to the June 30, 2016 assessed valuation of Wake County ($131,950,999,915).

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
2007	$ 2,689,041	$ 700,623	$ 1,988,418	26.05%
2008	2,808,734	823,965	1,984,769	29.34%
2009	3,923,534	860,872	3,062,662	21.94%
2010	3,991,318	836,465	3,154,853	20.96%
2011	4,005,086	850,380	3,154,706	21.23%
2012	4,043,155	867,667	3,175,488	21.46%
2013	4,095,530	867,668	3,227,862	21.19%
2014	4,225,446	974,216	3,251,230	23.06%
2015	4,218,066	1,134,703	3,083,363	26.90%
2016	4,298,041	1,139,717	3,158,324	26.52%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	$ 53,725,509
Debt limit (8% of assessed value)	4,298,041
Debt applicable to limit:	
General Obligation bonds	304,260
GO bonds authorized not issued	166,775
Other outstanding debt	669,987
Less: Statutory deductions	
Bonded debt included in gross debt incurred for water	-
Uncollected special assessments levied for local improvements for which gross debt incurred to the extent to be applied to the payment of such gross debt	(1,305)
Total net debt applicable to limit	1,139,717
Legal debt margin	$ 3,158,324

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year Ended (1)		Gross Revenues (2)	15% of CY Unrestricted Net Position (5)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3 and 4) Principal	Interest	Total	Coverage Ratios Net Coverage	With 15% (5)	Required Coverage
Parity Debt Service Coverage (3)											
2007	(6)	$ 122,529,240	$ 10,619,640	$ 71,042,733	$ 51,486,507	$ 5,465,000	$ 8,238,046	$ 13,703,046	3.76	4.53	1.20
2008	(6)	122,551,257	7,611,436	83,987,047	38,564,210	5,550,000	8,123,779	13,673,779	2.82	3.38	1.20
2009	(6)	120,957,554	7,992,892	88,596,831	32,360,723	5,750,000	7,909,634	13,659,634	2.37	2.95	1.20
2010		140,145,189	11,314,260	85,916,982	54,228,207	6,985,000	21,041,497	28,026,497	1.93	2.34	1.20
2011		153,349,630	14,913,980	85,869,606	67,480,024	11,115,000	24,899,417	36,014,417	1.87	2.29	1.20
2012		173,365,019	19,133,381	90,783,309	82,581,710	12,050,000	24,671,035	36,721,035	2.25	2.77	1.20
2013		187,414,283	24,812,247	89,197,234	98,217,049	13,145,000	23,917,626	37,062,626	2.65	3.32	1.20
2014		201,259,452	30,659,474	91,027,389	110,232,063	15,965,000	26,159,934	42,124,934	2.62	3.34	1.20
2015	(7)	214,997,564	37,843,467	89,725,721	125,271,843	19,695,000	23,969,886	43,664,886	2.87	3.74	1.20
2016		231,560,704	46,008,826	91,722,046	139,838,658	22,405,000	28,970,260	51,375,260	2.72	3.62	1.20
Parity and Subordinate Debt Service Coverage (4)											
2007	(6)	$ 122,529,240		$ 71,042,733	$ 51,486,507	$ 10,051,834	$ 9,214,679	$ 19,266,513	2.67		1.00
2008	(6)	122,551,257		83,987,047	38,564,210	9,655,080	8,935,545	18,590,625	2.07		1.00
2009	(6)	120,957,554		88,596,831	32,360,723	9,174,700	8,547,494	17,722,194	1.83		1.00
2010		140,145,189		85,916,982	54,228,207	9,529,491	21,594,268	31,123,759	1.74		1.00
2011		153,349,630		85,869,606	67,480,024	13,643,740	25,351,895	38,995,635	1.73		1.00
2012		173,365,019		90,783,309	82,581,710	14,011,829	25,037,720	39,049,549	2.11		1.00
2013		187,414,283		89,197,234	98,217,049	15,072,689	24,215,588	39,288,277	2.50		1.00
2014		201,259,452		91,027,389	110,232,063	18,549,105	26,729,341	45,278,446	2.43		1.00
2015	(7)	214,997,564		89,725,721	125,271,843	22,480,320	24,335,506	46,815,826	2.68		1.00
2016		231,560,704		91,722,046	139,838,658	25,223,884	29,315,429	54,539,313	2.56		1.00

Notes:

(1) The City has issued 10 series of water and sewer revenue bonds between December 1996 and May, 2013.

