

Comprehensive Annual Financial Report
City of Raleigh, North Carolina



City of Raleigh, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2002



Prepared By
The Finance Department
Perry E. James, III, Director of Finance

Table of Contents

Introductory Section

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

Financial Section

Independent Auditor's Report on the Basic Financial Statements and Supplementary Information

Management's Discussion and Analysis

Basic Financial Statements

Government-Wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance Of Governmental Funds to the Statement of Activities	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	9
Statement of Net Assets – Proprietary Funds	11
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	13
Statement of Cash Flows – Proprietary Funds	14
Statement of Fiduciary Net Assets – Fiduciary Funds	16
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	17
Notes to the Financial Statements	18

Required Supplementary Information

Law Enforcement Officers' Special Separation Allowance - Schedule of Funding Progress	44
Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions	45

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet – Nonmajor Governmental Funds	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds	47

Special Revenue Funds

Combining Balance Sheet – Nonmajor Special Revenue Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	50
Schedule of Revenues and Expenditures Compared with Budget:	
Grants Fund	52
Sales Tax Fund	53
Housing Development Fund.....	54
Housing Bond Fund . (major fund).....	55
Community Development Fund . (major fund)	56
Powell Bill Fund	57
Disaster Recovery Fund	58

Table of Contents

General Capital Projects Funds

Combining Balance Sheet – Nonmajor Capital Projects Funds	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	61
Schedule of Revenues and Expenditures Compared with Budget:	
Street Improvement Fund	63
Street Bond Fund	64
Sidewalk Fund	65
Park Improvement Fund	66
Facility Fees Fund	67
Park Bond Fund	68
Miscellaneous Capital Improvements Fund	69
Convention Center and Memorial Auditorium Projects Fund	70
Stormwater Projects Fund.....	71

Enterprise Funds

Schedule of Revenues and Expenditures - Budget (Modified Accrual Basis) and Actual:	
Mass Transit Fund	72
Water and Sewer Operating Fund.....	74
Water Capital Projects Fund.....	76
Sewer Capital Projects Fund	77
Water and Sewer Revenue Bond Fund.....	78
Water and Sewer General Obligation Bond Fund.....	79
Parking Facilities Operating Fund	81
Parking Facilities Capital Projects Fund	82

Internal Service Funds

Combining Statement of Net Assets	84
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	86
Combining Statement of Cash Flows	88

Fiduciary Funds

Combining Statement of Net Assets – Pension Trust Funds.....	90
Combining Statement of Changes in Net Assets – Pension Trust Funds	91
Combining Statement of Net Assets – Agency Fund	92
Combining Statement of Changes in Assets and Liabilities – Agency Fund	93

Capital Assets Used in the Operation of Governmental Funds

Schedule by Source.....	94
Schedule by Function and Activity	95
Schedule of Changes by Function and Activity.....	97

Other Schedules

Schedule of Long-Term Obligation Maturities and Debt	
Service Requirements	98
Schedule of General Governmental Long-Term Obligations	102
Schedule of Enterprise Long-Term Obligations	104
Schedule of Internal Service Long-Term Obligations.....	106

Table of Contents

Statistical Section

General Governmental Expenditures by Function – Last Ten Years	108
General Governmental Revenues by Source – Last Ten Years	110
Property Tax Levies and Collections - Last Ten Fiscal Years	112
Assessed Value of All Taxable Property - Last Ten Fiscal Years	113
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years.....	114
Comparison of City of Raleigh and Wake County Assessed Values - Last Ten Fiscal Years.....	115
Analysis of Current Tax Levy	116
Schedule of Ad Valorem Taxes Receivable	117
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	118
Statement of Legal Debt Margin	120
Schedule of Direct and Overlapping Debt	121
Ratio of Annual General Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Fiscal Years	122
Schedule of Revenue Bond Coverage – Water and Sewer Revenue Bonds	123
Schedule of Assessments Receivable - Last Ten Fiscal Years.....	124
Insurance Coverage	125
Demographic Characteristics - Last Ten Fiscal Years	127
Property Value, Construction and Bank Deposits - Last Ten Fiscal Years.....	128
Principal Taxpayers	129
Miscellaneous Statistics	130

Single Audit Section

Independent Auditors' Reports

Schedule of Expenditures of Federal and State Awards.....	131
Schedule of Findings and Questioned Costs	

Raleigh City Council - 2001-2002

K. Neal Hunt

At Large

Kieran J. Shanahan

District A

Philip R. Isley

District E

John H. Odom

Deputy Mayor
District B

W. Benson Kirkman

Deputy Mayor
District D

Janet R. Cowell

At Large

Charles C. Meeker

Mayor

James P. West

District C



From left second row: K. Neal Hunt, Kieran J. Shanahan, Philip R. Isley, John H. Odom
From left first row: W. Benson Kirkman, Janet R. Cowell, Charles C. Meeker, James P. West

City Administrative and Financial Staff

J. Russell Allen, *City Manager*

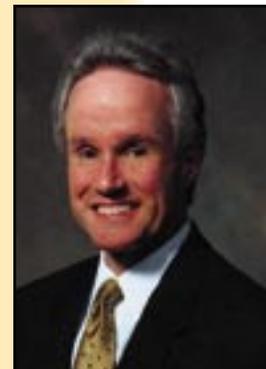
Carolyn H. Carter, *Assistant City Manager/Operations*

Lawrence E. Wray, *Assistant City Manager/Administration*

Thomas A. McCormick, Jr., *City Attorney*

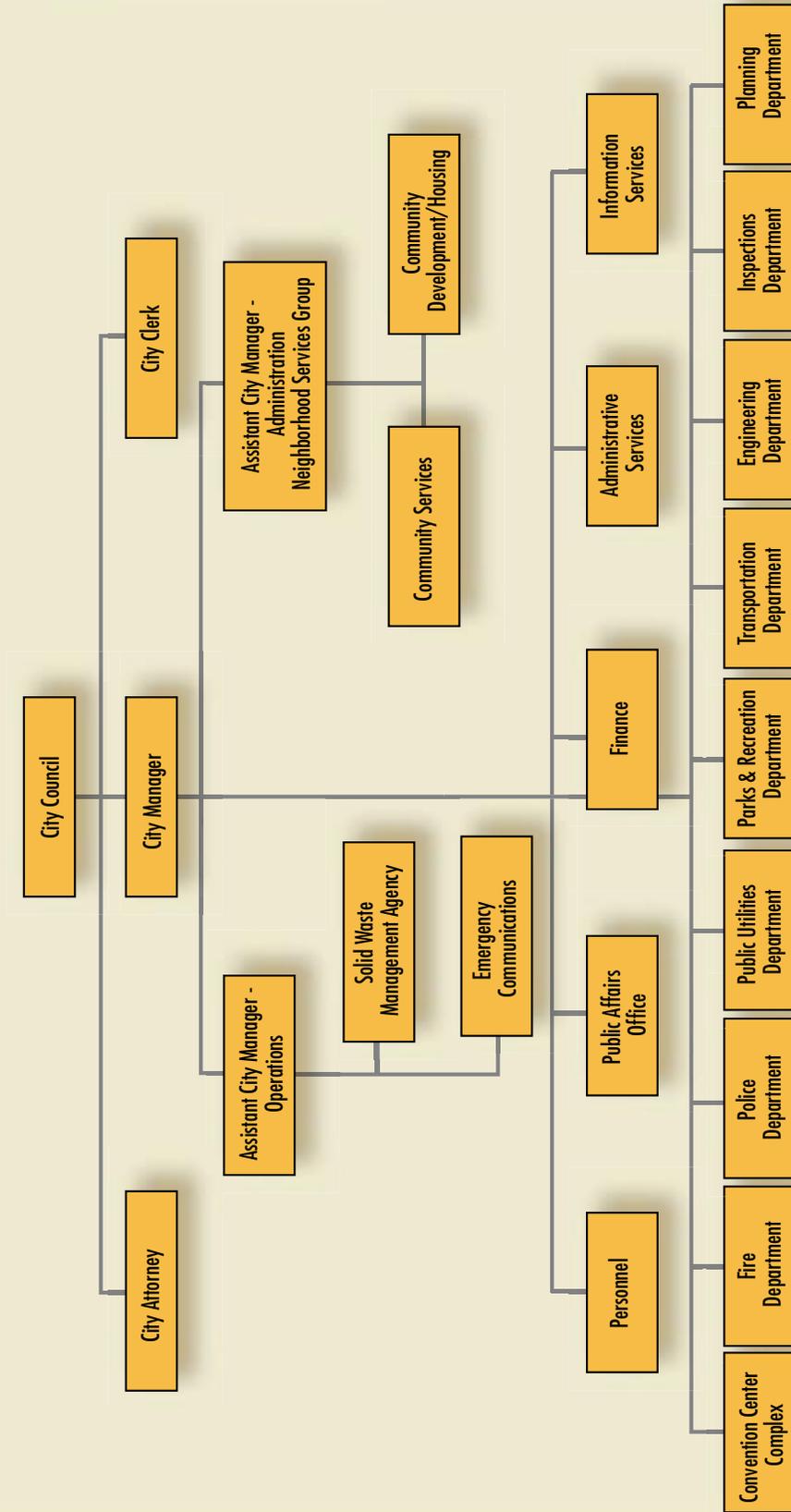
Gail G. Smith, *City Clerk*

Perry E. James, III, *Director of Finance*



J. Russell Allen

City Wide Organizational Chart





October 23, 2002

To The Honorable Mayor and Members of the City Council 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, 2002. State law requires that all general-purpose local governments publish within four months of the close of each fiscal year a complete set of financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Also, as a Phase I government, the City is required to implement GASB Statement No. 34 *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments* effective this fiscal year. 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 GAAP. Because the cost of the internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be 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 & Holland, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2002 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

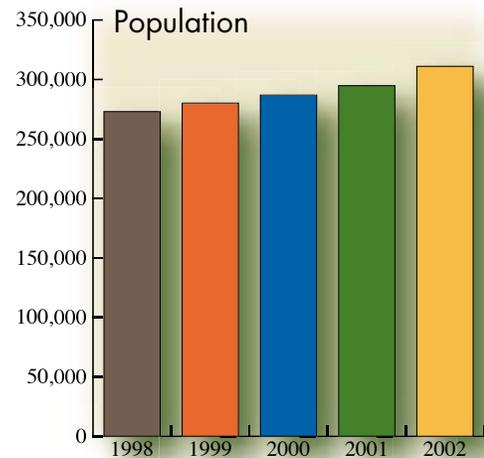
The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation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

GAAP requirements specify 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 MD&A and should be read in conjunction with it. Some information traditionally reported in the letter of transmittal is now included in the MD&A as required. The City's MD&A can be found immediately following the report of the independent auditors.

The City

Raleigh is a thriving metropolitan city located in central North Carolina, 150 miles from the sandy Atlantic beaches and 190 miles from the Great Smoky Mountains. It is 370 miles north of Atlanta and 250 miles south of Washington, D. C.

City residents pride themselves in the quality of life of the region. Open space and natural vegetation, efforts at downtown and urban renewal, the commitment to infrastructure investment, and the City's role as the government center of North Carolina all contribute to this pride. In all that it has to offer, the City warmly welcomes its visitors and new residents alike.



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 incorporated in 1792 by an act of the General Assembly and now operates under the council-manager form of government. The City Council is comprised of the Mayor and seven Council Members who are responsible for the legislative affairs of the City. It also makes appointments to various statutory and advisory boards and appoints the City Manager, City Attorney and City Clerk. As chief executive officer, the City Manager is responsible for enforcement of all laws and ordinances, the efficient delivery of all City services, and preparation of capital and operating budgets.

The City provides the full range of governmental services, including police and fire protection, street construction and maintenance, a comprehensive solid waste program, water and sanitary sewer services, and parks, recreation and cultural services. Extended planning on the city's infrastructure needs occurs on an ongoing basis resulting in the present infrastructure being in excellent condition.

The estimated 2002 population for the city was 311,053, representing a 5.5% increase from the 2001 estimated population of 294,843. The city presently encompasses 124.8 square miles and employs 2,964 permanent staff. Planning projections indicate a high level of continuing growth in 2002-03.

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.

The economy of the city is stabilized by the presence of state and local government employment markets, the college and university employment markets, and the Research Triangle Park research facilities, all of which offer substantial employment opportunities to the city's population. No major specialized industry dominates the economy of the city. As a result, the June, 2002 unemployment rate was 5.5 percent as compared to 6.7 percent

statewide and 5.9 percent nationwide. The increase in the local unemployment rate (up from 3.1 percent in 2001) reflects the effects of the current economic downturn; however, the local economy continues to fare better than the state and the nation as a whole.

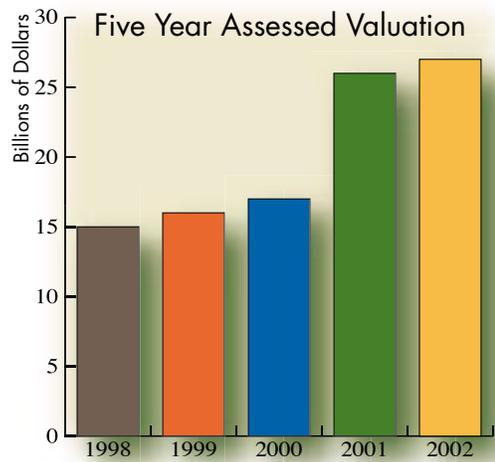
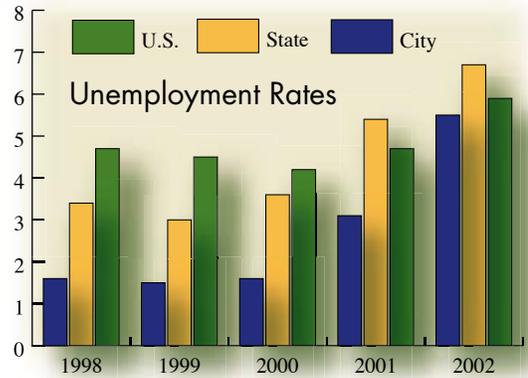
Recent statistical analyses continue to show the Raleigh metropolitan area to be one of the leading per capita income areas in the state and the nation. The City's taxable property base also remains strong due in part to the quality of life, which has attracted industry and citizens to the Raleigh area. The level of tax base associated with new construction and the use of City

services are projected to continue to increase. We will maintain our focus on having a balanced tax base with an adequate commercial and industrial base complementing our growing residential base.

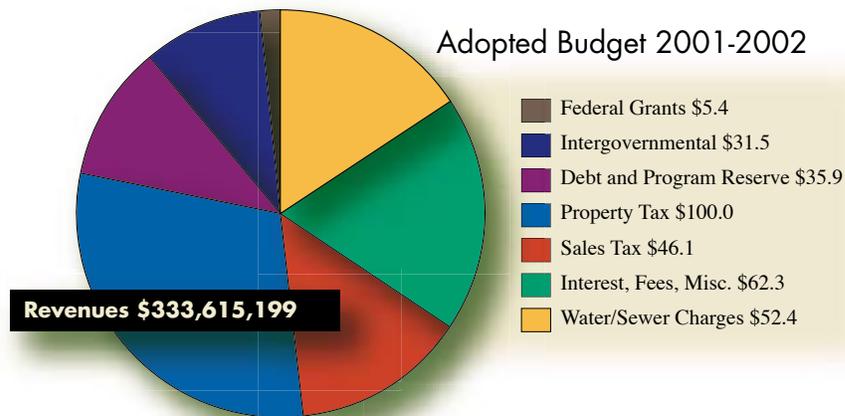
The Research Triangle Park is located between Raleigh, Durham and Chapel Hill and employs over 42,000 persons. With the attractiveness of the Research Triangle Park and its proximity to three major research universities, it is no accident that medical and electronic industries flourish in the region. GlaxoSmithKline and Ajinomoto lead the medical research and production industry, with IBM, Nortel, and the Microelectronics Center of North Carolina leading the electronics research and production industry, giving both industries major presence in the region. Declining economic conditions have impacted companies in the Triangle; however, the impact has been more moderate than in other parts of the state and it is expected that the local economy will recover ahead of the region and the country.

An estimated 16 million people visited Raleigh during 2002 for conferences, special events, shopping and other attractions. This is enhanced by a number of facilities added in recent years, including the Raleigh RBC Center, the North Carolina State Museum of Natural Sciences, the Exploris learning center for children, and the BTI Performing Arts Center. The RBC Center is the home for the National Hockey League's Carolina Hurricanes and North Carolina State University's basketball team.

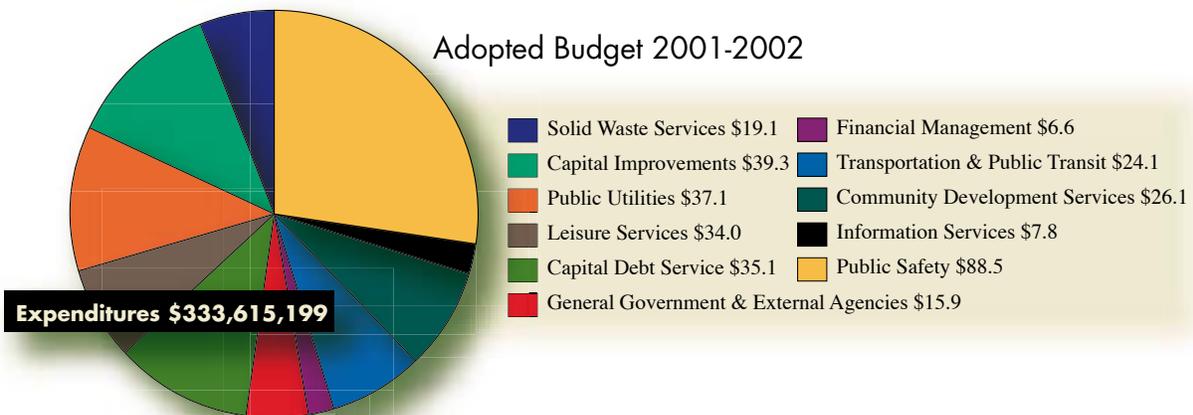
The expected growth of the area will result in the continued increase in the tax base and our largest revenue source, property taxes. Our second largest revenue, sales tax, however, has been impacted by the economy and the growth of it is very moderate. Traditional state shared revenues have been altered by the action of the Governor by withholding amounts in 2001-02 and by the State Legislature in 2002-03. The addition of a half-cent local sales tax effective December 1, 2002 should stabilize the revenues as the economy improves. The City closely monitors its resources and has emphasized program efficiencies and cost containment efforts, allowing strong financial positions to be maintained. We believe that the positive economic environment in this area and the diligent management of the City's costs and services will provide ongoing financial stability and fiscal capacity.



The Budget Process



The annual budget serves as the foundation of the City's financial planning and control. All City departments are required to submit requests for appropriation to the City Manager on or before the last Tuesday in March each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager presents this proposed budget to the City Council for review prior to June 30. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g., police). Department heads or the City Manager may make transfers of appropriations within a fund up to \$50,000. Transfers greater than \$50,000 and transfers of appropriations between funds require approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 9 as part of the basic financial statements for the governmental funds. The budget-to-actual comparisons for all other governmental funds, and certain enterprise funds, are presented in the individual fund sections of this report beginning on page 46. This includes project-length budget-to-actual comparisons for funds for which project-length budgets have been adopted.



Major Initiatives

For the Year 2001-02

To improve the City's ability to meet long-term expectations regarding policy and fiscal initiatives, a two-year budget perspective is used, currently extending through the 2003-04 fiscal year. The budget for fiscal year 2001-02 reflected this biannual budget perspective as previously adopted by the City Council. The tax rate remained at \$.3850 for 2001-2002. The water and sewer rates also remained the same for 2001-02.

Budget trends reflected in 2001-02 included annual budget growth for operating and capital programs of approximately 6.2 percent. All major City programs were continued, including further staffing to accommodate continued growth in service population.

The Capital Budget for 2001-02 included a number of major facility improvements consistent with the City's 10-year Capital Improvement Program. Included were major street improvements, water and sewer projects, park and greenway improvements and acquisitions, stormwater improvements, and other public projects. Revenue sources for such capital improvements include general obligation and revenue bonds, intergovernmental revenues, annual utility revenues and other designated sources. This continued our approach to financing infrastructure and other capital improvements by a combination of annual revenues and long-term financing.

In January 2002, North Carolina's governor impounded certain shared taxes and fees due to local governments. The City's share of these funds was \$8.1 million, all of which were budgeted in the general fund. The City Council and the City Manager immediately addressed this potential budget shortfall by adopting a plan combining a hiring freeze, operating spending cuts and deferring capital projects. This plan was successfully implemented allowing the City to maintain an adequate general fund operating reserve while providing the same level of services.

For the Future

The fiscal year 2002-03 budget was recommended and adopted, in accordance with the biannual budget policy. The tax rate of \$.3850 set in fiscal year 2001-02 remained the same. No changes were made to water and sewer rates.

Other major features of the 2002-03 budget include the following:

- (1) Staffing increases, deferred until October, 2002 due to the on-going uncertainty of the state shared reimbursements, to support continual growth in service population, and to deliver City services due to annexations and growth;
- (2) A second consecutive significant increase in the City's annual contributions to its self-funded health benefits program and a 5% increase in employee rates for dependent coverage;
- (3) Increases in various fees and licenses (solid waste fees, inspection fees, privilege licenses) that more closely associate cost-of-service fee based revenues;
- (4) An adjustment to the utility rate structure for large capacity users in order to encourage water conservation;
- (5) Implementation of a \$15.9 million contingency plan due to the on-going uncertainty of the state shared reimbursements.

Capital improvements in 2002-03 focus on a wide range of very key projects. These include traditional funding to the transportation street system, various utility projects, park and greenway improvements and acquisitions, stormwater system improvements, housing and other general public projects. Also, a citywide technology fund was established with an initial investment of \$4 million in order to better manage the City's technology requirements. The capital improvements budget was proposed and adopted with the understanding that funding could be deferred or redirected depending on the final resolution of the state shared reimbursement revenue situation.

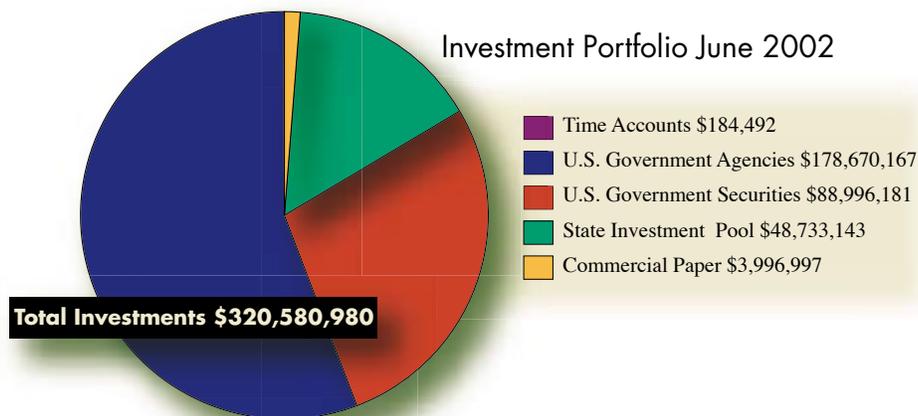
The state's final budget action approved a new half-cent local option sales tax effective December 1, 2002 in exchange for the state reimbursement payments that were not appropriated. This, along with other legislation passed that restricts the Governor's future ability to withhold local 'pass-through' revenues, will allow the City to fund almost all of the budget items that were set as contingencies in 2002-03.

Cash Management

Effective forecasting of cash requirements has allowed maximum investment of available cash resources. However, the overall economic condition has resulted in unprecedented declines in investment yields. Earnings on investments were \$11,509,042 during 2001-02. This represents a decrease from the prior year of \$10,289,116. To the extent available, the use of investment income results in reduced current property tax requirements, supplements capital project resources, and aids in reduced debt levels.

The investment policy of the City is guided in large part by State Statute, whereby investments in certificates of deposit, repurchase agreements, secured time deposits, banker's acceptances, commercial paper, United States government and agency securities and the North Carolina Capital Management Trust are made.

The City's policy stipulates that investments be fully secured by pledged collateral, delivered securities or United States government guarantee with all securities, including repurchase agreements and pledged collateral, being delivered to a third party safekeeping accounts in the name of the City.



Risk Management

The City provides a comprehensive and varied plan of risk management. We continue to evaluate efforts in loss control through safety programs and have a broad plan for insuring against risk exposure. Workers' compensation is self-insured up to \$500,000 (increased to \$1 million in 2002-03) per accident, and public officials' liability is fully self-insured. For liability risks, the City self-insures the first \$1,000,000 per occurrence, with excess coverage of \$10,000,000 per occurrence and an annual aggregate stop-loss of \$3,000,000 purchased through the private sector. For property risks, the City self-insures the first \$100,000 per occurrence, with excess coverage up to the replacement value purchased through the private sector. An annual actuarial review is performed to measure expected risk amounts and to determine required funding levels. Employee health and medical coverage is provided by a medical insurance trust that was established by the City as a self-insurance fund to pay the claims of City employees and their covered dependents. Recent higher levels of claim activity have resulted in the need for a significant City contribution increase for fiscal year 2002-03. The employee health and medical program, as well as risk management activities are accounted for in internal service funds.

Pension and other postemployment benefits

The City fully funds the Law Enforcement Officers' Special Separation Allowance Plan on an actuarial basis. The operations of the plan through the current year have resulted in a net pension asset of \$1,542,866. The City actuarially funds this program such that future unfunded liabilities will be funded at the time such obligations are required to be liquidated. The annual actuarial valuation reflects funding requirements, which the City fully expects to fund on an ongoing basis.

The City's general supplemental retirement program has three plans within it. The Supplemental Money Purchase Pension Plan for general governmental employees has accumulated employer share contributions of \$10,204,342. It is expected that this plan will continue to accumulate values over time consistent with employer levels of participation. Employees' contributions to the general supplemental retirement program are maintained in a separate Section 457 Deferred Compensation Plan. General governmental employees can also participate in a Section 401K Deferred Compensation Plan. The City is not required to report the 457 or 401K plans as part of its financial statements.

The City of Raleigh also provides postretirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 599 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP provisions do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the City of Raleigh's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

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 all years beginning in 1980, including the 2001 report.

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 efficient and dedicated staff of the Finance Department who have been assisted by the independent auditors, Cherry, Bekaert & Holland, LLP. 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,



J. Russell Allen
City Manager



Perry E. James III
Finance Director

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, 2001

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.



Imelda Aruete
President

Jeffrey L. Esser
Executive Director

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.





INDEPENDENT AUDITORS' REPORT

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

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, as of and for the year then ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the City of Raleigh, North Carolina's management. Our responsibility is to express an opinion on these basic 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Raleigh, North Carolina as of June 30, 2002, and the respective changes in financial position and the cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board ("GASB") Statement Number 34 during the year ended June 30, 2002.

Management's Discussion and Analysis, the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2002 on our consideration of the City of Raleigh's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City of Raleigh, North Carolina. The combining and individual nonmajor fund schedules, as well as the accompanying schedule of expenditures of Federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

CHERRY, BEKAERT & HOLLAND, L.L.P.

Cherry, Bekaert & Holland, L.L.P.

Raleigh, North Carolina
October 23, 2002

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, 2002. 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.

GASB Statement No 34, effective for the City in 2002, created a new reporting model to assist users of the financial statements in understanding the overall financial position of the City on a consolidated basis. The new financial statements' focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison, and enhance the City's accountability.

Financial Highlights

- The assets of the City of Raleigh exceeded its liabilities at the close of the most recent fiscal year by \$1.1 billion (*net assets*). Of this amount, \$227.1 million (*unrestricted net assets*) 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 \$182.5 million. Approximately 90.2% of this total amount, \$164.7 million, is *available for spending* at the government's discretion (*unreserved fund balance*). A large part of this amount is either designated or appropriated for continuing activities of the City.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$75.4 million or 38 percent of total general fund expenditures. Of that amount, \$35.6 million is undesignated and represents a traditional fund balance reserve maintained for emergencies, liquidity and overall financial strength.
- The City of Raleigh's total debt decreased by \$13.0 million during the current fiscal year. Principal repayments exceeded the issuance of new debt by \$13.9 million.
- The City issued \$9.7 million in general obligation bonds.
- The City of Raleigh maintained its AAA bond rating from all three major rating agencies.
- On a government-wide basis for governmental activities, the City had expenses net of program revenues of \$155.8 million, which were \$9.5 million less than the general revenues of \$165.3 million.
- On a government-wide basis for business-type activities, the City had revenue net of program expenses of \$13.8 million.

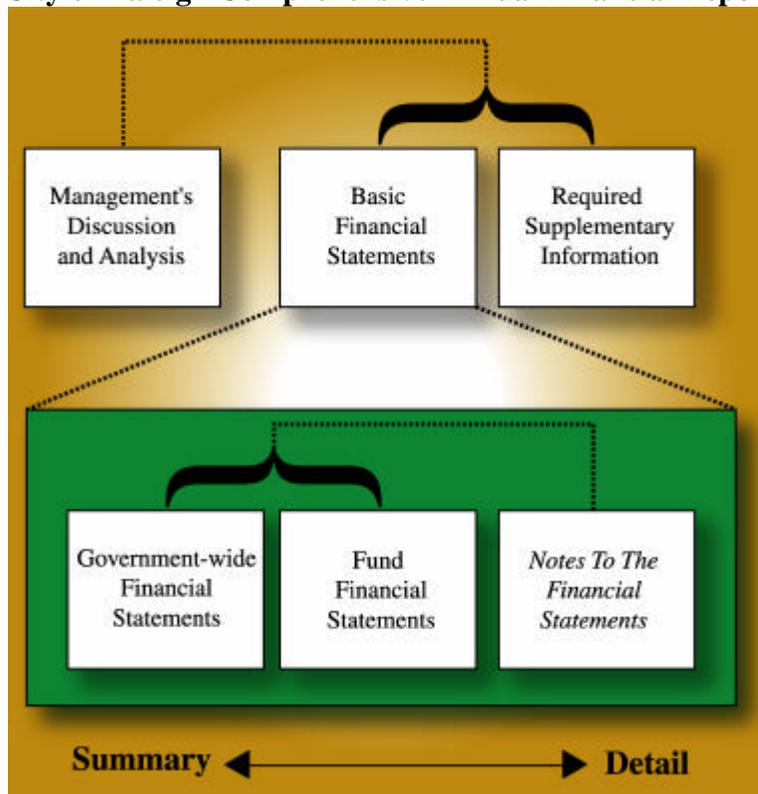
Overview of the Financial Statements

This comprehensive annual financial report consists of four sections: introductory, financial, statistical and single audit. As Figure A-1 shows, the financial section has four components –

management’s discussion and analysis (this section), the basic financial statements, required supplementary information, and a section that presents combining statements for nonmajor governmental funds, internal service funds, fiduciary funds and individual fund statements. 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.
 - The governmental funds statements tell how general government services like public safety 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 like businesses, such as the water and sewer system.
 - Fiduciary fund statements provide information about the financial relationships—like 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.

Figure A-1
Components of the Financial Section
City of Raleigh Comprehensive Annual Financial Report



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. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds and internal service funds, each of which are added together and presented in single columns in the basic financial statements. 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. This statement, for the first time, 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 assets may serve as a useful indicator 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 assets changed during the most recent fiscal year. All changes in net assets 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 safety, solid waste services, leisure services, and economic development programs. The business-type activities of the City include mass transit, water and sewer, and parking facilities.

The government-wide financial statements include not only the City of Raleigh itself (known as the *primary government*), but also the Walnut Creek Financing Assistance Corporation (WCFAC, a *blended component unit*). 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 previous model's 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is 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 seventeen 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 balances for the general, housing bond and community development funds, all of which are considered to be major funds. Data from the other fourteen 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 mass transit, water and sewer, and parking facilities operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Raleigh uses internal service funds to account for its print services, risk

management, employee's health benefits, and governmental and public utilities equipment replacement funds. All of these services predominantly benefit governmental functions except for the public utilities equipment replacement fund, which predominantly benefits business-type functions. These services have been included within their respective predominant activities in the government-wide financial statements.

Proprietary funds 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 mass transit, water and sewer, and parking facilities funds, all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 11 - 15 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 16 - 17 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 18 - 43 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 its law enforcement officers. Required supplementary information can be found on pages 44 - 45 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 46 - 93 of this report.

Government-wide Financial Analysis

As previously noted, the City of Raleigh implemented the new financial statement reporting during 2001-02. GASB Statement No. 34 resulted in the many changes to the financial statements. Because of the new reporting model, comparative data for all facets of this report are not available. Future reports will have more comparative data and will allow more opportunities for comparative analysis.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Raleigh, assets exceeded liabilities by \$1.1 billion at the close of the most recent fiscal year.

By far the largest portion of the City of Raleigh's net assets (75.6 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less 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 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.

The following table reflects the condensed Statement of Net Assets.

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Current and other assets	\$ 258,226,516	\$ 130,129,488	\$ 388,356,004
Capital assets	540,645,769	537,765,871	1,078,411,640
Total assets	<u>798,872,285</u>	<u>667,895,359</u>	<u>1,466,767,644</u>
Long-term debt outstanding	142,898,348	152,208,897	295,107,245
Other liabilities	33,879,961	26,924,975	60,804,936
Total liabilities	<u>176,778,309</u>	<u>179,133,872</u>	<u>355,912,181</u>
Net assets	591,501,138	488,761,487	1,080,262,626
Invested in capital assets, net of related debt	434,696,363	404,642,276	839,338,639
Restricted	44,396,938	-	44,396,938
Unrestricted	143,000,675	84,119,211	227,119,886
Total net assets	<u><u>\$ 622,093,976</u></u>	<u><u>\$ 488,761,487</u></u>	<u><u>\$ 1,110,855,463</u></u>

An additional portion of the City's net assets (4.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$227.0 million) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net assets increased by \$36.8 million during the current fiscal year. The following table summarizes the changes in net assets.

	Governmental activities	Business-type activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 27,491,516	\$ 66,117,223	\$ 93,608,739
Operating grants and contributions	15,247,165	3,262,955	18,510,120
Capital grants and contributions	28,728,116	19,249,522	47,977,638
General revenues:			
Property taxes	101,979,928		101,979,928
Other taxes	62,642,315		62,642,315
Grants and contributions not restricted to specific programs	994,529		994,529
Other	8,992,245	4,103,190	13,095,435
Total revenues	<u>246,075,814</u>	<u>92,732,890</u>	<u>338,808,704</u>
Expenses:			
General government	22,963,676		22,963,676
Community development services	51,837,282		51,837,282
Public safety	86,160,876		86,160,876
Solid waste services	17,961,684		17,961,684
Leisure services	39,270,480		39,270,480
Economic development programs	2,314,517		2,314,517
Interest on long-term debt	6,751,391		6,751,391
Water and sewer		60,174,116	60,174,116
Mass transit		12,131,887	12,131,887
Parking facilities		2,451,033	2,451,033
Total expenses	<u>227,259,906</u>	<u>74,757,036</u>	<u>302,016,942</u>
Increase in net assets before transfers	18,815,908	17,975,854	36,791,762
Transfers	(9,280,304)	9,280,304	-
Increase in net assets	<u>9,535,604</u>	<u>27,256,158</u>	<u>36,791,762</u>
Net assets, beginning of year	<u>612,558,372</u>	<u>461,505,329</u>	<u>1,074,063,701</u>
Net assets, end of year	<u>\$ 622,093,976</u>	<u>\$ 488,761,487</u>	<u>\$ 1,110,855,463</u>

Change in net assets. The City's total revenues were \$338.9 million. Thirty percent of the City's revenue comes from property taxes, another eighteen percent comes from other taxes.

