

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2023



City of Charlotte,
North Carolina



City of Charlotte, North Carolina
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

Mayor: Vi Alexander Lyles



Mayor Pro Tem: Braxton Winston



City Council:

Dimple Ajmera
At Large



LaWana Mayfield
At Large



James Mitchell Jr.
At Large



Danté Anderson
District 1



Malcolm Graham
District 2



Victoria Watlington
District 3



Reneé Johnson
District 4



Marjorie Molina
District 5



Tariq Bokhari
District 6



Edmund H. Driggs
District 7



City Manager: Marcus D. Jones



Prepared by the City of Charlotte Finance Department
Teresa T. Smith, Chief Financial Officer
Betty J. Mattos, Chief Accountant



THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

Letter of Transmittal I

Certificate of Achievement for Excellence in Financial Reporting X

City Government Organization Chart. XI

FINANCIAL SECTION

Report of Independent Auditor 1

Management’s Discussion and Analysis 7

Basic Financial Statements:

 Government-wide Financial Statements:

 Statement of Net Position 21

 Statement of Activities 22

 Fund Financial Statements:

 Balance Sheet - Governmental Funds. 24

 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position . . 25

 Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. 26

 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 27

 Statement of Budgetary Comparison (Non-GAAP Basis) – General Fund 28

 Reconciliation of the Statement of Budgetary Comparison to the Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund. 29

 Statement of Net Position – Proprietary Funds 30

 Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds . . 34

 Statement of Cash Flows – Proprietary Funds 36

 Statement of Fiduciary Net Position. 40

 Statement of Changes in Fiduciary Net Position 41

Index to the Notes to the Financial Statements 45

Notes to the Financial Statements 47



FINANCIAL SECTION (continued)

Required Supplementary Information:

Local Governmental Employees' Retirement System

Schedule of City's Proportionate Share of Net Pension Liability (Asset) 108

Schedule of City of Charlotte Contributions 110

Charlotte Firefighters' Retirement System

Schedule of Changes in the System's Net Pension Liability 112

Schedule of Employer Contributions 114

Law Enforcement Officers' Special Separation Allowance

Schedule of Changes in Total Pension Liability and Covered Payroll 116

Employee Benefit Trust Plan

Schedule of Changes in Net OPEB Liability 118

Schedule of Changes of Total Liability as a Percentage of Covered Payroll 119

Schedule of City Contributions and Investment Returns 120

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:

Description 123

Combining Balance Sheet 124

Combining Statement of Revenues, Expenditures and Changes in Fund Balances 126

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and
Actual (Non-GAAP Basis) – Special Revenue Funds (Budgeted Annually) 128

Schedule of Expenditures Compared with Authorizations:

Public Safety and Other Grants Fund 132

American Rescue Plan Act Fund 133

Neighborhood Development Fund 134

Emergency Telephone System Fund 135

Emergency Telephone System Fund 136

Debt Service, Capital Projects and General COVID Relief Funds:

Description 137

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and
Actual (Non-GAAP Basis) – Debt Service Fund 138

Schedule of Expenditures Compared with Authorizations – Capital Projects Fund 140

Schedule of Expenditures Compared with Authorizations – General COVID Relief Fund 141

FINANCIAL SECTION (continued)

Combining and Individual Fund Statements and Schedules (continued):

Enterprise Funds:

Description	142
-----------------------	-----

Water and Sewer:

Schedule of Revenues, Expenditures and Transfers – Budget and Actual (Non-GAAP Basis) :

Operating Fund	143
--------------------------	-----

Debt Service Fund	144
-----------------------------	-----

Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis	145
--	-----

Schedule of Expenditures Compared with Authorizations – Capital Projects Fund	146
---	-----

Storm Water:

Schedule of Revenues, Expenditures and Transfers – Budget and Actual (Non-GAAP Basis):

Operating Fund	147
--------------------------	-----

Debt Service Fund	148
-----------------------------	-----

Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis	149
--	-----

Schedule of Expenditures Compared with Authorizations – Capital Projects Fund	150
---	-----

Airport:

Schedule of Revenues, Expenditures and Transfers – Budget and Actual (Non-GAAP Basis):

Operating Fund	151
--------------------------	-----

Debt Service Fund	152
-----------------------------	-----

Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis	153
--	-----

Schedule of Expenditures Compared with Authorizations – Capital Projects Fund	154
---	-----

Public Transit:

Schedule of Revenues, Expenditures and Transfers – Budget and Actual (Non-GAAP Basis):

Operating Fund	155
--------------------------	-----

Debt Service Fund	156
-----------------------------	-----

Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis	157
--	-----

Schedule of Expenditures Compared with Authorizations – Capital Projects Fund	158
---	-----

FINANCIAL SECTION (continued)

Internal Service Funds:

Description	159
Combining Statement of Net Position	160
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.	161
Combining Statement of Cash Flows	162

Fiduciary Funds:

Description	163
Statement of Fiduciary Net Position	164
Statement of Changes in Fiduciary Net Position	165

STATISTICAL SECTION

Description	169
Financial Trends	
Net Position by Component	170
Changes in Net Position	171
Fund Balances, Governmental Funds	173
Changes in Fund Balances, Governmental Funds	174
Revenue Capacity	
Assessed and Actual Value of Taxable Property	176
Direct and Overlapping Property Tax Rates	177
Principal Property Tax Payers	178
Property Tax Levies and Collections	179
Analysis of Current Tax Levy	180
Debt Capacity	
Ratios of Outstanding Debt by Type	182
Direct and Overlapping Bonded Debt	184
Legal Debt Margin Information	185
Special Obligation Bond Coverage	186
Water and Sewer Revenue Bond Coverage	187
Storm Water Revenue Bond Coverage	188
Airport Revenue Bond Coverage	189
Demographic and Economic Information	
Demographic and Economic Statistics	190
Principal Employers	191
Operating Information	
Full-Time Equivalent Employees by Function/Program	192
Operating Indicators by Function/Program	193
Capital Asset Statistics by Function/Program	194



SINGLE AUDIT SECTION

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. 197

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act 199

Report of Independent Auditor on Compliance for Each Major State Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act 202

Schedule of Findings and Questioned Costs. 205

Corrective Action Plan 208

Schedule of Prior Year Audit Findings 209

Notes to the Schedule of Expenditures of Federal and State Awards 218



THIS PAGE INTENTIONALLY LEFT BLANK



Introductory Section

Annual Comprehensive Financial Report 2023

October 31, 2023

Honorable Mayor and Members of City Council, and Residents of Charlotte, North Carolina,

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Charlotte, North Carolina for the fiscal year ended June 30, 2023. The ACFR is provided to give detailed information about the financial position of the city to residents, City Council, staff, and other readers.

Management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures. The financial statements have been prepared by the Finance Department in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

State law requires that all general-purpose local governments annually publish a complete set of financial statements. The city's financial statements, as required by North Carolina General Statute 159-34, have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent auditor concluded that there is sufficient audit evidence for rendering an unmodified opinion that the financial statements for the fiscal year that ended June 30, 2023, are fairly presented in accordance with GAAP. The report of independent auditor is presented as the first component of the financial section of this report.

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

Management's discussion and analysis (MD&A) immediately follows the report of independent auditor. It provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

City management is responsible for establishing, implementing, and maintaining a framework of internal controls designed to ensure that city assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The city's comprehensive framework of internal controls provides reasonable – rather than absolute – assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

ABOUT CHARLOTTE

Charlotte is America's Queen City, opening her arms to a diverse and inclusive community of residents, businesses, and visitors alike; a safe family-oriented city where people work together to help everyone thrive.

The City of Charlotte, located in Mecklenburg County, is in the Piedmont region of North Carolina and centered between the Appalachian Mountains and the Atlantic Ocean. Incorporated in 1768, Charlotte became the county seat of Mecklenburg County in 1774. With an estimated population of 1,001,146, Charlotte is the most populous city in North Carolina and the 15th largest city in the nation.

Since 1929, the City of Charlotte has had a Council-Manager form of government. Policy-making and legislative authority are vested in a governing body consisting of a Mayor and eleven City Council members who are elected every two years on a partisan basis. The Mayor and four Council members are elected at-large by a citywide vote. The remaining seven Council members are elected by district, from voters who reside in each district. The Mayor and Council are responsible for appointing the City Manager, City Attorney, City Clerk, and members of various boards and commissions. The Council appropriates the annual budget, sets the tax rate and approves the financing of all city operations and capital investments. The City Manager is responsible for carrying out policies and ordinances and directs the daily operations and programs of the city.

The mission of the City of Charlotte is to ensure the delivery of a full range of quality public services and to promote the safety, health and quality of life of its residents. The city provides services including police and fire protection; street construction and maintenance; solid waste services; water and sewer utilities; storm water management; airport facilities management; and public transit services.

The city is also financially accountable for other organizations that are reported as component units. This financial accountability is determined in accordance with criteria established by the Governmental Accounting Standards Board (GASB):

- The [Charlotte Firefighters' Retirement System](#), a blended fiduciary component unit, is presented as a Pension Trust Fund.
- The [Charlotte Regional Visitors Authority](#) is reported as a discretely presented component unit.

Additional information on these legally separate entities and the reporting entity can be found in Note 1.a. in the Notes to the Financial Statements.

The Annual Adopted Budget and Capital Investment Plan (CIP) are foundational to Charlotte's financial planning and fiscal control, affirming the city's key strategic priorities for fiscal year 2023 of Great Neighborhoods; Safe Communities; Transportation Planning, and Environment; Workforce and Business Development; and Well-Managed Government and documenting the allocation of resources to fund operations and capital projects based on organizational focus and strategy. To better inform the city's top budget priorities, the budget process includes community and employee engagement activities to identify areas of concern, increase collaboration across departments, and to seek feedback on operations. No later than June 30 of each year, Council adopts a final Budget and CIP.

Budget-to-actual comparisons are provided in this ACFR for each fund for which an appropriated annual budget has been adopted. The general fund comparison is presented as part of the basic financial statements. Regarding other funds with annual and project-length budgets, detailed budget-to-actual comparisons are presented in the Required Supplementary Information and Combining and Individual Fund Statements and Schedules section of this report. Additional information on the budget can be found in the MD&A and Note 3.a. in the notes to the financial statements.

LOCAL ECONOMY

Throughout fiscal year 2023, Charlotte worked to advance City Council's priorities and to ensure that the city and its' residents continued to flourish. The city remained committed to aligning the use of public resources with the most critical needs of the community.

The city's strong financial foundation allowed it to allocate two-thirds of the federal COVID-19 Relief Funds received to directly support our community. Charlotte was allocated \$141.6 million in Local Fiscal Recovery Funds through the American Rescue Plan ACT (ARPA), receiving \$70.8 million in May of 2021 and \$70.8 million in June 2022. Charlotte engaged in deliberate planning with key community stakeholders to use these funds guided by City Council's priorities to balance the immediate needs of the city along with making long-term transformational investments for Charlotte's future. Through this framework the city identified four primary categories of investments: Workforce and Economic Development (\$32.7 million), Housing (\$47 million), Community Vitality (\$31 million), and City Operations (\$30.9 million).

Business Environment. According to a 2023 study by CNBC, North Carolina ranked as the best state for business. The Charlotte region ranked 21st in the U.S. for total Gross Domestic Product (GDP) output and Mecklenburg County accounted for about 20 percent of the total GDP output for the state in 2021, based on the most recently available data from the Bureau of Economic Analysis. The regional economy continues to see growth, with unemployment at 3.2% as of the second quarter of 2023.

Charlotte is home to nine Fortune 500 companies: Lowe's, Bank of America, Nucor, Honeywell, Duke Energy, Truist Financial, Sonic Automotive, Brighthouse Financial, and Albemarle. Charlotte is also home to two of the top ten largest banks' headquarters and ranks as the nation's second largest banking center. Bank of America Corporation, the nation's second largest bank with \$2.52 trillion in consolidated assets, and Truist Financial, the nation's seventh largest bank, with \$564.84 billion are headquartered in Charlotte. Charlotte's strength as a banking headquarters city is foundational to the region's economic success.

In January 2023, Atrium Health broke ground on the new Innovation District that will be home to the Wake Forest University School of Medicine Charlotte, which will be known as "The Pearl". The Pearl represents a public private partnership between Atrium Health, Wexford Science and Technology LLC, local governments, and the community that is anticipated to result in \$1.5 billion of private investment and generate more than 11,500 jobs with more than 5,500 of those jobs anticipated to be onsite within the district.

In December 2022, Advocate Aurora Health and Atrium Health announced they have closed on their formal combination to create Advocate Health. The newly combined organization serves nearly 6 million patients and is the fifth-largest nonprofit integrated health system in the nation. The combined organization comprises more than 1,000 sites of care and 67 hospital systems and delivers nearly \$5 billion in annual community benefit. It is headquartered in Charlotte.

Transportation and Distribution Hub. Location and infrastructure combine with a robust production workforce to make Charlotte an ideal region for transportation, distribution, and logistics operations. The Charlotte region is strategically located between major ports and inland cities, and the region's location allows for two-day truck delivery to Miami, New York, and Chicago. Transportation assets in the region include Charlotte-Douglas International Airport, four interstate highways (I-85, I-77, I-485, and I-40), an inland terminal, and two intermodal facilities. Charlotte is also the center of the country's largest consolidated rail system with two major railroads, Norfolk Southern Railway and CSX Transportation.

Foundational to the economic success of the Charlotte region, Charlotte Douglas International Airport (CLT) leads the state as the top economic engine among airports, according to the North Carolina Department of Transportation (NCDOT) Division of Aviation. CLT is ranked among the top 10 busiest airports in the world, averaging 1,424 arrivals and departures plus daily aircraft operations serving approximately 180 nonstop destinations around the globe. In 2022, CLT generated \$32 billion in annual economic impact, and supported over 151,575 jobs for North Carolina residents. For 2022, CLT ranked 7th worldwide in aircraft movements (505,589). CLT was recognized by the ATRS Global Airport Performance Benchmarking Task Force as the 'Most Efficient North American Airport' in 2023. This award measures and compares the performance of important aspects of operations for 205 airports of various sizes in Asia Pacific, Europe, and North America.

Recreational, Visitor and Cultural Center. A healthy tourism sector raises the region's profile with visitors, showcases the community's southern hospitality, helps support broader economic development initiatives, upward mobility, and revenue to invest in our community. Fiscal year 2023 hotel revenue across Mecklenburg County reached \$948 million, exceeding the pre-pandemic peak revenues of fiscal year 2019 of \$813.5 million. The Charlotte Convention Center hosted 58 non-local events, including the American Football Coaches Association, Omega Psi Phi Fraternity and American College of Gastroenterology, among others. These events contributed to a total of 7.3 million hotel rooms sold in 2023.

According to their fiscal year 2023 annual reporting, the Charlotte Regional Visitors Authority (CRVA) activities directly generated an estimated \$1.1 billion in total economic impact for our community, including \$429 million in incremental direct visitor spending as well as producing nearly \$19 million in local tax collections.

Charlotte is a destination of choice for tourism, conventions, and special events including:

- National sports with the Carolina Panthers (NFL) and Charlotte Football Club (MLS) at Bank of America Stadium and the Charlotte Hornets (NBA) at the Spectrum Center
- Minor League Baseball (MiLB) with the Charlotte Knights (a Triple-A affiliate of the Chicago White Sox) at Truist Field
- Minor-league hockey with the Charlotte Checkers (a minor league affiliate of the NHL's Florida Panthers) at Bojangles' Coliseum
- Art, culture, and science at the Bechtler Museum of Modern Art; the Knight Theater; the Harvey B. Gantt Center for African American Arts & Culture; the Mint Museum; the North Carolina Blumenthal Center for Performing Arts; the Charlotte Nature Museum; and the Discovery Place Museum.
- Charlotte Convention Center, welcoming visitors and guests to conventions and trade shows, assemblies, consumer shows, and local events.
- NASCAR Hall of Fame, a signature, must-experience iconic landmark serving as the recognized home for honoring NASCAR's legends, evolving history, celebrated heritage and family-oriented traditions.

Long-term Financial Planning. The city's Capital Investment Plan (CIP) for long-term capital infrastructure is a multi-year plan that makes investments to support the growth and vitality of the community and the quality of life. Consistent with best practices, the city annually proposes a five-year CIP. The first year of the plan is adopted by City Council while the remaining four years are provided as a plan.

Affordability for capital projects is determined annually using comprehensive debt models that evaluate revenues dedicated to capital and future debt service requirements. The models specify the ability to issue debt that can be fully repaid with existing or planned revenues.

Financial Policies. The City of Charlotte has a history of sound fiscal policy and practices and has consistently held AAA ratings for over 45 years, since 1977. The city adopts a comprehensive set of financial policies to ensure that financial resources are managed in a prudent manner

and to provide a foundation for financial sustainability. Compliance with these policies is reviewed annually as part of the budget process. The policies are published in the Annual Adopted Budget and Capital Investment Plan. The city maintains a structurally balanced budget to achieve long-term financial stability for the community.

Charlotte also adheres to management practices designed to maintain diverse revenue sources and sound financial results. The city regularly evaluates and sets fees at levels designed to support the full costs of services; amortizes at least 50 percent of principal for general government general obligation debt and certificates of participation in the first ten years; and retains General Fund balance at 16 percent of expenditures.

MAJOR INITIATIVES

The FY2024 Adopted Budget continues to advance strategic priorities and key initiatives, while maintaining a revenue neutral rate without a property tax increase. Intentional decision making coupled with Charlotte's strong financial standing allowed the city to deliver a balanced budget without a tax increase for the fifth straight year.

Advancing the Strategic Energy Action Plan (SEAP). In June 2018, the Sustainable and Resilient Charlotte by 2050 Resolution was unanimously passed by City Council. It set ambitious municipal and community-wide greenhouse gas emissions reduction goals for Charlotte. We continue to collect data on energy usage within our buildings and fleet usage statistics to assess our progress, while reviewing emerging best practices and technologies for further opportunities to advance our SEAP goals. Five years into SEAP implementation, the city continues to focus on sustainable infrastructure, including electric vehicles and infrastructure.

For example, the Solid Waste Department led the way in the alternative fuels space many years ago by converting much of their fleet to Compressed Natural Gas (CNG). In FY 2024, the city is investing in the first electric refuse truck and associated charging infrastructure. Also, with an allocation of \$3 million additional dollars in the CIP, the City of Charlotte will build its first All-Electric Zero Energy Building project at CMPD Northwest, complete with a ground-mounted solar array and full EV charging capability for the fleet. This approximate 16,000 square foot, one-story police station located in Northwest Charlotte will showcase the city's potential as a building/fleet pilot that can act as a blueprint for future stations.

Addressing Fire Service Needs. To maintain fire service response times, two new fire companies will be added for FY 2024. An engine company for the temporary River District Station (to service the area while a permanent station is being built) and an additional ladder company to service the increased service need in southeast Charlotte will add 42 new Firefighters. These additions are important components in maintaining the levels of fire services needed for our growing community. In addition, the five-year CIP includes construction of five firehouses and necessary fire trucks to support service expansion.

In addition, the Charlotte Fire Department (CFD) adopted the Facilities Master Plan in October 2019, which prioritizes capital improvements in the next two years and outlines goals for facilities through 2029. In support, 13 fire facilities were evaluated in the Advanced Planning Fire Station

Gender Equity Study which evaluated each fire house on nationally accepted safety standards, the provision of equal facilities for women, exercise facilities and ADA compliance. \$2.5 million is provided in FY 2024 to support infrastructure projects that provide equity within fire houses by building female locker rooms.

Following through with Corridors of Opportunity. Since Summer 2020, the city has embarked on transformational work in six historically under-invested corridors. The Corridors of Opportunity program approaches investment and revitalization holistically by utilizing projects and strategies tailored to the specific economic development, placemaking, and transportation needs within the corridor. Six Corridors of Opportunity have been identified for investment: Beatties Ford/Rozzelles Ferry, Central/Albemarle, Freedom/Wilkinson, I-85/West Sugar Creek, North Tryon/Graham, and West Boulevard. Current and planned investments are catalyzing community partners to invest in the Corridors of Opportunities. The pivotal work includes collaboration among city departments, Mecklenburg County, non-profit organizations, and for-profit corporations working together to make systemic changes and build economic opportunity in each corridor. Investment in these areas is proposed to continue in FY 2024 with:

- \$5 million proposed for work in the Corridors
- Completing final two playbooks, N. Tryon/N. Graham and Freedom/Wilkinson.

Closing the Digital Divide and Creating a Smart City. As with many cities, the underlying problem of a digital divide became painfully evident for Charlotte during the pandemic. For many residents lack of daily access to the internet limits connection to city services, jobs, and school. In 2020, using council approved CARES funding, the city launched a more targeted effort aimed to bridge the digital divide and provide equitable access to services and opportunities for all residents.

Phase 1 of the city's Access Charlotte Digital Inclusion initiative established the foundation for a repeatable process and an eco-system of partners that carried us into Phase 2.

Phase 2, which the city is currently executing, is funded with funds from the American Rescue Plan Act. This includes City 311 agents triaging residents' calls concerning technology support for city sponsored internet and funding Digital Navigators services in conjunction with Queens University where residents are provided training on basic digital skills and assistance with accessing discounted home internet services.

Phase 3 will focus on workforce preparation through technology-focused certification programs and a Learn to Earn program that will enable residents to develop technical job skills, while earning technology items; developing a universal application framework for single, easy to use hub for residents to seek or be connected to city services through one account; and innovative technology which will work with 5G providers on expansion of ubiquitous high-speed wireless internet as well as a collaborative and inclusive environment for tech development.

Stowe Regional Water Resource Recovery Facility. Charlotte Water remains focused on maintaining high-quality drinking water and wastewater systems, while ensuring operational efficiency and compliance. The planned 5-year capital investment program maintains existing infrastructure while meeting the expanding needs of our growing city. Charlotte Water identified the need for a new water resource recovery facility to support expected growth and provide a cost-effective, regional solution for wastewater treatment for not only western Mecklenburg County, but for the Belmont and Mount Holly communities. Currently, wastewater from this area is pumped 27 miles to the McAlpine Wastewater Treatment Plant.

Fourth Parallel Runway. Identified in the Airport's 2016 Master Plan Update, the Fourth Parallel Runway program was identified to address runway capacity to meet future demand at acceptable levels of runway delay. The program includes the design and construction of a new 10,000-foot long by 150 feet wide parallel runway, including North and South End-Around Taxiways. The construction of the South End-Around Taxiway will require a relocation of one mile of West Boulevard.

AWARDS AND ACKNOWLEDGMENTS

For the 38th consecutive year, the City of Charlotte received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the city's annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We are confident that the city's fiscal year 2023 ACFR also meets the Certificate of Achievement Program's requirements and will be submitting it to the GFOA for consideration of another award.

For the ninth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Charlotte, North Carolina, for its Annual Budget for the fiscal year beginning July 1, 2022. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to City of Charlotte, North Carolina for its Popular Annual Financial Report for the fiscal year ended June 30, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding

Achievement in Popular Annual Financial Reporting is valid for a period of one year only. City of Charlotte, North Carolina has received a Popular Award for the last two consecutive years (fiscal years ended 2021-2022). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

We commend staff for their integrity, professional competency, and dedication to the work of the city throughout the year. Their commitment to maintaining the highest standards of professionalism in the fiscal management of the city is foundational to the successful preparation of this ACFR. We also credit the Mayor and City Council for their strong leadership and support in setting sound fiscal policy to ensure financial resources are managed prudently and provide a foundation for financial sustainability.