(2) Water and sewer user charges and other utility revenues are pledged revenues; operating expenses are exclusive of depreciation and interest expense.

(3) Parity debt service includes interest and principal of revenue bonds and certain State Bond loans.

(4) Parity and subordinate debt service includes interest and principal of revenue bonds, State loans, and water and sewer general obligation bonds. Certain other debt paid within the Utility Fund is not subject to legal coverage requirements, and is not included above.

(5) The City entered into the First Amendatory Trust Agreement dated April 15, 2004. The first amendment provides that 15% of Water and Sewer unrestricted net positions as of the last day of the preceding fiscal year be added to gross revenues in computing the net revenue available for debt service. The required coverage for parity indebtedness was also decreased to 1.20% from 1.25%.

(6) The schedule was updated in 2011 to change certain prior period amounts for consistency in reporting.

(7) The schedule was updated for the 2015 interest figures with a reclassification between the two categories presented.

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (expressed in thousands) (2)	Per Capita Personal Income (2)	School Enrollment ADM (3)	Unemployment Rate % (4)
2007	367,995	$ 14,741,512	$ 40,059	124,474	3.9
2008	380,173	15,055,611	39,602	133,228	4.8
2009	388,926	15,065,826	38,737	142,732	8.8
2010	392,083	15,479,045	39,479	145,040	8.3
2011	403,892	16,410,536	40,631	148,470	9.9
2012	411,000	17,553,399	42,709	152,474	9.4
2013	423,179	18,597,448	43,947	156,073	7.4
2014	431,746	21,035,913	46,636	159,984	5.1
2015	439,896	Unavailable	Unavailable	161,027	5.0
2016	451,066	Unavailable	Unavailable	164,429	4.3

Sources:

(1) Census Population Estimates Program for 2011, 2013, 2014, 2015 and 2016
City of Raleigh Planning Department - estimate for other years.

(2) U.S. Department of Commerce, Bureau of Economic Analysis.
Per capita income for the Raleigh-Cary MSA.
Data for 2015 and 2016 are unavailable.

(3) North Carolina Department of Public Instruction, Information Analysis and Reporting.
ADM = Average daily membership - (final ADM). Includes fifteen charter schools.

(4) North Carolina Employment Security Commission.
Estimated percentage of unemployment in Wake County as of June 30, 2016.

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2016			2007		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of North Carolina	19,709	1	8.33%	39,103	1	19.87%
Wake County Public School System	18,026	2	7.62%	15,000	2	7.62%
Wake Med Health and Hospitals	8,948	3	3.78%	7,100	4	3.61%
North Carolina State University	8,717	4	3.68%	7,219	3	3.67%
Rex Healthcare	5,269	5	2.23%	4,300	6	2.18%
City of Raleigh	4,163	6	1.76%	3,719	5	1.89%
NC DHHS	3,871	7	1.64%	-		-
Duke Energy Progress	3,700	8	1.56%	3,238	8	1.65%
Wake County	3,594	9	1.52%	3,500	7	1.78%
Wake Technical Community College	2,268	10	0.96%	-		-
Waste Industries	-		-	2,000	9	1.02%
First Citizens Bancshares Inc	-		-	1,500	10	0.76%
Total	78,265		33.08%	86,679		44.05%

Notes:
City-wide employment as of June 30, 2016: 236,634
City-wide employment as of June 30, 2007: 196,806
Duke Energy Progress was Progress Energy Inc. in 2007.

