NEW ISSUE—Book-Entry Only

Ratings: Moody's: Aa2
S&P: AA+
Fitch: AA+
(See "RATINGS" herein)

This Official Statement has been prepared by the City of Raleigh, North Carolina (the "City") to provide information in connection with the sale and issuance of the 2024 Bonds described herein. Selected information is presented on this cover page for the convenience of the user. To make a decision regarding the 2024 Bonds, a prospective investor should read this Official Statement in its entirety. Unless indicated, capitalized terms used on this cover page have the meanings given in this Official Statement.

Raleigh

CITY OF RALEIGH, NORTH CAROLINA

$192,645,000
Limited Obligation Bonds,
Series 2024

Dated: Date of Delivery **Due: As shown on inside cover page**

Tax Treatment	In the opinion of Bond Counsel, under existing law and assuming continuing compliance by the City with certain covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "*Code*"), interest on the 2024 Bonds will not be includable in the gross income of the owners thereof for purposes of federal income taxation and will not be a specific preference item for purposes of the alternative minimum tax imposed by the Code. In the opinion of Bond Counsel, under existing law, interest on the 2024 Bonds will be exempt from all State of North Carolina income taxes. See **"TAX TREATMENT"** herein.
Redemption	The 2024 Bonds are subject to redemption as set forth herein.
Security	See **"SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS"** herein.
Interest Payment Dates	April 1 and October 1, commencing October 1, 2024.
Denominations	$5,000 or any integral multiple thereof.
Closing	On or about July 9, 2024.
Financial Advisor	DEC Associates, Inc.
Bond Counsel	Womble Bond Dickinson (US) LLP
City Attorney	Karen M. McDonald, Esq.
Underwriters' Counsel	Parker Poe Adams & Bernstein LLP.

BOFA SECURITIES

WELLS FARGO SECURITIES **RAMIREZ & CO., INC.**

June 20, 2024

MATURITY SCHEDULE

DUE OCTOBER 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP+	DUE OCTOBER 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP+
2024	$10,265,000	5.00%	3.27%	751120FR2	2032	$20,955,000	5.00%	2.97%	751120FZ4
2025	15,455,000	5.00	3.16	751120FS0	2033	21,550,000	5.00	2.97	751120GA8
2026	16,005,000	5.00	3.07	751120FT8	2034	3,855,000	5.00	2.98	751120GB6
2027	16,665,000	5.00	3.02	751120FU5	2035	2,390,000	5.00	3.01*	751120GC4
2028	17,420,000	5.00	3.01	751120FV3	2036	2,420,000	5.00	3.03*	751120GD2
2029	18,200,000	5.00	2.95	751120FW1	2037	2,435,000	5.00	3.10*	751120GE0
2030	19,760,000	5.00	2.96	751120FX9	2038	2,450,000	5.00	3.12*	751120GF7
2031	20,350,000	5.00	2.96	751120FY7	2039	2,470,000	5.00	3.18*	751120GG5

* Yield to October 1, 2034 call date at 100%.

 CUSIP data herein is provided for convenience of reference only. Neither the City, the Underwriters, nor their agents are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2024 Bonds or as represented above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2024 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2024 Bonds.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation in connection with this offering other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2024 Bonds by any person, in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale.

NEITHER THE 2024 BONDS NOR THE TRUST AGREEMENTS (AS SUCH TERMS ARE DEFINED HEREIN) HAVE BEEN REGISTERED OR QUALIFIED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED AND SECTION 304(a)(4) OF THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE 2024 BONDS OR THE TRUST AGREEMENTS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE 2024 BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2024 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 (as defined herein).

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement, they will be furnished on request.

The Underwriters (as defined herein) have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

CITY OF RALEIGH, NORTH CAROLINA

CITY COUNCIL

Mary-Ann Baldwin .... Mayor

Corey Branch .... Mayor Pro Tem

Stormie Forte

Jonathan Melton

Mary Black

Megan Patton

Jane Harrison

Christina Jones

CITY STAFF

Marchell Adams-David .... City Manager

Allison Bradsher .... Chief Financial Officer

Jennifer Stevens .... Assistant Financial Officer

Dayna Taitt .... Debt Manager

Karen M. McDonald, Esq. .... City Attorney

FINANCIAL ADVISOR

DEC Associates, Inc.
Charlotte, North Carolina

BOND COUNSEL

Womble Bond Dickinson (US) LLP
Raleigh, North Carolina

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CITY OF RALEIGH, NORTH CAROLINA

$192,645,000
Limited Obligation Bonds,
Series 2024

INTRODUCTION

The purpose of this Official Statement, which includes the appendices, is to provide information in connection with the sale and issuance of $192,645,000 in aggregate principal amount of City of Raleigh, North Carolina Limited Obligation Bonds, Series 2024 (the "*2024 Bonds*"). The 2024 Bonds will be issued pursuant to a Trust Agreement, to be dated as of July 1, 2024 (the "*Trust Agreement*") and the First Supplemental Trust Agreement, to be dated as of July 1, 2024 (the "*First Supplement,*" and together with the Trust Agreement, the "*Trust Agreements*"), each between the City of Raleigh, North Carolina (the "*City*") and U.S. Bank National Association, as trustee (the "*Trustee*").

This Introduction provides only certain limited information with respect to the contents of this Official Statement and is expressly qualified by the Official Statement as a whole. Prospective investors should review the full Official Statement and each of the documents summarized or described herein. This Official Statement speaks only as of its date, and the information contained herein is subject to change. Neither the delivery of this Official Statement nor the delivery of the 2024 Bonds shall under any circumstances create any implication that there has been no change in the City's affairs since the date hereof.

AUTHORIZATION

The City is issuing the 2024 Bonds pursuant to the provisions of Section 20 of Chapter 160A of the North Carolina General Statutes and Article 8 of Chapter 159 of the North Carolina General Statutes, each as amended (collectively, the "*Act*"), and certain resolutions of the City Council. Each 2024 Bond will be deemed an "installment contract" under the Act.

In addition, the 2024 Bonds received the required approval of the North Carolina Local Government Commission (the "*LGC*") on May 7, 2024. The LGC is a division of the State Treasurer's office charged with general oversight of local government finance in the State of North Carolina (the "*State*"). Its approval is required for substantially all bond issues and other local government financing arrangements in the State. Before approving an installment financing, the LGC must determine, among other things, that (1) the proposed financing is necessary or expedient, (2) the financing, under the circumstances, is preferable to a general obligation or revenue bond issue for the same purpose, and (3) the sums to fall due under the proposed financing are not excessive for the local government.

THE CITY

The City is a municipal corporation of the State. See **Appendix A** attached hereto for certain information regarding the City. The City's most recent audited basic financial statements are contained in **Appendix B** hereto.

PURPOSE

The proceeds of the 2024 Bonds will be used to (1) refund all or a portion of the City's (i) installment financing agreement obligations to Walnut Creek Financing Assistance Corporation (the "*Corporation*"), which are represented by the Corporation's Variable Rate Certificates of Participation (Downtown Improvements Projects), Series 2004A, (ii) installment financing agreement obligations to the Corporation, which are represented by the Corporation's Variable Rate Certificates of Participation

(Downtown Improvements Projects), Series 2005B-1 (the "*2005B-1 Certificates*"), (iii) installment financing agreement obligations to the Corporation, which are represented by the Corporation's Variable Rate Certificates of Participation (Downtown Improvements Projects), Series 2005B-2 (the "*2005B-2 Certificates*" and together with the 2005B-1 Certificates, the "*2005B Certificates*"), (iv) Limited Obligation Bonds, Series 2014A, and (v) Limited Obligation Refunding Bonds, Series 2014B, (2) pay any termination payments related to an interest rate swap agreement the City previously entered into in connection with the 2005B Certificates, and (3) pay certain costs incurred in connection with the sale and issuance of the 2024 Bonds. See **"THE PLAN OF REFUNDING"** herein for more information.

NATURE OF THE CITY'S PAYMENT OBLIGATION AND SECURITY

The 2024 Bonds are limited obligations of the City and payments thereon shall be limited to funds appropriated for that purpose by the City Council in its discretion. As security for the Bonds (as defined herein) issued under the Trust Agreement, the City has executed and delivered to a deed of trust trustee (the "*Deed of Trust Trustee*"), for the benefit of the Trustee, a Deed of Trust to be dated as of July 1, 2024 (the "*Deed of Trust*"), granting a lien of record on the site of the existing Raleigh Convention Center located in downtown Raleigh (the "*Mortgaged Property*"), as more particularly described in the Deed of Trust, subject only to Permitted Encumbrances (as defined in **Appendix C**).

The Deed of Trust authorizes future obligations evidenced by additional bonds issued under the Trust Agreements (the "*Additional Bonds*"), as described below, to be secured by the Deed of Trust, provided that the total amount of present and future obligations secured by the Deed of Trust at any one time does not exceed $1,000,000,000 and such future obligations are incurred not later than 30 years from the date of the Deed of Trust. See **"SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS - ADDITIONAL BONDS"** herein for more information.

In addition, the City has granted to the Trustee a lien on and security interest in all money held by the Trustee in the Bond Fund, the Construction Fund and the Net Proceeds Fund created under the Trust Agreements.

If a default occurs under the Trust Agreements, the Trustee can direct the Deed of Trust Trustee to foreclose on the Mortgaged Property and apply the proceeds received as a result of any such foreclosure to the payment of the amounts due to the owners of the 2024 Bonds subject to the rights of the owners of all other Bonds issued under the Trust Agreements. NO ASSURANCE CAN BE GIVEN THAT ANY SUCH PROCEEDS WILL BE SUFFICIENT TO PAY THE PRINCIPAL AND THE INTEREST ON THE 2024 BONDS. IN ADDITION, NO DEFICIENCY JUDGMENT CAN BE RENDERED AGAINST THE CITY IF THE PROCEEDS FROM ANY SUCH FORECLOSURE SALE (TOGETHER WITH OTHER FUNDS THAT MAY BE HELD BY THE TRUSTEE UNDER THE TRUST AGREEMENTS) ARE INSUFFICIENT TO PAY THE 2024 BONDS IN FULL. THE 2024 BONDS DO NOT CONSTITUTE A PLEDGE OF THE CITY'S FAITH AND CREDIT WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION.

DETAILS OF THE 2024 BONDS

The 2024 Bonds will be dated the date of initial sale and issuance, and will mature, subject to the redemption provisions described herein, on October 1 in the years and amounts set forth on the inside cover hereof. Interest on the 2024 Bonds will be payable on each April 1 and October 1, beginning October 1, 2024, at the rates set forth on the inside cover hereof. Individual purchases of the 2024 Bonds will be made in denominations of $5,000 or whole multiples thereof.

BOOK-ENTRY FORM

The 2024 Bonds will initially be delivered as fully registered certificates in book-entry-only form without physical delivery of certificates to the beneficial owners of the 2024 Bonds. The Trustee will make payments of principal and interest on the 2024 Bonds to The Depository Trust Company, New York, New York ("*DTC*"), which will in turn remit such payments to its participants for subsequent distribution to the beneficial owners of the 2024 Bonds. See **Appendix E** hereto.

PROFESSIONALS

BofA Securities, Inc., Wells Fargo Bank, National Association, and Samuel A. Ramirez & Co., Inc. (collectively, the "*Underwriters*"), are underwriting the 2024 Bonds. DEC Associates, Inc., Charlotte, North Carolina, is serving as Financial Advisor to the City. Womble Bond Dickinson (US) LLP, Raleigh, North Carolina, is serving as Bond Counsel to the City. Karen M. McDonald, Esq., Raleigh, North Carolina, is City Attorney. Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, is serving as counsel to the Underwriters. U.S. Bank Trust Company, National Association, Charlotte, North Carolina, is serving as the Trustee.

TAX STATUS

See **"TAX TREATMENT"** herein.

CONTINUING DISCLOSURE

Pursuant to the Trust Agreements, the City will undertake to provide continuing disclosure of certain annual financial information and operating data and certain material events. See **"CONTINUING DISCLOSURE"** herein.

DEFINITIONS; DOCUMENT SUMMARIES

See **Appendix C** for a summary of certain provisions of the Trust Agreements and the Deed of Trust and for the definition of certain capitalized terms used herein. Unless otherwise indicated, capitalized terms used herein and not otherwise defined have the same meanings given such terms in the Trust Agreements and the Deed of Trust, as applicable.

THE 2024 BONDS

DETAILS OF THE 2024 BONDS.

The 2024 Bonds will be dated the date of their issuance, and will mature, subject to the redemption provisions described herein, on October 1 in the years and amounts set forth on the inside cover hereof. Interest on the 2024 Bonds will be payable on each April 1 and October 1, beginning October 1, 2024, at the rates set forth on the inside cover hereof.

BOOK-ENTRY FORM.

The 2024 Bonds will be delivered as fully registered certificates in book-entry-only form without physical delivery of certificates to the beneficial owners of the 2024 Bonds and will be subject to the provisions of the book-entry only system described below. Individual purchases of the 2024 Bonds will be made only in denominations of $5,000 or whole multiples thereof. The Trustee will make payments of principal and interest on the 2024 Bonds to DTC, which will in turn remit such payments to its participants for subsequent distribution to the beneficial owners of the 2024 Bonds. See **Appendix E** hereto.

REDEMPTION PROVISIONS

Optional Redemption. The 2024 Bonds maturing on or before October 1, 2034 are not subject to optional redemption before their respective maturities. The 2024 Bonds maturing on or after October 1, 2035 are subject to redemption prior to their respective maturities, at the option of the City, from any money that may be available for such purpose, either in whole or in part on any date on or after October 1, 2034, at a Redemption Price equal to 100% of the principal amount of the 2024 Bonds to be redeemed, plus accrued interest, if any, to the redemption date.

Notice of Redemption. At least 35 days prior to the redemption date of any 2024 Bonds to be redeemed, the City shall notify the Trustee of its intention to redeem such 2024 Bonds. The City and the Trustee may mutually agree to a shorter time period for such notice to the Trustee. The Trustee shall send notice of redemption of any 2024 Bonds to be redeemed by first-class mail, postage prepaid, at least 30 days but not more than 60 days before the redemption to all Owners of 2024 Bonds to be redeemed in whole or in part, but notice to any Securities Depository will be sent as permitted or required by such Securities Depository. Failure to mail any notice to any Owners of such 2024 Bonds or any defect in such notice will not affect the validity of any proceedings for such redemption as to any other Owner to whom such notice is properly given.

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or before the redemption date of money sufficient to pay the Redemption Price and interest on the 2024 Bonds to be redeemed, and that if such money is not received, such notice will be of no force or effect and such 2024 Bonds will not be required to be redeemed. If such notice contains such a condition and money sufficient to pay the Redemption Price and interest on such 2024 Bonds is not received by the Trustee on or prior to the redemption date, the redemption will not be made and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such money was not so received.

Selection of 2024 Bonds for Redemption. The 2024 Bonds shall be redeemed only in whole multiples of $5,000. If less than all the 2024 Bonds are called for redemption, the 2024 Bonds of each maturity to be so redeemed shall be called for redemption in the manner set forth in an Officer's Certificate filed with the Trustee.

If less than all of the 2024 Bonds of any one maturity are to be called for redemption, the Trustee shall select the 2024 Bonds to be redeemed by lot, each $5,000 portion of principal being counted as one 2024 Bond for this purpose; provided however, that so long as the only Owner of the 2024 Bond is a Securities Depository Nominee, such selection shall be made by the Securities Depository.

SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS

GENERAL

The 2024 Bonds are payable from payments to be made by the City pursuant to the Trust Agreements and from certain other money, including certain proceeds of the sale of the 2024 Bonds, certain investment earnings, certain Net Proceeds, if any, and certain amounts realized from any sale or lease of the Mortgaged Property, which payments and other money have been pledged to such payment as provided in the Trust Agreements.

PAYMENT OF BONDS; LIMITED OBLIGATION; BUDGETING

The City shall cause to be paid, when due, the principal of (whether at maturity, by acceleration, by call for redemption or otherwise) and the premium, if any, and interest on the Bonds at the places, on the dates and in the manner described in the Trust Agreement. The City shall also pay to such persons as are entitled thereto such amounts ("*Additional Payments*") as shall be required for the payment of all administrative and other costs relating to the Project, any Additional Project or the Bonds, including, without limitation, (i) all expenses and compensation of the Trustee, the Local Government Commission, the provider of any credit facility or liquidity facility relating to any Bonds and any fiscal agents required to administer the terms of any Bonds (such as remarketing agents, auction agents, tender agents or paying agents); (ii) fees of auditors, accountants, attorneys or engineers; (iii) any Derivative Agreement Scheduled Payments or Derivative Agreement Additional Payments; (iv) all other necessary administrative costs of the City or to indemnify any Indemnified Party; and (v) any other payments specified as Additional Payments under a Supplemental Agreement.

The City Manager of the City (or any other officer at any time charged with the responsibility for formulating budget proposals) shall include in the budget proposals for review and consideration by the City Council in each Fiscal Year in which the Trust Agreement is in effect, items for all payments of principal and interest due on the Bonds (reasonably estimated in the case of any Bonds issued bearing interest at a variable interest rate) and reasonably estimated Additional Payments required for such Fiscal Year under the Trust Agreement. Any such budget item shall be deleted from the applicable budget by the City Council only by the adoption of a resolution to such effect containing a statement of its reasons therefor, which resolution shall be adopted by roll-call vote. The City shall furnish to the Trustee within 30 days of the adoption by the City of its annual budget a certificate of an Authorized Officer certifying that such annual budget includes items for all payments of principal and interest on the Bonds and the reasonably estimated Additional Payments for the Fiscal Year to which the annual budget relates. In addition, the City shall promptly provide to the Trustee notice of any amendments to its annual budget affecting appropriations for payments of principal and interest on the Bonds or Additional Payments. The City shall promptly provide notice of any Event of Nonappropriation to the Trustee, the Local Government Commission and each Rating Agency then rating any of the Outstanding Bonds.

DEED OF TRUST

The City will execute and deliver the Deed of Trust which will convey the Mortgaged Property to the Deed of Trust Trustee as security for its obligations under the Trust Agreements. The Deed of Trust constitutes a lien of record on the Mortgaged Property, subject only to Permitted Encumbrances. The Trustee is the beneficiary under the Deed of Trust, for the benefit of the Owners, to secure payment of the 2024 Bonds and any other additional bonds (collectively, the "*Bonds*") that may be issued pursuant to the Trust Agreements.

TRUST AGREEMENTS

General. Under the Trust Agreements, the City has transferred, assigned and unconditionally granted to the Trustee for the benefit of the Owners of the 2024 Bonds a security interest in (i) all of its rights, title and interest in and to the all amounts required to be deposited in the funds, accounts and subaccounts created pursuant to the Trust Agreements, including, but not limited to, the Bond Fund, the Construction Fund, and the Net Proceeds Fund and (ii) all of its rights, title and interest in and to the Deed of Trust.

Release of Mortgaged Property. At any time and from time to time, so long as no Event of Default has occurred and is continuing under the Trust Agreements or the Deed of Trust, the Deed of Trust

Trustee and the Trustee (as the beneficiary under the Deed of Trust) shall be required to release a portion of the Mortgaged Property from the lien and security interest created by the Deed of Trust when and if the following requirements have been met:

(i) there is filed with the Deed of Trust Trustee and the Trustee, as beneficiary under the Deed of Trust, a certified copy of a resolution of the City Council stating that the City desires the release of such portion of the Mortgaged Property, giving an adequate legal description of the portion of the Mortgaged Property to be released, requesting such release and providing for the payment by the City of all expenses in connection with such release;

(ii) either (A) following such release the Bonds will continue to be secured by the Existing Raleigh Convention Center (B) the estimated value of the Mortgaged Property remaining after the proposed release (as such value is evidenced as described in "**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Trust Agreement –** ***Release of Mortgaged Property*****"** in Appendix C hereto) is not less than 50% of the aggregate principal amount of Bonds then Outstanding, or (C) the City provides for substitution other property (the "*Substitute Property*") that will be made subject to the lien of the Deed of Trust that has an estimated value such that the combined estimated value of the remaining Mortgaged Property and the Substitute Property is not less than the lesser of the estimated value of the Mortgaged Property immediately prior to the release of the applicable portion of the Mortgaged Property and 50% of the aggregate principal amount of Bonds then Outstanding;

(iii) there is filed with the Trustee an opinion of bond counsel to the City to the effect that the substitution of such property is permitted by law and is permitted under the terms of the Trust Agreement and the Deed of Trust and for any Bonds with respect to which interest is intended to be excludable from the gross income of the owners thereof for federal or state income tax purposes, that such release and substitution will not adversely affect the exclusion of interest on such Bonds from the gross income of the owners thereof for federal or state income tax purposes; and

(iv) there is filed with the Trustee an Officer's Certificate to the effect that such release shall not prohibit the City's ingress, egress and regress to and from the remainder of the Mortgaged Property not being released, or materially interfere with the use of the remainder of the Mortgaged Property not being released.

The estimate of the value of the Mortgaged Property or any Substitute Property required by paragraph (ii) above shall be evidenced by an Officer's Certificate as to such estimated value, and may be based on such assumptions as the Authorized Officer delivering the Officer's Certificate may deem reasonable, including, but not limited to, reliance on (A) an appraisal of the property subject to valuation, (B) the insured value of the property subject to valuation, (C) the assessed tax valuation of the of the property subject to valuation, and (D) any combination of the foregoing. If any improvements are then being installed on any portion of property that will be included in the Mortgaged Property, the estimated value of the Mortgaged Property may take into account the expected value of the Mortgaged Property following the completion of the improvements. See **"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—The Trust Agreement—*****Release of Mortgaged Property*****"** in Appendix C hereto.

TITLE INSURANCE

A title insurance policy insuring the City's interest in the Mortgaged Property and naming the Trustee as the insured party will be delivered to the Trustee at the time the 2024 Bonds are issued. The total amount of the title insurance policy insuring the City's interest in the Mortgaged Property will be

$20,000,000, which is less than the value of the Mortgaged Property. In general, a claim against a title insurance policy may only be made in an amount which is the lesser of the actual value of the real property and the amount of the title insurance policy.

ENFORCEABILITY

The Trust Agreements and the Deed of Trust are subject to bankruptcy, insolvency, reorganization and other laws related to or affecting the enforcement of creditors' rights and, to the extent that certain remedies under such instruments require or may require enforcement by a court, to such principles of equity as the court having jurisdiction may impose.

NOTWITHSTANDING ANYTHING THEREIN TO THE CONTRARY, THE DELIVERY OF THE 2024 BONDS SHALL NOT BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION. IN ADDITION, NEITHER THE BONDS NOR THE TRUST AGREEMENTS DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE CITY COUNCIL FOR ANY FISCAL YEAR IN WHICH THE BONDS ARE OUTSTANDING. IF THE CITY FAILS TO MAKE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS, THE TRUSTEE MAY DECLARE THE ENTIRE UNPAID PRINCIPAL OF THE BONDS TO BE IMMEDIATELY DUE AND PAYABLE AND DIRECT THE DEED OF TRUST TRUSTEE TO INSTITUTE FORECLOSURE PROCEEDINGS UNDER THE DEED OF TRUST AND PROCEED IN ACCORDANCE WITH LAW TO ATTEMPT TO DISPOSE OF THE MORTGAGED PROPERTY AND APPLY THE PROCEEDS OF SUCH DISPOSITION TOWARD ANY BALANCE OWING BY THE CITY ON THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUCH PROCEEDS WILL BE SUFFICIENT TO PAY ALL PRINCIPAL OF AND INTEREST ON THE BONDS. IN ADDITION, SECTION 160A-20(F) OF THE NORTH CAROLINA GENERAL STATUTES PROVIDES THAT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE CITY FOR BREACH OF ANY CONTRACTUAL OBLIGATION AUTHORIZED UNDER SECTION 160A-20 AND THAT THE TAXING POWER OF THE CITY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEY DUE FROM THE CITY. See **"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—The Trust Agreement—*Acceleration* and *Additional Remedies on Default*"** in **Appendix C** hereto.

ADDITIONAL BONDS

Under the conditions described in the Trust Agreements, without the approval or consent of the Owners of the then outstanding Bonds, including the 2024 Bonds, Additional Bonds may be delivered and secured on a parity with the 2024 Bonds to provide funds, with any other available funds, for paying (1) the costs of refunding the Refunded Obligations and paying the cost of terminating the Swap Agreement, (2) the cost of acquisition, construction, equipping, completion or improvement of the Project, (3) the cost of acquisition or construction of any Additional Project, (4) the cost (including financing costs) of refunding any Bonds or, to the extent permitted by law, indebtedness other than Bonds, and (5) costs incurred in connection with the issuance of Bonds.

As noted above, the Deed of Trust authorizes future obligations evidenced by Additional Bonds issued under the Trust Agreements to be secured by the Deed of Trust, provided that the total amount of present and future obligations secured by the Deed of Trust at any one time does not exceed $1,000,000,000 and such future obligations are incurred not later than 30 years from the date of the Deed of Trust. Projects that may be financed by Additional Bonds include (but are not limited to) the cost of a major expansion of the City's convention center complex, certain improvements to be located in a new hotel to be constructed adjacent to the existing convention center, the cost of construction of a new amphitheater to replace the amphitheater in the vicinity of the existing convention center; and the cost of construction and equipping of a new municipal office building, including the cost of demolition of the existing structures located on the site where the new municipal office building will be located.

AVAILABLE SOURCES FOR PAYMENT

GENERAL

The City may pay its obligations under the Trust Agreements from any source of funds, including revenues generated by the projects financed under the Trust Agreements and other facilities in the City, available to it in each year and appropriated therefor until maturity of the Bonds.

The City has identified certain sources of payment related to portions of the Installment Payments payable under the Agreement. In 1991, the North Carolina General Assembly authorized Wake County (the "*County*") to levy a 6% occupancy tax (the "*Occupancy Tax*") and a 1% prepared food and beverage tax (the "*Prepared Food and Beverage Tax*" and collectively with the Occupancy Tax, the "*Special Taxes*"), the proceeds of which would be used for a specified list of tourist-related projects in the County and the City, including the acquisition, construction and renovation of the Raleigh Convention Center. The authorizing legislation for the Special Taxes required that the County and the City enter into an interlocal agreement which contains the type and general location of all the capital projects to be funded by the Special Taxes. The County and City have entered into a Revised Interlocal Agreement Between Wake County and the City of Raleigh Regarding Use of Countywide Room Occupancy and Prepared Food and Beverage Taxes dated September 5, 1995, which has been amended several times with the most recent amendment being executed on December 20, 2023 (as amended, the "*Interlocal Agreement*"). The County began levying the Occupancy Tax on January 1, 1992 and began levying the Prepared Food and Beverage Tax on January 1, 1993.

Pursuant to the Interlocal Agreement, the City and the County have utilized the Special Taxes to finance a number of projects that enhance the appeal of living in the City and County, including, but not limited to, improvements to PNC Arena, the construction of WakeMed Soccer Park, improvements to the Martin Marietta Center for the Performing Arts, improvements to Five County Stadium, the baseball stadium that is the current home of the Carolina Mudcats minor league baseball team, the construction of the Cary Tennis Center, improvements to the Raleigh Convention Center, the construction of the Marbles Kids Museum in downtown, improvements to the North Carolina Museum of Art, and the construction of the USA Baseball National Training Complex. Under the Interlocal Agreement, as amended, in addition to an annual allocation for certain tourist-related groups, the Special Taxes have been allocated to pay debt service or future improvements to some of the above-reference projects.

After payment of the above-described commitments, the Interlocal Agreement provides that the City receives 85% of the remaining proceeds of the Special Taxes to pay debt service and other costs related to the construction and improvements to the Raleigh Convention Center. The City intends to deposit the proceeds from the Special Taxes into a special fund held by the City and appropriate proceeds from the fund as a source of payment from which to make the Installment Payments with respect to the Bonds. However, such funds are not legally or contractually pledged to paying such Installment Payments and no assurance can be made that such proceeds will be sufficient to pay any or all of the Installment Payments due by the City in any given fiscal year.

GENERAL FUND REVENUES

The City's general fund revenues for the fiscal year ended June 30, 2023 were approximately \$592.7 million, exceeding budget by \$43.5 million, and for the fiscal year ending June 30, 2024 are budgeted to be approximately \$638.5 million, an increase of 8.1% over the previous budget. General fund revenues are derived from various sources, including property taxes (which accounts for approximately 50% of the general fund revenues), sales taxes, fines and forfeitures, as well as intergovernmental revenues. For the fiscal year ended June 30, 2023, the City imposed a property tax of \$.3930 per \$100 of assessed value. For the fiscal year ending June 30, 2024, the City has imposed a property tax rate of $.4330 per $100 of assessed value. With total taxable assessed value at approximately $60.4 billion at fiscal year ended June 30, 2023, a rate of $0.01 per $100 of assessed value generated approximately $315.7 million annually. With total taxable assessed value projected at approximately $80.7 billion for fiscal year ending June 30, 2024, a rate of $0.01 per $100 of assessed value is estimated to generate approximately $353.4 million annually. The General Statutes of North Carolina permit cities to impose property taxes of up to $1.50 per $100 of assessed value for certain purposes without the requirement of a voter referendum. See **Appendix B** hereto for a description of the uses of the City's general fund revenues for the fiscal year ended June 30, 2023.

BONDHOLDERS' RISKS

INSUFFICIENCY OF PAYMENTS

If the City fails to pay any payments on the Bonds as the same become due or if another event of default occurs under the Trust Agreements, the Trustee may accelerate the principal with respect to the Bonds and any other Additional Bonds, direct the Deed of Trust Trustee to foreclose on the Mortgaged Property under the Deed of Trust, take possession of the Mortgaged Property, and attempt to dispose of it under the terms of the Deed of Trust. See **"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—SUMMARY OF THE DEED OF TRUST—Remedies of the Deed of Trust Trustee Upon Default"** in **Appendix C** hereto. THE REMEDIES AFFORDED TO THE TRUSTEE AND THE OWNERS OF THE OUTSTANDING BONDS ON A DEFAULT OR A NONAPPROPRIATION BY THE CITY UNDER THE TRUST AGREEMENTS ARE LIMITED TO THOSE OF A SECURED PARTY UNDER THE LAWS OF THE STATE OF NORTH CAROLINA. THERE CAN BE NO ASSURANCE THAT THE MONEY AVAILABLE IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE AND THE PROCEEDS OF ANY SUCH DISPOSITION OF THE MORTGAGED PROPERTY WILL BE SUFFICIENT TO PROVIDE FOR THE PAYMENT OF THE PRINCIPAL AND PURCHASE PRICE OF, AND INTEREST ON, THE OUTSTANDING BONDS. SECTION 160A-20(f) OF THE GENERAL STATUTES OF NORTH CAROLINA PROVIDES THAT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE CITY FOR ANY AMOUNTS THAT MAY BE OWED BY THE CITY UNDER THE TRUST AGREEMENTS, AND THE TAXING POWER OF THE CITY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEY OWING BY THE CITY UNDER THE TRUST AGREEMENTS, INCLUDING FORECLOSURE UNDER THE DEED OF TRUST.

NONAPPROPRIATION OF MONEY TO MAKE PAYMENTS

The appropriation of money to make payments pursuant to the Trust Agreements is within the sole discretion of the City Council. If an Event of Nonappropriation occurs with respect to the Trust Agreements, the only sources of payment of the Bonds and any other Additional Bonds will be the money, if any, available in the funds and accounts held by the Trustee under the Trust Agreements and the proceeds of any attempted disposition of the Mortgaged Property under the Deed of Trust. The amount of such proceeds will be affected by (1) the condition of the Mortgaged Property, (2) periodic releases of portions of the Mortgaged Property from the lien as provided in the Deed of Trust and the Trust Agreements and (3) the occurrence of any damage, destruction or loss of the Mortgaged Property which is not repaired or replaced and for which there are not received or appropriated money from insurance policies or condemnation awards.

ENVIRONMENTAL RISKS

In connection with the acquisition and initial construction of the Raleigh Convention Center, the City obtained a Phase I Environmental Site Assessment and a partial Phase II Environmental Site Assessment (the "*Assessments*") with respect to the Mortgaged Property. The Assessments noted the existence of environmental concerns on the Mortgaged Property, including underground storage tanks, above ground storage tanks and former on-site dry cleaner, gas station equipment, auto maintenance activity, oil/water separators, abandoned hydraulic equipment and a manufactured gas plant, and evidence of surface spills. The Assessments also indicated that portions of the Mortgaged Property were formerly used as a coal gasification plant and an incinerator operated for garbage disposal. The Assessments also found several off-site recognized environmental concerns for surrounding properties. The City has since remediated all environmental concerns related to the Mortgaged Property during the demolition and site preparation prior to construction of the Raleigh Convention Center.

Under the Deed of Trust, the City must undertake whatever environmental remediation may be required by law. For example, if any portion of the Mortgaged Property became a "Superfund site" under the Comprehensive Environmental Response, Compensation and Liability Act, the federal government may require clean-up and the City may be required to pay all or a part of such clean-up costs. If the City were unable to continue operation of any part of the Mortgaged Property because of environmental contamination of the Mortgaged Property, the value of the Mortgaged Property at foreclosure would be reduced by the cost of any clean-up. Moreover, under the Trust Agreements, the Trustee may refuse to foreclose on any portion of the Mortgaged Property affected by such environmental contamination.

UNINSURED CASUALTY; LOSS OF VALUE

If the Mortgaged Property is damaged or destroyed by any casualty or taken by any governmental authority, the City has the option under the Trust Agreement to restore the Mortgaged Property to its condition prior to such damage, destruction or taking or to apply the Net Proceeds of any insurance policy or condemnation award to the redemption of the Bonds. If the Net Proceeds are not sufficient to redeem such Bonds, the only other source of payment of the Bonds Outstanding under the Trust Agreement will be the City's appropriation of funds therefor and proceeds of the disposition of the Mortgaged Property, the amount of which may be reduced by the condition of the Mortgaged Property. The Trust Agreement and the Deed of Trust require that certain insurance be maintained with respect to the Mortgaged Property. See **"SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS - TRUST AGREEMENTS—*Release of Mortgaged Property*"** herein. Such insurance may not, however, cover all perils to which the Mortgaged Property is subject.

VALUE OF COLLATERAL

No special appraisal thereof has been obtained and the amount of proceeds received through foreclosure of the City's interest in the Mortgaged Property may be affected by a number of factors, including (1) the costs and expenses in enforcing the lien and security, (2) the condition of the Mortgaged Property, (3) the occurrence of any damage, destruction, loss or theft of the Mortgaged Property which is not repaired or replaced and for which there are not received from insurance policies or appropriated money from any risk management program, (4) problems relating to the paucity of alternative uses of the facilities arising from their design, zoning restrictions, use restrictions, easements and encumbrances on the Mortgaged Property and (5) environmental problems and risks with respect to the Mortgaged Property.