Marcus D. Jones
City Manager



Teresa Smith
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Charlotte
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

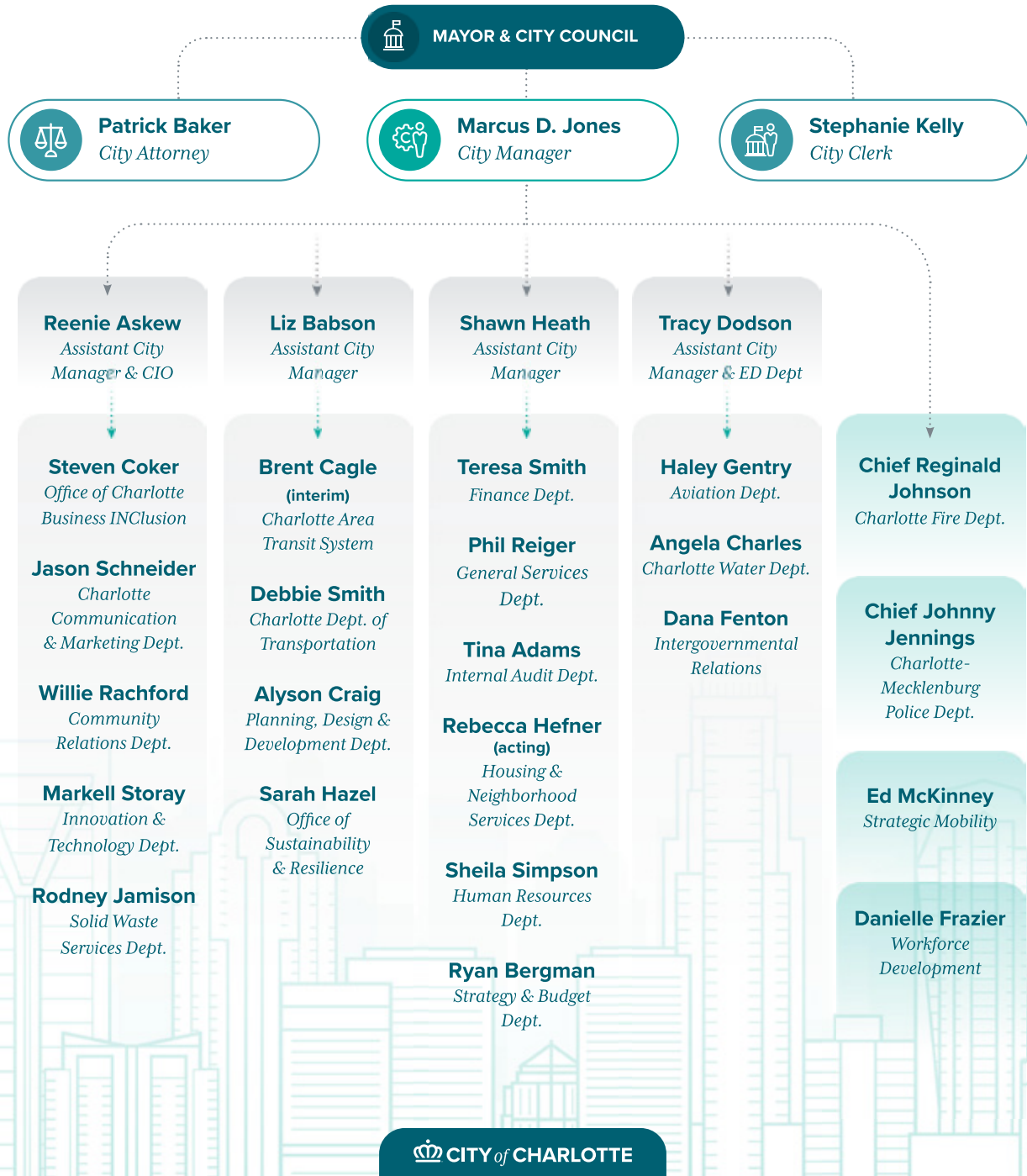
June 30, 2022

Christopher P. Morill

Executive Director/CEO



CITY OF CHARLOTTE ORGANIZATION





THIS PAGE INTENTIONALLY LEFT BLANK



Financial Section

Annual Comprehensive Financial Report 2023



Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charlotte, North Carolina (the “City”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Charlotte Regional Visitors Authority (“CRVA”), which is a discretely presented component unit as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CRVA, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements and schedules, as listed in the table of contents, and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and report of the other auditors, the combining and individual fund statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Charlotte, North Carolina
October 31, 2023



THIS PAGE INTENTIONALLY LEFT BLANK



Management's Discussion and Analysis

Annual Comprehensive Financial Report 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Dollar Amounts in Millions)

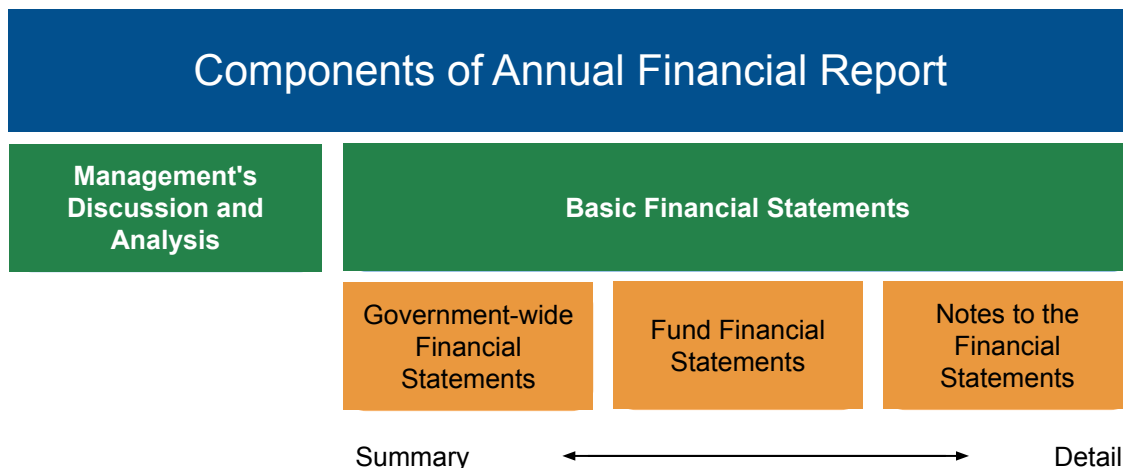
This section of the City of Charlotte's (City) annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The 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 \$13,061.3 (net position). Of this amount, \$747.1 (unrestricted net position) may be used to meet the government's ongoing obligations to residents and creditors.
- The overall financial position of the City improved in 2023 as evidenced by an increase in total net position of \$576.3. This increase was from business-type activities, \$438.9, and an increase in governmental activities, \$137.4.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,116.9, an increase of \$110 in comparison with the prior year. This increase resulted from an increase in revenue from property and other taxes, as well as a decrease in total expenditures.
- Unassigned fund balance in the General fund was \$133.4 at June 30, 2023 and represents a traditional fund balance reserve maintained for emergencies, liquidity and overall financial strength. This meets the City Council's goal of 16 percent of the budget for fiscal year 2023. The amount exceeding the City Council's goal of 16 percent, \$15.7, is committed.
- The City has consistently maintained its Aaa rating from Moody's Investors Service and AAA rating from Standard & Poor's Ratings Services and Fitch Ratings.
- During the year, the City implemented GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITAs). The implementation of this standard requires reporting of the right to use another party's subscription-based information technology software and recognizing a subscription liability based on the subscription contract.
- The City, in compliance with the exceptions to termination of hedge accounting detailed in GASB 93, transitioned to use of the Secured Overnight Financing Rate (SOFR) as a benchmark rate for the derivative instrument related to the 2009D Hall of Fame Certificates of Participation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the City's basic financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. This diagram shows how the components of the annual report are arranged and relate to one another.



The first two statements (pages 21-23) are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status. The remaining statements (pages 24-41) are fund

financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

- The *governmental funds statements* tell how general government services like public safety were financed in the short-term as well as what remains for future spending. A budgetary comparison statement has been provided for the General fund to demonstrate budgetary compliance.
- *Proprietary funds statements* offer short- and long-term financial information about the activities the City operates like businesses, such as the water and sewer system.
- *The fiduciary funds statements* reflect the financial relationship with the Firefighters' Retirement System, which provides benefits exclusively for certain City employees, and the Employee Benefit Trust, which accumulates resources for the provision of other postemployment benefit payments for certain retirees and their beneficiaries.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data (pages 45-102). A section is also included with required supplementary information and combining statements that provides details about non-major governmental funds, internal service funds, and fiduciary funds, each of which are totaled and presented in single columns in the basic financial statements. This section (pages 104-160) also includes detailed budgetary information required by North Carolina General Statutes.

The remainder of this overview section explains the structure and contents of the government-wide and fund financial statements.

Government-wide financial statements. The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The *statement of net position* is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating. Other nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads must be considered to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. The statement accounts for all of the current year's revenues and expenses regardless of when cash is received or paid.

The government-wide financial statements are divided into three categories:

- **Governmental activities** - Most of the City's basic services are included here, such as public safety, community planning and development, and streets and highways. Property taxes, other taxes, and grants and contributions finance most of these activities.
- **Business-type activities** - The City charges fees to customers to cover the costs of certain services provided. The City's water and sewer system, storm water system, airport, and public transit system are included here.
- **Component unit** - The City's annual report includes one other entity, the Charlotte Regional Visitors Authority. Although legally separate, the City appoints the governing board and provides financial support.

Fund financial statements. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting groups that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State Statutes. Other funds are established to control and manage resources designated for specific purposes.

The City has three kinds of funds:

- **Governmental funds** - Most of the City's basic services are included in governmental funds, which focus on (1) the flow in and out of cash and other financial assets that can readily be converted to cash and (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

The City adopts an annual budget for the General fund, as required by State Statutes. A budgetary comparison statement is presented for the General fund using the City's budgetary basis of accounting. This statement reflects the following: (a) the original budget, (b) the final budget as amended, (c) actual resources, and (d) the



variance between the final budget and actual resources. Because the budgetary basis of accounting differs from the modified accrual basis used in the funds statements, reconciliation is provided at the end of the statement.

- Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has two types of proprietary funds. Enterprise funds are the same as the business-type activities (shown in the government-wide financial statements), but provide more detail and additional information, such as cash flows. Internal service funds are used to report activities that provide supplies and services for the City's other programs and activities. These internal service activities predominantly benefit governmental rather than business-type activities; therefore, they have been included with governmental activities in the government-wide financial statements.
- Fiduciary funds - The City is the trustee, or fiduciary, for the Firefighters' Retirement System and the Employee Benefit Trust. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$13,061.3 at the close of the most recent fiscal year. A summary of the City's net position at June 30, 2023 and 2022 is presented below.

	Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 1,437.3	\$ 1,372.2	\$ 2,453.6	\$ 2,327.4	\$ 3,890.9	\$ 3,699.6
Capital assets	6,759.6	6,653.8	10,161.6	9,345.8	16,921.2	15,999.6
Total assets	8,196.9	8,026.0	12,615.2	11,673.2	20,812.1	19,699.2
Deferred outflows of resources	958.8	760.1	100.2	88.9	1,059.0	849.0
Current and other liabilities	271.8	301.7	511.5	408.0	783.3	709.7
Noncurrent liabilities	2,890.8	2,401.3	4,267.8	3,790.5	7,158.6	6,191.8
Total liabilities	3,162.6	2,703.0	4,779.3	4,198.5	7,941.9	6,901.5
Deferred inflows of resources	657.7	885.1	210.3	276.6	868.0	1,161.7
Net position:						
Net investment in capital assets	5,145.4	5,076.9	6,301.3	5,871.0	11,446.7	10,947.9
Restricted	384.8	321.8	482.7	459.0	867.5	780.8
Unrestricted	(194.8)	(200.7)	941.9	957.0	747.1	756.3
Total net position	\$ 5,335.4	\$ 5,198.0	\$ 7,725.9	\$ 7,287.0	\$ 13,061.3	\$ 12,485.0

By far the largest portion of the City's net position (88 percent) reflects its investment in capital assets (land, buildings, roads, bridges, etc.), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

An additional portion of the City's net position (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$747.1) may be used to support operations and provide for payment of long-term debt.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole, as well as for its business-type activities. Unrestricted net position for governmental activities is negative due to pensions and other postemployment benefit plans (OPEB), detailed in Note 5 in the notes to the financial statements.

Government-wide net position increased by \$576.3 during the current fiscal year from an increase in both governmental and business-type activities.

Changes in net position. The following table presents the City's changes in net position for the fiscal years ended June 30, 2023 and 2022.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Fees, fines and charges for services	\$ 168.6	\$ 159.2	\$ 1,089.1	\$ 987.5	\$ 1,257.7	\$ 1,146.7
Operating grants and contributions	81.4	99.9	107.3	120.4	188.7	220.3
Capital grants and contributions	33.7	38.0	228.5	226.6	262.2	264.6
General revenues:						
Property taxes	553.0	531.2	-	-	553.0	531.2
Other taxes	398.0	354.4	154.6	139.2	552.6	493.6
Grants and contributions not restricted to specific programs	34.8	33.8	-	-	34.8	33.8
Other	38.7	(4.1)	61.6	(12.3)	100.3	(16.4)
Total revenues	1,308.2	1,212.4	1,641.1	1,461.4	2,949.3	2,673.8
Program expenses						
Public safety	577.2	500.6	-	-	577.2	500.6
Sanitation	83.9	73.8	-	-	83.9	73.8
General administration	69.0	57.9	-	-	69.0	57.9
Support services	56.4	55.0	-	-	56.4	55.0
Engineering and property management	37.1	35.7	-	-	37.1	35.7
Streets and highways	78.5	69.4	-	-	78.5	69.4
Culture and recreation	75.1	55.6	-	-	75.1	55.6
Community planning and development	120.3	124.4	-	-	120.3	124.4
Business-type grant related	-	3.3	-	-	-	3.3
Interest and other charges	44.8	43.5	-	-	44.8	43.5
Water	-	-	234.8	237.3	234.8	237.3
Sewer	-	-	248.5	240.4	248.5	240.4
Storm Water	-	-	48.9	41.2	48.9	41.2
Airport	-	-	423.8	367.4	423.8	367.4
Public Transit	-	-	274.7	249.0	274.7	249.0
Total expenses	1,142.3	1,019.2	1,230.7	1,135.3	2,373.0	2,154.5
Excess (deficit) before transfers	165.9	193.2	410.4	326.1	576.3	519.3
Transfers	(28.5)	(160.6)	28.5	160.6	-	-
Increase (decrease) in net position	137.4	32.6	438.9	486.7	576.3	519.3
Net position - beginning	5,198.0	5,146.0	7,287.0	6,777.2	12,485.0	11,923.2
Restatement	-	19.4	-	23.1	-	42.5
Net position - ending	\$ 5,335.4	\$ 5,198.0	\$ 7,725.9	\$ 7,287.0	\$ 13,061.3	\$ 12,485.0

Total government-wide revenues of \$2,949.3 were derived primarily from fees, fines, and charges for services (43 percent) and property and other taxes (37 percent). These sources of revenues increased 8.8 percent from the prior year.

The total expenses of all programs were \$2,373.0. The expenses cover a range of services with the two largest being transportation (streets and highways, airport and public transit) for 33 percent and public safety (fire and police) for 24 percent.

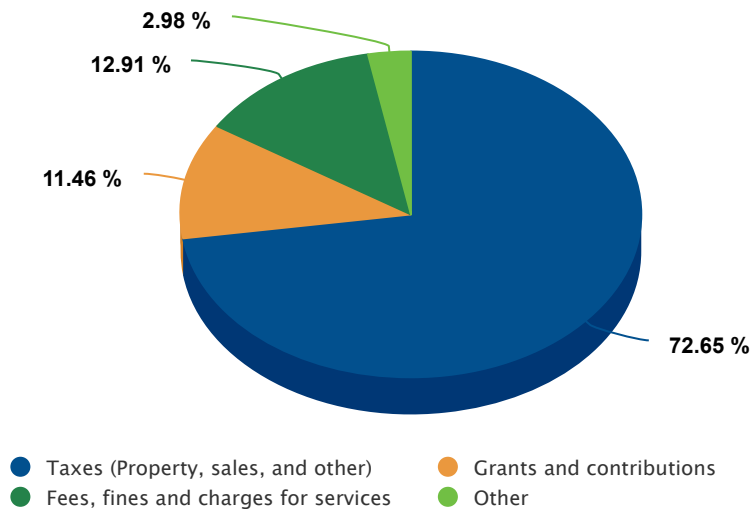
Governmental Activities

As shown in the chart, property, sales and other taxes (73 percent) and fees, fines and charges for services (12.91 percent) were the major sources of revenues for governmental activities.

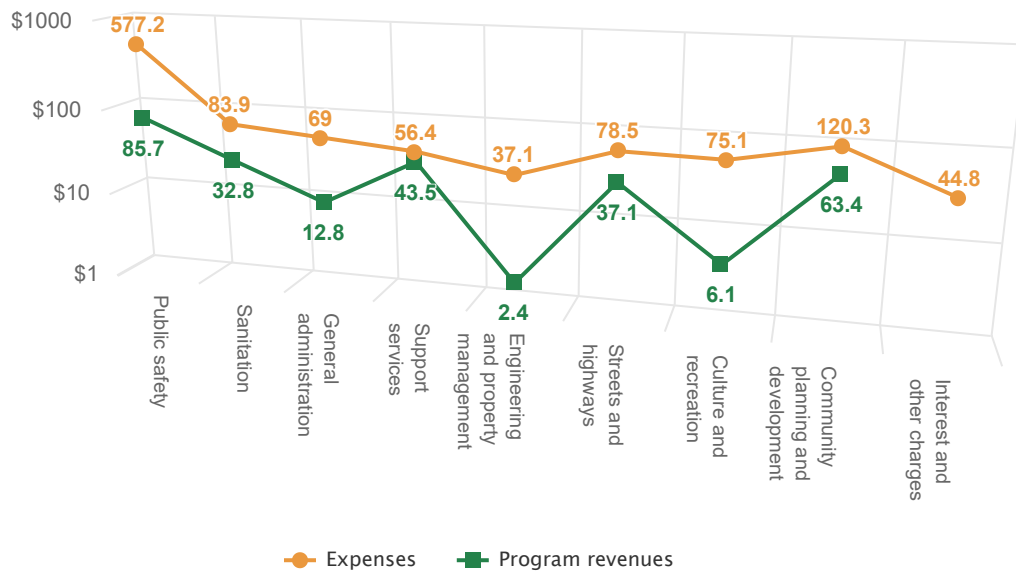
Governmental revenues increased by \$95.8 compared to the prior year with increases in all major sources of revenue with the exception of grants and contributions which decreased by \$22.8. This increase can be attributed to the increases in sales and property taxes and charges for services. Prices increased by 6.3 percent due to inflation but consumers remained confident about the economy and continued to spend.

Governmental expenses increased from \$1,019.2 to \$1,142.3 during this fiscal year. This increase is attributable to the increase in wages and salaries. The increase in expenses are also due to the increases in depreciation and amortization from new assets and leases and implementation of GASB 96, SBITAs.

Governmental Revenues by Source



The following chart highlights the net cost (total cost less fees generated by the activities and intergovernmental grants) of the City's governmental programs mainly public safety, sanitation, and community planning and development. The net cost shows the financial support provided by taxes and other general revenue sources not restricted to specific programs.

Governmental Expenses Compared with Program Revenues

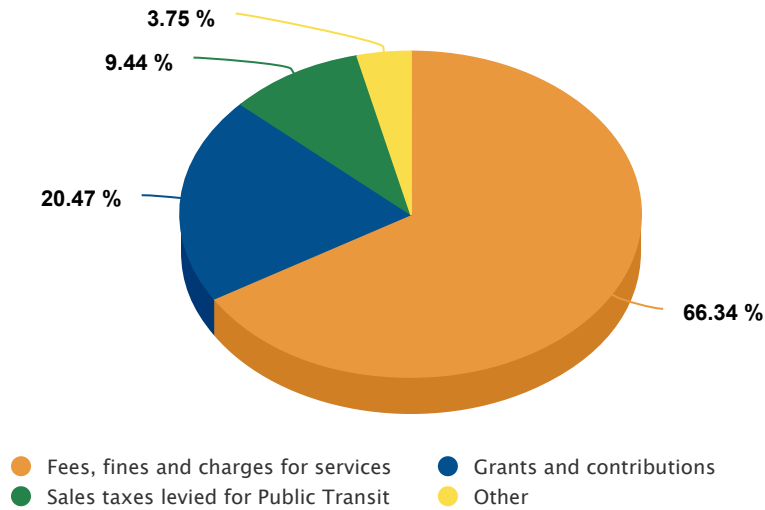
In addition to property and other taxes, the total cost of services of \$1,142.3 was supported by \$115.1 provided by other governments and organizations for specific programs and \$168.6 provided by fees, fines and charges from those who directly benefited from the programs.

Business-type Activities

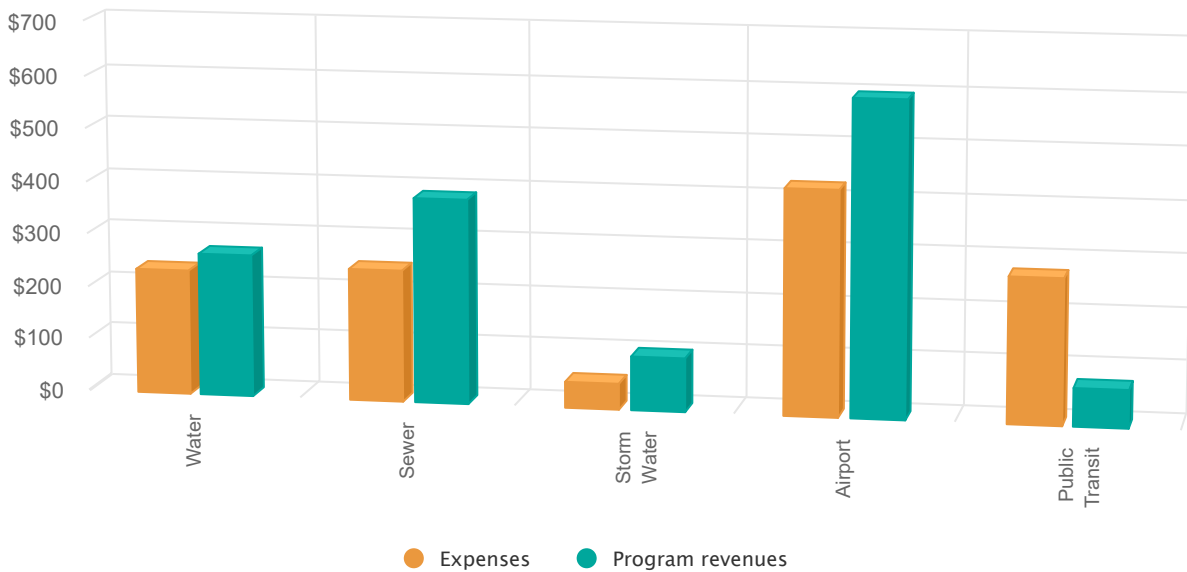
Revenues for the business-type activities were \$1,641.1, an increase of 12 percent from the prior year. This increase is mostly due to increases in fines, fees and charges for services. Specifically, Airport and Public Transit revenues were \$448.3, a 11.0 percent increase from the prior year largely due to the increase in customers traveling now that the COVID 19 pandemic has ended.

The chart below highlights the net cost of the City's business-type programs. For all business-type activities, except Public Transit, user rates and fees are established to provide for operating expenses, debt service costs and adequate working capital. Public Transit passenger fares are established to provide reasonably priced public mass transportation and therefore may not cover all operating costs. In addition to fare revenues, state operating assistance grants, a one-half percent sales tax and contributions from other local governments fund the transit program.

Business-type Revenues by Source



Business-type Expenses Compared with Program Revenues



Overall, business-type activities expenses are up \$95.4 over the prior year, which is attributed to increases in salary and benefits, increased price and availability of chemicals for treatment of waste and sludge disposals, increased light rail maintenance and operations, and \$26.0 related to a capacity fees lawsuit with Charlotte Water.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City 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 financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at

the end of the fiscal year. At June 30, 2023, the governmental funds reported a combined fund balance of \$1,116.9, an increase of \$110, or 9.85 percent, from last year. This amount consists of the following:

- (a) \$15.1 non-spendable for inventories, perpetual care, and prepaid items,
- (b) \$381.5 restricted for State Statute and specific programs,
- (c) \$477.2 committed primarily for capital projects,
- (d) \$109.9 assigned for debt service, and
- (e) \$133.2 unassigned.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$133.4, while total fund balance reached \$237.1. The City's Capital Investment Plan Financial Policies include a policy to maintain fund balance at 16 percent of the operating budget. Any portion in excess of 16 percent is dedicated to capital expenses, unless otherwise directed by City Council. At June 30, 2023, \$15.7 is committed for capital projects.

Other major governmental funds are the debt service, capital projects, and general COVID relief funds. The debt service fund has a total fund balance of \$218.2, all of which will be used for either the payment of debt service or is restricted by State Statute. Debt service fund balance increased \$16.2 from the prior year due in part to a net increase of \$5.0 in tax revenue and \$7.7 in investment income. The capital projects fund has a total fund balance of \$376.3, almost all of which is committed for future capital projects. Capital project fund balance increased \$12.5 from the prior year. The general COVID relief fund has a total fund balance of \$0.07 all of which is restricted for public safety expenditures.

Proprietary funds. Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year amounted to \$53.4 in the Water and Sewer fund, \$118.2 in the Storm Water fund, \$540.6 in the Airport fund and \$244.8 in the Public Transit fund. The changes in net position for the funds were \$187.1, \$54.6, \$209.9 and (\$5.2), respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were \$25.5 below the final budgeted amount. Sales, utilities sales, and other taxes were \$14.8 more than expected due to federal stimulus funds used to mitigate the effects of the pandemic on consumers and boost the economy.

The fiscal 2023 budget increased 4.4 percent over the fiscal 2022 budget to address the Mayor and Council's priorities, including neighborhood improvements, community safety, and economic growth locally and globally through business developments. The two largest revenue sources in the general fund are property tax and sales tax which comprise 70.7 percent of total revenue.

Actual expenditures were \$1.3 below final budget amounts for fiscal year 2023. This discipline in spending has been part of the City's strategy over the last few years of maintaining strong reserves, being structurally balanced, having a long-term strategy for infrastructure, and protecting core services from volatile revenue, which has allowed successful management through the shocks of COVID-19.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2023, the City had \$16,921.2 (net of accumulated depreciation and amortization) in capital assets consisting primarily of land, buildings, roads, and water and sewer lines. This amount represents a net increase of \$921.6, or 4.8 percent over last year. The following is a summary of capital assets at June 30, 2023 and 2022:

Capital Assets

(Net of Depreciation and Amortization)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 3,706.4	\$ 3,655.5	\$ 670.2	\$ 632.3	\$ 4,376.6	\$ 4,287.8
Buildings	977.0	1,009.7	1,039.9	1,039.8	2,016.9	2,049.5
Improvements other than buildings	-	-	7,044.3	6,413.1	7,044.3	6,413.1
Infrastructure	1,691.2	1,658.8	-	-	1,691.2	1,658.8
Intangibles	6.1	7.2	40.9	23.7	47.0	30.9
Machinery and equipment	84.1	81.1	381.7	367.1	465.8	448.2
Construction in progress	226.4	229.8	962.5	857.6	1,188.9	1,087.4
Right to use land	-	-	10.5	10.8	10.5	10.8
Right to use buildings	16.5	10.6	-	-	16.5	10.6
Right to use infrastructure	1.5	-	-	-	1.5	-
Right to use machinery and equipment	0.4	1.1	1.7	1.4	2.1	2.5
SBITAs	50.0	-	9.9	-	59.9	-
Totals	\$ 6,759.6	\$ 6,653.8	\$ 10,161.6	\$ 9,345.8	\$ 16,921.2	\$ 15,999.6

This year's major capital asset additions included:

- Long Creek Waste Water Treatment Plant - \$67.7
- Central Energy Plant - \$64.7
- Ramp D&E Dual Taxilanes - \$24.6
- McAlpine Aeration & Clarifier Rehab - \$24.4

At June 30, 2023, authorized and unexpended capital projects totaled \$2,827.3 as follows: Governmental \$1,178.9, Water and Sewer \$613.9, Storm Water \$152.5, Airport \$559.0, and Public Transit \$322.9. The City has plans to issue additional debt to finance these projects in addition to using resources currently available.

More detailed information about the City's capital assets is presented in Note 4.f. to the financial statements.

Long-term debt. At June 30, 2023, the City had \$5,770.8 of debt outstanding in bonds, installment purchases, derivative instrument liability, and other financing agreements. This was an increase of \$434.6 over last year. Details by type of debt are presented in the following table:

Outstanding Debt

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General obligation bonds (backed by the City's taxing authority)	\$ 711.8	\$ 780.1	\$ 1.7	\$ 8.4	\$ 713.5	\$ 788.5
Revenue bonds (backed by specific fee revenues)	-	-	3,359.9	3,088.7	3,359.9	3,088.7
Direct placement installment purchases	627.3	675.8	271.7	290.9	899.0	966.7
Direct placement general obligation bond anticipation notes	184.8	90.5	-	-	184.8	90.5
Direct placement revenue bond anticipation notes	-	-	433.6	263.3	433.6	263.3
Derivative instrument liability	8.8	17.7	-	15.6	8.8	33.3
Swaption borrowing payable	3.8	4.2	-	-	3.8	4.2
Direct borrowing loans and other financing agreements	-	-	89.5	87.8	89.5	87.8
Leases	18.8	11.8	1.7	1.4	20.5	13.2
SBITAs	48.1	-	9.3	-	57.4	-
Totals	\$ 1,603.4	\$ 1,580.1	\$ 4,167.4	\$ 3,756.1	\$ 5,770.8	\$ 5,336.2

New debt for 2023 resulted from issuing revenue bonds (\$558.9) for refunding debt and bond anticipation notes (\$333.9).

The City's sound financial condition is evidenced by the continuation of its Aaa rating from Moody's Investors Service and AAA rating from Standard & Poor's Ratings Services and Fitch Ratings. Charlotte is one of the few major cities in the nation that maintains the highest financial category rating from these rating agencies. This achievement is a primary factor in keeping interest costs low on the City's outstanding debt.

The City's total debt of \$5,770.8 arises from both governmental and business-type activities. The largest portion of debt is revenue bonds, 58.2 percent, which are backed by specific fee revenues, rather than the City's taxing authority.

North Carolina General Statutes limit the amount of general obligation debt that the City can issue to 8 percent of the total assessed value of taxable property. The legal debt margin for the City at June 30, 2023 was \$9.8 billion. The City had \$472.2 in authorized but unissued debt for streets, housing, and neighborhood improvements.