Fees charged for services account for twenty-eight percent and most of the rest is state and federal grants and other contributions.

The total cost of all programs and services was \$302.0 million. The City's expenses cover a range of services, with twenty-nine percent related to public safety (police, fire and emergency communications), twenty percent to utilities (water and sewer), and seventeen percent related to community development services (engineering, planning, transportation, inspections, community services, and economic development).

Governmental Activities

Revenues for the City's governmental activities were \$246.1 million, while total expenses were \$227.2 million. The increase in net assets for governmental activities (after transfers of \$9.3 million) was \$9.5 million in 2002.

Even though the property tax rate remained unchanged at \$0.385 (per \$100 valuation of taxable property), tax revenues increased to \$102.0 million due to annexation and general economic growth and development in the City. Property taxes represent 41.4% of total governmental revenues. Other taxes, which accounted for 25.4% of total governmental revenues, decreased due to the withholding of certain intergovernmental revenues by North Carolina's Governor.

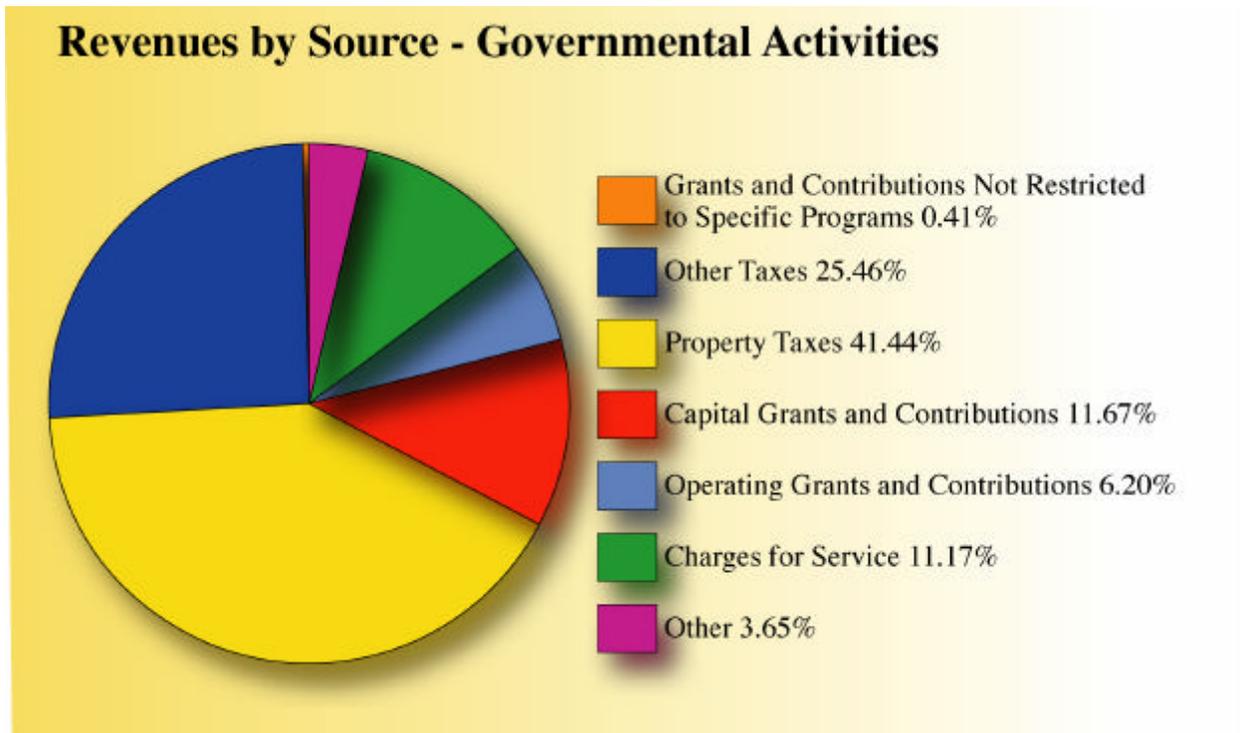
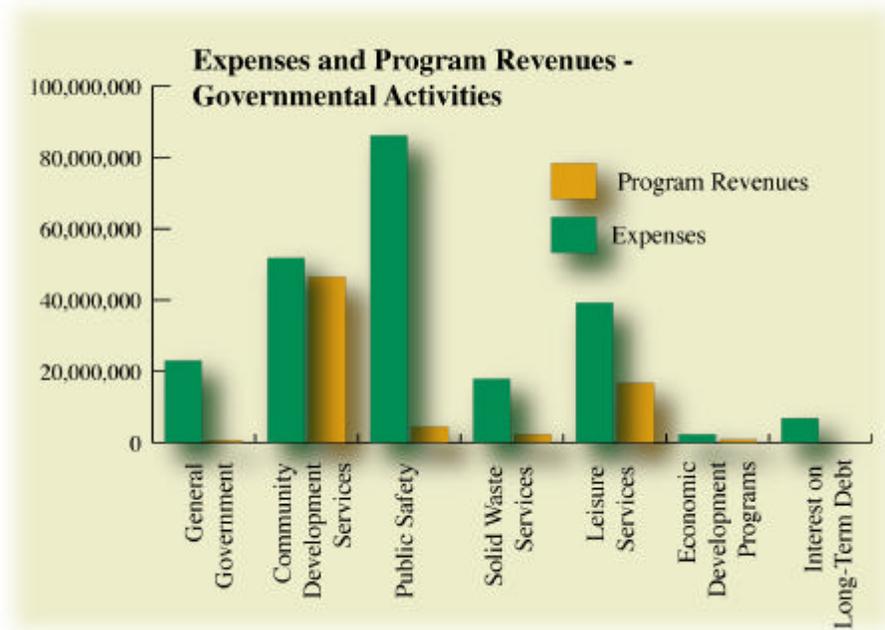


Table 3 presents the cost of each of the City’s four largest programs – public safety, community development services, solid waste services and leisure services – as well as each program’s net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial support provided by the City’s taxpayers for these functions.

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Community development services	\$ 51,837,282	\$ (5,331,777)
Public safety	86,160,876	(81,697,560)
Solid waste services	17,961,684	(15,604,941)
Leisure services	39,270,480	(22,599,359)

The reported results for the fiscal year show that:

- The cost of all governmental activities this year was \$227.2 million.
- The amount that our taxpayers paid for these activities through property taxes was \$102.0 million. Some of the cost was paid by:
 - Those who directly benefited from the programs (\$27.5 million), or
 - Other governments and organizations that subsidized certain programs with grants and contributions (\$43.9 million) including capital contributions from annexations (\$19.7 million).
- The City paid for the \$155.8 million net cost portion of government activities with \$165.3 million in general revenues from taxes and other revenues such as interest, and unrestricted grants.

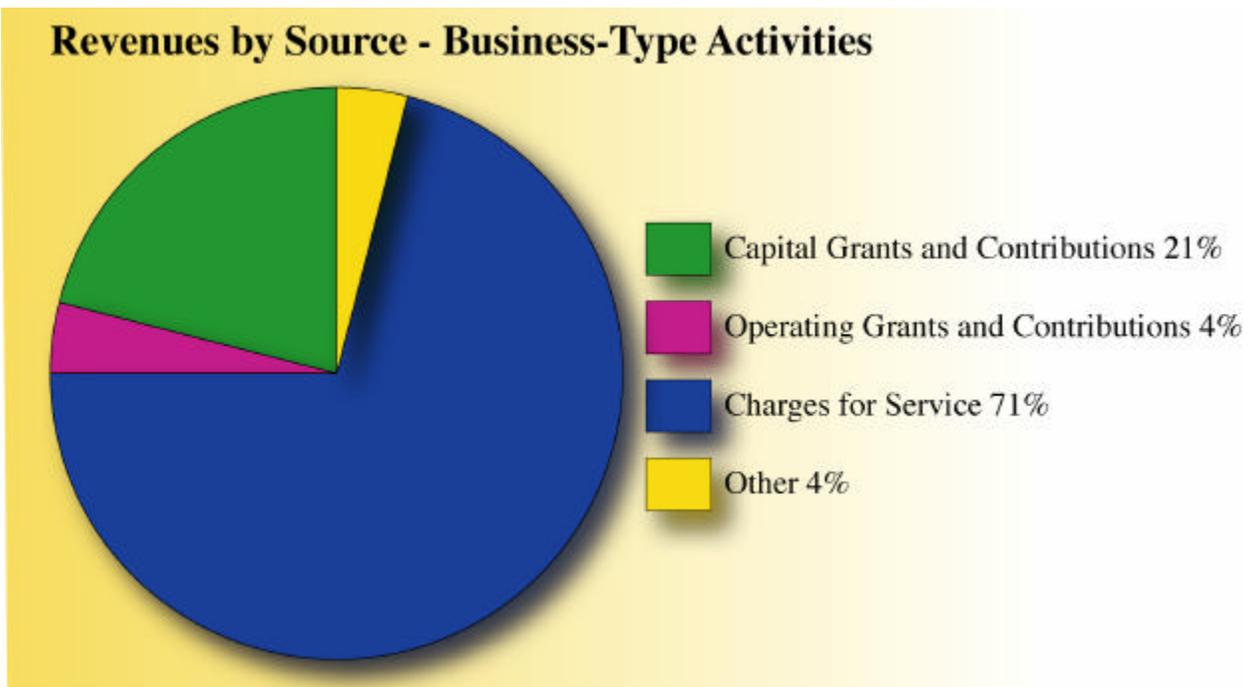


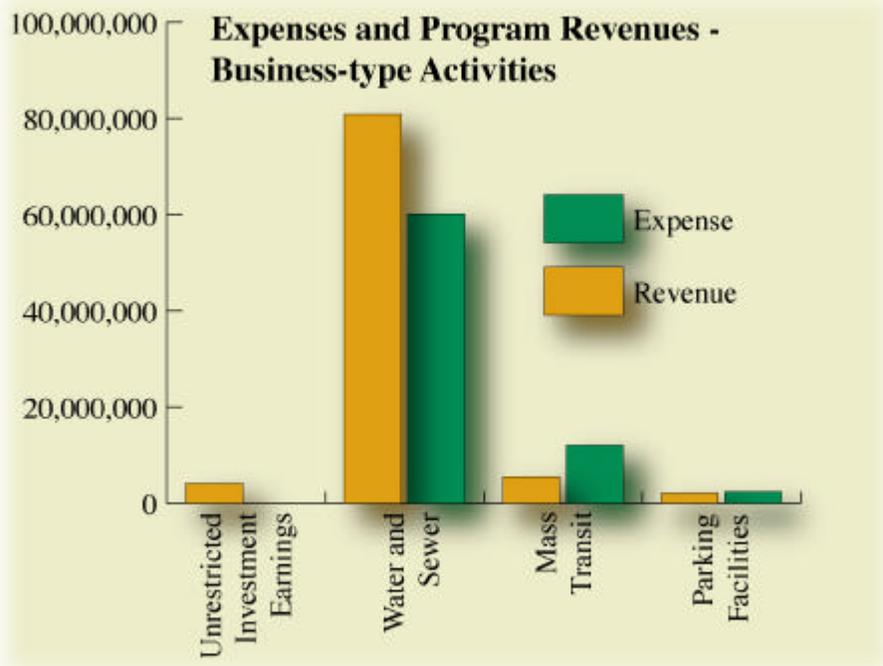
Business-type Activities

Revenues of the City's business-type activities were \$92.7 million, and expenses were \$74.8 million. The increase in net assets for business-type activities (after transfers in of \$9.2 million) was \$27.2 million in 2002. Table 4 shows the total cost and net cost or revenue for these services.

	Total Cost of Services	Net (Cost) Revenue of Services
Water and sewer	\$ 60,174,116	\$ 20,699,533
Mass transit	12,131,887	(6,542,399)
Parking facilities	2,451,033	(284,470)
Total	<u>\$ 74,757,036</u>	<u>\$ 13,872,664</u>

Several factors contributed to the resulting net revenue or net cost of services. The net revenue in the water and sewer operation results primarily from \$19.1 million in capital contributions (annexations and utility system mergers). The net cost of services in mass transit represents the City's commitment to subsidize public transportation with general tax dollars. The net cost of services in our parking operations was affected, in part, by September 11, 2001. Overall activity, including event parking, at our downtown convention center and performing arts complex slowed after September 11.





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, *unreserved 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 \$182.5 million, a decrease of \$23.1 million in comparison with the prior year. Approximately 90.2% of this total amount (\$164.7 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$3.7 million), reserved for inventories (\$2.2 million), or reserved by state statute (\$11.9 million).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$75.4 million, while total fund balance was \$93.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund

balance represents 37.96 percent of total general fund expenditures, while total fund balance represents 46.93 percent of that same amount.

The North Carolina Local Government Commission strongly recommends that local governments maintain an undesignated fund balance of at least 8% of general fund expenditures. The City's policy is to maintain an undesignated fund balance of at least 14% of the succeeding year's expenditure balance. Undesignated fund balance is a sub classification of unreserved fund balance after consideration for management's policy designations. The City's designations of unreserved fund balance total \$39.8 million as specified on page 23 of the notes to the financial statements. This includes \$15.8 million appropriated for 2002-03. The remaining unreserved fund balance of \$35.6 million is undesignated and represents 14.08% of the 2002-03 general fund expenditure budget.

The fund balance of the City's general fund decreased by \$1.7 million during the current fiscal year. Key factors in this decrease are as follows:

- Intergovernmental revenues of the general fund decreased \$7.8 million as a result of the withholding of state shared revenues by the Governor.
- The economy significantly impacted local sales taxes and interest income, as these revenues decreased \$5.9 million in 2001-02.
- The general fund received \$10.0 million from other funds. These transfers were intended to subsidize the general fund for revenue shortfalls and the revenues lost due to the Governor's withholding of state shared revenues.

Other major governmental funds are the housing bond fund and the community development fund. These funds qualify as major funds under the new reporting model requirements primarily because of the loans receivable balance reported in each fund (\$14.4 million and \$12.4 million respectively). These loans are made for home ownership, housing rehabilitation, downtown revitalization, and economic development. Loan programs are funded with general obligation bond proceeds, federal funds (various HUD grants), on-going loan repayment proceeds, rents and property sale proceeds. At June 30, 2002 the housing bond fund's unreserved fund balance was \$6.1 million which reflects a \$1.1 million decrease from the prior year-end. The community development fund has no fund balance as all assets (other than loan balances) at any time are obligated as escrow deposits for loan projects or due to the general fund for advances against undrawn grant awards.

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.

Net assets of the water and sewer fund at the end of the year amounted to \$441.4 million, and those for the mass transit fund amounted to \$11.8 million. Net assets of the parking facilities fund amounted to \$32.9 million at the end of the year. The net assets of the water and sewer fund increased by \$23.9 million. The net assets of the mass transit fund decreased by \$0.9 million. The parking facilities fund realized a growth of \$3.9 million in net assets.

Significant factors in the increase in the water and sewer net assets were annexations and the merger of the Town of Rolesville utilities system. These actions resulted in capital contributions of \$19.1 million. Transfers from the general fund account for the difference between the cost of services in Table 4 and the change in net assets for the mass transit and parking facilities operations.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor (\$4.0 million increases in appropriations) and can be briefly summarized as follows:

- \$2.0 million in miscellaneous increases in general government activity. A significant part of this change was the increasing costs of the City's health benefits program.
- \$2.0 million in increases in leisure service expenditures. This increase resulted from expanded and new recreation programs, all of which are substantially funded by program fees, and an administrative accounting policy change.

The final positive budget variance of \$22.5 million resulted, in part, from the aforementioned \$10.0 million of transfers to the general fund from other funds. This action combined with the \$24.0 million positive expenditure variance offset the final \$12.0 million negative revenue variance.

Capital Asset and Debt Administration

Capital assets. The City of Raleigh's investment in capital assets for its governmental and business type activities as of June 30, 2002, amounts to \$1.1 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, and machinery, streets and sidewalks, equipment, furniture and fixtures, and improvements. The total increase in the City's investment in capital assets for the current fiscal year was 6.8 percent (a 7.7 percent increase for governmental activities and a 5.9 percent increase for business-type activities).

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

- Construction began and/or was completed for a variety of street projects, parks and greenways, fire stations, and the performing arts complex. Total construction was \$38.2 million, including construction in progress of \$16.9 million as of June 30, 2002.
- Construction began and/or was completed on additional facilities for the water and sewer operations. Total construction was \$20.5 million including construction in progress of \$4.3 million as of June 30, 2002.
- The new parking deck at the convention center and performing arts complex was completed and placed into service. Total costs of this project were \$9.7 million, with final costs of \$4.2 million incurred during 2001-02.

- Annexations and the Town of Rolesville utility system merger contributed \$38.8 million to the City's infrastructure (streets, sidewalks, water and sewer systems) capital assets.

Table 5
City of Raleigh's Capital Assets
(net of accumulated depreciation – stated in thousands)

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Land	\$ 96,899	\$ 23,013	\$ 119,912
Buildings and machinery	73,271	40,837	114,108
Water and sewer systems	-	415,610	415,610
Streets and sidewalks	250,601	-	250,601
Parking decks	-	36,190	36,190
Buses	-	5,331	5,331
Equipment	17,211	8,993	26,204
Furniture and fixtures	484	7	491
Improvements	85,302	3,446	88,748
Construction in progress	16,877	4,339	21,216
Total	<u>\$ 540,645</u>	<u>\$ 537,766</u>	<u>\$ 1,078,411</u>

Additional information on the City's capital assets can be found on pages 26 - 28 of the notes to the financial statements of this report.

Long-term debt. In May 2002, the City sold \$9.7 million in general obligation bonds at a true interest cost of 4.6504%. These tax-exempt bonds, which mature incrementally over the next 20 years, will be used to finance public improvements. At the end of the current fiscal year, the City had total general obligation debt outstanding of \$142.0 million. The remainder of the City's debt represents revenue bonds, notes, and other obligations secured solely by specified revenue sources and property.

The City's total debt decreased by \$13.9 million (4.7 percent) during the fiscal year, as principal repayments of \$23.6 million exceeded new debt issues of \$9.7 million.

Table 6
City of Raleigh's Long-Term Debt
As of June 30, 2002

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
General obligation bonds	\$ 102,690,000	\$ 39,350,000	\$ 142,040,000
Revenue bonds	-	76,640,000	76,640,000
Installment financing agreements	25,605,663	36,509,293	62,114,956
Total	<u>\$ 128,295,663</u>	<u>\$ 152,499,293</u>	<u>\$ 280,794,956</u>

During May 2002, Moody's Investors Services, Inc., Standard & Poor's (S&P), and Fitch, Inc. reaffirmed the City of Raleigh's triple-A bond ratings, in conjunction with the issuance of \$9.7 million in general obligation bonds. Raleigh is one of the few cities in the nation that enjoys the highest financial category from all three major rating agencies.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8 percent of the total assessed value of taxable property. The current debt limitation for the City is \$1.9 billion, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City of Raleigh's long-term debt can be found in the notes to the financial statements on pages 30 - 36 of this report.

Economic Factors and Next Year's Budget

Significant factors considered in preparing the City of Raleigh's budget for the 2002-03 fiscal year were:

- Continued growth in the area is expected to continue to increase the tax base, and, as a result, increase our largest revenue source, property taxes. This growth is also anticipated in our water and sewer utility customer base.
- Sales tax, our second largest revenue source, has been impacted by the economy for several consecutive years. We anticipate only moderate growth in this revenue source in the foreseeable future.
- The availability of another traditional revenue source, state shared revenues, was uncertain at the time the City's budget was approved. The Governor partially withheld payment of these revenues to local governments in 2001-02 and during our budget process it was not certain that these revenues would be paid by the state during 2002-03. A contingency list of both capital and operating expense items was approved pending final determination of the state budget impact.
- Various other budget pressures including increasing health care costs, technology needs and general economic conditions resulted in the greater use of cost of service fees in the 2002-03 budget.
- A cost of service philosophy, for certain service programs including solid waste services, plans review, inspections, and privilege licenses was developed.

As a result of these and other factors the 2002-03 budget was adopted with a tax rate of (\$.3850) and utility rates which were unchanged from 2001-02. Overall the combined operating and capital budget increased 6.9% from \$336.6 million for 2001-02 to \$356.7 million for 2002-03. The budget also included an increase in the appropriation of general fund fund balance from \$12.6 million to \$16.8 million, with \$4 million to be used to establish a citywide technology fund. Various fees and licenses were increased in order to generate revenues more closely

related to the cost of services for fee-based programs. The final budget also included a \$15.9 million contingency plan due to the uncertainty of the state shared revenues. This plan deferred designated capital projects, restricted certain operating expenses, and continued a hiring freeze until the final impact of the state's budget was determined.

Other Significant Matters

One of the state's final 2002-03 budget actions, approved subsequent to our budget, was a half-cent local option sales tax effective December 1, 2002. This provision was in exchange for state shared revenues which were not included in the state's budget. This action will allow the City to fund almost all of the budget items that were set as contingencies in our adopted 2002-03 budget.

During 2001-02, the City was assessed \$82,257 in civil penalties for permit violations at our wastewater treatment plant. We have undertaken several actions to correct the violations. Independent reviews and assessments are in process to evaluate the extent to which other corrective actions are required. Future substantial capital expenditures at the plant may be moved forward in the capital improvement program. It is expected that these costs will be funded from the utility operations.

Requests for Information

This financial report is designed to provide a general overview of the City of Raleigh's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the:

Office of the Finance Director
City of Raleigh
PO Box 590
Raleigh, North Carolina 27602

(919) 890-3226

BASIC FINANCIAL STATEMENTS



City of Raleigh

**Statement of Net Assets
June 30, 2002**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 192,402,519	\$ 75,351,114	\$ 267,753,633
Taxes receivable, net of allowance for uncollectibles of \$6,006,578	1,582,852	-	1,582,852
Assessments receivable, net of allowance for uncollectibles of \$106,154	834,888	1,182,050	2,016,938
Customer receivables, net of allowance for uncollectibles of \$4,180,206	4,307	9,159,881	9,164,188
Due from other governmental agencies	4,654,172	752,922	5,407,094
Accrued interest receivable	870,428	453,584	1,324,012
Other receivables and assets	2,088,446	253,532	2,341,978
Sales tax receivable	11,500,717	1,034,085	12,534,802
Due from fiduciary funds	2,281	-	2,281
Internal balances	(2,542,115)	2,542,115	-
Inventories	2,250,742	3,271,102	5,521,844
Deferred charges	57,127	665,594	722,721
Loans receivable	29,757,950	-	29,757,950
Cash and cash equivalents/investments- restricted deposits and bond proceeds	13,219,336	35,463,509	48,682,845
Net pension asset	1,542,866	-	1,542,866
Capital assets:			
Land and construction in progress	113,776,288	27,351,145	141,127,433
Other capital assets, net of depreciation	426,869,481	510,414,726	937,284,207
Total assets	798,872,285	667,895,359	1,466,767,644
LIABILITIES			
Accounts payable	11,378,311	5,471,883	16,850,194
Arbitrage rebate payable	700,516	443,607	1,144,123
Accrued salaries and employee payroll taxes	3,676,178	-	3,676,178
Employee taxes and related withholdings	2,675,277	-	2,675,277
Accrued interest payable	61,459	1,748,907	1,810,366
Rehabilitation loans escrow	763,065	-	763,065
Reimbursable facility fees	4,147,467	-	4,147,467
Claims payable and other liabilities	9,747,158	-	9,747,158
Deferred contributions from other funds	-	1,094,881	1,094,881
Due to other governmental agencies	-	56,177	56,177
Unearned revenue	730,530	-	730,530
Escrow and other deposits payable from restricted assets	-	18,109,520	18,109,520
Long-term liabilities:			
Due within one year	22,728,331	10,608,311	33,336,642
Due in more than one year	120,170,017	141,600,586	261,770,603
Total liabilities	176,778,309	179,133,872	355,912,181
NET ASSETS			
Invested in capital assets, net of related debt	434,696,363	404,642,276	839,338,639
Restricted for:			
Capital projects	10,691,997	-	10,691,997
Community development projects	32,162,075	-	32,162,075
Employee retirement benefits	1,542,866	-	1,542,866
Unrestricted	143,000,675	84,119,211	227,119,886
Total net assets	\$ 622,093,976	\$ 488,761,487	\$ 1,110,855,463

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

City of Raleigh

**Statement of Activities
For the Fiscal Year Ended June 30, 2002**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 22,963,676	\$ 590,968	\$ 36,193	\$ -
Community development	51,837,282	9,488,468	12,918,613	24,098,424
Public safety	86,160,876	1,726,791	1,643,397	1,093,128
Solid waste services	17,961,684	2,356,743	-	-
Leisure services	39,270,480	12,493,755	648,962	3,528,404
Economic development programs	2,314,517	834,791	-	8,160
Interest on long-term debt	6,751,391	-	-	-
Total governmental activities	<u>227,259,906</u>	<u>27,491,516</u>	<u>15,247,165</u>	<u>28,728,116</u>
Business-type activities:				
Water and sewer	60,174,116	61,790,860	-	19,082,789
Mass transit	12,131,887	2,159,800	3,262,955	166,733
Parking facilities fund	2,451,033	2,166,563	-	-
Total business-type activities	<u>74,757,036</u>	<u>66,117,223</u>	<u>3,262,955</u>	<u>19,249,522</u>
Total City of Raleigh	<u>\$ 302,016,942</u>	<u>\$ 93,608,739</u>	<u>\$ 18,510,120</u>	<u>\$ 47,977,638</u>

General revenues:

- Taxes:
 - Property taxes, levied for general purpose
 - Local sales tax
 - Franchise tax
 - Other taxes
 - Privilege license tax
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings
- Miscellaneous
- Transfers
- Total general revenues and transfers
- Change in net assets
- Net assets - beginning of year
- Net assets - end of year

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

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (22,336,515)		\$ (22,336,515)
(5,331,777)		(5,331,777)
(81,697,560)		(81,697,560)
(15,604,941)		(15,604,941)
(22,599,359)		(22,599,359)
(1,471,566)		(1,471,566)
(6,751,391)		(6,751,391)
<u>(155,793,109)</u>		<u>(155,793,109)</u>
	\$ 20,699,533	20,699,533
	(6,542,399)	(6,542,399)
	<u>(284,470)</u>	<u>(284,470)</u>
	13,872,664	13,872,664
<u>(155,793,109)</u>	<u>13,872,664</u>	<u>(141,920,445)</u>
101,979,928	-	101,979,928
39,864,792	-	39,864,792
7,190,786	-	7,190,786
7,261,982	-	7,261,982
8,324,755	-	8,324,755
994,529	-	994,529
7,513,402	4,103,190	11,616,592
1,478,843	-	1,478,843
<u>(9,280,304)</u>	<u>9,280,304</u>	<u>-</u>
<u>165,328,713</u>	<u>13,383,494</u>	<u>178,712,207</u>
9,535,604	27,256,158	36,791,762
612,558,372	461,505,329	1,074,063,701
<u>\$ 622,093,976</u>	<u>\$ 488,761,487</u>	<u>\$ 1,110,855,463</u>

City of Raleigh

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2002**

	<u>General</u>	<u>Housing Bond Fund</u>
ASSETS		
Cash and cash equivalents	\$ 91,592,020	\$ 4,921,761
Taxes receivable, net of allowance for uncollectibles of \$6,006,578	1,582,852	-
Assessments receivable, net of allowance for uncollectibles of \$43,941	254,322	-
Due from other governmental agencies	416,181	-
Accrued interest receivable	390,294	25,137
Other receivables	1,700,587	-
Sales tax receivable	6,903,249	5,935
Due from other funds	1,417,506	-
Inventories	2,237,742	-
Other assets	262,858	-
Loans receivable	282,855	14,449,034
Cash and cash equivalents - restricted deposits and bond proceeds	-	1,139,059
Total assets	<u>\$ 107,040,466</u>	<u>\$ 20,540,926</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 3,909,001	\$ 24,740
Arbitrage rebate payable	-	6,050
Accrued salaries and employer payroll taxes	3,676,178	-
Employee taxes and related withholdings	2,675,277	-
Reimbursable facility fees	-	-
Rehabilitation loans escrow	-	-
Due to other funds	-	-
Other liabilities	953,517	814
Deferred revenue	2,120,029	14,449,034
Unearned revenue	415,025	-
Total liabilities	<u>13,749,027</u>	<u>14,480,638</u>
Fund balances:		
Reserved for inventories	2,237,742	-
Reserved by state statute	11,921,606	-
Reserved for encumbrances	3,679,405	-
Unreserved, reported in:		
General fund	75,452,686	-
Special revenue funds	-	6,060,288
Capital projects funds	-	-
Total fund balances	<u>93,291,439</u>	<u>6,060,288</u>
Total liabilities and fund balances	<u>\$ 107,040,466</u>	<u>\$ 20,540,926</u>

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

<u>Community Development Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 27,866	\$ 80,418,961	\$ 176,960,608
-	-	1,582,852
-	580,566	834,888
895,335	3,342,656	4,654,172
-	408,389	823,820
-	-	1,700,587
1,527	4,523,113	11,433,824
-	-	1,417,506
-	-	2,237,742
-	-	262,858
12,379,150	2,646,911	29,757,950
-	10,902,958	12,042,017
<u>\$ 13,303,878</u>	<u>\$ 102,823,554</u>	<u>\$ 243,708,824</u>
\$ 137,099	\$ 7,185,459	\$ 11,256,299
-	473,009	479,059
-	-	3,676,178
-	-	2,675,277
-	4,147,467	4,147,467
526,453	236,612	763,065
234,689	3,719,868	3,954,557
-	363,437	1,317,768
12,379,150	3,227,477	32,175,690
26,487	289,018	730,530
<u>13,303,878</u>	<u>19,642,347</u>	<u>61,175,890</u>
-	-	2,237,742
-	-	11,921,606
-	-	3,679,405
-	-	75,452,686
-	13,838,604	19,898,892
-	69,342,603	69,342,603
-	83,181,207	182,532,934
<u>\$ 13,303,878</u>	<u>\$ 102,823,554</u>	

Amounts reported for governmental activities in the statement of net assets are 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 - \$113,776,288; capital assets being depreciated, net - \$412,170,867)	525,947,155
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds.	1,542,866
Internal service funds are used by management to charge the costs of certain activities, such as risk management, equipment replacement and print services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	7,023,727
Loans receivable (\$29,757,950, taxes receivable (\$1,582,852) and assessments receivable (\$834,888) 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 revenue in the funds.	32,175,690
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (General obligation bonds - \$102,690,000; notes payable - \$10,046,674; earned vacation pay - \$11,212,870; and landfill closure and postclosure costs - \$3,178,852)	(127,128,396)
Net assets of governmental activities	<u>\$ 622,093,976</u>

City of Raleigh

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2002**

	<u>General Fund</u>	<u>Housing Bond Fund</u>
REVENUES		
Ad valorem taxes	\$ 102,133,580	\$ -
Intergovernmental	14,170,682	-
Developer participation	-	-
Assessments	-	-
Local sales tax	24,105,733	-
Licenses	8,324,755	-
Interest on investments	3,198,318	197,852
Inspection fees	7,113,883	-
Highway maintenance refunds	1,047,769	-
Facility fees	-	-
Other fees and charges	18,422,475	-
Rents	-	-
Program income	-	834,791
Other revenue	1,689,645	-
Total revenues	<u>180,206,840</u>	<u>1,032,643</u>
EXPENDITURES		
Current:		
General government	28,493,196	-
Community development services	30,635,267	-
Public safety	81,654,730	-
Solid waste services	17,337,397	-
Leisure services	31,640,747	-
Economic development programs	-	2,314,517
Capital outlay	-	-
Other expenditures	100,165	-
Debt service:		
Principal and interest	15,815,357	-
Other debt service expenditures	168,682	-
Total expenditures before charge-out	<u>205,845,541</u>	<u>2,314,517</u>
Less: administrative costs charged to water and sewer fund	<u>7,060,348</u>	<u>-</u>
Total expenditures	198,785,193	2,314,517
Excess (deficiency) of revenues over expenditures	<u>(18,578,353)</u>	<u>(1,281,874)</u>
OTHER FINANCING SOURCES (USES)		
Capital-related debt issued	100,165	-
Transfers in	27,104,910	520,000
Transfers out	(10,284,844)	(400,000)
Total other financing sources and uses	<u>16,920,231</u>	<u>120,000</u>
SPECIAL ITEM		
Proceeds from sale of land and building	-	-
Net change in fund balance	(1,658,122)	(1,161,874)
Fund balances - beginning of year	94,949,561	7,222,162
Fund balances - ending of year	<u>\$ 93,291,439</u>	<u>\$ 6,060,288</u>

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

<u>Community Development Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 102,133,580
3,435,192	12,707,920	30,313,794
-	650,037	650,037
-	371,070	371,070
-	15,759,058	39,864,791
-	-	8,324,755
-	3,535,710	6,931,880
-	-	7,113,883
-	-	1,047,769
-	3,427,324	3,427,324
-	-	18,422,475
-	343,582	343,582
1,300,796	157,516	2,293,103
-	3,435,059	5,124,704
<u>4,735,988</u>	<u>40,387,276</u>	<u>226,362,747</u>
-	34,895	28,528,091
4,735,988	2,159,884	37,531,139
-	2,745,590	84,400,320
-	-	17,337,397
-	338,376	31,979,123
-	-	2,314,517
-	45,232,680	45,232,680
-	85,601	185,766
-	299,396	16,114,753
-	-	168,682
<u>4,735,988</u>	<u>50,896,422</u>	<u>263,792,468</u>
-	-	7,060,348
<u>4,735,988</u>	<u>50,896,422</u>	<u>256,732,120</u>
-	(10,509,146)	(30,369,373)
-	9,704,290	9,804,455
-	1,846,636	29,471,546
-	(23,794,599)	(34,479,443)
<u>-</u>	<u>(12,243,673)</u>	<u>4,796,558</u>
-	2,452,491	2,452,491
-	(20,300,328)	(23,120,324)
-	103,481,535	205,653,258
<u>\$ -</u>	<u>\$ 83,181,207</u>	<u>\$ 182,532,934</u>

City of Raleigh

**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, 2002**

Net change in *fund balances* - total governmental funds \$ (23,120,324)

The change in *net assets* 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 (\$45,908,548) exceeded depreciation (\$25,822,493) in the current period. 20,086,055

In the statement of activities, only the gain on sale of property is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the property sold. (2,307,356)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Annexations - \$19,768,214, property taxes - \$1,355,188 and assessments - \$89,429). 21,212,831

Governmental funds report cash repayments of loan principal as revenues because they provide current financial resources. However, the statement of activities does not report these repayments as revenues because they are a reduction of loans receivable. (817,650)

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. This is the amount by which repayments (\$10,304,337) exceeded proceeds (\$9,800,165). 504,172

Some expenditures reported in the governmental funds are not reported as expenses in the statement of activities. Expenditures made for loans are not expenses (\$3,158,480). They reduce cash and increase loans receivable. Expenditures made for landfill closure and postclosure costs (\$190,866) are not expenses. They reduce the landfill closure and postclosure liability. 3,349,366