Source:
Wake County Economic Development - 2016
NC Office of State Human Resources - 2015 and 2016
NC Employment Security Commission (Laus City Wide Employment) 2007 and 2016
City of Raleigh Budget Office
City of Raleigh CAFR - 2007
Various Area Employers

CITY GOVERNMENT EMPLOYEES BY FUNCTION/DEPARTMENT
LAST TEN FISCAL YEARS

Function	Employees as of June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Policy & Management Services										
General Government	70	77	74	94	131	88	90	105	103	109
Human Resources	23	25	26	25	25	25	29	30	30	31
Administrative Services (2)	17	19	20	25	-	-	-	-	-	-
Finance (4)	122	129	127	127	112	111	65	61	61	65
Information Services	69	74	74	77	78	79	78	78	81	80
Community Development Services										
Public Works (1)	392	405	421	416	395	397	403	430	445	586
Planning & Development (3)	46	47	45	42	60	200	203	169	191	195
Inspections	153	153	141	121	97	-	-	-	-	-
Community Services	19	23	18	18	18	18	18	18	-	-
Community Development	23	23	23	23	23	23	23	23	-	-
Housing and Neighborhood preservation	-	-	-	-	-	-	-	-	-	-
Housing and Neighborhoods (5)	-	-	-	-	-	-	-	-	73	76
Public Safety										
Police	888	902	902	892	882	879	876	890	898	902
Fire	553	568	568	568	575	575	577	607	609	611
Emergency Communications	94	103	102	102	102	109	115	115	115	127
Solid Waste Services	240	237	234	223	211	204	200	202	204	208
Public Utilities (4)	547	571	571	570	586	586	642	632	640	652
Leisure Services										
Convention Center	72	109	107	109	108	104	104	104	104	104
Parks & Recreation	391	418	391	401	408	428	443	472	495	417
Total	3,719	3,883	3,844	3,833	3,811	3,826	3,866	3,936	4,049	4,163

Notes:
Numbers presented are authorized positions.
(1) Includes Central Engineering, Construction Management, Transit, Parking, Vehicle Fleet Services and Stormwater.
(2) Administrative Services was dissolved and employees moved to City Manager's and Budget & Management Services Department.
(3) Planning and Development consists of Planning, Inspections and the Office of Development Services.
(4) Utility Billing employees moved from Finance to the Public Utilities Department - 2013.
(5) Housing and Neighborhoods was formed to include Community Development, Community Services and Housing & Neighborhood Preservation - 2015.

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

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year 2007	2008	2009	2010	2011
Community Development Services					
Inspections:					
Permits issued (all trade types)	47,493	54,644	45,022	45,000	47,723
Construction - inspections requested	126,695	116,667	103,798	93,844	77,000
Community Development:					
New housing units constructed	34	6	11	9	17
Homeownership loans provided	85	62	66	81	39
Rehabilitation loans provided	45	42	36	27	13
Public Works					
Asphalt failures repaired	4,860	3,828	1,880	2,068	5,000
Drainage structures repaired/maintained	Unavailable	1,073	700	461	1,000
Police					
Physical arrests	135,083	120,005	113,568	116,481	115,361
Traffic accidents investigated	19,257	19,262	18,557	18,439	19,328
Fire					
Emergency responses	20,063	20,478	21,791	22,278	22,790
Fire calls answered	1,582	1,739	1,319	1,167	1,489
Emergency Communications					
911 calls processed	502,492	523,184	520,431	497,778	454,223
Solid Waste					
Refuse collected (tons)	84,538	85,139	87,054	87,562	85,217
Recyclables collected (tons)	18,808	18,740	19,325	20,104	22,370
Water					
Number of consumers	169,324	174,517	165,298	167,307	167,746
Average daily consumption (millions of gallons per day)	50.63	47.09	48.00	49.00	52.00
Maximum daily flow (millions of gallons per day)	72.20	75.00	67.00	71.36	68.71
Wastewater					
Average daily sewage treatment (millions of gallons per day)	44.80	42.00	40.90	42.50	45.70
Maximum daily flow (millions of gallons per day)	75.00	63.77	81.75	88.01	78.94
Leisure Services					
Convention center events	634	837	687	641	649
Event attendance	654,152	718,841	608,842	489,446	460,012
Parks and recreation programs	10,334	10,770	9,290	11,249	11,233
Registrants	120,419	120,254	158,514	138,568	136,489
Attendance at parks & recreation facilities (millions)	3.9	4.1	4.0	4.1	4.0

Notes:
(1) Estimates shown for 2015 and 2016 data.
(2) Amounts shown for 2015 data have been updated to reflect actuals rather than estimates.
(3) Change in reporting measure beginning in 2014 for 2013. Combined construction inspections with permits issued (all trade and types).
(4) Parks and Recreation changed reporting measure to no longer include attendance at facilities.