More detailed information about the City's long-term liabilities is presented in Note 4.j. of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic indicators impact the City's budget outlook:

- During fiscal year 2023, 24,071 building permits were issued with a value of over \$9.1 billion compared to 26,111 permits for 2022.
- Retail sales during fiscal year 2023 were \$34.1 billion compared to \$31.0 billion for fiscal year 2022. Sales tax revenue is projected to fall by 8.5 percent next year due to decline in economic activity.
- The June 2023 unemployment rate was 3.5 percent compared to 3.6 percent for the State and 3.8 percent for the nation. As of March 2023, employment grew by 3.2 percent, adding 44,300 jobs compared to the same period last year.
- Assessed property valuations are expected to exceed \$214.8 billion for 2024 compared to \$155.2 billion for 2023, or an increase of 38.4 percent.

The fiscal 2024 operating budget is \$1,875.9, an increase of 8.5 percent over fiscal year 2023. The development of the 2024 budget included a review of revenue and financial approaches that maintain a good value to tax and rate-payers, are consistent with Council policy, and uphold the city's strong financial ratings.

The 2024 General fund budget increased by \$48.8 to \$833.6 and reflects a 6.2 percent increase from fiscal year 2023. The two largest revenue sources in the General fund are property tax and sales tax which comprise approximately 70.6 percent of total revenue.

The following are highlights for the 2024 budgets for the business-type activities:

- The Water and Sewer budget is \$226.4, a 15.8 percent increase over 2023, and includes an increase of \$6.4 to update funding to more accurately reflect operational needs in contracted services, maintenance materials and supplies, chemicals for treatment, and energy utilities.
- The Storm Water budget is \$29.2, a 19.4 percent increase from 2023 and includes a reduction of \$7.8 to adjust cash transfers to capital projects based on Storm Water's financial planning and capital project schedule.
- The Airport budget is \$224.9, a 20.2 percent increase from 2023, and includes an increase to restore funding for service contracts that were reduced due to the impact of COVID-19. This restores funding to reflect the return of passengers and to respond to inflationary pressures. There is also an increase to provide support for increases in costs of goods and services across the aviation department.
- The Public Transit budget is \$227.6, a 7.8 percent increase over 2023, and includes an increase of \$6.1 to provide funds for compliance mandates, inflation, aging equipment, licenses, and other contingencies.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide residents, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning this report or requests for additional financial information should be directed to the City of Charlotte's Finance Department, 600 East Fourth Street, Charlotte, NC 28202-2848.



THIS PAGE INTENTIONALLY LEFT BLANK



Basic Financial Statements

Annual Comprehensive Financial Report 2023

CITY OF CHARLOTTE, NORTH CAROLINA

STATEMENT OF NET POSITION

June 30, 2023

(Dollar Amounts in Thousands)

	Primary Government			Component Unit Charlotte Regional Visitors Authority
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash, cash equivalents and investments	\$ 919,150	\$ 1,404,822	\$ 2,323,972	\$ 43,919
Receivables, net	21,694	132,512	154,206	3,450
Lease receivables, net	12,775	162,124	174,899	306
Due from other governmental agencies	140,244	94,557	234,801	1,929
Due from component unit	2,131	-	2,131	-
Due from primary government	-	-	-	591
Internal balances	14,699	(14,699)	-	-
Inventories	1,748	18,536	20,284	712
Prepaid items	2,782	5,029	7,811	1,449
Restricted assets:				
Temporarily restricted-				
Cash and cash equivalents	46	341,573	341,619	-
Investments	132,021	274,601	406,622	-
Permanently restricted-				
Cash, cash equivalents and investments	3,350	-	3,350	-
Notes receivable	186,668	-	186,668	-
Restricted Net OPEB asset (Note 5.f.)	-	34,512	34,512	-
Capital assets (Note 4.f.)				
Land	3,706,404	670,194	4,376,598	-
Buildings, improvements, infrastructure, intangibles, and machinery and equipment, net of depreciation	2,758,415	8,506,866	11,265,281	-
Construction in progress	226,351	962,454	1,188,805	-
Right to use lease assets, net of amortization	18,412	12,199	30,611	786
Right to use SBITA assets, net of amortization	50,032	9,915	59,947	548
Total assets	8,196,922	12,615,195	20,812,117	53,690
Deferred Outflows Of Resources:				
Pension deferrals (Note 5)	789,970	54,267	844,237	5,731
OPEB deferrals (Note 5.f.)	90,447	11,344	101,791	3,682
Contributions to pension plan in current fiscal year (Note 5)	68,148	19,830	87,978	2,570
Accumulated decrease in fair value of hedging derivatives	8,781	-	8,781	-
Loss on refundings	497	10,839	11,336	-
Unamortized bond refunding charges	936	3,938	4,874	-
Total deferred outflows of resources	958,779	100,218	1,058,997	11,983
Liabilities:				
Accounts payable/claims payable	135,726	272,922	408,648	11,357
Deposits and retainage payable	7,272	31,502	38,774	8,111
Accrued interest payable	10,002	35,967	45,969	-
Due to component unit	519	72	591	-
Due to primary government	-	-	-	2,131
Unearned revenues	91,704	6,336	98,040	86
Liabilities payable from restricted assets	26,629	164,736	191,365	-
Noncurrent liabilities:				
Due within one year	153,540	132,891	286,431	-
Due after one year-				
Pension liability (Note 5)	961,328	111,543	1,072,871	12,106
Net OPEB liability (Note 5.f.)	246,701	2,090	248,791	19,786
Bonds, notes, claims and compensated absences	1,529,241	4,021,259	5,550,500	2,297
Total liabilities	3,162,662	4,779,318	7,941,980	55,874
Deferred Inflows Of Resources:				
Leases	11,783	154,817	166,600	485
Prepaid taxes	130	-	130	-
Pension deferrals (Note 5)	450,376	2,462	452,838	642
OPEB deferrals (Note 5.f.)	169,670	21,280	190,950	8,313
Gain on refundings	25,693	31,725	57,418	-
Total deferred inflows of resources	657,652	210,284	867,936	9,440
Net Position:				
Net investment in capital assets	5,145,375	6,301,275	11,446,650	-
Restricted for:				
State statute	99,491	-	99,491	-
Debt service	-	112,394	112,394	-
Perpetual care - Nonexpendable	3,350	-	3,350	-
Other purposes (Note 1.d.(10))	281,991	-	281,991	-
Passenger facility charges	-	272,317	272,317	-
Contract facility charges	-	7,967	7,967	-
Airport working capital	-	55,467	55,467	-
Net OPEB asset (Note 5.f.)	-	34,512	34,512	-
Unrestricted (deficit)	(194,820)	941,879	747,059	359
Total net position	\$ 5,335,387	\$ 7,725,811	\$ 13,061,198	\$ 359

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



FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental-				
Public safety	\$ 577,242	\$ 54,301	\$ 29,629	\$ 1,767
Sanitation	83,856	32,046	716	-
General administration	68,980	4,409	8,431	-
Support services	56,383	43,448	76	15
Engineering and property management	37,133	1,599	729	25
Streets and highways	78,546	8,901	4,947	23,202
Culture and recreation	75,074	2,947	1,001	2,151
Community planning and development	120,274	20,920	35,849	6,590
Interest and other charges	44,779	-	-	-
Total governmental	1,142,267	168,571	81,378	33,750
Business-type-				
Water	234,800	215,157	-	54,640
Sewer	248,538	325,379	-	61,993
Storm water	48,956	100,257	-	-
Airport	423,806	432,780	71,398	90,430
Public transit	274,792	15,548	35,860	21,462
Total business-type	1,230,892	1,089,121	107,258	228,525
Total primary government	\$ 2,373,159	\$ 1,257,692	\$ 188,636	\$ 262,275
Component Unit:				
Charlotte Regional Visitors Authority	\$ 92,371	\$ 60,835	\$ -	\$ -
General revenues:				
Taxes-				
Property				
Sales				
Sales, levied for Public transit				
Utility franchise				
Occupancy				
Prepared foods				
Business privilege				
Municipal vehicle				
Payment from City of Charlotte				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
\$ (491,545)	\$ -	\$ (491,545)	\$ -
(51,094)	-	(51,094)	-
(56,140)	-	(56,140)	-
(12,844)	-	(12,844)	-
(34,780)	-	(34,780)	-
(41,496)	-	(41,496)	-
(68,975)	-	(68,975)	-
(56,915)	-	(56,915)	-
(44,779)	-	(44,779)	-
(858,568)	-	(858,568)	-
-	34,997	34,997	-
-	138,834	138,834	-
-	51,301	51,301	-
-	170,802	170,802	-
-	(201,922)	(201,922)	-
-	194,012	194,012	-
(858,568)	194,012	(664,556)	-
-	-	-	(31,536)
553,022	-	553,022	-
199,853	-	199,853	-
-	154,638	154,638	-
54,548	-	54,548	-
75,071	-	75,071	-
49,596	-	49,596	-
11	-	11	-
18,894	-	18,894	-
-	-	-	40,756
34,776	-	34,776	-
31,580	67,469	99,049	943
7,117	(5,862)	1,255	160
(28,479)	28,479	-	-
995,989	244,724	1,240,713	41,859
137,421	438,736	576,157	10,323
5,197,966	7,287,075	12,485,041	(9,964)
\$ 5,335,387	\$ 7,725,811	\$ 13,061,198	\$ 359

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

(Dollar Amounts in Thousands)

	General	Debt Service	Capital Projects	General COVID Relief	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash, cash equivalents and investments	\$ 206,527	\$ 197,985	\$ 188,610	\$ -	\$ 239,659	\$ 832,781
Receivables, net:						
Property taxes	6,607	1,643	189	-	90	8,529
Accounts	5,478	-	32	-	3	5,513
Lease receivable	12,735	-	21	-	19	12,775
Other	54	-	-	-	179	233
Total receivables	24,874	1,643	242	-	291	27,050
Due from other governmental agencies	64,264	8,945	21,967	7,900	37,146	140,222
Due from other funds	-	11,379	15,798	-	-	27,177
Due from component unit	-	1,833	298	-	-	2,131
Inventories	-	-	1,748	-	-	1,748
Prepaid items	25	-	962	-	-	987
Restricted assets:						
Cash and cash equivalents	-	2	44	-	-	46
Investments	-	20	33,343	-	98,658	132,021
Total restricted assets	-	22	33,387	-	98,658	132,067
Notes receivable	8,000	-	152,734	-	25,934	186,668
Total assets	\$ 303,690	\$ 221,807	\$ 415,746	\$ 7,900	\$ 401,688	\$ 1,350,831
Liabilities, deferred inflows of resources and fund balances						
Liabilities:						
Accounts payable	\$ 35,473	\$ 100	\$ 5,921	\$ 98	\$ 10,437	\$ 52,029
Deposits and retainage payable	7,072	-	-	-	200	7,272
Due to other funds	-	-	6,226	7,673	13,690	27,589
Due to component unit	-	-	85	-	434	519
Unearned revenues	-	-	-	56	91,478	91,534
Liabilities payable from restricted assets	-	-	26,629	-	-	26,629
Total liabilities	42,545	100	38,861	7,827	116,239	205,572
Deferred inflows of resources:						
Leases	11,741	-	23	-	19	11,783
Prepaid taxes	130	-	-	-	-	130
Unavailable revenues	12,150	3,476	519	-	316	16,461
Total deferred inflows of resources	24,021	3,476	542	-	335	28,374
Fund balances:						
Nonspendable:						
Inventories	-	-	1,748	-	-	1,748
Leases	1,048	-	-	-	-	1,048
Perpetual care	-	-	-	-	3,350	3,350
Prepaid items	25	-	962	-	-	987
Long-term notes receivable	8,000	-	-	-	-	8,000
Restricted:						
State statute	78,939	20,552	-	-	-	99,491
Other purposes (Note 1.d.(10))	-	-	-	73	281,918	281,991
Committed:						
Capital projects	15,735	-	373,633	-	-	389,368
Other purposes (Note 1.d.(10))	-	87,790	-	-	-	87,790
Assigned:						
Debt service	-	109,889	-	-	-	109,889
Unassigned (Note 1.d.(10))	133,377	-	-	-	(154)	133,223
Total fund balances	237,124	218,231	376,343	73	285,114	1,116,885
Total liabilities, deferred inflows of resources and fund balances	\$ 303,690	\$ 221,807	\$ 415,746	\$ 7,900	\$ 401,688	\$ 1,350,831

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

CITY OF CHARLOTTE, NORTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2023
(Dollar Amounts in Thousands)

Total fund balances for governmental funds	\$	1,116,885
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.		6,691,167
Right to use lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.		18,409
Right to use SBITA assets used in governmental activities are not financial resources and therefore are not reported in the funds.		49,957
Contributions to pension plans in the current fiscal year are deferred outflows of resources.		67,947
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		23,080
Deferred outflows and inflows related to changes in noncurrent liabilities are neither financial resources nor due and payable in the current period and therefore are not reported in the funds.		(15,479)
Internal service funds are used to charge the costs of insured and uninsured risks of loss as well as employee health and life claims to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		19,198
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (Note 2.a.)		(1,689,489)
Net pension liability		(960,197)
Pension related deferrals		339,069
Net OPEB liability		(246,111)
OPEB related deferrals		(79,049)
Total net position of governmental activities	\$	<u>5,335,387</u>

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

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

(Dollar Amounts in Thousands)

	General	Debt Service	Capital Projects	General COVID Relief	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 426,942	\$ 105,602	\$ 11,357	\$ -	\$ 9,316	\$ 553,217
Other taxes	144,497	32,606	39,017	-	129,516	345,636
Intergovernmental	113,572	-	8,225	8,828	85,457	216,082
Licenses, fees and fines	47,443	61	9,010	-	9,872	66,386
Investment earnings	5,347	5,461	5,994	2	7,046	23,850
Administrative charges	57,006	-	-	-	-	57,006
Charges for current services	14,630	-	-	-	2,009	16,639
Miscellaneous	2,665	160	100	-	5,535	8,460
Private contributions	-	-	428	-	10,835	11,263
Total revenues	812,102	143,890	74,131	8,830	259,586	1,298,539
Expenditures:						
Current-						
Public safety	488,211	-	-	186	31,383	519,780
Sanitation	77,828	-	-	-	31	77,859
General administration	57,820	-	-	-	9,162	66,982
Support services	61,573	103	-	31	45	61,752
Engineering and property management	25,584	-	-	-	73	25,657
Streets and highways	41,241	-	-	-	18,007	59,248
Culture and recreation	-	-	-	-	51,362	51,362
Community planning and development	36,701	9,080	-	8,617	40,769	95,167
Business-type grant funded	-	-	-	-	1,969	1,969
Debt service-						
Principal	13,621	106,545	2,328	-	426	122,920
Interest and other charges	735	56,924	181	-	4	57,844
Capital outlay	-	-	192,407	-	-	192,407
Total expenditures	803,314	172,652	194,916	8,834	153,231	1,332,947
Excess (deficiency) of revenues over (under) expenditures	8,788	(28,762)	(120,785)	(4)	106,355	(34,408)
Other Financing Sources (Uses):						
Proceeds from sales of capital assets	1,175	-	2,837	-	723	4,735
General obligation bonds issued	-	-	94,299	-	-	94,299
Lease liabilities issued	361	-	9,118	-	-	9,479
SBITA liabilities issued	52,661	103	8,517	-	678	61,959
Transfers in	392	77,951	70,445	-	25,266	174,054
Transfers out	(38,737)	(33,070)	(51,863)	-	(76,432)	(200,102)
Total other financing sources (uses)	15,852	44,984	133,353	-	(49,765)	144,424
Net change in fund balances	24,640	16,222	12,568	(4)	56,590	110,016
Fund balances - beginning	212,484	202,009	363,775	77	228,524	1,006,869
Fund balances - ending	\$ 237,124	\$ 218,231	\$ 376,343	\$ 73	\$ 285,114	\$ 1,116,885

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

CITY OF CHARLOTTE, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

(Dollar Amounts in Thousands)

Net change in fund balances - total governmental funds	\$ 110,016
--	------------

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 and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization expense in the current period. (Note 2.b.)	45,318
--	--------

Contributions to the pension plan in the current fiscal year are not included on the statement of activities.	67,947
---	--------

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (Note 2.b.)	60,462
--	--------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	6,018
--	-------

The issuance of long-term debt (e.g., bonds and installment purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position in the government-wide statements. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2.b.)	(42,347)
--	----------

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. (Note 2.b.)	(97,888)
---	----------

Internal service funds are used to charge the costs of insured and uninsured risks of loss as well as employee health and life claims to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.	(12,105)
--	----------

Change in net position of governmental activities	<u>\$ 137,421</u>
---	-------------------

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

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF BUDGETARY COMPARISON (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Property taxes	\$ 424,005	\$ 424,005	\$ 426,942	\$ 2,937
Sales tax	129,679	129,679	143,383	13,704
Other taxes	850	850	1,114	264
Utilities sales tax	53,716	53,716	54,548	832
CATV franchises	6,523	6,523	6,355	(168)
Other intergovernmental	47,139	47,889	52,669	4,780
Refuse fees	31,761	31,761	31,749	(12)
Other licenses, fees and fines	15,278	15,764	15,694	(70)
Investment earnings	775	2,525	5,347	2,822
Administrative charges	56,034	56,034	57,006	972
Charges for current services	13,634	13,634	13,950	316
Miscellaneous	3,867	3,381	2,478	(903)
Sales of capital assets	1,147	1,147	1,175	28
Transfers in-				
Debt Service	123	123	123	-
Special Revenue:				
Convention Center Tax	250	250	250	-
Perpetual Care	19	19	19	-
Total transfers in	392	392	392	-
Resources available for appropriation	784,800	787,300	812,802	\$ 25,502
Fund balance appropriated (contributed)	-	25,737	(1,033)	
Total amounts available for appropriation	\$ 784,800	\$ 813,037	\$ 811,769	
Expenditures:				
Public safety	\$ 472,440	\$ 463,745	\$ 468,301	\$ (4,556)
Sanitation	78,079	81,576	80,594	982
General administration	54,046	55,415	53,910	1,505
Support services	53,726	55,484	55,197	287
Engineering and property management	23,906	27,001	27,446	(445)
Streets and highways	40,159	42,278	41,232	1,046
Community planning and development	38,972	48,801	46,352	2,449
Transfers out-				
Debt Service	20,666	20,666	20,666	-
Capital Projects	-	15,190	15,190	-
Special Revenue:				
State Street Aid	1,000	1,000	1,000	-
Tourism	1,296	1,296	1,296	-
Public Safety and Other Grants	510	510	510	-
Neighborhood Development	-	75	75	-
Total transfers out	23,472	38,737	38,737	-
Total charges to appropriations	\$ 784,800	\$ 813,037	\$ 811,769	\$ 1,268

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

CITY OF CHARLOTTE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF BUDGETARY COMPARISON TO THE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

Sources (inflows) of resources:

Actual amounts (budgetary basis) "available for appropriation" from the statement of budgetary comparison	\$ 811,769
Differences - budget to GAAP:	
Contributed fund balance is a budgetary resource available for appropriation but is not a current-year revenue for financial reporting purposes.	1,033
The difference between lease revenue as measured under GASB 87 and rent revenue received according to the terms of lessor lease agreements is included as an adjustment to charges for current services for financial reporting purposes.	680
Interest revenue recognized on the GASB 87 lease receivable is included as miscellaneous revenue for financial reporting purposes.	187
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(392)
Proceeds from the sale of salvage and land are budgetary resources but are regarded as other financing resources, rather than revenue, for financial reporting purposes.	(1,175)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 812,102</u>

Uses (outflows) of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the statement of budgetary comparison	\$ 811,769
Differences - budget to GAAP:	
The difference between lease capital outlay as measured by GASB 87 and lease expense paid according to the terms of lessee lease agreements is included as an adjustment to expenditures by function for reporting purposes	(1,986)
The difference between SBITA capital outlay as measured by GASB 96 and SBITA expense paid according to the terms of SBITA agreements is included as an adjustment to expenditures by function for reporting purposes	40,652
Principal and interest portions of GASB 87 lease payments and GASB 96 SBITA payments are included within Debt service - Principal and Debt service - Interest and other charges for financial reporting purposes.	14,356
Contra expense for issuance of long-term loans receivable	(8,000)
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(14,740)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(38,737)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 803,314</u>

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

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023
(Dollar Amounts in Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 340,580	\$ 118,504	\$ 736,437
Receivables, net-			
Accounts	59,116	11,579	44,157
Lease receivable	371	-	14,964
Other	2,581	901	9,472
Total receivables	62,068	12,480	68,593
Due from other governmental agencies	13,555	279	23,591
Due from other funds	307	-	105
Prepaid items	-	-	4,304
Inventories	2,230	-	-
Restricted assets-			
Cash and cash equivalents	-	-	341,573
Investments	880	-	273,721
Total restricted assets	880	-	615,294
Total current assets	419,620	131,263	1,448,324
Noncurrent assets:			
Lease receivable	2,983	-	136,419
Net OPEB asset	24,984	-	9,528
Capital assets-			
Land	66,528	1,280	424,905
Buildings	96,992	-	1,393,154
Improvements other than buildings:			
Water and sewer systems	7,046,256	-	-
Storm water systems	-	1,160,001	-
Runways	-	-	542,153
Transit corridors	-	-	-
Other	-	-	526,456
Total improvements other than buildings	7,046,256	1,160,001	1,068,609
Intangibles	48,832	3,869	20,113
Machinery and equipment	89,169	1,549	205,666
Construction in progress	143,767	31,114	716,691
Right to use lease assets	1,109	24	1,233
Right to use SBITA assets	3,067	219	7,429
Total capital assets	7,495,720	1,198,056	3,837,800
Less accumulated depreciation	2,462,275	151,689	1,198,495
Less accumulated right to use lease asset amortization	354	19	310
Less accumulated right to use SBITA asset amortization	578	125	1,648
Total capital assets, net	5,032,513	1,046,223	2,637,347
Total noncurrent assets	5,060,480	1,046,223	2,783,294
Total assets	5,480,100	1,177,486	4,231,618
Deferred Outflows Of Resources:			
Pension deferrals	22,289	4,880	15,971
OPEB deferrals	5,653	1,137	2,657
Contributions to pension plan in current fiscal year	8,145	1,783	5,836
Accumulated decreases in fair value of hedging derivatives	-	-	-
Loss on refundings	10,839	-	-
Unamortized bond refunding charges	3,327	194	417
Total deferred outflows of resources	50,253	7,994	24,881

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

Enterprise Funds		Governmental Activities -	
Public Transit	Total	Internal Service Funds	
\$ 209,301	\$ 1,404,822	\$ 89,719	
2,620	117,472	-	
422	15,757	-	
2,086	15,040	800	
5,128	148,269	800	
57,132	94,557	22	
-	412	-	
725	5,029	1,795	
16,306	18,536	-	
-	341,573	-	
-	274,601	-	
-	616,174	-	
288,592	2,287,799	92,336	
6,965	146,367	-	
-	34,512	-	
177,481	670,194	-	
410,769	1,900,915	-	
-	7,046,256	-	
-	1,160,001	-	
-	542,153	-	
1,014,403	1,014,403	-	
48,358	574,814	-	
1,062,761	10,337,627	-	
24,765	97,579	-	
458,802	755,186	60	
70,882	962,454	-	
13,584	15,950	15	
2,125	12,840	150	
2,221,169	14,752,745	225	
771,982	4,584,441	57	
3,068	3,751	12	
574	2,925	75	
1,445,545	10,161,628	81	
1,452,510	10,342,507	81	
1,741,102	12,630,306	92,417	
11,127	54,267	550	
1,897	11,344	197	
4,066	19,830	201	
-	-	-	
-	10,839	-	
-	3,938	-	
17,090	100,218	948	

Continued on next page

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION-(Continued)
PROPRIETARY FUNDS
June 30, 2023
(Dollar Amounts In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
Liabilities:			
Current liabilities:			
Accounts payable	\$ 175,605	\$ 12,481	\$ 54,168
Claims payable	-	-	-
Deposits and retainage payable	23,795	5,180	1,909
Accrued interest payable	34,302	829	115
Due to component unit	-	-	72
Unearned revenue	6,276	-	45
Current maturities of noncurrent liabilities	103,682	11,773	4,364
Current liabilities payable from restricted assets-			
Accounts payable	661	-	61,217
Deposits and retainage payable	-	-	34,147
Accrued interest payable	-	-	29,425
Revenue bonds payable	-	-	38,536
Total current liabilities payable from restricted assets	661	-	163,325
Total current liabilities	344,321	30,263	223,998
Noncurrent liabilities:			
Revenue bonds payable - net of unamortized premium	1,613,121	220,890	1,394,864
Revenue bond anticipation notes payable	239,610	71,892	122,029
Installment purchases - net of unamortized premium	5,659	845	-
Federal revolving loan payable	-	514	-
State revolving loan payable	84,056	-	-
Refundable water and sewer construction deposits	2,368	-	-
Due to participants	-	-	-
Lease payable	569	-	764
SBITA payable	1,684	-	3,727
Compensated absences payable	4,348	767	3,171
Net pension liability	45,814	10,031	32,828
Net OPEB liability	-	1,483	-
Total noncurrent liabilities	1,997,229	306,422	1,557,383
Total liabilities	2,341,550	336,685	1,781,381
Deferred Inflows Of Resources:			
Leases	3,217	-	144,497
Pension deferrals	1,011	221	725
OPEB deferrals	10,604	2,133	4,985
Gain on refundings	23,985	1,181	5,103
Total deferred inflows of resources	38,817	3,535	155,310
Net Position:			
Net investment in capital assets	3,071,617	727,046	1,321,585
Restricted for:			
Debt service	-	-	112,394
Passenger facility charges	-	-	272,317
Contract facility charges	-	-	7,967
Working capital	-	-	55,467
Net OPEB asset	24,984	-	9,528
Unrestricted	53,385	118,214	540,550
Total net position	\$ 3,149,986	\$ 845,260	\$ 2,319,808

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
Net position of business-type activities

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

Enterprise Funds		Governmental Activities - Internal Service Funds	
Public Transit	Total		
\$ 30,668	\$ 272,922	\$ 1,956	
-	-	81,760	
618	31,502	-	
721	35,967	2	
-	72	-	
15	6,336	170	
13,072	132,891	157	
416	62,294	-	
334	34,481	-	
-	29,425	-	
-	38,536	-	
750	164,736	-	
45,844	644,426	84,045	
-	3,228,875	-	
-	433,531	-	
245,497	252,001	-	
-	514	-	
-	84,056	-	
-	2,368	-	
-	-	2,941	
-	1,333	-	
856	6,267	-	
4,028	12,314	175	
22,870	111,543	1,131	
607	2,090	590	
273,858	4,134,892	4,837	
319,702	4,779,318	88,882	
7,103	154,817	-	
505	2,462	25	
3,558	21,280	371	
1,456	31,725	-	
12,622	210,284	396	
1,181,027	6,301,275	-	
-	112,394	-	
-	272,317	-	
-	7,967	-	
-	55,467	-	
-	34,512	-	
244,841	956,990	4,087	
\$ 1,425,868	7,740,922	\$ 4,087	
	(15,111)		
	\$ 7,725,811		