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. (Earned vacation pay - \$880,559 and change in landfill closure and postclosure liability - \$72,538) (953,097)

Governmental funds report cash receipts of property taxes as revenues. However, in the statement of activities revenues earned in prior periods are excluded. (1,508,839)

Internal service funds are used by management to charge the costs of certain activities, such as risk management, print shop services and equipment replacement to individual funds. The (expense) of certain internal service funds is reported with governmental activities. (6,909,554)

Change in net assets of governmental activities \$ 9,535,604

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

City of Raleigh

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2002**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Ad valorem taxes	\$ 99,981,698	\$ 100,024,076	\$ 102,133,580	\$ 2,109,504
Intergovernmental	22,895,161	22,895,161	14,170,682	(8,724,479)
Local sales tax	28,486,000	28,554,120	24,105,733	(4,448,387)
Licenses	7,530,479	7,358,479	8,324,755	966,276
Interest on investments	5,026,500	5,026,500	3,198,318	(1,828,182)
Inspection fees	7,167,100	7,167,100	7,113,883	(53,217)
Highway maintenance refunds	695,000	695,000	1,047,769	352,769
Solid waste fees	2,180,240	2,180,240	2,318,009	137,769
Parks and recreation fees	5,144,442	6,586,971	6,142,098	(444,873)
Convention center fees	5,875,000	5,875,000	4,737,065	(1,137,935)
Other fees and charges	4,771,828	4,784,767	5,225,303	440,536
Other revenues	1,010,900	1,175,643	1,689,645	514,002
Total revenues	<u>190,764,348</u>	<u>192,323,057</u>	<u>180,206,840</u>	<u>(12,116,217)</u>
EXPENDITURES				
General government:				
Office of city council	140,660	147,760	130,286	17,474
Office of city clerk	519,186	543,672	449,884	93,788
Office of city attorney	978,741	981,241	951,033	30,208
Special appropriations	7,274,849	8,989,702	7,162,676	1,827,026
Agency appropriations	2,148,152	2,265,492	1,964,900	300,592
Office of city manager	1,242,350	1,236,107	1,205,932	30,175
Public affairs office	435,073	460,786	417,102	43,684
Arts office	146,004	146,317	120,854	25,463
Personnel department	2,049,986	2,080,007	1,738,296	341,711
Administrative service department:				
Administrative services	1,222,428	1,233,788	1,087,492	146,296
Vehicle fleet services	7,995,514	8,028,225	6,641,181	1,387,044
Vehicle shop credits	(7,857,740)	(7,902,764)	(6,371,276)	(1,531,488)
Finance department	7,058,356	7,224,069	6,327,346	896,723
Information services department	7,741,353	7,754,260	6,667,490	1,086,770
Total general government	<u>31,094,912</u>	<u>33,188,662</u>	<u>28,493,196</u>	<u>4,695,466</u>
Community development services:				
Central engineering department	5,407,164	5,439,351	4,959,879	479,472
Planning department	2,710,322	2,764,152	2,579,942	184,210
Transportation department	14,677,468	14,654,811	13,014,212	1,640,599
Inspections department	9,477,697	9,518,293	8,392,624	1,125,669
Community services department	1,604,637	1,617,503	1,337,633	279,870
Economic development	354,750	566,850	350,977	215,873
Total community development services	<u>34,232,038</u>	<u>34,560,960</u>	<u>30,635,267</u>	<u>3,925,693</u>

Continued

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

City of Raleigh

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2002**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public safety:				
Emergency communications center	\$ 3,944,489	\$ 4,047,186	\$ 3,675,352	\$ 371,834
Police department	55,136,588	55,542,431	49,791,801	5,750,630
Fire department	29,957,763	29,835,020	28,187,577	1,647,443
Total public safety	<u>89,038,840</u>	<u>89,424,637</u>	<u>81,654,730</u>	<u>7,769,907</u>
Solid waste services	<u>19,311,234</u>	<u>19,408,798</u>	<u>17,337,397</u>	<u>2,071,401</u>
Leisure services:				
Convention center	7,268,576	7,315,028	6,692,223	622,805
Parks and recreation department	20,022,727	20,051,691	18,242,930	1,808,761
Revenue and special facilities	3,607,697	3,634,513	3,122,042	512,471
Continuing recreation activities	3,791,294	5,611,519	3,583,552	2,027,967
Total leisure services	<u>34,690,294</u>	<u>36,612,751</u>	<u>31,640,747</u>	<u>4,972,004</u>
Other expenditures:				
Capital outlay - installment note obligations	-	100,165	100,165	-
Total other expenditures	<u>-</u>	<u>100,165</u>	<u>100,165</u>	<u>-</u>
Debt service:				
Principal and interest	20,323,357	16,349,178	15,815,357	533,821
Other debt service expenditures	290,000	275,948	168,682	107,266
Total debt service	<u>20,613,357</u>	<u>16,625,126</u>	<u>15,984,039</u>	<u>641,087</u>
Total expenditures before charge-out	228,980,675	229,921,099	205,845,541	24,075,558
Less: administrative costs charged to water and sewer fund	<u>6,951,467</u>	<u>6,951,467</u>	<u>7,060,348</u>	<u>108,881</u>
Total expenditures	<u>222,029,208</u>	<u>222,969,632</u>	<u>198,785,193</u>	<u>24,184,439</u>
Excess (deficiency) of revenues over expenditures	(31,264,860)	(30,646,575)	(18,578,353)	12,068,222
OTHER FINANCING SOURCES (USES)				
Transfers in	18,019,989	17,104,910	27,104,910	10,000,000
Transfers out	(6,961,647)	(10,772,904)	(10,284,844)	488,060
Capital related debt issues		100,165	100,165	-
Total other financing sources (uses)	<u>11,058,342</u>	<u>6,432,171</u>	<u>16,920,231</u>	<u>10,488,060</u>
Net changes in fund balances	<u>\$ (20,206,518)</u>	<u>\$ (24,214,404)</u>	<u>(1,658,122)</u>	<u>\$ 22,556,282</u>
Fund balances - beginning of year			94,949,561	
Fund balances - end of year			<u>\$ 93,291,439</u>	

City of Raleigh

Statement of Net Assets
 Proprietary Funds
 June 30, 2002

	Enterprise Funds			Total	Internal Service Funds
	Mass Transit Fund	Water and Sewer Fund	Parking Facilities Fund		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,109,834	\$ 60,022,122	\$ 9,612,347	\$ 73,744,303	\$17,048,722
Assessments receivable, net of allowance for uncollectibles of \$62,213	-	1,182,050	-	1,182,050	-
Customer receivables, net of allowance for uncollectibles of \$4,180,206	-	9,159,881	-	9,159,881	4,307
Due from other governmental agencies	752,922	-	-	752,922	-
Sales tax receivable	22,384	626,111	375,258	1,023,753	77,225
Due from other funds	-	-	3,064,167	3,064,167	-
Accrued interest receivable	-	399,235	49,047	448,282	51,910
Other receivables and assets	-	69,763	183,769	253,532	-
Inventories	-	3,271,102	-	3,271,102	13,000
Insurance deposits	-	-	-	-	125,000
Deferred charges	-	508,288	157,306	665,594	57,127
Total current assets	<u>4,885,140</u>	<u>75,238,552</u>	<u>13,441,894</u>	<u>93,565,586</u>	<u>17,377,291</u>
Noncurrent assets:					
Restricted cash and cash equivalents	-	34,059,035	495,784	34,554,819	2,086,009
Capital assets:					
Land and improvements	988,989	13,972,135	8,050,997	23,012,121	-
Construction in progress	-	4,339,024	-	4,339,024	-
Water and sewer systems	-	527,935,228	-	527,935,228	-
Buildings and machinery	3,798,718	56,600,737	-	60,399,455	-
Parking decks	-	-	43,605,680	43,605,680	-
Buses	13,487,979	-	-	13,487,979	-
Equipment	545,339	12,402,122	156,053	13,103,514	30,490,596
Furniture and fixtures	25,902	14,410	-	40,312	-
Improvements	915,436	3,187,977	111,412	4,214,825	-
Less accumulated depreciation	<u>(10,344,388)</u>	<u>(137,887,885)</u>	<u>(7,679,837)</u>	<u>(155,912,110)</u>	<u>(12,252,138)</u>
Total noncurrent assets	<u>9,417,975</u>	<u>514,622,783</u>	<u>44,740,089</u>	<u>568,780,847</u>	<u>20,324,467</u>
Total assets	<u>14,303,115</u>	<u>589,861,335</u>	<u>58,181,983</u>	<u>662,346,433</u>	<u>37,701,758</u>

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

City of Raleigh

Statement of Net Assets
Proprietary Funds
June 30, 2002

	Enterprise Funds			Total	Internal Service Funds
	Mass Transit Fund	Water and Sewer Fund	Parking Facilities Fund		
LIABILITIES					
Current liabilities:					
Accounts payable	976,649	4,360,537	63,151	5,400,337	193,558
Arbitrage rebate payable	-	139,214	231,604	370,818	294,246
Accrued interest payable	-	1,589,248	147,559	1,736,807	73,559
Claims payable	-	-	-	-	8,429,390
Due to other funds	410,093	-	-	410,093	114,742
Deferred contributions from other funds	1,094,881	-	-	1,094,881	-
Due to other government agencies	-	56,177	-	56,177	-
Escrow and other deposits payable from restricted assets	14,500	18,035,020	60,000	18,109,520	-
Bonds payable	-	5,700,000	775,000	6,475,000	-
Unamortized premium (discount)	-	(27,186)	-	(27,186)	74,946
Deferred refunding-bonds payable	-	(84,091)	(16,818)	(100,909)	-
Contracts payable	-	1,418,813	1,028,249	2,447,062	6,035,000
Deferred refunding -contracts payable	-	-	(42,158)	(42,158)	-
Total current liabilities	2,496,123	31,187,732	2,246,587	35,930,442	15,215,441
Noncurrent liabilities:					
Bonds payable	-	100,640,000	8,875,000	109,515,000	12,660,000
Unamortized premium (discount)	-	(326,236)	-	(326,236)	149,885
Deferred refunding-bonds payable	-	(420,454)	(84,092)	(504,546)	-
Contracts and other notes payable	-	16,392,389	14,533,832	30,926,221	-
Deferred refunding -contracts payable	-	-	(336,877)	(336,877)	-
Earned vacation pay	35,303	981,470	8,424	1,025,197	8,450
Total noncurrent liabilities	35,303	117,267,169	22,996,287	140,298,759	12,818,335
Total liabilities	2,531,426	148,454,901	25,242,874	176,229,201	28,033,776
NET ASSETS					
Invested in capital assets, net of related debt	9,417,975	373,926,144	20,007,953	403,352,072	1,404,636
Unrestricted	2,353,714	67,480,290	12,931,156	82,765,160	8,263,346
Total net assets	\$ 11,771,689	\$ 441,406,434	\$ 32,939,109	486,117,232	\$ 9,667,982

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.

Net assets of business-type activities

2,644,255

\$488,761,487

City of Raleigh

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2002

	Enterprise Funds			Total	Internal Service Funds
	Mass Transit Fund	Water and Sewer Fund	Parking Facilities Fund		
OPERATING REVENUES					
User charges	\$ 1,878,444	\$ 59,124,289	\$ 2,166,563	\$ 63,169,296	\$ 23,414,154
Other	281,356	2,322,803	-	2,604,159	75,808
Total operating revenues	<u>2,159,800</u>	<u>61,447,092</u>	<u>2,166,563</u>	<u>65,773,455</u>	<u>23,489,962</u>
OPERATING EXPENSES					
Administration	422,594	2,580,042	428,889	3,431,525	1,844,988
Materials, services, and supplies	-	-	-	-	621,754
Water supply and treatment	-	9,361,874	-	9,361,874	-
Sewer system and treatment	-	9,537,291	-	9,537,291	-
Warehousing, maintenance and construction	-	12,288,260	-	12,288,260	-
Other services	3,003,660	4,445,553	-	7,449,213	-
Non-departmental charges	-	3,813,200	-	3,813,200	-
Management contract charges	7,627,010	-	-	7,627,010	-
Claims	-	-	-	-	16,727,348
Premiums	-	-	-	-	559,867
Depreciation	1,077,969	12,769,429	999,580	14,846,978	5,807,317
Other	-	-	-	-	64,591
Total operating expenses	<u>12,131,233</u>	<u>54,795,649</u>	<u>1,428,469</u>	<u>68,355,351</u>	<u>25,625,865</u>
Operating income (loss)	<u>(9,971,433)</u>	<u>6,651,443</u>	<u>738,094</u>	<u>(2,581,896)</u>	<u>(2,135,903)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest on investments	-	3,595,661	421,857	4,017,518	762,971
Subsidy income - federal and State	3,262,955	-	-	3,262,955	-
Other revenues	-	301,068	-	301,068	-
Interest expense	-	(5,417,255)	(1,021,997)	(6,439,252)	(927,206)
Gain on sale of property	-	42,700	-	42,700	-
Miscellaneous expense	-	(86,220)	-	(86,220)	-
Total nonoperating revenue (expenses)	<u>3,262,955</u>	<u>(1,564,046)</u>	<u>(600,140)</u>	<u>1,098,769</u>	<u>(164,235)</u>
Income (loss) before contributions and transfers	(6,708,478)	5,087,397	137,954	(1,483,127)	(2,300,138)
Capital contributions	166,733	19,082,789	-	19,249,522	-
Transfers in	5,663,923	-	3,750,303	9,414,226	1,070,301
Transfers out	-	(204,223)	-	(204,223)	(5,400,000)
Change in net assets	(877,822)	23,965,963	3,888,257	26,976,398	(6,629,837)
Net assets - beginning of year	<u>12,649,511</u>	<u>417,440,471</u>	<u>29,050,852</u>		<u>16,297,819</u>
Net assets - end of year	<u>\$ 11,771,689</u>	<u>\$ 441,406,434</u>	<u>\$ 32,939,109</u>		<u>\$ 9,667,982</u>

Some amounts reported for *business-type activities* in the statement of activities are different because the net revenue of certain internal service funds is reported with business-type activities.

	<u>279,760</u>
Change in net assets of business-type activities	<u>\$ 27,256,158</u>

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

City of Raleigh

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2002**

	Enterprise Funds	
	Mass Transit Fund	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 2,159,800	\$ 62,027,666
Net sales tax received (paid)	1,996	(174,680)
Payments to employees	(332,906)	(14,568,628)
Payments to suppliers and service providers	(9,889,994)	(27,419,093)
Internal activity - payments to other funds	-	(87,957)
Claims paid	-	-
Premiums paid	-	-
Other receipts (payments)	-	4,995
Net cash provided by operating activities	<u>(8,061,104)</u>	<u>19,782,303</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Insurance deposits	-	-
Operating subsidies and transfers from other funds	5,896,497	-
Operating subsidies and transfers to other funds	-	(204,223)
Operating grants received	3,042,728	-
Other noncapital financing receipts (payments)	-	243,074
Net cash provided (used) by noncapital financing activities	<u>8,939,225</u>	<u>38,851</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase and construction of capital assets	(201,871)	(19,279,474)
Capital grants and other capital contributions	166,733	1,621,548
Proceeds from sale of property	-	42,700
Proceeds from capital debt	-	1,216,943
Principal paid on capital debt	-	(7,383,813)
Interest paid on capital debt	-	(6,366,600)
Escrow deposits	-	(1,139,961)
Net cash (used) by capital and related financing activities	<u>(35,138)</u>	<u>(31,288,657)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	-	2,992,439
Net cash provided by investing activities	-	2,992,439
Net increase (decrease) in cash and cash equivalents	842,983	(8,475,064)
Cash and cash equivalents - beginning of year	3,266,851	102,556,221
Cash and cash equivalents - end of year	<u>\$ 4,109,834</u>	<u>\$ 94,081,157</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (9,971,433)	\$ 6,651,443
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	1,077,969	12,769,429
Bad debt expense	-	1,012,485
Change in assets and liabilities:		
Operating receivables	-	(431,911)
Sales tax receivable	1,996	(174,680)
Inventories	-	(225,811)
Other receivables and assets	18,533	4,995
Accounts payable - operating accounts	822,750	177,370
Due to other funds	-	(87,957)
Escrow and other deposits	(12,642)	-
Earned vacation pay	1,723	86,940
Net cash provided by operating activities	<u>\$ (8,061,104)</u>	<u>\$ 19,782,303</u>

Noncash capital financing activities:

During the fiscal year ended June 30, 2002, the City had the following noncash capital and related financing activities in the enterprise operations:

Water and Sewer Fund

Capital Contributions: Town of Rolesville utilities merger \$1,640,365; annexations \$16,116,702
Acquisition and construction of capital assets on account: \$960,278

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

Enterprise Funds		
<u>Parking Facilities Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 2,179,707	\$ 66,367,173	\$ 23,443,738
(284,927)	(457,611)	1,426
(166,920)	(15,068,454)	(88,963)
(265,569)	(37,574,656)	(2,287,748)
(1,064,167)	(1,152,124)	129,068
-	-	(16,241,141)
-	-	(559,867)
-	4,995	(13,658)
<u>398,124</u>	<u>12,119,323</u>	<u>4,382,855</u>
-	-	(39,800)
3,750,303	9,646,800	1,070,301
-	(204,223)	(5,400,000)
-	3,042,728	-
-	243,074	-
<u>3,750,303</u>	<u>12,728,379</u>	<u>(4,369,499)</u>
(5,596,485)	(25,077,830)	(6,953,126)
-	1,788,281	-
-	42,700	-
-	1,216,943	-
(1,418,900)	(8,802,713)	(5,775,001)
(978,892)	(7,345,492)	(1,063,561)
-	(1,139,961)	-
<u>(7,994,277)</u>	<u>(39,318,072)</u>	<u>(13,791,688)</u>
414,582	3,407,021	837,745
<u>414,582</u>	<u>3,407,021</u>	<u>837,745</u>
(3,431,268)	(11,063,349)	(12,940,587)
13,539,399	119,362,471	32,075,318
<u>\$ 10,108,131</u>	<u>\$ 108,299,122</u>	<u>\$ 19,134,731</u>
\$ 738,094	\$ (2,581,896)	\$ (2,135,903)
999,580	14,846,978	5,807,317
-	1,012,485	-
(1,064,167)	(1,496,078)	10,488
(226,505)	(399,189)	-
-	(225,811)	8,843
13,144	36,672	-
(61,454)	938,666	577,615
-	(87,957)	114,742
-	(12,642)	-
(568)	88,095	(247)
<u>\$ 398,124</u>	<u>\$ 12,119,323</u>	<u>\$ 4,382,855</u>

Noncash capital financing activities (continued):

Parking Facilities Fund

Acquisition and construction of capital assets on account: \$62,289

Internal Service Funds

Acquisition and construction of capital assets on account: \$76,068

City of Raleigh

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2002**

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 15,044,623	\$ 105,444
Accrued interest receivable	24,701	526
Total assets	<u>15,069,324</u>	<u>\$ 105,970</u>
LIABILITIES		
Due to other governmental agencies	-	\$ 76,060
Due to other funds	-	2,281
Due to other agencies	-	1,151
Accounts payable	-	26,478
Total liabilities	<u>-</u>	<u>\$ 105,970</u>
NET ASSETS		
Restricted for employees' retirement benefits	<u>\$ 15,069,324</u>	

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

City of Raleigh

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2002**

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 3,266,692
Plan members	21,328
Total contributions	<u>3,288,020</u>
Investment earnings:	
Interest	(203,327)
Less investment expense	17,210
Net investment earnings	<u>(220,537)</u>
Total additions	<u>3,067,483</u>
DEDUCTIONS	
Benefits	1,879,766
Withdrawals and Forfeitures	14,481
Total deductions	<u>1,894,247</u>
Change in net assets	1,173,236
Net assets - beginning of the year	13,896,088
Net assets - end of the year	<u><u>\$ 15,069,324</u></u>

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

CITY OF RALEIGH

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2002

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

The City of Raleigh 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 including GASB Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which the City was required to implement effective fiscal year ended June 30, 2002. 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 assets 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or activity. Indirect expense allocations that have been made in the funds have been reversed for 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*.

Fund financial statements: The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. 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.

The government 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.

Housing bond fund – The housing bond fund accounts for City housing development programs that are financed by general obligation bond issues.

Community development 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.

The government reports the following major enterprise funds:

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

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.

Parking facilities 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.

Additionally, the government reports the following fund types:

Internal service funds account for print services, employee health benefits, equipment replacement, and risk management services provided to other departments or agencies of the government on a cost reimbursement basis.

Fiduciary funds - The pension trust funds account for the City's contributions to a supplemental money purchase pension plan fund and the law enforcement officers' special separation allowance fund. The agency funds account for monies held on behalf of the County and others.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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.

D. Assets, liabilities, and net assets 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. State statutes authorize the City to invest in securities of the U. S. Government, U. S. Government Agencies, high quality commercial paper, banker's acceptances, repurchase agreements, obligations of the State of North Carolina and the North Carolina Capital Management Trust. As required for periods beginning after June 15, 1997 by Statement 31 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, certain investments are carried at fair value as determined by quoted market prices. Investments carried at fair value include debt securities with a maturity date of more than one year at acquisition and mutual funds. Other investments, which include money market investments and nonparticipating interest-earning investment contracts are reported at cost or amortized cost.

2. Receivables and payables

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

City ad valorem taxes are billed by the Wake County Revenue Collector after July 1 of each year based upon the assessed value on property, other than motor vehicles, listed as of the prior January 1 lien date. Property taxes on certain registered motor vehicles are assessed and collected throughout the year based upon changes in the state law effective January 1, 1994. As of that date, Wake County became responsible for the monthly billing and collections, on behalf of the City, of property taxes due on registered motor vehicles.

Under a staggered system of registration, 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.

Uncollected taxes billed by February of the fiscal year are shown as a receivable in the financial statements and are offset by deferred revenue. Taxes for vehicles registered after February 28, apply to the 2002-03 fiscal year and are not shown as receivables at June 30, 2002.

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 deferred 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 deferred 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 reserved 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 and prepaid items*

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.

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, 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. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the fiscal year was \$7,284,086. Of this amount, \$844,834 was included as part of the cost of capital assets under construction in connection with water and sewer and parking facilities construction projects.

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

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

6. 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.

7. 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

8. Net Assets/fund equity

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent 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 fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Also presented are the amounts in annually budgeted funds which are reserved and, therefore, not available for

be made prior to formal approval by the City Council. Department heads may make transfers within a department (except for personnel services accounts) not to exceed \$10,000. Department heads or the City Manager may make transfers of appropriations within a fund up to \$50,000. Transfers greater than \$50,000 and transfers of appropriations between funds require City Council approval. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Deficit fund equity and net assets

At June 30, 2002, deficit fund equity is reported in the convention center and memorial auditorium projects fund (a governmental fund) of \$3,154,101. The employees' health benefits fund (an internal service fund) had deficit net assets of \$1,900,284 at June 30, 2002. The deficit fund equity in the convention center and memorial auditorium projects fund is caused by long-term pledges not recognized as revenue until received. Cash is provided through an inter-fund loan from the parking facilities fund. The City anticipates collection of the long-term pledges. The deficit net assets in the employee's health benefits fund results from the liability for claims incurred but not reported at June 30, 2002. The 2002-2003 City budget implements a 5% rate increase for dependent care coverage. The City also appropriated an additional \$4 million that will partially rebuild the trust to a fiscally acceptable level.

Note 3. Detailed notes on all funds

A. Deposits and investments

Deposits. The deposits of the City are governed by North Carolina General Statute 159-31. The City may establish official depositories with any bank or savings and loan whose principal office is located in North Carolina. The City may also establish time deposits in the form of NOW, Super NOW, money market accounts, and certificates of deposit. At June 30, 2002, the City's bank balance was \$3,267,768 and the carrying amount of the City's deposits was \$184,488, net of a cash overdraft of \$1,927,659 which is included in accounts payable.

All of the City's deposits are either insured or collateralized by using one of two options. Under the Dedicated Method, all deposits over the federal depository insurance coverage are collateralized with securities held by the City's agent in the City's name. 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 uses one principal central depository for regular banking services. This depository utilizes the Pooling Method to collateralize the City's excess deposits. Of the deposits maintained under the Pooling Method at June 30, 2002, \$333,730 was covered by federal depository insurance and \$2,934,038 was covered by pooled collateral held by an agent of the State Treasurer.

Investments. State statutes authorize the City to invest in obligations of the U. S. Treasury, obligations of any agency of the United States of America (provided the payment of interest and principal of such obligations is fully guaranteed by the United States), certain non-guaranteed federal agencies, certain high

quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust, a Securities and Exchange Commission registered mutual fund. As required for periods beginning after June 15, 1997 by Statement No. 31 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Certain Investments and External Investment Pools* certain investments are carried at fair value as determined by quoted market prices. Investments carried at fair value include debt securities with a maturity date of more than one year at acquisition and mutual funds. Other investments, which include money market investments, are reported at cost or amortized cost. The change in the fair value of investments during 2002 was \$(2,672,185) and is reported as investment income. The City's investments are categorized at year-end to give an indication of the level of custodial risk assumed. Column 1 represents investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Column 2 represents uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Column 3 represents uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent but not in the City's name. Investments in mutual funds are exempt from risk categorization. At June 30, 2002, the City's investments are categorized as follows:

	Category			Reported Value	Fair Value
	<u>1</u>	<u>2</u>	<u>3</u>		
U. S. Government Securities	\$ 88,996,181	\$ -	\$ -	\$ 88,996,181	\$ 82,095,330
U. S. Government Agencies	178,670,167	-	-	178,670,167	184,118,615
Commercial Paper	3,996,997	-	-	3,996,997	3,996,997
	<u>\$ 271,663,345</u>	<u>\$ -</u>	<u>\$ -</u>	271,663,345	270,210,942
Investments in Mutual Funds				<u>59,725,838</u>	<u>59,725,838</u>
				<u>\$ 331,389,183</u>	<u>\$ 329,936,780</u>

Investment income is allocated to the various funds based on their equity in a pooled account. Each fund's equity of pooled cash and investments is presented in the accompanying financial statements.

A summary of investments in mutual funds at June 30, 2002 is as follows:

FUNB – Medical and Dental Trust Funds	\$ 788,352
ABN-AMRO – Supplemental Pension Funds	10,204,343
NCCMT – Restricted Debt Proceeds	30,647,825
NCCMT – Unrestricted, All Funds	18,085,318
	<u>\$ 59,725,838</u>

A summary of cash and investments at June 30, 2002 is as follows:

Petty Cash and Change Funds	\$ 12,870
Deposits	184,492
Investments	331,389,183
	<u>\$ 331,586,545</u>

B.

Deferred Revenue

Governmental funds report deferred 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 resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>General</u>	<u>Major Governmental</u>	<u>NonMajor Governmental</u>
Amounts arising from cash:			
Police informant account	\$ 27,851	\$ -	\$ -
Cemetery cash account	7,890	-	-
Cafeteria plan cash	12,907	-	-
Deferred vehicle taxes	366,377	-	-
Grants, program income	-	26,487	289,018
	<u>415,025</u>	<u>26,487</u>	<u>289,018</u>
Amounts not arising from cash:			
Assessments receivable	\$ 254,322	\$ -	\$ 580,566
Taxes receivable	1,582,852	-	-
Loans receivable	282,855	26,828,184	2,646,911
	<u>2,120,029</u>	<u>26,828,184</u>	<u>3,227,477</u>
Total	<u>\$ 2,535,054</u>	<u>\$ 26,854,671</u>	<u>\$ 3,516,495</u>

C. Capital assets

Capital asset activity for the year ended June 30, 2002 was as follows (stated in thousands)

	Balance June 30, <u>2001</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	Balance June 30, <u>2002</u>
<u>Governmental activities</u>					
Capital assets, not being depreciated:					
Land	\$ 89,055	\$ 6,076	\$ 1,833	\$ 65	\$ 96,899
Construction in progress	14,907	14,111	(12,141)	-	16,877
Total capital assets, not being depreciated	<u>103,962</u>	<u>20,187</u>	<u>(10,308)</u>	<u>65</u>	<u>113,776</u>
Capital assets, being depreciated:					
Buildings and machinery	113,522	1,881	1,146	6,331	110,218
Streets and sidewalks	365,198	36,789	6,637	-	408,624
Equipment	59,990	7,281	-	2,654	64,617
Furniture and fixtures	1,921	506	-	14	2,413
Improvements - general and parks	127,364	5,257	2,525	3,575	131,571
Total capital assets being depreciated	<u>667,995</u>	<u>51,714</u>	<u>10,308</u>	<u>12,574</u>	<u>717,443</u>
Less accumulated depreciation for:					
Buildings and machinery	38,571	2,624	-	4,248	36,947
Streets and sidewalks	142,743	15,280	-	-	158,023
Equipment	43,288	6,716	-	2,598	47,406
Furniture and fixtures	1,799	144	-	14	1,929
Improvements - general and parks	43,741	5,950	-	3,422	46,269
Total accumulated depreciation	<u>270,142</u>	<u>30,714</u>	<u>-</u>	<u>10,282</u>	<u>290,574</u>
Total capital assets being depreciated, net	<u>397,853</u>	<u>21,000</u>	<u>10,308</u>	<u>2,292</u>	<u>426,869</u>
Governmental activities capital assets, net	<u>\$ 501,815</u>	<u>\$ 41,187</u>	<u>\$ -</u>	<u>\$ 2,357</u>	<u>\$ 540,645</u>

	Balance June 30, 2001	Additions	Transfers	Deletions	Balance June 30, 2002
<u>Business-type activities</u>					
Capital assets, not being depreciated:					
Land	\$ 22,749	\$ 264	\$ -	\$ -	\$ 23,013
Construction in progress	12,001	8,004	(15,666)	-	4,339
Total capital assets, not being depreciated	<u>34,750</u>	<u>8,268</u>	<u>(15,666)</u>	<u>-</u>	<u>27,352</u>
Capital assets, being depreciated:					
Buildings and machinery	60,227	173	-	-	60,400
Water and sewer systems	486,255	35,777	5,903	-	527,935
Parking decks	33,866	-	9,740	-	43,606
Buses	13,488	-	-	-	13,488
Equipment	18,073	1,143	-	484	18,732
Furniture and fixtures	40	-	-	-	40
Improvements	3,600	591	23	-	4,214
Total capital assets being depreciated	<u>615,549</u>	<u>37,684</u>	<u>15,666</u>	<u>484</u>	<u>668,415</u>
Less accumulated depreciation for:					
Buildings and machinery	18,280	1,283	-	-	19,563
Water and sewer systems	101,530	10,795	-	-	112,325
Parking decks	6,426	990	-	-	7,416
Buses	7,301	856	-	-	8,157
Equipment	8,511	1,666	-	438	9,739
Furniture and fixtures	31	2	-	-	33
Improvements	598	170	-	-	768
Total accumulated depreciation	<u>142,677</u>	<u>15,762</u>	<u>-</u>	<u>438</u>	<u>158,001</u>
Total capital assets being depreciated, net	<u>472,872</u>	<u>21,922</u>	<u>15,666</u>	<u>46</u>	<u>510,414</u>
Business-type activities capital assets, net	<u>\$ 507,622</u>	<u>\$ 30,190</u>	<u>\$ -</u>	<u>\$ 46</u>	<u>\$ 537,766</u>

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

General government	\$ 166,436
Community development	17,113,009
Public safety	1,193,940
Solid waste services	306,243
Leisure services	7,042,865
Economic development programs	-
Capital assets held by certain internal service funds are charged to the various governmental functions based on the usage of the assets	<u>4,891,834</u>
Total depreciation expense - governmental activities	<u>\$ 30,714,327</u>

Proceeds from sale of land and buildings

The City routinely disposes of excess and/or remnant real properties. To the extent that these items are immaterial, resulting proceeds are generally recorded as miscellaneous receipts. However, during 2001-2002 the City sold two downtown properties for re-development purposes. These disposals resulted in sale proceeds of \$2.4 million. In the governmental fund financials, these sale proceeds have been reported as a special item.

Commitments - construction projects

At June 30, 2002, the City has \$3,509,691 in water and sewer project obligations for construction projects in progress. These obligations are fully budgeted and are being financed primarily by federal and state loans, general obligation bond proceeds, and revenue bond proceeds.

In addition, the City has \$17,483,353 in general government project obligations at June 30, 2002. These obligations relate construction in progress projects for street construction, redevelopment projects and community center and park construction. These projects are fully budgeted and the funding for these governmental projects is indicated through designations of fund balance at June 30, 2002.

D. Interfund receivables, payables, and transfers

The composition of interfund balances as June 30, 2002, is as follows:

	Due from						Total
	Community Development Fund		Nonmajor Governmental Funds			Agency Funds	
		Mass Transit Fund	Internal Service Funds				
Due to							
General fund	\$ 234,689	\$ 410,093	\$ 655,701	\$ 114,742	\$ 2,281	\$ 1,417,506	
Parking facilities fund	-	-	3,064,167	-	-	3,064,167	
Total	<u>\$ 234,689</u>	<u>\$ 410,093</u>	<u>\$ 3,719,868</u>	<u>\$ 114,742</u>	<u>\$ 2,281</u>	<u>\$ 4,481,673</u>	

The balance of \$3,064,167 due to the parking facilities fund from nonmajor governmental funds resulted from loans made to provide cash for the convention center and memorial auditorium capital projects fund until long-term pledges for construction of the BTI Center are received. The balance is not scheduled to be repaid to the parking facilities fund in the subsequent year.

All remaining balances resulted from timing differences between the dates that (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.

A summary of interfund operating transfers by fund type for the fiscal year ended June 30, 2002 is as follows:

Transfers to general fund from:	
Housing bond fund	\$ 400,000
Water and sewer fund	149,921
Nonmajor governmental funds	21,154,989
Internal service funds	5,400,000
Total transfers to general fund	<u>\$27,104,910</u>
Transfers to housing bond fund from:	
Nonmajor governmental funds	<u>\$ 520,000</u>
Transfers to nonmajor governmental funds from:	
General fund	<u>\$ 1,846,636</u>
Transfers to mass transit fund from:	
General fund	\$ 5,308,156
Nonmajor governmental funds	355,767
Total transfers to mass transit fund	<u>\$ 5,663,923</u>
Transfers to parking facilities fund from:	
General fund	\$ 3,114,053
Nonmajor governmental funds	636,250
Total transfers to parking facilities fund	<u>\$ 3,750,303</u>
Transfers to internal service funds from:	
General fund	\$ 16,000
Water and sewer fund	54,301
Nonmajor governmental funds	1,000,000
Total transfers to internal service funds	<u>\$ 1,070,301</u>

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

During the fiscal year ended June 30, 2002, \$5,250,000 was transferred from general capital projects funds to the general fund as follows: \$3,000,000 from the street improvement fund and \$2,250,000 from nonmajor funds. These transfers were made to offset the budget shortfall that resulted, in part, when the Governor impounded certain taxes and fees collected by the state which are owed local governments. Also during FY02, \$5,400,000 was transferred from internal service funds to the general fund. These transfers represented a return to the general fund of excess revenues (\$400,000 from the print services fund) and original start-up funding (\$5,000,000 from the governmental equipment replacement fund).