The Mortgaged Property and the proceeds derived from any foreclosure sale or other disposition thereof secures all Bonds Outstanding under the Trust Agreement on a pro rata basis. Under the Trust Agreement, the Trustee may release any part of the Mortgaged Property from the lien and security interest of the Deed of Trust upon compliance with certain conditions, under certain circumstances, so long as the Existing Convention Center is the collateral securing payment of the Bonds under the Trust Agreement or the value of the remaining Mortgaged Property is greater than 50% of the aggregate principal amount of Bonds Outstanding under the Trust Agreement. Except in connection with such a release, the City is under no obligation to maintain the value of the Mortgaged Property at any specific level. Accordingly, the proceeds derived from any foreclosure sale of the Mortgaged Property may not be sufficient to pay the amount of Bonds Outstanding. See **"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—SUMMARY OF THE TRUST AGREEMENT—*Insurance*"** in **Appendix C**.

No representation is made as to the value of the City's interest in the Mortgaged Property in foreclosure.

BANKRUPTCY

Under North Carolina law, a local governmental unit such as the City may not file for bankruptcy protection without (1) the consent of the LGC and (2) the satisfaction of the requirements of §109(c) of the United States Bankruptcy Code. If the City were to initiate bankruptcy proceedings with the consent of the LGC and satisfy the requirements of 11 U.S.C. §109(c), the bankruptcy proceedings could have material and adverse effects on holders of the 2024 Bonds, including (a) delay in enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a plan of reorganization reducing or delaying payment of the 2024 Bonds. The effect of the other provisions of the United States Bankruptcy Code on the rights and remedies of the holders of the 2024 Bonds cannot be predicted and may be affected significantly by judicial interpretation, general principles of equity (regardless of whether considered in a proceeding in equity or at law) and considerations of public policy. Regardless of any specific adverse determinations in a bankruptcy case of the City, the fact of such a bankruptcy case could have an adverse effect on the liquidity and value of the 2024 Bonds.

OUTSTANDING GENERAL OBLIGATION DEBT OF THE CITY

The City has general obligation bonds outstanding and may issue additional general obligation bonds and notes in the future. The City has pledged and will pledge its faith and credit and taxing power to the payment of its general obligation bonds and notes issued or to be issued. See the caption **"THE CITY--DEBT INFORMATION"** in **Appendix A** for a description of the City's outstanding and authorized but unissued general obligation bonds and notes. FUNDS WHICH MAY OTHERWISE BE AVAILABLE TO MAKE PAYMENTS PURSUANT TO THE TRUST AGREEMENTS MAY BE SUBJECT TO SUCH FAITH AND CREDIT PLEDGE BY THE CITY AND THEREFORE MAY BE REQUIRED TO BE APPLIED TO THE PAYMENT OF ITS GENERAL OBLIGATION INDEBTEDNESS.

CYBERSECURITY

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "*Systems Technology*"). As a recipient and provider of personal, private, or sensitive information, the City may be the target of cybersecurity incidents that could result in adverse consequences to the City and its Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City invests in multiple forms of cybersecurity and operational safeguards.

While the City's cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could cause material disruption to the City's finances or operations. The costs of remedying any such damage or obtaining insurance related thereto, or protecting against future attacks could be substantial, and insurance (if any can be obtained) may not be adequate to cover such losses or other resultant City costs and expenses. Further, cybersecurity breaches could expose the City to material litigation and other legal risks, which could cause the City to incur material costs related to such legal claims or proceedings.

THE PLAN OF REFUNDING

A portion of the proceeds of the 2024 Bonds will be used to refinance all or a portion of the following City obligations:

(1) certain installment financing agreement obligations of the City to the Corporation, which are represented by the Corporation's Variable Rate Certificates of Participation (Downtown Improvements Projects), Series 2004A, currently outstanding in the aggregate principal amount of $55,000,000 (the "*Refunded 2004A Certificates*");

(2) certain installment financing agreement obligations of the City to the Corporation, which are represented by the Corporation's Variable Rate Certificates of Participation (Downtown Improvements Projects), Series 2005B-1 (the "*2005B-1 Certificates*"), currently outstanding in the aggregate principal amount of $72,475,000 (the "*Refunded 2005B-1 Certificates*");

(3) certain installment financing agreement obligations of the City to the Corporation, which are represented by the Corporation's Variable Rate Certificates of Participation (Downtown Improvements Projects), Series 2005B-2 (the "*2005B-2 Certificates*"), currently outstanding in the aggregate principal amount of $25,070,000 (the "*Refunded 2005B-2 Certificates*" and together with the Refunded 2004A Certificates and the Refunded 2005B-1 Certificates, the "*Refunded Variable Rate Obligations*");

(4) the City's Limited Obligation Bonds, Series 2014A, maturing on and after October 1, 2025 and currently outstanding in the aggregate principal amount of $40,035,000 (the "*Refunded 2014A Bonds*"); and

(5) the City's Limited Obligation Refunding Bonds, Series 2014B, maturing on and after October 1, 2025 and currently outstanding in the aggregate principal amount of $13,085,000 (the "*Refunded 2014B Bonds*" and together with the Refunded 2014A Bonds, the "*Refunded Fixed Rate Obligations*"). The Refunded Variable Rate Obligations and the Refunded Fixed Rate Obligations are collectively referred to herein as the "*Refunded Obligations*".

On the date of delivery of the 2024 Bonds, the portion of the 2024 Bonds proceeds that will refund the Refunded Obligations will be deposited in an escrow deposit trust fund (the "*Escrow Fund*") established with U.S. Bank Trust Company, National Association, as escrow agent (the "*Escrow Agent*"), pursuant to an Escrow Deposit Agreement to be dated as of July 1, 2024 (the "*Escrow Agreement*") between the City and the Escrow Agent. Such proceeds will be applied to pay interest on the Refunded Obligations to their prepayment date and to prepay the Refunded Variable Rate Obligations on August 1, 2024 and the Refunded Fixed Rate Obligations on October 1, 2024, at which time the outstanding principal of and interest on the Refunded Obligations will be paid in full.

The City is currently a party to an ISDA Master Agreement and related agreements entered into with Citibank N.A. (the "*Swap Counterparty*"), dated January 20, 2005 and currently covering a notional amount of $129,260,000 (the "*Swap Agreement*"), related to 2005B-1 Certificates and the 2005B-2

Certificates, pursuant to which the City pays the Swap Counterparty a fixed interest rate payment calculated at 4.36% of the notional amount and receives a variable interest rate payment equivalent to the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index. In connection with the refunding of the Refunded 2005B-1 Certificates and the Refunded 2005B-2 Certificates, a portion of the proceeds of the 2024 Bonds will be used to pay any termination payments on the Swap Agreement.

A portion of the proceeds of the 2024 Bonds will also be used to pay costs incurred in connection with issuance of the 2024 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table presents estimated information as to sources and uses related to the 2024 Bonds.

Sources of Funds:	
Par amount of 2024 Bonds	$ 192,645,000
Original Issue Premium	19,461,736
City Equity Contribution[1]	3,722,769
TOTAL	**$ 215,829,505**
Uses of Funds:	
Deposit to Escrow Fund to Refund:	
Refunded 2004A Certificates	$ 55,559,016
Refunded 2005B Certificates	100,119,948
Refunded 2014A Bonds	40,338,115
Refunded 2014B Bonds	13,191,965
Termination Payment on Swap Agreement	5,281,000
Costs of Issuance[2]	1,339,461
TOTAL	**$ 215,829,505**

1 The City will pay the accrued interest on the Refunded Obligations directly from City funds.

2 Includes various professional fees and other financing costs and the Underwriters' discount associated with the 2024 Bonds.

ANNUAL INSTALLMENT PAYMENT REQUIREMENTS

The following table sets forth for each Fiscal Year ending June 30, the amount of principal and interest required to be paid with respect to the 2024 Bonds.

FISCAL YEAR	**2024 BONDS**		
ENDING JUNE 30	**PRINCIPAL**	**INTEREST**	**TOTAL[1]**
2025	$ 10,265,000	$ 6,753,513	$ 17,018,513
2026	15,455,000	8,732,625	24,187,625
2027	16,005,000	7,946,125	23,951,125
2028	16,665,000	7,129,375	23,794,375
2029	17,420,000	6,277,250	23,697,250
2030	18,200,000	5,386,750	23,586,750
2031	19,760,000	4,437,750	24,197,750
2032	20,350,000	3,435,000	23,785,000
2033	20,955,000	2,402,375	23,357,375
2034	21,550,000	1,339,750	22,889,750
2035	3,855,000	704,625	4,559,625
2036	2,390,000	548,500	2,938,500
2037	2,420,000	428,250	2,848,250
2038	2,435,000	306,875	2,741,875
2039	2,450,000	184,750	2,634,750
2040	2,470,000	61,750	2,531,750
TOTAL[1]	**$ 192,645,000**	**$ 56,075,263**	**$ 248,720,263**

[1] Totals may not foot due to rounding.

CONTINUING DISCLOSURE

The City will undertake to provide, in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 ("*Rule 15c2-12*"), to the Municipal Securities Rulemaking Board (the "*MSRB*"):

(1) by not later than seven months after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2024, the audited financial statements of the City for such Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the City for such Fiscal Year to be replaced subsequently by audited financial statements of the City to be delivered within 15 days after such audited financial statements become available for distribution;

(2) by not later than seven months after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2024, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included in the tables under the following headings **"DEBT INFORMATION"** and **"TAX INFORMATION"** (excluding any information on underlying or overlapping units) in **Appendix A** hereto to the extent such items are not included in the financial statements referred to in (1) above

(3) in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the 2024 Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on the debt service reserve funds reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2024 Bonds or other material events affecting the tax status of the 2024 Bonds;

(vii) modification to rights of the beneficial owners of the 2024 Bonds, if material;

(viii) bond calls, other than calls for mandatory sinking fund redemption, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the 2024 Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the City;

(xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional Trustee or the change of name of the Trustee, if material;

(xv) incurrence of a financial obligation (as defined below) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect beneficial owners of the 2024 Bonds, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties; and

(4) in a timely manner, notice of the failure by the City to provide the required annual financial information described in (1) and (2) above on or before the date specified.

All information provided to the MSRB as described above shall be provided in an electronic format and accompanied by identifying information, all as prescribed by the MSRB. The City may also discharge its undertaking described above by transmitting such information in any other manner subsequently authorized or required by the U.S. Securities and Exchange Commission in lieu of the manner described above.

At present, Section 159-34 of the General Statutes of North Carolina requires that the City's financial statements be prepared in accordance with generally accepted accounting principles and that they be audited in accordance with generally accepted auditing standards.

For purposes of this Section, "*financial obligation*" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b) above. The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

If the City fails to comply with the undertaking described above, the Trustee or any beneficial owner of the 2024 Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking will not be an Event of Default under the Trust Agreements and will not result in an acceleration of the 2024 Bonds. ALL ACTIONS SHALL BE INSTITUTED, HAD AND MAINTAINED IN THE MANNER PROVIDED IN THE TRUST AGREEMENTS FOR THE BENEFIT OF ALL BENEFICIAL OWNERS OF THE 2024 BONDS.

The City may modify from time to time, consistent with Rule 15c2-12, the information provided to the extent necessary or appropriate in the judgment of the City, but: (1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City; (2) the information to be provided, as modified, would have complied with the requirements of the Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of the Rule 15c2-12 as well as any changes in circumstances; and (3) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by the Trustee or nationally recognized bond counsel to the City or by the approving vote of the Owners of a majority in principal amount of the 2024 Bonds then Outstanding under the terms of the Trust Agreements at the time of the amendment. Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided. The City's Rule 15c2-12 undertakings will terminate on payment, or provision having been made for payment in a manner consistent with the Rule 15c2-12, in full of the principal of and interest on the 2024 Bonds.

The City is not aware of any instance in which it has failed, during the previous five fiscal years, to comply, in any material respect, with an undertaking made pursuant to Rule 15c2-12.

LEGAL MATTERS

Certain legal matters relating to the authorization, execution, sale and delivery of the 2024 Bonds are subject to the approval of Womble Bond Dickinson (US) LLP, Raleigh, North Carolina, Bond Counsel. The proposed form of the approving legal opinion of Bond Counsel is included in Appendix D hereto. Certain legal matters will be passed upon for the City by Karen M. McDonald, Esq., Raleigh, North Carolina, City Attorney, and for the Underwriters by Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, counsel to the Underwriters.

TAX TREATMENT

OPINION OF BOND COUNSEL

In the opinion of Bond Counsel, under existing law and assuming continuing compliance by the City with certain covenants to comply with the requirements of Internal Revenue Code of 1986, as amended (the "*Code*"), regarding, among other matters, the use, expenditure and investment of the proceeds of the 2024 Bonds, and the timely payment of certain investment earnings to the United States Treasury, interest on the 2024 Bonds will not be includable in the gross income of the owners thereof for purposes of federal income taxation and will not be a specific preference item for purposes of the alternative minimum tax imposed by the Code; however, interest on the 2024 Bonds held by certain corporations will be included in the computation of "adjusted financial statement income" for purposes of the federal alternative minimum tax imposed on such corporations. Furthermore, in the opinion of Bond Counsel, under existing law, interest on the 2024 Bonds will be exempt from all State of North Carolina income taxes.

The Code and other laws of taxation, including the laws of taxation of the State of North Carolina, of other states and of local jurisdictions, may contain other provisions that could result in tax consequences, upon which Bond Counsel renders no opinion, as a result of the ownership or transfer of the 2024 Bonds or the inclusion in certain computations of interest that is excluded from gross income for purposes of federal and North Carolina income taxation.

ORIGINAL ISSUE PREMIUM

The initial public offering prices of the 2024 Bonds are greater than the amounts payable at maturity.[*] The difference between (a) the initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, wholesalers or other intermediaries) at which a substantial amount of each maturity of the 2024 Bonds is sold and (b) the principal amount payable at maturity of such 2024 Bonds constitutes original issue premium. In general, an owner of a 2024 Bond must amortize the bond premium over the remaining term of the 2024 Bond based on the owner's yield over the remaining term of the 2024 Bond, determined based on constant yield principles (in certain cases involving a 2024 Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such 2024 Bond). An owner of a 2024 Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period and subtract such bond premium from the owner's tax basis in the 2024 Bond. Under certain circumstances, the owner of a 2024 Bond may realize a taxable gain upon disposition of the 2024 Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost.

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[*] Information provided by the Underwriters.

Owners and prospective purchasers of 2024 Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences in connection with the ownership and disposition of 2024 Bonds.

OTHER TAX CONSEQUENCES

Ownership or transfer of, or the accrual or receipt of interest on, the 2024 Bonds may result in collateral federal, State of North Carolina, other state or local tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers who may be eligible for the federal earned income tax credit, and taxpayers subject to franchise, estate, inheritance, gift or capital gains taxes. Owners and prospective purchasers of the 2024 Bonds should consult their tax advisors as to any such possible tax consequences.

Except to the extent covered in its legal opinion, Bond Counsel expresses no opinion regarding any such collateral tax consequences.

No assurance can be given that future legislation, including amendments to the Code or interpretations thereof, if enacted into law, or certain litigation or judicial decisions, if upheld, will not contain provisions or produce results which could, directly or indirectly, reduce the benefit of the excludability of interest on the 2024 Bonds from gross income for federal income tax purposes.

The Internal Revenue Service (the "*Service*") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2024 Bonds.

Interest paid on tax-exempt obligations, such as the 2024 Bonds, will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of interest with respect to the 2024 Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest with respect to the 2024 Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Service as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or credit against such beneficial owner's federal income tax liability provided the required information is furnished to the Service.

LITIGATION

No litigation is now pending in any court seeking to restrain or enjoin the authorization, execution or delivery of the 2024 Bonds or contesting the authority of proceedings for the authorization, execution or delivery of the 2024 Bonds or the validity thereof, or the creation, organization, corporate existence or powers of the City, or the title of any of the present officers thereof to their respective titles or the authority or proceedings for the execution and delivery of the Trust Agreements by the City.

RELATED PARTIES

Womble Bond Dickinson (US) LLP, serves as Bond Counsel for the City and, from time to time it and Parker Poe Adams & Bernstein LLP, counsel to the Underwriters, have represented the Underwriters as counsel in other financing transactions. Neither the City nor the Underwriters have conditioned the future employment of either of these firms in connection with any proposed financing issues for the City or for the Underwriters on the successful sale and issuance of the 2024 Bonds.

RATINGS

Moody's Investors Service, Inc. ("*Moody's*"), S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("*S&P*"), and Fitch Inc. ("*Fitch*") have assigned ratings of "Aa2", "AA+" and "AA+", respectively, to the 2024 Bonds. These ratings reflect only the view of such rating agencies, and an explanation of the significance of such ratings may be obtained from such rating agencies. Certain information and materials not included in this Official Statement were furnished to such rating agencies. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2024 Bonds.

UNDERWRITING

The Underwriters have entered into a Bond Purchase Agreement to purchase all of the 2024 Bonds, if any of the 2024 Bonds are to be purchased, at a purchase price equal to 100% of the principal amount thereof, plus an original issue premium of $19,461,735.60, less an underwriters' discount of $683,081.57. The obligation of the Underwriters to pay for the 2024 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Underwriters may offer and sell the 2024 Bonds to certain dealers (including dealers depositing the 2024 Bonds into investment trusts) and others at prices lower than the initial public offering prices stated on the inside cover hereof. The public offering prices may be changed from time to time by the Underwriters.

BofA Securities, Inc., lead Underwriter of the 2024 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("*MLPF&S*"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2024 Bonds.

Wells Fargo Bank, National Association ("*WFBNA*"), acting through its Municipal Finance Group, as one of the Underwriters of the 2024 Bonds, has entered into an agreement (the "*WFA Distribution Agreement*") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "*Wells Fargo Advisors"*) ("*WFA*"), for the distribution of certain municipal securities offerings, including the 2024 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2024 Bonds with WFA. WFBNA has also entered into an agreement (the "*WFSLLC Distribution Agreement*") with its affiliate Wells Fargo Securities, LLC ("*WFSLLC*"), for the distribution of municipal securities offerings, including the 2024 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including WFBNA, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of WFBNA, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

A portion of the proceeds of the 2024 Bonds will be used to refund the Refunded 2004A Certificates for which credit support in the form of a Standby Bond Purchase Agreement is currently being provided by Wells Fargo Bank, N.A and for which Wells Fargo Securities serves as remarketing agent. Wells Fargo Securities may, in the ordinary course of business, purchase, sell, or hold the Refunded 2004A Certificates for its own account and/or for the accounts of customers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, lending, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their respective affiliates may have certain creditor and/or other rights against the State or the City and its affiliates in connection with such activities. In the course of its various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the State or the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the State or the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

VERIFICATION OF MATHEMATICAL ACCURACY

Bingham Arbitrage Rebate Services, Inc. (the *"Verification Agent"*) will deliver to the City and BofA Securities, Inc. on or before the date of delivery of the 2024 Bonds its verification report ("*Verification Report*") indicating that it has examined certain information and assertions provided by BofA Securities, Inc. on behalf of the City. The Verification Report will also verify the accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on certain federal securities held under the Escrow Agreement to pay, when due, the redemption price and interest on the Refunded Obligations. Bond Counsel will rely on said verification in rendering its opinion as to the defeasance of the Refunded Obligations.

The verification performed by the Verification Agent will be solely based upon data, information and documents provided to it by BofA Securities, Inc. The Verification Report will state that the Verification Agent has no obligation to update the Verification Report or to verify any revised computations because of events and transactions occurring subsequent to the date of the Verification Report.

FINANCIAL ADVISOR

DEC Associates, Inc., Charlotte, North Carolina, is serving as Financial Advisor to the City.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. The delivery of this Official Statement and its distribution and use by the Underwriters have been duly authorized and approved by the City.

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APPENDIX A

THE CITY OF RALEIGH, NORTH CAROLINA

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APPENDIX A

THE CITY OF RALEIGH

The City of Raleigh, North Carolina (the "*City*"), the county seat of Wake County (the "*County*") and the capital of the State, covers an area of more than 148.5 square miles and is situated in the heart of the State, called the Piedmont region. The City forms one point of the Research Triangle Park created in 1959 for industrial, governmental, and scientific research, with Chapel Hill and Durham at the other two points. The City is in a combined metropolitan statistical area consisting of the Raleigh-Cary Metropolitan Statistical Area and the Durham-Chapel Hill Metropolitan Statistical Area. The population for the combined metropolitan statistical area as of July 1, 2022, the last date for which data is available, was estimated to be 2,148,648.

DEMOGRAPHIC CHARACTERISTICS

The United States Department of Commerce, Bureau of the Census, has recorded the population of the City to be as follows:

1990	2000	2010	2020
212,092	276,093	403,892	467,665

The Bureau of the Census recorded the City's population estimate as of July 1, 2022 (the latest data available) at 474,736, placing the City as the 41st largest city in the United States. According to World Population Review, an independent research organization, the City has grown at an average annual rate of 1.33% and its estimated population has increased by 4.09% since the most recent census in April 2020. Additionally, researchers at the Inspection Support Network found that the Raleigh-Cary Metropolitan Statistical Area was the second fastest growing Metropolitan Statistical Area in the United States, growing by 23% since 2010.

Per capita income data for the County[1] and the State are presented in the following table (latest data available):

YEAR	COUNTY[1]	STATE	UNITED STATES
2018	$ 59,014	$ 46,117	$ 54,446
2019	62,535	48,741	56,250
2020	65,717	51,781	59,153
2021	73,800	56,705	64,430
2022	76,357	58,109	65,750

[1] Separate data for the City is not available.
Source: United States Department of Commerce, Bureau of Economic Analysis, last updated November 16, 2023 (latest data available).

The American Community Survey, an annual survey that replaces the long-form questionnaire of the census taken every ten years, estimated in 2022, the latest year for which City data is available, that the percentage of the City's adults aged 25 or older with a high school diploma was 92.8% and the percentage of adults with bachelor's degrees was 53.5%. That same survey found that the City's median household income was $75,424 and median family income was $102,382.

ECONOMIC PROFILE

As the capital of the State, the City derives its economic profile from a diverse combination of business and employment centers including State government, higher education, healthcare, technology, and retail trade. The City is the home of the principal executive, judicial and regulatory offices of State government, as well as six public and private institutions of higher education, including North Carolina State University, the largest university in the State.

The City has received significant national acclaim in recent years, both for its robust local economy and its attractive quality of life. Examples of recent City accolades include:

- Best Cities for Jobs (January 2024 – wallethub.com)
- Best Place to Live in North Carolina (January 2022 – bankrate.com)
- Best City to Live in for Young Professionals (February 2022 – gobankingrates.com)
- Top Spot to Launch a Small Business (November 2023 – lendingtree.com)
- Top 25 Fastest Growing Places in the US (August 2023 – U.S. News and World Report)
- 1st in the Best City for Veterans to Live (November 2023 – wallethub)
- 1st in Most Livable City in the U.S. (January 2023 – Far & Wide)
- 2nd Best Large Metro for Women in Tech (March 2024 – coworkingcafe.com)
- 2nd Hottest Housing Market in the U.S. (February 2024 – U.S. News and World Report)
- 2nd Best Performing Large City (February 2024 – Milken Institute)
- 2nd Best State Capital to Live In (February 2023 – wallethub.com)
- 2nd in Top Innovative Cities in U.S. (November 2022 – Nexcess)
- 2nd Most Climate – Resilient City (February 2023 – Architectural Digest)
- 3rd Best Place to Live in U.S. (tied with Durham) (November 2023 – usnews.com)
- 3rd Among Best Business Climates (Large) in the U.S. (Raleigh-Cary MSA) – (August 2023 - Business Facilities)
- 4th Best Quality of Life in the U.S. (2023 – money.com)
- 5th Hottest Labor Market (April 2023 – Wall Street Journal)
- 5th Best for Job Seekers in 2024 (December 2023 – indeed.com)
- 6th Best Place to Live in U.S. (tied with Durham & Chapel Hill) (May 2024 – usnews.com)
- 8th Biggest Boomtown (April 2023 – lendingtree)
- 9th Among the South's Best Cities 2024 (March 2024 – Southern Living)

Most recently, the City was selected to join the new Bloomberg American Sustainable Cities initiative, designed to help cities with local solutions to build low-carbon, resilient, and economically thriving communities.

Research Triangle Park (the "*RTP*"), a nationally recognized center for research and light manufacturing, is partially located in the County. RTP's primary objective is to attract research-related institutions to the area, and is currently home to over 375 organizations including IBM Corporation, GlaxoSmithKline, Cisco Systems, Credit Suisse, RTI International, Fidelity Investments, Lenovo, Biogen, NetApp Inc., and Wolfspeed (a Cree Company). The research institutions of RTP employ an estimated 60,000 full-time equivalent employees, many of which are City residents. Industries such as micro-electronics, telecommunications, biotechnology, chemicals, pharmaceuticals, and environmental sciences also invest more than twice the national average in research and development at the region's universities.

The number of government and governmental agency employees in the County exceeds other categories of employment. The State government employs approximately 24,000 employees, North Carolina State University employs over 9,000 employees, and the City, County and County school governments employ nearly 26,000 employees.

The following table lists the major employers in the City as of January 2023 (latest data available) by corporate name and approximate number of employees:

State of North Carolina	24,083
Wake County Public School System	17,000
Wake Med Health and Hospitals	10,307
Food Lion	9,037
North Carolina State University	9,019
Target Stores	8,400
UNC Rex Healthcare System	7,700
Wake County Government	4,389
City of Raleigh	3,974

Sources: Wake County Economic Development, NC Office of State Human Resources, NC Employment Security Commission, City Budget Department, Research Triangle Park Website, January 2023, Various Area Employers.

The City is home to three acute care hospital systems that provide approximately 1,834 acute care beds and significant employment opportunities within the County. WakeMed is a major non-profit hospital, tertiary care facility with a 950-bed capacity, which includes two hospitals in the City (a 567-bed hospital and a 77-bed hospital), a 208-bed hospital in Cary, and 98 rehab and skilled nursing beds. Rex Healthcare, which is in the City and part of UNC Health Care System, has a 660-bed capacity. Finally, Duke Raleigh Hospital, which is part of Duke University Health System, is in the City and has a 204-bed capacity. These facilities, combined with nearby Duke University Medical Center, UNC Hospitals, Duke Regional Hospital and the Veterans Administration Medical Center, provide comprehensive medical resources for the region.

DOWNTOWN AND OTHER DEVELOPMENT

The City's downtown has experienced significant development in the last 20 years, spanning commercial and residential projects and generating both public and private investment. According to a Downtown Raleigh Alliance 2023 report titled "State of Downtown Raleigh," the City has a recent and future development pipeline of more than $7.1 billion, which includes over $1.9 billion in projects completed since 2015, $1.2 billion in under construction projects, and $3.8 billion in planned projects. The City's downtown population has grown by 96% since 2000 and is growing at a faster rate than the rest of the City (62%) and the State (34%). Since 2010, the City's downtown population has increased by 63%, with over 11,000 residents currently living inside the Downtown Business District and over 19,000 people living within one mile of downtown.

The City's downtown housing pipeline has increased as well. The City currently has 8,212 housing units in downtown and a 94.1% occupancy rate in apartment complexes. Another 9,892 future housing units are planned or currently under construction. The City's downtown office market has also remained resilient despite the COVID-19 pandemic. Since 2015, over 1.8 million square feet of new Class A office space has been delivered, with an additional 1,302,205 square feet currently under construction or planned.

The City's downtown is also home to 2,956 businesses and over 44,000 employees. Since 2020, there has been a net gain of over 52 new storefront businesses in downtown primarily consisting of new shopping and dining businesses. Despite the pace of the expansion, downtown remains small business friendly, with over 90% of downtown businesses being locally owned or independently operated. Food and beverage sales more than doubled between 2010 and 2019, experiencing an annual growth rate of 8.4%. While food and beverage sales decreased in 2020 due to COVID-19, each quarter has shown a trend towards recovery to pre-pandemic levels, with monthly food and beverage sales exceeding pre-pandemic levels for several months in 2022 and 2023, with an overall 18% year over year increase in food and beverage sales.

The following table summarizes completed projects in the City's downtown since 2021 and future planned projects:

	#	DEVELOPMENT NAME	INVESTMENT	SQUARE FEET	UNITS/ROOMS	TYPE
COMPLETED SINCE 2021	1	Tower Two at Bloc[83]	$108,000,000	271,750	N/A	Office/Retail
	2	The Line Apartments (Smoky Hollow Phase II)	$95,000,000	301,017	283 units	Apartment/Retail
	3	The Fairweather	$28,000,000	103,250	45 units	Condo/Retail
	4	John Chavis Memorial Park Improvements Phase I	$12,000,000	N/A	N/A	Public Space
	5	First Citizens Bank	$9,000,000	37,187	N/A	Office/Retail
	6	AC Hotel by Marriott Raleigh Downtown	$25,000,000	92,314	147 rooms	Hotel/Retail
	7	421 N. Harrington St. (Smoky Hollow Phase II)	$95,000,000	245,000	N/A	Office/Retail
	8	333 Fayetteville	Not Announced	10,955	N/A	Office
	9	301 Hillsborough at Raleigh Crossing	$160,000,000	299,352	N/A	Office/Retail
	10	208 Fayetteville	Not Announced	27,000	N/A	Retail
	11	The Signal (Seaboard Station Block B)	$100,000,000	302,686	298 units	Apartment/Retail
	12	The Dukes at City View	Not Announced	17,007	8 units	Townhome
	13	North Carolina Freedom Park	Not Announced	N/A	N/A	Public Space
		TOTALS	**$645,150,000**	**1,707,518**	**634 units / 147 rooms**	
UNDER CONSTRUCTION	14	The Weld (Phase I)	Not announced	1,106,548	675 units	Apartment/Retail
	15	The Platform (West End Phase I)	Not announced	436,020	443 units	Apartment/Retail
	16	The Acorn on Person Street	Not announced	92,229	107 units	Apartment
	17	Tempo by Hilton + Homewood Suites	Not announced	260,890	261 rooms	Hotel
	18	Seaboard Station Block C	Not announced	295,597	204 units	Apartment/Retail
	19	Seaboard Station Block A	Not announced	194,240	75 units / 149 rooms	Apartment/Hotel/Retail
	20	Row 12	Not announced	Not announced	12 units	Townhome
	21	Rockway Raleigh (Park City South Phase I)	Not announced	371,640	336 units	Apartment/Retail
	22	Mira Raleigh	Not announced	221,608	288 units	Apartment/Retail
	23	Idyle	Not announced	Not announced	10 units	Townhome
	24	Gipson Play Plaza (Dix Park)	Not announced	N/A	N/A	Public Space
	25	Alexan Glenwood South	Not announced	235,622	186 units	Apartment/Retail
	26	615 Peace	$7,000,000	32,578	24 units	Condo/Retail
	27	400H	$175,000,000	560,000	242 units	Apartment/Office/Retail
	28	320 W South St	Not announced	400,593	297 units	Apartment/Retail
	29	216 Fayetteville St	Not announced	Not announced	N/A	Retail
	30	210 Fayetteville St	Not announced	Not announced	N/A	Retail
	31	122 Glenwood Ave (Renovation)	Not announced	19,200	N/A	Office/Retail
		TOTALS	**$1,219,575,000**	**4,226,765**	**2,899 units / 410 rooms**	
PLANNED + PROPOSED	32	Glenwood South Towns	Not announced	30,993	16 units	Townhome
	33	Union West (Raleigh Union Station Phase II)	$200,000,000	881,240	560 units	Apartment/Retail/Transit Inf
	34	1317 Hillsborough Apartments	Not announced	13,289	16 units	Apartment/Retail
	35	307 W Martin St	Not announced	Not announced	Not announced	Not announced
	36	330 W Hargett St	Not announced	621,260	372 units	Apartment/Retail
	37	401 Cabarrus Apartments	Not announced	389,229	298 units	Apartment/Retail
	38	404 Glenwood (The Creamery Phase II)	Not announced	Not announced	N/A	Office/Retail
	39	501 Hillsborough	Not announced	303,195	221 units	Apartment/Retail
	40	518 Cabarrus (West End Phase II)	Not announced	397,755	241 units	Apartment/Retail
	41	707 Semart Drive	$200,000,000	1,018,202	680 units	Apartment/Retail
	42	865 Morgan Apartments	Not announced	433,609	400 units	Apartment/Retail
	43	Bloomsbury Apartments	Not announced	392,057	237 units	Apartment/Retail
	44	Cabarrus + Dawson Residences	Not announced	273,252	257 units	Apartment
	45	Civic Campus Phase II	Not announced	Not announced	N/A	Government - Office
	46	Convention Hotel RFI - Residential Mixed-Use Site	Not announced	Not announced	Not announced	Residential/Retail
	47	Courtyard Marriott	Not announced	195,593	178 rooms	Hotel/Retail
	48	East Civic Tower (Civic Campus Phase I)	$190,000,000	362,396	N/A	Government - Office
	49	Highline Glenwood (The Creamery Phase I)	Not announced	Not announced	299 units	Apartment/Retail
	50	Home2 + Tru Raleigh	Not announced	187,332	186 rooms	Hotel
	51	John Chavis Memorial Park Improvements Phase II	$56,250,000	Not announced	N/A	Public Space
	52	Kimpton Mixed-Use	Not announced	711,428	350 units / 184 rooms	Apartment/Hotel/Retail
	53	Marriott Towneplace Suites	Not announced	85,000	138 rooms	Hotel
	54	Moore Square East	Not announced	1,374,826	560 units / 135 rooms	Apartment/Hotel/Retail
	55	Moore Square South	Not announced	170,900	150 rooms	Hotel/Retail
	56	Moxy Hotel	Not announced	63,386	169 rooms	Hotel
	57	Nash Square Apartments	Not announced	854,066	403 units	Apartment/Retail
	58	Raleigh Convention Center Expansion	$355,000,000	500,000	N/A	Government - Convention
	59	Raleigh Convention Hotel	Not announced	Not announced	500 rooms	Hotel
	60	Raleigh Crossing Phase II	Not announced	Not announced	Not announced	Apartment/Retail
	61	Red Hat Amphitheater Relocation	$32,000,000	Not announced	N/A	Government - Entertainment
	62	Salisbury Square Future Hotel Phase	Not announced	Not announced	150 rooms	Hotel
	63	Salisbury Square Phase I	Not announced	382,673	348 units	Apartment/Office/Retail
	64	Salisbury Square Phase II	Not announced	258,802	250 units	Apartment/Retail
	65	Smoky Hollow Park	$18,000,000	Not announced	N/A	Public Space
	66	Smoky Hollow Phase III	Not announced	Not announced	Not announced	Not announced
	67	The Bend	Not announced	Not announced	N/A	Retail
	68	The Edge	Not announced	Not announced	N/A	Office/Retail
	69	The Heath (Park City South Phase II)	Not announced	418,639	386 units	Apartment/Retail
	70	The Madison	$150,000,000	Not announced	313 units	Apartment/Retail
	71	The Nexus	Not announced	Not announced	Not announced	Not announced
	72	The Row at Glenwood	Not announced	Not announced	N/A	Office/Retail
	73	The Tellus Condominiums	Not announced	45,437	30 units	Condo
	74	The Weld (Phase II)	Not announced	Not announced	Not announced	Apartment/Office/Retail
	75	Tower Three at Bloc[83]	Not announced	Not announced	Not announced	Not announced
	76	Transfer Co. Food Hall Phase II	Not announced	Not announced	N/A	Office/Retail
	77	VeLa Longview	$170,000,000	524,568	358 units	Apartment/Retail
	78	Wilmington Street Mixed Use	Not announced	582,385	398 units	Apartment/Retail
		TOTALS	**$3,799,838,000**	**11,471,512**	**6,993 units / 1,790 rooms**	

Source: Downtown Raleigh Alliance, State of Downtown Raleigh 2023.