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
Operating Revenues:			
Charges for services	\$ 424,449	\$ 96,736	\$ 332,785
Availability fees	53,896	-	-
System development fees	57,126	-	-
Licenses, fees, fines	-	3,521	-
Miscellaneous	5,065	-	20,721
Total operating revenues	540,536	100,257	353,506
Operating Expenses:			
Administration	69,946	4,949	41,166
Operations and maintenance	171,295	16,883	139,959
Claims and insurance premiums	-	-	-
Other	2,068	-	36,764
Right to use lease amortization	180	10	202
Right to use SBITA amortization	578	125	1,648
Depreciation	175,861	18,706	93,142
Total operating expenses	419,928	40,673	312,881
Operating income (loss)	120,608	59,584	40,625
Nonoperating Revenues (Expenses):			
Sales tax	-	-	-
Grant contributions	-	-	71,398
Passenger facility charges	-	-	66,511
Contract facility charges	-	-	12,763
Investment earnings	9,291	3,131	47,589
Interest expense and other charges	(60,544)	(7,851)	(52,901)
Non-airline terminal revenue distribution	-	-	(56,165)
Miscellaneous	2,793	137	(9,610)
Total nonoperating revenues (expenses)	(48,460)	(4,583)	79,585
Income (loss) before contributions and transfers	72,148	55,001	120,210
Capital Contributions	116,633	-	90,430
Transfers In	-	-	-
Transfers Out	(1,712)	(400)	(728)
Change in net position	187,069	54,601	209,912
Total net position - beginning	2,962,917	790,659	2,109,896
Total net position - ending	\$ 3,149,986	\$ 845,260	\$ 2,319,808

Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds
Change in net position of business-type activities

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

Enterprise Funds		Governmental Activities -	
Public Transit	Total	Internal Service Funds	
\$ 15,373	\$ 869,343	\$ 157,608	
-	53,896	-	
-	57,126	-	
-	3,521	-	
175	25,961	-	
15,548	1,009,847	157,608	
26,196	142,257	25,352	
177,282	505,419	-	
-	-	153,891	
-	38,832	-	
364	756	6	
574	2,925	75	
60,467	348,176	2	
264,883	1,038,365	179,326	
(249,335)	(28,518)	(21,718)	
154,638	154,638	-	
35,860	107,258	-	
-	66,511	-	
-	12,763	-	
7,458	67,469	1,620	
(7,419)	(128,715)	(2)	
-	(56,165)	-	
818	(5,862)	-	
191,355	217,897	1,618	
(57,980)	189,379	(20,100)	
24,241	231,304	-	
29,430	29,430	469	
(890)	(3,730)	(121)	
(5,199)	446,383	(19,752)	
1,431,067		23,839	
\$ 1,425,868		\$ 4,087	
	(7,647)		
	\$ 438,736		

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
Cash Flows From Operating Activities:			
Receipts from customers	\$ 547,620	\$ 100,110	\$ 357,221
Receipts from participants	-	-	-
Payments to suppliers	(123,208)	(7,391)	(127,681)
Internal activity - (payments to) receipts from other funds	(30,272)	(5,039)	(35,124)
Receipts from trust	-	-	-
Receipts from recovery of losses	-	-	-
Payments to employees	(68,385)	(8,158)	(56,758)
Payments to airlines for non-airline terminal revenue distribution	-	-	(46,098)
Payments for claims	-	-	-
Payments for premiums	-	-	-
Other receipts (payments)	40,298	137	(9,973)
Net cash provided (used) by operating activities	366,053	79,659	81,587
Cash Flows From Noncapital Financing Activities:			
Noncapital contributions	-	-	71,398
Sales tax	-	-	-
Transfers	(1,712)	(400)	(728)
Net cash provided (used) by noncapital financing activities	(1,712)	(400)	70,670
Cash Flows From Capital And Related Financing Activities:			
Proceeds from capital debt	766,901	71,992	108,761
Passenger facility charges	-	-	65,823
Contract facility charges	-	-	12,611
Acquisition and construction of capital assets	(477,840)	(91,046)	(430,870)
Lease expenses	(238)	(10)	(6,044)
SBITA expenses	(705)	(208)	(2,053)
Principal paid on capital debt	(471,291)	(9,767)	(21,550)
Interest and other charges paid on capital debt	(75,771)	(9,107)	(52,815)
Capital contributions	1,045	-	68,913
Net cash (used) by capital and related financing activities	(257,899)	(38,146)	(257,224)
Cash Flows From Investing Activities:			
Purchase of investments	(121,363)	-	(148,934)
Proceeds from sale and maturities of investments	120,688	-	283,232
Interest received	7,069	2,668	39,871
Net cash provided (used) by investing activities	6,394	2,668	174,169
Net increase (decrease) in cash, cash equivalents and investments	112,836	43,781	69,202
Cash, cash equivalents and investments - beginning	227,744	74,723	1,008,808
Cash, cash equivalents and investments - ending	\$ 340,580	\$ 118,504	\$ 1,078,010

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

Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ 16,038	\$ 1,020,989	\$ -
-	-	48,118
(80,725)	(339,005)	(23,253)
(20,286)	(90,721)	99,323
-	-	26,819
-	-	226
(85,624)	(218,925)	(1,832)
-	(46,098)	-
-	-	(126,807)
-	-	(44,969)
3,011	33,473	27
(167,586)	359,713	(22,348)
44,002	115,400	-
153,580	153,580	-
28,540	25,700	348
226,122	294,680	348
-	947,654	-
-	65,823	-
-	12,611	-
(50,200)	(1,049,956)	-
(346)	(6,638)	(6)
(739)	(3,705)	(74)
(8,920)	(511,528)	-
(9,098)	(146,791)	2
30,767	100,725	-
(38,536)	(591,805)	(78)
-	(270,297)	-
2,135	406,055	-
5,745	55,353	1,696
7,880	191,111	1,696
27,880	253,699	(20,382)
181,421	1,492,696	110,101
\$ 209,301	\$ 1,746,395	\$ 89,719

Continued on next page

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS-(Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
Reconciliation Of Operating Income (Loss) To Net			
Cash Provided (Used) By Operating Activities:			
Operating income (loss)	\$ 120,608	\$ 59,584	\$ 40,625
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities-			
Depreciation	175,861	18,706	93,142
Amortization	758	135	1,850
Other receipts	40,298	137	(9,973)
Non-airline terminal revenue distribution	-	-	(46,098)
Change in assets and liabilities:			
(Increase) decrease in receivables	6,937	(147)	3,715
(Increase) in due from other governmental agencies	(1,760)	(33)	(191)
(Increase) in due from other funds	-	-	(1)
Decrease in inventories	67	-	-
(Increase) decrease in prepaid items	-	-	(3,028)
(Increase) in deferred outflows of resources for pensions	(10,035)	(2,197)	(7,190)
(Increase) in net OPEB asset	(10,766)	-	(4,240)
Decrease in deferred outflows of resources for OPEB	3,550	453	1,466
Increase (decrease) in accounts payable	25,597	(8)	(314)
Increase in claims payable	-	-	-
(Decrease) in unearned revenues	-	-	-
(Decrease) in due to participants	-	-	-
Increase in deposits and retainage payable	147	86	587
Increase in due to component unit	-	-	29
Increase in net pension liability	32,632	7,145	23,382
(Decrease) in deferred inflows of resources for pensions	(17,822)	(3,903)	(12,770)
Increase (decrease) in deferred inflows of resources for OPEB	(741)	173	(97)
Increase in compensated absences payable	722	182	693
(Decrease) in net OPEB liability	-	(654)	-
Total adjustments	245,445	20,075	40,962
Net cash provided (used) by operating activities	\$ 366,053	\$ 79,659	\$ 81,587
Noncash Investing, Capital And Financing Activities:			
Donated assets	\$ 115,588	\$ -	\$ -
Acquisition of capital assets through leases	52	5	686
Acquisition of capital assets through SBITAs	3,067	219	7,429
Proceeds from refunding bonds	396,800	-	-
Payment to refunded bond escrow agent	(396,800)	-	-
Net noncash investing, capital and financing activities	\$ 118,707	\$ 224	\$ 8,115

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

Enterprise Funds		Governmental
Public Transit	Total	Activities - Internal Service Funds
\$ (249,335)	\$ (28,518)	\$ (21,718)
60,467	348,176	2
938	3,681	81
3,011	33,473	-
-	(46,098)	-
324	10,829	178
(1,144)	(3,128)	(12)
-	(1)	448
1,671	1,738	-
16	(3,012)	282
(5,010)	(24,432)	(247)
-	(15,006)	-
1,289	6,758	160
15,278	40,553	(66)
-	-	8,657
-	-	(157)
-	-	(9,976)
166	986	-
-	29	-
16,290	79,449	806
(8,897)	(43,392)	(440)
(370)	(1,035)	(69)
508	2,105	18
(2,788)	(3,442)	(295)
81,749	388,231	(630)
\$ (167,586)	\$ 359,713	\$ (22,348)
\$ -	\$ 115,588	\$ -
43	786	3
2,125	12,840	150
-	396,800	-
-	(396,800)	-
\$ 2,168	\$ 129,214	\$ 153

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

June 30, 2023

(Dollar Amounts in Thousands)

Assets:

Cash and cash equivalents	\$	6,673
Receivables:		
Employer contributions		374
Member contributions		235
Interest and dividends		709
Total receivables		1,318
Prepaid items		8
Investments:		
Equity securities - stocks		66,740
Fixed income securities - bonds		101,131
Mutual funds		576,523
Total investments		744,394
Capital assets		672
Less accumulated depreciation		585
Total capital assets, net		87
Total assets		752,480
Liabilities:		
Accounts payable		717
Net Position:		
Restricted for:		
Pensions		603,781
OPEB		147,982
Total net position	\$	751,763

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

Additions:

Contributions-

Member	\$	12,605
Employer		33,169
Total contributions		45,774

Investment income-

Net appreciation in fair value of investments		59,756
Interest		3,902
Dividends		3,574

Total investment income		67,232
--------------------------------	--	---------------

Investment expense		2,695
--------------------	--	-------

Net investment income		64,537
------------------------------	--	---------------

Total additions		110,311
------------------------	--	----------------

Deductions:

Benefits		52,894
Refunds		774
Insurance premiums		7,804
Administration		2,812
Depreciation		51

Total deductions		64,335
-------------------------	--	---------------

Change in net position		45,976
------------------------	--	--------

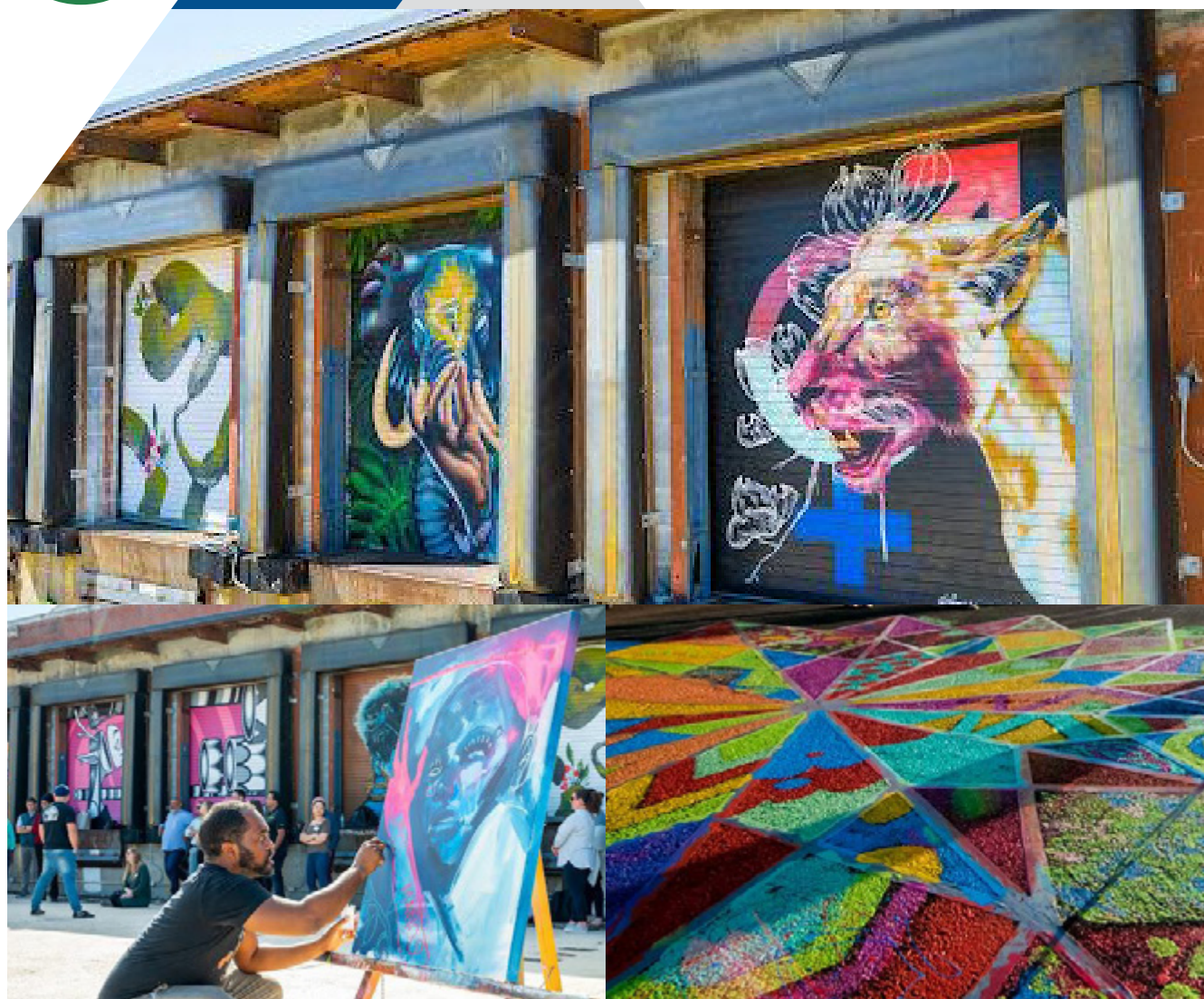
Net position - beginning		705,787
---------------------------------	--	----------------

Net position - ending	\$	751,763
------------------------------	-----------	----------------

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



THIS PAGE INTENTIONALLY LEFT BLANK



Notes to Financial Statements

Annual Comprehensive Financial Report 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity	47
b. Basis of Presentation	47
c. Measurement Focus and Basis of Accounting	48
d. Assets, Deferred Outflows and Inflows, Liabilities and Net Position/Fund Balances	
(1) Cash and Investments	49
(2) Receivables and Payables	49
(3) Lease Receivable	50
(4) Inventory and Prepaid Items	50
(5) Capital Assets	50
(6) Deferred Outflows and Inflows of Resources	50
(7) Noncurrent Liabilities	50
(8) Compensated Absences	51
(9) Net Position/Fund Balances	51
(10) Pensions	53
(11) Adoption of New Accounting Pronouncements	53

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

a. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position	53
b. Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities.	54

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY 55

4. DETAILED DISCLOSURES ON ALL FUNDS

a. Deposits	56
b. Investments	56
c. Receivables	60
(1) Lease Receivable	60
(2) Regulated Leases	61
d. Property Taxes	63
e. Restricted Assets	63
f. Capital Assets	64
g. Interfund Receivables, Payables and Transfers	68
h. Payables	69
i. Deferred Outflows and Inflows of Resources and Unavailable Revenues	70
j. Long-term Liabilities	71
(1) General Obligation Bonds	73
(2) Revenue Bonds	74
(3) Installment Purchases	76
(4) General Obligation Bond Anticipation Note	78
(5) Revenue Bond Anticipation Note	78
(a) Federal Revolving Loan	79
(b) State Revolving Loan	79



4. DETAILED DISCLOSURES ON ALL FUNDS - (Continued)

(6) Leases	80
(7) Subscription-Based Information Technology Arrangements (SBITAs)	80
(8) Derivative Instruments	81
(9) Refundings	83
(10) Other Debt Information	83
(11) Subsequent Events	83
k. Fund Balance	84

5. PENSION PLANS AND OTHER BENEFITS

a. Local Governmental Employees' Retirement System	85
b. Charlotte Firefighters' Retirement System	88
c. Law Enforcement Officers' Special Separation Allowance	93
d. Supplemental Retirement Income Plan for Law Enforcement Officers	95
e. Death Benefit Plan	96
f. Other Postemployment Benefits	96
g. Deferred Compensation Plan	100

6. OTHER INFORMATION

a. Airport Leasing Arrangements with Tenants	101
b. Passenger Facility Charges	101
c. Insurance	
(1) Employee Health and Life	101
(2) Risk Management	102
d. Commitments and Contingencies	102
e. Arena	104
f. NASCAR Hall of Fame	104
g. Cultural Arts Facilities	104
h. Bank of America Stadium	104
i. American Airlines	104

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Charlotte and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

a. Reporting Entity

The City of Charlotte (City) is a municipal corporation that is governed by an elected mayor and eleven member council. As required by generally accepted accounting principles, these financial statements present the City and its two component units, entities for which the City is financially accountable. The Charlotte Firefighters' Retirement System (System) is so intertwined with the City that it is, in substance, the same as the City. Accordingly, the System is blended and reported as a Fiduciary Fund as if it was part of the City. The Charlotte Regional Visitors Authority (Authority) is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The following table describes the City's component units:

Component Unit	Criteria for Inclusion	Reporting Method	Separate Financial Statements
Charlotte Firefighters' Retirement System	The System provides retirement, disability and death benefits to civil service employees of the Charlotte Fire Department. These services are exclusively for the City.	Fiduciary Fund	Charlotte Firefighters' Retirement System 428 East Fourth Street, Suite 205 Charlotte, North Carolina 28202
Charlotte Regional Visitors Authority	A "special district" as defined by state statutes. The City Council appoints the governing board and the City pays outstanding general obligation bonded debt. Net operating proceeds are to be used to pay principal and interest on the bonded debt or as otherwise directed by City Council.	Discrete	Charlotte Regional Visitors Authority 501 South College Street Charlotte, North Carolina 28202

INLIVIAN (formerly The Charlotte Housing Authority), which is excluded from the City's financial statements, is considered a related organization. The City Council appoints the governing board; however, the City has no financial benefit or burden regarding INLIVIAN.

b. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the City as well as the City and its discretely presented component unit. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for a given function or activity. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (a) charges paid by recipients of goods or services offered by the program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are reported as general revenues.

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

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

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 enterprise funds, charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund: This is the City's primary operating fund. The General Fund accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

Debt Service: This fund accounts for the resources accumulated and payments made for principal and interest on debt of governmental activities.

Capital Projects: This fund accounts for financial resources, primarily proceeds from bonds, other financing agreements and taxes, used for the acquisition, construction and improvement of capital equipment and facilities.

General COVID Relief: The General COVID Relief fund accounts for funds received under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Federal Emergency Management Agency (FEMA) Public Assistance Program to be used for expenditures to address the COVID-19 pandemic.

The City reports the following major enterprise funds:

Water and Sewer: This fund accounts for the activities of Charlotte Water, provider of water and sewer services.

Storm Water: This fund accounts for the activities of Storm Water Services, administrator of storm water programs and policies.

Airport: This fund accounts for the activities of the Charlotte Douglas International Airport.

Public Transit: This fund accounts for the activities of the Charlotte Area Transit System, provider of public mass transportation.

The City reports the following fund types:

Internal Service: These funds account for (a) the general insurance program of the City, as well as risk management services provided, on a cost-reimbursement basis, to other governmental units and agencies in Mecklenburg County, and (b) funds contributed by the City and its employees for health and life benefits.

Fiduciary: These funds account for (a) resources accumulated for the provision of benefit payments to the Charlotte Firefighters' Retirement System members and their beneficiaries, and (b) resources accumulated for the provision of other postemployment benefit payments for retirees and their beneficiaries.

c. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal

and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, 2023, 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.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, 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 Mecklenburg County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

d. Assets, Deferred Outflows and Inflows, Liabilities and Net Position/Fund Balances

(1) Cash and Investments

The City maintains a cash management pool to facilitate disbursement and investment and maximize investment income. Earnings on the pooled funds are apportioned and credited to the funds monthly based on the average daily balance of each fund. Since individual funds may deposit additional amounts at any time and may withdraw funds at any time without prior notice or penalty, the pool is used essentially as a demand deposit account and considered cash and cash equivalents. The pool is used by all funds except the Firefighters' Retirement System Fund. For arbitrage purposes, the City also maintains separate pools for the proceeds of each bond sale subsequent to 1986 in compliance with the Internal Revenue Code relative to yield restrictions and rebate requirements.

For funds not included in the pools described above, cash and cash equivalents consist of cash, demand deposits and short-term, highly liquid investments. Short-term refers to investments with an original maturity of three months or less at date of acquisition. Highly liquid investments are those that are both readily convertible to known amounts of cash and so near their maturity that the risk of changes in value because of changes in interest rates is insignificant.

The restricted cash and cash equivalents/investments are restricted pursuant to bond covenants and other financing agreements. All restricted money market funds of the enterprise funds are considered cash and cash equivalents. The remaining amount of restricted assets is considered investments.

The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

Investments of the Charlotte Firefighters' Retirement System are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

Component Unit: The Authority considers investments with an original maturity of three months or less to be cash equivalents.

(2) Receivables and Payables

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

Property tax and accounts receivables are shown net of an allowance for uncollectibles. Notes receivable in governmental funds consist of housing rehabilitation and economic development loans that are generally not expected or scheduled to be collected in the subsequent year.

(3) Lease Receivables

The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, 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 on a straight-line basis over the term of the lease.

(4) Inventory and Prepaid Items

Inventories are valued at cost (first-in, first-out), which approximates market. Governmental inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

Business-type inventories consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

(5) Capital Assets

Donated capital assets are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets are assets with an initial, individual cost of \$5 or more, except intangible assets and subscription-based information technology arrangements which have a minimum cost of \$100. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 – 50 years
Infrastructure	40 years
Improvements other than buildings	5 – 125 years
Intangibles	5 – 20 years
Machinery and equipment	3 – 40 years

The right to use lease assets are initially measured at an amount equal to the present value 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 lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use Subscription-Based Information Technology Arrangement (SBITA) assets are initially measured at an amount equal to the present value of the SBITA liability plus any SBITA payments made at the start of the SBITA term, if applicable, plus capitalizable initial implementation costs at the start of the SBITA term, less any incentives received from the SBITA vendor at the start of the SBITA term. The right to use SBITA assets are amortized on a straight-line basis over the SBITA term.

(6) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The Deferred Outflows of Resources financial statement element 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.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The Deferred Inflows of Resources financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then.

(7) Noncurrent Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds

statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Bond issuance costs are expensed in the reporting period in which they are incurred.

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 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 actual debt proceeds received, are reported as debt service expenditures.

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

(8) Compensated Absences

Employees earn vacation leave at the rate of 10 to 20 days per year and can accrue a maximum of 20 to 40 days, depending on the length of service. Effective January 1, 2016, vacation in excess of the maximum accumulation is transferred into the employee's wellbeing leave balance. Unused vacation days are payable upon termination, resignation, retirement or death.

Employees accumulate wellbeing leave at the rate of one day per month and can accrue an unlimited number of days. Wellbeing leave can be taken for the physical or mental health care of the employee or family member. Wellbeing leave is lost upon termination or resignation, unless the employee retires and immediately begins drawing a retirement benefit. Employees may be paid twenty percent of outstanding wellbeing leave, with a maximum of 43.5 days, upon retirement. Twenty percent of outstanding wellbeing leave, up to a maximum of 43.5 days is payable upon the death of an employee.

Compensated absences payable includes accumulated unpaid vacation leave and wellbeing leave. This liability is recorded in the government-wide and proprietary fund financial statements.

(9) Net Position/Fund Balances

Net Position: 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 externally imposed by creditors, grantors, contributors, bond covenants, regulations of other governments or by State statute.

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

Public safety	\$ 26,633
Culture and recreation	199,524
Community planning and development	49,783
Streets and highways	6,051
Total	<u>\$ 281,991</u>

Fund Balances: 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 balances 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 - \$1,748 of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Leases - \$1,048 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 in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

Perpetual care - \$3,350 of fund balance that is required to be retained in perpetuity for maintenance of cemeteries.

Prepaid items - \$987 of fund balance that is not an available resource because it represents the amount of prepaid expenses.

Long-term notes receivable - \$8,000 of fund balance that is not an available resource because it represents the long-term amount of loans and notes receivables.

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

Restricted for State statute - \$99,491 of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)]. North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted Fund balance on the face of the balance sheet.

Restricted for other purposes - \$281,991:

Public safety - \$26,633 of fund balance that is restricted by revenue source for public safety and 911 system expenditures.

Cultural and recreation - \$199,524 of fund balance that is restricted by revenue source for convention center and tourism expenditures.

Community planning and development - \$49,783 of fund balance that is restricted by revenue source for neighborhood expenditures.

Streets and highways - \$6,051 of Powell Bill and other fund balance that is restricted by revenue source for street construction and maintenance expenditures. For the Special Revenue funds, this amount represents the balance of the total unexpended Powell Bill and other grant funds.

Committed fund balance – This classification includes amounts that can only be used for specific purposes imposed by ordinance approved by the City Council, the highest level of decision-making authority. Any changes or removal of specific purposes requires action by the City Council.

Committed for capital projects - \$389,368 of fund balance committed by the City Council for capital projects.

Committed for other purposes - \$87,790

Debt service - \$87,790 of fund balance committed by the City Council for advance planning for bond referenda and loans to other funds for the purchase of capital equipment.

Assigned fund balance – This classification includes amounts that the City intends to use for specific purposes.

Assigned for Debt service - \$109,889 of fund balance in the Debt Service fund that is not nonspendable, restricted, nor committed that will be used for future payment of debt service requirements. By approval of the budget of the Debt Service fund, the City Council has assigned this amount to the purpose of the Debt Service fund.

Unassigned fund balance – This classification includes \$133,377 in the General fund and (\$154) in Other Governmental Funds that has not been restricted, committed, or assigned to specific purposes or other funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to have been spent first. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed, assigned, and unassigned fund balance.

The City's Capital Investment Plan Financial Policies, which are approved annually by the City Council, include a policy to maintain the General fund balance at sixteen percent of the operating budget. Any portion of the General fund balance in excess of sixteen percent of budgeted expenditures is dedicated to capital expenses, unless otherwise directed by City Council.

(10) Pensions

The City participates in a cost-sharing, multiple-employer, defined benefit pension plan administered by the State, the Local Governmental Employees' Retirement System (LGERS); a single-employer Law Enforcement Officers' Special Separation Allowance (LEOSSA); and a postemployment benefit plan, the Employee Benefit Trust Plan (EBTP).

For purposes of measuring the net pension asset or liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans and additions to/deductions from the defined benefit pension plans' fiduciary net position have been determined on the same basis as they are reported by the state-administered defined benefit pension plan and the LEOSSA. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City's employer contributions are recognized when due and the City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans.