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

Function	Fiscal Year 2012	2013	2014	2015		2016	
Community Development Services							
Inspections:							
Permits issued (all trade types)	39,144	95,547	105,105	107,628	(2)	117,340	
Construction - inspections requested	88,640	-	-	-	(3)	-	(3)
Community Development:							
New housing units constructed	25	7	21	14		18	
Homeownership loans provided	60	43	55	85	(2)	66	(1)
Rehabilitation loans provided	24	13	50	55		42	
Public Works							
Asphalt failures repaired	1,906	4,000	5,544	5,000	(2)	5,800	(1)
Drainage structures repaired/maintained	594	505	1,120	1,200	(1)	2,721	
Police							
Physical arrests	92,387	88,321	98,857	86,498	(1)	75,157	
Traffic accidents investigated	19,810	20,283	21,189	21,706	(1)	27,566	
Fire							
Emergency responses	21,912	21,951	23,119	24,349	(1)	39,301	
Fire calls answered	1,354	1,077	1,133	1,192	(1)	1,079	
Emergency Communications							
911 calls processed	475,453	608,770	580,465	597,245	(2)	611,087	(1)
Solid Waste							
Refuse collected (tons)	84,700	84,582	87,068	91,786	(2)	95,000	(1)
Recyclables collected (tons)	23,890	26,040	26,176	27,584	(2)	32,000	(1)
Water							
Number of consumers	170,353	171,123	174,010	176,918		191,479	
Average daily consumption (millions of gallons per day)	53.50	52.00	47.90	47.30		49	
Maximum daily flow (millions of gallons per day)	70.13	68.93	61.10	67.88		62	
Wastewater							
Average daily sewage treatment (millions of gallons per day)	44.10	45.60	45.40	48.19		50	
Maximum daily flow (millions of gallons per day)	59.23	72.63	83.53	68.03		89	
Leisure Services							
Convention center events	576	601	726	705	(1)	912	
Event attendance	537,804	355,012	766,107	768,501	(1)	973,038	
Parks and recreation programs	12,717	13,062	13,204	13,170	(1)	11,810	
Registrants	142,965	151,545	158,257	158,500	(1)	148,194	
Attendance at parks & recreation facilities (millions)	4.0	4.3	4.3	Unavailable	(4)	Unavailable	(4)

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year 2007	2008	2009	2010	2011
Public safety					
Police stations	7	7	7	7	6
Fire stations	27	27	27	27	27
Highways and streets					
Streets (miles)	1,235	1,274	1,283	1,293	1,296
Streetlights (1)	33,600	33,955	33,974	34,003	33,067
Signalized intersections	510	510	515	518	540
Leisure services					
Number of major parks	72	72	75	78	78
Parks acreage	8,818	8,893	9,046	9,399	9,451
Aquatic facilities	8	8	8	8	8
Community centers (staffed and unstaffed)	33	33	34	35	35
Water					
Water mains (miles)	2,050	2,106	1,870	1,902	1,931
Sewers					
Sanitary sewers (miles)	2,000	2,072	1,784	1,803	1,819

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

(1) Streetlights for 2011-2016 are reported as actuals; prior years are estimated.

Source:
Various city departments and Budget Office.

Function	Fiscal Year 2012	2013	2014	2015	2016
Public safety					
Police stations	6	6	6	6	6
Fire stations	27	27	27	28	28
Highways and streets					
Streets (miles)	1,306	1,310	1,342	1,358	1,357
Streetlights (1)	33,914	34,323	34,567	34,749	34,891
Signalized intersections	552	550	615	619	620
Leisure services					
Number of major parks	77	85	85	86	86
Parks acreage	9,494	9,846	9,846	10,194	9,893
Aquatic facilities	8	9	9	9	9
Community centers (staffed and unstaffed)	34	47	47	47	49
Water					
Water mains (miles)	2,508	2,515	2,226	2,245	2,355
Sewers					
Sanitary sewers (miles)	2,612	2,620	2,281	2,297	2,300

SINGLE AUDIT SECTION

The *Single Audit Section* contains schedules, exhibits and auditor reports reflecting federal, state and other participation in various projects and programs of the City as required by Title 2 United States Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the North Carolina State Single Audit Implementation Act, and the American Recovery and Reinvestment Act.