Raleigh Union Station, a joint initiative of the City, GoTriangle, the State Department of Transportation/Rail Division and the Federal Railroad Administration, is a $100 million investment in rail infrastructure in the downtown area of the City. A multimodal hub, the project has relocated Amtrak service to the emerging Warehouse District in downtown Raleigh. Union Station serves as a transportation hub for local and regional commuter and passenger rail, buses, taxis, bicyclists and pedestrians. Phase II of the Raleigh Union Station project (also known as the Raleigh Union Station Bus Facility Project or RUS Bus) is a $275 million investment that will create a bus facility adjacent to Raleigh Union Station with private mixed-use development and affordable housing. GoTriangle acquired the RUS Bus site in 2005 with support from a Federal Transit Administration grant. The public component of the project is funded in part by a $20-million United States Department of Transportation grant, as well as State and County matching funds. The completion of this project will provide connections between multiple modes of transportation, including Amtrak intercity passenger rail, planned future commuter rail, bus rapid transit projects included in the Wake Transit Plan and local bus service. Construction on the RUS Bus project began in April 2022 and is slated for completion in mid-2025.

The City has also been collaborating with the County to construct a high-quality, reliable, and efficient public transportation system, known as the Bus Rapid Transit ("*BRT*") project, that will connect 20 miles of transit lanes across four key corridors in the County. The BRT project involves the development of dedicated bus lanes, modern and accessible bus stations, and the use of advanced technology to ensure timely and frequent bus services. In November 2023, the City broke ground on the first of four bus rapid transit lines, which is projected to cost approximately $96 million and is being paid for by the Federal Transit Administration, the City, and a half-cent sales tax passed by the County. All transit lines across all four corridors are expected to be constructed and fully available by 2035.

The Raleigh Convention Center, a 500,000 square foot convention center which was the major component of downtown renewal efforts that began in the mid-2000s, is located at the south end of the main downtown thoroughfare. This facility includes a 4,100 square foot mezzanine lobby overlooking the 150,000 square foot exhibition hall, twenty meeting rooms, a ballroom, and twelve loading docks. The Raleigh Convention Center is connected by an underground walkway to a 17-story, 400-room Marriott that was built to support the operation of the convention center. This hotel includes 15,000 square feet of meeting space, restaurants, and an attached parking facility. With support from County hospitality taxes, the City plans to expand its convention center complex with the addition of over 300,000 square feet of additional convention space and a 500-room Omni Hotel. The expansion will also relocate the City's existing Red Hat Amphitheater to enhance the concert and event venue. The City expects to finance these improvements and its contribution to the Omni Hotel project with limited obligation bonds and anticipates using its portion of occupancy and food and beverage taxes distributed by the County as a source of payment for the bonds. See "**AVAILABLE SOURCES FOR PAYMENT - GENERAL**" in the body of the Official Statement for more information.

Significant corporate investments in downtown include Red Hat, Inc., a technology company in the free and open-source software sector and a major Linux distributor, that began relocating its headquarters to the City's downtown in late 2012 and Citrix Systems, Inc., a leading virtual computing solutions provider, that expanded its Data Sharing Group to the City's downtown, investing more than $12 million into renovation and operations in the City's Warehouse District. Additionally, Pendo, a cloud-based software-as-a-service and commercial product analytics startup that is now valued at over $1 billion, relocated its headquarters to the top five floors of a new building in the City's downtown.

Outside the downtown area, the City's North Hills area has undergone significant redevelopment, with an investment of approximately $1 billion over the last 15 years. Kane Realty Corp. purchased the site of North Hills Mall, a late 1960s retail development, in 2001 with the intention of creating a new low-rise, pedestrian-friendly urban development that would be the center of the City's midtown. The North Hills Mall, an open-air retail center, opened in 2004 and now includes over 850,000 square feet of retail development, including over 130 shops and over 36 restaurants. In addition, the North Hills area is home to over 1 million square feet of Class A office space, including the Captrust Tower that opened in 2010, the Bank of America Tower that opened in 2016 and the Midtown Plaza that opened in 2017, all of which are 100% leased. In addition, North Hills is home to approximately 1 million square feet of luxury apartment units, two upscale hotels, and an outdoor common area and park that serves as the location for concerts, theatrical productions and community events. Tower 5, a 17-story office building currently under construction in North Hills, will include 322,000-square-feet of office space and unique amenities in common areas, integrated parking, and ground level retail space. The Tower will be located off of the City's Interstate 440 with immediate access to both active urban and natural spaces, facilitating new workplace opportunities for collaboration, working, and gathering. Kane Realty also is scheduled to complete One North Hills Tower, a 10-story, 266,000-square-foot Class A office building in the same prominent location.

In November 2019, Dewitt Carolinas announced a $1 billion plan to develop 40 acres of land in North Hills into a mixed-use development. Now known as Exchange Raleigh, the development will include almost 1 million square feet of office space, up to 1,275 residential units, 300 hotel rooms, 125,000 square feet of retail and dining space, and 4 acres of greenspace, as well as two 12-story office towers connected by a sky bridge. Construction on the first office tower broke ground in September 2020 and the full build out of the development is expected to take between seven and ten years to complete.

Raleigh Iron Works is a new mixed-use development located at the crossroads of the Five Points, Oakwood, and Mordecai neighborhoods in midtown Raleigh. The 26-acre site includes over 500,000 square feet of creative office space, 90,000 square feet of retail, restaurant, and fitness space, and 220 residential units. The design includes repurposing the historic Peden Steel fabricating mill and Dock 1053 to retain the historic character of areas redeveloped around the new construction.

Another mixed-use development in the City is Downtown South Raleigh. Downtown South will comprise approximately 140 acres of development for offices and residential areas in addition to hospitality, retail and leisure space. The development will further the urban development of the south end of Downtown Raleigh, especially given the prime location of the facilities and transit accessibility created by a bridge loop that will enclose the entire development and provide efficient circulation from in and out of the site with the rest of the City. The plan has also been designed to have a positive connection with the City's extensive greenways system to promote walking or biking amongst the local historic neighborhoods. The project is anticipated to be completed in phases over a 9–10-year horizon and involve public-private partnerships, inputs from local communities, and diverse businesses.

In January 2024, the City began demolition of its former police department headquarters to make way for its new East Civic Tower. The 17-story tower will serve as consolidated office space for various City departments and a new City Hall. The project is estimated to cost approximately $206.7 million, and construction is currently expected to begin in late 2024 and be completed in 2027.

HOSPITALITY, CULTURE AND RECREATION

The City continues to broaden the range of cultural and entertainment experiences available to its citizens and visitors to the City. Martin Marietta Center for the Performing Arts, located in the City's downtown, is the home of the North Carolina Symphony and provides four performing arts theatres. The North Carolina Museum of Art is located in the western part of the City. The North Carolina Museum of Natural Sciences, the North Carolina Museum of History, the Contemporary Art Museum, Marbles Kids Museum and the adjacent IMAX Theater are all located in the downtown area of the City.

The Coastal Credit Union Music Park at Walnut Creek is a 20,000-seat amphitheater owned by the City that offers outdoor concert facilities for a variety of national concert tours. The City leases the facility to a private operator who manages the complex and handles arrangements for the various events. For the 2023 concert season, over 20 events were held at the amphitheater with attendance over 235,000. Under the lease agreement, the City receives 7% of gross revenues of the facility. The total rent is capped at agreed upon levels each year. Rental income that is more than $1,000,000 per year is designated for capital improvements.

The City-owned 5,500 seat Red Hat Amphitheater, located in the downtown, opened in June 2010. The $2.5 million facility is located adjacent to the City's convention center and hosts marquee concerts and community events in an open-air setting looking out across the City skyline. For the 2023 season, Red Hat Amphitheater hosted 72 events which brought in over 136,000 attendees to downtown. The facility offers a varied venue that targets a different market than the Coastal Credit Union Music Park at Walnut Creek. The City plans to relocate the existing Red Hat Amphitheater to an adjacent lot to enhance the concert and event venue in connection with the expansion of the Raleigh Convention Center. See "**DOWNTOWN AND OTHER DEVELOPMENT**" above.

The City has hosted the International Bluegrass Music Association ("*IBMA*") "World of Bluegrass" Week since 2013. The "World of Bluegrass" Week is a three-day bluegrass festival held in late September each year. The event is the result of a partnership between the City, the IBMA, PineCone – The Piedmont Council of Traditional Music, the Greater Raleigh Convention and Visitors Bureau, and a local organizing committee. In the 10 years the City has hosted IBMA, the festival has generated more than $88 billion in direct economic impact for the greater Raleigh area. The City will serve as host to "World of Bluegrass" Week through 2024. Beginning in 2025, the City will create a new homegrown festival adding other music genres, including gospel and funk. The new festival will be a partnership of Visit Raleigh, PineCone and the Raleigh Convention Center.

Initially hosted in 2019 and after two years of cancellations due to COVID-19, Dreamville Festival, a two-day multi-stage music and culture festival curated by internationally acclaimed hip-hop star J. Cole, returned to the City at Dorothea Dix Park in 2022 and entered its fourth year with the festival in April 2024. Dreamville Festival was designed to be a celebration of local culture, food, and art and, as of 2023, had a total economic impact of $145.9 million.

The PNC Arena, a multi-purpose sports and entertainment facility, is the home of the Carolina Hurricanes, a National Hockey League team, and the North Carolina State University basketball team. In addition, the facility provides a wide variety of entertainment events to the region. The facility is owned by the Centennial Authority of North Carolina under authority granted by the General Assembly. A 6% occupancy tax and a 1% prepared food and beverage tax that the City receives under an interlocal agreement with the County partially funds debt service on debt incurred to finance a portion of the cost of PNC Arena and operations, capital maintenance, and facility improvements. The State of North Carolina, North Carolina State University, and the Carolina Hurricanes fund the balance of these costs. There is currently no debt outstanding on PNC Arena as debt for the facility was paid off in fiscal year 2020. Funding from the above-described sources has been approved by the City and County to support major improvements and upgrades to the PNC Arena. Agreements are being finalized and a new borrowing by the Centennial Authority is anticipated to begin in the next 12 months.

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CONSTRUCTION ACTIVITY

Construction activity in the City for recent fiscal years is indicated in the following table showing the number and value of building permits:

FISCAL YEAR ENDED JUNE 30	COMMERCIAL		RESIDENTIAL		TOTAL	
	NUMBER	VALUE	NUMBER	VALUE	NUMBER	VALUE
2019	21,120	$ 977,116,084	35,960	$ 853,054,967	57,080	$ 1,830,171,051
2020	13,677	1,150,102,559	21,475	336,969,837	35,152	1,487,042,396
2021	15,054	1,077,331,681	25,006	529,555,158	40,060	1,606,886,838
2022	11,142	1,973,671,676	21,625	659,645,839	32,767	2,633,317,515
2023	12,287	1,702,773,425[1]	26,235	711,874,967	38,522	2,414,648,392

Source: City Building Inspections; City Planning and Development Department.

[1] The decrease in value of commercial building permits from fiscal year 2022 to 2023 was due, at least in part, to a larger proportion of commercial projects with lower values in fiscal year 2023 compared to fiscal year 2022's commercial projects with a larger proportion with higher values.

SALES TAX

Total taxable sales in the County[1] for the fiscal years ended June 30, 2019 through 2023 and for a portion of the fiscal year ending June 30, 2024 are shown in the following table:

FISCAL YEAR ENDED JUNE 30	TOTAL TAXABLE SALES	INCREASE OVER PREVIOUS PERIOD
2019	$ 19,711,357,427	7.9%
2020	20,128,769,992	2.1
2021	22,643,614,157	12.5[2]
2022	26,567,203,523	17.3[2]
2023	29,468,896,469	10.9
2024 (9 months[3])	22,743,800,595	-

[1] Separate data for the City is not available.

[2] The large increase in taxable sales for fiscal years 2021 and 2022 may have been due, at least in part, to shifts in consumer spending and direct stimulus support given to households during the COVID-19 pandemic, along with rising inflation.

[3] For the 9-month period ended March 31, 2024. Prior taxable sales for the 9-month period ended March 31, 2023 were $22,021,586,693. Sales tax collections to date in fiscal year 2024 have not experienced the growth seen in prior years; however, due to the growth in the prior fiscal years, base sales tax collections are considerably larger than pre-pandemic levels.

Source: North Carolina Department of Revenue, Sales and Use Tax Division.

Note: Amounts shown are total taxable sales reported on sales and use tax returns filed during the period of July 1 through June 30 for a given fiscal year. Data reflects sales primarily for the period June 1 through May 31, but may include sales for prior periods.

Net sales tax distributed to the City over the fiscal years ended June 30, 2019 through 2023 are as follows:

Fiscal Year Ended June 30	Sales Tax Received	Increase Over Previous Period
2019	$ 104,943,166	7.9%
2020	107,580,666	2.5
2021	123,181,562	14.5
2022	139,531,718	13.3
2023	150,029,268	7.5

Retail sales for the County and the City have continued to grow with the City's sales tax distribution increasing 7.5% from fiscal year 2022 to fiscal year 2023. The growth significantly exceeded the annual budget, surpassing expectations by $20 million. Over the past three years, sales tax collections in North Carolina have far exceeded expectations, driven by shifts in consumer spending and the unprecedented direct stimulus support given to households during the COVID-19 pandemic. Inflation, occurring during the most recent fiscal year, also resulted in higher sales tax collections.

EMPLOYMENT

For the 2019-2023 calendar years and a portion of the 2024 calendar year, the Division of Employment Security, North Carolina Department of Commerce estimated the percentage of unemployment in the City to be as follows (latest data available):

	2019	2020	2021	2022	2023	2024
January	4.2%	3.6%	5.9%	3.6%	3.3%	3.5%
February	3.9	3.4	5.6	3.5	3.4	3.5
March	3.8	4.3	5.1	3.2	3.2	3.6
April	3.3	13.8[1]	4.7	3.0	2.8	3.2
May	3.7	12.4	4.8	3.2	3.2	-
June	3.9	10.5	5.0	3.5	3.4	-
July	3.9%	9.6%	4.8%	3.6%	3.4%	-
August	3.9	7.3	4.6	3.8	3.5	-
September	3.2	6.4	3.9	3.2	3.0	-
October	3.4	5.5	3.9	3.3	3.2	-
November	3.3	5.5	3.7	3.3	3.2	-
December	3.1	5.5	3.1	2.9	3.1	-

[1] Beginning in April 2020, the unemployment rate reflects layoffs due to COVID-19.

GOVERNMENT AND MAJOR SERVICES

Government Structure. The City has utilized a council-manager form of government since 1947. The Mayor and two Council members are elected at-large, and the remaining five Council members are elected from five districts within the City. The Mayor and Council members serve two-year terms, and all have an equal vote. The City Council sets City policies, enacts ordinances, and appoints the City Manager. The City Manager administers the daily operations and programs of the municipal government through the department heads, other staff members and employees.

Education. The Wake County Public School System (the "*WCPSS*") serves all residents of the County. During the 2023-24 school year, 159,051 students are enrolled in 197 schools staffed by 10,899 permanent full-time teachers. The WCPSS is the largest school district in State and the 15th largest in the United States. Four new schools opened for enrollment in Fall 2022, no new schools opened in 2023, and one new school will open for students in Fall 2024.

The following table reflects ADM* in the WCPSS and the number of schools and classrooms for a five-year period beginning with the 2019-20 school year:

School Year	Elementary Schools[1]			Middle Schools[1]			High Schools[1]			Total ADM
	Schools	Classrooms	ADM*	Schools[1]	Classrooms	ADM*	Schools[1]	Classrooms	ADM*	
2019-20	117	5,159	72,965	42	2,443	38,290	32	2,699	50,652	161,907
2020-21	118	5,081	69,022	43	2,475	37,772	32	2,692	50,879	157,673
2021-22	118	5,083	68,967	43	2,476	37,248	33	2,789	52,545	158,760
2022-23	120	5,208	68,478	44	2,530	36,566	34	2,814	53,368	158,412
2023-24	120	5,318	69,449	44	2,538	36,248	34	2,806	54,298	159,995

*ADM — Average Daily Membership (using 20th day enrollment) is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. The memberships are used as a basis for teacher allotments and for distribution of State funds.
[1] Schools includes three academies; one K-8 school listed under Elementary Schools and two 6-12 schools listed under Middle Schools.
Source: Wake County Board of Education.

As shown below, there are also six colleges and universities, one law school and one technical institute serving over 71,000 students in the Raleigh area. The following table lists approximate enrollment at public and private institutions of higher education within the County:

Institution	Fall 2023 Enrollment
North Carolina State University	37,323
Wake Technical Community College	24,000
Southeastern Baptist Theological Seminary	5,000
Meredith College	1,600
Shaw University	1,067
Saint Augustine's University	924
William Peace University	742
Campbell Law School	560
Total Students	**71,216**

Transportation. Major expansion, maintenance and betterment of the local street system are the sole responsibility of the City. Major expansions and betterment are financed with bond proceeds and current revenues. Major maintenance, expansion and betterment of interstate, primary and secondary highways of the State highway system within the City limits are mainly the State's responsibility although the City does participate on a limited basis. Since 1998, the City voters have approved $470 million of general obligation bonds for street-related improvements. Many of the thoroughfares improved or to be improved with the general obligation bonds are on the State's system, showing the City's commitment to provide a quality transportation system for its citizens as well as its desire to partner with the State Department of Transportation in meeting the City's transportation challenges. The City is also responsible for right-of-way acquisition for such expansion or betterment, as well as related sidewalk improvement and street lighting. Highway routes that lead to the City include Interstate 40, Interstate 87 (which is partially completed and runs concurrent with U.S. 64), four U.S. Highways (U.S. 1, 64, 70 and 401), and two North Carolina Highways (N.C. 50 and 54). Currently two major freeways loop or partially loop the area (Interstate 440 and Interstate 540).

The greater Raleigh area has a partially completed outer loop, Interstate 540, also called the "Triangle Expressway." The segment of the Interstate 540 loop currently open and in use spans from Holly Springs, NC (southwest of the City) clockwise around the greater Raleigh area and currently terminates in Knightdale, NC (east of the City). Portions of Interstate 540 are user-toll based. Efforts to extend and complete the Interstate 540 loop are currently underway.

The "Complete 540 - Phase 1" project is a $2.5 billion project that began in 2019 and will extend the existing Interstate 540 loop from Holly Springs, NC to the southeast (approximately 17.8 miles) to a newly constructed interchange with Interstate 40 (south of the City). Phase 1 is currently projected to be complete in 2024. The "Complete 540 – Phase 2" project will be the final segment of the Interstate 540 loop and will extend Interstate 540 from the Interstate 40 interchange (south of the City) to the northeast and connect to existing Interstate 540 in Knightdale, NC. Phase 2 is currently expected to be completed by 2028.

The North Carolina Turnpike Authority financed and constructed an approximately 19-mile toll road as an outer beltway around the City, comprising of the partial loop of Interstate 540. This project cost a little over $1 billion, was the first toll road in the State and was financed with a combination of toll road revenue bonds, additional debt financing provided by the United States Department of Transportation and contributions toward the project made by the State. The toll road runs from the RTP to the southern area of the County.

The City owns and operates a bus transit system, GoRaleigh Access, and provides a direct pick-up service for citizens who are disabled. The system annually operates at a deficit which is subsidized by City appropriations from the General Fund. Available grant funding from the Federal Transit Administration is based on formula allocations made to the City for a combination of maintenance and capital purposes. GoTriangle operates regional buses, shuttles, and vanpools. Fixed route bus ridership for Fiscal Year 2023 saw boardings of 1,575,684, up 7.2% compared to the previous year (Source: GoTriangle Fiscal Year 2023 Annual Comprehensive Financial Report). The City has no financial responsibility for GoTriangle.

North Carolina law permits local communities to conduct a referendum on the levy of a local sales tax for transit projects. On November 8, 2016, a County-wide advisory referendum was held in accordance with North Carolina law, and a majority of those voting in the referendum voted for the levy of the tax in the County. Subsequently, GoTriangle, as administrator of the Triangle Tax District, levied the one-half percent sales tax on December 14, 2016. The local sales and use tax in the County to fund public transportation systems was effective April 1, 2017. The County, GoTriangle and the Capital Area Metropolitan Planning Organization have entered into a Transit Governance Interlocal Agreement that creates strict requirements related to accounting and reporting of revenues and expenditures for the Wake County Transit Plan. Sales taxes levied and collected pursuant to the Wake Transit Plan are not legally allocated to the City or the County, and instead are accounted for in the Triangle Tax District, a component unit of GoTriangle. Additional information can be found on GoTriangle's website.

Raleigh-Durham International Airport (the "*Airport*") is classified as a medium hub by the FAA and has 10 major airlines that serve 38 nonstop destinations. The Airport consists of approximately 5,100 acres, approximately 2,075 of which are developed. The Airport is governed by the eight-member Raleigh-

Durham Airport Authority with two members each appointed by the City, the County, the City of Durham, and Durham County. The Airport has two primary parallel runways of 10,000 feet and 7,500 feet, and a third secondary crosswind general aviation runway of 3,500 feet. An air cargo complex houses five cargo carriers. Two passenger terminals provide a total of 45 aircraft gates. During fiscal year 2023 (period ending March 31, 2023) a total of 14,523,996 passengers were processed at the Airport, a 22.7% increase from fiscal year 2022. The City is not financially responsible for any airport capital improvements. Additional information can be found on the Airport's website.

Private bus companies provide connecting bus service to the City on a nationwide basis. In addition, the City is provided with passenger train service by regional state supported train services Amtrak Carolinian and Piedmont, Silver Star, which spans the eastern seaboard, and freight service by two other railroad lines. Raleigh Union Station, a joint initiative of the City, GoTriangle, the State Department of Transportation/Rail Division and the Federal Railroad Administration, is a multimodal hub in the downtown area of the City that has relocated Amtrak service to the City's emerging Warehouse District. Union Station will serve as a transportation hub for local and regional commuter and passenger rail, buses, taxis, bicyclists, and pedestrians.

Public Utility Enterprises. The City owns and operates a water distribution system and a sanitary sewer system which provide services to over 197,000 water accounts and over 193,000 sewer accounts inside and outside City limits.

Between 2000 and 2006, the City entered into merger agreements with the water and sanitary sewer systems of several of the towns located in the County: the Town of Garner, the Town of Rolesville, the Town of Wake Forest, the Town of Knightdale, the Town of Wendell, and the Town of Zebulon (collectively, the "*Merger Towns*"). Under the terms of the respective merger agreements, all assets, liabilities, equity and operations of each Merger Town's water and sanitary sewer system, with the exception of certain long-term debt, were transferred to the City. The City is responsible for all operating activities and capital requirements of the merged systems. The City is also responsible, using its utility funds and funds received in connection with the mergers, for paying all amounts necessary to the respective Merger Towns to make all debt service payments. All City and Merger Town water and sewer customers are charged the same rates and rate structure.

Water System - The Raleigh Water Department currently operates two water treatment plants, the E. M. Johnson Water Plant (the "*Johnson Water Plant*"), which began service in November 1967 and the Dempsey E. Benton Water Plant (the "*Benton Water Plant*" and together with the Johnson Water Plant the "*Water Treatment Plants*") which began service on May 1, 2010. The main source of supply for drinking water is Falls Lake, a surface water supply, multipurpose reservoir owned and operated by the U.S. Army Corps of Engineers (the "*Corps*"), which provides water to the Johnson Water Plant. The City retains the sole contract right with the Corps for this source as a water supply and is entitled to an annual average maximum withdrawal capacity of 100 million gallons per day ("*MGD*") from Falls Lake, with original rights to approximately 45,000 acre-feet of storage that have a reliable yield of 63.4 MGD for the drought of record. The City owns two other surface water supplies: Lakes Benson and Wheeler. Lakes Benson and Wheeler have a combined withdrawal capacity of 20 MGD and a reliable yield of 11.2 MGD for the drought of record for this lake system, providing water supply to the Benton Water Plant, near Lake Benson. On January 24, 2019, the Assistant Secretary for the Army for Civil Works signed a sales contract for the reallocation of an additional 17,300 acre-feet of storage in Falls Lake that equates to approximately 23.3 MGD of reliable yield to the City. This now results in contractual storage rights of 62,300 acre-feet in Falls Lake. The combined safe yield of all current water supplies is now approximately 97.9 MGD, which is expected to meet the water supply needs of the consolidated utility system through 2047.

The Water Treatment Plants meet a strict set of quality standards established by the North Carolina Public Water Supply Section and the U.S. Environmental Protection Agency. The Johnson Water Plant is permitted for a peak treatment capacity of 86 MGD, and the Benton Water Plant is permitted for a peak capacity of 16 MGD. Annual average usage is currently approximately 56 MGD. Both Water Treatment Plants have achieved 100% water quality and environmental compliance for the past several years. The City has received the Area-Wide Optimization Award for filter performance from NC Public Water Supply for 11 consecutive years and has continued to maintain its Presidents Award Status and Directors Award Status with the Partnership for Safe Water. Additionally, the City's water was voted "Best Tasting" in the State at the NC One Water conference in November 2023 and the third best water in the world after the "Best of the Best" Water Taste Test held by the American Water Works Association.

Sewer System - The Raleigh Water Department currently operates three wastewater treatment plants, the Neuse River Resource Recovery Facility (the "*NRRRF*"), originally placed in use by the City in 1976, the Smith Creek Resource Recovery Facility (the "*SCRRF*") and the Little Creek Resource Recovery Facility (the "*LCRRF*" and together with the NRRRF and the SCRRF, the "*Wastewater Recovery Facilities*"), both acquired by the City in connection with mergers discussed above with the Towns of Wake Forest and Zebulon. The NRRRF has a 75 MGD average day capacity; the SCRRF has a 3 MGD average day capacity; and the LCRRF currently has a 2.2 MGD average day capacity. In fiscal year 2023, the average daily use of the sanitary sewer system was 51.38 MGD with a recorded peak day usage of 82.45 MGD (the peak was a result of a wet weather event).

The Wastewater Recovery Facilities have achieved 100% environmental compliance for the past several years and maintained their ISO 14001 Environmental Management System certification. All three Wastewater Recovery Facilities are designed to meet stringent nutrient removal requirements of the National Pollutant Discharge Elimination System ("*NPDES*") permit standards. The City attained compliance with the more stringent NPDES effluent limits by 1998, five years prior to the statutory compliance date of 2003. In calendar year 2022, the Wastewater Recovery Facilities earned Platinum Peak Performance Awards from the National Association of Clean Water Agencies for 100% NPDES regulatory compliance.

Parks and Recreation. The City's Parks, Recreational and Cultural Resources Department is a diverse network of facilities and programs that spans over 10,000 acres and across 200 parks. Features include 120 miles of greenways, 4 lakes, open space, 38 neighborhood and community centers, an amusement park, over 100 tennis courts, 12 pickleball courts, 8 aquatic facilities, a teen center, five nature preserves, eight dog parks, 60 ball fields, innovative programs offered throughout the year, and more.

The City acquired the 308-acre Dorothea Dix state hospital site in 2015 to create a new public space in the heart of the City, and City Council adopted the Park Master Plan in 2019. City and community stakeholders have been steadily moving forward on planning, design, and construction for several site areas to develop the campus into a "destination park". The first major project to move forward is the Gipson Play Plaza, an inviting public space for all ages with play spaces, works of art, a civic plaza, fountains, and gardens. Picnic groves and play features include a sensory maze, water play mountain, swing terrace, and an adventure playground. In November 2022, voters approved a $275 million parks and recreational facilities bond referendum, a portion of which the City anticipates will be used to issue general obligation parks and recreational facilities bonds to finance renovations and improvements to Dorothea Dix Park. In May 2023, the City issued its first tranche of debt under the 2022 parks and recreation referendum authority through the issuance of general obligation bond anticipation notes that the City expects to refinance with long term financing anticipated in the Spring of 2025. See "**DEBT INFORMATION—*Debt Outlook***" below for more information.

Affordable Housing. Given the City's rapid growth, which led to increases in rent and home prices above national averages, the City began an affordable housing initiative intended to serve those most impacted by rising housing costs – primarily low- and moderate-income ("*LMI*") individuals and families. In 2016, as part of its affordable housing initiative, the City established a goal to create 570 affordable housing units per year for ten years, with a total of 5,700 housing units by 2026. The City's housing goal counts housing that has created and/or preserved affordable housing units by engaging in the following four activities: (1) constructing new single-family home and townhomes for homebuyers, (2) constructing or preserving affordable rental apartments for renters, (3) providing homebuyers with financial assistance through the City's Homebuyer Assistance Program, and (4) repairing owner-occupied homes through the City's Homeowner Rehab and Limited Repair Programs.

In year 8 of the implementation plan, 3,439 units have been created. In fiscal year 2023, the City produced more than double the number of units produced in fiscal year 2022. In fiscal year 2024, the City is continuing to support affordable rental unit creation through its rental development gap financing program, as well as creating new public-private partnership opportunities by making City-owned parcels along the planned Wake Bus Rapid Transit (BRT) corridors available for affordable housing development by private development partners. The City also continues to invest in neighborhood stabilization through financial assistance for first-time homebuyers and long-time homeowners seeking to repair their homes, and it continues providing financial support to local homeless services providers.

Additionally, in November 2020, City voters passed an $80 million affordable housing bond. The proceeds of the affordable housing bonds have been committed towards creating and sustaining affordable housing development in the City. There were five categories identified for funding: public-private partnerships, rental development gap financing, transit-oriented site acquisition/preservation, homebuying assistance, and owner-occupied home repair. Recent projects include:

- The provision of $10 million in bond proceeds to develop an apartment complex on six acres of land known as King's Ridge Apartments that will be comprised of 100 affordable housing units reserved for LMI households exiting homelessness;

- The provision of $3.3 million in bond proceeds to develop a small-scale housing complex in the southeast area of the City in partnership with Southeast Raleigh Promise;

- The contribution of $3 million in bond proceeds to expand and renovate the men's campus of Healing Transitions, an organization that provides recovery-oriented services to homeless, uninsured, and underserved individuals with alcoholism and other drug addictions; and

- Rental development gap funding for the following projects: Milner Commons, Parkside Apartment, Pines at Peach Road, and Lake Haven.

In May 2023, the City issued its first tranche of debt under the 2022 affordable housing referendum authority through the issuance of general obligation bond anticipation notes in the aggregate principal amount of $25,000,000 that the City anticipates refinancing with long term financing in the Spring of 2025. See "**DEBT INFORMATION—*Debt Outlook***" below for more information.

In addition to the proceeds of affordable housing bonds, the City has dedicated over $83.2 million in funding from federal and local sources towards affordable housing and services for LMI individuals and families. The aggregate amount of $163.2 million from affordable housing bonds and the various other federal and local sources were utilized in stages beginning on July 1, 2021 and are expected to continue through 2026.

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

American Rescue Plan Act (ARPA). The American Rescue Plan Act ("*ARPA*"), signed into law on March 11, 2021, has been instrumental in providing financial aid to support various aspects of the pandemic response. With total funding of $73.2 million, ARPA has bolstered support to historically underserved communities, aided small businesses, and offered support to individuals and families in the City. ARPA funding was used to support public health efforts related to the pandemic, including community health initiatives, housing and homelessness, transit, and infrastructure improvements. Additionally, ARPA funds were used to support the City's ongoing efforts to address the economic impacts of the pandemic, including assistance to small businesses and non-profits. ARPA funding also presents an opportunity for the City to invest in long-term infrastructure and community projects, including funding for transportation improvements, affordable housing, and environmental sustainability initiatives. As the City develops its final plans to use ARPA funding, the City will continue to consider the unique needs and priorities of the local community, including continuing to engage with community members and stakeholders to identify areas of greatest need and ensuring that funds are allocated in a way that maximizes their impact.

DEBT INFORMATION

Legal Debt Limit. In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the City had the statutory capacity to incur additional net debt in the approximate amount of $4,885,138,000 as of June 30, 2023. For a summary of certain constitutional, statutory and administrative provisions governing or relating to the incurrence of debt by units of local government of the State, see Appendix F.

Outstanding General Obligation Debt.

GENERAL OBLIGATION BONDS	JUNE 30, 2020	JUNE 30, 2021	JUNE 30, 2022	JUNE 30, 2023
Governmental Bonds	$ 306,180,856	$ 246,895,000	$ 222,095,000	$ 341,085,000
Total Bonds Outstanding	$ 306,180,856	$ 246,895,000	$ 222,095,000	$ 341,085,000

Note: Amounts in the table above exclude amounts drawn on bond anticipation notes, as well as refunded bonds with respect to which an escrow agent holds in trust United States Government Obligations, which mature at such times and in such amounts and bear interest payable at such times and in such amounts so that sufficient money will be available to pay when due principal of and interest and any premium on the refunded bonds to their respective maturities or dates of redemption.

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General Obligation Debt Ratios.

At June 30	Total GO Debt[1]	Assessed Valuation	Total GO Debt To Assessed Valuation	Population	Total GO Debt Per Capita	Assessed Valuation Per Capita
2019	$ 297,350,000	$ 60,414,751,000	.49%	464,485	$ 640.17	$ 130,068
2020	306,180,856	61,441,676,000	.51	469,698	651.87	130,811
2021	246,895,000	77,762,621,000	.32	462,219	534.15	168,238
2022	222,095,000	78,295,498,000	.28	479,138	463.53	163,409
2023	341,085,000	79,621,497,000	.43	479,138[2]	711.87	166,177

[1] This amount excludes amounts drawn on bond anticipation notes, as well as refunded bonds with respect to which an escrow agent holds in trust United States Government Obligations, which mature at such times and in such amounts and bear interest payable at such times and in such amounts so that sufficient money will be available to pay when due principal of and interest and any premium on the refunded bonds to their respective maturities or dates of redemption.

[2] 2022 population.

General Obligation Bond Debt Service Requirements and Maturity Schedule as of June 30, 2023.