For purposes of measuring the net OPEB asset or liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the EBTP and additions to/deductions from the EBTP fiduciary net position have been determined on the same basis as they are reported by the EBTP. For this purpose, the EBTP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

(11) Adoption of New Accounting Pronouncements

As of July 1, 2022, the City adopted the provisions of GASB 96, Subscription-Based Information Technology Arrangements and applicable provisions of GASB 99, Omnibus 2022.

The new GASB 96 guidance requires the government to disclose a general description of its SBITAs, which includes the basis, terms, and conditions on which variable payments not included in the measurement of the subscription liability are determined. GASB 96, SBITAs is new guidance issued by the GASB which is largely based on GASB 87 and applies to subscriptions for software. The new standard will, for the first time, require a subscription asset and a corresponding liability to be recognized on the statement of financial position for any SBITA arrangements a government has with software vendors.

According to GASB Statement 99 the London Inter-bank Offered Rate (LIBOR) is no longer an appropriate benchmark interest rate for a derivative instrument that hedges the interest rate risk of taxable debt when LIBOR ceases to be determined by the ICE Benchmark Administration using the methodology in place as of December 31, 2021. In anticipation of this event, the City, in compliance with the exceptions to termination of hedge accounting detailed in GASB 93, transitioned to use of the Secured Overnight Financing Rate (SOFR) as a benchmark rate for the derivative instrument related to the 2009D Hall of Fame Certificates of Participation.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

a. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total government funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds.”

Bonds and installment purchases payable	\$ 1,207,465
Net of premiums and discounts	131,621
General obligation bond anticipation notes	184,837
Derivative instrument liability	8,781
Swaption borrowing payable	3,775
Compensated absences	76,176
Lease payable	18,834
SBITA payable	48,000
Accrued interest payable	<u>10,000</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net position-governmental activities	<u>\$ 1,689,489</u>

b. Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.”

Capital outlay	\$ 200,452
Depreciation expense	(140,465)
Amortization expense	<u>(14,669)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 45,318</u>

Another element of that reconciliation states “The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.” In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

Donation of capital assets	\$ 66,448
Capital contribution to public transit	(2,779)
Sales of capital assets	<u>(3,207)</u>
Net adjustments to decrease change in net position differs from the change in fund balance by the cost of capital assets sold	<u>\$ 60,462</u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds and installment purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.”

Debt issued or incurred:	
Issuance of general obligation bond anticipation notes	(94,299)
Lease purchases	(9,479)
SBITA purchases	(61,959)
Swaption borrowing	462
Principal repayments:	
General obligation debt	62,120
Installment purchases	44,425
Lease liabilities	2,416
SBITA liabilities	13,959
Lease modifications resulting in a decrease in lease liabilities	<u>8</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (42,347)</u>

Another element of that reconciliation states, "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."

Accrued interest	\$ (215)
Amortization on deferred loss on refundings	(566)
Amortization on deferred gain on refundings	3,573
Amortization on deferred amount on refundings	(32)
Amortization of debt premiums	10,307
Compensated absences	(4,093)
Pension expense	(161,523)
OPEB expense	54,661
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (97,888)</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

As required by State statutes, prior to July 1 each year City Council adopts an annual appropriation ordinance for all funds except those which expenditures are authorized by project ordinance and the Internal Service and Fiduciary Funds. City funds budgeted by project ordinance include the Capital Projects Funds, Public Safety and Other Grants, General COVID Relief, American Rescue Plan Act, National Opioid Settlement, Neighborhood Development, Employment and Training, Emergency Telephone System Special Revenue Funds and the Enterprise Funds capital projects.

The annual budgets are adopted at the fund level which is the legal level of budgetary control. Supplemental appropriations at this level require approval of the City Council. During the year, several amendments to the budget were necessary. Administrative control is maintained through the establishment of more detailed line-item budgets. The budget is entered into the accounting records and comparisons of actual to budget are made throughout the year. City administration has the authority to amend line-item budgets. The final budgets shown in the statements are as amended at June 30, 2023.

Annual budgets are adopted on the modified accrual basis except that they include encumbrances for the current year. Current year's appropriations are charged for encumbrances when commitments for the expenditures of monies are issued. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

The accompanying Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – General Fund presents comparisons of the original and final budget with actual data. Since the legally adopted budget is on a basis which differs from GAAP, the actual data is similarly presented on a budgetary basis for comparison purposes. A reconciliation of the non-GAAP basis to the GAAP basis is presented.

Deficit in Fund Balance of Individual Fund

For the fiscal year ended June 30, 2023, there was a negative fund balance in the Municipal Services District fund of \$154. This deficit resulted from an excess of expenditures over collected revenues. This deficit will be collected in fiscal year 2024.

For the fiscal year ended June 30, 2023, there was a negative fund balance in the Risk Management fund of \$1,232. This deficit resulted from an excess of expenditures over revenues. This deficit will be resolved in fiscal year 2024.

4. DETAILED DISCLOSURES ON ALL FUNDS

a. Deposits

As of June 30, 2023, the bank balances and carrying amounts of bank deposits were as follows:

	Bank Balance	Carrying Amount
City - Governmental and Business-type Activities	\$ 321,283	\$ 243,445
City - Fiduciary Funds	175	6,673
Component unit - Authority	13,469	12,240

All deposits of the City are made in board-designated official depositories and are secured as required by State statutes. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The City and the Authority have petty cash of \$320 and \$282, respectively.

According to the City's policy regarding custodial credit risk for deposits, all of the City's deposits are either insured or collateralized by using 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 amounts 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 depository that collateralizes public deposits under the Pooling Method. Of the City's bank balances, \$1,000 was covered at the federal depository insurance coverage level and \$320,283 was covered by collateral held under the Pooling Method.

Component Unit: The Authority must comply with the requirements of the State statutes as previously described for the City. Of the bank balances, \$250 was covered by federal depository insurance coverage. The remaining balances were covered by collateral held under the Pooling Method.

b. Investments

State statute 159-30 authorizes the City and the Authority 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; repurchase agreements having third-party safekeeping; and the North Carolina Capital Management Trust (NCCMT), an SEC registered mutual fund. The City is not authorized to enter into reverse repurchase agreements. The investments of the Charlotte Firefighters' Retirement System (System) Pension Trust fund are governed by the North Carolina Act (Act) establishing the System. This Act authorizes additional investment types which include corporate bonds, common stock, guaranteed investment contracts and mutual funds. The investments of the Employee Benefit Trust Plan (EBTP) are governed by State statute 147-69.2(b)(1)-(6)&(8). This legislation authorizes additional investment types which include corporate bonds, common stock, and mutual funds.

City – Governmental and Business-type Activities – The investments and maturities at June 30, 2023 were as follows:

Investment type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-3	More than 3
U.S. Treasuries	\$ 429,034	\$ 351,736	\$ 77,298	\$ -
U.S. Agencies	1,760,106	1,268,530	491,576	-
Commercial paper	19,740	19,740	-	-
Mutual funds	71,237	N/A	N/A	N/A
NCCMT Government Portfolio	551,681	N/A	N/A	N/A
Total	<u>\$ 2,831,798</u>	<u>\$ 1,640,006</u>	<u>\$ 568,874</u>	<u>\$ -</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments as of June 30, 2023:

Investments by fair value level	June 30, 2023	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Quoted Prices in Active Markets for Similar Assets (Level 2)
Debt securities			
U.S. Treasuries	\$ 429,034	\$ 429,034	\$ -
U.S. Agencies	1,760,106	-	1,760,106
Commercial paper	19,740	19,740	-
Mutual funds	71,237	71,237	-
NCCMT Government Portfolio	551,681	551,681	-
Total investments by fair value level	<u>\$ 2,831,798</u>	<u>\$ 1,071,692</u>	<u>\$ 1,760,106</u>

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities benchmark quoted prices.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy structures the investment portfolio so security maturities match cash flow requirements for ongoing operations, avoiding the need to sell securities on the open market prior to maturity. Also, the City's investment policy requires the investment of operating funds primarily in shorter-term securities (0-5 years), money market mutual funds, or similar investment pools.

Credit Risk: The City's investment policy seeks to minimize credit risk by pre-qualifying and conducting ongoing due diligence of the financial institutions, broker/dealers, and intermediaries with which the City will do business and diversifying the investment portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSRO's). As of June 30, 2023, the City's investments in commercial paper carried at least S&P A1, Moody's P1 or Fitch F1 ratings. The City's investments in the NCCMT Government Portfolio carried a credit rating of AAAM by S&P as of June 30, 2023. The City's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AA+ by S&P and Aaa by Moody's.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2023, the City had no investments subject to custodial credit risk. The City's investment policy limits custodial credit risk by providing that purchased securities be delivered to a third-party safekeeping bank designated by the City.

Concentration of Credit Risk: The City's investment policy limits the amount of commercial paper or bankers' acceptances to a maximum of 25 percent of the portfolio. For commercial paper, a maximum of \$20 million may be invested in any one issuer. For bankers' acceptances, the maximum investment is limited to 10 percent of the portfolio for any one issuer.

City – Fiduciary Fund: Charlotte Firefighters' Retirement System – The investments and maturities at June 30, 2023 were as follows:

Investment type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 8,498	\$ 114	\$ 1,444	\$ 1,739	\$ 5,201
U.S. Agencies	36,014	-	4	277	35,733
Corporate bonds	56,619	920	11,631	14,234	29,834
Common stocks	66,740	N/A	N/A	N/A	N/A
Mutual funds	428,582	N/A	N/A	N/A	N/A
Total	<u>\$ 596,453</u>	<u>\$ 1,034</u>	<u>\$ 13,079</u>	<u>\$ 16,250</u>	<u>\$ 70,768</u>

Interest Rate Risk: The System does not have a formal investment policy that limits investment maturities.

Credit Risk: The System is authorized to invest in bonds with a quality rating of no less than investment grade and unrated U.S. Treasuries and Agencies. The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2023 were as follows:

Quality Rating	Fair Value	Percentage of Portfolio
AAA	\$ 8,066	7.98%
Ba1 > Aa2	48,553	48.01%
Total credit risk debt securities	56,619	55.99%
U.S. Government fixed income securities:		
Government National Mortgage Association	7,187	7.11%
U.S. Treasury	8,498	8.40%
Not rated	28,827	28.50%
Total fixed income securities	<u>\$ 101,131</u>	<u>100.00%</u>

Concentration of Credit Risk: The System limits the amount of equity holdings in any one company not to exceed eight percent or benchmark weight +1%, whichever is greater, of the market value of the portfolio; the amount of equity holdings in any one sector to 30 percent of the fair value of the portfolio; and the amount of fixed-income securities in any one corporation to five percent of the fair value of the portfolio without the consent of the board. There is no limit on securities backed by the full faith and credit of the U.S. Government or any of its instrumentalities.

(Dollar Amounts in Thousands)

Investment by fair value level	June 30, 2023	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Quoted Prices in Active Markets for Similar Assets (Level 2)	Fair Value Measurements Using Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 8,498	\$ 8,498	\$ -	\$ -
U.S. Agencies	36,014	-	36,014	-
Corporate bonds	44,876	-	44,876	-
Common stocks	66,740	66,740	-	-
Mutual funds	24,833	-	24,833	-
Total investments by fair value level	180,961	\$ 75,238	\$ 105,723	\$ -

Category	Investments Measured as NAV	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
U.S. equity	143,439	-	Daily	N/A
International equity	165,074	-	Daily	N/A
U.S. bonds	11,743	-	Daily	N/A
Fixed income	65,394	-	Quarterly	45 Days
			Quarterly	
International fixed income	29,842	-	1st day of Quarter	N/A
	415,492	\$ -		
Total investments	\$ 596,453			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. 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.

City – Fiduciary Fund: Employee Benefit Trust Plan (EBTP) – At June 30, 2023, the EBTP had investments of \$147,941 in mutual funds. The mutual fund investments classified at Level 1 of the fair value hierarchy are valued using quoted prices in active markets.

Interest Rate Risk: The EBTP does not have a formal investment policy that limits investment maturities.

Credit Risk: The EBTP adheres to State statutes which limit credit risk by limiting investments in below investment grade securities and restricting the purchase of non-exchange traded investments.

Concentration of Credit Risk: The EBTP diversifies investments according to a strategic asset allocation across a range of company capitalizations in domestic and international equities as well as domestic and global bonds. The EBTP limits the amount of equity holdings in any one company to eight percent of the fair value of the portfolio; the amount of equity holdings in any one sector to 30 percent of the fair value of the portfolio; and the amount of fixed-income securities in any one corporation to five percent of the fair value of the portfolio. There is no limit on securities backed by the full faith and credit of the U.S. Government for any of its instrumentalities.

Component Unit – At June 30, 2023, the Authority had investments of \$31,397 in the NCCMT's Government Portfolio, which carried a credit rating of AAAM by S&P.

c. Receivables

The receivable amounts presented in the accompanying financial statements are net of the following allowances for doubtful accounts:

<u>Governmental</u>	
General	\$ 6,599
Debt Service	147
Capital Projects	2,108
General COVID Relief	122
Nonmajor Governmental	2,300
Total Governmental	<u>11,276</u>
<u>Proprietary</u>	
Water and Sewer	12,139
Storm Water	2,018
Airport	460
Public Transit	153
Total Proprietary	<u>14,770</u>
Total	<u>\$ 26,046</u>

In February 2002, City Council approved an interest-free loan to the Authority for \$5,000 for the renovation of Ovens Auditorium. In May 2007, Council approved a new repayment schedule for the loan agreement. The term of the loan was extended by thirty years and established a \$160 per year repayment through fiscal year 2037. At June 30, 2023, the balance of the loan outstanding was \$2,131.

(1) Lease Receivable

The City leases land, buildings, machinery and equipment, water and sewer systems, Airport facilities (non-regulated leases), and infrastructure capital assets to various third-party tenants doing business in the City of Charlotte. These leases have terms including options to extend between 1 and 99 years, with payments required monthly, semiannually, or annually. In addition to fixed payments and variable payments that are fixed in substance, the present value of which are included in the lease receivable, the City receives variable payments that depend on future performance of the lessee or usage of the underlying asset and non lease payments that are excluded from the measurement of the lease receivable and recognized as inflows of resources.

In fiscal year 2023, the City recognized \$18,821 of lease revenue and \$3,964 of interest revenue related to these leases. In addition, the City recognized \$69,832 in variable lease revenue not included in the lease receivable. As of June 30, 2023, the City's lease receivables were valued at \$174,899. The deferred inflow of resources associated with these leases to be recognized as revenue over the remaining terms of the leases is \$166,600.

The principal and interest requirements to maturity for the lease receivable at June 30, 2023, are as follows:

<u>Governmental Activities</u>		
<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
June 30		
2024	\$ 1,320	\$ 175
2025	2,237	231
2026	468	134
2027	459	128
2028	448	122
2029-2033	2,212	510
2034-2038	2,214	338
2039-2043	1,559	195
2044-2048	1,066	99
2049-2053	747	32
2054-2055	45	1
	<u>\$ 12,775</u>	<u>\$ 1,965</u>

(Dollar Amounts in Thousands)

The principal and interest requirements to maturity for the lease receivable at June 30, 2023, are as follows:

Year Ending June 30	Business-type Activities					
	Water and Sewer		Airport		Public Transit	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 371	\$ 46	\$ 14,964	\$ 3,425	\$ 422	\$ 339
2025	339	41	15,438	3,030	561	258
2026	296	37	15,596	2,631	605	232
2027	231	34	15,289	2,222	658	202
2028	116	31	15,073	1,816	647	171
2029-2033	636	129	28,023	5,601	2,176	492
2034-2038	504	84	12,331	3,961	1,208	250
2039-2043	214	56	8,315	2,974	1,002	78
2044-2048	223	41	2,786	2,587	108	1
2049-2053	281	22	3,433	2,301	-	-
2054-2058	104	4	4,186	1,938	-	-
2059-2063	2	3	5,066	1,478	-	-
2064-2068	2	3	6,093	903	-	-
2069-2073	2	3	4,790	228	-	-
2074-2078	3	2	-	-	-	-
2079-2083	3	2	-	-	-	-
2084-2088	3	2	-	-	-	-
2089-2093	3	2	-	-	-	-
2094-2098	3	2	-	-	-	-
2099-2103	4	1	-	-	-	-
2104-2108	4	1	-	-	-	-
2109-2113	4	1	-	-	-	-
2114-2118	5	-	-	-	-	-
2119	1	-	-	-	-	-
	<u>\$ 3,354</u>	<u>\$ 547</u>	<u>\$ 151,383</u>	<u>\$ 35,095</u>	<u>\$ 7,387</u>	<u>\$ 2,023</u>

(2) Regulated Leases

The City has leasing agreements for aeronautical use of the Airport's airfield, terminal, and other facilities as defined by the Federal Aviation Administration. The City leases land and buildings to third parties under these agreements.

As of June 30, 2023, the remaining amount of expected future minimum payments under these agreements is as follows:

Year Ending June 30	
2024	\$ 49,419
2025	49,419
2026	48,940
2027	5,057
2028	4,539
2029-2033	19,963
2034-2038	16,816
2039-2043	10,789
2044-2048	2,446
2049-2053	894
2054-2056	74
Total minimum future rental income	<u>\$ 208,356</u>

In July 2016, the City and American Airlines Group, Inc. (American Airlines), Frontier Airlines, JetBlue Airlines, Southwest Airlines, Delta Air Lines, United Airlines and Spirit Airlines (collectively, the Signatory Airlines) entered into an Airline Use and Lease Agreement (AUA) for usage of Charlotte Douglas International Airport (Airport) facilities to conduct business as air transportation businesses. This agreement is non-cancellable and terminates no later than 2026 with no option to extend. Under the terms of this agreement, Signatory Airlines pay the Airport monthly based on the annual rental rate and fee schedule. Rate calculations are based on total estimates of cost and expenses, estimates of passengers and total landed weight, and other factors. Final settlements are made each year after the



audit of the Airport fund's Annual Comprehensive Financial Report. Other airlines operating at the Airport are billed at rates established by the City's ordinances.

Pursuant to the AUA, the Signatory Airlines lease certain premises in the passenger terminal building (terminal) and are obligated to pay landing fees and terminal rentals which, in the aggregate, are sufficient to enable the City to pay the annual operating expenses of the airfield and terminal, and the annual debt service on General Airport Revenue Bonds (GARs) issued by the City to fund airfield, terminal, and other airport improvements. Under the Agreement, American Airlines exclusively leases terminal space and facilities on the ramp levels of Concourses A, B, C, D, and E, ancillary space on the ticketing level of those Concourses, airline club space, and office space in the mezzanine of the Airport Atrium. American Airlines also preferentially leases gates on A, B, C, D and E Concourses. Delta, United, Southwest, JetBlue, Spirit, and Frontier exclusively lease support space on the ramp level of A Concourse; these airlines also preferentially lease gates on A Concourse. All of the Signatory Airlines under the agreement exclusively lease airline ticket counter support space in the Airport lobby and baggage service office space in the baggage claim area of the Airport. All Signatory Airlines also preferentially lease ticket counters in the Airport lobby.

In addition, the agreement grants American Airlines preferential use of boarding gates, aircraft parking, and other areas at the Airport. No other airlines have exclusive or preferential use of more than five percent of terminal space or other areas of the Airport as of June 30, 2023. Exclusive and preferential use of space are summarized as follows:

Charlotte Douglas International Airport Leased Terminal Space										
	American	Delta	United	Southwest	JetBlue	Spirit	Frontier	Joint Use	Other Space	Total
Airline Leased Space (sq. ft.)	450,167	34,040	20,761	8,631	4,335	3,611	2,545	289,361	-	813,451
Airline Exclusive	278,310	18,805	7,799	2,682	1,960	1,743	513	-	-	311,812
Airline Preferential	171,857	15,235	12,962	5,949	2,375	1,868	2,032	-	-	212,278
Joint Use	-	-	-	-	-	-	-	289,361	-	289,361
Non-Airline Rentable Space	-	-	-	-	-	-	-	-	407,009	407,009
Common Use Gate/ Holdroom	-	-	-	-	-	-	-	-	18,308	18,308
Common Use Ticket Counter	-	-	-	-	-	-	-	-	2,828	2,828
Concessions	-	-	-	-	-	-	-	-	221,943	221,943
Rentable-Other Office	-	-	-	-	-	-	-	-	34,592	34,592
Customs and Border Protection	-	-	-	-	-	-	-	-	129,338	129,338
Total Leasable Space	450,167	34,040	20,761	8,631	4,335	3,611	2,545	289,361	407,009	1,220,460
Common and preferential use gate assignments										
Number of gates	87	7	4	2	1 ¹	1	1	-	11 ²	114

¹ JetBlue leased A22 on a Preferential Basis for eight months during FY 23.

² The City operated 10 Common Use Gates for all of FY 23 and Common Use Gates A22 and A28 for three and one months respectively during FY 23.

For the year ended June 30, 2023, the City recognized \$48,988 of inflows of resources from fixed lease revenue payments and \$44,449 of inflows of resources from variable lease payments not included in expected future minimum payments related to these regulated lease agreements. Variable lease payments were based on usage measures and included landing fees, bag processing fees, gate use fees, international facility use fees, and ticket counter use fees.

d. Property Taxes

Pursuant to State statutes, property taxes levied on July 1, the beginning of the fiscal year, are due September 1; however, penalties do not accrue until January 6. The taxes levied effective July 1, 2022 were based on the assessed values listed as of January 1, 2022, which is the lien date.

The City and Mecklenburg County have a common tax base and overlapping bonded debt. Mecklenburg County is the City's agent for listing and collecting property taxes levied. The distribution of the City's levy for 2023 (tax rate per \$100 valuation) to its funds is shown below:

General	\$ 0.2731
Debt Service	0.0677
Capital Projects	0.0073
Total	<u>\$ 0.3481</u>

In addition, special taxes are levied on areas referred to as Municipal Services Districts. The purpose of these taxes is to aid the revitalization of these areas. The tax rates for 2023 for Districts 1, 2, 3, 4, 5 and 6 were \$0.0136, \$0.0227, \$0.0338, \$0.0390, \$0.0279 and \$0.0400, respectively.

e. Restricted Assets

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

<u>Governmental</u>	
Debt Service	\$ 22
Capital Projects	33,387
Other governmental funds	98,658
Total Governmental	<u>132,067</u>
 <u>Enterprise</u>	
Water and Sewer	880
Airport	615,294
Total Enterprise	616,174
Total	<u>\$ 748,241</u>

These fund assets are restricted pursuant to bond orders and other financing agreements.

f. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2023 were as follows:

Governmental activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,655,546	\$ 52,455	\$ 1,597	\$ 3,706,404
Construction in progress (Note 4.g.)	229,793	174,027	177,469	226,351
Total capital assets not being depreciated	3,885,339	226,482	179,066	3,932,755
Capital assets being depreciated:				
Buildings	1,573,830	7,609	1,649	1,579,790
Infrastructure	3,087,404	107,459	-	3,194,863
Intangibles	44,931	1,681	-	46,612
Machinery and equipment	293,636	26,929	11,569	308,996
Total capital assets being depreciated	4,999,801	143,678	13,218	5,130,261
Less accumulated depreciation for:				
Buildings	564,126	38,785	157	602,754
Infrastructure	1,428,616	75,014	-	1,503,630
Intangibles	37,720	2,805	-	40,525
Machinery and equipment	212,525	23,863	11,451	224,937
Total accumulated depreciation	2,242,987	140,467	11,608	2,371,846
Total capital assets being depreciated, net	2,756,814	3,211	1,610	2,758,415
Right to use assets being amortized:				
Buildings	12,158	7,736	209	19,685
Infrastructure	-	1,521	-	1,521
Machinery and equipment	1,832	225	20	2,037
SBITAs	-	62,109	-	62,109
Total right to use assets being amortized	13,990	71,591	229	85,352
Less accumulated amortization for:				
Buildings	1,607	1,739	202	3,144
Infrastructure	-	49	-	49
Machinery and equipment	772	885	19	1,638
SBITAs	-	12,077	-	12,077
Total accumulated amortization	2,379	14,750	221	16,908
Total right to use assets being amortized, net	11,611	56,841	8	68,444
Governmental activity capital assets, net	\$ 6,653,764	\$ 286,534	\$ 180,684	\$ 6,759,614

Depreciation and amortization expense was charged to activities as follows:

Governmental Activities:		
Public safety	\$	25,218
Sanitation		6,611
General administration		7,589
Support services		3,838
Engineering and property management		8,507
Streets and highways		72,761
Community planning and development		7,993
Culture and recreation		22,698
Capital assets held by the City's internal service funds are charged to various functions based on the usage of assets		<u>83</u>
Total depreciation and amortization expense - Governmental Activities	\$	<u>155,298</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

(Dollar Amounts in Thousands)

Capital asset activity for business-type activities for the year ended June 30, 2023 were as follows:

	Beginning Balance Restated	Increase	Decrease	Ending Balance
Business-type activities				
<i>Water and Sewer</i>				
Capital assets not being depreciated:				
Land	\$ 61,878	\$ 4,650	\$ -	\$ 66,528
Construction in progress	264,032	486,508	606,773	143,767
Total capital assets not being depreciated	325,910	491,158	606,773	210,295
Capital assets being depreciated:				
Buildings	51,938	45,054	-	96,992
Water and sewer systems	6,442,203	604,053	-	7,046,256
Intangibles	28,008	21,720	896	48,832
Machinery and equipment	80,508	9,878	1,217	89,169
Total capital assets being depreciated	6,602,657	680,705	2,113	7,281,249
Less accumulated depreciation for:				
Buildings	15,310	1,790	-	17,100
Water and sewer systems	2,200,292	164,445	-	2,364,737
Intangibles	23,299	1,892	661	24,530
Machinery and equipment	49,332	7,734	1,158	55,908
Total accumulated depreciation	2,288,233	175,861	1,819	2,462,275
Total capital assets being depreciated, net	4,314,424	504,844	294	4,818,974
Right to use assets being amortized:				
Land	47	-	-	47
Machinery and equipment	1,020	52	10	1,062
SBITAs	-	3,067	-	3,067
Total right to use assets being amortized	1,067	3,119	10	4,176
Less accumulated amortization for:				
Land	1	5	-	6
Machinery and equipment	177	176	5	348
SBITAs	-	578	-	578
Total accumulated amortization	178	759	5	932
Water and Sewer right to use assets, net	889	2,360	5	3,244
Water and Sewer capital assets, net	4,641,223	998,362	607,072	5,032,513
<i>Storm Water</i>				
Capital assets not being depreciated:				
Land	1,280	-	-	1,280
Construction in progress	40,567	92,124	101,577	31,114
Total capital assets not being depreciated	41,847	92,124	101,577	32,394
Capital assets being depreciated:				
Storm water systems	1,059,525	100,476	-	1,160,001
Intangibles	3,619	250	-	3,869
Machinery and equipment	701	848	-	1,549
Total capital assets being depreciated	1,063,845	101,574	-	1,165,419
Less accumulated depreciation for:				
Storm water systems	129,069	18,509	-	147,578
Intangibles	3,620	-	-	3,620
Machinery and equipment	294	197	-	491
Total accumulated depreciation	132,983	18,706	-	151,689
Total capital assets being depreciated, net	930,862	82,868	-	1,013,730
Right to use assets being amortized:				
Machinery and equipment	19	5	-	24
SBITAs	-	219	-	219
Total right to use assets being amortized	19	224	-	243
Less accumulated amortization for:				
Machinery and equipment	9	10	-	19
SBITAs	-	125	-	125
Total accumulated amortization	9	135	-	144
Storm Water right to use assets, net	10	89	-	99
Storm Water capital assets, net	972,719	175,081	101,577	1,046,223