CITY OF RALEIGH
ESTABLISHED 1792
NORTH CAROLINA

Cherry Bekaert LLP
CPAs & Advisors

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, 2016, 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 26, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Raleigh, North Carolina
October 26, 2016

Cherry Bekaert LLP
CPAs & Advisors

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, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

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.

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.

Cherry Bekaert LLP

Raleigh, North Carolina
October 26, 2016

Cherry Bekaert LLP
CPAs & Advisors

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, 2016. The City's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2016.

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.

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.

Cherry Bekaert LLP

Raleigh, North Carolina
October 26, 2016

Single Audit Schedules

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local (1)
EXPENDITURES OF FEDERAL AWARDS:						
U.S. DEPARTMENT OF TRANSPORTATION						
Direct Programs: Federal Transit Administration:						
Capital Assistance - FTA 5307	20.507	NC-90-X559-00	$ 37,099	$ -	$ -	$ 9,275
CMAQ Replacement Buses	20.507	NC-95-X065-00	-	1,838	-	-
Federal Transit Buses	20.507	NC-34-0005-00	47,750	-	47,750	84,520
Federal Transit Cap & Maint 2015	20.507	NC-90-X593-00	1,544,234	-	-	386,059
Federal Transit Cap & Maint 2016	20.507	1065-2016-1	2,201,315	-	-	550,329
Moore Square Station Renovations	20.507	NC-95-X072-00	659,470	-	-	164,867
STPDA Moore Square & ADA	20.507	NC-95-X084-00	1,283,503	-	-	320,876
Moore Square Station-FY10 STPDA	20.507	NC-95-X043-00	671,634	102,826	-	65,083
Planning Assistance - Section 9 (5307)	20.507	NC-90-X593-00	159,304	(18,983)	-	58,809
Planning Assistance - Section 9 (5307)	20.507	16-08-101	338,317	-	-	84,579
Enhanced Mobility	20.513	NC-16-X013-00	239,427	-	269,023	53,805
Job Access Remote Commute	20.516	NC-37-X031-02	204,840	-	204,840	-
New Freedom 2014	20.521	NC-57-X016-01	20,356	-	20,356	-
New Freedom 2015	20.521	NC-57-X016-02	54,831	-	54,831	-
Total Direct Programs Federal Transit Administration:			7,462,080	85,681	596,800	1,778,202
Direct Programs: Federal Railroad Administration:						
Raleigh Union Station - Phase I	20.933	FR-TII-0020-13-01-01	3,978,260	1,601,682	-	-
Raleigh Union Station - Phase I Terminal Building	20.933	FR-TII-0028-14-01-02	1,469,164	-	-	1,309,471
Total Direct Programs Federal Railroad Administration:			5,447,424	1,601,682	-	1,309,471
Total Direct Programs U.S. Department of Transportation:			12,909,504	1,687,363	596,800	3,087,673
Passed-Through North Carolina Department of Transportation:						
Six Forks Road Pedestrian Improvements	20.205	C-5172	416,415	-	-	126,616
I-40 Pedestrian Improvements	20.205	C-5504	468,960	-	-	117,240
Citywide Bicycle Improvements	20.205	C-5170	359,235	-	-	89,809
City wide Traffic Signal Upgrade	20.205	C-4923	775,371	-	-	193,843
FHWA Falls of Neuse Widening	20.205	U-4901	(39,503)	-	-	(9,876)
Capital Boulevard Improvements	20.205	U-5514	12,368	-	-	3,092
Section 104(f) PL	20.205	WBS44509.1.4	657,187	-	-	164,297
Section 104(f) STPDA	20.205	WBS44509.1.21	1,203,801	-	381,649	504,873
Greater Raleigh Urban Area, Area Study	20.205	WBS49004.1	150,000	-	-	-
Downtown Pedestrian Safety Improvements	20.205	EL-5100IF	227,461	-	-	56,865
Planning Assistance - Section 9 (5303)	20.505	16-08-101	299,520	37,440	-	37,440
DWI Squad	20.607	154AL-15-02-04	80,501	-	-	14,303
DWI Squad	20.607	154AL-16-12-15	186,124	-	-	79,767
Total Passed-Through North Carolina Department of Transportation:			4,797,440	37,440	381,649	1,378,269
Passed-Through N.C. Department of Environmental Quality:						
NCDENR Recreational Trail Program	23.219	Contract 4150	63,281	-	-	21,094
Total U.S. Department of Transportation			**17,770,225**	**1,724,803**	**978,449**	**4,487,036**
CORPORATION FOR NATIONAL SERVICE						
Direct Programs:						
Foster Grandparents Program	94.011	14SFSNC001	250,538	-	-	112,616
Total Corporation for National Service			**250,538**	-		**112,616**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Direct Programs:						
Community Development Block Grant - Entitlement	14.218	B13MC370009	363,257	-	69,094	-
Community Development Block Grant - Entitlement	14.218	B14MC370009	1,259,814	-	239,625	-