Fiscal Year Ending June 30th	Principal	Principal & Interest
2024	$ 28,935,001.00	$ 43,214,328.77
2025	28,945,000.00	42,415,635.23
2026	29,004,999.00	41,088,136.50
2027	28,969,999.00	39,654,141.04
2028	28,450,000.00	38,005,901.06
2029	26,030,000.00	34,252,975.06
2030	25,875,000.00	33,169,300.56
2031	25,040,001.00	31,135,259.53
2032	17,970,000.00	23,222,341.00
2033	13,475,000.00	18,033,681.00
2034	13,475,000.00	17,471,873.50
2035	10,825,000.00	14,254,681.00
2036	10,820,000.00	13,774,003.50
2037	10,525,000.00	12,998,716.00
2038	7,125,000.00	9,123,607.00
2039	7,125,000.00	8,767,498.00
2040	7,125,000.00	8,411,389.00
2041	7,125,000.00	8,055,280.00
2042	7,125,000.00	7,699,171.00
2043	7,120,000.00	7,406,962.00
TOTAL	$ 341,085,000.00	$ 452,154,880.75

Note: Table excludes amounts drawn under bond anticipation notes. Totals may not foot due to rounding.

General Obligation Bonds Authorized and Unissued.

PURPOSE	DATE APPROVED	BONDS AUTHORIZED AND UNISSUED
Streets/Transportation	10/10/2017	$ 165,710,814
Housing Development	11/03/2020	80,000,000
Parks and Recreation	11/08/2022	275,000,000
TOTALS		$ 520,710,814

Note: Table does not reflect any amounts drawn under general obligation bond anticipation notes.

General Obligation Debt Information for Overlapping Unit as of June 30, 2023

UNIT	2023 POPULATION[1]	VALUATION	$100	BONDS AUTHORIZED AND UNISSUED: UTILITY	BONDS AUTHORIZED AND UNISSUED: OTHER	OUTSTANDING DEBT	PER CAPITA
Wake County	1,175,021	$199,411,591,982	$.657	$ --	$1,732,037,329	$1,732,037,329	$1,474

Source: Wake County Finance Office.
[1] Most recent population data available.

Other Long-Term Obligations. The following schedule sets forth the amount of principal (whether at maturity or pursuant to mandatory sinking fund prepayment) and interest required to be paid by the City with respect to other installment financing agreements as of June 30, 2023.

Payment of all the City's installment financing contract obligations set forth in the following table is payable from funds appropriated therefore by the City Council and payments under the various contracts is secured by mortgages and security interests in certain of the assets financed under the respective contracts. While not pledged to the payment therefore, certain of the payment obligations described under "Parking Decks" are funded from revenues from the operation of the parking decks and other parking facilities. In addition, the County collects a room occupancy and prepared food tax, the proceeds of which provide funds to the City that are available for payment obligations described under "Convention Center".

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Installment Payment Requirements of Installment Purchase Contract Financings as of June 30, 2023.

FISCAL YEAR ENDING JUNE 30TH	GENERAL GOVERNMENTAL	CONVENTION CENTER[1]	PARKING DECKS[1]	EQUIPMENT	TOTAL
2024	$ 24,155,577.60	$ 18,696,418.40	$ 5,995,236.33	$ 23,110,414.31	71,957,646.64
2025	23,100,586.73	18,705,729.25	6,128,626.94	16,938,672.53	64,873,615.45
2026	21,943,826.63	18,700,135.22	5,121,234.23	16,938,683.63	62,703,879.71
2027	16,143,103.99	18,689,982.19	5,113,081.11	9,407,933.85	49,354,101.14
2028	14,742,064.30	18,680,162.52	4,994,241.72	9,416,528.69	47,832,997.23
2029	14,255,314.77	18,688,972.04	4,991,479.18		37,935,765.99
2030	13,780,548.15	18,676,280.67	4,981,741.67		37,438,570.49
2031	13,323,696.97	21,084,626.21	4,957,579.20		39,365,902.38
2032	12,831,456.03	21,107,165.53	4,952,358.37		38,890,979.93
2033	12,360,977.59	21,140,019.18	4,169,729.21		37,670,725.98
2034	11,875,459.39	21,174,471.39	3,387,925.04		36,437,855.82
2035	10,007,328.68	894,615.07	3,295,283.34		14,197,227.09
2036	8,008,772.98	869,295.79			8,878,068.77
2037	5,291,093.76				5,291,093.76
2038	5,043,612.52				5,043,612.52
2039	10,599,556.26				10,599,556.26
2040	4,599,815.63				4,599,815.63
TOTAL	$ 222,062,792.00	$ 217,107,873.46	$ 58,088,516.34	$ 75,812,233.01	$ 573,071,414.81

[1] Excludes amounts drawn under the 2024 Draw Program (as defined below), but includes debt service on the Refunded Obligations. A portion of the Refunded Obligations are variable rate obligations, the interest on which is calculated at rates equal to the average interest rate for each obligation over the preceding 12-month period plus an additional 2% per annum; provided, however, that for those subject to an interest rate swap transaction as described in the subsection **"DEBT INFORMATION – Derivative Agreements"**, interest has been calculated at the fixed rate provided for in the swap. The 2024 Bonds will refund all of the City's outstanding variable rate installment financing obligations subject to an interest rate swap transaction, and the City will terminate the interest rate swap associated with those debt obligations. This table has not been updated to reflect debt service on the 2024 Bonds, which will refund the Refunded Obligations. See "**THE PLAN OF REFUNDING**" for more information.

[2] On May 23, 2024, the City entered into a variable rate installment financing contract (the "*2024 Draw Program*") under a draw down arrangement with PNC Bank, National Association in the aggregate principal amount of up to $100 million to provide short-term financing for the construction of various public safety facilities and the first phase of the City's new civic tower. Under the 2024 Draw Program, the City will make periodic draws to finance the costs of the projects and pay interest only on amounts drawn until the 2024 Draw Program matures, at which point all principal will be due. The City anticipates refinancing the 2024 Draw Program with long-term financing prior to its maturity. Because there is no fixed amortization of principal under the 2024 Draw Program, draws made under the 2024 Draw Program are excluded from the above table.

Revenue Bonds. North Carolina law authorizes the City to issue revenue bonds to finance improvements to certain revenue producing enterprises.

The City has $722,955,000 of revenue bonds outstanding as of June 30, 2023. Such bonds are payable from the revenues of the City's water and sewer systems. The trust agreement under which such bonds were issued authorizes the City, subject to the terms of the trust agreement, to issue bonds for additional improvements to those systems and to add additional revenue producing enterprises to the systems that may be financed with the proceeds of such bonds.

Derivative Agreements. The City has previously entered into interest rate swap agreements related to certain of its debt and contract obligations. See "**Note 3 - Detailed Notes on All Funds – F. Long-term obligations – 8. Interest Rate Swaps**" in the Notes to the Financial Statements in the City's Audited Financial Statements in Appendix B hereto. As of the date hereof, the Swap Agreement (as defined in the Official Statement) is the only outstanding derivate agreement. On the date of issuance of the 2024 Bonds, the City will use a portion of the proceeds of the 2024 Bonds to make any termination payment on the Swap Agreement.

Debt Outlook. The City frequently uses bond anticipation notes as a short-term financing vehicle during the construction period for projects. The bond anticipation notes typically have a maturity of five or fewer years and are redeemed from time to time with long-term fixed rate bonds.

On May 2, 2023, the City issued its General Obligation Public Improvement Bond Anticipation Note, Series 2023A (the "*2023A GO BAN*") to Bank of America, N.A. in the aggregate principal amount of not to exceed $85,000,000 to finance the costs of acquiring, construction and equipping transportation ($60,000,000), and parks and recreation ($25,000,000) improvements and projects. In addition, on such date, the City issued its General Obligation Housing Bond Anticipation Note, Series 2023B to Bank of America, N.A. in the aggregate principal amount of $25,000,000 (the "*2023B GO BAN*") to finance the costs of acquiring, construction and equipping housing projects and certain housing programs. The City anticipates refinancing the 2023A GO BAN and the 2023B GO BAN with publicly offered general obligation bonds anticipated in the Spring of 2025.

The City recently extended its ability to issue general obligation transportation bonds under its 2017 bond referendum authority (the "*Transportation Bond Authority*"), under which the City issued the $60 million portion of the 2023A GO BAN referenced above, until 2027. The City is reviewing projected project spending and project implementation and anticipates establishing a new draw program under its Transportation Bond Authority during calendar year 2025 after the 2023A GO BAN is refunded with long-term financing. The City will ensure that the full balance of the Transportation Bond Authority will be issued before the Fall of 2027.

The City recently entered into the 2024 Draw Program and anticipates refinancing the 2024 Draw Program with publicly offered limited obligation bonds in the Spring of 2026. The City also anticipates entering into an approximately $32.5 million limited obligation draw program to finance the expansion of the Raleigh Convention Center and relocation of the Red Hat Amphitheater in early calendar year 2025. In addition, the City anticipates issuing approximately $75 million in publicly offered limited obligation bonds in early 2025 to finance certain improvements related to the construction of a hotel adjacent to the Raleigh Convention Center.

On June 2, 2023, the City issued a $215 million revenue bond anticipation note (the "*2023 Revenue BAN*") to finance various improvements to the City's water and sanitary sewer system infrastructure. The City anticipates refinancing the 2023 Revenue BAN with publicly offered revenue bonds in the Summer of 2025.

On a biennial basis as part of the normal budget process, the City routinely privately places debt for a term not exceeding 59 months to fund the purchase of fleet equipment for the City. The historical range of this transaction is between $30 and $40 million and is expected to grow in the future as the City's fleet needs increase.

TAX INFORMATION

General Information

	FISCAL YEAR ENDED JUNE 30			
	2020	**2021**	**2022**	**2023**
Assessment Ratio[1]	100%	100%	100%	100%
Real Property	$53,331,994,000	$69,010,673,000	$69,143,646,000	$70,041,816,000
Personal Property	7,253,926,000	7,892,835,000	8,132,464,000	8,624,750,000
Public Service Companies[2]	855,757,000	859,113,000	1,019,206,000	954,931,000
Total Assessed Valuation	$61,441,676,000	$77,762,621,000	$78,295,498,000	$79,621,497,000
Assessed Valuation Per Capita	$130,811	$168,238	$163,409	$168,497
Rate per $100	.4382	.3552	.3730	.3930
Levy	$ 271,048,000	$ 275,554,000	$ 291,971,716	$ 314,023,269

[1] Percentage of appraised value has been established by statute.

[2] Valuation of railroad, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

Note: The County is responsible for determining the assessed valuation of real property in the City for ad valorem taxation purposes. Every eighth year State law requires a revaluation of such property to approximate market value and to realign the respective tax burdens among taxpayers. In 2016, the County transitioned from an eight-year to a four-year reappraisal process. The most recent property revaluation was effective as of January 1, 2024 for the tax levy associated with fiscal year 2025. Tax values in the County increased by an average of 53% for residential properties and 45% for commercial properties from the last revaluation in 2020.

Tax Collections

YEAR ENDED/ENDING JUNE 30	ORIGINAL LEVY	LEVY COLLECTED WITHIN FISCAL YEAR	PERCENTAGE OF LEVY COLLECTED WITHIN FISCAL YEAR
2019	$ 266,178,000	$ 263,654,000	99.05%
2020	271,048,000	267,946,000	98.86
2021	275,554,000	272,426,000	98.86
2022	291,972,000	289,350,000	99.10
2023	314,023,000	311,093,000	99.07

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Ten Largest Taxpayers for Fiscal Year 2023

COMPANY	PRODUCT	ASSESSED VALUATION (THOUSANDS)	% OF TOTAL TAXABLE ASSESSED VALUE
Duke Energy Progress, Inc.	Utility	$ 523,942	0.66%
Highwoods Realty LP	Real Estate	467,899	0.59
CMV Holdings, LLC	Real Estate	401,442	0.50
First Citizens Bank & Trust Co.	Banking	303,178	0.38
Mid America Apartments LP	Real Estate	287,916	0.36
Starwood Real Estate Income Trust	Investment	276,949	0.35
State Employees Credit Union	Banking	205,228	0.26
HRLP Fayetteville LP	Real Estate	147,596	0.19
MLC Automotive	Automotive	146,118	0.18
Columbia Cameron Village LLC	Shopping Center	141,518	0.19
TOTALS		$2,901,786	3.64%

2023-24 BUDGET COMMENTARY

The budget represents a financial roadmap for the City that guides operational decision-making, helps to strengthen the City's organizational values, advances City Council priorities, and reinvests in vital community initiatives. The fiscal year 2023-24 budget was guided by the City's Strategic Plan and City Council's priorities. The budget theme, Connecting Our Community, reaffirms the City's strategic focus on investing in major community-focused assets and initiatives through investments in critical areas including affordable housing, physical and technological infrastructure, community programming, and its most valuable asset - its employees. The budget reinforces the City's commitment to fiscal and environmental stewardship, operational efficiency, strategic investments, and effective change management.

City Council adopted the fiscal year 2023-24 Budget and fiscal years 2024-2028 Capital Improvement Program (CIP) at the June 13, 2023 Budget Work Session. The combined capital and operating budget for the fiscal year beginning July 1, 2023 totals $1.27 billion, which represents an 11.5% increase from the prior fiscal year's budget. The budget includes: (1) continuous investments in the City's affordable housing initiatives, (2) improvements to bridges, roadways, traffic signals, streetlights, and sidewalks that will enhance mobility, (3) critical investments in the City's technology infrastructure promoting flexibility and productivity for users and employees, (4) merit increases for employees, (5) commitments to equity in retirement savings for the City's lowest paid workers through an across-the-board 3% contribution to the City's 457 supplemental retirement plan, and (6) dedicated operational increases related to the 2022 parks and recreation bond approved by the City's voters.

The fiscal year 2024 adopted budget included a 4.0 cent property tax rate increase, which is a direct result of the 2022 parks and recreation bond that was approved by the City's voters. The fiscal year 2024 property tax rate is 43.30 cents per $100 valuation. This 4.0 cent increase as well as natural increases in the value of property results in $43 million of budgeted growth in regular property tax or 12.9% from fiscal year 2023. The property tax revenue assumes a slight increase in the property tax collection rate from 99.50% last year to 99.67% in fiscal year 2024. The budgeted sales tax revenue is estimated to increase by $18 million (13.8%) from the fiscal year 2023 budgeted amount of $130 million for a total of $148 million.

The adopted budget recognizes the importance of investing in the City's greatest asset, its employees. The City's continued investment reflects a sustainable approach to remaining competitive in the future. The adopted budget includes a funding for merit increases for all City employees, including a 5% increase for public safety employees and employees in the general pay structure, a 3.5% increase for broadband employees, and a 1% increase for permanent part-time employees. The budget also included a 2% Cost of Living Adjustment (COLA) for all full-time employees for all permanent, full-time employees. All regular full-time employees are covered under the North Carolina Local Governmental Employees' Retirement System (NCLGERS). Employees contribute 6% of their annual salary on a tax-deferred basis. For fiscal year 2024, contributions increased from 12.10% to 12.85% for regular, full-time employees and from 13.10% to 14.04% for sworn law enforcement employees, totaling $1.6 million.

In addition, the adopted budget includes a $2.10 monthly increase in the Solid Waste Services fee to bring the monthly fee to $22.40 to support increased operational costs associated with fuel, vehicle repair, maintenance, landfill fees, and staffing. The adopted budget also includes a Raleigh Water 40% increase in the monthly base and volumetric water and sewer charges. Finally, the adopted budget includes a $0.18 increase per Single-Family Equivalent Unit (SFEU) for stormwater. The rate increase will help address outstanding CIP projects and meet staffing challenges.

The financial report for the third quarter of fiscal year 2023-24 was shared with the City Council via the City Manager's weekly report on April 19, 2024. The primary focus of the report is to share financial activity for the City's general fund, however, the report also includes information on the City's enterprise funds.

General Fund. Revenues fueled by property tax collections are strong and the City continues to contain costs by diligent monitoring of expenses, especially as the cost of operations have increased given record inflation. General fund revenues are anticipated to surpass $651 million by year end, exceeding budget by $20 million when adjusted for prior year fund balance appropriation. Strong property tax collections, which are at 101% of the budget, and sales tax and user fees are driving revenues to exceed budget. Sales tax collections have not experienced the growth seen in prior years; however, due to the growth, the base is considerably larger than pre-pandemic levels. Expenses, while higher than prior years, are expected to come in under budget when adjusted for prior year appropriation. The expense variances year-over-year are within normal operational expectations. As a part of the City's continued fiscal stewardship and commitment to long-term financial planning, City Council approved a recommendation in the Fall of 2023 to increase the City's General Fund annual excess fund balance goal from 14% to 17% beginning in fiscal year 2024. At this time, a fiscal year 2024 general fund surplus is anticipated when compared to the 17% fund balance goal and would be presented in November 2024 to the City Council as a part of the fiscal year ACFR presentation.

Enterprise Funds. The City's enterprise funds are performing in-line with expectations. Many of the City's enterprise funds, including Raleigh Water, the regional water and sewer utility, have financial models and are meeting or exceeding metrics. One enterprise, Parking Operations, has not yet fully recovered from the pandemic and staff will continue to monitor this enterprise.

2024-25 BUDGET COMMENTARY

The City Manager presented the fiscal year 2025 proposed Operating and Capital Budgets to City Council on May 21, 2024. The total operating budget includes an 11.8% increase from the adopted fiscal year 2024 budget and totals $1.43 billion. The budget theme, Investing in Raleigh's Future, includes the following key objectives: invest in operating infrastructure, maintain efficient core services delivery to meet increasing demand, fund critical public safety services, advance recruitment and retention efforts, and dedicate funding for the ongoing implementation of the class and compensation study as well as capital and deferred maintenance needs.

The proposed operating budget includes a tax rate of $0.3550 per $100 of valuation, a 3.8 cent increase to the revenue-neutral rate calculated as required by State law. The general fund budget totals $732.2 million, reflecting an increase of 13.1% over the adopted fiscal year 2024 budget. Major revenues are higher, incorporating growth of 18.4% for property tax revenues and 6.6% for sales tax revenues. Overall expenses for personnel and benefits are increasing by 7.9% and operating expenses are increasing by 10.7% when compared to the fiscal year 2024 budget. Enterprise fund budgets include fee increases, including a 4% increase to base and volumetric rates for water and sewer, a \$0.29 increase to the monthly stormwater fee, and a \$1.70 increase to the solid waste services monthly garbage fee. The fiscal year 2025 budget includes funding for workforce investments, which include proposed market adjustments, merits, and continued City support for medical and dental benefits and committed additional operating support for the City's strategic plan initiatives.

The fiscal year 2025 proposed capital budget totals \$499.7 million and includes capital elements to address enterprise funds, technology, general public improvements, housing and neighborhoods, affordable housing, transportation and street resurfacing, and parks, recreation and cultural resources maintenance.

The City will hold budget work sessions during June 2024 until the budget is adopted.

OTHER POST-EMPLOYMENT BENEFITS

The City provides certain other post-employment benefits ("*OPEB*") to all full-time employees as part of the total compensation offered to attract and retain the services of qualified employees. These benefits are available to retirees who participate in the System (as defined below) and who, at the time of their retirement, meet certain service requirements.

To meet the post-employment health care and other benefits reporting requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, the City's OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total OPEB liability was then rolled forward to the measurement date of June 30, 2023, using standard actuarial roll forward techniques and updated assumptions. The City's actuarial valuation quantified a total OPEB liability of \$289,162,578 and a net OPEB liability of \$218,827,659. The long-term expected rate of return, or discount rate, of 7.00% was deemed reasonable.

The City funds OPEB on an actuarial basis under a self-insured plan. For the year ended June 30, 2023, a recommended actuarially determined contribution of \$20,152,710 was shared, factoring the unfunded accrued liability payment over a 19-year closed amortization period. The City ultimately contributed \$21,160,346 towards the City's OPEB Trust and retirees contributed \$3,250,104 for the fiscal year ended June 30, 2023. Benefits of \$19,287,138 were paid out of the OPEB Trust during the fiscal year. The City had a fiduciary net position of \$70,334,919 for the OPEB Trust as of June 30, 2023, which represents 24.32% funded of the total OPEB liability.

For additional information concerning the City's requirements for the OPEB liability, see the Notes to the City's Audited Financial Statements in Appendix B.

PENSION PLANS AND RETIREMENT BENEFITS

For information concerning the City's participation in various pension plans and its other retirement benefits, see the Notes to the City's Audited Financial Statements in Appendix B.

Financial statements and required supplementary information for the North Carolina Local Governmental Employees' Retirement System are included in the Annual Comprehensive Financial Report ("*ACFR*") for the State. Please refer to the State's ACFR for additional information.

North Carolina Local Governmental Employees' Retirement System — The North Carolina Local Governmental Employees' Retirement System (the "*System*") is a service agency administered through a board of trustees by the State for public employees of counties, cities, boards, commissions and other similar governmental entities. While the State Treasurer is the custodian of System funds, administrative costs are borne by the participating employer governmental entities. The State makes no contributions to the System.

The System provides, on a uniform System-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members contribute six percent of their individual compensation. Each new employer makes a normal contribution plus, where applicable, a contribution to fund any accrued liability over a 24-year period. The normal contribution rate was 12.10% of eligible payroll for general employees and 13.04% of eligible payroll for law enforcement officers for fiscal year 2023. The normal contribution rate, uniform for all employers is 12.85% of eligible payroll for general employees and 14.04% for law enforcement officers for 2023-24. The accrued liability contribution rate is determined separately for each employer and covers the liability of the employer for benefits based on employees' service rendered prior to the date the employer joins the System.

Members qualify for vested deferred benefits at age 50 with at least 20 years of service or at age 60 after at least five years of creditable service to the unit of local government. Unreduced benefits are available: at age 65, with at least five years of creditable service; at age 60, with at least 25 years of creditable service; or after 30 years of creditable service, regardless of age. Benefit payments are computed by taking an average of the annual compensation for the four consecutive years of membership service yielding the highest average. This average is then adjusted by a percentage formula, by a total years of service factor, and by an age service factor if the individual is not eligible for unreduced benefits.

Contributions to the System are determined on an actuarial basis.

LITIGATION

In 2016, the North Carolina Supreme Court issued a decision in a matter involving the Town of Carthage, North Carolina that called into question the ability of some public water and sewer utilities to charge and collect impact fees (sometimes called "capital recovery fees" or "system development fees"). Following the Carthage decision, a number of lawsuits were filed against municipalities and others in the State claiming some fees charged under the old law were not properly collected and should be refunded. In 2017, the North Carolina General Assembly passed legislation to formally codify a method of charging such fees and, in 2018, the North Carolina Supreme Court declared that the recovery period for any potential claims under the Carthage analysis would be limited to three years prior to the General Assembly's 2017 legislation. In 2019, certain homebuilders filed a lawsuit against the City seeking recovery under a Carthage analysis for certain Water and Sewer Capital Facilities Fees charged by the City. The plaintiffs styled their lawsuit as a class action, but have not sought class certification to date. The lawsuit seeks reimbursement of Water and Sewer Capital Facilities Fees for the three years preceding the date of filing.

In response to the lawsuit, the City filed a Motion to Dismiss for which a hearing was held on August 13, 2020. That motion was denied as well as a subsequent Motion for Judgment on the Pleadings also filed by the City. The parties are nearing the end of discovery and the City plans to respond vigorously to defend against all claims. While the City believes it will prevail in its defense of the litigation, the City does not believe that an adverse judgment would materially adversely affect the operation of the water and sewer system or the ability of the City to meet its debt obligations related to the 2024 Bonds given that any judgment would be paid from the City's utility fund and not from the City's general fund. The City believes that it is in full compliance with the 2017 legislation now in effect regarding the collection and use of system development fees.

The City is not a party to any other litigation, the outcome of which, in the opinion of the City Attorney, would materially adversely affect the City's ability to meet its financial obligations.

FINANCIAL INFORMATION/AWARDS

The City's most recent Annual Comprehensive Financial Report (ACFR) has been audited by certified public accountants for the Fiscal Year ending June 30, 2023 and received an unqualified opinion. An excerpt of the report is attached as Appendix B to the Official Statement. The full report is available on the City's website.

The Government Finance Officers Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting for the ACFR for the Fiscal Year ending June 30, 2022. The City has received this award for its annual comprehensive financial report for forty-two (42) straight years since 1980. To receive this award, the City published the ACFR in compliance with both generally accounting principles and applicable legal requirements. The award is valid for a period of one year. The City anticipates receiving this award for the June 30, 2023 annual report and has submitted it into the certificate program.

The City's Budget for June 30, 2023, was awarded the GFOA Distinguished Budget Presentation Award. To receive the award, the budget document must meet program criteria and excel as a policy document, financial plan, operations guide, and communication tool. The award is valid for a period of one year. The City anticipates receiving this award for the June 30, 2023 budget document and has submitted it into the certificate program.

In addition, the City received a GFOA award for Outstanding Achievement in Popular Annual Financial Reporting for the Fiscal Year 2022. To receive the award, the report is designed to be easily understandable to the general public. The award is valid for a period of one year. The City has received this award for the past 9 years and has submitted the Fiscal Year 2023 report into the certificate program.

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APPENDIX B

FINANCIAL STATEMENTS OF THE CITY OF RALEIGH, NORTH CAROLINA

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Management's Discussion and Analysis

As management of the City of Raleigh *(the City)*, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

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

Summarized financial highlights are shown below:

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

- Highlights of financing activities for the City are as follows:

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

OVERVIEW OF THE FINANCIAL STATEMENTS

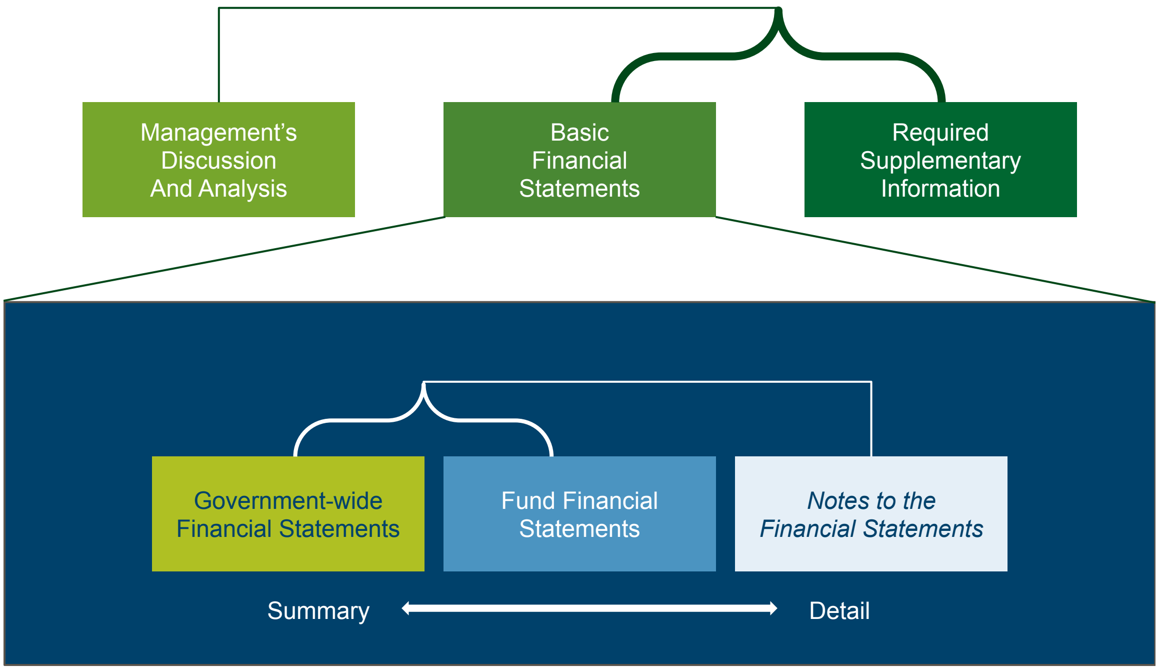
The City provides both an introductory and financial section in the Annual Comprehensive Financial Report (ACFR). As Figure A-1 shows, the financial section has three components – management's discussion and analysis (this section), the basic financial statements and required supplementary information.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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements, as follows:

  - Governmental fund statements illustrate how general government services, such as public safety and public infrastructure, for example, were financed in the short-term as well as what remains for future spending.
  - Proprietary fund statements offer short and long-term financial information about the activities the government operates as a business, including the water and sewer enterprise, the convention and performing arts complex (referred to as convention center), and the operations of mass transit, stormwater management, parking facilities and solid waste services. Internal service funds are also presented within this section.

- Fiduciary fund statements provide information about the financial relationships — for example, the retirement plan for the City's employees — in which the City acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

A-1: Components of the Financial Section



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

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

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

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

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

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

The government-wide financial statements can be found on pages 1-4 of this report.

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 5-10 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 11-18 of this report.

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

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-69 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Raleigh's progress in funding its obligation to provide pension benefits to City employees, which includes Other Post-Employment

Benefits (OPEB), Local Government Employees' Retirement System (LGERS), as well as Law Enforcement Officers' Special Separation Allowance (LEOSSA). Required supplementary information can be found on pages 72-78 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 77-124 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of a government's financial condition. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $3,475.8 million at the close of the most recent fiscal year, which increased by $304.9 million from the previous fiscal year.

The following table reflects the condensed Statement of Net Position:

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2022	2023	2022	2023	2022	2023
Current and other assets	$ 906.1	$ 1,064.9	$ 745.6	$ 743.2	$ 1,651.7	$ 1,808.1
Capital assets	1,378.7	1,417.7	2,489.8	2,649.9	3,868.5	4,067.6
Total assets	**2,284.8**	**2,482.6**	**3,235.4**	**3,393.1**	**5,520.2**	**5,875.7**
Deferred outflows of resources	115.3	149.0	61.7	58.7	177.0	207.7
Total assets and deferred outflows of resources	**2,400.1**	**2,631.6**	**3,297.1**	**3,451.8**	**5,697.2**	**6,083.4**
Long-term liabilities outstanding	644.3	683.2	1,145.9	1,174.7	1,790.2	1,857.9
Net pension liabilities	264.1	366.2	70.7	112.1	334.8	478.3
Other liabilities	120.0	112.7	128.0	86.7	248.0	199.4
Total liabilities	**1,028.4**	**1,162.1**	**1,344.6**	**1,373.5**	**2,373.0**	**2,535.6**
Deferred inflows of resources	104.0	47.5	49.3	24.6	153.3	72.1
Total liabilities and deferred inflows of resources	**1,132.4**	**1,209.6**	**1,393.9**	**1,398.1**	**2,526.3**	**2,607.7**
Net investment in capital assets	871.7	837.5	1,380.1	1,522.4	2,251.8	2,359.9
Restricted	347.8	456.6	-	-	347.8	456.6
Unrestricted	48.2	128.0	523.1	531.3	571.3	659.3
Total net position	**$ 1,267.7**	**$ 1,422.1**	**$ 1,903.2**	**$ 2,053.7**	**$ 3,170.9**	**$ 3,475.8**

By far the largest portion of the City's net position ($2,359.9 million or 67.9%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and intangible right to use lease and IT subscription assets) net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

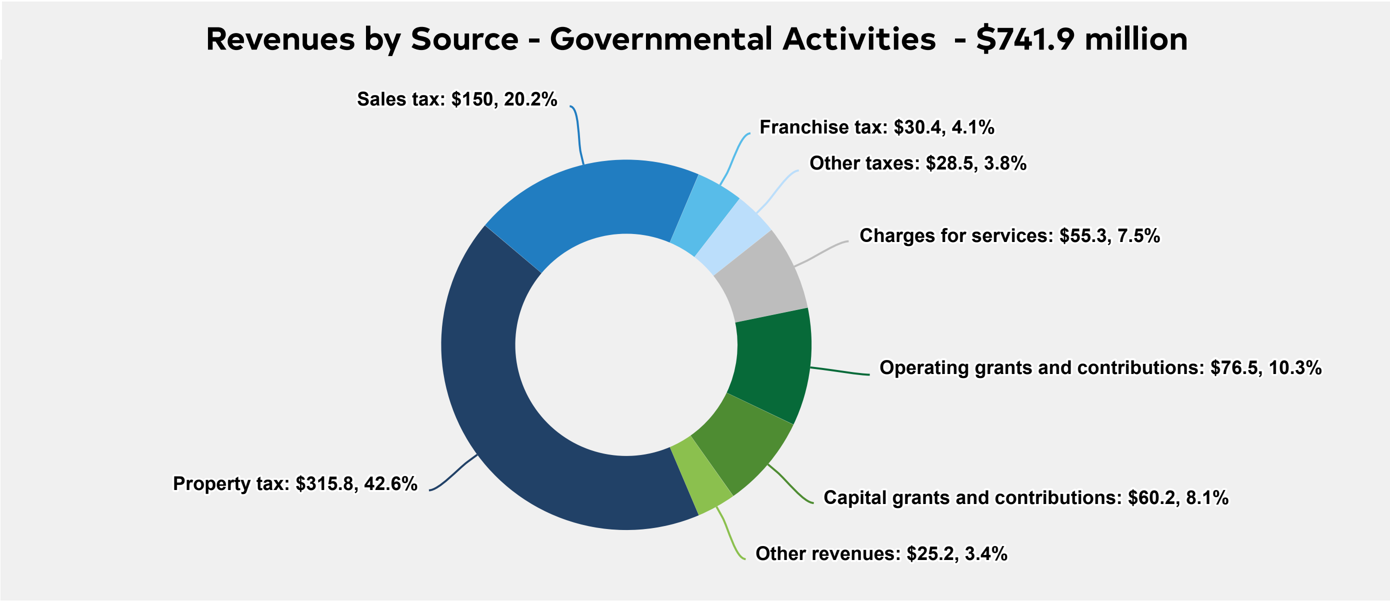
City of Raleigh's Changes in Net Position (in millions of dollars)

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

GOVERNMENTAL ACTIVITIES

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

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



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

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

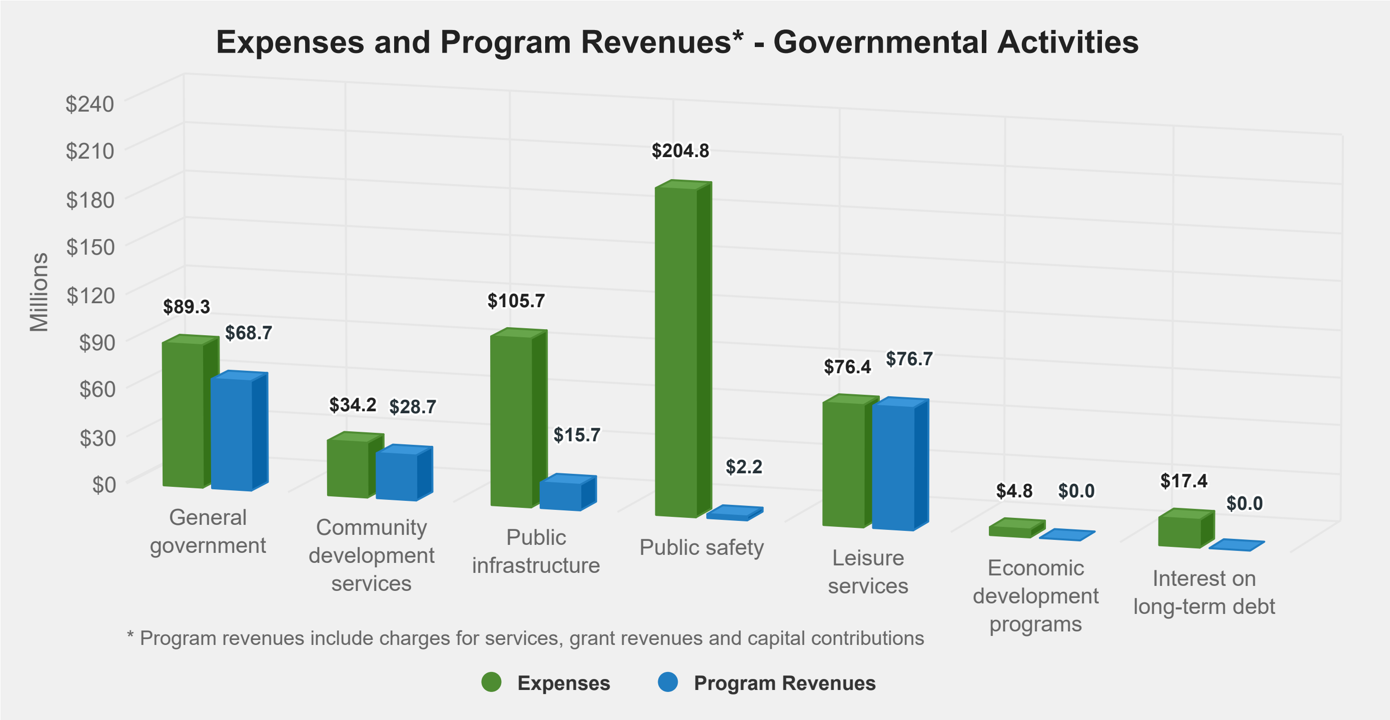
- Support from various federal, state, and local agencies – $95.2 million
- Interlocal support from Wake County for debt service and other expenses on the convention center complex - $41.5 million.