E. Operating leases

During 2001-02 total rental payments on noncancelable operating leases was \$2,527,344. The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2002:

<u>Fiscal Year</u> <u>Ending June 30</u>	
2003	\$ 2,032,029
2004	1,131,584
2005	345,381
2006	42,382
	\$ 3,551,376

During 2001-02, the City exercised a \$2.2 million purchase option on a tract of land that was being leased. Future lease payments were cancelled.

F. Long-term obligations

1. General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both the governmental and business-type activities. The bonds are direct obligations and pledge the full faith and credit of the City. The utility related issues are expected to be repaid with user charges and the remaining bonds are expected to be repaid with general fund revenues. Interest on the bonds is payable semi-annually.

The City has entered into a 6-year interest rate swap agreement for \$50 million of its fixed-rate general obligation bonds. Based on the swap agreement, the City owes interest to the fixed-rate payer of the agreement if the floating rate exceeds 3.26%. In return, the fixed-rate payer owes the City if the floating rate is less than 3.26%. Only the net difference in interest payments is actually exchanged. The \$50 million in bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The City continues to pay interest to the bondholders at the fixed rate provided by the bonds. However, during the term of the swap agreement, the City effectively pays the fixed rate of interest at which the debt was issued adjusted for payments made to or received from the fixed-rate payer. The debt service requirements to maturity for these bonds are based on the fixed rate at which the debt was issued. The City will be exposed to additional interest expense payments if the floating rate exceeds 3.26%. No interest rate swap receipts or expenditures were incurred during 2001-02.

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, 2002, a liability for \$139,214, \$231,604, and \$294,246 is included in the water and sewer, parking facilities, and internal service funds, respectively. A current liability for \$6,050 and \$473,009 are included in the housing bond fund and other nonmajor governmental funds, respectively.

General obligation bonds outstanding at June 30, 2002 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2002</u>
<u>Governmental Activities</u>					
Housing-Series 1991	6.0% to 6.5%	12/1/1991	6/1/2009	\$ 3,000,000	\$ 1,500,000
Housing-Series 1992B-Taxable	8.2% to 8.25%	4/1/1992	4/1/2012	2,250,000	1,250,000
G.O. Refunding-Series 1993	4.7% to 5.0%	5/1/1993	2/1/2009	30,335,000	14,580,000
Parks/Recreation-Series 1993	5.1% to 5.25%	5/1/1993	5/1/2013	3,800,000	2,090,000
Housing-Series 1993	5.1% to 5.25%	5/1/1993	5/1/2013	1,200,000	660,000
Street/Sidewalk-Series 1994	5.40%	9/1/1994	3/1/2004	4,645,000	575,000
Housing-Series 1994B-Taxable	7.75% to 8.0%	9/1/1994	3/1/2011	2,900,000	2,125,000
Parks-Series 1996	5.2% to 5.3%	6/1/1996	6/1/2016	27,900,000	21,190,000
Housing-Series 1996	5.4% to 5.75%	6/1/1996	6/1/2016	2,280,000	1,610,000
Fire Station-Series 1996	5.2% to 5.3%	6/1/1996	6/1/2016	2,145,000	1,515,000
Public Improvement Refunding - Series 1997	4.25% to 5.0%	10/1/1997	4/1/2012	22,255,000	17,740,000
Housing-Series 1997-Taxable	6.7%	10/1/1997	4/1/2016	3,920,000	3,320,000
GO Refunding, Series 1998	3.5% to 4.2%	12/1/1998	6/1/2012	6,740,000	5,685,000
Street Improvement, Series 1998	4.3% to 4.4%	12/1/1998	6/1/2017	22,000,000	19,150,000
Public Improvement, Series 2002	4.0% to 5.0%	6/1/2002	6/1/2021	9,700,000	9,700,000
Total Governmental Activities					<u><u>\$ 102,690,000</u></u>
<u>Business-type Activities</u>					
<i>Water and Sewer:</i>					
Water Refunding-1993	4.7% and 4.8%	5/1/1993	2/1/2003	12,160,000	\$ 235,000
Sewer Refunding-1993	4.7% to 5.0%	5/1/1993	2/1/2006	4,260,000	1,220,000
Sanitary Sewer Series-1993	5.1% to 5.25%	5/1/1993	5/1/2013	4,100,000	2,300,000
Water - Series 1996	5.2% to 5.3%	6/1/1996	6/1/2016	11,120,000	8,095,000
Sanitary Sewer, Series 1996	5.2% to 5.3%	6/1/1996	6/1/2016	6,880,000	4,830,000
Sanitary Sewer Refunding - Series 1997	4.25% to 5.0%	10/1/1997	4/1/2012	16,325,00	13,020,000
<i>Water and Sewer Total</i>					<u><u>29,700,000</u></u>
<i>Parking Facilities:</i>					
Parking Facilities Refunding – Series 1997	4.25% to 5.0%	10/1/1997	4/1/2012	3,230,000	2,580,000
Parking Facilities, Series 1997	4.70% to 5.0%	10/1/1997	4/1/2016	8,670,000	7,070,000
<i>Parking Facilities Total</i>					<u><u>9,650,000</u></u>
Total Business-type Activities					<u><u>\$ 39,350,000</u></u>
Total Bonded Indebtedness					<u><u>\$ 142,040,000</u></u>

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

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2003	\$ 9,705,000	\$ 5,102,197	\$ 4,330,000	\$ 1,949,935
2004	9,185,000	4,639,077	4,145,000	1,750,693
2005	9,210,000	4,196,427	4,095,000	1,560,323
2006	9,145,000	3,733,783	4,070,000	1,354,743
2007	9,170,000	3,274,128	3,750,000	1,150,403
2008-2012	33,845,000	10,112,505	12,270,000	3,434,014
2013-2017	19,230,000	3,368,008	6,690,000	796,722
2018-2021	3,200,000	360,100	-	-
	<u>\$ 102,690,000</u>	<u>\$ 34,786,225</u>	<u>\$ 39,350,000</u>	<u>\$ 11,996,833</u>

Status of bond authorizations

The following represent continuing authorization of general obligation bonds, which were unsold at June 30, 2002:

May 5, 1998 Authorization

Street improvement	<u>\$ 28,000,000</u>
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September 5, 2000

Street improvement	\$ 45,000,000
Housing	14,000,000
Parks and recreation	<u>16,000,000</u>
	<u>\$ 75,000,000</u>

Defeased debt

The City has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. During 2001-02 there were no such advance refunding transactions. At June 30, 2002, a total of \$3,845,000 of bonds outstanding are considered defeased.

The reacquisition price on certain defeased general obligation bonds exceeded the carrying value of the old debt. This amount is being netted against the new debt and amortized over the life of the new debt. The unamortized balance of these deferred refundings at June 30, 2002 is \$605,455.

2. Revenue bonds

The City also issues revenue bonds to fund various water and sewer utility capital projects. The bonds are repaid from utility user charges. Revenue bonds outstanding at year end are \$76,640,000. The bonds have stated interest rates between 3.50% and 5.25% and are payable serially over the next 23 years. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2003	\$ 2,145,000	\$ 3,681,116
2004	2,235,000	3,592,931
2005	2,325,000	3,499,706
2006	2,420,000	3,401,043
2007	2,535,000	3,290,693
2008-2012	14,560,000	14,580,242
2013-2017	18,410,000	10,719,599
2018-2022	23,525,000	5,611,000
2023-2026	8,485,000	886,588
	<u>\$ 76,640,000</u>	<u>\$ 49,262,918</u>

A trust agreement, dated December 1, 1996, between the City and Wachovia Bank of North Carolina, as trustee, 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, 2002.

3. Other long-term obligations

Other long-term obligations include reimbursement contracts, capital lease obligations, certificates of participation, installment financing agreements, 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 \$94,759,370. Interest is also paid on reimbursement contracts at a rate of 4 percent per year; however, the future amount to be paid on existing contracts has not been determined.

Installment financing agreements

The City has entered into an installment financing agreement, bearing interest at a rate of 6.40 percent to finance an amphitheater which is a governmental activities capital asset. Principal and interest requirements will be provided by appropriation in the year in which they become due. Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2003	\$ 441,029	\$ 543,539
2004	469,706	514,861
2005	500,249	484,319
2006	532,777	451,791
2007	567,420	417,148
2008-2012	3,440,923	1,481,916
2013-2015	2,649,210	304,494
	<u>\$ 8,601,314</u>	<u>\$ 4,198,068</u>

The City has entered into installment financing agreements to finance the Cabarrus Street and the South Street Parking Decks. These agreements bear interest at rates ranging from 4.2% to 6.6% with a variable rate component for the South Street Deck, not to exceed 15%. Principal and interest requirements will be provided by appropriation in the year in which they become due. Annual maturities are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2003	\$ 1,028,249	\$ 794,501
2004	1,014,004	739,563
2005	1,038,624	684,303
2006	1,058,498	627,880
2007	1,088,641	569,939
2008-2012	5,394,066	1,959,629
2013-2017	2,760,000	887,490
2018-2021	2,180,000	217,680
	<u>\$ 15,562,082</u>	<u>\$ 6,480,985</u>

A portion of this debt was previously refinanced. The reacquisition price of the new debt exceeded the carrying value of the old debt. This amount is being netted against the new debt and amortized over the life of the new debt. The unamortized balance of this deferred refunding at June 30, 2002 is \$379,035.

The City has issued certificates of participation, bearing interest at rates ranging from 3.7% to 5.0%, to fund separate internal service funds for the purchase of rolling stock equipment for governmental and business-type activities. Principal and interest requirements will be provided by appropriation in the year in which they become due. Annual maturities are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2003	\$ 4,932,487	\$ 617,654	\$ 1,102,513	\$ 118,231
2004	5,144,304	385,957	1,175,696	67,073
2005	2,671,923	207,312	418,077	32,438
2006	2,810,275	70,257	439,725	10,993
	<u>\$ 15,558,989</u>	<u>\$ 1,281,180</u>	<u>\$ 3,136,011</u>	<u>\$ 228,735</u>

Portions of this debt were sold at premiums. This amount is included in the government-wide statement of net assets as long-term liabilities and is being amortized over the life of the debt. The unamortized balances at June 30, 2002 are \$202,513 for governmental activities and \$22,318 for Business-type activities.

Other City obligations include installment purchase agreements for various capital equipment and various installment notes. These agreements and notes bear interest at rates from 2.6 percent to 9.0 percent. Principal and interest requirements will be provided by appropriation in the year in which they become due. Annual maturities on installment purchase agreements and notes are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 478,217	\$ 108,282	\$ 1,413,051	\$ 598,823
2004	290,785	87,085	1,413,051	552,944
2005	297,757	69,843	1,413,051	507,014
2006	20,607	55,936	1,413,051	460,157
2007	21,344	55,199	1,413,051	414,080
2008-2012	176,289	206,425	5,985,194	1,377,267
2013-2017	156,868	34,489	3,815,253	465,050
2018-2021	-	-	893,050	37,482
	<u>\$ 1,441,867</u>	<u>\$ 617,259</u>	<u>\$ 17,758,752</u>	<u>\$ 4,412,817</u>

Reimbursement contracts

Outstanding principal balances for reimbursement contracts at June 30, 2002 are \$52,448 for enterprise funds and \$3,493 for general government funds.

Earned vacation pay

At June 30, 2002, earned vacation pay consists of \$11,221,320 for governmental activities and \$1,025,197 for business-type activities.

Landfill closure and postclosure care costs

State and federal laws and regulations require the City to maintain a final cover on its Wilders Grove Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. By regulation, the landfill was closed for waste disposal on December 31, 1997. Although closure and postclosure care costs will be paid only near or after this date, the City reports a portion of these closure and postclosure care costs as general long-term obligations incurred in each period based on landfill capacity used as of each balance sheet date. The \$3,178,852 reported as landfill closure and postclosure liability as of June 30, 2002 represents the cumulative amount reported to date based on 100% of the estimated capacity of the landfill. This amount is based on what it would cost to perform remaining closure and postclosure care in 2002. 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 closure and postclosure care. The City is in compliance with these requirements, and, demonstrated such by completion of the local government financial test as submitted to the North Carolina Department of Environment and Natural Resources on October 31, 2001.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2002 was as follows:

	Balance June 30, 2001	Additions	Reductions	Balance June 30, 2002	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 102,135,000	\$ 9,700,000	\$ 9,145,000	\$ 102,690,000	\$ 9,705,000
Installment financing agreements	31,366,566	100,165	5,864,561	25,602,170	5,851,733
Unamortized premiums on IFA	270,018	-	67,505	202,513	67,505
Reimbursement contracts	3,843	-	350	3,493	559
Earned vacation pay	10,341,008	7,983,846	7,103,534	11,221,320	7,103,534
Landfill closure and postclosure	3,297,200	72,538	190,886	3,178,852	-
Total governmental activities	\$ 147,413,635	\$ 17,856,549	\$ 22,371,836	\$ 142,898,348	\$ 22,728,331
Business-type activities:					
General obligation bonds	\$ 44,280,000	\$ -	\$ 4,930,000	\$ 39,350,000	\$ 4,330,000
Unamortized discount - GO bonds	(380,608)	-	(27,186)	(353,422)	(27,186)
Deferred refundings - GO bonds	(706,364)	-	(100,909)	(605,455)	(100,909)
Revenue bonds	78,605,000	-	1,965,000	76,640,000	2,145,000
Installment financing agreements	38,212,994	1,215,227	2,971,376	36,456,845	3,543,813
Unamortized premiums - IFA	29,754	-	7,436	22,318	7,441
Deferred refundings - IFA	(421,193)	-	(42,158)	(379,035)	(42,158)
Reimbursement contracts	56,496	1,714	5,762	52,448	5,762
Earned vacation pay	937,102	834,644	746,548	1,025,198	746,548
Total business-type activities	\$ 160,613,181	\$ 2,051,585	\$ 10,455,869	\$ 152,208,897	\$ 10,608,311

The current year additions to the general long-term installment notes include noncash related financing activities in the amount of \$100,165.

Certain internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$8,450 of internal service funds earned vacation pay are included above as part of governmental activities. Also, for the governmental activities, landfill closure and postclosure costs and earned vacation pay are generally liquidated by the general fund.

G. Restricted assets

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

<u>Governmental</u>	<u>Deposits</u>	<u>Unspent Bond Proceeds</u>
Housing bond fund	\$ -	\$ 1,139,059
Nonmajor governmental funds	-	10,902,958
Total governmental	-	12,042,017
<u>Enterprise</u>		
Water and sewer fund	18,035,020	16,024,015
Parking facilities fund	-	495,784
Total enterprise	18,035,020	16,519,799
<u>Internal service funds</u>		
Governmental equipment replacement fund	-	1,177,319
Public utilities equipment replacement fund	-	908,690
Total internal service fund	-	2,086,009
Total	\$ 18,035,020	\$ 30,647,825

Note 4. Other information

A. Risk management

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 retention plus the purchase of commercial insurance for various primary and excess coverages. There were no significant changes in insurance coverage from the prior year. No settlements, individually or in the aggregate, have exceeded the City’s coverage limits or its own retention during the past three fiscal years.

City insurance coverages include general liability, automobile liability, police liability, automobile comprehensive, real and personal property, municipal equipment, electronic equipment, and boiler and machinery. For liability, the City self-insures the first \$1,000,000 per occurrence, with excess coverage of \$10,000,000 per occurrence and an annual aggregate stop-loss of \$3,000,000 purchased through the private sector. For property, the City self-insures the first \$100,000 per occurrence, with excess coverage up to the replacement value purchased through the private sector. The City continues to self insure for public officials liability.

Workers' compensation coverage is provided by a \$500,000 per occurrence self-insured retention with commercial excess coverage of \$1,000,000 on claims exceeding \$500,000.

The City provides medical and dental coverage for employees and retirees. Employees can provide dependent coverage, if desired.

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 \$8,429,390 reported for

these two internal service funds at June 30, 2002, 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 2001-02 and 2000-2001 are as follows:

	<u>2002</u>	<u>2001</u>
Insurance claims payable, beginning of year	\$ 7,943,183	\$ 7,511,634
Current year claims and changes in estimates	17,213,555	14,405,792
Claim payments	<u>(16,727,348)</u>	<u>(13,974,243)</u>
Insurance claims payable, end of year	<u>\$ 8,429,390</u>	<u>\$ 7,943,183</u>

The City reports the amount of its medical and dental trust that is not reported as claims liability at year-end as net assets of the employees' health benefits fund. As previously noted, this fund has deficit net assets at June 30, 2002 of \$1,900,284. The deficit results from the liability for claims incurred but not reported at June 30, 2002. All actual known claims at June 30, 2002 are fully funded. The liability for incurred but not reported claims will be funded from increases in the City's contributions and employee rate increases for dependent coverage.

At June 30, 2002, the City has cash reserves in the risk management fund of \$3.1 million to cover future risk in excess of recognized liabilities. As noted, the recognized liabilities of the employees' health benefits fund in excess of available cash will be funded from contribution increases in 2002-03.

B. Commitments and contingent liabilities

Commitments – Neuse River Waste Treatment Plant

In June 2002, state regulatory agencies assessed the City \$82,257 in civil penalties for permit violations at the City's waste water treatment plant. The City paid the penalties in July and has undertaken several actions to correct the violations. Contracts totaling \$450,000 have been awarded for the purpose of completing independent operating procedures and site assessment reviews. These reviews are in process and the results are not yet available. However, future expenditures to modernize and correct various problems at the plant will likely be substantial. It is expected that these costs will be funded from the utility operations. To date no environmental or public health claims have been brought against the City.

Also in July, the City committed \$1.3 million to purchase additional land at the treatment plant. This commitment is part of the City's ongoing acquisition program in order to expand the plant's land application sludge disposal capacity. The purchase is expected to be completed in January 2003. Pending completion of the purchase, the City has committed \$485,250 in contracts for the external removal and disposal of 10 million gallons of sludge.

Commitment - loan guarantees

The City is loan guarantor in two development programs, as follows. The City has provided a loan guaranty to Bank of America, in the amount of \$275,000. The guaranty provides the borrower, CMA Associates Limited Partnership, financial assistance in connection with the construction and operation of an apartment project at City Market, in accordance with the City's downtown housing redevelopment program.

Also, the City has provided a loan guaranty to a program established by the City and nine area financial institutions known as the small business success fund. The maximum amount of the guaranty is \$300,000. The guaranty provides funding to cover any loan losses incurred by the program, limited to thirty percent of the outstanding loans or \$300,000, whichever is less. At June 30, 2002, thirty percent of the outstanding loans totaled \$52,378.

Commitment - enterprise funds

The City has entered into a raw water storage contract with the U. S. Corps of Engineers for raw water usage of up to 100 million gallons per day from Falls Lake. 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 2001-02 obligation was \$638,144. It is estimated, at this time, that the future annual cost to the City will not exceed \$655,000.

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.

Other contingencies

The City is engaged in a lawsuit with the Town of Cary regarding a water supply contract. The water and sewer fund operating budgets for both 2001-2002 and 2002-2003 include revenues from contractual water sales to Cary which are larger than the amounts that can reasonably be expected to be received, assuming the City prevails in the lawsuit. The amount due the City at June 30, 2002 is \$1.4 million, no provision has been made for this amount as an accounts receivable. The amount budgeted for 2002-2003 is \$3.6 million.

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 \$73,641 to the council during the fiscal year ended June 30, 2002. 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 City has loaned the Raleigh Housing Authority funds to provide specific maintenance services. The loans are presently being repaid and are accounted for in the City's financial statements. The authority does not meet the criteria to be included in the City's financial reporting entity.

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, 2002 the City appropriated \$39,500 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 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, 2002 the balance in the trust maintained by the County was \$2,511,103, which is not available to the City except for current and future projects jointly determined by the City and the County. The City will receive \$2,000,000 in 2002-03 (\$1.0 million carried over from 2001-02 and \$1.0 million for 2002-03) for the continuing support of the performing arts and convention center complex.

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 percent 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, 2002. 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, 2002. 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 contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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.

Funding policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80 percent and 4.47 percent, respectively, of annually covered payroll. The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2002, 2001, and 2000 were \$5,741,606, \$5,347,379, and \$4,998,591, respectively. The contributions made by the City equaled the required contributions for each year.

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, 2002 were \$2,257,976, which consisted of \$1,485,457 from the City and \$772,519 from the law enforcement officers.

Law Enforcement Officers' Special Separation Allowance

Plan description:

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

All full-time City law enforcement officers are covered by the separation allowance. At December 31, 2001, the separation allowance's membership consisted of:

Retirees and beneficiaries currently receiving benefits	101
Current active employees	<u>617</u>
Total	<u>718</u>

Summary of significant accounting policies:

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

Method used to value investments. The City pools money from several funds, including the law enforcement officers' separation allowance Fund. All such pooled cash and investments are considered cash and cash equivalents, which approximates fair value.

Contributions:

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed \$1,668,561, or 5.78 percent 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.

Annual pension cost and net pension obligation:

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	\$ 1,306,663
Interest paid on pension obligation	(85,274)
Adjustment to annual required contribution	<u>80,504</u>
Annual pension cost	1,301,893
Employer contributions made for current fiscal year	<u>1,668,561</u>
Increase in net pension obligation	(366,668)
Net pension obligation beginning of fiscal year	<u>(1,176,198)</u>
Net pension obligation end of fiscal year	<u><u>\$ (1,542,866)</u></u>

The annual required contribution for the current year was determined as part of the December 31, 2000 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25 percent investment rate of return and (b) projected salary increases ranging from 5.9 percent to 9.8 percent per year. Item (b) included an inflation component of 3.75 percent. 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, 2000 was 20 years.

Trend Information:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation End of Year</u>
June 30, 2000	\$ 1,151,244	105.29%	\$ (1,121,858)
June 30, 2001	\$ 1,398,106	103.89%	\$ (1,176,198)
June 30, 2002	\$ 1,301,893	128.16%	\$ (1,542,866)

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.

Supplemental Retirement Plan

Supplemental Retirement Plan – Section 401a

Plan description. The City contributes matching amounts to a Section 401a Money Purchase Pension Plan for the purpose of providing supplemental retirement benefits to general employees. This plan is a defined contribution plan and is reported as a pension trust fund. The plan is managed by ABNO-AMRO with investment options being exercised by employees.

Funding policy. For each eligible employee who contributes a minimum of .3 percent of salary to a Section 457 Supplemental Retirement Plan, the City contributes double this percentage of salary (to a maximum of 3.0 percent) into the 401a plan. During 2001-02, the City contributed \$1,603,793 to the plan.

E. Other postemployment benefits

City policy provides for post-employment health care and life insurance benefits for retired or disabled employees who have met eligibility requirements through age and/or service. The health care benefits terminate when individuals become eligible for Medicare coverage at age 65. For retirees over age 65, the City subsidizes the cost of a Blue Cross Blue Shield Medicare supplement plan by up to \$40 per month for each eligible retiree. Life insurance benefits range from \$1,000 to \$1,750, except for disability retirees whose benefit equals their insured annual salary amount at time of disability until age 65 when the coverage becomes \$1,750 depending on length of service.

At June 30, 2002, there were 599 City retirees receiving health care benefits, 190 of which also have dependent coverage. The City pays all of the cost of coverage for the retirees and those who select to have dependent health care pay for this at the City's group rate. In addition, 149 City retirees are currently enrolled in the City medicare supplement plan. There are 865 City retirees who have life insurance benefits.

For the fiscal year ended June 30, 2002, the City paid \$1,498,331 for retiree health care coverage, \$70,133 for medicare supplement coverage, and \$182,812 for retiree life insurance coverage. Medical and life insurance claims paid on retirees for the fiscal year ended June 30, 2002 were \$2,812,652 and \$126,135, respectively.

The ***Required Supplemental Financial Data*** contains additional information required by generally accepted accounting principles. Included are the following:

1. Law Enforcement Officers' Special Separation Allowance - Schedule of Funding Progress
2. Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions



REQUIRED SUPPLEMENTARY FINANCIAL DATA

This section contains additional information on the Law Enforcement Officers' Special Separation Allowance required by generally accepted accounting principles, as follows:

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.

Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.



City of Raleigh

**LAW ENFORCEMENT OFFICERS'
SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1996*	\$ 3,761,185	\$ 8,446,583	\$ 4,685,398	44.5%	\$ 19,863,415	23.6%
1997*	3,186,605	9,013,206	5,826,601	35.4	21,206,732	27.5
1998*	3,354,728	9,466,479	6,111,751	35.4	22,011,883	27.8
1999*	3,409,122	10,620,023	7,210,901	32.1	24,933,594	28.9
2000*	3,654,553	14,516,388	10,861,835	25.2	26,391,242	41.2
2001*	3,953,406	15,395,706	11,442,300	25.7	28,860,534	39.7

Notes:

*Information presented as of December 31 actuarial valuation date.

City of Raleigh

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

<u>Fiscal Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1997	\$ 740,776	98.6%
1998	678,733	128.9
1999	987,319	88.8
2000	1,089,836	111.2
2001	1,323,397	110.0
2002	1,306,663	127.7

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, 2001
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increase*	5.9% to 9.8%
*Includes inflation at	3.75%
Cost of living adjustments	N/A

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

Included are the following:

1. Combining Statements - By Fund Type
2. Individual Fund Schedules with Comparisons to Budget
3. Capital Assets Used in the Operation of Governmental Funds
4. Other Schedules



The ***Nonmajor Government 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 nonmajor 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 tabs.



NONMAJOR GOVERNMENTAL FUNDS



City of Raleigh

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2002**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 9,432,123	\$ 70,986,838	\$ 80,418,961
Assessments receivable, net of allowances for uncollectibles of \$27,440	-	580,566	580,566
Due from other governmental agencies	1,891,857	1,450,799	3,342,656
Accrued interest receivable	46,650	361,739	408,389
Sales tax receivable	4,168,361	354,752	4,523,113
Loans receivable	2,646,911	-	2,646,911
Cash and cash equivalents/investment- restricted deposits and bond proceeds	-	10,902,958	10,902,958
Total assets	<u>\$ 18,185,902</u>	<u>\$ 84,637,652</u>	<u>\$ 102,823,554</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 519,056	\$ 6,666,403	\$ 7,185,459
Arbitrage rebate payable		473,009	473,009
Reimbursable facility fees		4,147,467	4,147,467
Rehabilitation loans escrow	236,612	-	236,612
Due to other funds	655,701	3,064,167	3,719,868
Other liabilities	-	363,437	363,437
Deferred revenue	2,935,929	580,566	3,516,495
Total liabilities	<u>4,347,298</u>	<u>15,295,049</u>	<u>19,642,347</u>
Fund balances:			
Unreserved:			
Designated for subsequent year's appropriation	8,597,609	57,097,213	65,694,822
Designated for specific purposes	1,037,513	-	1,037,513
Undesignated	4,203,482	12,245,390	16,448,872
Total fund balances	<u>13,838,604</u>	<u>69,342,603</u>	<u>83,181,207</u>
Total liabilities and fund balances	<u>\$ 18,185,902</u>	<u>\$ 84,637,652</u>	<u>\$ 102,823,554</u>

City of Raleigh

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2002**

	Special Revenue Funds	Capital Project Funds	Combining Eliminations	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$12,002,174	\$ 705,746	\$ -	\$ 12,707,920
Developer Participation	-	650,037	-	650,037
Assessments	-	371,070	-	371,070
Local Sales Tax	15,759,058	-	-	15,759,058
Interest on Investments	602,412	2,933,298	-	3,535,710
Facility Fees	-	3,427,324	-	3,427,324
Rents	343,582	-	-	343,582
Program income	157,516	-	-	157,516
Other Revenue	65,304	3,369,755	-	3,435,059
Total revenues	<u>28,930,046</u>	<u>11,457,230</u>	<u>-</u>	<u>40,387,276</u>
EXPENDITURES				
General Government	34,895	-	-	34,895
Community Development Services	2,159,884	-	-	2,159,884
Public Safety	2,745,590	-	-	2,745,590
Leisure Services	338,376	-	-	338,376
Other	85,601	-	-	85,601
Capital Outlay	863,664	44,369,016	-	45,232,680
Debt Service:				
Principal	-	248,738	-	248,738
Interest and other charges	-	50,658	-	50,658
Total expenditures	<u>6,228,010</u>	<u>44,668,412</u>	<u>-</u>	<u>50,896,422</u>
Excess (deficiency) of revenues over expenditures	<u>22,702,036</u>	<u>(33,211,182)</u>	<u>-</u>	<u>(10,509,146)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	9,704,290	-	9,704,290
Transfers in	1,562,286	10,291,831	(10,007,481)	1,846,636
Transfers out	(27,870,070)	(5,932,010)	10,007,481	(23,794,599)
Total other financing sources and uses	<u>(26,307,784)</u>	<u>14,064,111</u>	<u>-</u>	<u>(12,243,673)</u>
SPECIAL ITEM				
Proceeds from sale of land and building	-	2,452,491	-	2,452,491
Net change in fund balances	(3,605,748)	(16,694,580)	-	(20,300,328)
Fund balances - beginning of year	17,444,352	86,037,183	-	103,481,535
Fund balances - end of year	<u>\$13,838,604</u>	<u>\$69,342,603</u>	<u>\$ -</u>	<u>\$ 83,181,207</u>

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 Powell Bill funds, the two half-cent supplemental sales tax proceeds, housing development and bond funds, and various grant revenues.



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 transportation assistance. This fund centralizes all funding sources for these activities and provides for full budgetary accountability.

Sales Tax Fund (nonmajor fund) - The Sales Tax Fund accounts for revenue from the two half-cent local option sales tax proceeds. This revenue, which is in addition to the regular one cent sales tax collected in the general fund, may be used for basic governmental purposes.

Housing Development Fund (nonmajor fund) - The Housing Development Fund accounts for City housing development programs, which are funded from City general revenues.

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

Community Development Fund - (major 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.

Powell Bill Fund (nonmajor fund) - The Powell Bill Fund accounts for the receipts and expenditures of the one cent sales tax on motor fuel, which is distributed to municipalities for local street improvement and maintenance. Allocation of this state tax is on the basis of local street mileage and population data.

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.



City of Raleigh

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2002**

	<u>Grants Fund</u>	<u>Sales Tax Fund</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 5,720,622
Due from other governmental agencies	1,434,742	154,510
Accrued interest receivable	-	29,122
Sales tax receivable	55,704	4,106,558
Loans receivable	-	-
	<hr/>	<hr/>
Total assets	<u>\$ 1,490,446</u>	<u>\$ 10,010,812</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 516,283	\$ -
Rehabilitation loans escrow	-	98,213
Due to other funds	655,701	-
Deferred revenue	289,018	-
	<hr/>	<hr/>
Total liabilities	<u>1,461,002</u>	<u>98,213</u>
 Fund balances:		
Unreserved:		
Designated for subsequent year's appropriation	-	6,337,003
Designated for specific purposes	-	654,295
Undesignated	29,444	2,921,301
	<hr/>	<hr/>
Total fund balances	<u>29,444</u>	<u>9,912,599</u>
	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 1,490,446</u>	<u>\$ 10,010,812</u>

Housing Development Fund	Powell Bill Fund	Disaster Recovery Fund	Total Nonmajor Special Revenue Funds
\$ 2,526,924	\$ 1,103,964	\$ 80,613	\$ 9,432,123
-	-	302,605	1,891,857
11,898	5,630	-	46,650
6,099	-	-	4,168,361
2,646,911	-	-	2,646,911
<u>\$ 5,191,832</u>	<u>\$ 1,109,594</u>	<u>\$ 383,218</u>	<u>\$ 18,185,902</u>
\$ 2,773	\$ -	\$ -	\$ 519,056
138,399	-	-	236,612
-	-	-	655,701
2,646,911	-	-	2,935,929
<u>2,788,083</u>	<u>-</u>	<u>-</u>	<u>4,347,298</u>
2,260,606	-	-	8,597,609
-	-	383,218	1,037,513
143,143	1,109,594	-	4,203,482
<u>2,403,749</u>	<u>1,109,594</u>	<u>383,218</u>	<u>13,838,604</u>
<u>\$ 5,191,832</u>	<u>\$ 1,109,594</u>	<u>\$ 383,218</u>	<u>\$ 18,185,902</u>

City of Raleigh

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2002**

	<u>Grants Fund</u>	<u>Sales Tax Fund</u>	<u>Housing Development Fund</u>
REVENUES			
Intergovernmental	\$ 3,299,496	\$ 8,160	\$ -
Local sales tax	-	15,759,058	-
Interest on investments	-	447,090	59,545
Rents	-	-	343,582
Program income	-	-	157,516
Miscellaneous other	54,757	84	-
Total revenues	<u>3,354,253</u>	<u>16,214,392</u>	<u>560,643</u>
EXPENDITURES			
Current:			
General government	34,895	-	-
Community development services	1,121,739	-	865,614
Public safety	2,745,590	-	-
Leisure services	338,376	-	-
Capital outlay	-	863,244	-
Other expenditures	85,601	-	-
Total expenditures	<u>4,326,201</u>	<u>863,244</u>	<u>865,614</u>
Excess (deficiency) of revenues over expenditures	<u>(971,948)</u>	<u>15,351,148</u>	<u>(304,971)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	971,948	871,000	399,338
Transfers out	-	(18,672,353)	(72,717)
Total other financing sources and uses	<u>971,948</u>	<u>(17,801,353)</u>	<u>326,621</u>
Net change in fund balances	-	(2,450,205)	21,650
Fund balances - beginning	<u>29,444</u>	<u>12,362,804</u>	<u>2,382,099</u>
Fund balances - ending	<u>\$ 29,444</u>	<u>\$ 9,912,599</u>	<u>\$ 2,403,749</u>

<u>Powell Bill Fund</u>	<u>Disaster Recovery Fund</u>	<u>Combining Eliminations</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 8,526,429	\$ 168,089	\$ -	\$ 12,002,174
-	-	-	15,759,058
95,777	-	-	602,412
-	-	-	343,582
-	-	-	157,516
-	10,463	-	65,304
<u>8,622,206</u>	<u>178,552</u>	<u>-</u>	<u>28,930,046</u>
-	-	-	34,895
-	172,531	-	2,159,884
-	-	-	2,745,590
-	-	-	338,376
420	-	-	863,664
-	-	-	85,601
<u>420</u>	<u>172,531</u>	<u>-</u>	<u>6,228,010</u>
<u>8,621,786</u>	<u>6,021</u>	<u>-</u>	<u>22,702,036</u>
-	-	(680,000)	1,562,286
<u>(8,605,000)</u>	<u>(1,200,000)</u>	<u>680,000</u>	<u>(27,870,070)</u>
<u>(8,605,000)</u>	<u>(1,200,000)</u>	<u>-</u>	<u>(26,307,784)</u>
16,786	(1,193,979)	-	(3,605,748)
1,092,808	1,577,197	-	17,444,352
<u>\$ 1,109,594</u>	<u>\$ 383,218</u>	<u>\$ -</u>	<u>\$ 13,838,604</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 GRANTS FUND
 For the Fiscal Year Ended June 30, 2002**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
U.S. Department of Transportation	\$ 802,810	\$ 569,919	\$ 1,372,729	\$ 2,375,224	\$ (1,002,495)
Corporation for National and Community Service	112,537	269,410	381,947	593,732	(211,785)
U.S. Forest Service	8,804	883	9,687	20,000	(10,313)
U.S. Department of Justice	1,704,869	2,251,226	3,956,095	4,941,083	(984,988)
U.S. Environmental Protection Agency	147,495	16,256	163,751	1,200,000	(1,036,249)
State of North Carolina	43,289	70,324	113,613	684,750	(571,137)
Wake County	103,656	121,478	225,134	379,069	(153,935)
	<u>2,923,460</u>	<u>3,299,496</u>	<u>6,222,956</u>	<u>10,193,858</u>	<u>(3,970,902)</u>
Miscellaneous other	91,986	54,757	146,743	217,286	(70,543)
Total revenues	<u>3,015,446</u>	<u>3,354,253</u>	<u>6,369,699</u>	<u>10,411,144</u>	<u>(4,041,445)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	821,770	964,298	1,786,068	2,207,664	(421,596)
Street improvement fund	-	7,650	7,650	7,650	-
Total other financing sources	<u>821,770</u>	<u>971,948</u>	<u>1,793,718</u>	<u>2,215,314</u>	<u>(421,596)</u>
Total revenues and other financing sources	<u>\$ 3,837,216</u>	<u>\$ 4,326,201</u>	<u>\$ 8,163,417</u>	<u>\$ 12,626,458</u>	<u>\$ (4,463,041)</u>
EXPENDITURES					
General government	\$ 174,728	\$ 34,895	\$ 209,623	\$ 1,438,361	\$ (1,228,738)
Community development services	1,201,046	1,121,739	2,322,785	3,995,579	(1,672,794)
Public safety	2,143,493	2,745,590	4,889,083	6,203,423	(1,314,340)
Leisure services	314,738	338,376	653,114	879,370	(226,256)
Other	3,211	85,601	88,812	109,725	(20,913)
Total expenditures	<u>\$ 3,837,216</u>	<u>\$ 4,326,201</u>	<u>\$ 8,163,417</u>	<u>\$ 12,626,458</u>	<u>\$ (4,463,041)</u>