Community Development Block Grant - Entitlement	14.218	B15MC370009	674,324	-	128,261	-
HOME Grant Program	14.239	M09-MC370206	114,981	-	-	23,585
HOME Grant Program	14.239	M12-MC370206	285,360	-	-	58,534
HOME Grant Program	14.239	M15-MC370206	460,115	-	-	94,382
Emergency Shelter	14.231	E14MC370005	85,367	-	85,367	-
Emergency Shelter	14.231	E15MC370005	136,690	-	136,690	-
Total U.S. Department of Housing and Urban Development			**3,379,908**	**-**	**659,037**	**176,501**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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.S. DEPARTMENT OF JUSTICE						
Direct Programs:						
2014 JAG Asst Grant	16.738	2014-DJ-BX-0967	141,836	-	-	-
Equitable Sharing	16.922	2016	864,412	-	-	-
Total Direct Programs U.S. Department of Justice:			1,006,248	-	-	-
Passed -Through Wake County:						
2012 JAG Asst Grant	16.738	2012-H2540-NC-DJ	7,000	-	-	-
2013 JAG Asst Grant	16.738	2013-H4841-NC-DJ	13,409	-	-	-
Total Passed-Through Wake County:			20,409	-	-	-
Passed-Through N.C. Department of Public Safety:						
Gang Resource Coordinator	16.738	2014-DJ-BX-1148	609	-	-	203
Total U.S. Department of Justice			**1,027,266**	**-**	**-**	**203**
ENVIRONMENTAL PROTECTION AGENCY						
Direct Programs:						
D.E. Benton Water Treatment Waste Facility STAG	66.202	95491712	24,250	-	-	-
Passed-Through N.C. Department of Environmental Quality:						
Neuse River WWTP Phase III	66.458	CS-370419-18	7,161,544	-	-	-
Crabtree Creek Wastewater Conveyance	66.458	CS370419-19	9,460,652	-	-	-
E.M. Johnson WTP - Sodium Permanganate	66.468	FS-984338.13	1,662,151	-	-	-
D.E. Benton Water Treatment Waste Facility	66.468	FS-984338	333,726	-	-	-
Total Passed-Through N.C. Department of Environmental Quality:			18,618,073	-	-	-
Total Environmental Protection Agency			**18,642,323**	**-**	**-**	-
U.S. DEPARTMENT OF HOMELAND SECURITY						
Passed-Through N.C. Department of Public Safety:						
Flood Mitigation Assistance	97.029	FMA-PJ-04-NC-2014-012	1,175,016	-	-	-
Hazard Mitigation	97.039	HMGP 1969-008	10,211	3,404	-	-
Hazardous Materials Response Equipment	97.067	EMW-2014-SS-00069-S01	2,802	-	-	-
Total U.S. Department of Homeland Security			**1,188,029**	**3,404**	-	-
OFFICE OF NATIONAL DRUG CONTROL POLICY						
Passed -Through Durham County:						
High Intensity Drug Trafficking Area (HIDTA)	95.001	G15GA0004A	20,439	-	-	3,116
Total Office of National Drug Control and Policy			**20,439**	**-**	-	**3,116**
U.S. DEPARTMENT OF THE INTERIOR						
Passed-Through N.C. Department of Cultural Resources:						
Commission Assistance and Mentoring Program (CAMP) Workshop	15.904	N/A	3,500	-	-	3,500
Total U.S. Department of the Interior			**3,500**	**-**	-	**3,500**
TOTAL EXPENDITURES OF FEDERAL AWARDS:			**42,282,228**	**1,728,207**	**1,637,486**	**4,782,972**
EXPENDITURES OF STATE AWARDS:						
N.C. DEPARTMENT OF TRANSPORTATION						
Direct Programs:						
Powell Bill		WBS32570	-	10,588,984	-	-
Public Transportation Maint Asst Prog		15-SM-016	-	2,627,581	-	-
Advanced Technology Grant		15-AT-101	-	19,684	-	-
Total Direct Programs N.C. Department of Transportation:			-	13,236,249	-	-
Passed-Through Triangle J Council of Governments:						
Bicycle & Pedestrian Outreach		TDMRALBP15	-	-	-	1,303
Transportation Demand Management Grant		TDMRAL15	-	-	-	868
Transportation Demand Management Grant		TDMRAL16	-	74,372	-	74,532
Total Passed-Through Triangle J Council of Governments:			-	74,372	-	76,703
Total N.C. Department of Transportation			**-**	**13,310,621**	-	**76,703**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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)
N.C. DEPARTMENT OF PUBLIC SAFETY						
Direct Programs:						
Fire Regional Response Team		RRT42012	-	53,723	-	-
Passed-Through Wake County:						
Juvenile Crime Prevention Council		2015	-	-	-	682
Juvenile Crime Prevention Council		2016	-	93,350	-	27,577
Total Passed-Through Wake County:			-	93,350	-	28,259
Total N.C. Department of Public Safety			-	**147,073**	-	**28,259**
N. C. DEPARTMENT OF ENVIRONMENTAL QUALITY						
Rainwater Harvesting at Fire Stations		2008-1019	-	21,641	-	-
Total N. C. Department of Environmental Quality			-	**21,641**	-	-
TOTAL EXPENDITURES OF STATE AWARDS:			**-**	**13,479,335**	**-**	**104,962**
TOTAL EXPENDITURES ALL AWARDS:			**$ 42,282,228**	**$ 15,207,542**	**$ 1,637,486**	**$ 4,887,934**