> The total cost of all governmental activities this year was $532.7 million. This cost was incurred to provide comprehensive municipal services. These services include but are not limited to public safety (police, fire, emergency communication), public infrastructure (street maintenance, transportation), leisure services (parks, recreation and cultural resources), and general government (examples include, city management, finance, information technology).

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

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

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



BUSINESS-TYPE ACTIVITIES

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

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

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

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

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

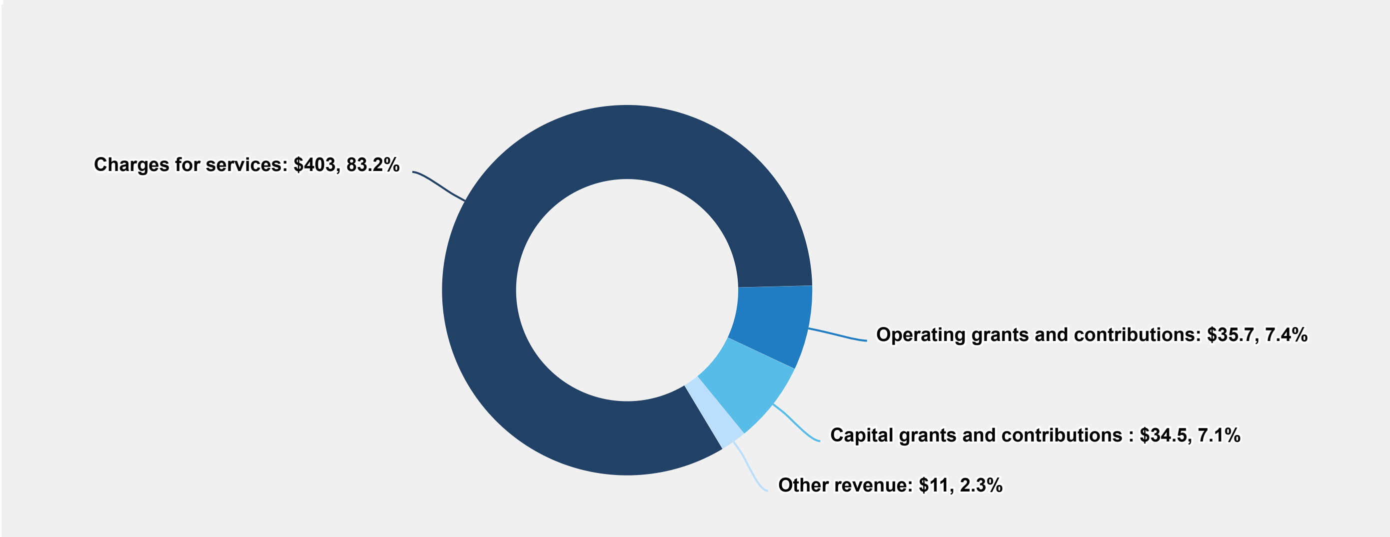
The Parking enterprise continues to rebound from the global pandemic and increased operating revenues over the prior year. The parking operations generated $14.5 million of operating revenues in 2022-23, an increase of 7.1% from prior year. The demand for on-street, off-street and special event parking still has not returned to pre-pandemic levels as parking demands continue to be tempered by the utilization of hybrid remote work environments. Operating expenses of $12.2 million are slightly higher than the prior year, as management continued the monitoring of expenditures. Management continues to monitor the parking enterprise and the emerging impact of changes to the work environment and commuter habits.

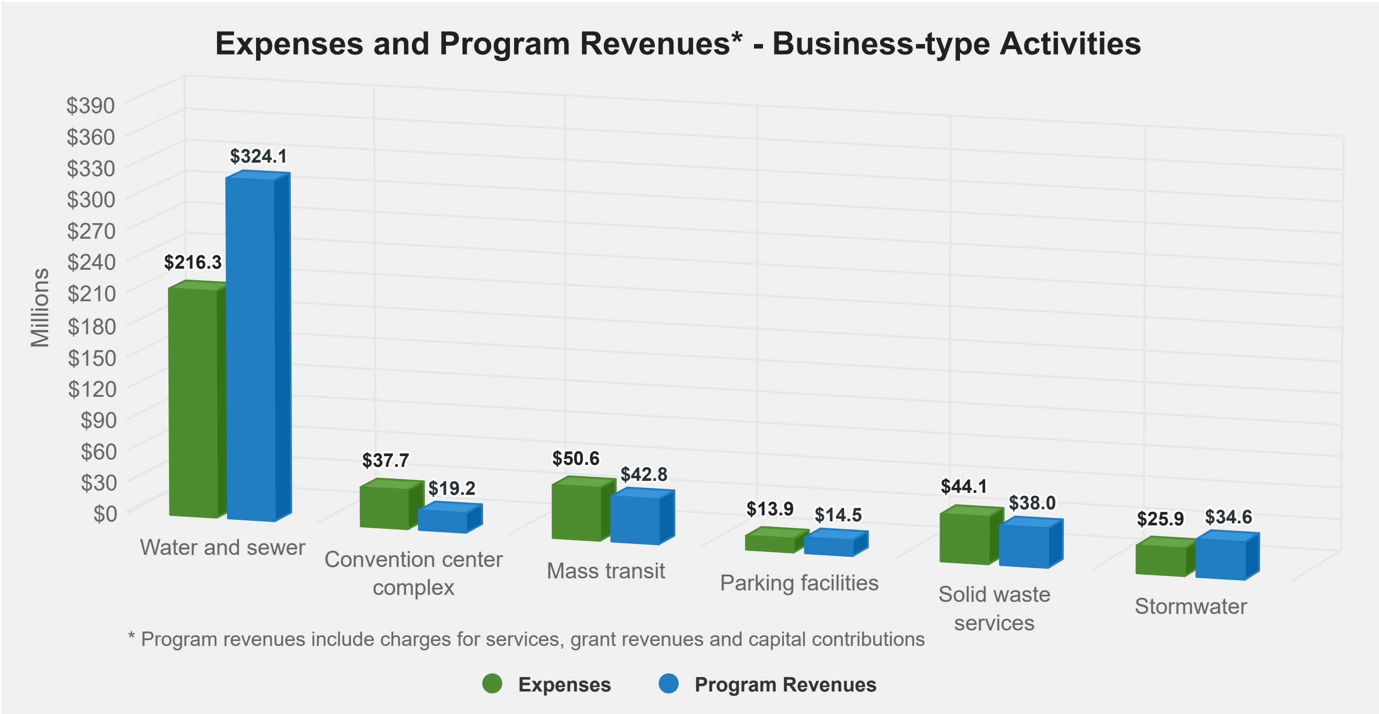
Mass transit operating revenues of $2.0 million in 2022-23 reflects a slight decrease of 1.8% over the prior year as City Council elected to continue to suspend fares. Operating expenses increased to $50.6 million, or a 8.8% increase compared to the prior year primarily due to the restoration of normalized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

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

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

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





FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

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

Classification of fund balance is as follows:

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

- Debt service costs - $64.3 million, the restriction is specific to the Special Revenue Convention Center Financing fund which accounts for the hotel and motel occupancy as well as prepared food and beverage taxes which finance the Convention Center Complex.
- Unspent capital debt proceeds - $26.4 million, which relates to bond cash from the closeout of the governmental BANs program in the spring of 2023.
- Federal program reserves - $7.7 million of which $5.4 million is within two special revenue funds, State and Local Fiscal Recovery fund ($2.3 million) and in Disaster Recovery fund ($3.1 million).
- Inspections North Carolina General State Statute 160-414(c)- $1.4 million is a new restriction required by state statute to restrict inspection revenues in excess of inspection expenditures.
- Public safety - $3.9 million is a restriction within the general fund to support asset forfeiture program reserves

> Approximately 60.6% constitutes *assigned* fund balance, which is available for spending at the government's discretion.

- $185.9 million is assigned for debt service representing the fund balance within the City's general debt fund to be used towards future capital debt service needs
- $207.2 million is assigned for city projects and subsequent year's appropriation categories, which represent fund balances accumulated within special revenue and general capital projects funds that have been set aside to fund future city projects.
- $120.0 million is assigned specifically for community development programs

> Approximately 1.2% is *committed* for the law enforcement officers' separation allowance plan.

> The remaining 14.9% is *unassigned* and represents the City's residual net resources.

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

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

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

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

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

BUDGETARY HIGHLIGHTS

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

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Raleigh's cumulative investment in capital assets for its governmental and business-type activities, as of June 30, 2023, amounts to $4.1 billion (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, watershed protection rights, buildings and machinery, water and sewer systems, streets and sidewalks, parking decks, buses, equipment, furniture and fixtures, enterprise-wide software, intangible right to use lease assets, intangible right to use IT subscription assets, and general improvements. The City's net investment in capital assets for the current fiscal year was $199.1 million, a 5.1% increase decrease over prior year primarily due to a reduction in construction in progress additions for business-type activities.

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

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

Capital Assets* (in millions of dollars)

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

*Amounts shown net of accumulated depreciation and amortization

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

Long-term debt. At the end of the current fiscal year, the City had total general obligation bonds outstanding of $341.1 million. The remainder of the City's debt represents general bond anticipation notes ($9.9 million), revenue bonds ($723.0 million), revenue bond anticipation notes ($21.5 million) and installment financing agreements ($563.2 million – installment notes, certificates of participation, limited obligation bonds, etc.) secured solely by specified revenue sources and property. Amounts presented exclude unamortized premiums.

Long-Term Debt (in millions of dollars)

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

State statute limits the amount of general obligation debt a governmental entity may issue to 8.0% of the total assessed value of taxable property. The City's outstanding net debt of $1,484.6 million *(Legal Debt Margin Information statistical schedule)* is significantly less than the current debt limitation of $6,369.7 million.

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

Further detailed information on the City of Raleigh's long-term debt can be found in the notes to the financial statements on pages 37-51 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As noted in the above discussion and analysis, the financial results for the year ended June 30, 2023, overall were positive reflecting the strength of the local economy. As the City looks ahead to fiscal year 2023-2024, the adopted budget reinforced the City's commitment to fiscal and environmental stewardship, operational efficiency, strategic investments, and effective change management. The fiscal year 2023-24 budget included a number of rate increases to continue the level of service and provide enhancements to the quality of life in Raleigh. A 4.00 cent property tax rate increase which was a direct result of the voter approved Parks Bond in the fall of 2022. Solid Waste Services received a $2.10 rate increase per month to support operational costs. Raleigh Water received an approved 4.0% rate increase in the monthly base and volumetric water and sewer charge which will enable Raleigh Water to maintain the regional utility system. Stormwater received a $0.18 increase per Single-Family Equivalent Unit (SFEU) to support additional staff and to help accelerate the backlog of CIP projects.

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

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

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

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

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

REQUESTS FOR INFORMATION

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

Office of the Chief Financial Officer
City of Raleigh
PO Box 590
Raleigh, North Carolina 27602
(919) 996-3215

Basic Financial Statements

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

Statement of Net Position
June 30, 2023

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

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

Statement of Net Position (Continued)
June 30, 2023

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

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

Statement of Activities
For the Fiscal Year Ended June 30, 2023

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

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

Statement of Activities
For the Fiscal Year Ended June 30, 2023

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

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

Balance Sheet
Governmental Funds
June 30, 2023

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

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

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2023

Total fund balances for governmental funds		**$ 847,178,027**
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land and Construction in progress	$ 545,908,369	
Capital Assets being depreciated, net	819,760,921	
Intangible right to use lease asset at historical costs, net	12,960,823	
Intangible right to use IT subscription assets at historical costs, net	4,096,738	
	$ 1,382,726,851	1,382,726,851
The net pension and OPEB liabilities resulting from contributions greater than or less than the amount of annual required contributions are not financial resources, are not due and payable in the current period and therefore are not reported in the funds.		
Law Enforcement Officer's (LEOSSA)	$ (62,875,907)	
Pensions (LGERS)	(140,294,844)	
Other Post Retirement Benefits (OPEB)	(154,987,588)	
	$ (358,158,339)	(358,158,339)
The deferred outflows of resources related to pensions and OPEB liabilities are not reported in the funds.		
Law Enforcement Officer's (LEOSSA)	$ 17,731,919	
Pensions (LGERS)	103,166,716	
Other Post Retirement Benefits (OPEB)	19,915,008	
	$ 140,813,643	140,813,643
The deferred inflows of resources related to pensions and OPEB liabilities will be reported as a reduction of expense in prior years are not reported in the funds.		
Law Enforcement Officer's (LEOSSA)	$ (9,400,343)	
Pensions (LGERS)	(3,664,750)	
Other Post Retirement Benefits (OPEB)	(12,818,598)	
	$ (25,883,691)	(25,883,691)
Deferred issuance costs are reported as expenditures in the funds because current financial resources are used. In the governmental activities issuance costs are recorded as a long-term asset and amortized over the life of the debt.		6,024,426
Internal service funds are used by management to charge the costs of certain activities, such as risk management, employees' health benefits, equipment replacement and vehicle fleet services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		51,824,227
Taxes receivable and assessments receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.		
Taxes receivable	$ 881,745	
Assessments receivable	455,819	
	$ 1,337,564	1,337,564
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds as these payables are long-term in nature.		
General Obligation Bonds, net	$ (391,298,315)	
Installment Financing Agreements, net	(174,878,367)	
Bond Anticipation Note (BANs)	(9,851,000)	
Leases	(13,373,208)	
IT subscriptions	(4,221,873)	
Earned Vacation Pay	(24,969,727)	
Accrued Interest Payable	(5,158,795)	
	$ (623,751,285)	(623,751,285)
Net position of governmental activities		**$ 1,422,111,423**

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

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

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

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

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

Net change in fund balances - total governmental funds		$ 141,229,539
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. This is the amount by which capital outlays exceeded depreciation or amortization in the current period.		
Capital Outlays	$ 83,012,111	
Intangible right to use lease asset capital outlay expenditures which were capitalized	826,301	
Intangible right to use IT subscriptions asset capital outlay expenditures which were capitalized	6,215,708	
Depreciation	(59,969,602)	
Amortization expense for intangible assets	(7,315,145)	
	$ 22,769,373	22,769,373
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Annexations	$ 10,116,899	
Property taxes	146,214	
Assessments	(124,419)	
Loss on sale of assets	(2,042)	
	$ 10,136,652	10,136,652
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt issued or incurred:		
Bond anticipation notes	$ 61,836,565	
Leases	841,835	
IT subscriptions	6,215,708	
Bond refunding:		
Face amount of new debt	164,324,212	
Payment to escrow agent	(164,324,212)	
Principal repayments:		
General obligation debt	(23,515,893)	
Installment financing	(16,551,738)	
Leases	(4,989,697)	
IT subscriptions	(1,993,835)	
	$ 21,842,945	(21,842,945)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Changes in these expenses are shown below.		
Earned vacation pay	$ 1,243,577	
Accrued interest expense	(768,952)	
Net pension expense - LEOSSA	(3,017,101)	
Net pension expense - LGERS	(11,401,867)	
Net pension expense - OPEB	3,932,505	
	$ (10,011,838)	(10,011,838)
Governmental funds report premiums on bonds issued as an other financing source. In the governmental activities bond premiums are recorded as a liability and amortized over the life of the debt. Amortization for bond issue costs, deferred refunding and premium on bonds are expenses or reduction of expenses in the governmental activities.		3,256,010
Internal service funds are used by management to charge the costs of certain activities, such as risk management, equipment replacement, and central garage to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities.		8,859,755
Change in net position of governmental activities		**$ 154,396,546**

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

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

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

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

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

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

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

Statement of Net Position - Proprietary Funds
June 30, 2023

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

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

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

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

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

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

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

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

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

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

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

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the fiscal year ended June 30, 2023

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

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

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the fiscal year ended June 30, 2023

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

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

Statement of Cash Flows - Proprietary Funds
For the fiscal year ended June 30, 2023

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

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

Statement of Cash Flows - Proprietary Funds
For the fiscal year ended June 30, 2023

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

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

Fiduciary Statement of Net Position
June 30, 2023

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

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

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

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

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

Raleigh

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Note 1. Summary of Significant Accounting Policies

A. Reporting entity

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

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

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

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

1. Deposits and investments

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

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

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

2. Receivables and payables

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

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

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

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

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

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

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

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

3. Lease receivable

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

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

4. Inventories

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

5. Restricted assets

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

6. Capital assets

Capital assets, which include land, buildings and machinery, equipment, furniture and fixtures, software, improvements and infrastructure assets including streets, sidewalks, water and sewer systems, parking decks, buses and right to use assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All infrastructure has been recorded by the City at historical cost if purchased or constructed or at acquisition value at the date of donation. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

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

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has several items that meet this criterion, including deferred bond refunding charges, changes in the fair value of hedging derivatives for interest rate swap agreements, and pension-related deferrals for the Local Governmental Employees' Retirement System (LGERS), Law Enforcement Special Separation Allowance (LEOSSA), and Other Post-Employment Benefits (OPEB) Plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet this criterion, including deferrals, prepaid taxes and assessments, property taxes receivable, leases, and pension deferrals for LGERS, LEOSSA, and OPEB Plans.

8. Earned vacation pay

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

9. Long-term obligations

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

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

10. Net position/fund balances

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

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

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

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

The governmental fund types classify fund balance as follows:

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

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

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

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which are not spendable resources.

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

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

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

Restricted for unspent capital debt proceeds – portion of fund balance that is restricted for bond proceeds that are unspent.

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

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

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

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

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

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

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

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

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

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

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

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

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

The City of Raleigh has also adopted a minimum fund balance policy for the general fund which instructs management to conduct business of the City in such a manner that available fund balance is at least equal to or greater that 14.00% of next years budgeted expenditures. Any portion of the general fund balance in excess of 14.00% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the City in a future budget.

11. Pensions and Other Post-Employment Benefits

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

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

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

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

12. Interest rate swap

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

Note 2. Stewardship, Compliance and Accountability

A. Budgetary information

As required by the North Carolina Budget and Fiscal Control Act, the City adopts balanced budget ordinances for all funds except the trust funds, which are not budgeted. The budgets shown in the financial statements reflect amounts adopted by the budget ordinances as amended and approved at the close of the day on June 30, 2023. The City adopts annual budgets prepared on the modified accrual basis for the general fund, the enterprise operating funds and the convention center financing fund. All other funds including all capital project funds and the remaining grant funds adopt project budgets.

The appropriated budget is prepared by fund, function, and department. Appropriations are adopted at the fund level except for the General fund which is adopted at the department level, and the Water and Sewer fund which is adopted at the function level. The adopted budget is entered into the accounting records and comparisons of actual to budget are made throughout the year. Adjustments to the original budget may become necessary to meet changing circumstances during the fiscal year. Two types of changes can occur: budget amendments and budget transfers. Such changes are required at the line-item level of the budget underlying the budget ordinance. The City Manager is authorized to transfer budget amounts within a fund up to $50,000. Transfers greater than $50,000, all transfers between funds, and all amendments increasing total budgeted expenditures require City Council approval.

Appropriations for funds with annual budgets lapse at the end of the budget year. Capital and grant project budget appropriations do not lapse until the completion of the project or grant. However, City Council may amend these budgets throughout the year for new projects or other changes to existing appropriations as are needed. Encumbrances outstanding at year-end are reported as "reserved for encumbrances" against fund balance and are reappropriated during the subsequent year.

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

B. Deficit net position

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

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

Note 3. Detailed Notes on All Funds

A. Deposits and investments

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

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

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

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

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

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

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

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

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

	Long-term Credit Ratings		
Bank	S & P	Moody's	Fitch
US Treasury Obligations	AA+	Aaa	AAA
US Government Agency Securities	AA+	Aaa	AAA
NCCMT - Government Portfolio	AAAm	Aaa-mf	N/A

Concentration of Credit Risk. The City's investment policy does not restrict the level of investment in US Treasury Obligations, US Government Agency Securities or the NCCMT, but it restricts investment in NC municipal bonds to no more than 10.00% of the total investment portfolio and commercial paper or bankers' acceptances of a single issuer to no more than 5.00% of the total investment portfolio. As of June 30, 2023, NC municipal bonds comprise 2.89% of the total investment portfolio and commercial paper is 2.28% of the total investment portfolio, with no allocation to a single user above the 5% policy target.

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

A summary of cash and investments as of June 30, 2023 is as follows:

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

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

B. Lease receivable

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

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

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

C. *Capital assets*

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

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

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

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

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

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

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

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

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

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

In addition, the City has $208,545,777 in general government project obligations as of June 30, 2023. These obligations relate to construction in progress projects including encumbered amounts for street construction, redevelopment projects and community center and park construction, and other major public facilities. These projects are fully budgeted and the funding for these governmental projects is indicated through designations of fund balance as of June 30, 2023.

D. Deferred revenue

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

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

E. Interfund receivables, payables, and transfers

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

The composition of interfund balances as of June 30, 2023, is as follows:

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

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

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

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

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

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

F. Long-term obligations

1. Leases and IT Subscriptions

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

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

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

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

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

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

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

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

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

2. *General obligation bonds*

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

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

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

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

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

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

2a. General Obligation Bond Anticipation Notes

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

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

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

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

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

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

Note: BANs are not considered issued from a legal perspective

3. Defeased debt and refundings

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

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

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

As a result of the full water and sewer refundings listed above, the reacquisition price exceeded the net carrying amount of the BANs by $5,526,397. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The refunding was undertaken to reduce future debt payments, terminate the interest rate swaps associated with the series 2008A and 200B bonds and resulted in an economic gain of $3,046,440.

In prior years, the City has defeased various other bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2023, the amount of defeased debt outstanding was $29,635,450.

4. Revenue bonds

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

The City pledges the net receipts of the Combined Enterprise System as security for revenue bonds. In the event of a material default, the trustee may declare the outstanding principal due and payable immediately. In addition, trustee may require the City to endorse all checks and other negotiable instruments representing receipts to the order of the trustee immediately.

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

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

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

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

Annual debt service requirements to maturity are as follows:

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

4a. Revenue Bond Anticipation Notes

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

The aggregate principal amount of the notes outstanding from the 2023 series at any one time shall not exceed $215,000,000. The notes are payable from net revenues of the water and sewer systems. The notes do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the revenue bond orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the notes. The notes will be replaced by permanent financing with revenue bonds on or before the notes mature on June 20, 2026, and the BANs can be refinanced with a notice period of 30 days. The City had direct placement revenue bond anticipation notes payable of $21,500,000 outstanding at June 30, 2023. Interest rates are based upon market conditions.

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

	Business-Type Activities	
Fiscal Year Ending June 30	Principal	Interest
2024	$ -	$ 69,242
2025	-	73,100
2026	21,500,000	73,100
	$ 21,500,000	**$ 215,442**

A trust agreement, dated December 1, 1996 and amended by the First Amendatory Trust Agreement, dated as of April 15, 2004, authorizes and secures all outstanding revenue bonds. Certain financial covenants are contained in the trust agreement, controlled by the trustee, including the requirement that the City maintain a long-term debt service coverage ratio on all utility debt of no less than 1.00. The City was in compliance with all such covenants during the fiscal year ended June 30, 2023.

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

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

5. Other long-term obligations

Other long-term obligations include reimbursement contracts, certificates of participation, installment financing agreements, limited obligation bonds, earned vacation pay and landfill closure and postclosure costs. The total amount to be paid in the future periods including interest on certificates, installment financing agreements and other installment obligations is $742,814,280.

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

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

This debt was sold by the Walnut Creek Financing Assistance Corporation, a blended component unit of the City, whose main purpose is to issue certificates of participation for the City. The City has remarketing and standby purchase agreements with banks related to two variable rate issues. Under these agreements, the banks will remarket any certificates for which payment is demanded. If the certificates cannot be remarketed, the banks will purchase the certificates. Interest rates may change pursuant to the terms of the debt agreements based on market conditions.

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

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

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

* Unhedged variable rate issuance. No associated swap

** Interest rate swap

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

	Business-type Activities	
Fiscal Year Ending June 30	Principal	Interest
2024	$ 11,050,000	$ 6,329,742
2025	11,560,000	5,871,590
2026	12,135,000	5,333,532
2027	12,695,000	4,805,916
2028	13,275,000	4,261,358
2029-2033	83,270,000	12,333,651
20234	19,610,000	644,537
	$ 163,595,000	**$ 39,580,326**

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

Fiscal Year Ending June 30	Business-type Activities Principal	Business-type Activities Interest
2024	$ 850,734	$ 465,942
2025	850,734	423,405
2026	850,734	380,869
2027	850,734	383,332
2028	848,010	295,795
2029-2033	4,223,916	869,496
2034-2036	2,531,930	151,916
	$ 11,006,792	**$ 2,970,755**

The City has previously entered into installment financing agreements to finance various general governmental capital projects. These debt issues carry fixed interest rates of 3.00% to 5.25% (downtown improvement projects) and 3.00% to 4.25% (parks projects). The City also previously entered into limited obligation bonds that carry fixed coupon interest rates from 3.00% to 5.57%, and one variable rate at 0.95% at June 30, 2023, for the purpose of rehabilitating existing structures and constructing remote operations centers. Principal and interest requirements will be provided by appropriation in the year in which they become due. A detail of these debt issues is on the following page:

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

Annual maturities are as follows:

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

The City has previously entered into installment financing agreements to finance various downtown parking facilities. These agreements bear interest at rates ranging from 4.20% to 5.25% with a variable rate component for one agreement, not to exceed 15.00%, which was 0.95% at June 30, 2023. There are also two variable rate agreements that each had an interest rate of 0.95% at June 30, 2023. Principal and interest requirements will be provided by appropriation in the year in which they become due. A detail of these debt issues is on the following page:

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

Annual maturities are as follows:

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

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

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

Annual maturities are as follows:

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

The City has previously issued certificates of participation and master installment financing agreements to fund separate internal service funds for the purchase of rolling stock equipment for governmental and business-type activities. The debt issues carry fixed interest rates ranging from 0.67% to 2.18%. Principal and interest requirements for these debt issues will be provided by appropriation in the year they become due. New financing was obtained in fiscal year 2022-23 to continue this effort. A detail of these debt issues is as follows:

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

Annual maturities are as follows:

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

State Revolving Loans. During the current fiscal year, the City's Water and Sewer Utility enterprise did not receive any new proceeds from state revolving fund loans. These loans carry fixed interest rates of 0.00% to 2.66% and are payable over 20 years. Final amounts for these loans will be determined when the associated projects close. Repayment will begin six months after respective project completion.

The City has previously entered into state revolving loans to finance various water and sewer capital projects. These debt issues carry fixed interest rates as detailed below. Principal and interest requirements for these debt issues will be provided by appropriation in the year they become due.

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

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

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

Annual maturities for Water and Sewer Utility are as follows:

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

The City has previously entered into a state revolving loan program to fund lake and stream enhancements. The loan is to be repaid in annual payments over 20 years at 0.00% interest and is summarized below.

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

Annual maturities for the Stormwater Utility are as follows:

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

Earned Vacation Pay. At June 30, 2023, earned vacation pay consists of $25,362,170 for governmental activities and $6,914,751 for business-type activities.

Landfill Postclosure Care Costs. State and federal laws and regulations require the City to maintain a final cover over its Wilders Grove landfill site and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill was closed for waste disposal on December 31, 1997. During 2018-19 the third-party cost estimate was updated for both postclosure costs and the corrective action plan (CAP) costs associated with ground water violations at the landfill identified in 2007-08 and new proposed stream bank repairs. The $3,034,640 reported as landfill postclosure liability as of June 30, 2023 includes the CAP report cost estimate as well as the cost to perform the on-going postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to demonstrate financial assurance for postclosure care. The City is in compliance with these requirements, and, demonstrated such by completion of the local government financial assurance test submitted to NC Department of Environmental Quality – Solid Waste Section on November 16, 2022.

6. Changes in long-term liabilities

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

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

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

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

* BANs were previously consolidated with other general obligation bonds

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

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

7. Arbitrage

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the City must rebate to the federal government "arbitrage profits" earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2023, the City had no arbitrage liabilities.

8. Interest rate swaps

2005 Swap

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

The certificates of participation and the related swap agreement mature on February 1, 2034. The swap notional amount of $129,260,000 matches the variable rates certificates of participation. Beginning in February 2015, the notional value of the swap and the principal amount of the associated debt started to decline annually. Under the swap agreement, the City pays the counterparty a fixed interest payment semiannually at 4.36% of the notional amount and receives a variable interest payment equivalent to the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA). At June 30, 2023, the swap had a negative fair value to the City of $6,005,581. This mark to market valuation was established by market quotations obtained by the counterparty, representing an estimate of the amount that would be paid for replacement transactions. As of June 30, 2023, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's positive fair value. At June 30, 2023, Citibank NA, the counterparty, was rated "Aa3" by Moody's Investor's Service, "A+" by Standard and Poor's Global, and "A+" by Fitch Ratings. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make or being entitled to receive an unanticipated termination payment based on the market value on the date of termination. As rates vary, variable rate bond interest payments and net swap payments will vary. The principal and interest payments shown below are components of the business-type activities demand bond debt service requirements as reported on page 43.

Using rates as of June 30, 2023, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the 2005B variable rate certificates, were as follows:

Fiscal Year Ending June 30	Principal	Variable Rate Interest	Interest Rate Swaps, Net*	Total Interest
2024	$ 11,050,000	$ 4,354,660	$ 380,083	$ 4,734,743
2025-2029	63,570,000	14,693,242	1,282,453	15,975,695
2030-2034	33,975,000	3,354,967	292,828	3,647,795
Total	**$ 108,595,000**	**$ 22,402,869**	**$ 1,955,364**	**$ 24,358,233**

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

G. Restricted assets

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

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

Note 4. Other Information

A. Risk management and employees' health benefits

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

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

City insurance coverage includes asset and property coverage, which includes property, contents, and site improvements. This past year, the City purchased standalone property policies for terrorism and fine art. Other policies include: automobile and general liability excess coverage, which contains law enforcement liability; workers' compensation excess; cyber liability and ransom coverage; professional liability coverage for the Employee Health Center; crime and employee theft; fiduciary liability; drone liability; and other various specific policies designed to cover City seasonal functions.

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

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

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

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

The City uses internal service funds, the risk management fund and the employees' health benefits fund, to account for its risk financing activities. The claims liability total of $24,613,396 reported for these two internal service funds as of June 30, 2023, is based upon the requirements of Statement 10, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liabilities reported include an estimate for claims incurred but not reported.

The changes in reported claims liabilities in fiscal years 2022-23 and 2021-22 are as follows:

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

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

B. Commitments and contingent liabilities

Commitment - Enterprise Funds. In February 1972, the City entered into a raw water storage contract and joint use construction costs with the U. S. Corps of Engineers for raw water usage of up to 100 million gallons per day from Falls Lake. The City's estimated share of construction cost for the project was estimated at $14,078,083 payable annually over 50 years beginning in 1984. The contract requires that the City pay certain capital and operating costs of the lake which are dependent upon future costs of operation. The City's fiscal year 2021-223 obligation was $941,323. It is estimated, at this time, that the future cost to the City will not exceed $1,100,000 annually and will be repaid in 2033 with a final payment of $3,726,122.

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

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

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

Contingent Liabilities – Facility Fees. The City enters into Thoroughfare Facility Fee Reimbursement contracts that provide developers with contract awards based on the calculated value of the capital contributions to the City. Each contract states minimum amounts that must be paid and recorded as long-term liabilities in the City's entity-wide financial statements. The remaining liability amounts for each contract are paid based on a formula and are contingent on available funds in the facility fee reimbursement account. The total value of the contracts at June 30, 2023 was $4,567,481. The full amount was recorded as a liability, and there is no contingent liability related to facility fees.

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

C. Jointly governed organizations

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

Triangle J Council of Governments. The City is a member of the Triangle J Council of Governments, which serves a seven-county region and forty-two local governments. The participating member governments established the council to coordinate various regional interests and intergovernmental funding. Each participating government appoints one delegate to the council's governing board. The City paid dues of $122,295 to the council during the fiscal year ended June 30, 2023. The council does not meet the criteria to be included in the City's financial reporting entity.

Related organizations

The Raleigh Housing Authority. The Raleigh Housing Authority assists in providing housing for low income, elderly and disabled residents of the City. The mayor appoints all members of the authority's governing body, but the authority is not otherwise financially accountable to the City. The City has no responsibility in selecting the management of the authority. The primary revenue sources for the authority are federal grants and program revenues. Financial transactions between the City and the authority reflect contractual agreements between the parties for the provision of specific services by the authority for the City.

The City is not responsible for financing any deficits of the authority nor is it entitled to any surplus. In addition, the City does not guarantee any debt of the authority and such debt is not included in determining the City's statutory debt limit.