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

(Dollar Amounts in Thousands)

	Beginning Balance	Increase	Decrease	Ending Balance
Airport				
Capital assets not being depreciated:				
Land	\$ 406,538	\$ 18,367	\$ -	\$ 424,905
Construction in progress	496,449	467,171	246,929	716,691
Total capital assets not being depreciated	902,987	485,538	246,929	1,141,596
Capital assets being depreciated:				
Buildings	1,381,566	11,588	-	1,393,154
Runways	536,134	6,019	-	542,153
Other	369,228	157,228	-	526,456
Intangibles	18,791	1,857	535	20,113
Machinery and equipment	168,791	37,673	798	205,666
Total capital assets being depreciated	2,474,510	214,365	1,333	2,687,542
Less accumulated depreciation for:				
Buildings	658,778	43,239	-	702,017
Runways	233,376	13,995	-	247,371
Other	102,370	17,216	-	119,586
Intangibles	10,541	3,015	535	13,021
Machinery and equipment	101,385	15,677	562	116,500
Total accumulated depreciation	1,106,450	93,142	1,097	1,198,495
Total capital assets being depreciated, net	1,368,060	121,223	236	1,489,047
Right to use assets being amortized:				
Machinery and equipment	547	686	-	1,233
SBITAs	-	7,429	-	7,429
Total right to use assets being amortized	547	8,115	-	8,662
Less accumulated amortization for:				
Machinery and equipment	108	202	-	310
SBITAs	-	1,648	-	1,648
Total accumulated amortization	108	1,850	-	1,958
Total right to use assets being amortized, net	439	6,265	-	6,704
Airport capital assets, net	2,271,486	613,026	247,165	2,637,347
Public Transit				
Capital assets not being depreciated:				
Land	162,574	14,907	-	177,481
Construction in progress	56,526	46,666	32,310	70,882
Total capital assets not being depreciated	219,100	61,573	32,310	248,363
Capital assets being depreciated:				
Buildings	410,769	-	-	410,769
Transit corridors	1,011,632	2,780	-	1,014,412
Other	48,285	73	9	48,349
Intangibles	24,765	-	-	24,765
Machinery and equipment	452,684	12,691	6,573	458,802
Total capital assets being depreciated (Note 4.g.)	1,948,135	15,544	6,582	1,957,097
Less accumulated depreciation for:				
Buildings	130,394	11,508	-	141,902
Transit corridors	351,072	24,385	-	375,457
Other	37,670	883	9	38,544
Intangibles	14,070	1,460	-	15,530
Machinery and equipment	184,525	22,231	6,207	200,549
Total accumulated depreciation	717,731	60,467	6,216	771,982
Total capital assets being depreciated, net	1,230,404	(44,923)	366	1,185,115
Right to use assets being amortized:				
Land	13,385	4	-	13,389
Buildings	32	-	32	-
Machinery and equipment	156	39	-	195
SBITAs	-	2,125	-	2,125
Total right to use assets being amortized	13,573	2,168	32	15,709
Less accumulated amortization for:				
Land	2,633	279	-	2,912
Buildings	26	6	32	-
Machinery and equipment	78	78	-	156
SBITAs	-	574	-	574
Total accumulated amortization	2,737	937	32	3,642
Total right to use assets being amortized, net	10,836	1,231	-	12,067
Public Transit capital assets, net	1,460,340	17,881	32,676	1,445,545
Business-type capital assets, net	\$ 9,345,768	\$ 1,804,350	\$ 988,490	\$ 10,161,628



g. Interfund Receivables, Payables and Transfers

The following is a summary of interfund receivables, payables and transfers, respectively, at June 30, 2023 by fund:

Due to/from other funds:	Interfund Receivables	Interfund Payables
Debt Service	\$ 11,379	\$ -
Capital Project	15,798	6,226
General COVID Relief	-	7,673
Nonmajor governmental	-	13,690
Enterprise - Water and Sewer	307	-
Enterprise - Airport	105	-
Total	<u>\$ 27,589</u>	<u>\$ 27,589</u>

The balances between Debt Service, Capital Projects, Nonmajor governmental, Water and Sewer, Airport, and General COVID Relief are to advance funding for expenditures until grant reimbursement is received. The balances between Capital Projects and Debt Service are to advance funding for a project until permanent financing is approved.

Due to/from primary government and component unit for reimbursable expenditures:

Primary Government:	Receivable Entity	Payable Entity
Debt Service	\$ 1,833	\$ -
Capital Projects	298	85
Nonmajor governmental	-	434
Enterprise - Airport	-	72
Component Unit - Authority	591	2,131
Total	<u>\$ 2,722</u>	<u>\$ 2,722</u>

Interfund transfers:

Transfer out:	Transfers In:						Total
	General	Debt Service	Capital Projects	Nonmajor Governmental	Enterprise-Public Transit	Internal Service	
General	\$ -	\$ 20,666	\$ 15,190	\$ 2,881	\$ -	\$ -	\$ 38,737
Debt Service	123	-	32,626	321	-	-	33,070
Capital Projects	-	-	-	21,964	32,209	469	54,642
Nonmajor governmental	269	57,285	18,878	-	-	-	76,432
Enterprise:							
Water and Sewer	-	-	1,712	-	-	-	1,712
Storm Water	-	-	400	-	-	-	400
Public Transit	-	-	790	100	-	-	890
Airport	-	-	728	-	-	-	728
Internal Service	-	-	121	-	-	-	121
Total	\$ 392	\$ 77,951	\$ 70,445	\$ 25,266	\$ 32,209	\$ 469	\$ 206,732

The transfers consist primarily of the following: (a) \$77,951 to Debt Service from Nonmajor governmental and General to cover debt service costs, (b) \$70,445 to Capital Projects mainly from General, Debt Service and Nonmajor governmental to cover Capital Projects, and (c) \$32,209 to Public Transit from Capital Projects to cover maintenance of efforts (\$29,430) and construction of capital assets (\$2,779).

h. Payables

Payables at June 30, 2023, including amounts payable from restricted assets, were as follows:

<u>Governmental</u>	Vendors	Salaries	Other	Total
General	\$ 33,859	\$ 1,163	\$ 451	\$ 35,473
Debt Service	100	-	-	100
Capital Projects	27,030	-	5,520	32,550
General COVID Relief	98	-	-	98
Nonmajor governmental	10,432	-	5	10,437
Total Governmental	71,519	1,163	5,976	78,658
<u>Proprietary</u>				
Water and Sewer	174,186	-	2,080	176,266
Storm Water	12,482	-	-	12,482
Airport	114,543	-	841	115,384
Public Transit	23,556	921	6,607	31,084
Internal Service	83,716	-	-	83,716
Total Proprietary	408,483	921	9,528	418,932
Total	\$ 480,002	\$ 2,084	\$ 15,504	\$ 497,590

i. Deferred Outflows and Inflows of Resources and Unavailable Revenues

The City has several deferred outflows of resources. Deferred outflows of resources are comprised of the following:

	City	Component Unit
Pension deferrals	\$ 844,237	\$ 5,731
OPEB deferrals	101,791	3,682
Contributions to pension plan in current fiscal year	87,978	2,052
Accumulated decrease in fair value of hedging derivatives	8,781	-
Loss on refundings	11,336	-
Unamortized bond refunding charges	4,874	-
	<u>\$ 1,058,997</u>	<u>\$ 11,465</u>

Deferred inflows of resources are comprised of the following:

	City	Component Unit
Lease receivables	\$ 166,600	\$ 485
Prepaid taxes	130	-
Pension deferrals	452,838	642
OPEB deferrals	190,950	8,313
Gain on refundings	57,418	-
	<u>\$ 867,936</u>	<u>\$ 9,440</u>

In addition, governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

At the end of the current fiscal year, the governmental funds reported unavailable revenues as follows:

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total Governmental
Property taxes receivable	\$ 6,607	\$ 1,643	\$ 189	\$ 90	\$ 8,529
Accounts receivable	5,543	-	32	226	5,801
Due from component unit	-	1,833	298	-	2,131
	<u>\$ 12,150</u>	<u>\$ 3,476</u>	<u>\$ 519</u>	<u>\$ 316</u>	<u>\$ 16,461</u>

j. Long-term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General obligation bonds	\$ 699,455	\$ -	\$ 62,120	\$ 637,335	\$ 62,495
Plus unamortized premiums	80,664	-	6,241	74,423	6,101
Total bonds payable	780,119	-	68,361	711,758	68,596
Direct placement installment purchases	2,810	-	2,810	-	-
Installment purchases	611,745	-	41,615	570,130	33,760
Plus unamortized premiums	61,264	-	4,066	57,198	3,973
Total installment purchases	675,819	-	48,491	627,328	37,733
Direct placement general obligation bond anticipation notes	90,538	94,299	-	184,837	-
Derivative instrument liability	17,696	-	8,915	8,781	-
Swaption borrowing payable	4,237	-	462	3,775	446
Lease liabilities	11,785	9,482	2,430	18,837	2,028
SBITA liabilities	-	62,109	14,031	48,078	12,314
Compensated absences	72,316	46,350	42,239	76,427	32,423
Arbitrage	-	19	-	19	-
Due to participants	12,256	-	9,315	2,941	-
Net pension liability (LGERS)	72,858	180,359	-	253,217	-
Total pension liability (LEOSSA)	187,209	-	30,032	157,177	-
Net pension liability (System)	130,298	420,636	-	550,934	-
Net OPEB liability	346,085	-	99,384	246,701	-
Total Governmental Activities	<u>\$ 2,401,216</u>	<u>\$ 813,254</u>	<u>\$ 323,660</u>	<u>\$ 2,890,810</u>	<u>\$ 153,540</u>

For governmental activities, compensated absences, LGERS, LEOSSA and net OPEB liability are primarily liquidated by the General Fund. Payments due to participants are made by Internal Service Funds.

A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Water and Sewer:					
General obligation bonds	\$ 6,759	\$ -	\$ 5,224	\$ 1,535	\$ 1,535
Plus unamortized premiums	736	-	565	171	171
Revenue bonds	1,207,425	478,085	204,205	1,481,305	73,435
Plus unamortized premiums	178,312	45,961	10,305	213,968	8,717
Total bonds payable	1,393,232	524,046	220,299	1,696,979	83,858
Direct placement installment purchases	19,062	-	6,636	12,426	6,767
Installment purchases	3,280	-	1,640	1,640	1,640
Plus unamortized premiums	196	-	131	65	65
Total installment purchases	22,538	-	8,407	14,131	8,472
Direct placement revenue bond anticipation notes	250,000	239,610	250,000	239,610	-
Direct borrowing state revolving loan	87,137	3,245	1,454	88,928	4,872
Derivative instrument liability	15,557	-	15,557	-	-
Refundable construction deposits	6,632	-	2,132	4,500	2,132
Lease liabilities	858	52	185	725	156
SBITA liabilities	-	3,067	705	2,362	678
Compensated absences	7,140	5,848	5,126	7,862	3,514
Net pension liability (LGERS)	13,182	32,632	-	45,814	-
Total Water and Sewer	1,796,276	808,500	503,865	2,100,911	103,682
Storm Water:					
General obligation bonds	816	-	816	-	-
Plus unamortized premiums	49	-	49	-	-
Revenue bonds	216,850	-	8,565	208,285	8,955
Plus unamortized premiums	24,337	-	1,389	22,948	1,388
Total bonds payable	242,052	-	10,819	231,233	10,343
Direct placement installment purchases	1,495	-	320	1,175	330
Direct placement revenue bond anticipation notes	-	71,992	-	71,992	100
Direct borrowing federal revolving loan	646	-	66	580	66
Lease liabilities	10	5	10	5	5
SBITA liabilities	-	219	208	11	11
Compensated absences	1,503	1,445	1,263	1,685	918
Net pension liability (LGERS)	2,886	7,145	-	10,031	-
Net OPEB liability	2,137	-	654	1,483	-
Total Storm Water	250,729	80,806	13,340	318,195	11,773
Airport:					
Revenue bonds	1,290,535	-	21,550	1,268,985	31,705
Plus unamortized premiums	171,246	-	6,831	164,415	6,831
Total bonds payable	1,461,781	-	28,381	1,433,400	38,536
Direct placement revenue bond anticipation notes	13,268	108,761	-	122,029	-

Continued on next page

(Dollar Amounts in Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease liabilities	436	686	192	930	166
SBITA liabilities	-	7,429	1,904	5,525	1,798
Compensated absences	4,878	4,299	3,606	5,571	2,400
Arbitrage	-	91	-	91	82
Net pension liability (LGERS)	9,446	23,382	-	32,828	-
Total Airport	1,489,809	144,648	34,083	1,600,374	42,982
Public Transit:					
Installment purchases	234,230	-	8,920	225,310	9,365
Plus unamortized premiums	32,600	-	1,524	31,076	1,524
Total installment purchases	266,830	-	10,444	256,386	10,889
Lease liabilities	142	43	126	59	59
SBITA liabilities	-	2,125	739	1,386	530
Compensated absences	5,114	2,942	2,434	5,622	1,594
Net pension liability (LGERS)	6,580	16,290	-	22,870	-
Net OPEB liability	3,395	-	2,788	607	-
Total Public Transit	282,061	21,400	16,531	286,930	13,072
Total Business-type Activities	\$ 3,818,875	\$ 1,055,354	\$ 567,819	\$ 4,306,410	\$ 171,509

The government-wide statement of net position includes \$38,536 of long-term liabilities due within one year for business-type activities in the liabilities payable from restricted assets. The remaining amount of \$132,891 is displayed as noncurrent liabilities, due within one year on that same statement.

(1) General Obligation Bonds

The City issues general obligation bonds to finance acquisition or construction of major capital facilities and the purchase of other major capital items. Bonded indebtedness has also been issued to advance refund several general obligation bonds. The following table summarizes the City's general obligation bonds:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2023
Governmental Activities:					
Taxable Housing, Series 2013A	1.00% - 4.15%	09/05/2013	2030	\$ 34,370	\$ 15,020
Refunding, Series 2013B	2.00% - 5.00%	09/05/2013	2030	74,068	36,390
Refunding, Series 2014A	1.75% - 5.00%	05/01/2014	2035	131,105	78,660
Refunding, Series 2015	4.00% - 5.00%	06/01/2015	2025	51,895	8,615
Refunding, Series 2016A	5.00%	11/01/2016	2037	116,230	81,345
Refunding, Series 2019A	2.00% - 5.00%	08/15/2019	2039	189,920	139,755
Taxable Housing, Series 2019B	1.45% - 3.00%	08/28/2019	2039	55,000	44,000
Refunding, Series 2020A	3.00% - 5.00%	03/04/2020	2027	30,440	17,270
Refunding, Series 2020B	1.508% - 2.155%	03/04/2020	2032	93,970	93,970
Refunding, Series 2021A	2.00% - 5.00%	12/02/2021	2041	133,035	122,310
Total Governmental Activities					<u>\$ 637,335</u>
Business-type Activities:					
Water and Sewer:					
Refunding, Series 2018A	5.00%	08/01/2018	2024	\$ 26,920	\$ 1,535
Total Water and Sewer					<u>1,535</u>
Total Business-type Activities					<u>\$ 1,535</u>

The principal and interest on the General Obligation Bonds allocated to Water and Sewer are wholly payable from net revenues of the Water and Sewer system.

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

<u>Governmental Activities</u>		
<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 62,495	\$ 23,419
2025	62,875	21,018
2026	58,430	18,699
2027	58,565	16,289
2028	54,480	13,848
2029-2033	194,400	41,018
2034-2038	116,475	11,877
2039-2041	29,615	1,082
	<u>\$ 637,335</u>	<u>\$ 147,250</u>

<u>Business-type Activities</u> <u>Water and Sewer</u>		
<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	<u>\$ 1,535</u>	<u>\$ 38</u>

(2) Revenue Bonds

The following table summarizes the City's revenue bonds for Business-type activities:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Original Issue</u>	<u>Balance June 30, 2023</u>
Water and Sewer, Refunding Series 2015	1.00% - 5.00%	08/27/2015	2046	\$ 459,585	\$ 273,780
Water and Sewer, Refunding Series 2018	3.00% - 5.00%	04/25/2018	2049	409,915	364,525
Water and Sewer, Refunding Series 2019	3.00% - 5.00%	09/10/2019	2036	58,750	51,155
Water and Sewer, Refunding Series 2020	2.00% - 5.00%	09/24/2020	2051	333,445	313,760
Water and Sewer, Refunding Series 2022A	3.47% - 5.00%	09/14/2022	2053	464,680	464,680
Water and Sewer, Taxable Series 2022B	3.45% - 3.55%	09/14/2022	2026	13,405	13,405
Total Water and Sewer					<u>1,481,305</u>
Storm Water, Refunding Series 2012	2.00% - 5.00%	11/13/2012	2025	20,585	4,245
Storm Water, Refunding Series 2014	3.50% - 5.00%	11/04/2014	2044	101,815	79,440
Storm Water, Refunding Series 2016	1.50% - 5.00%	06/09/2016	2036	32,355	23,645
Storm Water, Fee Revenue Series 2020	2.00% - 5.00%	10/14/2020	2051	104,705	100,955
Total Storm Water					<u>208,285</u>
Airport, Refunding Series 2014A	5.00%	11/06/2014	2035	74,290	74,290
Airport, Refunding Series 2014B	2.00% - 5.00%	11/06/2014	2024	31,100	330
Airport, Series 2017A	5.00%	06/01/2017	2048	167,385	156,640
Airport, Series 2017B	5.00%	06/01/2017	2048	16,345	15,480
Airport, Refunding Series 2017C	3.25% - 5.00%	06/01/2017	2042	119,050	104,910
Airport, Series 2019A	3.00% - 5.00%	06/20/2019	2050	142,220	136,650
Airport, Series 2019B	4.00% - 5.00%	06/20/2019	2050	36,145	34,910
Airport, Series 2021A	3.00% - 5.00%	05/06/2021	2052	271,525	268,065
Airport, Series 2021B	3.00% - 5.00%	05/06/2021	2052	108,420	104,780
Airport, Series 2022A	4.00% - 5.00%	06/02/2022	2053	298,705	298,705
Airport, Series 2022B	4.25% - 5.00%	06/02/2022	2053	74,225	74,225
Total Airport					<u>1,268,985</u>
Total Business-type Activities					<u>\$ 2,958,575</u>

Interest on the variable-rate bonds is determined by a remarketing agent based upon market conditions.

The principal and interest on the Water and Sewer and Storm Water Revenue Bonds are payable from net revenues of the water and sewer and storm water systems, respectively. Pursuant to the general trust indentures, the City has covenanted to charge rates that produce net revenues which (1) including 50 percent of the surplus fund, after providing for a two-month operating reserve, are at least 120 percent of the principal and interest requirements plus 100 percent of non-revenue bond debt service requirements and (2) are at least 110 percent of the principal and interest requirements plus 100 percent of non-revenue bond debt service requirements. Based on the fiscal year 2023 Water and Sewer Fund budgets, revenue bond debt service coverage was at least 3.0 percent. Based on the fiscal year 2023 Storm Water Fund budgets, revenue bond debt service coverage was at least 3.4 percent.

The principal and interest on the Airport Revenue bonds are payable from net revenues of the Airport. Pursuant to the Revenue Bond Order, the City has covenanted to charge rates which produce revenues sufficient to cover principal and interest payments.

The revenue bonds 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 or Lease. 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 under the Revenue Bond Orders or Lease.

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	<u>Business-type Activities</u>					
	Water and Sewer		Storm Water		Airport	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 73,435	\$ 64,969	\$ 8,955	\$ 7,470	\$ 31,705	\$ 57,227
2025	71,450	61,437	9,380	7,044	38,335	55,497
2026	58,170	58,253	7,535	6,651	40,340	53,531
2027	61,025	55,285	7,900	6,288	42,385	51,462
2028	64,050	52,158	8,300	5,883	44,530	49,290
2029-2033	303,120	216,860	47,470	23,391	222,925	213,271
2034-2038	362,445	136,294	40,445	14,127	238,630	157,971
2039-2043	204,040	75,973	37,145	7,710	215,215	106,491
2044-2048	166,480	38,505	26,370	3,006	227,975	60,020
2049-2053	117,090	10,356	14,785	504	166,945	15,307
	<u>\$ 1,481,305</u>	<u>\$ 770,090</u>	<u>\$ 208,285</u>	<u>\$ 82,074</u>	<u>\$ 1,268,985</u>	<u>\$ 820,067</u>

(3) Installment Purchases

The following table summarizes the City's installment purchases:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2023
Governmental Activities:					
Convention Center, Refunding					
Series 2016A	5.00%	06/01/2016	2026	\$ 33,010	\$ 7,220
Convention Center, Series 2019A	4.00% - 5.00%	04/25/2019	2049	101,955	95,695
Convention Center, Refunding					
Series 2019A	4.00% - 5.00%	04/25/2019	2034	18,995	15,275
Tourism, Series 2003F	Variable	05/29/2003	2034	41,000	19,785
Tourism, Refunding Series 2013G	Variable	05/30/2013	2033	128,245	70,690
Tourism, Series 2018	5.00%	11/08/2018	2024	11,640	2,325
Hall of Fame, Series 2009D	Variable	07/30/2009	2035	100,000	62,910
Hall of Fame, Refunding Series 2019C	3.00% - 4.00%	06/04/2019	2039	34,935	34,935
Cultural Facilities, Refunding					
Series 2019B	4.00% - 5.00%	06/04/2019	2039	96,975	84,290
Public Safety, Series 2012A	1.25% - 5.00%	01/04/2012	2032	23,195	10,440
Public Safety, Series 2013A	2.00% - 5.00%	04/04/2013	2033	16,700	10,170
Public Safety, Series 2014A	3.00% - 5.00%	03/27/2014	2034	16,225	8,910
Public Safety, Series 2018	3.125% - 5.00%	11/08/2018	2039	56,610	45,265
Equipment and Facilities, Series 2021B	5.00%	10/21/2021	2027	4,145	3,315
Equipment and Facilities, Series 2021B	5.00%	10/21/2021	2032	7,405	6,660
Equipment and Facilities, Series 2021B	2.125% - 5.00%	10/21/2021	2042	96,050	92,245
Total Governmental Activities					<u>\$ 570,130</u>
Business-type Activities:					
Water and Sewer:					
Equipment, Series 2018	5.00%	11/08/2018	2024	\$ 8,205	\$ 1,640
Equipment, 2019, Direct Placement	1.52%	10/11/2019	2024	20,000	4,562
Equipment, 2022, Direct Placement	1.498%	03/15/2022	2027	10,005	7,864
Total Water and Sewer					<u>14,066</u>
Storm Water:					
Equipment, 2022, Direct Placement	1.498%	03/15/2022	2027	1,495	1,175
Total Storm Water					<u>1,175</u>
Public Transit:					
Equipment and Facilities, Refunding					
Series 2013C	2.00% - 5.00%	05/07/2013	2033	47,845	29,580
Equipment and Facilities, Refunding					
Series 2015B	2.00% - 5.00%	06/18/2015	2035	56,470	39,260
Equipment and Facilities, Refunding					
Series 2021A	1.00% - 5.00%	08/03/2021	2048	164,730	156,470
Total Public Transit					<u>225,310</u>
Total Business-type Activities					<u>\$ 240,551</u>

Interest on the variable-rate installment purchases is determined by a remarketing agent based upon market conditions. The City entered into an interest rate swap agreement for the variable rate Hall of Fame 2009D and Tourism Refunding Series 2013G. See note 4.j.8 for additional information concerning derivative instruments.

These installment purchase contracts are non-general obligation financings. In accordance with State statutes, no deficiency judgment may be rendered against the City for amounts owed and the taxing power of the City may not be pledged directly or indirectly to collateralize amounts due pursuant to these contracts.

The City's outstanding installment purchases of \$570,130 are secured with collateral of public safety, convention center, cultural arts, NASCAR Hall of Fame, and other government facilities.

The City enters into installment purchase contracts annually for the purchase of capital equipment. These financings are payable over five years.

Water and Sewer's outstanding non-direct and direct placement installment purchases of \$14,066 and Storm Water's outstanding direct placement installment purchase of \$1,175 are secured with collateral of equipment purchased. The City's outstanding installment purchases of \$225,310 for Public Transit are secured with collateral of transit-related facilities and parking decks.

Installment purchases debt service requirements to maturity are as follows:

<u>Governmental Activities</u>									
-									
Year Ending June 30		Principal			Interest				
		\$		33,760	\$		24,911		
				32,530			23,018		
				33,690			21,511		
				32,255			20,016		
				33,370			18,525		
				180,210			69,292		
				129,610			33,248		
				61,300			12,293		
				27,225			4,922		
				6,180			247		
		\$		570,130	\$		227,983		

<u>Business-type Activities</u>									
Water And Sewer					Storm Water		Public Transit		
Direct Placements					Direct Placements				
Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 1,640	\$ 41	\$ 6,767	\$ 159	\$ 330	\$ 16	\$ 9,365	\$ 8,618	
2025	-	-	2,238	76	334	12	9,820	8,150	
2026	-	-	2,272	43	339	6	10,295	7,685	
2027	-	-	1,149	9	172	1	10,780	7,197	
2028	-	-	-	-	-	-	11,215	6,770	
2029-2033	-	-	-	-	-	-	63,435	26,458	
2034-2038	-	-	-	-	-	-	39,495	14,088	
2039-2043	-	-	-	-	-	-	32,835	8,724	
2044-2048	-	-	-	-	-	-	38,070	3,494	
	<u>\$ 1,640</u>	<u>\$ 41</u>	<u>\$ 12,426</u>	<u>\$ 287</u>	<u>\$ 1,175</u>	<u>\$ 35</u>	<u>\$ 225,310</u>	<u>\$ 91,184</u>	

(4) General Obligation Bond Anticipation Note

The City has available a direct placement general obligation bond anticipation note program to finance street improvements, neighborhood improvements, public improvements and housing projects. The aggregate principal amount of the note outstanding at any one time shall not exceed \$200,000. The note is a general obligation of the City, and the City has pledged its faith and credit to the payment of the principal of and interest on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by general obligation bonds. The note will mature no later than the third anniversary of the closing date or December 2, 2024. The City had direct placement general obligation bond anticipation notes payable of \$184,837 outstanding at June 30, 2023. Interest rates are based upon market conditions.

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

<u>Governmental Activities</u>		
Year Ending June 30	Principal	Interest
2024	\$ -	\$ 6,303
2025	184,837	2,677
	<u>\$ 184,837</u>	<u>\$ 8,980</u>

(5) Revenue Bond Anticipation Note

The City has available a Water and Sewer direct placement revenue bond anticipation note program to finance the cost of water and sewer system improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$500,000. The note is payable from net revenues of the water and sewer systems. The note does 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 note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by water and sewer revenue bonds. The note will mature no later than the third anniversary of the closing date or September 14, 2025. The City had direct placement Water and Sewer revenue bond anticipation notes payable of \$239,610 outstanding at June 30, 2023. Interest rates are based upon market conditions.