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, 2016. 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, 2016. 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, 2016 is $-0-.

Where allowed by grant agreeement, prior year expenditures that have not been previously tested may be included in the Schedule of Awards at June 30, 2016. Generally, this occurs when grants are awarded after the related project or program has started incurring expenses and retroactive reimbursement is allowed per the funding agreement or when corrections are made due to previous year(s) omissions.

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

Note 3: Loan Balances

The City of Raleigh had the following loan balances outstanding at June 30, 2016 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	Grant Number	Amount Outstanding
SRF D.E. Benton Water Treatment Waste Facility Revolving Loan	66.468	FS-984338	$6,608,823
SRF Neuse River WWTP Phase II Revolving Loan	66.458	CS-370419-18	$22,049,849
SRF Crabtree Creek Wastewater Conveyance Revolving Loan	66.458	CS-370419-19	$9,460,652
SRF E.M. Johnson WTP - Sodium Permanganate Revolving Loan	66.468	FS-984338.13	$1,662,151
SRF Crabtree Creek North Bank Revolving Loan	66.458	CS-370419-13	$8,254,331
SRF Centennial Reuse Pipeline Revolving Loan	66.458	CS-370419-17	$2,225,792

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

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

YEAR ENDED JUNE 30, 2016

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	**Names of Federal Program or Cluster**
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs: $ 1,268,467

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, 2016

I – Summary of Auditor's Results (continued)

State Awards
Internal control over major state programs:

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

Noncompliance material to state awards? _____ yes ___X___ no

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

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

Identification of major state programs:

Names of State Program or Cluster
Powell Bill

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

None

IV – State Award Findings and Questioned Costs

None

CITY OF RALEIGH, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

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

CITY OF RALEIGH
NORTH CAROLINA

CITY OF RALEIGH

Office of the City Manager
919.996.3070

Office of the Chief Financial Officer
919.996.4930

Post Office Box 590
Raleigh, North Carolina 27602
raleighnc.gov