The Raleigh Historic Districts Commission, Inc. The Raleigh Historic Districts Commission, Inc. was formed in 1993 to exercise jurisdiction for all historic properties and historic overlay districts within Raleigh's city limits and extraterritorial jurisdiction. The commission consists of 12 members appointed by the city council. The City's accountability for the commission does not extend beyond making appointments to the commission. Revenues to support the commission come from private contributions and grants from local and state governments. In the fiscal year ended June 30, 2023 the City paid $14,585 to the commission. The not-for-profit organization does not meet the criteria to be included in the City's financial reporting entity.

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

Interlocal agreement with Wake County

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

At June 30, 2023 the balance of the fund maintained by the County was $9,399,066, which is not available to the City except for current and future projects jointly determined by the City and the County. During fiscal year 2022-23, the City received funding as follows: an annual $1,000,000 that the City Council dedicated for continuing support of the performing arts and convention center complex; an annual $680,000 to fund visitor-related programs and activities and $41,508,912 to support the financing of the convention center facility. The City will continue to receive $1,000,000 allocations that the City Council may use for any eligible purpose in the original state legislation. In addition, the City will annually receive 85% of all uncommitted interlocal tax funds for debt service and other costs related to the convention center facility.

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

Interlocal agreement with Transit Planning Advisory Committee (TPAC)

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

Joint venture

The Greater Raleigh Convention and Visitors Bureau. The Greater Raleigh Convention and Visitors Bureau promotes and solicits business, conventions, meeting and tourism in Wake County. The bureau receives its primary revenue from a county-wide 6.00% occupancy tax and is a joint venture of the City of Raleigh and Wake County. The governing body of the bureau is a board of directors appointed by the Raleigh City Council and the Wake County Commissioners. The County is required to distribute monthly a percentage of the tax collected with a minimum aggregate annual distribution of $1,000,000. If tax revenues are not sufficient to fully fund the bureau's minimum annual distributions, the City and County must fund the deficiency equally to ensure that the bureau receives its minimum distribution of $1,000,000 in any fiscal year. There was no additional funding required of the City or County in the year ended June 30, 2023. Except for an investment in capital assets previously recorded by the City, the only equity in the fund at year-end is for encumbrances which will be expensed in the subsequent year. Based on this, no additional equity interest in the bureau is recorded at June 30, 2023. Full financial statements can be obtained from the Greater Raleigh Convention and Visitors Bureau. Contact information is at https://www.raleighchamber.org. The bureau does not meet the criteria to be included in the City's financial reporting entity.

D. Employee retirement systems, pension plans and OPEB plan

North Carolina Local Government Employees' Retirement System

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by North Carolina General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Raleigh employees are required to contribute 6.00% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Raleigh's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of compensation for law enforcement officers and 12.10% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Raleigh were $34,253,536 for the year ended June 30, 2023.

Refunds of Contributions. City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4.00% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions, or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the City reported a liability of $196,581,202 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing updated procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 the City's proportion was 3.48%, which was a decrease of 0.17% from its proportion measured as of June 30, 2021.

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

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

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

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

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

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

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

Assumption Type	Parameter
Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

Law Enforcement Supplemental Plans
Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officers' salary, and all amounts collected are vested immediately. Also, law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2023 were $5,298,437, which consisted of $2,618,021 from the City and $2,680,416 from the law enforcement officers.

Law Enforcement Officers' Special Separation Allowance

Plan Description. The City administers a public employee retirement system (the "separation allowance"); a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed 5 or more years of creditable service immediately prior to retirement. The separation allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time City law enforcement officers are covered by the separation allowance. As of December 31, 2021, the separation allowance's membership consisted of:

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

Summary of significant accounting policies:

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

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

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

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

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

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed $7,154,320 or 13.77% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance plan are financed through investment earnings. The City paid $4,961,404 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the City reported a total pension liability of $62,875,907. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the City recognized pension expense of $7,978,505.

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

The $2,955,848 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2024.

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

Fiscal Year Ending June 30	Pension deferrals
2024	$ 3,345,878
2025	2,623,996
2026	1,324,784
2027	(1,351,778)
2028	(567,152)
Thereafter	-
	$ 5,375,728

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the City's total pension liability calculated using the discount rate of 4.31%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.31%) or one-percentage-point higher (5.31%) than the current rate:

	1% Decrease 3.31%	Discount Rate 4.31%	1% Increase 5.31%
Total Pension Liability	**$ 67,508,316**	**$ 62,875,907**	**$ 58,621,456**

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

Beginning Balance	$ 73,058,509
Service Cost	2,372,340
Interest on the total pension liability	1,590,753
Difference between expected and actual experience	550,800
Change in assumptions and other inputs	(9,979,722)
Benefit payments	(4,716,773)
Ending balance of pension liability	**$ 62,875,907**

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

The actuarial experience and assumption changes are recognized over the average expected remaining service life of the plan membership at the beginning of the measurement period.

Other Post-Employment Benefits (OPEB) Plan

Plan Description:

Plan Administration. The City administers a single employer defined benefit plan under the City of Raleigh, North Carolina OPEB Trust ("OPEB Benefit Plan"), that provides health insurance, life insurance, and Medicare supplement benefits to eligible retirees. Employees who meet any of the retirement options available through NCLGERS and retire with 15 or more years of service may continue in the City's group health plan until age 65 when employee becomes eligible for Medicare. Medicare eligible retirees receive a

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

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

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

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

The City's group medical coverage continues with the option of limited or zero cost to the retiree, depending on coverage plan selected, until age 65 for retirees that were hired prior to June 30, 2008.

Retirees that were hired on or after June 30, 2008 will pay a maximum of 50.00% of the premium cost if they retired with 15 years of service until age 65. The percentage of premium contribution covered by the retiree decreases 5.00% for each additional year of service at retirement, with retirees that have 25 years of service at retirement able to continue coverage at limited or no cost.

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

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

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

Contributions. The City pays the full cost or almost full cost of coverage, depending on coverage plan selected, for health care and life insurance benefits, and a $100 monthly Medicare supplement for eligible retirees. The City has chosen to fund the plan benefits based on an actuarially determined annual recommended contribution. The actuarial funding calculation applies the Projected Unit Credit cost method and Level Percent of Pay amortization method. A funding recommendation is made to City Council, who evaluates this figure amongst other funding needs throughout the City when adopting the City's annual budget. For the current year the City contributed $21,160,346 or 8.91% of the annual covered payroll. Contributions made by retirees for dependent coverage and Medicare supplement premiums were $3,250,104. The OPEB Benefit Plan is accounted for as a trust fund.

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

Investments:

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

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

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

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

Net OPEB Liability of the City:

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

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

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

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

*decreasing to an ultimate rate of 4.50% by 2032

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by the LGERS Board. The remaining actuarial assumptions were based upon a review of recent plan experience and performed concurrently with the June 30, 2022 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. The Plan Actuary reviewed all information provided for the OPEB investment portfolio and agreed that the long-term expected rate of return of 7.00% is reasonable.

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

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

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City at June 30, 2023, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

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

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

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

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

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

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

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2022 actuarial valuation, the actuarial assumptions included a 7.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included an inflation assumption at 2.50%, which was consistent to prior year. The discount (SEIR) rate remained at 7.00%; however, the Municipal Bond Index Rate increased from 2.16% on the prior measurement to 3.54% respectively at June 30, 2022. Medical claims cost and rates were changed based on most recent experience and change to the current schedule. The health care cost trend rate is 7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032.

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

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

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

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

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

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

Supplemental Retirement Plan – Section 401a

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

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

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

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

E. Change in accounting principles

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

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

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

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

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

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

F. New pronouncements

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

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

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

G. Subsequent events

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

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

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APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

Brief descriptions of the Trust Agreement, the First Supplemental Trust Agreement and the Deed of Trust are included in this Appendix C. Such descriptions do not purport to be comprehensive or definitive; all references herein to the Trust Agreement, the First Supplemental Trust Agreement and the Deed of Trust are qualified in their entirety by reference to each such document, copies of which are available for review at the offices of the Trustee.

Definitions

The following is a summary of certain definitions set forth in the Trust Agreement, the First Supplemental Trust Agreement, the Deed of Trust and used in this Official Statement.

"Additional Payments" means the additional payments required to be made by the City pursuant to the Trust Agreement.

"Additional Project" means any new building, facility, fixture or other improvement financed with the proceeds of Bonds, other than the Project.

"Authorized Officer" means the City Manager, the Chief Financial Officer, the Debt Manager and the Treasury Services Manager of the City and any other person designated from time to time to perform the duties imposed on an Authorized Officer by the Trust Agreement pursuant to an Officer's Certificate delivered to the Trustee for such purpose. References in the Trust Agreement to the "City's discretion" or "upon the discretion of the City" are deemed to be reflected in any written direction given to the Trustee by an Authorized Officer.

"Beneficiary" means U.S. Bank Trust Company, National Association, and its successors and assigns, as beneficiary under the Deed of Trust.

"Bond" or "Bonds" means the Series 2024 Bonds and any other notes or bonds issued under the provisions of the Trust Agreement and secured on a parity with each other by the Trust Agreement.

"Bond Fund" means the fund created and designated the City of Raleigh Limited Obligation Bond Fund by the Trust Agreement.

"Business Day" means a day on which the Trustee and the New York Stock Exchange are open for the purpose of conducting their businesses.

"City" means the City of Raleigh, North Carolina.

"City Council" means the City Council of the City.

"Closing" means the delivery of and payment for the Series 2024 Bonds.

"Closing Date" means the date of the Closing.

"Construction Fund" means each of the funds created and designated a City of Raleigh Limited Obligation Bond Construction Fund by the Trust Agreement.

"Convention Center Expansion" means the expansion of the City's convention center facilities, to be financed in whole or in part with Limited Obligation Bonds to be issued under the Trust Agreement. Components of the Convention Center Expansion are not part of the initial Mortgaged Property unless the component is installed on the site of the Existing Convention Center.

"Corporation" means the Walnut Creek Financing Assistance Corporation.

"Deed of Trust" means the Deed of Trust, dated as of July 1, 2024, from the City to the Deed of Trust Trustee, for the benefit of the Trustee, granting a lien on the Mortgaged Property, including any amendment or supplement thereto as permitted thereby and by the Trust Agreement.

"Deed of Trust Trustee" means the person or other entity at the time serving as trustee under the Deed of Trust.

"Default" means any Event of Default and any event that, after notice or lapse of time or both, would become an Event of Default.

"Defaulted Interest" means any interest on any Bond of any Series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date.

"Defeasance Obligations" means noncallable Government Obligations.

"Delivery Costs" means and further includes all items of expense directly or indirectly payable by or reimbursable to the City relating to the issuance of Bonds hereunder and the financing of the Project or any Additional Project, including, but not limited to, filing and recording costs, settlement costs, printing costs, word processing costs, reproduction and binding costs, initial fees and expenses of the Trustee, bond insurance premiums, initial credit or liquidity facility fees, Trustee, remarketing and tender agent fees, legal fees and expenses, financing and other professional consultant fees, costs of rating agencies and costs of providing information to such rating agencies, fees for execution, transportation and safekeeping of the Bonds and charges, fees and expenses in connection with the foregoing.

"Derivative Agreement" means an interest rate swap, cap, collar, floor, forward, option, put, call or other agreement, arrangement or security however denominated, entered into by the City in order to hedge interest rate fluctuations on all or a portion of the Bonds or to provide debt management by changing the interest payments on any of the Bonds to be made by the City with a goal of achieving lower interest costs or reducing interest rate risk.

"Derivative Agreement Additional Payments" means payments required to be paid by the City under a Derivative Agreement other than Derivative Agreement Scheduled Payments, including termination payments required to be paid in connection with the early termination of a Derivative Agreement, whether voluntarily or upon the occurrence of an event of default, termination event or similar event thereunder.

"Derivative Agreement Scheduled Payments" means scheduled payments required to be paid by the City under a Derivative Agreement that are based upon a fixed or variable imputed rate on a notional amount set forth in the Derivative Agreement and which are intended by the City to correspond to interest on the underlying Bonds to which the Derivative Agreement relates.

"Escrow Agent" means the escrow agent from time to time serving under the Escrow Agreement, whether the original or any successor.

"Escrow Agreement" means the Escrow Deposit Agreement, dated as of July 1, 2024, between the City and the Escrow Agent, relating to the refunding of the 2004A Certificates, the 2005B Certificates, the 2014A Limited Obligation Bonds and 2014B Limited Obligation Bonds.

"Event of Default" means each of those events of default set forth in the Trust Agreement and described in "SUMMARY OF THE TRUST AGREEMENT – Events of Default" below.

"Event of Nonappropriation" means (a) the failure by the City Council to budget and appropriate in its budget for any Fiscal Year moneys sufficient to pay all payments of principal and interest on the Bonds (reasonably estimated in the case of any Bonds issued bearing a variable interest rate) and the reasonably estimated Additional Payments coming due in such Fiscal Year or (b) the deletion by the City Council from its duly adopted budget of any appropriation made for the purposes specified in clause (a) above. In the event that during any Fiscal Year, Additional Payments will become due and payable that were not included in the City's current budget, and if there are no moneys available to pay such Additional Payments within sixty (60) days subsequent to the date upon which such Additional Payments are due and payable, an Event of Nonappropriation will be deemed to have occurred upon notice being given by the Trustee to the City to such effect.

"Existing Convention Center" means the existing Raleigh Convention Center located at 500 Fayetteville Street, Raleigh, North Carolina, which site is the subject of the Deed of Trust.

"Fifth Supplemental Installment Financing Agreement" means the Fifth Supplemental Installment Financing Agreement, dated as of January 1, 2005, between the City and the Corporation, relating to the 2005B Certificates.

"First Supplemental Installment Financing Agreement" means the First Supplemental Installment Financing Agreement, dated as of February 1, 2004, between the City and the Corporation, relating to the 2004A Certificates.

"First Supplemental Trust Agreement" means the First Supplemental Trust Agreement, dated as of July 1, 2024, between the City and the Trustee, setting forth the terms and provisions with respect to the Series 2024 Bonds, including any amendments or supplements thereto.

"Fiscal Year" means the period commencing on the first day of July of any year and ending on the last day of June of the following year.

"Fitch" means Fitch Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, "Fitch" will be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Government Obligations" means direct obligations of, or obligations the principal of and the interest on which are fully and unconditionally guaranteed by, the United States of America in either certificated or book-entry form, including (a) to the extent permitted by law, evidences of ownership of, or fractional undivided interests in, future interest and principal payments on such obligations and (b) to the extent permitted by law, obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended by Section 511(a) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, and commonly known as "interest strips" of the Resolution Funding Corporation.

"Interest Account" means the account in the Bond Fund created and so designated by the Trust Agreement.

"Interest Payment Date" means, with respect to any Series of Bonds, each of the interest payment dates provided for in the Supplemental Trust Agreement relating to such Series. "Interest Payment Date" means, with respect to the Series 2024 Bonds, April 1 or October 1, as the case may be, beginning October 1, 2024.

"Investment Obligations" means any investments which at the time of investment are authorized by Section 159-30 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, except as may otherwise be modified in a Supplemental Trust Agreement.

"Local Government Commission" means the Local Government Commission, a division of the Department of the State Treasurer of the State.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, "Moody's" will be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Mortgaged Property" means the property subject to the lien created by the Deed of Trust, and all improvements and fixtures located and to be located thereon. Initially, the Mortgaged Property consists of the site of the Existing Convention Center.

"Net Proceeds" means any proceeds of insurance or taking by eminent domain or condemnation paid with respect to the Mortgaged Property remaining after payment therefrom of any expenses (including attorneys' fees) incurred in the collection thereof.

"Net Proceeds Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Officer's Certificate" means a certificate signed by an Authorized Officer.

"Outstanding" when used with reference to Bonds means, as of a particular date, all Bonds theretofore authenticated and delivered under the Trust Agreement, except:

(a) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds deemed to be no longer Outstanding pursuant to the Trust Agreement;

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Trust Agreement;

(d) Bonds deemed to have been paid in accordance with the Trust Agreement as described in "SUMMARY OF THE TRUST AGREEMENT – Defeasance" below; and

(e) Bonds deemed to have been purchased in accordance with the provisions of the applicable Supplemental Trust Agreement in lieu of which other Bonds have been delivered under such Supplemental Trust Agreement.

"Owner" means a Person in whose name a Bond is registered in the registration books provided for in the Trust Agreement.

"Permitted Encumbrances" means and includes (a) liens for taxes, assessments and other governmental charges due but not yet payable; (b) landlord's, warehouseman's, carrier's, worker's, vendor's, mechanic's and materialmen's liens and similar liens incurred in the ordinary course of business remaining undischarged for not longer than sixty (60) days from the filing thereof; (c) attachments remaining undischarged for not longer than sixty (60) days from the making thereof; (d) liens in respect of pledges or deposits under workers' compensation laws, unemployment insurance or similar legislation and in respect of pledges or deposits to secure bids, tenders, contracts (other than contracts for the payment of money), leases or statutory obligations, or in connection with surety, appeal and similar bonds incidental to the conduct of litigation; (e) the lien created by the Deed of Trust and any lease of all or any portion of the Mortgaged Property permitted by the Trust Agreement; (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date the property subject to such encumbrance becomes Mortgaged Property and that the City certifies to the Trustee in writing will not materially impair the use of such Mortgaged Property for its intended purpose; (g) the Trust Agreement or any supplemental Trust Agreement; and (h) any other encumbrances described in a policy of title insurance required by the Trust Agreement.

"Person" includes corporations, firms, associations, partnerships, joint ventures, joint stock companies, trusts, unincorporated organizations, and public bodies, as well as natural persons.

"Principal Account" means the account in the Bond Fund created and so designated by the Trust Agreement.

"Prior Bonds" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond; and, for purposes of this definition, any Bond authenticated and delivered under the Trust Agreement in lieu of a lost, destroyed or stolen Bond will be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

"Project" means the land, buildings, facilities and other improvements identified in the Trust Agreement which are to be financed in whole or in part by the City from proceeds of Bonds issued thereunder. Such land, buildings, facilities and other improvements consist of a major expansion of the City's convention center complex, certain improvements to be located in a new hotel to be constructed adjacent to the Existing Convention Center, the cost of construction of a new amphitheater to replace the amphitheater in the vicinity of the Existing Convention Center in connection with the expansion of the Existing Convention Center; and the cost of construction and equipping of a new municipal office building in the City, including the cost of demolition of the existing structures located on the site where the new municipal office building will be located.

"Project Costs" means, with respect to any item or portion of the Project or any Additional Project, the contract price paid or to be paid therefor upon construction, acquisition, remodeling, improvement or equipping thereof, in accordance with a purchase order or contract therefor. Project Costs include payment or the reimbursement of the City for the payment of the administrative, engineering, legal, financial and other costs incurred by the City in connection with the construction, acquisition, remodeling, improvement or equipping of the Project or any Additional Project, all costs incurred for the payment of interest on a Series of Bonds during the period of acquisition, construction or equipping of the Project or any Additional Project, and include all applicable sales taxes and other charges resulting from such construction, acquisition, remodeling, improvement or improvement of the Project or any Additional Project.

"Rating Agency" means Fitch, Moody's and S&P to the extent that such entity is then maintaining a rating on any of the Bonds.

"Redemption Account" means the account in the Bond Fund created and so designated by the Trust Agreement.

"Redemption Price" means, with respect to Bonds, the principal amount of such Bonds called for redemption plus the applicable premium, if any, payable upon redemption thereof.

"Regular Record Date" means, with respect to any Series of Bonds, the regular record date, if any, provided for in the Supplemental Trust Agreement relating to such Series. "Regular Record Date" means, with respect to the Series 2024 Bonds, the 15th day of the month preceding any Interest Payment Date, whether or not a Business Day.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and its successors and assigns, and if such entity will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, "S&P" will be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Securities Depository" means the Depository Trust Company, New York, New York, or any other recognized securities depository selected by the City, which maintains a book-entry system in respect of a Series of Bonds, and will include any substitute for or successor to the securities depository initially acting as Securities Depository.

"Securities Depository Nominee" means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there will be registered on the registration books maintained by the Trustee the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

"Serial Bonds" means the Bonds of any Series that are stated to mature in consecutive annual installments. All of the Series 2024 Bonds are "Serial Bonds."

"Series," whenever used in the Trust Agreement with respect to Bonds, means all of the Bonds designated as being of the same series.

"Series 2024 Bonds" means the City of Raleigh, North Carolina Limited Obligation Bonds, Series 2024, issued pursuant to the Trust Agreement and the First Supplemental Trust Agreement.

"Series 2024 Subaccount of the Interest Account" means the subaccount created and so designated by the First Supplemental Trust Agreement.

"Series 2024 Subaccount of the Principal Account" means the subaccount created and so designated by the First Supplemental Trust Agreement.

"Series 2024 Subaccount of the Redemption Account" means the subaccount created and so designated by the First Supplemental Trust Agreement.

"Sinking Fund Account" means the account in the Bond Fund created and so designated by the provisions of the Trust Agreement.

"Sinking Fund Requirement" means, with respect to any Series of Bonds, the Sinking Fund Requirement provided in the Supplemental Trust Agreement relating to such Series. There are no Series

2024 Bonds that are Term Bonds, therefor there is no "Sinking Fund Requirement" with respect to the Series 2024 Bonds.

"Special Record Date" means a date fixed by the Trustee for determining the Owner of Bonds for the payment of Defaulted Interest pursuant to the Trust Agreement.

"State" means the State of North Carolina.

"Supplemental Trust Agreement" means a supplemental Trust Agreement executed and delivered by the City authorizing the issuance of any particular Series of Bonds that is required to be executed and delivered by the Trust Agreement prior to the issuance of any such Series.

"Term Bonds" means the Bonds of any Series, other than Serial Bonds, that are designated as such in the Supplemental Trust Agreement for such Series.

"Trust Agreement" means the Trust Agreement, dated as of July 1, 2024, between the City and the Trustee, and any supplements and amendments permitted thereby.

"Trustee" means the Trustee serving as such under the Trust Agreement, whether original or successor.

"2004A Certificates" means the City of Raleigh, North Carolina Variable Rate Certificates of Participation (Downtown Municipal Improvement Projects), Series 2004A, dated February 20, 2004.

"2005B Certificates" means the City of Raleigh, North Carolina Variable Rate Certificates of Participation (Downtown Improvement Projects), Series 2005B, dated January 19, 2005.

"2014A Limited Obligation Bonds" means the City of Raleigh, North Carolina Limited Obligation Bonds, Series 2014A, dated August 28, 2014.

"2014B Limited Obligation Bonds" means the City of Raleigh, North Carolina Limited Obligation Refunding Bonds, Series 2014B, dated November 5, 2014.

SUMMARY OF THE TRUST AGREEMENT

Details of Bonds

Each Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated upon an Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) authenticated prior to the first Interest Payment Date, in which event it will bear interest from its date or such later date as is specified in the Supplemental Trust Agreement providing for its issuance; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond will bear interest from the date to which interest has been paid.

Unless provided to the contrary in a Supplemental Trust Agreement, and as permitted by law, the principal of and the interest and premium, if any, on the Bonds will be payable in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. The payment of interest on each Bond will be made (a) by the Trustee on each Interest Payment Date to the person appearing on the registration books of the Trustee as the registered owner thereof as of the Regular Record Date by check mailed to the registered owner at his address as it appears on such registration books, or (b) by such additional or alternative means as is provided in any Supplemental Trust Agreement providing for the issuance of such Bond. Unless otherwise provided in a Supplement Agreement, payment of the principal of all Bonds will be made upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee as the same become due and payable (whether at maturity or by redemption, acceleration or otherwise).

Any Defaulted Interest will forthwith cease to be payable to the Owner on the relevant Regular Record Date solely by virtue of such Owner having been such Owner; and such Defaulted Interest may be paid by the City, at its election in each case, as described in subsection A or B below:

A. The City may elect to make payment of any Defaulted Interest on the Bonds of any Series to the persons in whose names such Bonds (or their respective Prior Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which will be fixed in the following manner. The City will notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date will be such as will enable the Trustee to comply with the next sentence hereof), and at the same time, the City will deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or will make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as described in this paragraph. Thereupon, the Trustee will fix a Special Record Date for the payment of such Defaulted Interest which will be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee will promptly notify the City of such Special Record Date and, in the name and at the expense of the City, will cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner at his address as it appears in the registration books maintained under the Trust Agreement not less than ten (10) days prior to such Special Record Date. The Trustee will, at the request of the City and in the name and at the expense of the City, cause a similar notice to be published at least once in (i) a financial journal distributed in the Borough of Manhattan, City and State of New York, and (ii) a newspaper of general circulation in the City of Raleigh, North Carolina, but such publication will not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest will be paid to the persons in whose names the Bonds (or their respective Prior Bonds) are registered on such Special Record Date and will no longer be payable pursuant to the Trust Agreement as described in paragraph B below.

B. The City may make payment of any Defaulted Interest on the Bonds of any Series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the City to the Trustee of the proposed payment pursuant to the Trust Agreement, such payment will be deemed practicable by the Trustee.

Subject to the foregoing provisions, each Bond delivered under the Trust Agreement upon transfer of or in exchange for or in lieu of any other Bond will carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond will bear interest from such date, that neither gain nor loss in interest will result from such transfer, exchange or substitution.

Exchange of Bonds

Bonds, upon surrender thereof at the designated corporate trust office of the Trustee, together with an assignment duly executed by the Owner or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, in such form as will be satisfactory to the Trustee, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity, of any denomination or denominations authorized by the Supplemental Trust Agreement pursuant to which such Bonds were issued, bearing interest at the same rate and in the same form as the Bonds surrendered for exchange.

The City will make provision for the exchange of Bonds at the designated corporate trust office of the Trustee.

Transfer and Registration of Transfer of Bonds

Unless provided to the contrary in a Supplemental Trust Agreement, and as permitted by law, the Trustee will keep books for the registration and the registration of transfer of the Bonds. The registration books will be available at all reasonable times for inspection by the City and any Owner of such Bonds and may be copied by either of the foregoing and their agents or representatives.

The transfer of any Bond may be registered only upon the books kept for the registration and registration of transfer of Bonds upon presentation thereof to the Trustee together with an assignment duly executed by the Owner or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, in such form as will be satisfactory to the Trustee. No transfer of any Bond will alter the ownership of such Bond for purposes of the Trust Agreement unless such transfer is registered with the Trustee. Upon any such registration of transfer, the City will, if necessary, execute and the Trustee will authenticate and deliver in exchange for such Bond a new Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by the Supplemental Trust Agreement pursuant to which such Bond was issued, in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds will be exchanged or the transfer of Bonds will be registered under the Trust Agreement, the City will, if necessary, execute and the Trustee will authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of the Trust Agreement. All Bonds surrendered in any such exchange or registration of transfer will forthwith be canceled by the Trustee. No service charge will be made for any registration, transfer or exchange of Bonds, but the City and the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds. Unless otherwise required by the applicable Supplemental Trust Agreement, neither the City nor the Trustee will be required (a) to issue, transfer or exchange Bonds during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing or (b) to transfer or exchange any Bond so selected for redemption in whole or in part.

Terms and Conditions for Issuance of Bonds

Before any Bonds will be issued, the City will execute and deliver a Supplemental Trust Agreement authorizing the issuance of such Bonds, fixing the amount and the details thereof as provided in the Trust Agreement and describing in brief and general terms the purpose for issuing such Bonds. Bonds may be issued for the purpose of providing funds, with any other available funds, for paying: (a) the cost of refunding the unpaid principal amount of the Installment Payments under the First Supplemental Installment Financing Agreement and the Fifth Supplemental Installment Financing Agreement and the 2014A Bonds and 2014B Bonds, and in connection with such refunding the cost of terminating interest rate swap agreements entered in connection with the Installment Payments under the Fifth Supplemental Installment Financing Agreement, (b) the cost of acquisition, construction, equipping, completion or improvement of the Project, (c) the cost of acquisition or construction of any Additional Project, (d) the cost of refunding any Bonds issued under this Trust Agreement and, to the extent permitted by law, any other bonds or other indebtedness of the City, (e) the cost of any termination or similar payments incurred in connection with a Derivative Agreement, and (f) Delivery Costs incurred in connection with the issuance of the Bonds.

In connection with the execution of additional Bonds to finance the cost of acquisition or construction of the projects set forth in the Trust Agreement, the City may deliver a supplement to the Deed of Trust or an additional deed of trust placing a security interest on all or a portion of such Additional Project to secure the City's obligations under the Trust Agreement with respect to all Bonds.

Unless named otherwise in the Supplemental Trust Agreement, the Bonds of each Series will be designated "City of Raleigh, North Carolina Limited Obligation Bonds, Series ____ (2024 Trust Agreement)" (inserting the year such Bonds are issued and any other distinctive letter or number), will be stated to mature, subject to the right of prior redemption as therein set forth, on the date or dates specified therein, in such year or years, will bear interest at a rate or rates not exceeding the maximum rate then permitted by law, will be numbered and will have such redemption provisions (subject to the provisions of the Trust Agreement), all as provided in the Supplemental Trust Agreement. Except to the extent described in the Trust Agreement, all such Bonds will be on a parity with each other and will be entitled to the same benefit and security of the Trust Agreement.

When the documents mentioned in the Trust Agreement are filed with the Trustee and when the Bonds have been executed and authenticated as required by the Trust Agreement, the Trustee will deliver the Bonds at one time to or upon the order of the City for redelivery to or upon the order of the purchasers thereof, but only upon payment to the Trustee or other Persons as provided in the Supplemental Trust Agreement of the purchase price of the Bonds and the accrued interest, if any, thereon to the date of delivery. The Trustee will be entitled to rely upon the resolutions and documents set forth in the Trust Agreement as to all matters stated therein.

The Trust Agreement does not provide for any financial test to be met in order for additional Bonds to be issued thereunder. The Deed of Trust provides that the maximum principal amount of the obligations which may be secured thereby at any one time is $1,000,000,000.

The proceeds (including accrued interest, if any) of the Bonds will be applied simultaneously with the delivery of the Bonds as provided in the Supplemental Trust Agreement.

Bonds Constitute Installment Contracts

Bonds issued under and pursuant to the terms of the Trust Agreement will constitute installment contracts within the meaning of the Act entered into by the City for the purpose of financing the acquisition of real or personal property or the construction or repair of improvements thereon. The payment by the City of installment payments under such installment contracts will be secured on a parity by the lien on the Mortgaged Property created under the Deed of Trust and by the other security provided under the Trust Agreement to the extent provided therein.

Mutilated, Destroyed, Lost or Stolen Bonds

The City will cause to be executed, and the Trustee will authenticate and deliver a new Bond of like date, number and tenor in exchange and substitution for and upon the cancellation of any mutilated Bond, or in lieu of and in substitution for any destroyed, lost or stolen Bond, and the Owner will pay the reasonable expenses and charges of the City in connection therewith. Prior to the delivery of a substitute

Bond, the Owner of any Bond which was destroyed, lost or stolen will file with the Trustee evidence satisfactory to it of the destruction, loss or theft of such Bond and of the Owner's ownership thereof and will furnish to the City and to the Trustee such security or indemnity as may be required by them to save each of them harmless from all risks, however remote.

Every Bond issued pursuant to the provisions of the Trust Agreement in exchange or substitution for any Bond which is mutilated, destroyed, lost or stolen will constitute an additional contractual obligation of the City, whether or not the destroyed, lost or stolen Bonds are found at any time or are enforceable by anyone, and will be entitled to all the benefits and security thereof equally and proportionately with any and all other Bonds of the same Series duly issued under the Trust Agreement.

Effect of Calling for Redemption

On or before the date upon which Bonds are to be redeemed, the City will deposit with the Trustee money or Defeasance Obligations, or a combination of both, that will be sufficient to pay on the redemption date the Redemption Price of and interest accruing on the Bonds to be redeemed on such redemption date.

On the date fixed for redemption, notice having been given in the manner and under the conditions provided in the applicable Supplemental Trust Agreement, the Bonds or portions thereof called for redemption will be due and payable at the Redemption Price provided therefor, plus accrued interest to such date, and if moneys sufficient to pay the Redemption Price of the Bonds or portions thereof to be redeemed plus accrued interest thereon to the date of redemption are held by the Trustee in trust for the Owners of Bonds to be redeemed, interest on the Bonds or portions thereof called for redemption will cease to accrue; such Bonds or portions thereof will cease to be entitled to any benefits or security under the Trust Agreement or to be deemed Outstanding; and the Owners of such Bonds or portions thereof will have no rights in respect thereof except to receive payment of the Redemption Price thereof, plus accrued interest to the date of redemption.

Bonds and portions of Bonds for which irrevocable instructions to pay on one or more specified dates or to call for redemption on any one or more dates as determined by the City have been given to the Trustee in form satisfactory to it will not thereafter be deemed to be Outstanding under the Trust Agreement and will cease to be entitled to the security of or any rights under the Trust Agreement, and the Owners will have no rights in respect of the same other than to receive payment of the principal or Redemption Price thereof and accrued interest thereon, to be given notice of redemption in the manner provided in the Trust Agreement, and to the extent hereinafter described, to receive Bonds for any unredeemed portions of Bonds if money or Defeasance Obligations (that have maturity dates or redemption dates which, at the option of the holder of such Defeasance Obligations, will not be later than the date or dates on which moneys will be required to effect such payment or redemption), or a combination of both, sufficient to pay the principal or Redemption Price of such Bonds or portions thereof, together with accrued interest thereon to the date upon which such Bonds are to be paid or redeemed, are held in separate accounts by the Trustee in trust for the Owners of such Bonds.

Any Supplemental Trust Agreement may provide that any notice of redemption, except a notice of redemption in respect of a Sinking Fund Requirement, may state that (i) the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys or Defeasance Obligations sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed, and that if such moneys are not so received, such notice will be of no force or effect and such Bond will not be required to be redeemed or (ii) the City retains the right to rescind such notice on or prior to the redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption will be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this clause. In the case of a Conditional Redemption subject to the deposit of moneys or Defeasance Obligations, the failure of the City to make such moneys or obligations available in part or in whole on or before the scheduled redemption date will not constitute an Event of Default under the Trust Agreement and any Bonds subject to such Conditional Redemption will remain Outstanding. Any Conditional Redemption subject to rescission may be rescinded in whole or in part at any time on or prior to the scheduled redemption date if an Authorized Officer instructs the Trustee in writing to rescind the redemption notice. Any Bonds subject to Conditional Redemption where redemption has been rescinded will remain Outstanding, and the rescission will not constitute an Event of Default hereunder. If a Conditional Redemption for which notice has been sent to the parties required pursuant to the Trust Agreement will not occur, either because moneys or Defeasance Obligations to effect such redemption are not available on or before the scheduled redemption date or the City has rescinded such notice in accordance with the Trust Agreement , the Trustee will immediately give notice by electronic means to the Securities Depository and to the affected Owners of any Bonds that are not held pursuant to the book entry system that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

If less than all of an Outstanding Bond is selected for redemption, the Owner thereof or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, will present and surrender such Bond to the Trustee for payment of the principal amount thereof so called for redemption, and the redemption premium, if any, on such principal amount, and the City will, if necessary, execute and the Trustee will authenticate and deliver to or upon the order of such Owner or his attorney or legal representative, without charge, for the unredeemed portion of the principal amount of the Bond so surrendered, a new Bond of the same Series and maturity, bearing interest at the same rate and of any denomination or denominations authorized by Supplemental Trust Agreement for such Bond.