The City has available a Storm Water direct placement revenue bond anticipation note program to finance the cost of various improvements to its storm water system. The aggregate principal amount of the note outstanding at any one time shall not exceed \$125,000. The note is payable from net revenues of the storm water system. The note does 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 General Trust Indenture. 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 note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by long-term storm water revenue bonds. The note will mature no later than the third anniversary of the closing date or September 29, 2025. The City had direct placement Storm Water revenue bond anticipation notes payable of \$71,992 outstanding at June 30, 2023. Interest rates are based upon market conditions.

The City has available an Airport direct placement revenue bond anticipation note program to finance the cost of Airport improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$300,000. The note is payable from net revenues of the Airport. The note does 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 payments 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 note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by general Airport revenue bonds. The note will mature no later than the third anniversary of the closing date or June 2, 2025. The City had Airport direct placement revenue bond anticipation notes payable of \$122,029 outstanding at June 30, 2023. Interest rates are based upon market conditions.

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

Year Ending June 30	Water and Sewer		<u>Business-type Activities</u> Storm Water		Airport	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ -	\$ 7,188	\$ 100	\$ 2,991	\$ -	\$ 5,198
2025	-	7,188	-	2,991	122,029	4,800
2026	239,610	1,497	71,892	746	-	-
	<u>\$ 239,610</u>	<u>\$ 15,873</u>	<u>\$ 71,992</u>	<u>\$ 6,728</u>	<u>\$ 122,029</u>	<u>\$ 9,998</u>

(a) Federal Revolving Loan

Pursuant to the North Carolina Clean Water Revolving Loan & Grant Act of 1987 and the Federal Clean Water Act Amendments of 1987 and the American Recovery and Reinvestment Act of 2009, the City utilized loan proceeds to construct clean water infrastructures. The direct borrowing loans to be repaid are one-half of the total project costs reimbursed with zero percent interest. Principal is forgiven for one-half of the total project costs reimbursed.

Debt service requirements to maturity are as follows:

<u>Business-type Activities</u>	
Year Ending June 30	Principal
2024	\$ 66
2025	66
2026	66
2027	66
2028	66
2029-2032	250
	<u>\$ 580</u>

(b) State Revolving Loan

Pursuant to the North Carolina Clean Water Revolving Loan & Grant Act of 1987, the City was awarded direct borrowing state revolving loans through the North Carolina Department of Environmental Quality. The City utilized loan proceeds to construct wastewater treatment works projects. As of June 30, 2023, direct borrowing loans totaling \$108,436 have been approved (but not fully disbursed). The maximum loan term is twenty years. As of June 30, 2023, interest rates varied from zero to 1.71 percent.

Debt service requirements to maturity are as follows:

<u>Business-type Activities</u>		
Year Ending June 30	Principal	Interest
2024	\$ 4,872	\$ 1,373
2025	4,668	1,146
2026	4,669	1,084
2027	4,669	1,023
2028	4,669	962
2029-2033	23,344	3,892
2034-2038	23,117	2,361
2039-2043	18,920	848
	<u>\$ 88,928</u>	<u>\$ 12,689</u>

(6) Leases

The City has entered into agreements to lease certain land, office and warehouse facilities, machinery, and other equipment. The lease agreements have been recorded at the present value of the future lease payments as of the date of their inception. The terms and conditions for these leases vary and generally contain renewal options for periods ranging from 1 to 56 years. If the City is not reasonably certain to exercise these renewal options, the options are not considered in determining the lease term and associated potential option payments are excluded from the present value calculation of the right to use lease asset and the lease liability determination. The City's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. As a result of the leases, the City has recorded the right to use assets with a total net book value of \$18,412 for governmental activities and \$12,199 for business-type activities. The right to use assets are discussed in more detail in section 4f of this note.

Payments due under the lease contracts include fixed, periodic payments over the lease terms plus, for many of the City's leases, variable and non lease component payments. For the City's leases, variable lease payments that depend on future performance or usage of the underlying asset and non lease components are excluded from the measurement of the lease liability and recognized as outflows of resources.

In fiscal year 2023, the City recognized \$2,176 in variable lease payments not previously included in the measurement of the lease liability. As of June 30, 2023, the City's lease payables were valued at \$20,556.

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

Governmental Activities		
Year Ending		
June 30	Principal	Interest
2024	\$ 2,028	\$ 409
2025	1,746	376
2026	1,536	348
2027	1,576	322
2028	1,631	296
2029-2033	5,530	1,083
2034-2038	3,575	495
2039-2043	270	181
2044-2048	397	126
2049-2053	548	48
	<u>\$ 18,837</u>	<u>\$ 3,684</u>

Year Ending	Water and Sewer		Storm Water		Airport		Public Transit	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 156	\$ 9	\$ 5	\$ -	\$ 166	\$ 20	\$ 59	\$ -
2025	134	7	-	-	138	16	-	-
2026	135	5	-	-	140	13	-	-
2027	142	4	-	-	144	10	-	-
2028	144	2	-	-	147	6	-	-
2029-2031	14	-	-	-	195	3	-	-
	<u>\$ 725</u>	<u>\$ 27</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 930</u>	<u>\$ 68</u>	<u>\$ 59</u>	<u>\$ -</u>

(7) Subscription-Based Information Technology Arrangements (SBITAs)

For the year ended June 30, 2023, the City implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The Statement provides a definition of SBITAs 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 SBITA asset (a right to use intangible capital asset) and a SBITA liability will enhance the relevance and reliability of the financial statements.

SBITAs 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 SBITA after July 1, 2022. Accordingly, the City's estimated incremental borrowing rates of 2.41% to 3.37% were used to discount the SBITA payments. As

(Dollar Amounts in Thousands)

a result, the amount of \$74,949 was added as a right to use SBITA asset and a SBITA liability as of July 1, 2022. The SBITA asset, net of amortization, was \$59,947 and the liability balance was \$57,362 at June 30, 2023.

The future SBITA payments as of June 30, 2023, were as follows:

<u>Governmental Activities</u>		
Year Ending		
June 30	Principal	Interest
2024	\$ 12,314	\$ 1,343
2025	9,807	1,022
2026	7,158	756
2027	6,225	555
2028	4,903	375
2029-2033	7,671	447
	<u>\$ 48,078</u>	<u>\$ 4,498</u>

Year Ending	<u>Water and Sewer</u>		<u>Business-type Activities</u>		<u>Airport</u>		<u>Public Transit</u>	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
June 30								
2024	\$ 678	\$ 65	\$ 11	\$ -	\$ 1,798	\$ 143	\$ 530	\$ 36
2025	626	47	-	-	1,509	98	419	22
2026	527	30	-	-	1,103	59	298	12
2027	319	16	-	-	872	31	113	4
2028	212	7	-	-	243	7	26	1
	<u>\$ 2,362</u>	<u>\$ 165</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 5,525</u>	<u>\$ 338</u>	<u>\$ 1,386</u>	<u>\$ 75</u>

(8) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2023 classified by type, and the changes in fair value of such derivative instruments for the year ended are as follows:

	Changes in Fair Value		Fair Value at June 30, 2023		Notional
	Classification	Amount	Classification	Amount	
<u>Governmental Activities</u>					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow	\$ 8,915	Debt	\$ (8,781)	\$ 133,600

The mid-market values of the interest rate swaps were estimated using the income approach. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted to a single net present value amount. The interest rate swaps are classified in Level 3 as the valuation relies primarily on unobservable inputs.

The following table displays the objective and terms of the City's hedging derivative instruments outstanding at June 30, 2023 along with the credit rating of the associated counterparty:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2009D Hall of Fame Certificates of Participation	\$ 62,910	8/18/2009	6/1/2035	Pay 4.725%; receive SOFR	Aa2/A+
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2013G Tourism Certificates of Participation	\$ 70,690	6/1/2013	6/1/2033	Pay 5.10%; receive SIFMA swap index	Aa2/A+

Interest Rate Risk: The City is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as SOFR, the bond floating rate swap index, or the SIFMA swap index decreases, the City's net payment on the swaps increases.

Basis Risk: The City's hedging derivative instruments expose the City to basis risk since the variable payment received from the counterparty is determined on a basis different from that used to calculate the bond floating rate for the associated bonds. As of June 30, 2023, the rate received by the City for the 2009D agreement was 5.17 percent, whereas the bond floating rate paid by the City was 5.17 percent. As of June 30, 2023, the rate received by the City for the 2013G agreement was 4.23 percent, whereas the bond floating rate paid by the City was 4.13 percent.

Termination Risk: Either the City or its counterparties may terminate the hedging derivative instruments if the other party fails to perform under the terms of the contract. Termination could result in the City being required to make a termination payment.

Rollover Risk: The City is exposed to rollover risk on hedging derivative instruments that are hedges of debt that may be terminated prior to the maturity of the hedged debt. If the option to terminate the hedging derivative instrument is exercised, then the City will be re-exposed to the risks being hedged by the hedging derivative instrument.

Hedging Derivative Instrument Payments and Hedged Debt: As of June 30, 2023, aggregate debt service requirements of the City's variable-rate debt and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

<u>Governmental Activities</u>				
Year Ending June 30	<u>Variable-Rate Instruments</u>		<u>Hedging Derivatives, Net</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>		
2024	\$ 11,595	\$ 6,185	\$ 661	\$ 18,441
2025	12,205	5,385	611	18,201
2026	12,870	4,859	535	18,264
2027	13,565	4,301	454	18,320
2028	14,265	3,714	370	18,349
2029-2033	58,930	9,567	649	69,146
2034-2035	10,170	629	-	10,799
	<u>\$ 133,600</u>	<u>\$ 34,640</u>	<u>\$ 3,280</u>	<u>\$ 171,520</u>

Commitments: The City's derivative instruments include provisions that require the City to post collateral in the event its credit rating falls below A3 by Moody's and A- by S&P. The hedging derivative instruments will be collateralized at fair value with cash and/or U.S. government securities. Collateral will be posted with the City or its agent. At June

30, 2023 the aggregate fair value of all hedging derivative instruments with these collateral posting provisions is (\$8,781). If the collateral posting requirements were triggered at June 30, 2023 the City would not be required to post collateral to its counterparties because they had negative fair values. The City's general obligation debt rating is Aaa from Moody's and AAA from S&P; therefore, no collateral has been posted at June 30, 2023.

(9) Refundings

In September 2022, the City issued \$464,680 in Water Sewer Refunding Revenue Bonds, Series 2022A with interest rates ranging from 3.47 to five percent. The net proceeds of \$508,460 (after payment of \$2,181 in underwriting fees and other issue costs) along with \$8,340 in available funds from the City were used to refund \$120,595 of outstanding variable rate Water and Sewer System Revenue Bonds, Series 2006B, refund \$26,205 in fixed rate Water and Sewer System Revenue Refunding Bonds, Series 2011, prepay \$250,000 of outstanding Revenue Bond Anticipation Notes, Series 2021, and finance the cost of various water and sewer system improvements. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$11,241. This difference, reported in the accompanying financial statements as a loss on refundings, is being charged to operations through the year 2037 using the straight-line method. The City completed the refunding to reduce the total debt service payments over a period of 30 years by \$1,587 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,286.

(10) Other Debt Information

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2023, \$30,100 of bonds outstanding are considered defeased.

As of June 30, 2023, the City has authorized but unissued bonds of \$603,975 consisting of \$341,478 for street improvements, \$125,000 for housing and \$137,497 for neighborhood improvements.

Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on eight percent of the total assessed value of real and personal property. As of June 30, 2023, the City's legal debt limit was \$12,353,671. The outstanding debt subject to this limit was \$2,215,802, leaving a net legal debt margin of \$10,137,869.

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 a liability of \$19 for estimated arbitrage profits payable from governmental activities and a liability of \$91 for estimated arbitrage profits payable from business-type activities.

Under an irrevocable letter of credit issued by Truist Bank, the City is entitled to draw an amount sufficient to pay the amount demanded under the sewer construction contract between the City and Classic Neighborhood Development, LLC (the total amount not to exceed \$2,200). The letter of credit is valid through May 2, 2024 (automatically extended for successive one-year periods, unless Truist Bank notifies the City at least 30 days before the then current expiration date that issuer elects not to extend the expiration date).

In the event of default of any City debt, the City agrees to pay the purchaser on-demand interest on any and all amounts due and owing by the City under the related documents. Within the various credit entities of the City, new debt is issued on parity with existing debt. General obligation debt is backed by the full faith and credit of the City, installment purchase contracts are backed by pledged collateral, and revenue bonds are backed by revenue bond covenants.

(11) Subsequent Events

On July 21, 2023, the City received \$10,450 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for water infrastructure improvements.

On August 1, 2023, the City issued \$75,000 in taxable General Obligation Housing Bonds, Series 2023A, to acquire, construct, develop and equip housing projects.

On September 21, 2023, the City entered into a direct placement Certificates of Participation draw program, Series 2023A, to finance the cost of improvements and renovations to the City's Spectrum Center arena and improvements and renovations of City fire station facilities. The aggregate principal amount of the certificate outstanding at any one time shall not exceed \$110,000.

On September 28, 2023, the City issued \$256,875 in Airport Revenue Bonds, Series 2023A, to refinance \$55,699 of the 2022 bond anticipation note, finance the cost of various Airport improvements, fund capitalized interest, and fund a deposit of the debt service reserve fund.

On September 28, 2023, the City issued \$110,285 in Airport Revenue Bonds, Series 2023B, to refinance \$31,032 of the 2022 bond anticipation note, finance the costs of various Airport improvements, fund capitalized interest, and fund a deposit of the debt service reserve fund.

On September 28, 2023, the City entered into a direct placement Airport Revenue Bond Anticipation Note, Series 2023, along with \$46,966 in available funds from the City, to refinance \$49,024 of the 2022 bond anticipation note and finance the cost of various Airport improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$280,000.

On October 31, 2023, the City issued \$85,065 in Governmental Facilities Refunding Certificates of Participation, Series 2023, along with \$4,404 in available funds from the City, to refund \$19,785 of outstanding variable rate Certificates of Participation, Series 2003F, refund \$70,690 of outstanding variable rate Certificates of Participation, Series 2013G, and pay the swap termination payment associated with the interest rate swap agreement related to the refunded 2013G certificates. The City completed the refunding to reduce the total debt service payments over a period of 10 years by \$1,737 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,428.

k. Fund Balance

The following schedule provides information on the portion of General fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 237,124
Less:	
Nonspendable Leases	1,048
Nonspendable Prepaid Items	25
Long-term Notes Receivables	8,000
Stabilization by State Statute	86,939
Fund balance policy	133,377
Remaining Fund Balance - Committed for Capital Projects	<u>\$ 7,735</u>

5. PENSION PLANS AND OTHER BENEFITS

Primary Government: The City participates in the North Carolina Local Governmental Employees' Retirement System (LGERS), administered by the State of North Carolina; the Charlotte Firefighters' Retirement System (System), administered through a board of trustees; and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) managed by the City. The City also participates in a Supplemental Retirement Income Plan for Law Enforcement Officers.

The Statement of Net Position consolidates the deferred outflows of resources, pension liability and deferred inflows of resources related to pensions for LGERS and System (net pension liability) and LEOSSA (total pension liability) as follows:

	LGERS	Firefighters' System	LEOSSA	Total
Deferred Outflows of Resources - City contributions subsequent to the measurement date	\$ 64,848	\$ 17,619	\$ 5,511	\$ 87,978
Other Deferred Outflows	177,458	632,155	34,624	844,237
Pension Liability	364,760	550,934	157,177	1,072,871
Deferred Inflows of Resources - Pension deferrals	8,051	417,628	27,159	452,838
Pension Expense	102,870	77,601	18,222	198,693

Detailed information for all plans follows.

a. Local Governmental Employees' Retirement System (LGERS)

Plan Description: The City of Charlotte and the Charlotte Regional Visitors Authority (Authority), a component unit of the City, are participating employers in the statewide Local Governmental 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 (LEO) 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 Governmental 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. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 707-0500, or at www.osc.nc.gov.

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

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

Contributions: Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Charlotte and Authority employees are required to contribute six percent of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Contractually required contribution rates for the year ended June 30, 2023, were 14.10 percent of compensation for law enforcement officers for the City and 12.85 percent for general employees and firefighters for the City and the Authority, 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 pension plan from the City of Charlotte and the Authority, respectively, were \$64,848 and \$2,052 for the year ended June 30, 2023.

Refund of Contributions: City and Authority 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 four percent 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

City of Charlotte – At June 30, 2023, the City reported a liability of \$364,760 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 update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share

of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), the City's proportion was 6.466 percent which was a decrease of 0.378 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$102,870. 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	\$ 15,717	\$ 1,541
Changes of assumptions	36,395	-
Net difference between projected and actual earnings on pension plan investments	120,557	-
Changes in proportion and differences between City contributions and proportionate share of contributions	4,789	6,510
City contributions subsequent to the measurement date	64,848	-
Total	<u>\$ 242,306</u>	<u>\$ 8,051</u>

\$64,848 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2024	\$ 54,747
2025	45,824
2026	11,401
2027	57,435
	<u>\$ 169,407</u>

Component Unit – At June 30, 2023, the Authority reported a liability of \$12,106 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, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing updated procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability was based on a projection of the Authority'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 Authority's proportion was 0.215 percent which was a decrease of 0.025 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Authority recognized pension expense of \$3,193. At June 30, 2023, the Authority 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	\$ 521	\$ 51
Changes of assumptions	1,208	-
Net difference between projected and actual earnings on pension plan investments	4,001	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	591
Authority contributions subsequent to the measurement date	2,570	-
Total	<u>\$ 8,300</u>	<u>\$ 642</u>

\$2,570 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources (net of deferred outflows of \$5,731) related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2024	\$ 1,542
2025	1,322
2026	319
2027	1,906
Thereafter	-
	<u>\$ 5,089</u>

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

Inflation	2.50%
Salary increases	3.25 to 8.25%, including inflation and productivity factor
Investment rate of return	6.50%, 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 for the period January 1, 2015 through December 31, 2019.

Future ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.1%
Global Equity	42.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	7.5%
Opportunistic Fixed Income	7.0%	5.0%
Inflation Sensitive	6.0%	2.7%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the asset, liability and investment policy study for the North Carolina Retirement Systems. 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 2.25 percent. All rates of return and inflation are annualized.

Discount Rate: The discount rate used to measure the total pension liability was 6.50 percent. 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 Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the City and the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the City and the Authority's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) 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 (asset)	\$ 658,344	\$ 364,760	\$ 122,829
Authority	21,850	12,106	4,077

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 (ACFR) for the State of North Carolina.

b. Charlotte Firefighters' Retirement System (System)

Plan Description: The Charlotte Firefighters' Retirement System (System) administers the Charlotte Firefighters' Retirement System Plan, a single-employer defined benefit pension plan. System membership is comprised of civil service employees of the Charlotte Fire Department. Section 12 of G.S. Chapter 926 of the 1947 Session Laws, as amended, officially known as the Charlotte Firefighters' Retirement System Act (Act), assigns the authority to establish and amend benefit provisions to the System. Management of the plan is vested in the System's Board of Trustees, which consists of 11 members – four appointed by the Resident Judge of the Superior Court of Mecklenburg County, three who serve by virtue of their positions with the City of Charlotte, three elected by the members and one elected by the retirees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Charlotte Firefighters' Retirement System, 428 East Fourth Street, Suite 205, Charlotte, North Carolina 28202, or by calling (704) 626-2728.

Plan Membership: At July 1, 2022, the actuarial valuation date, System membership consisted of the following:

Retired participants and beneficiaries currently receiving benefits	826
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	15
Active participants	1,091
Total	<u>1,932</u>

Basis of Accounting: For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/ deductions from fiduciary net position have been determined on the same basis as they are reported by the System. Contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest and dividend income is reported as earned. The net appreciation in the fair value of investments includes realized gains and losses on investments that were both bought and sold during the year.

Benefits Provided: The System provides retirement and permanent and total disability benefits to the uniformed employees of the Fire Department of the City of Charlotte. Retirement benefits are determined as 2.6 percent of the member's final average salary multiplied by the years of credited service. A member's final average salary is calculated as the average monthly compensation received by the member during any two consecutive years of membership which produces the highest average and is contained within the last five years of membership. Plan members are eligible to retire with full retirement benefits at age 60 with five years of creditable service, at age 50 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 with 25 years of creditable service. Early retirement benefits are reduced by three percent for each year the early retirement date precedes age 50. Survivor benefits are available to eligible beneficiaries of members who die while in active service. Eligible beneficiaries may elect to receive a lump sum equal to the return of the member's accumulated contributions, plus those contributions made by the City on their behalf, plus interest of four percent per year. In lieu of the lump sum, the beneficiary may elect an annuity which is the actuarial equivalent of the lump sum. The plan does not provide for automatic post-retirement benefit increases.

Contributions: Benefit and contribution provisions are established by State law and may be amended only by the North Carolina legislature. Contributions to the pension plan from the City were \$17,619 for the year ended June 30, 2023.

Refund of Contributions: If an employee ceases employment with less than five years of service credit, accumulated employee contributions are refunded to the employee or designated beneficiary. After five or more years of service, the employee may elect to receive a refund of the employee's accumulated contributions with interest compounded annually at four percent or receive an accrued benefit at age 60.

Method Used to Value Investments: The investments of the System are reported at fair value. Securities and mutual funds traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Investment Policy: The North Carolina Act (Act) which established the System requires the Board of Trustees to act with the same care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims. The Act requires the Trustees to design an investment plan to further the purpose of the System by giving consideration to the following: (a) diversification of investments, (b) liquidity and return relative to cash flow needs and (c) projected return. In accordance with the Act, the Board of Trustees has developed and periodically revises a policy statement of investment goals, objectives, and guidelines, which specifically define vehicles that may be used for the investment of System funds. The System invests in the U.S. government securities, corporate bonds, common stocks and mutual funds.

Concentrations: The System had individual fixed income or equity investments at June 30, 2023 managed by the following organizations that represented five percent or more of the System's net position:

State Street Global Advisors	38%
Barrow Hanley	17%
Morgan Stanley	6%
Wellington Management Company	5%
UBS Trumbull Property Fund	5%
Lazard / Wilmington Collective Trust	5%

Rate of Return: For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (12.83) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the System reported a liability of \$550,934. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions: The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75 to 9.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on The Pub-2010 Safety Retiree Headcount-Weighted Below Median Mortality Table adjusted by 87.5 percent for males projected generationally with Scale MP-2019 for the period after service retirement. The Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2019 is used for the period after disability retirement. The Pub-2010 Safety Employee Headcount-Weighted Mortality Table projected generationally with projection Scale MP-2019 is used for deaths in active service.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	36.0%	5.8%
International Equity	26.0%	6.6%
Domestic Fixed Income	23.0%	1.0%
Non U.S. Fixed Income	5.0%	0.3%
Real Estate	10.0%	4.9%
Total	100.0%	

Discount Rate: The discount rate used to measure the total pension liability was 4.88 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions and employer contributions will be made at the current contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7 percent was applied to all periods of projected benefit payments. The Single Equivalent Interest Rate (SEIR) of 4.88 percent was used to determine the total pension liability as of June 30, 2022.

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2021	\$ 806,628	\$ 676,330	\$ 130,298
Service cost	23,287	-	23,287
Interest	56,909	-	56,909
Benefit Changes	1,336	-	1,336
Difference between expected and actual experience	1,340	-	1,340
Changes of assumptions or other inputs	279,397	-	279,397
Contributions-employer	-	14,942	(14,942)
Contributions-employee	-	12,418	(12,418)
Net investment income	-	(84,947)	84,947
Benefit payments, including refunds of employee contributions	(43,360)	(43,360)	-
Administrative expense	-	(714)	714
Other Changes	-	(66)	66
Balances at June 30, 2022	<u>\$ 1,125,537</u>	<u>\$ 574,603</u>	<u>\$ 550,934</u>

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the System's net pension liability calculated using the discount rate of 4.88 percent, as well as what the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.88 percent) or one percentage point higher (5.88 percent) than the current rate:

	1% Decrease (3.88%)	Discount Rate (4.88%)	1% Increase (5.88%)
System's net pension liability	\$ 714,085	\$ 550,934	\$ 417,594

For the year ended June 30, 2023, the System recognized pension expense of \$77,601. At June 30, 2023, the System 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	\$ 48,778	\$ 2,109
Changes of assumptions	520,951	415,519
Net difference between projected and actual earnings on pension plan investments	62,426	-
City contributions subsequent to the measurement date	17,619	-
Total	<u>\$ 649,774</u>	<u>\$ 417,628</u>

\$17,619 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2024	\$ 57,681
2025	30,878
2026	25,675
2027	49,147
2028	18,400
Thereafter	32,746
	<u>\$ 214,527</u>

Below are the Statement of Net Position and Statement of Changes in Net Position for the Firefighters' Retirement Pension Trust:

Statement of Net Position

Assets:	
Cash, cash equivalents and investments	\$ 6,604
Receivables:	
Employer contributions	374
Member contributions	232
Interest and dividends	709
Total receivables	<u>1,315</u>
Prepaid items	8
Investments:	
Equity securities - stocks	66,740
Fixed income securities - bonds	101,131
Mutual funds	428,582
Total investments	<u>596,453</u>
Capital assets	672
Less accumulated depreciation	585
Total capital assets, net	<u>87</u>
Total assets	<u>604,467</u>
Liabilities:	
Accounts payable	<u>686</u>
Net Position:	
Restricted for pensions	<u>\$ 603,781</u>

Statement of Changes in Net Position

Additions:	
Contributions-	
Member	\$ 12,605
Employer	17,619
Total contributions	<u>30,224</u>
Investment income -	
Net appreciation in fair value of investments	42,123
Interest	3,277
Dividends	3,574
Total investment income	<u>48,974</u>
Investment expense	2,437
Net investment income	<u>46,537</u>
Total additions	<u>76,761</u>
Deductions:	
Benefits	45,951
Refunds	774
Administration	807
Depreciation	51
Total deductions	<u>47,583</u>
Change in net position	<u>29,178</u>
Net position - beginning	574,603
Net position - ending	<u>\$ 603,781</u>

c. Law Enforcement Officers' Special Separation Allowance (LEOSSA)

Description: The City of Charlotte administers a public employee retirement system (LEOSSA), 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 five or more years of creditable service. The LEOSSA 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. A stand-alone financial report is not issued for the LEOSSA.

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

Inactive plan members currently receiving benefits	466
Active plan members	1,736
Total	<u>2,202</u>

Basis of Accounting: The City has chosen to fund the LEOSSA on a pay-as-you-go basis. Pension expenditures are made from the General fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The LEOSSA has no assets accumulated in a trust that meet the criteria in GASB Statement 73.

Actuarial Assumptions: The entry age actuarial cost method was used in the December 31, 2021 valuation. 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:

Inflation	2.50%
Salary increases	3.25 to 7.75%, including inflation and productivity factor
Discount rate	4.31%

Discount Rate: The discount rate used to measure the TLP is the S&P Municipal Bond 20-year High Grade Rate index.