City of Raleigh

SCHEDULE OF REVENUES AND EXPENDITURES COMPARED WITH BUDGET SALES TAX FUND For the Fiscal Year Ended June 30, 2002

	Actual			Budget	Over (Under) Budget
	Prior Years	Current Year	Total		
REVENUES					
Intergovernmental:					
U.S. Department of Commerce	\$ 500,000	\$ -	\$ 500,000	\$ 500,000	\$ -
State of North Carolina	105,000	4,080	109,080	250,000	(140,920)
Wake County	500,000	-	500,000	500,000	-
Triangle Transit Authority	-	4,080	4,080	50,000	(45,920)
Local sales tax	-	15,759,058	15,759,058	17,622,000	(1,862,942)
Interest on investments	-	447,090	447,090	800,000	(352,910)
Miscellaneous other	297,900	84	297,984	207,500	90,484
Total revenues	<u>1,402,900</u>	<u>16,214,392</u>	<u>17,617,292</u>	<u>19,929,500</u>	<u>(2,312,208)</u>
OTHER FINANCING SOURCES					
Transfers from:					
Disaster recovery fund	-	680,000	680,000	680,000	-
Park improvement fund	-	191,000	191,000	191,000	-
Total other financing sources	<u>-</u>	<u>871,000</u>	<u>871,000</u>	<u>871,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 1,402,900</u>	<u>\$ 17,085,392</u>	<u>\$ 18,488,292</u>	20,800,500	<u>\$ (2,312,208)</u>
Fund balance appropriated				<u>13,376,521</u>	
				<u>\$ 34,177,021</u>	
EXPENDITURES					
Capital outlay	\$ 7,652,965	\$ 863,244	\$ 8,516,209	\$ 15,504,601	\$ (6,988,392)
OTHER FINANCING USES					
Transfers to:					
General fund	67	12,581,272	12,581,339	12,581,339	-
Park improvement fund	-	1,128,378	1,128,378	1,128,378	-
Miscellaneous capital improvements fund	-	2,826,453	2,826,453	2,826,453	-
Stormwater projects fund	-	500,000	500,000	500,000	-
Parking facilities capital projects fund	-	636,250	636,250	636,250	-
Governmental equipment replacement fund	-	1,000,000	1,000,000	1,000,000	-
Total other financing uses	<u>67</u>	<u>18,672,353</u>	<u>18,672,420</u>	<u>18,672,420</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 7,653,032</u>	<u>\$ 19,535,597</u>	<u>\$ 27,188,629</u>	<u>\$ 34,177,021</u>	<u>\$ (6,988,392)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 HOUSING DEVELOPMENT FUND
 For the Fiscal Year Ended June 30, 2002**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Interest on investments	\$ -	\$ 59,545	\$ 59,545	\$ 85,000	\$ (25,455)
Rents	-	343,582	343,582	343,582	-
Program income	-	157,516	157,516	157,509	7
Total revenues	-	560,643	560,643	586,091	(25,448)
OTHER FINANCING SOURCES					
Transfers from general fund	-	399,338	399,338	399,338	-
Total revenues and other financing sources	\$ -	\$ 959,981	\$ 959,981	985,429	\$ (25,448)
Fund balance appropriated				2,944,480	
				\$ 3,929,909	
EXPENDITURES					
Community development services	\$ 689,360	\$ 865,614	\$ 1,554,974	\$ 3,857,192	\$ (2,302,218)
OTHER FINANCING USES					
Transfer to general fund	-	72,717	72,717	72,717	-
Total other financing uses	-	72,717	72,717	72,717	-
Total expenditures and other financing uses	\$ 689,360	\$ 938,331	\$ 1,627,691	\$ 3,929,909	\$ (2,302,218)

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 HOUSING BOND FUND
 For the Fiscal Year Ended June 30, 2002**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 197,852	\$ 197,852	\$ 126,393	\$ 71,459
Program income	-	834,791	834,791	148,675	686,116
Total revenues	<u>-</u>	<u>1,032,643</u>	<u>1,032,643</u>	<u>275,068</u>	<u>757,575</u>
OTHER FINANCING SOURCES					
Transfer from:					
disaster recovery fund	-	520,000	520,000	520,000	-
Bond proceeds	-	-	-	1,900,000	(1,900,000)
Total other financing sources	<u>-</u>	<u>520,000</u>	<u>520,000</u>	<u>2,420,000</u>	<u>(1,900,000)</u>
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 1,552,643</u>	<u>\$ 1,552,643</u>	2,695,068	<u>\$ (1,142,425)</u>
Fund balance appropriated				11,652,857	
				<u>\$ 14,347,925</u>	
EXPENDITURES					
Economic development programs	\$ 4,039,813	\$ 2,314,517	\$ 6,354,330	\$ 13,947,925	\$ (7,593,595)
OTHER FINANCING USES					
Transfer to general fund	-	400,000	400,000	400,000	-
Total expenditures and other financing uses	<u>\$ 4,039,813</u>	<u>\$ 2,714,517</u>	<u>\$ 6,754,330</u>	<u>\$ 14,347,925</u>	<u>\$ (7,593,595)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 COMMUNITY DEVELOPMENT FUND
 For the Fiscal Year Ended June 30, 2002**

	<u>Prior</u>	<u>Actual</u>			<u>Over</u>
	<u>Years</u>	<u>Current</u>	<u>Total</u>	<u>Budget</u>	<u>(Under)</u>
		<u>Year</u>			<u>Budget</u>
REVENUES					
Intergovernmental:					
US Department of HUD	\$ 8,979,010	\$ 3,328,476	\$ 12,307,486	\$ 15,926,961	\$ (3,619,475)
State of North Carolina	56,796	106,716	163,512	190,000	(26,488)
Program income	<u>1,656,240</u>	<u>1,300,796</u>	<u>2,957,036</u>	<u>2,619,469</u>	<u>337,567</u>
Total revenues	<u>10,692,046</u>	<u>4,735,988</u>	<u>15,428,034</u>	<u>18,736,430</u>	<u>(3,308,396)</u>
OTHER FINANCING SOURCES					
Transfer from park improvement fund	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 10,694,546</u>	<u>\$ 4,735,988</u>	<u>\$ 15,430,534</u>	<u>\$ 18,738,930</u>	<u>\$ (3,308,396)</u>
EXPENDITURES					
Community development services	<u>\$ 10,694,546</u>	<u>\$ 4,735,988</u>	<u>\$ 15,430,534</u>	<u>\$ 18,738,930</u>	<u>\$ (3,308,396)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 POWELL BILL FUND
 For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Intergovernmental:			
State of North Carolina	\$ 8,526,429	\$ 8,605,000	\$ (78,571)
Interest on investments	<u>95,777</u>	<u>20,000</u>	<u>75,777</u>
Total revenues	<u>8,622,206</u>	<u>8,625,000</u>	<u>(2,794)</u>
Fund balance appropriated		<u>600,000</u>	
		<u>\$ 9,225,000</u>	
EXPENDITURES			
Capital outlay	<u>\$ 420</u>	<u>\$ 20,000</u>	<u>\$ (19,580)</u>
OTHER FINANCING USES			
Budget reserve	<u>-</u>	<u>600,000</u>	<u>(600,000)</u>
Transfers to:			
General fund	3,251,000	3,251,000	-
Street improvement fund	<u>5,354,000</u>	<u>5,354,000</u>	<u>-</u>
Total operating transfers out	<u>8,605,000</u>	<u>8,605,000</u>	<u>-</u>
Total other financing uses	<u>8,605,000</u>	<u>9,205,000</u>	<u>(600,000)</u>
Total expenditures and other financing uses	<u>\$ 8,605,420</u>	<u>\$ 9,225,000</u>	<u>\$ (619,580)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 DISASTER RECOVERY FUND
 For the Fiscal Year Ended June 30, 2002**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
Federal Emergency Management					
Agency	\$ 6,565,324	\$ 146,074	\$ 6,711,398	\$ 8,980,815	\$ (2,269,417)
State of North Carolina	3,347,752	22,015	3,369,767	4,514,890	(1,145,123)
Miscellaneous other	30,682	10,463	41,145	-	41,145
Total revenues	<u>\$ 9,943,758</u>	<u>\$ 178,552</u>	<u>\$ 10,122,310</u>	13,495,705	<u>\$ (3,373,395)</u>
Fund balance appropriated				883,000	
				<u>\$ 14,378,705</u>	
EXPENDITURES					
Community development services	\$ 9,378,301	\$ 172,531	\$ 9,550,832	\$ 12,878,705	\$ (3,327,873)
OTHER FINANCING USES					
Budget reserves	-	-	-	300,000	(300,000)
Transfers to:					
Sales tax fund	-	680,000	680,000	680,000	-
Housing bond fund	-	520,000	520,000	520,000	-
Total other financing uses	<u>-</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,500,000</u>	<u>(300,000)</u>
Total expenditures and other financing uses	<u>\$ 9,378,301</u>	<u>\$ 1,372,531</u>	<u>\$ 10,750,832</u>	<u>\$ 14,378,705</u>	<u>\$ (3,627,873)</u>

The purpose of the ***General Capital Projects Funds*** is 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 and other miscellaneous capital projects.



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 and stormwater management 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.

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

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

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

Convention Center and Memorial Auditorium Projects Fund (nonmajor fund)
The Convention Center and Memorial Auditorium Projects Fund accounts for all capital project costs related to the Convention Center and Memorial Auditorium Complex.

Stormwater Projects Fund (nonmajor fund) - The Stormwater Projects Fund accounts for stormwater management and drainage projects. These projects are financed from non-bond resources.



City of Raleigh

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2002**

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund
ASSETS				
Cash and cash equivalents	\$ 23,843,012	\$ 5,366,470	\$ 2,378,934	\$ 12,217,555
Assessments receivable, net of allowances for uncollectibles of \$30,556	580,566	-	-	-
Due from other governmental agencies	-	125,000	-	-
Accrued interest receivable	121,550	27,364	12,131	64,527
Sales tax receivable	40,232	120,870	1,071	47,718
Cash and cash equivalents/investments - restricted deposits and bond proceeds	-	-	-	-
Total assets	\$ 24,585,360	\$ 5,639,704	\$ 2,392,136	\$ 12,329,800
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 738,156	\$ 3,032,847	\$ 289,743	\$ 122,112
Arbitrage rebate payable	-	473,009	-	-
Reimbursable facility fees	-	-	-	-
Other liabilities	324,428	-	-	26,443
Due to other funds	-	-	-	-
Deferred revenue	580,566	-	-	-
Total liabilities	1,643,150	3,505,856	289,743	148,555
Fund balance:				
Unreserved:				
Designated for subsequent year's appropriation	22,822,144	1,739,943	1,983,779	11,915,045
Designated for subsequent year's specific purposes	120,066	393,905	118,614	266,200
Total fund balances	22,942,210	2,133,848	2,102,393	12,181,245
Total liabilities and fund balances	\$ 24,585,360	\$ 5,639,704	\$ 2,392,136	\$ 12,329,800

Facility Fees Fund	Park Bond Fund	Miscellaneous Capital Improvements Fund	Convention Center and Memorial Auditorium Projects Fund	Stormwater Projects Fund	Total Nonmajor Capital Projects Funds
\$ 8,043,269	\$ 5,010,260	\$ 6,325,718	\$ 469,474	\$ 7,332,146	\$ 70,986,838
-	-	-	-	-	580,566
-	-	-	-	1,325,799	1,450,799
41,021	27,454	32,295	2,138	33,259	361,739
-	38,973	50,034	50,108	5,746	354,752
-	2,488,950	8,414,008	-	-	10,902,958
<u>\$ 8,084,290</u>	<u>\$ 7,565,637</u>	<u>\$ 14,822,055</u>	<u>\$ 521,720</u>	<u>\$ 8,696,950</u>	<u>\$ 84,637,652</u>
\$ -	\$ 1,115,953	\$ 728,972	\$ 611,654	\$ 26,966	\$ 6,666,403
-	-	-	-	-	473,009
4,147,467	-	-	-	-	4,147,467
12,566	-	-	-	-	363,437
-	-	-	3,064,167	-	3,064,167
-	-	-	-	-	580,566
<u>4,160,033</u>	<u>1,115,953</u>	<u>728,972</u>	<u>3,675,821</u>	<u>26,966</u>	<u>15,295,049</u>
3,508,720	4,996,248	7,351,690	(4,476,794)	7,256,438	57,097,213
415,537	1,453,436	6,741,393	1,322,693	1,413,546	12,245,390
<u>3,924,257</u>	<u>6,449,684</u>	<u>14,093,083</u>	<u>(3,154,101)</u>	<u>8,669,984</u>	<u>69,342,603</u>
<u>\$ 8,084,290</u>	<u>\$ 7,565,637</u>	<u>\$ 14,822,055</u>	<u>\$ 521,720</u>	<u>\$ 8,696,950</u>	<u>\$ 84,637,652</u>

City of Raleigh

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2002**

	Street Improvement Fund	Street Bond Fund	Sidewalk Fund	Park Improvement Fund
REVENUES				
Intergovernmental	\$ 56,700	\$ -	\$ -	\$ -
Developer participation	539,323	110,714	-	-
Assessments	316,527	-	54,543	-
Interest on investments	1,030,374	414,042	89,709	434,118
Facility fees	-	-	-	-
Miscellaneous other	376,131	141,646	74,343	20,215
Total revenues	<u>2,319,055</u>	<u>666,402</u>	<u>218,595</u>	<u>454,333</u>
EXPENDITURES				
Public improvements:				
Street paving/sidewalk projects	9,605,225	18,131,434	361,222	-
Parks and recreation projects	-	-	-	2,825,204
Convention center and memorial auditorium projects	-	-	-	-
Stormwater and drainage projects	-	-	-	-
Other public improvements	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>9,605,225</u>	<u>18,131,434</u>	<u>361,222</u>	<u>2,825,204</u>
Excess (deficiency) of revenues over expenditures	<u>(7,286,170)</u>	<u>(17,465,032)</u>	<u>(142,627)</u>	<u>(2,370,871)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	-
Transfers in	7,774,000	3,610,603	375,000	2,478,378
Transfers out	(6,414,312)	-	(90,000)	(577,797)
Total other financing sources and uses	<u>1,359,688</u>	<u>3,610,603</u>	<u>285,000</u>	<u>1,900,581</u>
SPECIAL ITEM				
Proceeds from sale of land and building	-	-	-	-
Net change in fund balances	(5,926,482)	(13,854,429)	142,373	(470,290)
Fund balances - beginning of year	28,868,692	15,988,277	1,960,020	12,651,535
Fund balances - end of year	<u>\$ 22,942,210</u>	<u>\$ 2,133,848</u>	<u>\$ 2,102,393</u>	<u>\$ 12,181,245</u>

Facility Fees Fund	Park Bond Fund	Miscellaneous Capital Improvements Fund	Convention Center and Memorial Auditorium Projects Fund	Stormwater Projects Fund	Combining Eliminations	Total Nonmajor Capital Projects Funds
\$ -	\$ 17,217	\$ -	\$ -	\$ 631,829	\$ -	\$ 705,746
-	-	-	-	-	-	650,037
-	-	-	-	-	-	371,070
225,888	329,830	139,771	(4,214)	273,780	-	2,933,298
3,427,324	-	-	-	-	-	3,427,324
-	20,000	480,020	2,228,398	29,002	-	3,369,755
<u>3,653,212</u>	<u>367,047</u>	<u>619,791</u>	<u>2,224,184</u>	<u>934,611</u>	<u>-</u>	<u>11,457,230</u>
-	-	-	-	-	-	28,097,881
-	6,668,446	-	-	-	-	9,493,650
-	-	-	2,187,076	-	-	2,187,076
-	-	-	-	1,558,655	-	1,558,655
-	-	3,031,754	-	-	-	3,031,754
-	146,000	-	-	102,738	-	248,738
-	37,960	-	-	12,698	-	50,658
<u>-</u>	<u>6,852,406</u>	<u>3,031,754</u>	<u>2,187,076</u>	<u>1,674,091</u>	<u>-</u>	<u>44,668,412</u>
<u>3,653,212</u>	<u>(6,485,359)</u>	<u>(2,411,963)</u>	<u>37,108</u>	<u>(739,480)</u>	<u>-</u>	<u>(33,211,182)</u>
-	1,298,000	8,406,290	-	-	-	9,704,290
-	103,797	3,358,453	-	500,000	(7,908,400)	10,291,831
<u>(3,821,000)</u>	<u>-</u>	<u>(300,000)</u>	<u>(650,000)</u>	<u>(1,987,301)</u>	<u>7,908,400</u>	<u>(5,932,010)</u>
<u>(3,821,000)</u>	<u>1,401,797</u>	<u>11,464,743</u>	<u>(650,000)</u>	<u>(1,487,301)</u>	<u>-</u>	<u>14,064,111</u>
-	-	2,452,491	-	-	-	2,452,491
<u>(167,788)</u>	<u>(5,083,562)</u>	<u>11,505,271</u>	<u>(612,892)</u>	<u>(2,226,781)</u>	<u>-</u>	<u>(16,694,580)</u>
<u>4,092,045</u>	<u>11,533,246</u>	<u>2,587,812</u>	<u>(2,541,209)</u>	<u>10,896,765</u>	<u>-</u>	<u>86,037,183</u>
<u>\$ 3,924,257</u>	<u>\$ 6,449,684</u>	<u>\$ 14,093,083</u>	<u>\$ (3,154,101)</u>	<u>\$ 8,669,984</u>	<u>\$ -</u>	<u>\$ 69,342,603</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 STREET IMPROVEMENT FUND
 For the Fiscal Year Ended June 30, 2002**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 193,300	\$ 56,700	\$ 250,000	\$ 400,000	\$ (150,000)
Developer participation	1,008,064	539,323	1,547,387	4,217,620	(2,670,233)
Assessments	-	316,527	316,527	120,000	196,527
Interest on investments	-	1,030,374	1,030,374	1,530,000	(499,626)
Miscellaneous other	-	376,131	376,131	630,000	(253,869)
Total revenues	<u>1,201,364</u>	<u>2,319,055</u>	<u>3,520,419</u>	<u>6,897,620</u>	<u>(3,377,201)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	174,000	174,000	174,000	-
Powell bill fund	-	5,354,000	5,354,000	5,354,000	-
Facility fees fund	-	2,246,000	2,246,000	2,246,000	-
Total other financing sources	<u>-</u>	<u>7,774,000</u>	<u>7,774,000</u>	<u>7,774,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 1,201,364</u>	<u>\$ 10,093,055</u>	<u>\$ 11,294,419</u>	<u>14,671,620</u>	<u>\$ (3,377,201)</u>
Fund balance appropriated				<u>55,384,051</u>	
				<u>\$ 70,055,671</u>	
EXPENDITURES					
Street projects	<u>\$ 28,947,199</u>	<u>\$ 9,605,225</u>	<u>\$ 38,552,424</u>	<u>\$ 63,641,359</u>	<u>\$ (25,088,935)</u>
OTHER FINANCING USES					
Transfers to:					
General fund	-	3,000,000	3,000,000	3,000,000	-
Grants fund	-	7,650	7,650	7,650	-
Street bond fund	-	2,923,302	2,923,302	2,923,302	-
Mass transit fund	-	483,360	483,360	483,360	-
Total other financing uses	<u>-</u>	<u>6,414,312</u>	<u>6,414,312</u>	<u>6,414,312</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 28,947,199</u>	<u>\$ 16,019,537</u>	<u>\$ 44,966,736</u>	<u>\$ 70,055,671</u>	<u>\$ (25,088,935)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 STREET BOND FUND
 For the Fiscal Year Ended June 30, 2002**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 125,000	\$ -	\$ 125,000	\$ 275,000	\$ (150,000)
Developer participation	-	110,714	110,714	166,787	(56,073)
Interest on investments	-	414,042	414,042	523,946	(109,904)
Miscellaneous other	-	141,646	141,646	97,556	44,090
Total revenues	<u>125,000</u>	<u>666,402</u>	<u>791,402</u>	<u>1,063,289</u>	<u>(271,887)</u>
OTHER FINANCING SOURCES					
Transfers from:					
Street improvement fund	-	2,923,302	2,923,302	2,923,302	-
Stormwater projects fund	-	687,301	687,301	687,301	-
	-	3,610,603	3,610,603	3,610,603	-
Bond proceeds	-	-	-	36,947,000	(36,947,000)
Total other financing sources	<u>-</u>	<u>3,610,603</u>	<u>3,610,603</u>	<u>40,557,603</u>	<u>(36,947,000)</u>
Total revenues and other financing sources	<u>\$ 125,000</u>	<u>\$ 4,277,005</u>	<u>\$ 4,402,005</u>	41,620,892	<u>\$ (37,218,887)</u>
Fund balance appropriated				<u>29,225,474</u>	
				<u>\$ 70,846,366</u>	
EXPENDITURES					
Street projects	<u>\$ 13,494,585</u>	<u>\$ 18,131,434</u>	<u>\$ 31,626,019</u>	<u>\$ 70,846,366</u>	<u>\$ (39,220,347)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 SIDEWALK FUND
 June 30, 2002**

	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over</u> <u>(Under)</u> <u>Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 89,709	\$ 89,709	\$ 80,000	\$ 9,709
Sidewalk paving assessment	-	54,543	54,543	45,000	9,543
Fees in lieu various	-	74,343	74,343	125,000	(50,657)
Total revenues	<u>-</u>	<u>218,595</u>	<u>218,595</u>	<u>250,000</u>	<u>(31,405)</u>
OTHER FINANCING SOURCES					
Transfer from facility fees fund	<u>-</u>	<u>375,000</u>	<u>375,000</u>	<u>375,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 593,595</u>	<u>\$ 593,595</u>	625,000	<u>\$ (31,405)</u>
Fund balance appropriated				<u>2,238,727</u>	
				<u>\$ 2,863,727</u>	
EXPENDITURES					
Sidewalk projects	<u>\$ 428,726</u>	<u>\$ 361,222</u>	<u>\$ 789,948</u>	<u>\$ 2,773,727</u>	<u>\$ (1,983,779)</u>
OTHER FINANCING USES					
Transfer to miscellaneous capital improvements fund	<u>-</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 428,726</u>	<u>\$ 451,222</u>	<u>\$ 879,948</u>	<u>\$ 2,863,727</u>	<u>\$ (1,983,779)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 PARK IMPROVEMENT FUND
 For the Fiscal Year Ended June 30, 2002**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
Wake County	\$ -	\$ -	\$ -	\$ 350,000	\$ (350,000)
Interest on investments	-	434,118	434,118	400,000	34,118
Miscellaneous other	-	20,215	20,215	370,565	(350,350)
Total revenues	-	454,333	454,333	1,120,565	(666,232)
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	150,000	150,000	150,000	-
Sales tax fund	-	1,128,378	1,128,378	1,128,378	-
Facility fees fund	-	1,200,000	1,200,000	1,200,000	-
Total other financing sources	-	2,478,378	2,478,378	2,478,378	-
Total revenues and other financing sources	\$ -	\$ 2,932,711	\$ 2,932,711	3,598,943	\$ (666,232)
Fund balance appropriated				22,422,153	
				<u>\$ 26,021,096</u>	
EXPENDITURES					
Park improvement projects	\$ 9,997,598	\$ 2,825,204	\$ 12,822,802	\$ 25,443,299	\$ (12,620,497)
OTHER FINANCING USES					
Transfers to:					
Sales tax fund	-	191,000	191,000	191,000	-
Park bond fund	-	103,797	103,797	103,797	-
Miscellaneous capital improvements fund	-	283,000	283,000	283,000	-
Total other financing uses	-	577,797	577,797	577,797	-
Total expenditures and other financing uses	\$ 9,997,598	\$ 3,403,001	\$ 13,400,599	\$ 26,021,096	\$ (12,620,497)

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 FACILITY FEES FUND
 For the Fiscal Year Ended June 30, 2002**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 225,888	\$ 225,888	\$ -	\$ 225,888
Facility fees	-	3,427,324	3,427,324	3,450,000	(22,676)
Total revenues	<u>\$ -</u>	<u>\$ 3,653,212</u>	<u>\$ 3,653,212</u>	3,450,000	<u>\$ 203,212</u>
Fund balance appropriated				<u>2,000,000</u>	
				<u>\$ 5,450,000</u>	
EXPENDITURES					
Street and park projects	\$ -	\$ -	\$ -	\$ 1,629,000	\$ (1,629,000)
OTHER FINANCING USES					
Transfers to:					
Street improvement fund	-	2,246,000	2,246,000	2,246,000	-
Sidewalk fund	-	375,000	375,000	375,000	-
Park improvement fund	-	1,200,000	1,200,000	1,200,000	-
Total other financing uses	<u>-</u>	<u>3,821,000</u>	<u>3,821,000</u>	<u>3,821,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,821,000</u>	<u>\$ 3,821,000</u>	<u>\$ 5,450,000</u>	<u>\$ (1,629,000)</u>

City of Raleigh

SCHEDULE OF REVENUES AND EXPENDITURES COMPARED WITH BUDGET PARK BOND FUND For the Fiscal Year Ended June 30, 2002

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 40,000	\$ 17,217	\$ 57,217	\$ 40,000	\$ 17,217
Interest on investments	-	329,830	329,830	300,000	29,830
Miscellaneous income	-	20,000	20,000	-	20,000
Total revenues	<u>40,000</u>	<u>367,047</u>	<u>407,047</u>	<u>340,000</u>	<u>67,047</u>
OTHER FINANCING SOURCES					
Transfer from					
park improvement fund	-	103,797	103,797	103,797	-
Bond proceeds	-	1,298,000	1,298,000	6,048,000	(4,750,000)
Total other financing sources	<u>-</u>	<u>1,401,797</u>	<u>1,401,797</u>	<u>6,151,797</u>	<u>(4,750,000)</u>
Total revenues and other financing sources	<u>\$ 40,000</u>	<u>\$ 1,768,844</u>	<u>\$ 1,808,844</u>	6,491,797	<u>\$ (4,682,953)</u>
Fund balance appropriated				<u>25,100,215</u>	
				<u>\$ 31,592,012</u>	
EXPENDITURES					
Park projects	\$ 13,591,139	\$ 6,668,446	\$ 20,259,585	\$ 31,214,602	\$ (10,955,017)
Debt Service:					
Principal	146,000	146,000	292,000	292,000	-
Interest	47,450	37,960	85,410	85,410	-
Total expenditures	<u>\$ 13,784,589</u>	<u>\$ 6,852,406</u>	<u>\$ 20,636,995</u>	<u>\$ 31,592,012</u>	<u>\$ (10,955,017)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 MISCELLANEOUS CAPITAL IMPROVEMENTS FUND
 For the Fiscal Year Ended June 30, 2002**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Interest on investments	\$ 23,722	\$ 139,771	\$ 163,493	\$ 42,342	\$ 121,151
Miscellaneous income	802,281	480,020	1,282,301	1,285,463	(3,162)
Total revenues	826,003	619,791	1,445,794	1,327,805	117,989
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	159,000	159,000	159,000	-
Sales tax fund	-	2,826,453	2,826,453	2,826,453	-
Sidewalk fund	-	90,000	90,000	90,000	-
Park improvement fund	-	283,000	283,000	283,000	-
	-	3,358,453	3,358,453	3,358,453	-
Bond proceeds	-	8,406,290	8,406,290	8,111,000	295,290
Special item: Proceeds from sale of land and buildings	-	2,452,491	2,452,491	-	2,452,491
Total other financing sources	-	14,217,234	14,217,234	11,469,453	2,747,781
Total revenues and other financing sources	\$ 826,003	\$ 14,837,025	\$ 15,663,028	12,797,258	\$ 2,865,770
Fund balance appropriated				2,146,475	
				\$ 14,943,733	
EXPENDITURES					
Miscellaneous capital projects	\$ 624,602	\$ 3,031,754	\$ 3,656,356	\$ 14,643,733	\$ (10,987,377)
OTHER FINANCING USES					
Transfer to general fund	-	300,000	300,000	300,000	-
Total expenditures and other financing uses	\$ 624,602	\$ 3,331,754	\$ 3,956,356	\$ 14,943,733	\$ (10,987,377)

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 CONVENTION CENTER AND MEMORIAL AUDITORIUM
 PROJECTS FUND
 For the Fiscal Year Ended June 30, 2002**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ (4,214)	\$ (4,214)	\$ -	\$ (4,214)
Interlocal agreement	-	-	-	625,000	(625,000)
Miscellaneous	-	9,239	9,239	-	9,239
Performing arts center donations	9,704,188	2,219,159	11,923,347	16,407,194	(4,483,847)
Total revenues	<u>9,704,188</u>	<u>2,224,184</u>	<u>11,928,372</u>	17,032,194	<u>(5,103,822)</u>
Fund balance appropriated				23,434,794	
				<u>\$ 40,466,988</u>	
EXPENDITURES					
Convention center and memorial auditorium projects	<u>\$ 36,985,511</u>	<u>\$ 2,187,076</u>	<u>\$ 39,172,587</u>	<u>\$ 39,816,988</u>	<u>\$ (644,401)</u>
OTHER FINANCING USES					
Transfer to general fund	<u>-</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 36,985,511</u>	<u>\$ 2,837,076</u>	<u>\$ 39,822,587</u>	<u>\$ 40,466,988</u>	<u>\$ (644,401)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES
 COMPARED WITH BUDGET
 STORMWATER PROJECTS FUND
 For the Fiscal Year Ended June 30, 2002**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Intergovernmental:					
State of North Carolina	\$ 1,708,019	\$ 631,829	\$ 2,339,848	\$ 3,730,000	\$ (1,390,152)
Interest on investments	-	273,780	273,780	300,000	(26,220)
Drainage petition fees	68,912	29,002	97,914	263,678	(165,764)
Total revenues	<u>1,776,931</u>	<u>934,611</u>	<u>2,711,542</u>	<u>4,293,678</u>	<u>(1,582,136)</u>
OTHER FINANCING SOURCES					
Transfer from sales tax fund	-	500,000	500,000	500,000	-
Total revenues and other financing sources	<u>\$ 1,776,931</u>	<u>\$ 1,434,611</u>	<u>\$ 3,211,542</u>	4,793,678	<u>\$ (1,582,136)</u>
Fund balance appropriated				12,982,736	
				<u>\$ 17,776,414</u>	
EXPENDITURES					
Stormwater projects	\$ 4,406,509	\$ 1,558,655	\$ 5,965,164	\$ 15,668,677	\$ (9,703,513)
Debt service:					
Principal	-	102,738	102,738	102,738	-
Interest	-	12,698	12,698	12,698	-
	<u>-</u>	<u>115,436</u>	<u>115,436</u>	<u>115,436</u>	<u>-</u>
Total expenditures	<u>4,406,509</u>	<u>1,674,091</u>	<u>6,080,600</u>	<u>15,784,113</u>	<u>(9,703,513)</u>
OTHER FINANCING USES					
Transfers to:					
General fund	-	1,300,000	1,300,000	1,300,000	-
Street bond fund	5,000	687,301	692,301	692,301	-
Total other financing uses	<u>5,000</u>	<u>1,987,301</u>	<u>1,992,301</u>	<u>1,992,301</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 4,411,509</u>	<u>\$ 3,661,392</u>	<u>\$ 8,072,901</u>	<u>\$ 17,776,414</u>	<u>\$ (9,703,513)</u>

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. Included within these funds are mass transit, utility and parking facility operations.



ENTERPRISE FUNDS

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 of the City. This fund also accounts for all capital projects financed by transit grant proceeds.

Water and Sewer Fund - The Water and Sewer Fund combines the operating, debt service and capital projects funds as follows:

Water and Sewer Operating Fund - The Water and Sewer Operating Fund accounts for the user charges, fees, other resources and all operating costs associated with the operation of the water and sewer systems of the City.

Water Capital Projects Fund - The Water Capital Projects Fund accounts for transfers from other funds (primarily from water and sewer operating fund and Sales tax fund), developer participation, and all capital project costs in the construction of water capital improvement projects.

Sewer Capital Projects Fund - The Sewer Capital Projects Fund accounts for transfers from other funds (primarily from water and sewer operating fund and sales tax fund), developer participation, and all capital project costs in the construction of sewer capital improvement projects.

Water and Sewer Revenue Bond Fund - The Water and Sewer Revenue Bond Fund accounts for all water and sewer revenue bond proceeds and capital project costs in the construction of various utility capital improvement projects.

Water and Sewer General Obligation Bond Fund - The Water and Sewer General Obligation Bond Fund accounts for all water and sewer general obligation bond proceeds and capital project costs in the construction of various utility capital improvement projects.

Parking Facilities Fund - The Parking Facilities Fund accounts for the parking fee charges and all operating costs associated with the operation of all parking decks and lots owned by the City. This fund combines an operating and a capital projects fund as follows:

Parking Facilities Operating Fund - The Parking Facilities Operating Fund accounts for the operations, debt service, and capital costs of all parking facilities.

Parking Facilities Capital Projects Fund - The Parking Facilities Capital Projects Fund accounts for the capital costs of any parking facilities being constructed or improved.



**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 enterprise funds shown in the basic 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.