Construction Funds

A Supplemental Trust Agreement may create a special fund with the Trustee and designated the "City of Raleigh, North Carolina Limited Obligation Bond 20___ Construction Fund." In connection with the issuance of any Series of Bonds, the City may arrange for the deposit to the Construction Fund or other funds not derived from the proceeds of such Bonds, which funds, on the direction of the City, will be deposited to the Construction Fund and applied as provided therein.

Payment of the Project Costs will be made from the applicable Construction Fund. All payments from the Construction Funds will be subject to the provisions and restrictions set forth in the Trust Agreement, and the City will not cause or agree to permit to be paid from the Construction Funds any sums except in accordance with such provisions and restrictions.

The City has granted to the Trustee for the benefit of the Owners of respective Series of Bonds a lien on and a security interest in all monies and securities in the Construction Fund relating to that Series of Bonds. The money in each Construction Fund will be held by the Trustee in trust and, pending application to the payment of the Project Costs will, to the extent permitted by law, be subject to a lien and charge in favor of the Owners of the respective Series of Bonds issued and Outstanding under the Trust Agreement and will be held for the security of such Owners, except as otherwise provided in the Trust Agreement or in any Supplemental Trust Agreement.

Establishment of Funds

In addition to the Construction Funds, there is established the City of Raleigh, North Carolina Limited Obligation Bonds Bond Fund, in which there are established the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account. The Bond Fund and the accounts and subaccounts therein will be established with and held by the Trustee.

Each Supplemental Trust Agreement will provide, to the extent applicable, for the creation of a separate subaccount within the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account with respect to each Series of Bonds, which subaccounts will bear the designation of such Series of Bonds.

The City has granted to the Trustee for the benefit of the Owners of Bonds a lien on and security interest in all monies and securities in the Bond Fund. The money in the Bond Fund and its accounts and subaccounts will be held in trust and applied as provided in the Trust Agreement and, pending such application, will be subject to a pledge, charge and lien in favor of the Owners of the respective Series of Bonds issued and Outstanding under the Trust Agreement and for the security of such Owners, except as otherwise provided in the Trust Agreement or in any Supplemental Trust Agreement.

A Supplemental Trust Agreement may provide for the creation of such other funds and accounts, as the City may determine, for the Series of Bonds authorized by such Supplemental Trust Agreement.

Payment of Debt Service

Subject to the limitations described in the Trust Agreement, the City will make the following payments to the Trustee in the following manner and order:

(a) At such time or times as provided in the Supplemental Trust Agreements, the City will deliver to the Trustee the amounts required by the Supplemental Trust Agreements for deposit in the appropriate subaccounts of the Interest Account, provided that if there will not be sufficient money to satisfy all such deposits, such deposits will be made to each such subaccount of the Interest Account ratably according to the amount so required to be deposited or paid.

(b) At such time or times as provided in the Supplemental Trust Agreements, the City will deliver to the Trustee the amounts required by the Supplemental Trust Agreements for deposit in the appropriate subaccounts of the Principal Account and Sinking Fund Account, provided that if there will not be sufficient money to satisfy all such deposits, such deposits will be made to each such subaccount of the Principal Account and the Sinking Fund Account ratably according to the amount so required to be deposited or paid.

On or before the 45th day next preceding any date on which Serial Bonds are to mature or Term Bonds are to be redeemed pursuant to Sinking Fund Requirements therefor or are to mature, the City may satisfy all or a portion of its obligation to make the payments required by paragraphs (a) and (b) above by delivering to the Trustee Serial Bonds maturing or Term Bonds maturing or required to be redeemed on such date. The price paid to purchase any such Bond, including accrued interest to the date of purchase, will not exceed the principal or Redemption Price plus accrued interest to the date of purchase. Upon such delivery, the City will receive a credit against amounts required to be deposited into the Interest Account and the Principal Account or Sinking Fund Account, as the case may be, on account of such Bonds with respect to all interest payments for the remainder of the Fiscal Year and in the amount of 100% of the principal amount of any such Serial Bonds or Term Bonds so delivered.

Application of Money in Interest Account

Not later than 10:00 A.M. on each Interest Payment Date, the date for the payment of Defaulted Interest or date upon which Bonds are to be redeemed, or on such other date as may be specified in the applicable Supplemental Trust Agreement, the Trustee will withdraw from the applicable subaccount in the Interest Account and remit or otherwise set aside the amount due and payable to the Owners as provided in the Supplemental Trust Agreements.

Unless otherwise provided by a Supplemental Trust Agreement, on the date of issuance of any Series of Bonds, an Authorized Officer will deliver to the Trustee a schedule of payments to be made on Interest Payment Date from the applicable subaccount of the Interest Account for the payment of financed interest.

Unless otherwise provided by a Supplemental Trust Agreement, if the City fails to deposit with the Trustee the amounts required to be deposited in the Interest Account as provided in the Trust Agreement, or if the balance in the Interest Account on the Business Day next preceding an Interest Payment Date is insufficient to pay interest becoming due on the Bonds on such Interest Payment Date, the Trustee will notify the City of the amount of the deficiency and request the City to immediately cure such deficiency.

Application of Money in Principal Account

Not later than 10:00 A.M. on each principal payment date, the Trustee will withdraw from the applicable subaccount in the Principal Account and remit or otherwise set aside the amount due and payable to the Owners as provided in the Supplemental Trust Agreements.

If on any date there is money in the Principal Account and no Serial Bonds are then Outstanding or if on any principal payment date money remains therein after the payment of the principal of Serial Bonds then due, the Trustee will withdraw such money therefrom and will apply the same in the following order: (a) deposit into the Sinking Fund Account the amount then required to be paid thereto by the City pursuant to the Trust Agreement and (b) deliver all remaining amounts to the City.

Unless otherwise provided in a Supplemental Trust Agreement, if the City fails to deposit with the Trustee the amounts required to be deposited in the Principal Account as provided in the Trust Agreement, or if the balance in the Principal Account on the Business Day next preceding a principal payment date is insufficient to pay principal coming due on the Serial Bonds on such principal payment date, the Trustee will notify the City of the amount of the deficiency and request the City to immediately cure such deficiency.

Application of Money in Sinking Fund Account

Money held for the credit of the subaccounts in the Sinking Fund Account will be applied to the retirement, purchase, redemption or payment of Term Bonds in the manner provided in the applicable Supplemental Trust Agreement. Unless otherwise provided in a Supplemental Trust Agreement, if the City fails to deposit with the Trustee the amount required to be deposited in the Sinking Fund Account as provided in the Trust Agreement, or if the balance in the Sinking Fund Account on the Business Day next preceding a sinking fund payment date is insufficient to retire Term Bonds on such date as required by a Supplemental Trust Agreement, the Trustee will notify the City of the amount of the deficiency and request the City to immediately cure such deficiency.

Application of Money in the Redemption Account

The Trustee will apply money in the Redemption Account to the purchase or redemption of Bonds as follows:

(a) Subject to the provisions described in paragraph (c) below, and if instructed to do so by an Authorized Officer, the Trustee will endeavor to purchase and cancel Bonds or portions thereof, whether or not such Bonds or portions thereof are then subject to redemption, at the direction of an Authorized Officer, provided that the purchase price of each Bond, plus accrued interest to the date of purchase, will not exceed the Redemption Price that would be payable on the next redemption date to the Owners of such Bonds under the provisions of the applicable Supplemental Trust Agreement plus accrued interest to the redemption date if such Bond or such portion thereof were called for redemption on such redemption date from the money in the applicable subaccount of the Redemption Account. The Trustee will pay the interest accrued on such Bonds or portions thereof to the date of settlement from the applicable subaccount of the Interest Account and the purchase price from the applicable subaccount of the Redemption Account, but no such purchase will be made by the Trustee from money in the applicable subaccount of the Redemption Account within the period of forty-five (45) days immediately preceding any date on which such Bonds or portions thereof are to be redeemed except from moneys other than the moneys set aside in the applicable subaccount of the Redemption Account for the redemption of Bonds.

(b) Subject to the provisions described in paragraph (c) below, the Trustee will call for redemption on a date permitted by the applicable Supplemental Trust Agreement such amount of Bonds or portions thereof as, with the redemption premium, if any, will exhaust the moneys then held in the applicable subaccount of the Redemption Account as nearly as may be; provided, however, that not less than Fifty Thousand Dollars ($50,000) principal amount of Bonds will be called for redemption at any one time unless the Trustee is so instructed by an Authorized Officer. The Trustee will pay the accrued interest on the Bonds or portions thereof to be redeemed to the date of redemption from the applicable subaccount of the Interest Account and the Redemption Price of such Bonds or portions thereof from the applicable subaccount of the Redemption Account. On or before the redemption date, the Trustee will withdraw from the applicable subaccount of the Redemption Account and the applicable subaccount of the Interest Account and the respective amounts required to pay the Redemption Price and accrued interest to the redemption date of the Bonds or portions thereof so called for redemption.

(c) Money in the Redemption Account may be applied by the Trustee in each Fiscal Year to the purchase or the redemption of Bonds of any one or more Series then Outstanding in accordance with the latest Officer's Certificate filed with the Trustee (i) designating one or more Series of Bonds to be purchased or redeemed, (ii) if more than one Series of Bonds is so designated, setting forth the aggregate principal amount of Bonds of each Series to be purchased or redeemed, and (iii) unless the Supplemental Trust Agreement relating to the Bonds to be redeemed specifies the order of redemption, designating the Bonds to be redeemed within each Series, and if such Bonds are Term Bonds, the years in which future Sinking Fund Requirements are to be reduced as a result of such redemption and the amount of such reduction in each such year. In the event no such certificate is filed and unless the Supplemental Trust Agreement relating to the Bonds to be redeemed specifies otherwise, (A) the Trustee will apply such money to the purchase of one or more Series of Bonds as it will determine or to the redemption of Bonds bearing the highest rate of interest, (B) if Bonds of more than one maturity bear the same interest rate, the Trustee will redeem such Bonds in the inverse order of maturities, and (C) if the Bonds bearing the highest rate of interest are Term Bonds, the Trustee will reduce Sinking Fund Requirements for such Term Bonds in inverse order of the scheduled redemption of such Term Bonds. All Bonds will be redeemed as provided in the applicable Supplemental Trust Agreement.

Money held for the credit of the subaccounts in the Redemption Account will be applied to the purchase or redemption of Bonds in the manner provided in the applicable Supplemental Trust Agreement.

Net Proceeds Fund

(a) *Establishment of Net Proceeds Fund; Deposits*. The Trustee has established a special fund designated as the "City of Raleigh, North Carolina Limited Obligation Bonds Net Proceeds Fund" to be maintained and held in trust for the benefit of the Owners as provided in the Trust Agreement. The Trustee will deposit Net Proceeds relating to casualty and theft and title insurance in the Net Proceeds Fund promptly upon receipt thereof. The City will transfer to the Trustee for deposit in the Net Proceeds Fund any other Net Proceeds received by the City in the event of any damage, destruction, theft or taking by eminent domain or condemnation with respect to the Mortgaged Property.

(b) *Disbursements*. The Trustee will disburse Net Proceeds for replacement or repair of the Mortgaged Property as provided in paragraphs (c)(1) and (c)(3) below, or transfer such proceeds to the Redemption Account upon notification of an Authorized Officer as described in paragraphs (c)(2) or (c)(4) below. Any balance of Net Proceeds remaining after receipt by the Trustee of a certificate of an Authorized Officer stating that any such replacement or repair has been completed will be placed into the Bond Fund and applied to the next payment of principal and interest on the Bonds. Any funds remaining in the Net Proceeds Fund after the redemption of all Bonds Outstanding, including accrued interest and payment of any applicable fees to the Trustee pursuant to the Trust Agreement or provision made therefor satisfactory to the Trustee, will be withdrawn by the Trustee and remitted to the City.

(c) (1) Upon receipt of a certification from a Authorized Officer that the Net Proceeds available for such purpose, together with any other funds to be provided by the City for such purpose, are sufficient to repair or replace the Mortgaged Property to a condition substantially similar to its condition prior to the loss, casualty or other event giving rise to receipt of such Net Proceeds, the Trustee will disburse moneys in the Net Proceeds Fund to the person, firm or corporation named in the requisition as authorized by the Trust Agreement and described in paragraph (b) above. The Authorized Officer must state in the requisition with respect to each payment to be made (A) the requisition number, (B) the name and address of the person, firm or corporation to whom payment is due, (C) the amount to be paid and (D) that each obligation mentioned therein has been properly incurred, is a proper charge against the Net Proceeds Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation.

Any balance of Net Proceeds remaining after such replacement or repair has been completed will be transferred to the Bond Fund and applied to make payments of principal and interest on the Bonds as the same become due. After payment or provision for payment of all Bonds Outstanding as provided in this section, any balance of Net Proceeds will be paid to the City.

(2) If an Authorized Officer notifies the Trustee in writing that (A) the certification required by the Trust Agreement and described in paragraph (c)(1) above cannot be made or (B) replacement or repair of the Mortgaged Property is not economically feasible or in the best interest of the City, then the Trustee, upon the direction of the City, will promptly transfer the Net Proceeds to the Redemption Account as provided in the Trust Agreement and apply such Net Proceeds, together with any other available moneys provided by City to the Trustee for deposit to the Redemption Account (subject to the limitation set forth below), to the redemption in whole of all of the Outstanding Bonds as provided in the Trust Agreement; provided, however, that if all the Bonds are not subject to optional redemption at that time, then the amount deposited will be such amount that, when invested in Defeasance Obligations, will be sufficient, together with investment earnings thereon, to pay all interest on the Bonds until their

respective maturities or optional redemption dates and to pay the principal of and premium on such Bonds on the respective maturities or optional redemption dates.

(3) If there are sufficient Net Proceeds to comply with the provisions of the Trust Agreement and described in paragraphs (c)(1) or (c)(2) above, the City must comply with either of such provisions. However, if the certification required by the Trust Agreement and described in paragraph (c)(1) cannot be made and if the Net Proceeds and other available funds are insufficient to redeem all of the Bonds in whole as described in paragraph (c)(2), the Trustee will apply the Net Proceeds and any other funds made available by the City in the City's discretion to the replacement and repair of the Mortgaged Property with such changes as may be necessary to cause the replacement and repair to be made from the funds available therefor; provided, however, that no change may be made that would result in a use of the Mortgaged Property different from that which existed prior to the event giving rise to the receipt of Net Proceeds. If Net Proceeds are applied for such purpose, moneys will be disbursed from the Net Proceeds Fund in the manner described in paragraph (c)(1).

(4) If the City and the Trustee are unable to comply with the provisions described in paragraphs (c)(1), (c)(2) or (c)(3),the City will direct the Trustee to transfer the Net Proceeds to the Redemption Account to be used to redeem in part the Bonds Outstanding pursuant to the optional redemption provisions of any Supplemental Trust Agreement relating to the Bonds; provided, however, that if any of such Bonds are not subject to redemption at that time, then the amount deposited in the Redemption Account may be invested in Defeasance Obligations which, together with investment earnings thereon and any moneys not so invested, will be sufficient to pay all interest on such Bonds until their respective maturities or redemption dates and to pay the principal of and premium, if any, on such Bonds on the respective maturities or redemption dates.

(d) *Cooperation*. The Trustee will cooperate fully with the City, at the expense of the City, in filing any proof of loss with respect to any insurance policy maintained pursuant to the Trust Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Mortgaged Property or any item or portion thereof.

Security for Deposits

Any and all money deposited with the Trustee will be trust funds under the terms hereof, and, to the extent permitted by law in the case of the Construction Funds, will not be subject to any lien or attachment by any creditor of the City.

All money deposited with the Trustee under the Trust Agreement in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency will be continuously secured, for the benefit of the City and the Owners of Bonds, either (a) by lodging with a bank or trust company chosen by the Trustee or, if then permitted by law, by setting aside under control of the trust department of the bank or trust company holding such deposit, as collateral security, Government Obligations or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable State law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it will not be necessary for the Trustee to give security for the deposit of any money with it for the payment of the principal of or the redemption premium or the interest on any Bonds, or for the Trustee to give security for any money that will be represented by Investment Obligations purchased under the provisions of the Trust Agreement as an investment of such money.

All money deposited with the Trustee will be credited to the particular fund, account or subaccount to which such money belongs.

Investment of Money

Money held for the credit of all funds, accounts and subaccounts will be continuously invested and reinvested by the Trustee pursuant to the written instructions of an Authorized Officer in Investment Obligations or held as cash to the extent investment or reinvestment in Investment Obligations is not practicable. Except as provided in the Trust Agreement with respect to the disposition of investment income, the particular investments to be made and other related matters in respect of investments may, as to each Series of Bonds, be provided in the applicable Supplemental Trust Agreement.

Investment Obligations will mature or be redeemable at the option of the holder thereof not later than the respective dates when the money held for the credit of such funds, accounts and subaccounts will be required for the purposes intended.

Notwithstanding the forgoing, no Investment Obligations pertaining to any Series in any fund, account or subaccount will mature on a date beyond the latest maturity date of the respective Series of Bonds Outstanding at the time such Investment Obligations are deposited. For purposes of this paragraph, the maturity date of any repurchase agreement will be deemed to be the stated maturity date of such agreement and not the maturity dates of the underlying obligations.

An Authorized Officer or his designee will give to the Trustee written directions respecting the investment of any money required to be invested under the Trust Agreement, subject, however, to the provisions of the Trust Agreement, and the Trustee will then invest such money as so directed. The Trustee may request additional direction or authorization from the Authorized Officer or his designee in writing with respect to the proposed investment of money under the provisions of the Trust Agreement. Upon receipt of such directions, the Trustee will invest, subject to the provisions of the Trust Agreement, such money in accordance with such directions. In the absence of written instructions from an Authorized Officer, the Trustee will not be responsible or liable for keeping the moneys held by it under the Trust Agreement fully invested. The Trustee will have no liability for investments made in accordance with the Trust Agreement.

Investment Obligations acquired with money in or credited to any fund, account or subaccount established under the Trust Agreement will be deemed at all times to be part of such fund, account or subaccount. Any loss realized upon the disposition or maturity of such Investment Obligations will be charged against such funds, accounts or subaccounts. The interest accruing on any such Investment Obligations and any profit realized upon the disposition or maturity of such Investment Obligations will be credited to such funds, accounts or subaccounts.

Any such interest accruing and any such profit realized will be transferred upon the receipt thereof by the Trustee pursuant to the provisions of the Trust Agreement.

The Trustee will sell or reduce to cash a sufficient amount of such Investment Obligations whenever it is necessary to do so to provide money to make any payment from any such fund, account or subaccount. The Trustee will not be liable or responsible for any loss resulting from any such action.

Whenever a transfer of money between two or more of the funds, accounts or subaccounts established under the Trust Agreement is permitted or required, such transfer may be made as a whole or in part by transfer of one or more Investment Obligations at a value determined at the time of such transfer in accordance with the Trust Agreement, provided that the Investment Obligations transferred are those in which money of the receiving fund, account or subaccount could be invested at the date of such transfer.

For purposes of making any investment under the Trust Agreement, the Trustee may consolidate money held by it in any fund, account or subaccount with money in any other fund, account or subaccount. Transfers from any fund, account or subaccount to the credit of any other fund, account or subaccount provided for in the Trust Agreement may be effectuated on the books and records of the Trustee and the City without any actual transfer of funds or liquidation of investments. Investment Obligations purchased with consolidated funds will be allocated to each fund, account or subaccount on a pro rata basis in accordance with the initial amount so invested from each such fund, account or subaccount.

Unless otherwise directed by the City, Investment Obligations may be purchased by the Trustee through its own investment division or other bank facilities established for such purpose.

Extension of Interest Payment

If the time for the payment of the interest on any Bond is extended, whether or not such extension is by or with the consent of the City, such interest so extended will not be entitled in case of default hereunder to the benefit or security of the Trust Agreement and in such case the Owner of the Bond for which the time for payment of interest was extended will be entitled only to the payment in full of the principal of all Bonds then Outstanding and of interest for which the time for payment will not have been extended.

Encumbrances

Except as provided in the Trust Agreement or in the Deed of Trust, the City will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim, as applicable, on or with respect to the Mortgaged Property, other than Permitted Encumbrances, and will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim for which it is responsible if the same will arise at any time; provided, however, that the City may contest any such mortgage, pledge, lien, charge, encumbrance or claim if it desires to do so and will provide the Trustee with full security against any loss or forfeiture which might arise from the nonpayment of any such item in form satisfactory to the Trustee.

Events of Default

Each of the following events is an Event of Default under the Trust Agreement:

(a) payment of the principal of and the redemption premium, if any, on any of the Bonds is not made when the same are due and payable, either at maturity or by redemption or otherwise;

(b) payment of the interest on any of the Bonds is not made when the same is due and payable;

(c) the occurrence of an Event of Non-Appropriation;

(d) the occurrence of an event of default as provided in the Deed of Trust;

(e) receipt of written notice from any counterparty under a Derivative Agreement that the City will have failed to make any Derivative Agreement Scheduled Payment within ten (10) days of the same becoming due and payable;

(f) failure by the City to observe and perform any warranty, covenant, condition or agreement on its part to be observed or performed herein or otherwise with respect to the Trust Agreement, other than as referred to in clause (a), (b) or (c) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Trustee or the Owners of not less than 25% in aggregate principal amount of Certificates then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period and if corrective action is instituted by the City within the applicable period and diligently pursued, the City shall have an additional period to correct the failure of the amount of time necessary to correct such failure if diligently pursued;

(g) filing by the City of a case in bankruptcy, or the subjection of any right or interest of the City under this Trust Agreement to any execution, garnishment or attachment, or adjudication of the City as bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may hereafter be enacted;

(h) the occurrence of any event specified in a Supplemental Trust Agreement as being an "event of default."

Acceleration

Upon the happening and continuance of any Event of Default, then and in every case the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding will, by a notice in writing to the City, declare the principal of all the Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same will become and be immediately due and payable, anything contained in the Bonds or the Trust Agreement to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds will have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Trust Agreement or the Deed of Trust, moneys will have accumulated in the Bond Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all the Bonds then Outstanding (except the principal of any Bonds not then due and payable by their terms and the interest accrued on such Bonds since the last interest payment date) and sufficient to satisfy the sinking fund requirement, if any, for any Term Bonds then Outstanding, for the then current Fiscal Year, and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the City under the Trust Agreement or under the Deed of Trust will have been paid or a sum sufficient to pay the same will have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition, agreement or provision contained in the Bonds, the Trust Agreement (other than a default in the payment of the principal of such Bonds then due and payable only because of a declaration) or the Deed of Trust will have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds not then due and payable by their terms and then Outstanding will, by written notice to the City, rescind and annul such declaration and its consequences, but no such rescission or annulment will extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Additional Remedies on Default

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding will, proceed (subject to the requirements of prior indemnification) to protect and enforce its rights and the rights of the Owners of the Bonds under applicable laws and under the Trust Agreement or the Deed of Trust by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Trust Agreement or in aid or execution of any power granted in the Trust Agreement or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, chosen by the Trustee, will deem most effectual to protect and enforce such rights.

Application of Funds

All moneys received by the Trustee pursuant to any right given or action taken under the Trust Agreement will, after payment of the costs and expenses of the Trustee and the Deed of Trust Trustee, and after satisfaction of all costs and expenses of the Trustee and the Deed of Trust Trustee, of the Owners in declaring such Event of Default, including, to the extent permitted by law, reasonable compensation to its or their agents, attorneys and counsel, be deposited to the credit of the Bond Fund. Anything in the Trust Agreement to the contrary notwithstanding, if at any time the money in the Bond Fund is not sufficient to pay the interest on or the principal of the Bonds as the same become due and payable (either by their terms or by acceleration of maturities), such money, together with any money then available or thereafter becoming available for such purposes (except for such money that has already been deposited in subaccounts of the Interest Account, the Principal Account or the Sinking Fund Account for a particular Series of Bonds), whether through the exercise of the remedies provided for or otherwise, shall be applied as follows:

(a) if the principal of all Series of Bonds will not have become or will not have been declared due and payable, all such money will be applied as follows:

first: to the payment to the persons entitled thereto of all installments of interest on Bonds then due and payable and all Derivative Agreement Scheduled Payments in the order in which such installments became due and payable and, if the amount available is not sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any Bonds that shall have become due and payable (other than Bonds deemed to have been paid pursuant to the provisions of the Trust Agreement), in the order of their due dates, with interest on the overdue principal at a rate equal to the rate on such Bonds, and, if the amount available is not sufficient to pay in full all of the amounts due on the Bonds on any date, together with such interest, then to the payment ratably according to the amount of such principal due on such date, to the persons entitled thereto, without any discrimination or preference;

third: to the payment of the interest on and the principal of Bonds, to the purchase and retirement of Bonds, and to the redemption of Bonds, all in accordance with the provisions of the Trust Agreement; and fourth: to the payment of persons entitled thereto of all Additional Payments, including Derivative Agreement Additional Payments, then due, and if the amount available is not sufficient to pay in full all such Additional Payments, then to the payment thereof ratably according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Series of Bonds has become or has been declared due and payable, all such money will be applied:

first: to the payment of principal and interest then due upon such Bonds and Derivative Agreement Scheduled Payments, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; and

second: to the payment of persons entitled thereto of all Additional Payments, including Derivative Agreement Additional Payments, then due, and if the amount available is not sufficient to pay in full all such Additional Payments, then to the payment thereof ratably according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference.

(c) If the principal of all of the Series of Bonds has been declared due and payable and if such declaration has thereafter been rescinded and annulled under the provisions of the Trust Agreement, then, subject to the provisions of paragraph (b) above in the event that the principal of all of the Series of Bonds shall later become due and payable or be declared due and payable, the money then remaining in and thereafter accruing to the Bond Fund shall be applied in accordance with the provisions of paragraph (a) above.

Whenever money is to be applied by the Trustee pursuant to the provisions of the Trust Agreement as described in this section, (a) such money will be applied by the Trustee at such times and from time to time as the Trustee in its sole discretion shall determine, having due regard for the amount of money available for such application and the likelihood of additional money becoming available for such application in the future, (b) setting aside such money as provided herein in trust for the proper purpose will constitute proper application by the Trustee and (c) the Trustee will incur no liability whatsoever to the City, to any Owner or to any other person for any delay in applying any such money so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Trust Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee exercises such discretion in applying such money, it shall fix the date (which will be an Interest Payment Date unless the Trustee deems another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date will cease to accrue. The Trustee will give such notice as it may deem appropriate of the fixing of any such date and will not be required to make payment to the Owner of any Bond until such Bond is surrendered to the Trustee for appropriate endorsement or for cancellation if fully paid. The Trustee will be entitled to rely upon written certificates supplied to both the City and the Trustee by any counterparty under a Derivative Agreement with respect to the amount of Derivative Agreement Scheduled Payments and Derivative Agreement Additional Payments due and payable thereunder.

Control of Proceedings; Restrictions Upon Action; Notice of Default

Anything in the Trust Agreement to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of Bonds at any time Outstanding will have the right, subject to the prior indemnification of the Trustee, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Trust Agreement, provided that such direction will be in accordance with law and the provisions of the Trust Agreement.

Except as provided in the Trust Agreement, no Owner of Bonds will have any right to institute any suit, action or proceeding in equity or at law on any Bonds or for the execution of any trust under the Trust Agreement or for any other remedy thereunder unless such Owner of Bonds previously (a) has given to the Trustee written notice of the Event of Default on account of which suit, action or proceeding is to be instituted, (b) has requested the Trustee to take action after the right to exercise such powers or right of action, as the case may be, will have accrued, (c) has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Trust Agreement or to institute such action, suit or proceedings in its or their name, and (d) has offered to the Trustee reasonable security and satisfactory indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee will have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Trust Agreement or to any other remedy under the Trust Agreement. Notwithstanding the foregoing and without complying therewith, the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all Owners of Bonds. No one or more Owners of Bonds will have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of the Trust Agreement or to enforce any right under the Trust Agreement except in the manner provided, that all proceedings at law or in equity will be instituted, had and maintained in the manner provided in the Trust Agreement and for the benefit of all Owners of Bonds and that any individual rights of action or other right given to one or more of such Owners by law are restricted by the Trust Agreement to the rights and remedies provided therein.

The Trustee will mail to the City, the Local Government Commission and to all Owners at their addresses as they appear on the registration books written notice of the occurrence of any Event of Default within thirty (30) days after the Trustee has knowledge or notice that any such Event of Default will have occurred. The Trustee will not be subject to any liability to any Owner by reason of its failure to mail any such notice.

Except upon the happening of any Event of Default specified in the Trust Agreement and described under paragraphs (a) and (b) of "SUMMARY OF THE TRUST AGREEMENT – Events of Default" above, the Trustee will not be obliged to take notice or be deemed to have notice of any Event of Default unless specifically notified in writing of such Event of Default by the City or any Owner of the Bonds.

Concerning the Trustee

Prior to the occurrence of any Event of Default and after the curing of all such Events of Default that may have occurred, the Trustee will perform such duties and only such duties of the Trustee as are specifically set forth in the Trust Agreement. Upon the occurrence and during the continuation of any Event of Default, the Trustee will use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

No provision of the Trust Agreement will be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to any such Event of Default, and after the curing of any Event of Default that may have occurred:

(i) the duties and obligations of the Trustee will be determined solely by the express provisions of the Trust Agreement, and the Trustee will not be liable except for the performance of such duties and obligations of the Trustee as are specifically set forth in the Trust Agreement, and no implied covenants or obligations will be read into the Trust Agreement against the Trustee and no permissive right of the Trustee under the Trust Agreement will impose any duty on the Trustee to take such action, and

(ii) in the absence of willful misconduct on its part, the Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it conforming to the requirements of the Trust Agreement, but in the case of any such certificate or opinion which by any provision hereof is specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not on its face it conforms to the requirements of the Trust Agreement; and

(b) at all times, regardless of whether or not any such Event of Default will exist:

(i) the Trustee will not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it will be proved that the Trustee was negligent in ascertaining the pertinent facts, and

(ii) the Trustee will not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than 25% or a majority, as the Trust Agreement will require, in aggregate principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any power conferred upon the Trustee under the Trust Agreement.

None of the provisions contained in the Trust Agreement will require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Trustee will be under no obligation to institute any suit or to take any remedial proceeding (including, but not limited to, the appointment of a receiver or the acceleration of the maturity date of any or all Bonds under the Trust Agreement or the enforcement of the Deed of Trust) or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts created by the Trust Agreement or in the enforcement of any rights and powers hereunder, until it will be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the City, at the request of the Trustee, will reimburse the trustee for all costs, expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the City will fail to make such reimbursement, the Trustee may reimburse itself from any money in its possession under the provisions of the Trust Agreement and will be entitled to a preference therefor over any Bonds Outstanding.

The Trustee will be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the City, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts under the Trust Agreement, the Trustee will have no responsibility in respect of the validity or sufficiency of the Trust Agreement, or in respect of the validity of Bonds or the due execution or issuance thereof. The Trustee will be under no obligation to see that any duties imposed by the Trust Agreement upon the City or any party other than itself, or any covenants contained in the Trust Agreement on the part of any party other than itself to be performed, will be done or performed, and the Trustee will be under no obligation for failure to see that any such duties or covenants are so done or performed.

In addition, the Trustee will have no duty or responsibility to examine or review, and will have no liability for, the contents of any documents submitted or delivered to any Owner in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document; the Trustee will not be liable for any debts contracted or for damages to persons or to property injured or damaged, or for salaries or nonfulfillment of contracts, relating to the acquisition, construction or equipping of the Project; and the Trustee will have no duty to inspect or oversee the acquisition, construction or equipping of the Project or, except as provided in the Trust Agreement to verify the truthfulness or accuracy of the certifications made by the City with respect to the Trustee's disbursements for Project Costs in accordance with the Trust Agreement.

The Trustee will not be liable or responsible because of the failure of the City or of any of its employees or agents to make any collections or deposits or to perform any act in the Trust Agreement required of the City. The Trustee will not be responsible for the application of any of the proceeds of Bonds or any other money deposited with it and invested, paid out, withdrawn or transferred under the Trust Agreement if such application, investment, payment, withdrawal or transfer will be made in accordance with the provisions of the Trust Agreement. The immunities and exemptions from liability of the Trustee under the Trust Agreement will extend to its directors, officers, employees and agents.

Subject to the acceptance and appointment by a successor Trustee, the Trustee may resign and thereby become discharged from the trusts created by the Trust Agreement, by notice in writing given to the City, and mailed, postage prepaid, at the Trustee's expense, to each Owner of Bonds, not less than sixty (60) days before such resignation is to take effect, but such resignation will take effect immediately upon the appointment of a new Trustee if such new Trustee will be appointed before the time limited by such notice and will then accept the trusts under the Trust Agreement.

Supplemental Trust Agreements

The City and the Trustee may, from time to time and at any time, execute and deliver supplemental Trust Agreements (which supplemental Trust Agreements will thereafter form a part of the Trust Agreement) as will be substantially consistent with the terms and provisions of the Trust Agreement and, in the opinion of the Trustee, who may rely upon a written opinion of legal counsel, will not materially and adversely affect the interest of the Owners:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision in the Trust Agreement that may be inconsistent with any other provision therein, to make any other provisions with respect to matters or questions arising under the Trust Agreement, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the Trust Agreement, or

(b) to grant or to confer upon the Trustee, for the benefit of the Owners, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, or

(c) to add to the provisions of the Trust Agreement other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the City in the Trust Agreement other covenants and agreements thereafter to be observed by the City or to surrender any right or power in the Trust Agreement reserved to or conferred upon the City, or

(e) to permit the qualification of the Trust Agreement under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the City so determines, to add to the Trust Agreement or any supplemental Trust Agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law, or

(f) to provide for the issuance of Bonds in bearer form.

At least thirty (30) days prior to the execution and delivery of any supplemental Trust Agreement for any of the purposes set forth above, the Trustee will cause a notice of the proposed execution and delivery of such supplemental Trust Agreement to be mailed, postage prepaid to all Owners of Bonds. Such notice will briefly set forth the nature of the proposed supplemental Trust Agreement and will state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners of Bonds. A failure on the part of the Trustee to mail the notice required by the Trust Agreement will not affect the validity of such supplemental Trust Agreement.

The Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding that will be affected by a proposed supplemental Trust Agreement will have the right, from time to time, anything contained in the Trust Agreement to the contrary notwithstanding, to consent to and approve the execution and delivery of such supplemental Trust Agreements as are deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Trust Agreement or in any supplemental Trust Agreement; provided, however, that nothing contained in the Trust Agreement will permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bonds without the consent of the Owner of such Bond and the approval of the Local Government Commission, (b) a reduction in the principal amount of any Bonds or the redemption premium or the rate of interest on any Bonds without the consent of the Owner of such Bond, (c) a preference or priority of any Bonds over any other Bonds without the consent of the Owners of all Bonds then Outstanding or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental Trust Agreement without the consent of the Owners of all Bonds then Outstanding.

If at any time the City and the Trustee determine that it is necessary or desirable to execute and deliver any supplemental Trust Agreement for any of the purposes of the preceding paragraph, the Trustee will cause notice of the proposed supplemental Trust Agreement to be mailed, postage prepaid, to all Owners at their addresses as they appear on the registration books and to all Owners in accordance with the related Supplemental Trust Agreement as of the date of mailing such notice. Such notice will briefly set forth the nature of the proposed supplemental Trust Agreement and will state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners of Bonds. The Trustee will not, however, be subject to any liability to any Owner of Bonds by reason of its failure to cause the notice required by this Section to be mailed, and any such failure to cause the notice required by the Trust Agreement to be mailed will not affect the validity of such supplemental Trust Agreement when consented to and approved as provided in the preceding paragraph.

Whenever, at any time within three (3) years after the date of the mailing of such notice, the City delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding that are affected by a proposed supplemental Trust Agreement, which instrument or instruments will refer to the proposed supplemental Trust Agreement described in such notice and will specifically consent to and approve the execution and delivery thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City and the Trustee may execute and deliver such supplemental Trust Agreement in substantially such form, without liability or responsibility to any Owner of Bonds whether or not such Owner will have consented thereto.

If the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding at the time of the execution and delivery of such supplemental Trust Agreement and that are affected by a proposed supplemental Trust Agreement have consented to and approved the execution and delivery thereof as provided in the Trust Agreement, to the extent permitted by law, no Owner of Bonds will have any right to object to the execution and delivery of such supplemental Trust Agreement, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution and delivery thereof, or to enjoin or restrain the City and the Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Notwithstanding anything in the Trust Agreement to the contrary, the Owners of Bonds agree that for any amendment to the Trust Agreement or any Supplemental Trust Agreement that requires the consent of the Owners of Bonds issued under the Trust Agreement, such consent may be rendered by (1) any underwriter of Bonds being issued under the Trust Agreement or a remarketing agent holding any Bonds issued under the Trust Agreement, regardless of such entity's intent to sell or distribute such Bonds in the future, and (2) by the initial Owners of Bonds being issued under the Trust Agreement by virtue of their purchase thereof at the time of issuance, without any further action being required by such Owners, and without the requirement of any other documentation regarding such amendment or supplemental indenture from the consenting Owners. Any amendment so entered based upon consents delivered in accordance with the Trust Agreement may be so entered without the requirement of any prior notice or further documentation to the Owners of such Bonds.

Defeasance

When:

(a) the Bonds issued under the Trust Agreement will have become due and payable in accordance with their terms or otherwise as provided in the Trust Agreement, and the whole amount of the principal and the interest and premium, if any, so due and payable upon all Bonds will be paid, and

(b) if the Bonds will not have become due and payable in accordance with their terms, the Trustee will hold, sufficient (i) money or (ii) Defeasance Obligations or a combination of (i) and (ii) of this clause (b), the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest and redemption premium, if any, on all Bonds then Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof, and there will have been delivered to the Trustee an opinion of bond counsel that such deposit of money or Defeasance Obligations will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, and

(c) if Bonds are to be called for redemption, irrevocable instructions to call the Bonds for redemption will have been given by the City to the Trustee, and

(d) sufficient funds will also have been provided or provision made for paying all other obligations payable under the Trust Agreement by the City;

then and in that case the right, title and interest of the Trustee in the funds, accounts and subaccounts mentioned in the Trust Agreement will thereupon cease, determine and become void and, upon being furnished with an opinion, in form and substance satisfactory to the Trustee, of counsel approved by the Trustee, to the effect that all conditions precedent to the release of the Trust Agreement and the Deed of Trust have been satisfied, the Trustee will release the Trust Agreement and the Deed of Trust and will execute such documents to evidence such release as may be required by such counsel, and the Trustee will turn over to the City any surplus in, and all balances remaining in, all funds, accounts and subaccounts other than money held for the redemption or payment of Bonds. If the Bonds to be paid by the moneys or Defeasance Obligations deposited with the Trustee will not be retired within six months of the date of the deposit, then in addition to the requirements set forth in (a) through (d) above, such deposit will be accompanied by a report of an independent verification agent or certified public accountant to the effect that the principal of and the interest on the Defeasance Obligations when due and payable, together with any money deposited, will provide sufficient money to pay the principal of, and the interest and redemption premium, if any, on, all Bonds then Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof. Otherwise, the Trust Agreement will be, continue and remain in full force and effect; provided, however, that (i) if the Bonds to be paid by the moneys or Defeasance Obligations deposited with the Trustee will not be retired within thirty days of the date of the deposit, then in addition to the requirements set forth in the Trust Agreement, the Trustee, within thirty (30) days after such moneys or Defeasance Obligations will have been deposited with it, will cause a notice signed by the Trustee to be mailed, postage prepaid, to all Owners of Bonds, setting forth (a) the date or dates, if any, designated for the redemption of the Bonds, (b) a description of the Defeasance Obligations so held by it, and (c) that the Trust Agreement has been released in accordance with the provisions of the Trust Agreement, and (ii) (a) the Trustee will nevertheless retain such rights, powers and privileges under the Trust Agreement as may be necessary and convenient in respect of the Bonds for the payment of the principal, interest and any premium for which such Defeasance Obligations have been deposited and (b) the Trustee will retain such rights, powers and privileges under the Trust Agreement as may be necessary and convenient for the registration, transfer and exchange of Bonds; provided, however, that failure to mail such notice to any Owner or to the Owners, or any defect in such notice so mailed, will not affect the validity of the release of the Trust Agreement.

All money and Defeasance Obligations held by the Trustee for this purpose will be held in trust and applied to the payment, when due, of the obligations payable therewith.

Release of Mortgaged Property

At any time and from time to time, so long as no event of default has occurred and is continuing under the Trust Agreement or the Deed of Trust, the Deed of Trust Trustee and the Trustee will be required to release a portion of the Mortgaged Property from the lien and security interest created by the Deed of Trust when and if the following requirements have been met:

(a) there is filed with the Deed of Trust Trustee and the Trustee, as beneficiary under the Deed of Trust, a certified copy of a resolution of the City Council stating that the City desires the release of such portion of the Mortgaged Property, giving an adequate legal description of the portion of the Mortgaged Property to be released, requesting such release and providing for the payment by the City of all expenses in connection with such release;

(b) either (i) following such release the Bonds issued under the Trust Agreement will continue to be secured by the Existing Convention Center, (ii) the estimated value of the Mortgaged Property remaining after the proposed release (as such value is evidenced as hereinafter provided) is not less than 50% of the aggregate principal amount of Bonds then Outstanding or (iii) the City provides for substitution of other property (the "Substitute Property") that will be made subject to the lien of the Deed of Trust that has an estimated value such that the combined estimated value of the remaining Mortgaged Property and the Substitute Property is not less than the lesser of the estimated value of the Mortgaged Property immediately prior to the release of the applicable portion of the Mortgaged Property and 50% of the aggregate principal amount of Bonds then Outstanding;

(c) there is filed with the Trustee an opinion of bond counsel to the City to the effect that the substitution of such property is permitted by law and is permitted under the terms of the Trust Agreement and the Deed of Trust and for any Bonds with respect to which interest is intended to be excludable from the gross income of the owners thereof for federal or state income tax purposes, that such release and substitution will not adversely affect the exclusion of interest on such Bonds from the gross income of the owners thereof for federal or state income tax purposes; and

(d) there is filed with the Trustee an Officer's Certificate to the effect that such release will not prohibit the City's ingress, egress and regress to and from the remainder of the Mortgaged Property not being released, or materially interfere with the use of the remainder of the Mortgaged Property not being released.

The estimated value of the Mortgaged Property or any Substitute Property required by the Trust Agreement will be evidenced by an Officer's Certificate as to such estimated value, and may be based on such assumptions as the Authorized Officer may deem reasonable, including, but not limited to, reliance on (i) an appraisal, (ii) the insured value of the property subject to the valuation, (iii) the assessed tax valuation of the property subject to the valuation, and (iv) a combination of the foregoing. If any improvements are then being installed on any portion of property that will be included in the Mortgaged Property, the estimated value of the Mortgaged Property may take into account the expected value of the Mortgaged Property following the completion of the improvements.

The City will provide notice to each Rating Agency of the substitution or release of any of the Mortgaged Property pursuant to the Trust Agreement.

SUMMARY OF THE FIRST SUPPLEMENTAL TRUST AGREEMENT

Establishment of Bond Fund Subaccounts

The First Supplemental Trust Agreement establishes the following subaccounts in the Bond Fund:

(a) Series 2024 Subaccount of the Interest Account;

(b) Series 2024 Subaccount of the Principal Account; and

(c) Series 2024 Subaccount of the Redemption Account.

The fund and subaccounts mentioned above will be established with and held by the Trustee pursuant to the Trust Agreement and the First Supplemental Trust Agreement.

Payments by the City

The City will, subject to the limitations of the Trust Agreement, deposit or cause to be deposited with the Trustee the following amounts, and the Trustee will apply such amounts to the various subaccounts specified above in the following order:

(a) into the Series 2024 Subaccount of the Interest Account, on or before 10:00 A.M. on each Interest Payment Date relating to the Series 2024 Bonds, the interest payable on the Series 2024 Bonds on such Interest Payment Date; and

(b) into the Series 2024 Subaccount of the Principal Account, on or before 10:00 A.M. on each October 1, principal of all Serial Bonds relating to the Series 2024 Bonds coming due on such October 1.

In addition, the Trustee will deposit to the Series 2024 Subaccount of the Redemption Account all amounts as will be delivered to the Trustee by the City from time to time with instructions that such amounts be so deposited.

Application of Money in the Series 2024 Subaccount of the Redemption Account

The Trustee will call for redemption on a date permitted by the First Supplemental Trust Agreement such amount of Series 2024 Bonds or portions thereof as instructed by the City. The Trustee will pay the accrued interest on the Series 2024 Bonds or portions thereof to be redeemed to the date of redemption from the Series 2024 Subaccount of the Interest Account and the Redemption Price of such Bonds or portions thereof from the Series 2024 Subaccount of the Redemption Account. The Trustee will withdraw from the Series 2024 Subaccount of the Redemption Account and set aside the respective amounts required to pay the Redemption Price of the Series 2024 Bonds or portions thereof so called for redemption.

The expenses incurred by the Trustee in connection with the purchase or redemption of any such Series 2024 Bonds will be paid by the City from any available moneys.

Supplemental Trust Agreements Without Consent of Owners

The City may, from time to time and at any time, execute and deliver such trust agreements supplemental hereto (which supplemental trust agreements will thereafter form a part hereof) as will be substantially consistent with the terms and provisions of the First Supplemental Trust Agreement and, in the opinion of the Trustee, who may rely upon a written opinion of legal counsel, will not materially and adversely affect the interest of the Owners:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision in the First Supplemental Trust Agreement that may be inconsistent with any other provision therein, to make any other provisions with respect to matters or questions arising under the First Supplemental Trust Agreement or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the First Supplemental Trust Agreement;

(b) to grant or to confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee;

(c) to add to the covenants and agreements of the City in the First Supplemental Trust Agreement other covenants and agreements thereafter to be observed by the City or to surrender any right or power reserved in the First Supplemental Trust Agreement to or conferred upon the City;

(d) to permit the qualification of the First Supplemental Trust Agreement under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the City so determines, to add to the First Supplemental Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law; or

(e) to provide for the issuance of Series 2024 Bonds in bearer form.

At least thirty (30) days prior to the execution and delivery of any supplemental trust agreement for any of the purposes described above, the Trustee will cause at the City's expense a notice of the proposed supplemental trust agreement to be mailed first-class, postage prepaid, to all Owners of the Series 2024 Bonds. Such notice will briefly set forth the nature of the proposed supplemental trust agreement and will state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners of the Series 2024 Bonds. A failure on the part of the Trustee to mail the notice described in this paragraph will not affect the validity of such supplemental trust agreement.

Modification of First Supplemental Trust Agreement With Consent of Owners

Subject to the terms and provisions contained in the First Supplemental Trust Agreement and described in this clause, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Series 2024 Bonds then Outstanding that will be affected, as defined in the First Supplemental Trust Agreement, by a proposed supplemental trust agreement will have the right, from time to time, anything contained in the First Supplemental Trust Agreement to the contrary notwithstanding, to consent to and approve the execution and delivery by the City and the Trustee of such supplemental trust agreement as will be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the First Supplemental Trust Agreement or in any supplemental trust agreement; provided, however, that nothing contained in the First Supplemental Trust Agreement will permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Series 2024 Bond without the consent of the Owner of such Series 2024 Bond and the approval of the Local Government Commission, (b) a reduction in the principal amount of any Series 2024 Bond or the redemption premium or the rate of interest thereon without the consent of the Owner of such Series 2024 Bond, (c) a preference or priority of any Series 2024 Bond over any other Series 2024 Bond without the consent of all Owners of the Series 2024 Bonds then Outstanding, or (d) a reduction in the aggregate principal amount of Series 2024 Bonds required for consent to such supplemental trust agreement without the consent of all Owners of the Series 2024 Bonds then Outstanding. Nothing contained in the First Supplemental Trust Agreement, however, will be construed as making necessary the approval by the Owners of the execution and delivery of any supplemental trust agreement as described in "SUMMARY OF THE FIRST SUPPLEMENTAL TRUST AGREEMENT – Supplemental Trust Agreements Without Consent of Owners" above.

The Trustee will, at the expense of the City, such expense to be paid from any available moneys, cause notice of the proposed supplemental trust agreement to be mailed, postage prepaid, to all Owners of the Series 2024 Bonds as of the date such notice is mailed. Such notice will briefly set forth the nature of the proposed supplemental trust agreement and will state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. The Trustee will not, however, be subject to any liability to any Owner by reason of its failure to mail the notice described in this paragraph, and any such failure will not affect the validity of such supplemental trust agreement when approved and consented to as described in this paragraph.

Whenever, at any time within three (3) years after the date of the mailing of such notice, the City will deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of Series 2024 Bonds then Outstanding that are affected, as defined in the First Supplemental Trust Agreement, by a proposed supplemental trust agreement, which instrument or instruments will refer to the proposed supplemental trust agreement described in such notice and will specifically consent to and approve the execution and delivery thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City and the Trustee may execute and deliver such supplemental trust agreement in substantially such form, without liability or responsibility to any Owner, whether or not such Owner will have consented thereto.

If the Owners of not less than a majority in aggregate principal amount of the Series 2024 Bonds Outstanding at the time of the execution and delivery of such supplemental trust agreement and that are affected, as defined in the First Supplemental Trust Agreement, by a proposed trust agreement have consented to and approved the execution and delivery thereof as provided in the First Supplemental Trust Agreement, to the extent permitted by law, no Owner will have any right to object to the execution and delivery of such supplemental trust agreement, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution and delivery thereof, or enjoin or restrain the City or the Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Upon the execution and delivery of any supplemental trust agreement pursuant to the provisions described above, the First Supplemental Trust Agreement will be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the First Supplemental Trust Agreement of the City, the Trustee and all Owners will thereafter be determined, exercised and enforced in all respects pursuant to the provisions of the First Supplemental Trust Agreement, as so modified and amended.

SUMMARY OF THE DEED OF TRUST

Grant and Release of Easements; Release of Mortgaged Property

If no Event of Default under the Deed of Trust will have occurred and will continue to exist, the City may at any time or times grant easements, licenses, rights of way and other rights or privileges in the nature of easements with respect to any part of the Mortgaged Property, and the City may release existing interests, easements, licenses, rights of way and other rights or privileges with or without consideration, and the Beneficiary agrees that it will execute and deliver and will cause, request or direct the Deed of Trust Trustee to execute and deliver any instrument necessary or appropriate to grant or release any such interest, easement, license, right of way or other right or privilege but only upon receipt of (a) a copy of the instrument of grant or release, (b) a written application signed by the City requesting such instrument and (c) a certificate executed by the City that the grant or release (i) is not detrimental to the proper conduct of the operations of the City at the Mortgaged Property and (ii) will not impair the effective use of or interfere with the operations of the City at the Mortgaged Property and will not impair the value of the security under the Deed of Trust in contravention of the provisions thereof.

Notwithstanding any other provision of the Deed of Trust to the contrary, at any time and from time to time, the Deed of Trust Trustee and the Beneficiary will be required to release a portion of the Mortgaged Property from the lien and security interest created by the Deed of Trust in accordance with the provisions of the Trust Agreement.

Remedies of the Deed of Trust Trustee Upon Default

If any of the following events will occur:

(i) default in the payment of principal or purchase price of or interest on the Bonds, which default is not cured within thirty days;

(ii) default in any payment under the Trust Agreement or any of the other terms or conditions of the Trust Agreement secured by the Deed of Trust and the expiration of any applicable grace or notice periods provided thereby;

(iii) failure by the City to observe and perform any warranty, covenant, condition or agreement on the part of the City under the Deed of Trust other than as described in the Deed of Trust for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the City by the Beneficiary unless the Beneficiary will agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be reasonably corrected within the applicable period, and if corrective action is instituted by the City within the applicable period and diligently pursued, the City will have an additional period following such written notice to correct the failure; or

(iv) any lien, charge or encumbrance prior to or affecting the validity of the Deed of Trust is found to exist, other than Permitted Encumbrances, or proceedings are instituted to enforce any lien, charge or encumbrance against any of said Mortgaged Property and such lien, charge or encumbrance would be prior to the lien of the Deed of Trust;

then and in any of such events (hereinafter referred to as an “Event of Default”), all payments under the Trust Agreement will, at the option of the Beneficiary, become at once due and payable, regardless of the maturity date or other due date thereof.

Upon the occurrence of an Event of Default:

(i) To the extent permitted by law, the Deed of Trust Trustee will have the right to enter upon the Mortgaged Property to such extent and as often as the Deed of Trust Trustee, in his sole discretion, deems necessary or desirable in order to cure any default by the City. The Deed of Trust Trustee may take possession of all or any part of the Mortgaged Property and may hold, operate and manage the same, and from time to time make all needful repairs and improvements as will be deemed expedient by the Deed of Trust Trustee; and the Deed of Trust Trustee may lease any part of the Mortgaged Property in the name of and for the account of the City, and collect, receive and sequester the rent, revenues, receipts, earnings, income, products and profits therefrom, and out of the same and from any moneys received from any receiver of any part thereof pay, and set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Deed of Trust Trustee, his agents and counsel, and any taxes and assessments and other charges prior to the lien of the Deed of Trust which the Deed of Trust Trustee may deem it proper to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of the Deed of Trust.

(ii) To the extent permitted by law, the Deed of Trust Trustee will have the right after an Event of Default to the appointment of a receiver to collect the rents and profits from the Mortgaged Property without consideration of the value of the premises or the solvency of any person liable for the payment of the amounts then owing, and all amounts collected by the receiver will, after expenses of the receivership, be applied to the payment of the obligations secured by the Deed of Trust, and the Deed of Trust Trustee, at his option, in lieu of an appointment of a receiver, will have the right to do the same. If such receiver should be appointed or if there should be a sale of the said premises, as provided below, the City, or any person in possession of the premises thereunder, as tenant or otherwise, will become a tenant at will of the receiver or of the purchaser and may be removed by a writ of ejectment, summary ejectment or other lawful remedy.

(iii) The Deed of Trust Trustee will have the right to assign to any other person, for lawful consideration, any rents, revenues, earnings, income, products and profits receivable under the Deed of Trust, provided that the proceeds of any such assignment will be applied as provided in the Deed of Trust.

(iv) The Deed of Trust Trustee is authorized and empowered to expose to sale and to sell the Mortgaged Property or such part or parts thereof or interests therein as the Deed of Trust Trustee deems prudent at public auction for cash, and upon collection of the proceeds from such sale to make and deliver a deed therefor, after first having complied with all applicable requirements of North Carolina law with respect to the exercise of powers of sale contained in deeds of trust. The City agrees that in the event of a sale under the Deed of Trust, the Beneficiary will have the right to bid at it and to become the purchaser. The Deed of Trust Trustee may require the successful bidder at any sale to deposit immediately with the Deed of Trust Trustee cash or a certified check in an amount not to exceed five percent (5%) of his bid, provided notice of such requirement is contained in the advertisement of the sale. The bid may be rejected if the deposit is not immediately made and thereupon the next highest bidder may be declared to be the successful bidder. Such deposit will be refunded in case a resale is had; otherwise it will be applied to the purchase price. The sale of the Mortgaged Property or any part thereof or any interest therein, whether pursuant to judicial foreclosure, foreclosure under power of sale or otherwise under the Deed of Trust, will forever bar any claim with respect to the Mortgaged Property by the City.

(v) To the extent permitted by law, the Beneficiary, immediately and without additional notice and without liability therefor to the City, may do or cause to be done any or all of the following: (A) take physical possession of the Mortgaged Property; (B) exercise its right to collect the rents and profits thereof; (C) enter into contracts for the completion, repair and maintenance of the Mortgaged Property;

(D) expend any rents, income and profits derived from the Mortgaged Property for payment of any taxes, insurance premiums, assessments and charges for completion, repair and maintenance of the Mortgaged Property, preservation of the lien of the Deed of Trust and satisfaction and fulfillment of any liabilities or obligations of the City arising out of or in any way connected with the Mortgaged Property whether or not such liabilities and obligations in any way affect, or may affect, the lien of the Deed of Trust; (E) enter into leases demising the Mortgaged Property or any part thereof; (F) take such steps to protect and enforce the specific performance of any covenant, condition or agreement in the Deed of Trust or the Trust Agreement or to aid the execution of any power granted in the Deed of Trust; and (G) generally, supervise, manage, and contract with reference to the Mortgaged Property as if the Beneficiary were the equitable owner of the Mortgaged Property. The City also agrees that any of the foregoing rights and remedies of the Beneficiary may be exercised at any time independently of the exercise of any other such rights and remedies, and the Beneficiary may continue to exercise any or all such rights and remedies until the Event(s) of Default of the City are cured with the consent of the Beneficiary or until foreclosure and the conveyance of the Mortgaged Property to the high bidder or until the indebtedness secured by the Deed of Trust is otherwise satisfied or paid in full.

(vi) The Beneficiary may proceed against the fixtures referred to in the Deed of Trust as provided in and in accordance with the applicable provisions of the Uniform Commercial Code as adopted by the State of North Carolina, as amended (the "UCC") or, at its election, may proceed and may instruct the Deed of Trust Trustee to proceed as to the portion of the Mortgaged Property constituting fixtures, in accordance with its rights and remedies with respect thereto and those granted to the Deed of Trust Trustee, all as set forth in the Deed of Trust. Subject to any limitations imposed by the applicable provisions of the UCC, the Beneficiary may sell, lease, or otherwise dispose of all or any part of the fixtures, at public or private sale, for cash or on credit, as a whole or in part, and the Beneficiary may at such sale or sales purchase the fixtures or any part thereof. The proceeds of such sale, lease, collection or other disposition will be applied first to the costs and expenses of the Beneficiary incurred in connection with such sale, lease, collection or other disposition, and then to such outstanding balance due on any and all indebtedness owed to the Beneficiary. Further, the Beneficiary may require the City to assemble the fixtures, or evidence thereof, and make them reasonably available to the Beneficiary at one or more places to be designated by the Beneficiary which are reasonably convenient to the Beneficiary, and the Beneficiary may take possession of the fixtures and hold, prepare for sale, lease or other disposition and sell, lease or otherwise dispose of the fixtures. Any required notice by the Beneficiary of sale or other disposition or default, when mailed to the City at its address set forth in the Deed of Trust, will constitute reasonable notice to the City. In addition to, but not in limitation of, any of the foregoing, the Beneficiary may exercise any or all of the rights and remedies afforded to the Beneficiary by the provisions of the UCC or otherwise afforded to the Beneficiary under the Deed of Trust, with all such rights and remedies being cumulative and not alternative, and the City agrees, to the extent permitted by law, to pay the reasonable costs of collection, including, in addition to the costs and disbursements provided by statute, reasonable attorneys' fees and legal expenses which may be incurred by the Beneficiary subject to the procedures and limitations set forth in Section 6-21.2 of the General Statutes of North Carolina, as amended.

In all such cases, the Beneficiary will have the right to direct the Deed of Trust Trustee to exercise the remedies granted under the Deed of Trust.

The City waives, to the full extent it lawfully may, the benefit of all appraisement, valuation, stay, moratorium, exemption from execution, extension and redemption laws and any statute of limitations, now or hereafter in force and all rights of marshalling in the event of the sale of the Mortgaged Property or any part thereof or any interest therein.

Application of Proceeds

The proceeds of (a) the operation and management of the Mortgaged Property, (b) any sale of the Mortgaged Property or any interest therein, whether pursuant to judicial foreclosure, foreclosure under power of sale or otherwise, and (c) any insurance policies or eminent domain awards or other sums (other than awards or sums to which the City is entitled to under the Trust Agreement) retained by the Deed of Trust Trustee upon the occurrence of an Event of Default will be applied to pay:

First: The costs and expenses of sale, reasonable attorneys' fees actually incurred to the extent permitted by Section 6-21.2 of the General Statutes of North Carolina, as amended, the Beneficiary's fees and expenses, court costs, any other expenses or advances made or incurred in the protection of the rights of the Beneficiary or in the pursuance of any remedies under the Deed of Trust and the Deed of Trust Trustee's commission payable under Section 7 hereof;

Second: All taxes and assessments then constituting a lien against said premises other than those advertised and sold subject to;

Third: Any indebtedness or other obligation secured by the Deed of Trust and at the time due and payable (whether by acceleration or otherwise) in the manner and subject to the priority provided in the Trust Agreement; and

Fourth: The balance, if any, to the persons then entitled thereto under the Trust Agreement.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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APPENDIX D

[Proposed Form of Opinion of Bond Counsel]

July __, 2024

City Council of the
City of Raleigh, North Carolina

We have examined, as bond counsel to the City of Raleigh, North Carolina (the "City"), a certified copy of the record of proceedings relative to the authorization, execution and delivery by the City of its $192,645,000 Limited Obligation Bonds, Series 2024, dated the date of delivery thereof (the "Series 2024 Bonds"). The Series 2024 Bonds are being issued pursuant to a Trust Agreement, dated as of July 1, 2024 (the "Trust Agreement"), by and between the City and U.S. Bank Trust Company, N.A., as trustee (the "Trustee"), and a First Supplemental Trust Agreement, dated as of July 1, 2024 (the "First Supplemental Trust Agreement"), between the City and the Trustee. The Trust Agreement and the First Supplemental Trust Agreement are being entered into, and the Series 2024 Bonds are being issued, by the City pursuant to Section 160A-20 of the General Statutes of North Carolina, as amended.

The Series 2024 Bonds are being delivered for the purpose of providing funds, together with any other available funds, to (i) refinance certain installment payment obligations of the City under an installment financing agreement (resulting in the corresponding refunding of the unpaid principal balance of the certain Certificates of Participation evidencing such installment payment obligations); (ii) pay a portion of the termination payment required in connection with the termination of an interest rate swap agreement hedging the interest components of certain of the refinanced installment payment obligations referenced in (i); (iii) refund certain limited obligation bonds of the City; and (vi) pay all or a portion of the costs and expenses incurred in connection with the sale and issuance of the Series 2024 Bonds.

As security for the performance of its obligations under the Trust Agreement, including the payment of the Series 2024 Bonds, the City has executed and delivered a Deed of Trust, dated as of July 1, 2024 (the "Deed of Trust"), granting to the deed of trust trustee named therein, for the benefit of the Trustee, a lien on the real property upon which the existing convention center of the City is located and all improvements and fixtures located or to be located thereon, subject to Permitted Encumbrances (as defined in the Trust Agreement). The real property and improvements subject to the Deed of Trust are herein called the "Mortgaged Property."

The Trust Agreement provides for the execution and delivery by the City of additional Limited Obligation Bonds ("Additional Bonds") to provide funds to finance additional costs of improvements for the City or to refund all or any portion of the Series 2024 Bonds, any Additional Bonds or any other indebtedness. The Series 2024 Bonds and any Additional Bonds will be secured on a parity by the Deed of Trust.

We have not examined the title to the Mortgaged Property under the Deed of Trust and therefore express no opinion with regard to (a) the title to the Mortgaged Property, (b) the adequacy or correctness of the description of the Mortgaged Property contained in the Deed of Trust or (c) the priority of the lien or security interest created by the Deed of Trust on the Mortgaged Property. All statements made with regard to title to, and liens on, the Mortgaged Property under the Deed of Trust are based exclusively on a mortgagee title insurance policy issued by a title insurance company.

Based upon such examination, we are of the opinion, as of the date hereof and under existing law, that:

1. The City is a municipal corporation duly organized and validly existing under the Constitution and laws of the State of North Carolina and has full legal right, power and authority to enter into and perform its obligations under the Trust Agreement, the First Supplemental Trust Agreement and the Deed of Trust.

2. The Trust Agreement and the First Supplemental Trust Agreement have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Trustee, are valid and binding agreements enforceable against the City in accordance with their respective terms. The Deed of Trust has been duly authorized, executed and delivered by the City and is a valid and binding agreement enforceable against the City in accordance with its terms.

3. The Series 2024 Bonds have been duly authorized, executed and delivered and constitute legal, valid and binding obligations of the City enforceable in accordance with their terms. No deficiency judgment may be rendered against the City in any action for breach of a contractual obligation under the Trust Agreement or the Series 2024 Bonds, including for failure to pay principal of and interest on the Series 2024 Bonds, the remedies provided under the Trust Agreement, including foreclosure on the Mortgaged Property under the Deed of Trust, being the sole remedies available. The taxing power of the City is not and may not be pledged in any way, directly or indirectly, to secure any payments due under the Trust Agreement or the Series 2024 Bonds, including payment of principal of and interest on the Series 2024 Bonds.

4. Assuming continuing compliance by the City with certain covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding, among other matters, use, expenditure and investment of proceeds of the Series 2024A Bonds, and the timely payment of certain investment earnings to the United States Treasury, interest on the Series 2024 Bonds is not includable in the gross income of the owners thereof for purposes of federal income taxation. Interest on the Series 2024 Bonds is not a specific preference item for purposes of the alternative minimum tax imposed

by the Code; however, interest on the Series 2024 Bonds held by certain corporations is included in the computation of "adjusted financial statement income" for purposes of the federal alternative minimum tax imposed on such corporations.

5. Interest on the Series 2024 Bonds is exempt from all State of North Carolina income taxes.

The Code and other laws of taxation, including the laws of taxation of the State of North Carolina, of other states and of local jurisdictions, may contain other provisions that could result in tax consequences, upon which we render no opinion, as a result of the ownership or disposition of the Series 2024 Bonds, the inclusion in certain computations of interest that is excluded from gross income for purposes of federal and North Carolina income taxation.

The rights of the owners of the Series 2024 Bonds and the enforceability thereof and of the Trust Agreement, the First Supplemental Trust Agreement and the Deed of Trust may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the portion of the Series 2024 Bonds offered thereby.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

Beneficial ownership interests in the 2024 Bonds will be available only in a book-entry system. The actual purchasers of the 2024 Bonds (the "*Beneficial Owners*") will not receive physical bonds representing their interests in the 2024 Bonds purchased. So long as The Depository Trust Company ("*DTC*"), New York, New York, or its nominee is the registered owner of the 2024 Bonds, references in this Official Statement to the Owners of the 2024 Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners.

THE FOLLOWING DESCRIPTION OF DTC, ITS PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE 2024 BONDS, PAYMENT OF INTEREST AND OTHER PAYMENTS WITH RESPECT TO THE 2024 BONDS TO DTC PARTICIPANTS OR TO BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2024 BONDS AND/OR OTHER TRANSACTIONS BY AND BETWEEN DTC, DTC PARTICIPANTS AND BENEFICIAL OWNERS IS BASED ON INFORMATION FURNISHED BY DTC.

DTC will act as securities depository for the 2024 Bonds. The 2024 Bonds will be registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2024 Bond in the aggregate principal amount of each maturity of the 2024 Bonds will be issued and deposited with DTC or its designee. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2024 BONDS, AS DTC'S PARTNERSHIP NOMINEE, REFERENCE HEREIN TO THE OWNERS OR REGISTERED OWNERS OF THE 2024 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2024 BONDS.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transaction in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation as well as by the New York Stock Exchange, Inc., the American Stock Exchange, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "*Indirect Participants*" and collectively with the Direct Participants, the "*Participants*"). DTC has Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of the 2024 Bonds defined above is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation form DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial owners will not receive physical bonds representing their ownership interests in 2024 Bonds, except in the event that use of the book-entry system for the 2024 Bonds is discontinued.

To facilitate subsequent transfers, all 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the identities of the actual Beneficial Owners of the 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2024 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2024 Bonds, such as redemptions, defaults and proposed amendments to the security documents. For example, Beneficial Owners of the 2024 Bonds may wish to ascertain that the nominee holding the 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2024 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2024 Bond to be prepaid.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts the 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Because DTC is treated as the owner of the 2024 Bonds for substantially all purposes under the Trust Agreements, beneficial owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding or requested consents or other directions. In addition, because the identity of beneficial owners is unknown to the City or to DTC, it may be difficult to transmit information of potential interest to beneficial owners in an effective and timely manner. **Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the 2024 Bonds that may be transmitted by or through DTC.**

Principal, and interest payments on the 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC (nor its nominee) or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the City's responsibility, disbursement of such payments to Direct Participants is DTC's responsibility, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants. THE CITY CANNOT AND DOES NOT GIVE ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

DTC may discontinue providing its services as securities depository with respect to the 2024 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, physical bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical bonds will be printed and delivered to DTC.

The City has no responsibility or obligation to DTC, the Direct Participants, the Indirect Participants or the beneficial owners with respect to (1) the accuracy of any records maintained by DTC or any Participant, or the maintenance of any records; (2) the payment by DTC or any Participant of any amount due to any beneficial owner in respect of the 2024 Bonds, or the sending of any amount due to any beneficial owner in respect to the 2024 Bonds, or the sending or any transaction statements; (3) the delivery or timeliness of delivery by DTC or any Participant of any notice to any beneficial owner which is required or permitted under the Trust Agreements to be given to owners; (4) the selection of the beneficial owners to receive payments upon any partial redemption of the 2024 Bonds; or (5) any consent given or other action taken by DTC or its nominee as the registered owner of the 2024 Bonds, including any action taken pursuant to an omnibus proxy.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the City believes to be reliable, but the City takes no responsibility for accuracy thereof.

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