City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND
For the Fiscal Year Ended June 30, 2002**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Farebox	\$ -	\$ 1,849,877	\$ 1,849,877	\$ 1,965,000	\$ (115,123)
Charter	-	28,568	28,568	34,000	(5,432)
Intergovernmental revenue:					
Federal Transit Administration	7,290,717	1,146,839	8,437,556	16,403,315	(7,965,759)
State of North Carolina	122,695	2,062,625	2,185,320	3,121,103	(935,783)
Miscellaneous other	-	281,356	281,356	224,400	56,956
Total revenues	<u>7,413,412</u>	<u>5,369,265</u>	<u>12,782,677</u>	<u>21,747,818</u>	<u>(8,965,141)</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	-	5,308,156	5,308,156	5,718,249	(410,093)
Sales tax fund	1,082,040	-	1,082,040	1,093,762	(11,722)
Street improvement fund	1,291,204	483,360	1,774,564	1,774,564	-
Total other financing sources	<u>2,373,244</u>	<u>5,791,516</u>	<u>8,164,760</u>	<u>8,586,575</u>	<u>(421,815)</u>
Total revenues and other financing sources	<u>\$ 9,786,656</u>	<u>\$ 11,160,781</u>	<u>\$ 20,947,437</u>	30,334,393	<u>\$ (9,386,956)</u>
Fund balance appropriated				709,937	
				<u>\$ 31,044,330</u>	
EXPENDITURES					
Mass transit operating expenditures	\$ -	\$ 7,866,609	\$ 7,866,609	\$ 8,602,984	\$ (736,375)
ART program operating expenditures	-	1,313,801	1,313,801	1,248,602	65,199
Capital grant expenditures	9,352,068	2,073,002	11,425,070	21,192,744	(9,767,674)
Total expenditures	<u>\$ 9,352,068</u>	<u>\$ 11,253,412</u>	<u>\$ 20,605,480</u>	<u>\$ 31,044,330</u>	<u>\$ (10,438,850)</u>

Continued

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
MASS TRANSIT FUND
For the Fiscal Year Ended June 30, 2002**

Reconciliation of Modified Accrual Basis to Full Accrual Basis:

Total current year revenues - modified accrual basis	\$ 11,160,781
Total current year expenditures - modified accrual basis	<u>11,253,412</u>
Deficiency of revenues over expenditures	(92,631)
Adjustments to full accrual basis:	
Capital outlay	201,871
Increase in federal and state receivables - capital projects	220,227
Increase in deferred contributions from other funds	(127,597)
Depreciation	(1,077,969)
Vacation expense	<u>(1,723)</u>
Changes in net assets per statement of revenues, expenses, and changes in net assets	<u>\$ (877,822)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER OPERATING FUND
For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Water and sewer user charges	\$ 48,861,677	\$ 48,376,676	\$ 485,001
Water and sewer services	359,102	600,000	(240,898)
Outside sewer connections	27,365	75,000	(47,635)
Water and sewer penalties	153,463	60,000	93,463
Water and sewer sales - municipalities	7,415,593	6,542,415	873,178
Capital facility charges	1,028,197	442,000	586,197
Water and sewer assessments	981,570	650,000	331,570
Acreage connection fees	529,053	250,000	279,053
Other sewer and treatment fees	1,856,880	1,400,000	456,880
Miscellaneous other	<u>649,952</u>	<u>362,000</u>	<u>287,952</u>
Total operating revenues	<u>61,862,852</u>	<u>58,758,091</u>	<u>3,104,761</u>
NONOPERATING REVENUES			
Interest on investments	2,694,941	2,863,338	(168,397)
Other	<u>324,814</u>	<u>306,700</u>	<u>18,114</u>
Total nonoperating revenues	<u>3,019,755</u>	<u>3,170,038</u>	<u>(150,283)</u>
Total revenues	<u>\$ 64,882,607</u>	61,928,129	<u>\$ 2,954,478</u>
Fund balance appropriated		<u>6,718,463</u>	
		<u>\$ 68,646,592</u>	
EXPENDITURES			
Public utilities:			
Administration	\$ 2,594,020	\$ 2,784,638	\$ (190,618)
Water plant	9,352,648	10,477,613	(1,124,965)
Waste treatment plant	9,560,452	9,851,554	(291,102)
Utilities construction	2,524,349	2,941,925	(417,576)
Utilities maintenance	5,359,200	6,253,623	(894,423)
Meter	3,127,066	3,571,849	(444,783)
Warehouse	1,143,298	1,548,399	(405,101)
	<u>33,661,033</u>	<u>37,429,601</u>	<u>(3,768,568)</u>
Special appropriations:			
Reimbursement to general fund	6,259,553	6,259,553	-
Insurance and risk management charges	608,470	608,470	-
Other expenditures	<u>522,002</u>	<u>588,786</u>	<u>(66,784)</u>
	<u>7,390,025</u>	<u>7,456,809</u>	<u>(66,784)</u>

Continued

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER OPERATING FUND
For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
EXPENDITURES (CONTINUED)			
Debt service:			
General obligations bonds:			
Principal	\$ 4,000,000	\$ 4,000,000	\$ -
Interest	1,686,518	1,686,518	-
Revenue bonds:			
Principal	1,965,000	1,965,000	-
Interest	3,932,499	3,932,499	-
Installment financing agreement	2,158,790	2,158,790	-
Other installment obligations	7,606	7,606	-
Other expenditures	86,921	110,000	(23,079)
	<u>13,837,334</u>	<u>13,860,413</u>	<u>(23,079)</u>
OTHER EXPENDITURES			
Refunds and other	<u>96,643</u>	<u>116,334</u>	<u>(19,691)</u>
Total expenditures	<u>54,985,035</u>	<u>58,863,157</u>	<u>(3,878,122)</u>
OTHER FINANCING USES			
Transfers out:			
General fund	149,922	149,922	-
Public utilities equipment replacement fund	54,301	54,301	-
Water capital projects fund	4,485,919	4,485,919	-
Sewer capital projects fund	<u>5,093,293</u>	<u>5,093,293</u>	<u>-</u>
Total other financing uses	<u>9,783,435</u>	<u>9,783,435</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 64,768,470</u>	<u>\$ 68,646,592</u>	<u>\$ (3,878,122)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2002**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 268,455	\$ 268,455	\$ 95,000	\$ 173,455
Developer participation:					
Holly Springs water main	1,964,822	-	1,964,822	1,992,265	(27,443)
Ray Road sewer	-	15,582	15,582	23,892	(8,310)
Wake Chapel Church	-	223,109	223,109	223,109	-
Total revenues	<u>1,964,822</u>	<u>507,146</u>	<u>2,471,968</u>	<u>2,334,266</u>	<u>137,702</u>
OTHER FINANCING SOURCES					
Transfer from water and sewer operating fund	-	4,485,919	4,485,919	4,485,919	-
Total revenues and other financing sources	<u>\$ 1,964,822</u>	<u>\$ 4,993,065</u>	<u>\$ 6,957,887</u>	6,820,185	<u>\$ 137,702</u>
Fund balance appropriated				6,943,114	
				<u>\$ 13,763,299</u>	
EXPENDITURES					
Water capital projects	<u>\$ 3,201,061</u>	<u>\$ 2,573,970</u>	<u>\$ 5,775,031</u>	<u>\$ 12,553,181</u>	<u>\$ (6,778,150)</u>
OTHER FINANCING USES					
Transfers to:					
Water and sewer revenue bond fund	-	893,472	893,472	893,472	-
Water and sewer general obligation bond fund	-	316,646	316,646	316,646	-
Total other financing uses	<u>-</u>	<u>1,210,118</u>	<u>1,210,118</u>	<u>1,210,118</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 3,201,061</u>	<u>\$ 3,784,088</u>	<u>\$ 6,985,149</u>	<u>\$ 13,763,299</u>	<u>\$ (6,778,150)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
SEWER CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2002**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 285,410	\$ 285,410	\$ -	\$ 285,410
Developer participation:					
Neuse outfall extension	-	-	-	66,667	(66,667)
Telemetry upgrade	-	-	-	20,424	(20,424)
Total revenues	<u>-</u>	<u>285,410</u>	<u>285,410</u>	<u>87,091</u>	<u>198,319</u>
OTHER FINANCING SOURCES					
Transfer from water and sewer operating fund	-	5,093,293	5,093,293	5,093,293	-
State loan proceeds	<u>4,270,957</u>	<u>139,542</u>	<u>4,410,499</u>	<u>4,660,000</u>	<u>(249,501)</u>
Total other financing sources	<u>4,270,957</u>	<u>5,232,835</u>	<u>9,503,792</u>	<u>9,753,293</u>	<u>(249,501)</u>
Total revenues and other financing sources	<u>\$ 4,270,957</u>	<u>\$ 5,518,245</u>	<u>\$ 9,789,202</u>	9,840,384	<u>\$ (51,182)</u>
Fund balance appropriated				<u>10,961,408</u>	
				<u>\$ 20,801,792</u>	
EXPENDITURES					
Sewer capital projects	<u>\$ 10,331,986</u>	<u>\$ 1,152,984</u>	<u>\$ 11,484,970</u>	<u>\$ 20,102,409</u>	<u>\$ (8,617,439)</u>
OTHER FINANCING USES					
Transfers to:					
Water and sewer revenue bond fund	-	567,683	567,683	567,683	-
Water and sewer general obligation bond fund	<u>-</u>	<u>131,700</u>	<u>131,700</u>	<u>131,700</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>699,383</u>	<u>699,383</u>	<u>699,383</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 10,331,986</u>	<u>\$ 1,852,367</u>	<u>\$ 12,184,353</u>	<u>\$ 20,801,792</u>	<u>\$ (8,617,439)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER REVENUE BOND FUND
For the Fiscal Year Ended June 30, 2002**

	Prior Years	Actual Current Year	Total	Budget	Over (Under) Budget
REVENUES					
Interest on investments	\$ -	\$ 605,277	\$ 605,277	\$ 165,000	\$ 440,277
Developer participation	35,000	22,263	57,263	42,000	15,263
Total revenues	<u>35,000</u>	<u>627,540</u>	<u>662,540</u>	<u>207,000</u>	<u>455,540</u>
OTHER FINANCING SOURCES					
Transfers from:					
Water capital projects fund	-	893,471	893,471	893,471	-
Sewer capital projects fund	-	567,683	567,683	567,683	-
Bond proceeds	-	1,461,154	1,461,154	1,461,154	-
Total other financing sources	<u>-</u>	<u>1,461,154</u>	<u>1,461,154</u>	<u>5,900,000</u>	<u>(5,900,000)</u>
Total revenues and other financing sources	<u>\$ 35,000</u>	<u>\$ 2,088,694</u>	<u>\$ 2,123,694</u>	7,568,154	<u>\$ (5,444,460)</u>
Fund balance appropriated				<u>57,918,184</u>	
				<u>\$ 65,486,338</u>	
EXPENDITURES					
Bond issue costs	\$ 158,364	\$ -	\$ 158,364	\$ 262,205	\$ (103,841)
Water capital projects	23,870,391	6,534,339	30,404,730	37,695,116	(7,290,386)
Sewer capital projects	14,719,515	8,862,922	23,582,437	27,529,017	(3,946,580)
Total expenditures	<u>\$ 38,748,270</u>	<u>\$ 15,397,261</u>	<u>\$ 54,145,531</u>	<u>\$ 65,486,338</u>	<u>\$ (11,340,807)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER GENERAL OBLIGATION BOND FUND
For the Fiscal Year Ended June 30, 2002**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 147,092	\$ 147,092	\$ -	\$ 147,092
Developer participation	-	7,573	7,573	7,573	-
Total revenues	<u>-</u>	<u>154,665</u>	<u>154,665</u>	<u>7,573</u>	<u>147,092</u>
OTHER FINANCING SOURCES					
Transfers from:					
Water capital projects fund	-	316,646	316,646	316,646	-
Sewer capital projects fund	-	131,701	131,701	131,701	-
Total other financing sources	<u>-</u>	<u>448,347</u>	<u>448,347</u>	<u>448,347</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 603,012</u>	<u>\$ 603,012</u>	455,920	<u>\$ 147,092</u>
Fund balance appropriated				<u>11,356,001</u>	
				<u>\$ 11,811,921</u>	
EXPENDITURES					
Water and sewer capital projects	<u>\$ 7,193,879</u>	<u>\$ 981,577</u>	<u>\$ 8,175,456</u>	<u>\$ 11,811,921</u>	<u>\$ (3,636,465)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
WATER AND SEWER FUNDS
For the Fiscal Year Ended June 30, 2002**

Reconciliation of Modified Accrual to Full Accrual Basis:

Total current year revenues and other financing sources - modified accrual basis:	
Water and sewer operating fund	\$ 64,882,607
Water capital projects fund	4,993,065
Sewer capital projects fund	5,518,245
Water and sewer revenue bond fund	2,088,694
Water and sewer general obligation bond fund	603,012
Total current year expenditures and other financing uses - modified accrual basis:	
Water and sewer operating fund	(64,768,470)
Water capital projects fund	(3,784,088)
Sewer capital projects fund	(1,852,367)
Water and sewer revenue bond fund	(15,397,261)
Water and sewer general obligation bond fund	<u>(981,577)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(8,698,140)
Adjustments to full accrual basis:	
Amortization of deferred costs	(28,226)
Bad debt expense	(1,012,485)
Bond and note principal payments	7,383,813
Bond and note proceeds	(139,542)
Capital contributions	18,254,246
Capital outlay	20,239,756
Capitalized interest	827,789
Depreciation	(12,769,429)
Interest expense accrual	121,555
Interest income accrual	(405,515)
Gain on disposal of fixed assets	42,700
Other escrow expenditures	28,926
Revenue accruals from receivables	<u>120,515</u>
Change in net assets per statement of revenues, expenses and changes in fund net assets	<u><u>\$ 23,965,963</u></u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES OPERATING FUND
For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES			
Parking fees	\$ 2,166,563	\$ 1,837,310	\$ 329,253
Interest on investments	268,202	60,000	208,202
Total revenues	<u>2,434,765</u>	<u>1,897,310</u>	<u>537,455</u>
OTHER FINANCING SOURCES			
Transfers from:			
General fund	3,114,053	3,114,053	-
Parking facilities capital projects fund	109,790	109,790	-
Total other financing sources	<u>3,223,843</u>	<u>3,223,843</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 5,658,608</u>	5,121,153	<u>\$ 537,455</u>
Fund balance appropriated		49,774	
		<u>\$ 5,170,927</u>	
EXPENDITURES			
Operating expenditures	\$ 408,808	\$ 989,242	\$ (580,434)
Capital outlay	-	1,895	(1,895)
Total expenditures	<u>408,808</u>	<u>991,137</u>	<u>(582,329)</u>
DEBT SERVICE			
Bond principal	930,000	930,000	-
Bond interest	503,645	503,645	-
Note principal	488,899	488,899	-
Note interest	492,291	836,584	(344,293)
Total debt service	<u>2,414,835</u>	<u>2,759,128</u>	<u>(344,293)</u>
OTHER FINANCING USES			
Budget reserve	-	1,420,662	(1,420,662)
Total expenditures and other financing uses	<u>\$ 2,823,643</u>	<u>\$ 5,170,927</u>	<u>\$ (2,347,284)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2002**

	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES					
Interest on investments	\$ -	\$ 262,723	\$ 262,723	\$ -	\$ 262,723
OTHER FINANCING SOURCES					
Transfer from sales tax fund	-	636,250	636,250	636,250	-
Total revenues and other financing sources	<u>\$ -</u>	<u>\$ 898,973</u>	<u>\$ 898,973</u>	636,250	<u>\$ 262,723</u>
Fund balance appropriated				12,301,502	
				<u>\$ 12,937,752</u>	
EXPENDITURES					
Operating expenditures	\$ -	\$ 20,080	\$ 20,080	\$ 21,880	\$ (1,800)
Parking facilities capital projects	6,109,607	4,208,532	10,318,139	12,806,082	(2,487,943)
Total expenditures	<u>6,109,607</u>	<u>4,228,612</u>	<u>10,338,219</u>	<u>12,827,962</u>	<u>(2,489,743)</u>
OTHER FINANCING USES					
Transfer to parking facilities operating fund	-	109,790	109,790	109,790	-
Total expenditures and other financing uses	<u>\$ 6,109,607</u>	<u>\$ 4,338,402</u>	<u>\$ 10,448,009</u>	<u>\$ 12,937,752</u>	<u>\$ (2,489,743)</u>

City of Raleigh

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
PARKING FACILITIES FUNDS
For the Fiscal Year Ended June 30, 2002**

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS

Total current year revenues and other financing sources - modified accrual basis (Parking facilities operating fund)	\$ 5,658,608
Total current year expenditures and other financing uses - modified accrual basis (Parking facilities operating fund)	(2,823,643)
Total current year revenues and other financing sources - modified accrual basis (Parking facilities capital projects fund)	898,973
Total current year expenditures and other financing uses - modified accrual basis (Parking facilities capital projects fund)	<u>(4,338,402)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(604,464)
Adjustments to full accrual basis:	
Depreciation	(999,580)
Capital outlay	4,208,532
Accrued interest expense	15,871
Capitalized interest	17,045
Amortization of deferred refunding	(58,976)
Bond principal	930,000
Note principal	488,899
Accrued interest income	<u>(109,070)</u>
Change in net assets per statement of revenues, expenses and changes in net assets	<u><u>\$ 3,888,257</u></u>

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



INTERNAL SERVICE FUNDS

Print Services Fund - The Print Services Fund accounts for the operations of the City's print shop.

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

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

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

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.



City of Raleigh

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2002**

	Print Services Fund	Risk Management Fund
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 87,065	\$ 9,050,403
Customer receivable	4,307	-
Interest receivable	454	46,154
Sales tax receivable	32,935	188
Inventories	13,000	-
Insurance deposit	-	125,000
Deferred charges	-	-
Total current assets	<u>137,761</u>	<u>9,221,745</u>
Restricted cash	-	-
Capital assets:		
Equipment, net of accumulated depreciation	36,810	-
Total assets	<u>174,571</u>	<u>9,221,745</u>
LIABILITIES		
Current liabilities:		
Accounts payable	31,537	85,953
Arbitrage rebate payable	-	-
Claims payable	-	5,855,496
Due to other funds	-	-
Accrued interest payable	-	-
Bonds, notes, and loans payable	-	-
Unamortized premium	-	-
Total current liabilities	<u>31,537</u>	<u>5,941,449</u>
Noncurrent liabilities:		
Bonds, notes, and loans payable	-	-
Unamortized premium	-	-
Earned vacation pay	8,450	-
Total liabilities	<u>39,987</u>	<u>5,941,449</u>
NET ASSETS		
Invested in capital assets, net of related debt	36,810	-
Unrestricted	97,774	3,280,296
Total net assets	<u>\$ 134,584</u>	<u>\$ 3,280,296</u>

<u>Employee's Health Benefits Fund</u>	<u>Governmental Equipment Replacement Fund</u>	<u>Public Utilities Equipment Replacement Fund</u>	<u>Total June 30, 2002</u>
\$ 788,352	\$ 5,516,091	\$ 1,606,811	\$ 17,048,722
-	-	-	4,307
-	-	5,302	51,910
-	33,770	10,332	77,225
-	-	-	13,000
-	-	-	125,000
-	57,127	-	57,127
<u>788,352</u>	<u>5,606,988</u>	<u>1,622,445</u>	<u>17,377,291</u>
-	1,177,319	908,690	2,086,009
-	14,661,805	3,539,843	18,238,458
<u>788,352</u>	<u>21,446,112</u>	<u>6,070,978</u>	<u>37,701,758</u>
-	4,522	71,546	193,558
-	221,457	72,789	294,246
2,573,894	-	-	8,429,390
114,742	-	-	114,742
-	61,459	12,100	73,559
-	4,932,487	1,102,513	6,035,000
-	67,505	7,441	74,946
<u>2,688,636</u>	<u>5,287,430</u>	<u>1,266,389</u>	<u>15,215,441</u>
-	10,626,502	2,033,498	12,660,000
-	135,008	14,877	149,885
-	-	-	8,450
<u>2,688,636</u>	<u>16,048,940</u>	<u>3,314,764</u>	<u>28,033,776</u>
-	77,622	1,290,204	1,404,636
(1,900,284)	5,319,550	1,466,010	8,263,346
<u>\$ (1,900,284)</u>	<u>\$ 5,397,172</u>	<u>\$ 2,756,214</u>	<u>\$ 9,667,982</u>

City of Raleigh

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2002**

	Print Services Fund	Risk Management Fund
OPERATING REVENUES		
Charges for services-internal	\$ 673,146	\$ 2,964,500
Other charges	-	29,636
Total operating revenues	<u>673,146</u>	<u>2,994,136</u>
OPERATING EXPENSES		
Claims	-	2,872,334
Premiums	-	559,867
Administrative charges and fees	88,716	170,184
Materials, services and supplies	621,754	-
Other	-	9,973
Depreciation	11,135	-
Total operating expenses	<u>721,605</u>	<u>3,612,358</u>
Operating income (loss)	<u>(48,459)</u>	<u>(618,222)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	9,131	321,387
Interest expense	-	-
Total nonoperating revenues (expenses)	<u>9,131</u>	<u>321,387</u>
Income (loss) before operating transfers	<u>(39,328)</u>	<u>(296,835)</u>
Transfers in	-	-
Transfers out	<u>(400,000)</u>	<u>-</u>
Change in net assets	<u>(439,328)</u>	<u>(296,835)</u>
Net assets, beginning of year	573,912	3,577,131
Net assets, end of year	<u>\$ 134,584</u>	<u>\$ 3,280,296</u>

Employee's Health Benefits Fund	Governmental Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Total June 30, 2002
\$ 15,005,137	\$ 3,415,961	\$ 1,355,410	\$ 23,414,154
-	45,172	1,000	75,808
<u>15,005,137</u>	<u>3,461,133</u>	<u>1,356,410</u>	<u>23,489,962</u>
13,855,014	-	-	16,727,348
-	-	-	559,867
1,586,088	-	-	1,844,988
-	-	-	621,754
-	4,350	50,268	64,591
-	4,880,699	915,483	5,807,317
<u>15,441,102</u>	<u>4,885,049</u>	<u>965,751</u>	<u>25,625,865</u>
<u>(435,965)</u>	<u>(1,423,916)</u>	<u>390,659</u>	<u>(2,135,903)</u>
15,796	330,985	85,672	762,971
-	(772,293)	(154,913)	(927,206)
<u>15,796</u>	<u>(441,308)</u>	<u>(69,241)</u>	<u>(164,235)</u>
(420,169)	(1,865,224)	321,418	(2,300,138)
-	1,000,000	70,301	1,070,301
-	(5,000,000)	-	(5,400,000)
<u>(420,169)</u>	<u>(5,865,224)</u>	<u>391,719</u>	<u>(6,629,837)</u>
(1,480,115)	11,262,396	2,364,495	16,297,819
<u>\$ (1,900,284)</u>	<u>\$ 5,397,172</u>	<u>\$ 2,756,214</u>	<u>\$ 9,667,982</u>

City of Raleigh

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2002**

	<u>Print Services Fund</u>	<u>Risk Management Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (including other funds)	\$ 672,926	\$ 2,994,304
Net sales tax received (paid)	-	-
Payments to suppliers	(607,209)	(94,451)
Payments to employees	(88,963)	-
Internal activity - payments from other funds	-	-
Claims paid	-	(2,900,157)
Premiums paid	-	(559,867)
Other receipts (payments)	(5,212)	-
Net cash provided (used) by operating activities	<u>(28,458)</u>	<u>(560,171)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Insurance deposits	-	(39,800)
Transfers from other funds	-	-
Transfers to other funds	(400,000)	-
Net cash provided (used) by noncapital financing activities	<u>(400,000)</u>	<u>(39,800)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(42,935)	-
Principal paid on capital debt	-	-
Interest paid on capital debt	-	-
Net cash (used) by capital and related financing activities	<u>(42,935)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	11,178	317,679
Net increase (decrease) in cash and cash equivalents	(460,215)	(282,292)
Cash and cash equivalents, beginning of year	547,280	9,332,695
Cash and cash equivalents, end of year	<u>\$ 87,065</u>	<u>\$ 9,050,403</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (48,459)	\$ (618,222)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	11,135	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(5,432)	168
Decrease in inventory	8,843	-
Increase (decrease) in accounts payable and accrued liabilities	5,702	57,883
Increase in due to other funds	-	-
Decrease in accrued vacation pay	(247)	-
Net cash provided (used) by operating activities	<u>\$ (28,458)</u>	<u>\$ (560,171)</u>

Noncash capital and related financing activities:

During the fiscal year ended June 30, 2002, the City had the following noncash and capital and related financing activities in the internal service operations: Governmental Equipment Replacement Fund - acquisition and construction of capital assets on account, \$4,522 and Public Utilities Equipment Replacement Fund - acquisition and construction of capital assets on account, \$71,546.

Employee's Health Benefits Fund	Governmental Equipment Replacement Fund	Public Utilities Equipment Replacement Fund	Total June 30, 2002
\$ 15,005,137	\$ 3,415,961	\$ 1,355,410	\$ 23,443,738
-	1,805	(379)	1,426
(1,586,088)	-	-	(2,287,748)
-	-	-	(88,963)
114,742	14,326	-	129,068
(13,340,984)	-	-	(16,241,141)
-	-	-	(559,867)
-	40,822	(49,268)	(13,658)
<u>192,807</u>	<u>3,472,914</u>	<u>1,305,763</u>	<u>4,382,855</u>
-	-	-	(39,800)
-	1,000,000	70,301	1,070,301
-	(5,000,000)	-	(5,400,000)
<u>-</u>	<u>(4,000,000)</u>	<u>70,301</u>	<u>(4,369,499)</u>
-	(6,207,891)	(702,300)	(6,953,126)
-	(4,705,817)	(1,069,184)	(5,775,001)
-	(889,509)	(174,052)	(1,063,561)
<u>-</u>	<u>(11,803,217)</u>	<u>(1,945,536)</u>	<u>(13,791,688)</u>
15,796	397,811	95,281	837,745
208,603	(11,932,492)	(474,191)	(12,940,587)
579,749	18,625,902	2,989,692	32,075,318
<u>\$ 788,352</u>	<u>\$ 6,693,410</u>	<u>\$ 2,515,501</u>	<u>\$ 19,134,731</u>
\$ (435,965)	\$ (1,423,916)	\$ 390,659	\$ (2,135,903)
-	4,880,699	915,483	5,807,317
-	16,131	(379)	10,488
-	-	-	8,843
514,030	-	-	577,615
114,742	-	-	114,742
-	-	-	(247)
<u>\$ 192,807</u>	<u>\$ 3,472,914</u>	<u>\$ 1,305,763</u>	<u>\$ 4,382,855</u>

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 and two agency funds which account for activities of the City's general supplemental retirement plan, the law enforcement officers' special separation allowance, the county-wide room occupancy tax, and the CIAA Tournament planning activities.



FIDUCIARY FUNDS TRUST AND AGENCY FUNDS

Pension Trust Funds:

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

Law Enforcement Officers' Special Separation Allowance Fund - The Law Enforcement Officers' Special Separation Allowance Fund accounts for the City's contributions to a defined benefit plan provided to City law enforcement officers. The City is administrator of the plan and holds all plan assets.

Agency Funds:

Occupancy Tax Fund - The Occupancy Tax Fund accounts for the collection of the county-wide six percent room occupancy tax and the monthly transmittal of the funds to Wake County.

CIAA Steering Committee Fund - The CIAA Steering Committee Fund accounts for the fundraising and promotional activities of the CIAA Tournament Steering Committee.



City of Raleigh

**COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS
June 30, 2002**

	Supplemental Money Purchase Pension Plan	Law Enforcement Officers' Special Separation Allowance	Total June 30, 2002
ASSETS			
Cash and cash equivalents	\$ 10,204,342	\$ 4,840,281	\$ 15,044,623
Accrued interest receivable	-	24,701	24,701
Total assets	<u>10,204,342</u>	<u>4,864,982</u>	<u>15,069,324</u>
NET ASSETS			
Restricted for employees' retirement benefits	<u>\$ 10,204,342</u>	<u>\$ 4,864,982</u>	<u>\$ 15,069,324</u>

City of Raleigh

**COMBINING STATEMENT OF CHANGES
IN PLAN NET ASSETS
PENSION TRUST FUNDS
For the Fiscal Year Ended June 30, 2002**

	<u>Supplemental Money Purchase Pension Plan</u>	<u>Law Enforcement Officers' Special Separation Allowance</u>	<u>Total June 30, 2002</u>
ADDITIONS			
Employer contributions	\$ 1,598,131	\$ 1,668,561	\$ 3,266,692
Plan transfers	21,328	-	21,328
Investment earnings (losses)	(336,998)	133,671	(203,327)
Investment expense	(17,210)	-	(17,210)
Total additions	<u>1,265,251</u>	<u>1,802,232</u>	<u>3,067,483</u>
DEDUCTIONS			
Benefits	404,601	1,475,165	1,879,766
Withdrawals and forfeitures	14,481	-	14,481
Total deductions	<u>419,082</u>	<u>1,475,165</u>	<u>1,894,247</u>
Change in net assets restricted for:			
Employees' retirement benefits	846,169	327,067	1,173,236
Net assets, beginning of year	<u>9,358,173</u>	<u>4,537,915</u>	<u>13,896,088</u>
Net assets, end of year	<u><u>\$ 10,204,342</u></u>	<u><u>\$ 4,864,982</u></u>	<u><u>\$ 15,069,324</u></u>

City of Raleigh

**COMBINING STATEMENT OF NET ASSETS
AGENCY FUNDS
June 30, 2002**

	<u>Occupancy Tax</u>	<u>CIAA Steering Committee</u>	<u>Total June 30, 2002</u>
ASSETS			
Cash and cash equivalents	\$ 77,815	\$ 27,629	\$ 105,444
Accrued interest receivable	526	-	526
Total assets	<u>\$ 78,341</u>	<u>\$ 27,629</u>	<u>\$ 105,970</u>
LIABILITIES			
Due to other governmental agencies	\$ 76,060	\$ -	\$ 76,060
Due to other funds	2,281	-	2,281
Due to other agencies	-	1,151	1,151
Accounts payable	-	26,478	26,478
Total liabilities	<u>\$ 78,341</u>	<u>\$ 27,629</u>	<u>\$ 105,970</u>

City of Raleigh

**COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2002**

	<u>Balance June 30, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2002</u>
<u>OCCUPANCY TAX FUND</u>				
ASSETS				
Cash and investments	\$ -	\$ 9,963,181	\$ 9,885,366	\$ 77,815
Accrued interest receivable	-	526	-	526
Due from other governmental agencies	13,013	-	13,013	-
	<u>\$ 13,013</u>	<u>\$ 9,963,707</u>	<u>\$ 9,898,379</u>	<u>\$ 78,341</u>
LIABILITIES				
Due to other governmental agencies	\$ -	\$ 9,961,426	\$ 9,885,366	\$ 76,060
Due to general fund	13,013	2,281	13,013	2,281
	<u>\$ 13,013</u>	<u>\$ 9,963,707</u>	<u>\$ 9,898,379</u>	<u>\$ 78,341</u>
<u>CIAA STEERING COMMITTEE FUND</u>				
ASSETS				
Cash and investments	<u>\$ 4,810</u>	<u>\$ 698,447</u>	<u>\$ 675,628</u>	<u>\$ 27,629</u>
LIABILITIES				
Due to other agencies	\$ 4,810	\$ 671,969	\$ 675,628	\$ 1,151
Accounts payable	-	26,478	-	26,478
	<u>\$ 4,810</u>	<u>\$ 698,447</u>	<u>\$ 675,628</u>	<u>\$ 27,629</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 4,810	\$ 10,661,628	\$ 10,560,994	\$ 105,444
Accrued interest receivable	-	526	-	526
Due from other governmental agencies	13,013	-	13,013	-
	<u>\$ 17,823</u>	<u>\$ 10,662,154</u>	<u>\$ 10,574,007</u>	<u>\$ 105,970</u>
LIABILITIES				
Due to other governmental agencies	\$ -	\$ 9,961,426	\$ 9,885,366	\$ 76,060
Due to other funds	13,013	2,281	13,013	2,281
Due to other agencies	4,810	671,969	675,628	1,151
Accounts payable	-	26,478	-	26,478
	<u>\$ 17,823</u>	<u>\$ 10,662,154</u>	<u>\$ 10,574,007</u>	<u>\$ 105,970</u>

The following schedules present the ***Capital Assets Used in the Operation of Governmental Funds*** by source, by function and activity and the changes by function and activity.



CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS



City of Raleigh

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY SOURCE As of June 30, 2002

Capital assets:	
Land	\$ 96,898,583
Buildings and machinery	110,218,322
Streets & sidewalks	408,623,462
Equipment	39,754,437
Furniture & fixtures	2,413,654
Improvements - general and parks	131,571,650
Construction in progress	<u>16,877,705</u>
Total	<u>\$ 806,357,813</u>
Investment in capital assets from:	
General revenue	\$ 184,092,357
State revenue	51,173,619
Federal grants	12,312,074
General obligation bonds	217,206,321
Donations	16,107,330
Contributed property	142,196,021
Amounts prior to 1987 for which source is unknown	<u>183,270,091</u>
Total	<u>\$ 806,357,813</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in certain internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Raleigh

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY For the Fiscal Year Ended June 30, 2002

	<u>LAND</u>	<u>BUILDINGS</u>	<u>STREETS AND SIDEWALKS</u>
General government:			
City attorney	\$ -	\$ -	\$ -
City manager	-	-	-
Personnel department	-	-	-
Administrative services department	-	230,912	-
Finance department	-	-	-
Information services department	-	-	-
Total general government	<u>-</u>	<u>230,912</u>	<u>-</u>
Community development services:			
Community development department	10,379,133	107,755	47,838
Central engineering department	2,117,440	-	-
Planning department	-	-	-
Transportation department	32,627,387	18,374,451	407,760,404
Inspections department	-	-	-
Community services department	-	-	-
Total community development services	<u>45,123,960</u>	<u>18,482,206</u>	<u>407,808,242</u>
Public safety:			
Emergency communications center	-	-	-
Police department	-	850,509	-
Fire department	303,396	9,965,797	-
Total public safety	<u>303,396</u>	<u>10,816,306</u>	<u>-</u>
Solid waste services	<u>2,772,456</u>	<u>15,331</u>	<u>-</u>
Leisure services:			
Convention Center and Memorial Auditorium	9,142,131	36,907,550	-
Walnut Creek Amphitheater	1,250,047	13,420,210	-
Parks and recreation department	38,306,593	30,345,807	815,220
Visitors and convention bureau	-	-	-
Total leisure services	<u>48,698,771</u>	<u>80,673,567</u>	<u>815,220</u>
Total governmental funds capital assets	<u>\$ 96,898,583</u>	<u>\$ 110,218,322</u>	<u>\$ 408,623,462</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in certain internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

EQUIPMENT	FURNITURE AND FIXTURES	IMPROVEMENTS	CONSTRUCTION IN PROGRESS	TOTAL
\$ 5,436	\$ -	\$ -	\$ -	\$ 5,436
45,249	-	-	-	45,249
22,646	4,022	3,799	-	30,467
209,395	2,093	251,650	-	694,050
1,182,246	28,064	7,282	-	1,217,592
1,109,509	31,295	893,244	-	2,034,048
<u>2,574,481</u>	<u>65,474</u>	<u>1,155,975</u>	<u>-</u>	<u>4,026,842</u>
20,906	6,469	1,609,256	-	12,171,357
623,623	-	3,055,943	461,915	6,258,921
-	15,250	-	-	15,250
6,217,696	-	18,615,112	11,604,822	495,199,872
783,802	67,494	-	-	851,296
7,051	-	1,267	-	8,318
<u>7,653,078</u>	<u>89,213</u>	<u>23,281,578</u>	<u>12,066,737</u>	<u>514,505,014</u>
1,132,124	296,478	351,200	78,523	1,858,325
7,697,271	79,992	621,494	-	9,249,266
7,631,476	-	547,787	706,693	19,155,149
<u>16,460,871</u>	<u>376,470</u>	<u>1,520,481</u>	<u>785,216</u>	<u>30,262,740</u>
<u>6,822,505</u>	<u>-</u>	<u>743,412</u>	<u>-</u>	<u>10,353,704</u>
1,247,221	1,593,639	46,393,208	-	95,283,749
238,357	-	237,045	-	15,145,659
3,693,230	38,673	58,239,951	4,025,752	135,465,226
1,064,694	250,185	-	-	1,314,879
<u>6,243,502</u>	<u>1,882,497</u>	<u>104,870,204</u>	<u>4,025,752</u>	<u>247,209,513</u>
<u>\$ 39,754,437</u>	<u>\$ 2,413,654</u>	<u>\$ 131,571,650</u>	<u>\$ 16,877,705</u>	<u>\$ 806,357,813</u>

City of Raleigh

**SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended June 30, 2002**

	BALANCE JUNE 30, 2001	ADDITIONS	TRANSFERS	DEDUCTIONS	BALANCE JUNE 30, 2002
General government:					
City attorney	\$ 5,436	\$ -	\$ -	\$ -	\$ 5,436
City manager	45,249	-	-	-	45,249
Public affairs	-	-	-	-	-
Arts office	-	-	-	-	-
Personnel department	30,467	-	-	-	30,467
Administrative services department	1,000,571	211,647	(466,185)	51,983	694,050
Finance department	1,230,907	7,282	-	20,597	1,217,592
Information services department	1,475,959	558,089	-	-	2,034,048
Total general government	3,788,589	777,018	(466,185)	72,580	4,026,842
Community development services:					
Community development					
department	16,626,016	303,112	-	4,757,771	12,171,357
Central engineering department	4,696,040	654,132	495,614	48,780	5,797,006
Planning department	34,838	-	-	19,588	15,250
Transportation department	440,055,135	39,750,182	9,773,007	5,983,274	483,595,050
Inspections department	917,759	-	-	66,463	851,296
Community services department	8,318	-	-	-	8,318
Total community development services	462,338,106	40,707,426	10,268,621	10,875,876	502,438,277
Public safety:					
Emergency communications	1,481,450	298,352	-	-	1,779,802
Police department	8,681,870	773,294	21,526	227,424	9,249,266
Fire department	18,282,789	277,090	-	111,423	18,448,456
Total public safety	28,446,109	1,348,736	21,526	338,847	29,477,524
Solid waste services:	10,728,505	22,887	487,477	885,165	10,353,704
Leisure services:					
Convention Center and					
Memorial Auditorium	93,034,084	2,070,144	179,521	-	95,283,749
Walnut Creek Amphitheater	15,145,659	-	-	-	15,145,659
Parks and recreation department	123,515,697	6,639,371	1,650,018	365,612	131,439,474
Visitors and convention bureau	1,314,879	-	-	-	1,314,879
Total leisure services	233,010,319	8,709,515	1,829,539	365,612	243,183,761
Construction in progress	14,907,504	14,111,179	(12,140,978)	-	16,877,705
Total capital assets	\$ 753,219,132	\$ 65,676,761	\$ -	\$ 12,538,080	\$ 806,357,813

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in certain internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

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.



OTHER SCHEDULES



City of Raleigh

**SCHEDULE OF LONG-TERM OBLIGATION MATURITIES
AND DEBT SERVICE REQUIREMENTS
June 30, 2002**

Maturities on all long-term obligations are:

Fiscal Year Ended June 30	Enterprise					
	Water and Sewer		Parking Facilities		Mass Transit	
	Principal	Interest	Principal	Interest	Principal	Interest
General Obligation Bonded Debt:						
2003	\$ 3,555,000	\$ 1,488,785	\$ 775,000	\$ 461,150	\$ -	\$ -
2004	3,360,000	1,324,280	785,000	426,413	-	-
2005	3,320,000	1,169,073	775,000	391,250	-	-
2006	3,300,000	1,001,043	770,000	353,700	-	-
2007	2,980,000	834,003	770,000	316,400	-	-
2008-2012	9,165,000	2,350,464	3,105,000	1,083,550	-	-
2013-2017	4,020,000	508,322	2,670,000	288,400	-	-
2018-2021	-	-	-	-	-	-
Total General Obligation Bonded Debt	29,700,000	8,675,970	9,650,000	3,320,863	-	-
Revenue Bonds:						
2003	2,145,000	3,681,116	-	-	-	-
2004	2,235,000	3,592,931	-	-	-	-
2005	2,325,000	3,499,706	-	-	-	-
2006	2,420,000	3,401,043	-	-	-	-
2007	2,535,000	3,290,693	-	-	-	-
2008-2012	14,560,000	14,580,242	-	-	-	-
2013-2017	18,410,000	10,719,599	-	-	-	-
2018-2022	23,525,000	5,611,000	-	-	-	-
2023-2026	8,485,000	886,588	-	-	-	-
Total Revenue Bonded Debt	76,640,000	49,262,918	-	-	-	-
Other Long-Term Obligations:						
Installment Financing Agreement:						
2003	1,413,051	598,823	-	-	-	-
2004	1,413,051	552,944	-	-	-	-
2005	1,413,051	507,014	-	-	-	-
2006	1,413,051	460,157	-	-	-	-
2007	1,413,051	414,080	-	-	-	-
2008-2012	5,985,194	1,377,267	-	-	-	-
2013-2017	3,815,253	465,050	-	-	-	-
2018-2020	893,050	37,482	-	-	-	-
	17,758,752	4,412,817	-	-	-	-
Other Installment Obligations:						
2003	-	-	1,028,249	794,501	-	-
2004	-	-	1,014,004	739,563	-	-
2005	-	-	1,038,624	684,303	-	-
2006	-	-	1,058,498	627,880	-	-
2007	-	-	1,088,641	569,939	-	-
2008-2012	-	-	5,394,066	1,959,629	-	-
2013-2017	-	-	2,760,000	887,490	-	-
2018-2021	-	-	2,180,000	217,680	-	-
	-	-	15,562,082	6,480,985	-	-

<u>General Governmental</u>		<u>Internal Service</u>		<u>Total</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 9,705,000	\$ 5,102,197	\$ -	\$ -	\$ 14,035,000	\$ 7,052,132
9,185,000	4,639,077	-	-	13,330,000	6,389,770
9,210,000	4,196,427	-	-	13,305,000	5,756,750
9,145,000	3,733,783	-	-	13,215,000	5,088,526
9,170,000	3,274,128	-	-	12,920,000	4,424,531
33,845,000	10,112,505	-	-	46,115,000	13,546,519
19,230,000	3,368,008	-	-	25,920,000	4,164,730
3,200,000	360,100	-	-	3,200,000	360,100
<u>102,690,000</u>	<u>34,786,225</u>	<u>-</u>	<u>-</u>	<u>142,040,000</u>	<u>46,783,058</u>
-	-	-	-	2,145,000	3,681,116
-	-	-	-	2,235,000	3,592,931
-	-	-	-	2,325,000	3,499,706
-	-	-	-	2,420,000	3,401,043
-	-	-	-	2,535,000	3,290,693
-	-	-	-	14,560,000	14,580,242
-	-	-	-	18,410,000	10,719,599
-	-	-	-	23,525,000	5,611,000
-	-	-	-	8,485,000	886,588
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,640,000</u>	<u>49,262,918</u>
441,029	543,539	6,035,000	735,885	7,889,080	1,878,247
469,706	514,861	6,320,000	453,030	8,202,757	1,520,835
500,249	484,319	3,090,000	239,750	5,003,300	1,231,083
532,777	451,791	3,250,000	81,250	5,195,828	993,198
567,420	417,148	-	-	1,980,471	831,228
3,440,923	1,481,916	-	-	9,426,117	2,859,183
2,649,210	304,494	-	-	6,464,463	769,544
-	-	-	-	893,050	37,482
<u>8,601,314</u>	<u>4,198,068</u>	<u>18,695,000</u>	<u>1,509,915</u>	<u>45,055,066</u>	<u>10,120,800</u>
478,217	108,282	-	-	1,506,466	902,783
290,785	87,085	-	-	1,304,789	826,648
297,757	69,843	-	-	1,336,381	754,146
20,607	55,936	-	-	1,079,105	683,816
21,344	55,199	-	-	1,109,985	625,138
176,289	206,425	-	-	5,570,355	2,166,054
156,868	34,489	-	-	2,916,868	921,979
-	-	-	-	2,180,000	217,680
<u>1,441,867</u>	<u>617,259</u>	<u>-</u>	<u>-</u>	<u>17,003,949</u>	<u>7,098,244</u>

continued

City of Raleigh

**SCHEDULE OF LONG-TERM OBLIGATION MATURITIES
AND DEBT SERVICE REQUIREMENTS
June 30, 2002**

Maturities on all long-term obligations are:

	Enterprise					
	Water and Sewer		Parking Facilities		Mass Transit	
<u>Other Long-Term Obligations:</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
(Continued):						
Other:						
Reimbursement Contracts	\$ 52,448	\$ (1) \$ -	\$ -	\$ -	\$ -	\$ -
Earned Vacation Pay	981,471	(2)	8,424		35,303	
Landfill Closure and Postclosure Costs	-	-	-	-	-	-
	<u>1,033,919</u>	<u>-</u>	<u>8,424</u>	<u>-</u>	<u>35,303</u>	<u>-</u>
Total Other Long-Term Obligations	<u>18,792,671</u>	<u>4,412,817</u>	<u>15,570,506</u>	<u>6,480,985</u>	<u>35,303</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 125,132,671</u>	<u>\$ 62,351,705</u>	<u>\$ 25,220,506</u>	<u>\$ 9,801,848</u>	<u>\$ 35,303</u>	<u>\$ -</u>

Notes:

- (1) Interest to be paid in future periods not determinable in advance.
- (2) Interest not applicable.

<u>General Governmental</u>		<u>Internal Service</u>		<u>Total</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 3,493	\$ (1)	\$ -	\$ -	\$ 55,941	\$ - (1)
11,212,870	(2)	8,450		12,246,518	- (2)
<u>3,178,852</u>		<u>-</u>	<u>-</u>	<u>3,178,852</u>	<u>-</u>
<u>14,395,215</u>	<u>-</u>	<u>8,450</u>	<u>-</u>	<u>15,481,311</u>	<u>-</u>
<u>24,438,396</u>	<u>4,815,327</u>	<u>18,703,450</u>	<u>1,509,915</u>	<u>77,540,326</u>	<u>17,219,044</u>
<u>\$ 127,128,396</u>	<u>\$ 39,601,552</u>	<u>\$ 18,703,450</u>	<u>\$ 1,509,915</u>	<u>\$ 296,220,326</u>	<u>\$ 113,265,020</u>

City of Raleigh

SCHEDULE OF GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS For the Fiscal Year Ended June 30, 2002

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2001</u>	<u>Issued During Year</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>				
Housing - Series 1991	6.00 - 6.50%	12/1/91	\$ 1,650,000	\$ -
Street/Sidewalk - Series 1992	6.1	4/1/92	550,000	-
Housing - Series 1992B Taxable	8.20 - 8.25	4/1/92	1,350,000	-
G. O. Refunding 1993	4.70 - 5.00	5/1/93	17,390,000	-
Parks/Recreation - Series 1993	5.10 - 5.25	5/1/93	2,280,000	-
Housing - Series 1993	5.10 - 5.25	5/1/93	720,000	-
Street/Sidewalk - Series 1994	5.40	9/1/94	800,000	-
Housing - Series 1994B Taxable	7.75 - 8.00	9/1/94	2,250,000	-
Parks - Series 1996	5.20 - 5.30	6/1/96	22,685,000	-
Housing - Series 1996	5.40 - 5.75	6/1/96	1,725,000	-
Fire Station - Series 1996	5.20 - 5.30	6/1/96	1,620,000	-
Public Improvement Refunding - Series 1997	4.25 - 5.00	10/1/97	19,595,000	-
Housing - Series 1997	6.70	10/1/97	3,470,000	-
G. O. Refunding - Series 1998	3.50 - 4.20	12/1/98	5,950,000	-
Street Improvement - Series 1998	4.30 - 4.40	12/1/98	20,100,000	-
Public Improvement - Series 2002	4.00 - 5.00	6/1/02	-	9,700,000
Total General Obligation Bonded Debt			<u>102,135,000</u>	<u>9,700,000</u>
<u>OTHER GENERAL GOVERNMENTAL LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreement			9,015,417	-
Other Installment Obligations			2,086,586	100,165
Reimbursement Contracts - Streets			3,843	-
Earned Vacation Pay			10,332,311	7,977,698
Landfill Closure and Postclosure Costs			<u>3,297,200</u>	<u>72,538</u>
Total Other General Governmental Long - Term Obligations			<u>24,735,357</u>	<u>8,150,401</u>
Total General Governmental Long -Term Obligations			<u>\$ 126,870,357</u>	<u>\$ 17,850,401</u>

Notes:

- (1) The amount of vacation pay to be paid in any fiscal year cannot be determined. We have estimated the amount due for 2002-03 as the amount paid for 2001-02.

<u>Payments During Fiscal 2001-02</u>		<u>Principal Balance June 30, 2002</u>	<u>Due Fiscal 2002-2003</u>		
<u>Principal</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 150,000	\$ 104,250	\$ 1,500,000	\$ 150,000	\$ 95,250	\$ 245,250
550,000	33,550	-	-	-	-
100,000	110,875	1,250,000	100,000	102,675	202,675
2,810,000	853,340	14,580,000	2,805,000	721,270	3,526,270
190,000	117,610	2,090,000	190,000	107,920	297,920
60,000	37,140	660,000	60,000	34,080	94,080
225,000	43,200	575,000	275,000	31,050	306,050
125,000	176,412	2,125,000	150,000	166,725	316,725
1,495,000	1,186,485	21,190,000	1,500,000	1,108,745	2,608,745
115,000	95,392	1,610,000	115,000	89,182	204,182
105,000	84,735	1,515,000	105,000	79,275	184,275
1,855,000	926,763	17,740,000	2,570,000	847,925	3,417,925
150,000	232,490	3,320,000	150,000	222,440	372,440
265,000	236,585	5,685,000	285,000	227,310	512,310
950,000	870,250	19,150,000	950,000	829,400	1,779,400
-	-	9,700,000	300,000	438,950	738,950
<u>9,145,000</u>	<u>5,109,077</u>	<u>102,690,000</u>	<u>9,705,000</u>	<u>5,102,197</u>	<u>14,807,197</u>
414,103	570,465	8,601,314	441,029	543,539	984,568
744,884	131,224	1,441,867	478,216	108,282	586,498
350	70	3,493	559	140	699
7,097,139	-	11,212,870	7,097,139 (1)	-	7,097,139
190,886	-	3,178,852	-	-	-
<u>8,447,362</u>	<u>701,759</u>	<u>24,438,396</u>	<u>8,016,943</u>	<u>651,961</u>	<u>8,668,904</u>
<u>\$ 17,592,362</u>	<u>\$ 5,810,836</u>	<u>\$ 127,128,396</u>	<u>\$ 17,721,943</u>	<u>\$ 5,754,158</u>	<u>\$ 23,476,101</u>

City of Raleigh

**SCHEDULE OF ENTERPRISE LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2002**

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2001</u>	<u>Issued During Year</u>
<u>WATER AND SEWER</u>				
<u>GENERAL OBLIGATION BONDS PAYABLE</u>				
Sanitary Sewer Series 1992	6.10	4/1/92	\$ 750,000	\$ -
Water Refunding 1993	4.70 & 4.80	5/1/93	685,000	-
Sewer Refunding 1993	4.70 - 5.00	5/1/93	1,540,000	-
Sanitary Sewer - Series 1993	5.10 - 5.25	5/1/93	2,500,000	-
Water Series 1996	5.20 - 5.30	6/1/96	8,665,000	-
Sanitary Sewer Series 1996	5.20 - 5.30	6/1/96	5,175,000	-
Sanitary Sewer Refunding, Series 1997	4.25 - 5.00	10/1/97	14,385,000	-
Total Water and Sewer General Obligation Debt			<u>33,700,000</u>	<u>-</u>
<u>REVENUE BONDS PAYABLE</u>				
Water/Sewer, Series 1996	4.20 - 5.25	12/01/96	34,215,000	-
Water/Sewer, Series 1999	4.00-4.75	1/1/99	21,720,000	-
Water/Sewer, Series 2001	3.50-5.25	1/1/01	22,670,000	-
Total Water and Sewer Revenue Debt			<u>78,605,000</u>	<u>-</u>
<u>OTHER WATER AND SEWER LONG-TERM OBLIGATIONS</u>				
Installment Financing Agreement			17,956,576	1,215,227
Reimbursement Contracts - Water and Sewer Lines			56,496	1,714
Earned Vacation Pay			894,530	804,615
Total Other Water and Sewer Long-Term Obligations			<u>18,907,602</u>	<u>2,021,556</u>
Total Water and Sewer Long-Term Obligations			<u>131,212,602</u>	<u>2,021,556</u>
<u>PARKING FACILITIES FUND</u>				
Parking Facilities Refunding 1993	4.70	5/1/93	260,000	-
Parking Facilities Refunding 1997	4.25-5.00	10/1/97	2,850,000	-
Parking Facilities Series 1997	4.70-5.00	10/1/97	7,470,000	-
Total Parking Facilities General Obligation Bonded Debt			<u>10,580,000</u>	<u>-</u>
<u>OTHER PARKING FACILITIES LONG-TERM OBLIGATIONS</u>				
Other Installment Obligations			16,050,981	-
Earned Vacation Pay			8,992	7,964
Total Other Parking Facilities Long-Term Obligations			<u>16,059,973</u>	<u>7,964</u>
Total Parking Facilities Long-Term Obligations			<u>26,639,973</u>	<u>7,964</u>
<u>OTHER ENTERPRISE LONG-TERM OBLIGATIONS</u>				
Mass Transit Earned Vacation Pay			33,580	22,065
Total Enterprise Long-Term Obligations			<u>\$ 157,886,155</u>	<u>\$ 2,051,585</u>

NOTE:

(1) The amount of vacation pay to be paid in any fiscal year cannot be determined. We have estimated the amount due for 2002-03 as the amount paid for 2001-02.

Payments During Fiscal 2001-02		Principal Balance June 30, 2002	Due Fiscal 2002-03		
Principal	Interest		Principal	Interest	Total
\$ 750,000	\$ 45,750	\$ -	\$ -	\$ -	\$ -
450,000	32,430	235,000	235,000	11,280	246,280
320,000	75,100	1,220,000	315,000	60,060	375,060
200,000	129,050	2,300,000	200,000	118,850	318,850
570,000	453,210	8,095,000	570,000	423,570	993,570
345,000	270,652	4,830,000	345,000	252,712	597,712
1,365,000	680,326	13,020,000	1,890,000	622,313	2,512,313
<u>4,000,000</u>	<u>1,686,518</u>	<u>29,700,000</u>	<u>3,555,000</u>	<u>1,488,785</u>	<u>5,043,785</u>
965,000	1,741,008	33,250,000	1,005,000	1,699,513	2,704,513
570,000	987,224	21,150,000	595,000	964,424	1,559,424
430,000	1,204,267	22,240,000	545,000	1,017,178	1,562,178
<u>1,965,000</u>	<u>3,932,499</u>	<u>76,640,000</u>	<u>2,145,000</u>	<u>3,681,115</u>	<u>5,826,115</u>
1,413,051	745,739	17,758,752	1,413,051	598,823	2,011,874
5,762	1,844	52,448	5,762	1,613	7,375
717,674	-	981,471	717,674 (1)	-	717,674
<u>2,136,487</u>	<u>747,583</u>	<u>18,792,671</u>	<u>2,136,487</u>	<u>600,436</u>	<u>2,736,923</u>
<u>8,101,487</u>	<u>6,366,600</u>	<u>125,132,671</u>	<u>7,836,487</u>	<u>5,770,336</u>	<u>13,606,823</u>
260,000	12,220	-	-	-	-
270,000	134,776	2,580,000	375,000	123,301	498,301
400,000	356,650	7,070,000	400,000	337,850	737,850
<u>930,000</u>	<u>503,646</u>	<u>9,650,000</u>	<u>775,000</u>	<u>461,151</u>	<u>1,236,151</u>
488,899	492,291	15,562,082	1,028,249	794,501	1,822,750
8,532	-	8,424	8,532 (1)	-	8,532
<u>497,431</u>	<u>492,291</u>	<u>15,570,506</u>	<u>1,036,781</u>	<u>794,501</u>	<u>1,831,282</u>
<u>1,427,431</u>	<u>995,937</u>	<u>25,220,506</u>	<u>1,811,781</u>	<u>1,255,652</u>	<u>3,067,433</u>
20,342	-	35,303	20,342 (1)	-	20,342
<u>\$ 9,549,260</u>	<u>\$ 7,362,537</u>	<u>\$ 150,388,480</u>	<u>\$ 9,668,610</u>	<u>\$ 7,025,988</u>	<u>\$ 16,694,598</u>

City of Raleigh

**SCHEDULE OF INTERNAL SERVICE LONG-TERM OBLIGATIONS
For the Fiscal Year Ended June 30, 2002**

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Principal Balance June 30, 2001</u>	<u>Issued During Year</u>
<u>EQUIPMENT INTERNAL SERVICE LONG-TERM OBLIGATIONS PAYABLE</u>				
<u>CERTIFICATES OF PARTICIPATION</u>				
Equipment Acquisition Project, Series 1999	3.70 - 4.75%	2/1/99	\$ 9,735,000	\$ -
Equipment Acquisition Project, Series 2001	5.00	5/1/01	14,735,000	-
Total Certificates of Participation			<u>24,470,000</u>	<u>-</u>
<u>OTHER INTERNAL SERVICE LONG-TERM OBLIGATIONS</u>				
Earned Vacation Pay			<u>8,697</u>	<u>6,148</u>
Total Internal Service Long-Term Obligations			<u>\$ 24,478,697</u>	<u>\$ 6,148</u>

(1) The amount of vacation pay to be paid in any fiscal year cannot be determined. We have estimated the amount due for 2002-03 as the amount paid for 2001-02.

<u>Payments During Fiscal 2001-02</u>		<u>Principal Balance June 30, 2002</u>	<u>Due Fiscal 2002-2003</u>		
<u>Principal</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 3,115,000	\$ 331,915	\$ 6,620,000	\$ 3,240,000	\$ 202,010	\$ 3,442,010
2,660,000	731,646	12,075,000	2,795,000	533,875	3,328,875
<u>5,775,000</u>	<u>1,063,561</u>	<u>18,695,000</u>	<u>6,035,000</u>	<u>735,885</u>	<u>6,770,885</u>
6,395	-	8,450	6,395 (1)	-	6,395
<u>\$ 5,781,395</u>	<u>\$ 1,063,561</u>	<u>\$ 18,703,450</u>	<u>\$ 6,041,395</u>	<u>\$ 735,885</u>	<u>\$ 6,777,280</u>

The *Statistical Data Section* includes schedules illustrating ten-year financial trends as extracted from current and prior years' financial reports and other supplemental information relevant to the City. The statistical schedules reflect social and economic data, financial trends and the fiscal capacity of the City.



STATISTICAL DATA



City of Raleigh

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Government	Community Development Services	Public Safety	Solid Waste Services	Leisure Services
1993	\$ 18,226,912	\$ 13,534,077	\$ 36,298,701	\$ 17,480,779	\$ 16,356,389
1994	19,328,657	13,652,967	38,960,112	18,216,235	16,641,571
1995	22,181,545	13,792,704	41,619,630	17,404,673	16,970,524
1996	21,701,934	14,167,569	43,388,108	15,665,908	16,982,862
1997	20,216,000	19,176,013	45,863,280	11,435,616	19,272,951
1998	20,538,153	20,658,941	48,247,344	11,904,960	21,236,612
1999	22,918,190	22,868,372	51,791,043	13,051,569	22,592,751
2000	18,985,829	43,927,047	70,352,893	14,824,339	27,339,358
2001	20,784,677	39,993,456	78,845,334	16,546,626	29,339,006
2002	21,467,743	37,531,139	84,400,320	17,337,397	31,979,123

Notes:

Includes general and special revenue funds. Total general governmental expenditures, including general capital projects funds expenditures, are \$256,732,120. Administrative costs charged to water and sewer are netted as general governmental expenditures.

<u>Economic Development Programs</u>	<u>Capital Outlay</u>	<u>Other</u>	<u>Debt Service</u>	<u>Total</u>
\$ 5,476,632	\$ 6,015,448	\$ 7,745,556	\$ 13,517,591	\$ 134,652,085
5,971,137	2,694,430	8,007,420	10,014,820	133,487,349
4,983,575	4,945,475	9,117,108	12,814,525	143,829,759
5,713,480	3,519,683	9,632,728	13,546,770	144,319,042
4,703,696	5,394,032	11,309,649	15,369,248	152,740,485
6,306,902	9,072,095	13,111,538	15,115,850	166,192,395
7,318,542	8,386,231	19,014,798	16,574,892	184,516,388
2,924,159	3,966,482	915,153	17,851,456	201,086,716
3,129,912	4,163,264	105,154	16,020,825	208,928,254
2,314,517	863,664	185,766	15,984,039	212,063,708

City of Raleigh

**GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year Ended <u>June 30</u>	Ad Valorem <u>Taxes</u>	Inter- <u>governmental</u>	Local <u>Sales Tax</u>	Occupancy and Prepared <u>Food Taxes</u> (1)
1993	\$ 73,340,093	\$ 27,315,400	\$ 23,224,583	\$ 3,512,749
1994	76,348,271	27,353,974	25,798,941	5,712,064
1995	73,379,634	29,912,567	28,581,353	6,262,027
1996	73,621,764	28,293,141	31,495,957	6,411,689
1997	76,774,058	37,723,969	34,202,089	7,656,827
1998	81,724,633	35,370,460	36,521,239	-
1999	83,734,150	34,703,909	39,303,692	-
2000	88,300,818	46,402,263	40,598,796	-
2001	96,360,232	41,135,536	42,521,655	-
2002	102,133,580	29,608,048	24,105,733	-

Notes:

Includes general and special revenue funds. Total general governmental revenues, including general capital projects funds revenues, are \$226,362,747.

(1) Elimination of revenues reflects an accounting change resulting from enabling state legislation effective July 1, 1997.

<u>Licenses and Fees</u>	<u>Interest on Investments</u>	<u>Fines, Forfeits, and Penalties</u>	<u>Other</u>	<u>Total</u>
\$ 7,352,667	\$ 3,097,653	\$ 1,113,321	\$ 14,341,794	\$ 153,298,260
8,578,838	2,960,373	1,125,395	14,873,572	162,751,428
9,029,053	6,047,180	1,336,452	17,922,379	172,470,645
10,420,034	7,238,544	1,261,652	18,717,637	177,460,418
10,175,922	6,195,445	886,475	19,022,480	192,637,265
11,443,526	6,868,701	1,200,984	20,575,685	193,705,228
13,366,809	5,735,594	1,205,984	20,783,676	198,833,814
14,050,839	6,433,920	1,039,135	21,820,395	218,646,166
15,673,942	8,798,810	673,443	22,630,742	227,794,360
15,438,638	3,998,582	694,113	38,926,823	214,905,517

City of Raleigh

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

<u>Fiscal Year Ended June 30</u>	<u>Year of Levy</u>	<u>Gross Levy</u>	<u>Gross Collected Current</u>	<u>Percent Collected Current</u>	<u>Collected Prior Levies</u>	<u>Total Collected</u>	<u>Percent Total Collected to Current Levy</u>
1993	1992	\$ 73,962,313	\$ 72,761,523	98.38%	\$ 1,179,294	\$ 73,940,817	99.97%
1994	1993	78,150,735	76,537,372	97.94	911,856	77,449,228	99.10
1995	1994	74,406,900	72,913,205	97.99	1,333,142	74,246,347	99.78
1996	1995	74,331,409	72,780,759	97.91	1,179,305	73,960,064	99.50
1997	1996	77,914,252	76,050,012	97.61	1,379,623	77,429,635	99.38
1998	1997	82,601,696	80,681,394	97.68	1,535,949	82,217,343	99.53
1999	1998	84,575,694	82,599,104	97.66	1,688,929	84,288,033	99.66
2000	1999	89,412,222	87,244,673	97.58	1,678,845	88,923,518	99.45
2001	2000	98,015,562	95,868,328	97.81	1,830,027	97,698,355	99.68
2002	2001	103,396,486	101,218,246	97.89	1,807,735	103,025,981	99.64
						(1)	

Notes:

(1) Reconciliation to revenues collected:

Total collected as per above	\$ 103,025,981
Tax penalties collected	359,092
Rebates	<u>(1,251,493)</u>
Ad valorem taxes collected per general fund financial statements	<u>\$ 102,133,580</u>

City of Raleigh

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

Fiscal Year Ended June 30	Real Property	Personal Property	Corporate Excess	Total
1993	\$ 9,654,235,765	\$ 1,784,875,880	\$ 453,350,706	\$ 11,892,462,351 *
1994	9,965,608,365	2,276,514,443	484,129,799	12,726,252,607
1995	10,089,010,167	2,356,274,039	455,511,391	12,900,795,597
1996	10,496,369,079	2,608,227,774	463,186,753	13,567,783,606
1997	10,991,596,569	3,022,687,489	421,726,911	14,436,010,969
1998	11,490,116,461	3,385,081,770	453,243,053	15,328,441,284
1999	12,002,015,510	3,638,218,459	428,245,202	16,068,479,171
2000	12,609,958,034	3,800,597,785	597,704,468	17,008,260,287
2001	20,745,733,139	4,161,172,981	722,269,639	25,629,175,759 *
2002	22,285,320,675	4,257,693,284	817,311,860	27,360,325,819

Notes:

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.

*Increase due to revaluation of property every eight years.

CITY OF RALEIGH

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

Fiscal Year Ended June 30	City Rate	Wake County Rate	Total
1993 (1)	\$.6175	\$.6600	\$ 1.2775
1994	.6175	.7600	1.3775
1995	.5725	.7600	1.3325
1996	.5440	.6300	1.1740
1997	.5375	.6300	1.1675
1998	.5375	.6300	1.1675
1999	.5250	.6300	1.1550
2000	.5250	.7300	1.2550
2001 (1)	.3850	.5640	.9490
2002	.3850	.5640	.9490

Notes:

(1) Tax rate decrease due to revaluation.

Other Tax Data:

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

There is a State statutory tax rate 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.

City of Raleigh

COMPARISON OF CITY OF RALEIGH AND WAKE COUNTY ASSESSED VALUES LAST TEN FISCAL YEARS

Fiscal Year Ended <u>June 30</u>	<u>Assessed Value</u>		Ratio of City to County
	<u>City of Raleigh</u>	<u>Wake County</u>	
1993	\$ 11,892,462,351	\$ 27,571,053,521	43.13%
1994	12,726,252,607	29,288,817,583	43.45
1995	12,900,795,597	30,205,217,044	42.71
1996	13,567,783,606	33,695,988,760	40.27
1997	14,436,010,969	34,337,422,702	42.04
1998	15,328,441,284	36,715,051,446	41.75
1999	16,068,479,171	41,132,691,825	39.06
2000	17,008,260,287	41,458,793,931	41.02
2001	25,629,175,759	59,525,494,337	43.06
2002	27,360,325,819	63,367,829,910	43.18

City of Raleigh

**ANALYSIS OF CURRENT TAX LEVY
CITY - WIDE LEVY
For the Fiscal Year Ended June 30, 2002**

	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	\$ 26,374,653,779	\$.3850	\$ 99,393,188	\$ 93,206,178	\$ 6,187,010
Registered motor vehicles taxed at prior year's rate	877,722,286	.3850	3,306,142	-	3,306,142
Total	<u>27,252,376,065</u>		<u>102,699,330</u>	<u>93,206,178</u>	<u>9,493,152</u>
Discoveries:					
Current year taxes	-	.3850	-	-	-
Prior years' taxes	75,917,405	(1)	272,820	266,013	6,807
Total	<u>75,917,405</u>		<u>272,820</u>	<u>266,013</u>	<u>6,807</u>
City billed	<u>32,032,349</u>	(2)	<u>44,465</u>	<u>44,465</u>	<u>-</u>
Total property valuation	<u>\$ 27,360,325,819</u>				
Deferred			232,372	232,372	-
Penalty			147,499	147,499	-
Rebates			(953,182)	(778,354)	(174,828)
Net levy			102,443,304	93,118,173	9,325,131
Uncollected taxes at June 30,2002			(2,178,240)	(1,069,599)	(1,108,641)
Current year's taxes collected			<u>\$ 100,265,064</u>	<u>\$ 92,048,574</u>	<u>\$ 8,216,490</u>
Current levy collection percentage			<u>97.87%</u>	<u>98.85%</u>	<u>88.11%</u>

Notes:

(1) Taxes levied on discovered properties of prior periods at tax rates applicable to those periods.

(2) Taxes on City billed accounts are based on a per month rate.

City of Raleigh

SCHEDULE OF AD VALOREM TAXES RECEIVABLE June 30, 2002

<u>Fiscal Year Ended June 30</u>	<u>Taxes Receivable June 30, 2001</u>	<u>Additions</u>	<u>Collections and Other Reductions</u>	<u>Taxes Receivable June 30, 2002 (2)</u>
1993 & Prior	\$ 597,418	\$ -	\$ 71,413	\$ 526,005
1994	229,703	-	3,804	225,899
1995	225,437	-	5,890	219,547
1996	261,241	-	10,665	250,576
1997	332,645	-	16,768	315,877
1998	513,481	-	37,754	475,727
1999	558,597	-	60,918	497,679
2000	788,980	-	194,187	594,793
2001	2,147,234	-	1,406,336	740,898
2002	<u>-</u>	<u>103,396,486</u>	<u>101,218,246</u>	<u>2,178,240</u>
 TOTALS	 <u>\$ 5,654,736</u>	 <u>\$ 103,396,486</u>	 <u>\$ 103,025,981</u>	 <u>\$ 6,025,241</u>

(1)

Notes:

(1) Ad valorem taxes receivable only; does not include vehicle tag fee receivable (\$1,564,190).

(2) Reconciliation to revenues collected:

Collections and other reductions per above	\$ 103,025,981
Tax penalties collected	359,092
Tax rebates	(1,186,268)
Taxes written off	<u>(65,225)</u>
Ad valorem taxes collected per general fund financial statements	<u>\$ 102,133,580</u>

City of Raleigh

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Population	Taxable Property Assessed Value	8% Debt Limit
1993	230,418	\$ 11,892,462,351	\$ 951,396,988
1994	237,739	12,726,252,607	1,018,100,209
1995	243,345	12,900,795,597	1,032,063,648
1996	251,609	13,567,783,606	1,085,422,688
1997	266,035	14,436,010,969	1,154,880,878
1998	273,011	15,328,441,284	1,226,275,303
1999	280,132	16,068,479,171	1,285,478,334
2000	286,834	17,008,260,287	1,360,660,823
2001	294,843	25,629,175,759	2,050,334,061
2002	311,053	27,360,325,819	2,188,826,066

Note:

Population data for 2002 is an estimate of the City's Department of Planning. The United States Bureau of Census established the 2000 population as 276,093.

(1) This total includes all general obligation bonded debt. Gross and net per capita debt for governmental activities bonded debt at June 30, 2002 is as follows:

	<u>Gross</u>	<u>Net</u>
General Governmental Bonded Debt	<u>\$ 102,690,000</u>	<u>\$ 102,592,535</u>
Per Capita Bonded Debt	<u>\$ 330</u>	<u>\$ 330</u>

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

	Gross Bonded Debt (1)	Net Bonded Debt (2)	Ratio of Net Bonded Debt to Taxable Property Assessed Value	Per Capita Bonded Debt	
				Gross	Net
\$	154,085,000	\$ 131,835,927	1.1 %	\$ 669	\$ 572
	143,830,000	125,383,182	1.0	605	527
	140,585,000	116,635,000	1.0	578	479
	178,345,000	155,552,072	1.2	709	618
	165,320,000	146,135,332	1.0	621	549
	167,125,000	150,721,154	1.0	612	552
	175,705,000	161,510,684	1.0	627	577
	161,015,000	148,659,070	0.9	561	518
	146,415,000	135,390,452	0.5	497	459
	142,040,000	132,374,118	0.5	457	435

City of Raleigh

STATEMENT OF LEGAL DEBT MARGIN June 30, 2002

Assessed valuation - June 30, 2002		<u>\$ 27,360,325,819</u>
Debt limit - eight (8%) percent of assessed valuation	\$ 2,188,826,066	

Gross Debt

Outstanding general obligation

Bonded debt:

Governmental activities bonds	\$ 102,690,000
Water bonds	8,330,000
Sewer bonds	21,370,000
Parking deck bonds	9,650,000
	<u>142,040,000</u>

General obligation bonds

Authorized not Issued:

Governmental activities	103,000,000
	<u>103,000,000</u>

Other:

Installment financing agreements	26,360,068
Lease purchase and other installment obligations	17,003,949
Equipment fund certificates of participation	18,695,000
Reimbursement contracts - streets	3,493
Reimbursement contracts - water and sewer	52,448
	<u>62,114,958</u>

Gross debt	<u>307,154,958</u>
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Statutory Deductions

Bonded debt included in gross debt incurred for water	8,330,000
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Uncollected special assessments levied for local improvements for which gross debt was incurred to the extent to be applied to the payment of such gross debt	<u>1,335,882</u>
	<u>9,665,882</u>

Net debt	<u>297,489,076</u>
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Legal debt margin		<u>\$ 1,891,336,990</u>
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City of Raleigh

SCHEDULE OF DIRECT AND OVERLAPPING DEBT June 30, 2002

	<u>Bonded Debt</u>	<u>Percentage Applicable to City</u>	<u>City's Share of Debt</u>
Direct Debt - City of Raleigh (1)	\$ 102,690,000	100.00%	\$ 102,690,000
Overlapping Debt: (2)			
Wake County General Improvement Bonds (3)	<u>782,130,000</u>	43.18 (4)	<u>337,723,734</u>
Total Direct and Overlapping Debt	<u><u>\$ 884,820,000</u></u>		<u><u>\$ 440,413,734</u></u>

Notes:

- (1) This total includes only general governmental obligation bonds. Water and sewer bonds and parking facility bonds are not included.
- (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 \$750,695,727 of Wake County School Bonds; but does not include Hospital bonds, as these bonds are payable solely from hospital revenues.
- (4) Percentage of Direct and Overlapping Debt is based on June 30, 2002 Assessed Valuation of County (\$63,367,929,910) as compared to the June 30, 2002 Assessed Valuation of the City of Raleigh (\$27,360,325,819).

City of Raleigh

**RATIO OF ANNUAL GENERAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Principal	Interest	Other Expenses	Total	Total General Expenditures (1)	Ratio of General Debt Service to Total General Expenditures
1993	\$ 5,789,088 (2)	\$ 5,895,816 (2)	10,049	\$ 11,694,953	\$ 134,652,085	8.7 %
1994	3,685,000	4,438,796	6,267	8,130,063	133,487,349	6.1
1995	5,720,000	4,914,256	5,778	10,640,034	143,829,759	7.4
1996	5,730,000	4,868,926	3,775	10,602,701	144,319,042	7.4
1997	5,955,000	6,243,645	4,335	12,202,980	152,740,485	8.0
1998	6,115,000	5,902,046	85,528	12,102,574	166,192,395	7.3
1999	7,890,000	5,980,188	135,667	14,005,855	184,516,388	7.6
2000	8,600,000	5,895,797	76,686	14,572,483	201,086,716	7.2
2001	8,560,000	5,541,353	59,146	14,160,499	208,928,254	6.8
2002	9,145,000	5,109,077	168,682	14,422,759	212,063,708	6.8

Note:

(1) Includes general and special revenue funds.

(2) Includes debt service of \$1,943,521 (\$1,319,088 principal; \$624,433 interest) contributed by city for 1993 advance refunding.

City of Raleigh

SCHEDULE OF REVENUE BOND COVERAGE WATER AND SEWER REVENUE BONDS For the Fiscal Year Ended June 30, 2002

Fiscal Year Ended (1)	Gross Revenues	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3 and 4)			Coverage	Required Coverage
				Principal	Interest	Total		
<u>Parity Debt Service Coverage (3)</u>								
1997	\$ 38,766,974	\$ 24,396,590	\$ 14,370,384	\$ 250,000	\$ 694,376	\$ 944,376	15.21	1.25
1998	42,980,846	28,335,465	14,645,381	1,070,000	2,147,064	3,217,064	4.55	1.25
1999	51,092,288	28,833,598	22,258,690	1,105,000	2,113,547	3,218,547	6.92	1.25
2000	53,442,428	32,760,930	20,681,498	1,135,000	3,232,702	4,367,702	4.74	1.25
2001	57,337,535	36,870,339	20,467,196	1,725,000	3,012,533	4,737,533	4.32	1.25
2002	63,911,622	42,112,440	21,799,182	2,215,000	4,140,667	6,355,667	3.43	1.25
<u>All Water and Sewer Debt Service Coverage (4)</u>								
1997	\$ 38,766,974	\$ 24,396,590	\$ 14,370,384	\$ 6,855,000	\$ 4,034,971	\$ 10,889,971	1.32	1.00
1998	42,980,846	28,335,465	14,645,381	7,385,000	5,040,122	12,425,122	1.18	1.00
1999	51,092,288	28,833,598	22,258,690	6,455,000	4,758,353	11,213,353	1.99	1.00
2000	53,442,428	32,760,930	20,681,498	6,408,051	5,656,737	12,064,788	1.71	1.00
2001	57,337,535	36,870,339	20,467,196	7,093,051	5,279,894	12,372,945	1.65	1.00
2002	63,911,622	42,112,440	21,799,182	7,378,051	6,364,756	13,742,807	1.59	1.00

NOTES:

- (1) The City issued water and sewer revenue bonds December 1, 1996, January 1, 1999 and January 1, 2001.
- (2) Operating expenses are exclusive of depreciation and interest expense.
- (3) Parity debt service includes interest and principal of revenue bonds and certain State loans.
- (4) All water and sewer debt service includes interest and principal of revenue bonds, State loans, and water and sewer general obligation bonds.

City of Raleigh

**SCHEDULE OF ASSESSMENTS RECEIVABLE
LAST TEN FISCAL YEARS**

Fiscal Year Ended <u>June 30</u>	Assessments Receivable Beginning <u>of Period</u>	<u>Billings</u>	<u>Collections and Other Reductions</u>	Assessments Receivable End of <u>Year</u>
1993	\$ 4,109,429	\$ 1,568,328	\$ 1,844,201	\$ 3,833,556
1994	3,833,556	486,357	1,215,376	3,104,537
1995	3,104,537	851,910	1,023,129	2,933,318
1996	2,933,318	1,129,790	1,253,467	2,809,641
1997	2,809,641	119,104	719,060	2,209,685
1998	2,209,685	689,474	777,598	2,121,561
1999	2,121,561	737,730	1,087,819	1,771,472
2000	1,771,472	965,281	864,453	1,872,300
2001	1,872,300	1,816,741	1,313,442	2,375,599
2002	2,375,599	702,429	954,935	2,123,093

Note:

Assessments receivable at June 30, 2002 consists of

Water and sewer assessments receivable	\$ 1,244,263
Other assessments receivable	878,830
Total	<u>\$ 2,123,093</u>

City of Raleigh

INSURANCE COVERAGE

June 30, 2002

<u>TYPE OF POLICY</u>	<u>TYPE OF COVERAGE</u>	<u>LIMITS OF COVERAGE</u>	<u>TERM OF POLICY</u>	<u>ANNUAL PREMIUM</u>
General Property	All Risk: Buildings and Contents	Coverage Limits: \$426,327,000 Deductible Per Occurrence: \$100,000	July 1, 2001 to June 30, 2002	\$155,257
Property - Other	Basic Form	Coverage Limits: \$12,163,000 Deductible Per Occurrence: \$50,000	July 1, 2001 to June 30, 2002	Included Above
Inland Marine: Municipal Equipment; Computer Equipment; Museum Fine Arts; Pool Bubble Cover; Auto Physical Damage	All Risk: Property Damage	Actual Cash Value Less Depreciation; Museum Fine Arts: \$130,000 Deductible Per Occurrence: \$25,000; Pool Cover: \$5,000; Museum Fine Arts: \$500	July 1, 2001 to June 30, 2002	\$20,460
Boiler and Machinery	All Risk: Pressure Vessels, HVAC Systems, Production Equipment	Coverage Limits: \$5,000,000 Deductible Per Occurrence: \$100,000	July 1, 2001 to June 30, 2002	\$14,824
General Liability	Bodily Injury or Property Damage Arising From Premises/Operations and Products	Coverage Limits: \$10,000,000 Deductible Per Occurrence: \$1,000,000	July 1, 2001 to June 30, 2002	\$284,985
Police	Police: Bodily Injury and Property Damage	Coverage Limits: \$10,000,000 Deductible Per Occurrence: \$1,000,000	July 1, 2001 to June 30, 2002	Included Above
Vehicle Liability	City-Owned Vehicles: Bodily Injury and Property Damage	Coverage Limits: \$10,000,000 Deductible Per Occurrence: \$1,000,000	July 1, 2001 to June 30, 2002	Included Above
Physical Damage	Fire Department Vehicles: Comprehensive and Collision	Coverage Limits: \$9,031,086 Deductible Per Occurrence: \$25,000	July 1, 2001 to June 30, 2002	Included Above
Aggregate Stop-Loss	Bodily Injury and Property Damage	Annual Aggregate: \$3,000,000	July 1, 2001 to June 30, 2002	Included Above
Public Officials Liability	All Employees, Council and Boards: Wrongful Acts			Self - Insured
Public Official Blanket Bond	Dishonest or Fraudulent Acts of Employees Handling Money or Property	Coverage Limits: \$500,000 Deductible Per Occurrence: \$1,000	July 1, 2001 to June 30, 2002	\$2,034

City of Raleigh

INSURANCE COVERAGE

June 30, 2002

<u>TYPE OF POLICY</u>	<u>TYPE OF COVERAGE</u>	<u>LIMITS OF COVERAGE</u>	<u>TERM OF POLICY</u>	<u>ANNUAL PREMIUM</u>
Public Official Bond	Tax Collector: City Taxes Finance Director	Coverage Limits: \$150,000	July 1, 2001 to June 30, 2002	\$1,600
Medical Professional Liability	City Nurses	Coverage Limits: \$1,000,000 per person \$3,000,000 per occurrence	July 1, 2001 to June 30, 2002	\$137
Special Program Liability	Grandfather Mountain Recreation Program: Bodily Injury and Property Damage	Coverage Limits: \$1,000,000 annually \$500,000 per occurrence	May 22, 2002 to May 22, 2003	\$500
Money and Securities	Selected Locations Handling Negotiable Funds: Premise and Off-Premise	Coverage Limits Per Location: \$4,100 or \$50,000 Deductible Per Occurrence: \$500 or \$1,000	August 1, 2001 to July 31, 2002	\$3,228
Workers' Compensation	All Employees: All Benefits Allowed by Law	Self-Insured Retention Per Occurrence: \$500,000 Excess Coverage: \$1,000,000 Employers Liability: \$1,000,000	July 1, 2001 to June 30, 2002	\$59,861
Statue	Multi-Peril External Cause	Statue: Deductible: \$1,000	September 1, 2001 to August 31, 2002	\$793

City of Raleigh

DEMOGRAPHIC CHARACTERISTICS LAST TEN FISCAL YEARS

Fiscal Year Ended	Population	Per Capita Income	Unemployment Rate	School Enrollment ADM	Retail Sales (5)	
					(In Billions)	
<u>June 30</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>City</u>	<u>County</u>
1993	230,418	22,818	4.1	69,547	4.051	5.969
1994	237,739	23,907	2.9	72,643	4.395	6.663
1995	243,345	24,852	3.0	76,273	5.019	7.649
1996	251,609	27,069	2.5	80,646	5.493	8.441
1997	266,035	28,758	2.0	85,542	6.119	9.670
1998	273,011	30,525	1.6	89,074	6.437	10.319
1999	280,132	32,054	1.5	92,566	6.914	11.536
2000	286,834	32,537	1.6	94,295	7.026	11.614
2001	294,843	N/A	3.1	97,348	7.524	12.546
2002	311,053	N/A	5.5	101,967	7.012	12.017

Notes:

- (1) The City's Planning Department estimates the 2002 population to be 311,053. The United States Bureau of Census established the 2000 population as 276,093. The nationwide census resulted in a reduction in the City's estimate of population as has been reported in prior years.
- (2) Per capita income for the Raleigh-Durham SMSA.
Data for 2001 and 2002 are not available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis
- (3) Estimated percentage of unemployment in Wake County.
Source: North Carolina Employment Security Commission.
- (4) ADM = Average daily membership - (final ADM). Includes thirteen charter schools.
Source: North Carolina Department of Public Instruction, Statistical Research and Data Center
- (5) Source: North Carolina Department of Revenue,
Sales and Use Tax Division, Tax Research Division

City of Raleigh

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS LAST TEN FISCAL YEARS

Fiscal Year Ended <u>June 30</u>	Property Value (1)	Commercial Construction (2)		Residential Construction (2)		Bank Deposits (3)
		Number of Permits	Value	Number of Permits	Value	
1993	\$ 11,892,462,351	1,056	\$ 146,022,393	3,072	\$ 191,363,360	\$ 3,315,079,000
1994	12,726,252,607	1,171	186,506,086	3,332	253,240,442	3,308,816,000
1995	12,900,795,597	1,185	195,647,516	3,642	294,566,077	3,636,608,000
1996	13,567,783,606	1,349	334,033,422	3,853	354,115,298	3,621,257,000
1997	14,436,010,969	1,322	312,281,711	4,366	321,023,215	3,771,729,000
1998	15,328,441,284	1,409	408,385,493	4,380	354,301,654	4,074,241,000
1999	16,068,479,171	1,662	497,648,410	5,507	627,106,349	4,528,758,000
2000	17,008,260,287	1,522	497,664,132	5,067	652,441,455	6,832,513,000
2001	25,629,175,759	1,621	583,051,394	5,924	733,566,327	7,829,170,000
2002	27,360,325,819	1,257	423,679,211	6,244	544,853,112	N/A

Notes:

- (1) Source: Wake County
- (2) Source: City of Raleigh Inspections Department. All figures include governmental construction.
- (3) "Bank Deposits" include deposits with savings and loans (and exclude credit unions) for the combined Raleigh and Wake County area. Data for 2002 is not available. Source: North Carolina State Banking Commission.

City of Raleigh

PRINCIPAL TAXPAYERS

June 30, 2002

<u>Company</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Carolina Power and Light Company	Utility	\$ 295,699,574	1.08%
Bellsouth Telephone and Telegraph Company	Utility	178,465,559	0.65
CVM Associates	Real estate	170,805,503	0.62
Highwoods Realty, Limited Partnership	Real estate	140,577,622	0.51
UDRT of North Carolina, LLC	Real estate	119,967,736	0.44
Prudential Insurance Co. of America	Insurance	84,966,982	0.31
Capital Center Acquisition, LLC	Real estate	69,327,905	0.25
Wakefield Commercial, LLC	Land development	66,065,851	0.24
ALCATEL USA Sourcing, LP	Electronics	59,178,663	0.22
First Union National Bank of NC	Banking/real estate	<u>55,962,003</u>	<u>0.20</u>
		<u>\$ 1,241,017,398</u>	<u>4.52%</u>

Note:

Above assessed valuations are as of January 1, 2001 and the associated tax levies were due in the fiscal year ended June 30, 2002.

City of Raleigh

MISCELLANEOUS STATISTICS

June 30, 2002

Population: 311,053

Date of incorporation: Established 1792 by an act of the North Carolina General Assembly

Form of government: Council/Manager

Area: 124.8 square miles

Miles of streets: 1,067.87

Number of street lights: 29,345

Fire protection:

Number of stations: 24

Number of firemen and officers: 480
(exclusive of volunteer firefighters)

Police protection:

Number of stations: 6 (1) headquarters, (4) sub-stations, (1) training center

Number of policemen and officers: 690

Municipal water department:

Number of consumers: 121,533

Average daily consumption: 47.15 MGD

Miles of water mains: 1,320

Sewers:

Sanitary sewers: 1,424 miles

Average daily flow: 35.61 MGD

Recreation and Parks:

Number of major parks: 58

Total acreage of parkland, open space, greenways and lakes: 7,437

Number of staffed community, arts and special facilities: 48

Neighborhood centers: 10

Park sites: 152

Greenway tracks: 365

Aquatic facilities: 8

Culture:

Number of libraries: 17

Number of volumes: 1,461,504

Employees: 2,964

The ***Single Audit Section*** contains schedules, exhibits and auditor reports reflecting federal, state and local matching participation in various projects and programs of the City as required by *OMB Circular A-133* and the *North Carolina Single Audit Implementation Act*.





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the basic financial statements of the City of Raleigh, North Carolina as of and for the year ended June 30, 2002, and have issued our report thereon dated October 23, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Raleigh's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Raleigh's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the City in a separate letter dated October 23, 2002.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the governing board and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

Cherry, Bekaert & Holland, L.L.P.

Raleigh, North Carolina
October 23, 2002



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Compliance

We have audited the compliance of the City of Raleigh, North Carolina, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2002. The City of Raleigh's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Raleigh's management. Our responsibility is to express an opinion on the City of Raleigh's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Raleigh'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. Our audit does not provide a legal determination on the City of Raleigh compliance with those requirements.

In our opinion, the City of Raleigh complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the City of Raleigh is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Raleigh's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the governing board and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

Cherry, Bekaert + Holland, L.L.P.

Raleigh, North Carolina
October 23, 2002



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Compliance

We have audited the compliance of the City of Raleigh, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2002. The City of Raleigh's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the City of Raleigh's management. Our responsibility is to express an opinion on the City of Raleigh's compliance based on our audit.

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 OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Raleigh'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. Our audit does not provide a legal determination on the City of Raleigh's compliance with those requirements.

In our opinion, the City of Raleigh complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, which is described in the accompanying Schedule of Findings and Questioned Costs as Item 02-1.

Internal Control Over Compliance

The management of the City of Raleigh is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City of Raleigh's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the governing board and federal and state awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

Cherry, Bekaert & Holland, L.L.P.

Raleigh, North Carolina
October 23, 2002

SINGLE AUDIT SCHEDULES



CITY OF RALEIGH

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Grant Award	Expenditures		
				Prior Year	Current Year	Total to Date
EXPENDITURES OF FEDERAL AWARDS:						
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>						
Direct Programs:						
Federal Transit Administration						
Planning Assistance - Section 9	20.507	NC-90-2279	\$ 36,794	\$ 32,965	\$ -	\$ 32,965
Planning Assistance - Section 9	20.507	NC-90-2297	192,764	-	13,587	13,587
Capital Assistance - Section 9	20.507	NC-90-0207	570,117	541,717	978	542,695
Capital Assistance - Section 9	20.507	NC-90-0220	2,277,257	2,052,682	18,124	2,070,806
Capital Assistance - Section 9	20.507	NC-90-0237	2,440,136	2,032,227	124,622	2,156,849
Capital Assistance - Section 9	20.507	NC-90-0256	6,232,233	2,055,485	167,322	2,222,807
Capital Assistance - Section 9	20.507	NC-90-0279	2,838,195	476,316	804,506	1,280,822
Capital Assistance - Section 9	20.507	NC-90-0297	1,662,320	-	501,898	501,898
			<u>16,249,816</u>	<u>7,191,392</u>	<u>1,631,037</u>	<u>8,822,429</u>
Passed-Through N.C. Department of Transportation:						
Federal Transit Administration						
Planning Assistance - Section 8	20.505	PTD 01-08-009	50,688	50,688	-	50,688
Planning Assistance - Section 8	20.505	PTD 02-08-009	58,248	-	58,248	58,248
			<u>108,936</u>	<u>50,688</u>	<u>58,248</u>	<u>108,936</u>
Federal Highway Administration						
Section 104(f) Technical Assistance	20.205	8.54114	429,725	330,326	41,308	371,634
Section 104(f) Technical Assistance	20.205	8.54314	532,825	-	436,375	436,375
			<u>962,550</u>	<u>330,326</u>	<u>477,683</u>	<u>808,009</u>
National Highway Traffic Safety Administration						
Speed Enforcement	20.600	QN01110233	19,150	-	18,556	18,556
Speed Enforcement	20.600	QN021103	10,000	-	8,217	8,217
			<u>29,150</u>	<u>-</u>	<u>26,773</u>	<u>26,773</u>
Total U.S. Department of Transportation			<u>17,350,452</u>	<u>7,572,406</u>	<u>2,193,741</u>	<u>9,766,147</u>
<u>CORPORATION FOR NATIONAL SERVICE</u>						
Direct Programs:						
Foster Grandparents Program	94.011	439-S006/13	243,003	93,003	142,468	235,471
	94.011	439-S006/14	244,003	-	88,832	88,832
			<u>487,006</u>	<u>93,003</u>	<u>231,300</u>	<u>324,303</u>
Retired Senior Volunteers Program	94.002	440-S025/18	53,363	19,534	27,403	46,937
	94.002	440-S025/19	53,363	-	10,707	10,707
			<u>106,726</u>	<u>19,534</u>	<u>38,110</u>	<u>57,644</u>
Total Corporation for National Service			<u>593,732</u>	<u>112,537</u>	<u>269,410</u>	<u>381,947</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>						
Direct Programs:						
Community Development Block Grant Program	14.218	B95MC370009	2,459,000	2,434,710	9,207	2,443,917
	14.218	B96MC370009	2,416,000	2,394,362	-	2,394,362
	14.218	B98MC370009	2,323,000	2,303,397	19,603	2,323,000
	14.218	B99MC370009	2,336,000	2,137,955	149,181	2,287,136
	14.218	B00MC370009	2,365,000	1,316,738	839,404	2,156,142
	14.218	B01MC370009	2,446,000	-	1,117,271	1,117,271
			<u>14,345,000</u>	<u>10,587,162</u>	<u>2,134,666</u>	<u>12,721,828</u>
DRI Grant Program	14.218	B97MU370009	3,002,052	2,813,539	180,329	2,993,868
HOME Grant Program	14.239	M96MC370206	950,000	853,037	5,600	858,637
	14.239	M98MC370206	994,000	949,068	7,455	956,523
	14.239	M99MC370206	1,074,000	838,587	22,157	860,744
	14.239	M00MC370206	1,073,000	264,002	285,110	549,112
	14.239	M01MC370206	1,191,000	-	57,591	57,591
			<u>5,282,000</u>	<u>2,904,694</u>	<u>377,913</u>	<u>3,282,607</u>

Continued

CITY OF RALEIGH

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Grant Award	Expenditures		
				Prior Year	Current Year	Total to Date
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)</u>						
HOPWA Grant Program	14.241	NC19H00F002	\$ 400,000	\$ 221,085	\$ 178,915	\$ 400,000
	14.241	NC19H01F002	449,000	-	449,000	449,000
			<u>849,000</u>	<u>221,085</u>	<u>627,915</u>	<u>849,000</u>
Passed-Through N.C. Department of Commerce:						
Lead Based Paint Removal Program	14.900	97-L-008	150,000	142,347	7,653	150,000
Total U.S. Department of Housing and Urban Development			<u>23,628,052</u>	<u>16,668,827</u>	<u>3,328,476</u>	<u>19,997,303</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>						
Direct Programs:						
Cops Ahead (98)	16.710	95CCWX0055	1,500,000	767,503	594,578	1,362,081
Cops More (00)	16.710	00CLWX0055	102,701	8,006	94,695	102,701
Cops More (01)	16.710	01CLWX0010	685,248	-	327,468	327,468
			<u>2,287,949</u>	<u>775,509</u>	<u>1,016,741</u>	<u>1,792,250</u>
LLE Block Grant Program	16.592	98LBVX3277	562,275	457,924	73,101	531,025
LLE Block Grant Program	16.592	99LBVX7609	547,204	288,897	258,307	547,204
LLE Block Grant Program	16.592	00LBVX1097	498,532	128,111	308,408	436,519
LLE Block Grant Program	16.592	01LBBX3446	540,989	-	329,191	329,191
			<u>2,149,000</u>	<u>874,932</u>	<u>969,007</u>	<u>1,843,939</u>
Weed & Seed Program	16.595	00WSQX0056	175,000	29,698	135,655	165,353
Weed & Seed Program	16.595	01WSQX0092	225,000	-	117,245	117,245
Weed & Seed Program	16.595	N/A	53,161	24,728	11,605	36,333
Weed & Seed Program	16.595	N/A	50,000	-	-	-
			<u>503,161</u>	<u>54,426</u>	<u>264,505</u>	<u>318,931</u>
Total U.S. Department of Justice			<u>4,940,110</u>	<u>1,704,867</u>	<u>2,250,253</u>	<u>3,955,120</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>						
Direct Programs:						
Brownfields Assessment Grant	66.811	BP984864-99-0	200,000	147,495	16,257	163,752
Brownfields Revolving Loans Program	66.811	BL-974320901	1,000,000	-	-	-
			<u>1,200,000</u>	<u>147,495</u>	<u>16,257</u>	<u>163,752</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed-Through N.C. Department of Environment and Natural Resources:						
USFS - "Raleigh Neighborhoods"	10.664	ATB 00-16	10,000	8,804	883	9,687
USFS - "Raleigh Neighborhoods"	10.664	ATB 01-3	10,000	-	-	-
			<u>20,000</u>	<u>8,804</u>	<u>883</u>	<u>9,687</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>						
Passed-Through N.C. Department of Crime Control and Public Safety:						
Disaster Assistance - Hurricane Floyd	83.516	1292-DR-NC	847,646	847,646	16,180	863,826
Disaster Assistance - Winter Storm	83.516	1312-DR-NC	330,421	330,421	-	330,421
			<u>1,178,067</u>	<u>1,178,067</u>	<u>16,180</u>	<u>1,194,247</u>
Flood Mitigation	83.516	HMGP-1134	8,517,815	6,164,467	127,913	6,292,380
Total Federal Emergency Management Agency			<u>9,695,882</u>	<u>7,342,534</u>	<u>144,093</u>	<u>7,486,627</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>						
Direct Programs:						
Southeast Raleigh Business Incubator	11.307	04-19-57005	500,000	500,000	-	500,000

Continued

CITY OF RALEIGH

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Grant Award	Expenditures		
				Prior Year	Current Year	Total to Date
OTHER FEDERAL AWARDS:						
<u>ENVIRONMENTAL PROTECTION AGENCY</u>						
Passed-Through N.C. Department of Environment and Natural Resources:						
Wastewater Treatment Works Loan	66.458	CS37-419-11	\$ 2,750,000	\$ 2,750,000	\$ -	\$ 2,750,000
Wastewater Treatment Works Loan	66.458	CS37-419-12	5,000,000	4,478,958	119,484	4,598,442
			<u>7,750,000</u>	<u>7,228,958</u>	<u>119,484</u>	<u>7,348,442</u>
Total Expenditures of Federal Awards			<u>\$ 65,678,228</u>	<u>\$ 41,286,428</u>	<u>\$ 8,322,597</u>	<u>\$ 49,609,025</u>
EXPENDITURES OF STATE AWARDS:						
<u>N. C. DEPARTMENT OF TRANSPORTATION</u>						
Public Transportation Planning Assistance		PTD 01-09-007	\$ 4,599	\$ 4,121	\$ (4,121)	\$ -
Public Transportation Planning Assistance		PTD 02-09-007	24,095	-	24,095	24,095
Public Transportation Planning Assistance		PTD 01-08-009	6,336	6,336	-	6,336
Public Transportation Planning Assistance		PTD 02-08-009	7,281	-	7,281	7,281
Public Transportation Capital Assistance		PTD 96-09-007	47,882	40,404	(259)	40,145
Public Transportation Capital Assistance		PTD 97-09-007	71,264	67,715	(3)	67,712
Public Transportation Capital Assistance		PTD 98-09-007	146,457	118,385	2,266	120,651
Public Transportation Capital Assistance		PTD 99-09-004	166,817	115,829	15,577	131,406
Public Transportation Capital Assistance		PTD 00-09-007	640,829	118,736	20,915	139,651
Public Transportation Capital Assistance		PTD 01-09-007	189,282	3,384	10,102	13,486
Public Transportation Maintenance Assistance Program - Operating		9.9052140	1,724,399	-	1,724,399	1,724,399
Greenskills Project		E-3800	50,000	5,599	22,430	28,029
St. Alban's Drive		9.8052056	150,000	150,000	-	150,000
Hillsborough Street Feasibility Study		6.401071	100,000	43,300	56,700	100,000
Leesville Road Extension		9.8052061	150,000	-	-	-
Capital Boulevard at Durant Road		9.8052059	125,000	125,000	-	125,000
Duraleigh Road at U.S. 70		9.8052058	150,000	-	-	-
Anderson Point Park RR Crossing		8.1402205	40,000	40,000	17,218	57,218
Rose Lane Bridge		8.2406001	880,000	166,303	537,878	704,181
Intermodal Facility Design Study		-	50,000	45,200	4,080	49,280
Bike Helmet Project		-	2,000	-	2,000	2,000
Bus Bike Rack Grant		E-2913	48,522	-	39,241	39,241
Technology Grant		-	610,020	-	-	0
Powell Bill		-	8,526,429	-	8,957,352	8,957,352
Total N. C. Department of Transportation			<u>13,911,212</u>	<u>1,050,312</u>	<u>11,437,151</u>	<u>12,487,463</u>
<u>N.C. HOUSING FINANCE AGENCY</u>						
Job Training Grant		-	152,000	56,796	106,716	163,512
<u>N. C. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY</u>						
Disaster Assistance - Hurricane Floyd		1292-DR-NC	282,548	282,548	(20,622)	261,926
Disaster Assistance - Winter Storm		1312-DR-NC	110,441	110,441	-	110,441
Flood Mitigation		HMGP-1134	2,839,271	2,054,822	42,638	2,097,460
SARF Flood Mitigation		HMGP-SARF	1,521,619	1,159,011	1,982	1,160,993
Total N. C. Department of Crime Control and Public Safety			<u>4,753,879</u>	<u>3,606,822</u>	<u>23,998</u>	<u>3,630,820</u>
<u>N. C. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES</u>						
Wastewater Collection System Loan #E-SRF-T-0081			550,000	550,000	-	550,000
Wastewater Treatment Works Loan #E-SRF-T-0089			1,000,000	901,440	20,058	921,498
NCCWMTF - Neuse River Trust Acquisition Project		1998-A-104	2,850,000	1,541,719	93,951	1,635,670
Emmissions Reduction Grant		EA200028	218,111	27,233	18,639	45,872
Total N. C. Department of Environment and Natural Resources			<u>4,618,111</u>	<u>3,020,392</u>	<u>132,648</u>	<u>3,153,040</u>
Total Expenditures of State Awards			<u>\$ 23,435,202</u>	<u>\$ 7,734,322</u>	<u>\$ 11,700,513</u>	<u>\$ 19,434,835</u>

Continued

CITY OF RALEIGH

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

GRANTOR/PASSED-THROUGH GRANTOR/GRANTOR PROGRAM AND/OR PROJECT TITLE	Federal CFDA Number	Grant Number	Grant Award	Expenditures		
				Prior Year	Current Year	Total to Date
EXPENDITURES OF OTHER AWARDS:						
<u>WAKE COUNTY</u>						
Special Populations Program			\$ 76,366	\$ -	\$ 76,366	\$ 76,366
Smartstart Program			12,737	-	12,567	12,567
Open Space Program			200,000	13,946	32,288	46,234
Handicap Access Grant			2,600	2,343	257	2,600
Lake Johnson Land Acquisition Grant			350,000	-	-	-
Total Wake County			<u>641,703</u>	<u>16,289</u>	<u>121,478</u>	<u>137,767</u>
<u>TRIANGLE TRANSIT AUTHORITY</u>						
Intermodal Facility Design Study			<u>50,000</u>	<u>45,200</u>	<u>4,080</u>	<u>49,280</u>
Total Expenditures of Other Awards			<u>\$ 691,703</u>	<u>\$ 61,489</u>	<u>\$ 125,558</u>	<u>\$ 187,047</u>
Total Expenditures - All Awards			<u>\$ 89,805,133</u>	<u>\$ 49,082,239</u>	<u>\$ 20,148,668</u>	<u>\$ 69,230,907</u>

Notes:

The Schedule of Expenditures of Federal and State Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

Powell Bill expenditures as reported above represent eligible expenditures reported to the North Carolina Department of Transportation for the fiscal year ending June 30, 2002. 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, 2002 is \$-0-.

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2002

I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Reportable condition(s) 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
- Reportable condition(s) 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: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes X no

Identification of major federal programs:

CFDA Numbers

20.507
20.205
14.218
14.241

Names of Federal Program or Cluster

FTA Section 9
FHWA Section 104(f)
Community Development Block Grant
HOPWA Grant

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ yes X no

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2002

I – Summary of Auditors’ Results (continued)

State Awards

Internal control over major state programs:

- Material weakness(es) identified? _____ yes X no

- Reportable condition(s) 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: *Unqualified.*

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

Identification of major state programs:

Names of State Program or Cluster

Powell Bill
State Maintenance
Rose Lane Bridge

II – Financial Statement Findings

None.

III – Federal Award Findings and Questioned Costs

None.

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2002

IV – State Award Findings and Questioned Costs

NC Department of Transportation

Finding #: 02-1

Program Name: Powell Bill

Criteria – The Powell Bill compliance supplement specifically states that Powell Bill funds cannot be used for the installation of new fire hydrants.

Condition – Based upon the testing of allowable costs and activities Powell Bill funds were used for the assembly and installation of fire hydrants. This finding occurred in one of fifteen invoices tested.

Effect – The City may have to return a portion of the Powell Bill funds used for assembly of the fire hydrants or reallocate additional Powell Bill eligible funds to the Powell Bill report.

Cause – The City did not adequately review the detail of the Powell Bill invoices to determine that all expenses were for eligible costs.

Questioned Costs – Approximately \$10,000.

Recommendation – The City should develop a system of policies and procedures for ensuring that only eligible Powell Bill expenditures are included on the reimbursement reports.

Management Response – Management will evaluate its procedures for determining eligible Powell Bill expenditures and implement the necessary procedures for all future Powell Bill reporting.

CITY OF RALEIGH, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2002

Finding 01-1

Corrected.



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