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97 percent and Set Forward by 1 year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for the Contingent Survivors. Rates for the male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

December 31, 2021 is the actuarial valuation date upon which the TPL is based. The result was rolled forward using standard actuarial techniques to the Measurement Date. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments for the plan year and then applies interest for the year. The procedure used to determine the TPL as of December 31, 2022 is shown in the following table:

	TPL Reported for Year Ending 2021	Development of TPL for Year Ending 2022 Prior to Assumption Change	Development of TPL for Year Ending 2022 after Assumption Change
TPL Roll Forward			
Interest Rate	2.25%	2.25%	4.31%
Valuation Date for Measurement	12/31/2020	12/31/2021	12/31/2021
TPL as of December 31, 2021	\$ 187,209	\$ 187,711	\$ 156,922
Entry Age Normal Cost for the period January 1, 2022 - December 31, 2022 at the End of the Year	6,449	6,449	4,326
Actual Benefit Payments for the Period January 1, 2022 - December 31, 2022 at the End of the Year	10,606	10,606	10,606
TPL as of December 31, 2022	\$ 187,144	\$ 181,523	\$ 157,177
Experience Actuarial (Gain)/Loss		\$ (5,622)	
Discount Rate Change (Gain)/Loss			\$ (24,346)

No significant changes, other than the change in the Municipal Bond Index Rate, have occurred between the Valuation Date and the Measurement Date.

Contributions: The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the LEO Separation are financed through investment earnings. The City paid \$10,606 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 LEOSSA reported a total pension liability of \$157,177. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the City recognized pension expense of \$18,222.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,680	\$ 4,544
Changes of assumptions and other inputs	18,944	22,615
City contributions subsequent to the measurement date	5,511	-
Total	\$ 40,135	\$ 27,159

\$5,511 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2024	\$ 7,593
2025	5,933
2026	226
2027	(5,025)
2028	(1,263)
	<u>\$ 7,464</u>

Sensitivity of the City'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 percent, 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 percent) or one percentage point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ 168,464	\$ 157,177	\$ 146,832

Schedule of Changes in Total Pension Liability

Total pension liability as of December 31, 2021	\$ 187,209
Service cost	6,449
Interest	4,093
Difference between expected and actual experience	(5,622)
Changes of assumptions and other inputs	(24,346)
Benefit payments	(10,606)
Total pension liability as of December 31, 2022	<u>\$ 157,177</u>

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

d. Supplemental Retirement Income Plan for Law Enforcement Officers

Description: The City contributes to the Supplemental Retirement Income Plan (Plan), a 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. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 707-0500 or at www.osc.nc.gov.

Funding Policy: Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City is currently making contributions for the 1,628 law enforcement officers. Contributions for the year ended June 30, 2023 were \$15,870, which consisted of \$7,488 from the City and \$8,382 from the law enforcement officers.

e. Death Benefit Plan

The City provides death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (LGERS), a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The benefit is paid to beneficiaries of employees who die while still in active service after one year as a contributing member or die within 180 days of their last day of service, provided the contributions have not been withdrawn. The benefit is a lump-sum payment equal to the employee's highest salary for 12 consecutive months during the 24 months before the death. The lump-sum payment will be at least twenty-five thousand but no more than fifty thousand. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2023, the City made contributions to the State for death benefits. The City's contributions for employees engaged in law enforcement represented 0.14 percent of covered payroll.

f. Other Postemployment Benefits

Description: The City of Charlotte Employee Benefit Trust Plan (EBTP) is a single-employer defined benefit healthcare plan administered by the City of Charlotte. The EBTP provides health and welfare benefit plans for the benefit of eligible retired employees of the City. Section 4.05 of the Charlotte City Code assigns the authority to establish benefit provisions for EBTP to the City Council. A stand-alone financial report is not issued.

Plan Membership: At June 30, 2022 the EBTP membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits payments	2,207
Active participants	2,654
Total	<u>4,861</u>

Benefits Provided: The EBTP provides healthcare benefits for retirees hired before July 1, 2009 and have at least ten years of consecutive City service in a benefit eligible position and immediately begin drawing a retirement benefit. The City pays a percentage of the cost of coverage for employees' benefits through private insurers based on years of service. Sworn public safety officers hired on or after July 1, 2009 are eligible to participate in a Retirement Health Reimbursement Plan (RHRP). This benefit provides a weekly City contribution into a Health Reimbursement account and upon vesting, the employee can use it to pay for qualified healthcare expenses in retirement or at the time of separation of service.

Contributions: The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution rates for plan members were dependent on the years of service and the coverage selected. Monthly rates ranged from \$221 to \$5,350 per retiree.

City Contributions to EBTP based on years of creditable service

Years of Creditable Service	Date Hired	
	Pre-July 1, 2009	On or after July 1, 2009
less than 10 years	0%	0%
10 to 20 years	51%	0%
20 + years	60%	0%

The City Council set the employer contribution rate to contribute the projected pay-as-you-go-financing requirements, with additional amounts to prefund benefits as determined annually. For the current year, the City contributed \$16,395 to the plan.

Investments: The Long-Term Investment Program (LTIP) represents an investment program in which long-term capital reserves of the City are invested under expanded investment authorization outlined in State law G.S. 147-69.2(b) (1)-(6) and (8) as rewritten with additional investment authorization in Senate Bill 703, ratified June 3, 2009, in order to diversify investment assets of the City. In addition, the LTIP is expected to be a source of funding for OPEB obligations of the City.

The LTIP is overseen by its Board which works with an external investment consultant to manage the LTIP by developing and monitoring its investment policy, including asset allocation, selecting qualified investment managers to manage LTIP assets, and to monitor and evaluate individual investment manager performance.

The LTIP policy regarding the allocation of invested assets is established and may be amended by the LTIP Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy with moderate risk that provides a rate of return that exceeds the rate of inflation and that is above average compared to relevant market benchmarks. The Board also seeks prudent diversification of the portfolio across a broad selection of distinct asset classes. The LTIP discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. LTIP investments are valued at fair value. The following was the Board's adopted asset allocation policy based on an analysis of historical and projected capital market return patterns and consistent with the moderate risk tolerance defined in its policy.

Asset Class	Target Allocation
Non-Domestic Equity	18%
Domestic Equity	50%
Non-Domestic Fixed Income	20%
Domestic Fixed Income	12%
Total	<u>100%</u>

Rate of Return: For the year ended June 30, 2023, the annual money market weighted rate of return on investment, net of investment expenses, was 13.85 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Total OPEB liability	\$ 362,261
Plan fiduciary net position	147,982
City's net OPEB liability	<u>\$ 214,279</u>
Plan fiduciary net position as a percentage of the Total OPEB liability	40.85%

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

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation	
General Employees	3.25% - 8.41%
Firefighters	3.75% - 9.00%
Law Enforcement Officers	3.25% - 7.90%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	7.25%
Municipal Bond Index Rate	
Prior Measurement Date	3.54%
Measurement Date	3.65%
Year FNP is projected to be depleted	
Prior Measurement Date	2047
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	5.28%
Measurement Date	7.25%
Health Care Cost Trends	
Pre-Medicare Medical and Prescription Drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare Medical and Prescription Drug	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025

Total OPEB liabilities were rolled forward to June 30, 2022 and June 30, 2023 for the employer and the plan, respectively, utilizing updated procedures incorporating the actuarial assumptions.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

Discount Rate: The discount rate used to measure the total OPEB liability at June 30, 2023 was 7.25 percent. The projection's basis was an actuarial valuation performed as of June 30, 2022.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following exhibit presents the net OPEB liability of the EBTP as of June 30, 2023 as well as what the EBTP's liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB liability	\$ 258,315	\$ 214,279	\$ 177,712

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

	Healthcare Cost Trend Rate		
	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 172,757	\$ 214,279	\$ 264,520

Changes in Net OPEB Liability, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of June 30, 2023, EBTP reported a net OPEB liability of \$214,279. The total OPEB liability used to calculate the net 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, utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2023, the components of the net OPEB liability of the EBTP, measured as of June 30, 2023, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2022	\$ 463,295	\$ 131,184	\$ 332,111
Service cost	8,225	-	8,225
Interest	24,078	-	24,078
Difference between expected and actual experience	(31,499)	-	(31,499)
Changes of assumptions or other inputs	(87,091)	-	(87,091)
Contributions-employers	-	15,550	(15,550)
Net investment income	-	18,000	(18,000)
Administrative expense	-	(14,747)	14,747
Benefit payments	(14,747)	(2,005)	(12,742)
Net change	(101,034)	16,798	(117,832)
Balances at June 30, 2023	\$ 362,261	\$ 147,982	\$ 214,279

Reconciliation of Total OPEB Liability and Net OPEB Asset by Governmental and Business -type Activities

		Business-type Activities					
	Governmental Activities	Water and Sewer	Storm Water	Airport	Public Transit	Subtotal	Total
Net OPEB liability	\$ 246,701	\$ -	\$ 1,483	\$ -	\$ 607	\$ 2,090	\$ 248,791
Net OPEB asset	-	(24,984)	-	(9,528)	-	(34,512)	(34,512)
City's net OPEB liability (asset)	<u>\$ 246,701</u>	<u>\$ (24,984)</u>	<u>\$ 1,483</u>	<u>\$ (9,528)</u>	<u>\$ 607</u>	<u>\$ (32,422)</u>	<u>\$ 214,279</u>

Changes of Assumptions: Changes of assumptions and other inputs reflect a change in the discount rate from 5.28 percent in 2022 to 7.25 percent in 2023. Medical claims cost and rates were changed based on most recent experience and changed to the current schedule. The impacts of the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) were addressed in this valuation. The impact of the COVID-19 pandemic was considered in the valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward.

For the year ended June 30, 2023, the EBTP recognized OPEB income of (\$49,899). At June 30, 2023, the EBTP 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	\$ 747	\$ 40,722
Changes of assumptions or other inputs	89,600	150,228
Net difference between projected and actual earnings on plan investments	11,444	-
Total	<u>\$ 101,791</u>	<u>\$ 190,950</u>

Total 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 Ending June 30	
2024	\$ (54,217)
2025	(22,155)
2026	(11,081)
2027	(1,706)
	<u>\$ (89,159)</u>

Below are the Statement of Net Position and Statement of Changes in Net Position for the Employee Benefit – Other Employee Benefit Trust:

Statement of Net Position - Other Employee Benefit Trust

Assets:	
Cash, cash equivalents and investments	\$ 69
Receivables:	
Interest and dividends	3
Investments:	
Mutual funds	147,941
Total assets	<u>148,013</u>
Liabilities:	
Accounts payable	<u>31</u>
Net Position:	
Net position restricted for OPEB	<u>\$ 147,982</u>

Statement of Changes in Net Position - Other Employee Benefit Trust

Additions:	
Contributions-	
Employer	\$ 15,550
Investment income -	
Net appreciation in fair value of investments	17,633
Interest	625
Total investment income	<u>18,258</u>
Investment expense	<u>258</u>
Net investment income	<u>18,000</u>
Total additions	33,550
Deductions:	
Benefits	6,943
Insurance premiums	7,804
Administration	<u>2,005</u>
Total deductions	<u>16,752</u>
Change in net position	16,798
Net position - beginning	131,184
Net position - ending	<u>\$ 147,982</u>

g. Deferred Compensation Plan

The City offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are placed in trust for the exclusive benefit of the participants and their beneficiaries and therefore are not included in the City's financial statements. In addition, in 2019 the city created a Retiree Health Investment Account for public safety employees hired on or after July 1, 2009. The city contributes \$20.00 per week per eligible employee. For the year ended June 30, 2023, the City contributed \$2,005.

The City provides a deferred compensation plan created in accordance with the Internal Revenue Code Section 401(a). The plan, which is available to the City Manager position, permits the City to provide compensation that can be deferred until future years. The deferred compensation is not available to the City Manager until termination, retirement, death or unforeseeable emergency. The plan assets are placed in trust for the exclusive benefits of the participant and therefore are not included in the City's financial statements.

The City participates in the NC 401(k) Plan which is a retirement savings plan administered by the North Carolina Department of the State Treasurer, and available exclusively to North Carolina public employees who are actively contributing to one of the NC Retirement Systems.

6. OTHER INFORMATION

a. Airport Leasing Arrangements with Tenants

A major portion of the Airport's assets are leased under operating agreements with airlines and other tenants. The total cost and accumulated depreciation of the assets at June 30, 2023 were as follows:

Land	\$ 424,905
Buildings	1,393,154
Runways	542,153
Improvements other than buildings	526,456
Intangibles	20,113
Machinery and equipment	205,666
Total	<u>3,112,447</u>
Less: accumulated depreciation	<u>1,198,495</u>
Total	<u>\$ 1,913,952</u>

b. Passenger Facility Charges

The Federal Aviation Administration (FAA) authorized the Airport to collect Passenger Facility Charges (PFC) of \$3 per qualifying enplaned passenger commencing November 1, 2004. The net receipts from PFC are accounted for on the accrual basis of accounting in the statement of revenues, expenses and changes in fund net position and are restricted for use on FAA approved projects. The Airport has been authorized to collect PFC in the aggregate amount of \$3,258,937. Cash collections during fiscal year 2023 were \$69,923 and aggregate collections from inception through June 30, 2023 were \$1,034,172.

c. Insurance

(1) Employee Health and Life

The City provides health and life benefits to employees and retirees. Private companies administer these benefits pursuant to administrative services agreements. The City maintains insurance coverage with private carriers for life claims, vision claims and excess coverage for health claims in excess of five-hundred thousand. The City has an Employee Health and Life Insurance Fund (EHLIF), an internal service fund, to account for and finance its health and life insurance program.

All City funds participate in the program and make payments to the EHLIF for both an amount per employee and a proportionate share of the administrative cost. The amount per employee is based on actuarial estimates of amounts needed to pay prior and current year claims. The employees and retirees contribute a portion of the cost for health coverage. The City provides basic life insurance and accidental death and dismemberment benefits for employees in the amount of two times the employees' salary up to a maximum of five-hundred thousand. Employees may purchase additional life insurance up to a maximum of five times their salary. The City provides short-term disability that equals 60 percent of salary for up to 26 weeks.

Liabilities include amounts for both reported and incurred but not reported claims. The changes in the fund's liabilities follow:

	Beginning of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2023	\$ 12,187	\$ 91,508	\$ (93,053)	\$ 10,642
2022	12,399	88,368	(88,580)	12,187

At June 30, 2023 the EHLIF held \$15,439 in cash and cash equivalents for payments of these claims.

(2) Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has a Risk Management Fund (RMF), an internal service fund, to account for and finance its insured and uninsured risks of loss. Currently, insurance coverage is purchased for excess property damage for buildings, contents, and light rail trains; excess workers' compensation; excess vehicle and general liability; network security liability; police professional liability; police helicopter hull liability; drone liability; airport liability; City bus liability and passenger railway liability for the light rail train operations. Insurance coverage includes vehicle and general liability claims in excess of \$2,000 but less than \$22,000 per occurrence, workers' compensation claims in excess of \$2,000, property damage claims in excess of \$250 and flood insurance of \$100,000 in all flood zones, except \$10,000 in flood zone A in excess of federal flood program maximums, network security coverage in the amount of \$40,000 and drone liability in the amount of \$2,000. The finance officer is bonded for \$100. Employees who handle funds or have access to inventories are bonded under a blanket bond for \$500. The actuarially determined losses for the remaining risks and deductible amounts are funded in the RMF. Settled claims have not exceeded insurance coverage in the past three years. All funds of the City participate in the risk management program and make payments to the RMF based on historical cost information or actuarial estimates of the amounts needed to pay prior and current year claims and establish a reserve for catastrophic losses.

Pursuant to administrative agreements, the City provides risk management services to Mecklenburg County, the Charlotte-Mecklenburg Board of Education, and Medic. There is no transfer or pooling of risks among entities. Amounts collected or due and amounts paid or to be paid to settle claims for Mecklenburg County, the Charlotte-Mecklenburg Board of Education, and Medic are reported as a net liability on an accrual basis. At June 30, 2023, \$2,941 was held as deposits for these entities. This amount is reflected as a long-term liability, Due to Participants, in the RMF.

The claims liability of \$71,118 reported in the RMF at June 30, 2023, is based on GASB Statement No. 10, which requires 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 are based on the estimated ultimate cost of settling the claims, which includes incremental claim adjustment expenditures/expenses (i.e., outside legal assistance) and estimated recoveries on unsettled claims as required by GASB Statement No. 30. The changes in the fund's liabilities follow:

	Beginning of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2023	\$ 60,916	\$ 33,992	\$ (23,790)	\$ 71,118
2022	54,383	26,404	(19,871)	60,916

At June 30, 2023 the RMF held \$74,280 in cash and cash equivalents for payments of these claims.

d. Commitments and Contingencies

Noise litigation suits have been filed against the City in connection with the operation of the Charlotte Douglas International Airport. In the opinion of the City's attorney and management, the ultimate outcome of the suits is not expected to have significant impact upon the financial position or results of operations of the Airport Fund.

The City is also party to a number of other civil injustice lawsuits and legal actions. In the opinion of the City's attorney and management, the ultimate outcome of these legal matters is not expected to have a significant impact upon the City's financial position.

The City is currently evaluating a number of environmental issues including two former landfill sites. Until site assessments and further studies are completed, the cleanup costs can only be estimated. During the current fiscal year a provision for cleanup costs of \$756 has been provided within the financial statements. In the opinion of City management, costs ultimately incurred are not expected to have a material effect on the City's financial position after giving effect to the provision for cleanup costs.

The City manages a Brownfield Assessment Grant Program which assists property and business owners and infill developers in overcoming barriers that contamination presents for the redevelopment of underutilized brownfield sites in distressed business districts and neighborhoods. The Program provides fifty percent matching funds, up to \$20 per site, to property owners for site assessment, design of remediation activities, and legal expenses for redevelopment sites suspected of contamination. When the City enters into the agreements, it legally obligates itself to participate

in the cleanup activities of the remediation effort. The amount of the liability is derived from the grant agreements and assumes no unexpected change orders.

The City has received a number of federal and state grants for specific purposes that are subject to review by the grantor agencies. Such reviews could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under terms of the grants. The City management believes that such disallowances, if any, would not be significant.

Charlotte Water settled previously reported litigation for \$106 million. On July 3, 2023, Charlotte Water made its first settlement payment of \$90 million. On or around July 1, 2024, Charlotte Water will make its second and final settlement payment of \$16 million.

Authorized capital projects at June 30, 2023 are comprised of the following by fund:

	Project Authorization	Expended	Unexpended
<u>Governmental</u>			
Capital Projects	\$ 4,104,189	\$ 2,925,247	\$ 1,178,942
<u>Enterprise</u>			
Water and Sewer	4,587,891	3,973,983	613,908
Storm Water	1,119,207	966,724	152,483
Airport	3,121,356	2,562,357	558,999
Public Transit	2,410,742	2,087,795	322,947
Total Enterprise	11,239,196	9,590,859	1,648,337
Total	<u>\$ 15,343,385</u>	<u>\$ 12,516,106</u>	<u>\$ 2,827,279</u>

Financial resources are available to fund the total amount of unexpended authorizations.

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. For governmental funds, encumbrances are included within the restricted, committed or assigned fund balances, as appropriate and are established in the funds as follows:

General	\$ 14,740
General COVID Relief	2,452
Capital Projects	235,957
Nonmajor governmental	31,898
Total	<u>\$ 285,047</u>

The City has construction and other contractual commitments at June 30, 2023 as follows by fund:

<u>Governmental</u>	
General	\$ 251,372
Nonmajor governmental	32,106
Total Governmental	<u>283,478</u>
<u>Enterprise</u>	
Water and Sewer	303,477
Storm Water	68,870
Airport	282,853
Public Transit	84,175
Total Enterprise	<u>739,375</u>
Total	<u>\$ 1,022,853</u>

e. Arena

Spectrum Center (formerly Time Warner Cable Arena) was constructed and financed by the City and opened in October 2005. The primary tenant of the arena is the National Basketball Association's Charlotte Hornets. Terms of a twenty-five-year lease entitle the team to all operating revenues and the team is responsible for all operating expense, including non-basketball related events. The City and the team each contribute \$250 annually (escalating at five percent per year) to a capital reserve fund. Any capital expenses in excess of the reserve are the responsibility of the City. While the City retains ownership of the facility, the Charlotte Regional Visitors Authority provides operation support for the Arena. The \$200 million project was funded primarily through a combination of installment financing obligations supported by a portion of an occupancy tax and a dedicated rental car tax, private contributions and the sale of City assets. The City is entitled to damages based on the number of years remaining on the lease if the team violates the agreement. The City and the Hornets reached an agreement in 2022 for the City to invest \$215 million in capital renovations and upgrades that increase the competitiveness and help bring additional events to the City. The Hornets have agreed to take on any cost overruns related to the \$215 million capital improvements, as well as extend their lease until 2045. The first tranche of financing for the capital repairs is expected in fiscal year 2024.

f. NASCAR Hall of Fame

NASCAR Hall of Fame was constructed and financed by the City and opened in May 2010. The \$140 million project was funded through a combination of installment financing obligations supported by a dedicated two percent occupancy tax and private loans repaid through land sales and private contributions. The City also receives a portion of sponsorship money and deferred NASCAR royalty payments to help service the debt. The City owns the facility and the Charlotte Regional Visitors Authority is fully responsible for Hall operations. The City is responsible for any capital costs for the facility, and may supplement capital maintenance and repair costs through the dedicated revenues if funds are available.

g. Cultural Arts Facilities

The Cultural Arts Facilities consist of the Harvey B. Gantt Center for African-American Arts & Culture, the Bechtler Museum of Modern Art, the Mint Museum, and the Knight Theater, and are known collectively as the Levine Center for the Arts. All four facilities opened in fiscal year 2010 and are owned by the City, with Mecklenburg County entitled to a 30 percent share when the debt is retired. The \$120 million project is part of a \$600 million mixed-use development project, including the 50 story Duke Energy Center. The projects were funded through a combination of installment financing obligations supported by City revenues and ongoing City and County contributions derived from a synthetic tax increment finance payment of \$1,650 (divided proportionally between the City and County) annually through 2026. In addition, Wells Fargo Corporation is under contract to pay the difference between actual tax collections and \$1,650 annually. All four sites are leased by the City to non-profits, which are responsible for operating the facilities. The City and County (70/30 share) are responsible for capital repairs and major maintenance.

h. Bank of America Stadium

On April 22, 2013, the City Council approved business terms with the Carolina Panthers to fund improvements to Bank of America Stadium as part of a ten-year partnership and authorized the City Manager to develop an agreement with Panthers Stadium, LLC and Panthers Football, LLC consistent with the approved business terms. The agreement called for \$87.5 million in local funding for stadium improvements and the City provided traffic control work. The first \$28 million for escalators, entry, and lighting improvements was issued by the City on October 22, 2013. \$1.25 million in operating funds will be appropriated annually for ten years to fund the traffic control. In May 2015, the City issued \$23.5 million for additional technology, infrastructure and landscape improvements to the stadium. The final \$23.5 million in additional capital funding was issued June 1, 2016.

i. American Airlines

American Airlines Group Inc., (American Airlines) is the major passenger airline serving Charlotte Douglas International Airport (Airport). For the fiscal year ended June 30, 2023, American Airlines and its affiliates provided 28.86 percent of the Airport's operating revenues.

American Airlines conducts its passenger air carrier operations at the Airport pursuant to several agreements, the most significant of which is the City of Charlotte's 2016 Airline Use and Lease Agreement (Airline Agreement), which has also been executed by Frontier Airlines, JetBlue Airlines, Southwest Airlines, Delta Air Lines, United Airlines and Spirit Airlines (collectively, the Signatory Airlines). Pursuant to the Airline agreement, the Signatory Airlines lease certain premises in the passenger terminal building (terminal) and are obligated to pay landing fees and terminal rentals which, in the aggregate, are sufficient to enable the City to pay the annual operating expenses of the airfield and terminal, and the annual debt service on General Airport Revenue Bonds (GARBs) issued by the City to fund airfield, terminal and other airport improvements.



Required Supplementary Information, Combining and Individual Fund Statements and Schedules

Annual Comprehensive Financial Report 2023



THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM (LGERS)

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

LAST TEN FISCAL YEARS*

(Dollar Amounts In Thousands)

Valuation Date Measurement Date Reporting Date	December 31, 2012 June 30, 2013 June 30, 2014	December 31, 2013 June 30, 2014 June 30, 2015	December 31, 2014 June 30, 2015 June 30, 2016	December 31, 2015 June 30, 2016 June 30, 2017
Proportion of the net pension liability (asset) (%)	5.89290%	(5.88149)%	5.89461%	6.04890%
Proportion of the net pension liability (asset) (\$) \$	71,032	\$(32,461)	\$26,455	\$128,378
Covered payroll \$	317,369	\$358,413	\$327,094	\$350,856
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	22.38%	(9.06)%	8.09%	36.59%
Plan fiduciary net position as a percentage of the total pension liability**	94.35%	102.47%	98.09%	91.47%

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

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

December 31, 2016 June 30, 2017 June 30, 2018	December 31, 2017 June 30, 2018 June 30, 2019	December 31, 2018 June 30, 2019 June 30, 2020	December 31, 2019 June 30, 2020 June 30, 2021	December 31, 2020 June 30, 2021 June 30, 2022	December 31, 2021 June 30, 2022 June 30, 2023
6.11504%	6.25266%	6.32044%	6.47820%	6.84354%	6.46573%
\$ 93,421	\$ 148,334	\$ 172,606	\$ 231,494	\$ 104,952	\$ 364,760
\$ 381,739	\$ 397,056	\$ 425,364	\$ 454,357	\$ 473,265	\$ 476,720
24.47%	37.36%	40.58%	50.95%	22.18%	76.51%
94.18%	91.63%	90.86%	88.61%	95.51%	84.14%

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM (LGERS)

SCHEDULE OF CITY OF CHARLOTTE CONTRIBUTIONS

LAST TEN FISCAL YEARS

(Dollar Amounts In Thousands)

	2014	2015	2016	2017	2018
Contractually required contribution	\$ 23,348	\$ 24,288	\$ 23,959	\$ 28,613	\$ 30,712
Contributions in relation to the contractually required contribution	23,348	24,288	23,959	28,613	30,712
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charlotte's covered payroll	\$ 358,413	\$ 327,094	\$ 350,856	\$ 381,739	\$ 397,056
Contributions as a percentage of covered payroll	6.51%	7.43%	6.83%	7.50%	7.73%

2019	2020	2021	2022	2023
\$ 33,945	\$ 41,715	\$ 49,054	\$ 55,104	\$ 64,848
33,945	41,715	49,054	55,104	64,848
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 425,364	\$ 454,357	\$ 473,265	\$ 476,720	\$ 524,305
7.98%	9.18%	10.37%	11.56%	12.37%

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM (SYSTEM)
SCHEDULE OF CHANGES IN THE SYSTEM'S NET PENSION LIABILITY
LAST NINE FISCAL YEARS
(Dollar Amounts In Thousands)

Valuation Date	July 1, 2014	July 1, 2015	July 1, 2016	July 1, 2017
Measurement Date	July 1, 2014	July 1, 2015	July 1, 2016	June 30, 2017
Reporting Date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Total Pension Liability				
Service cost	\$ 13,967	\$ 15,049	\$ 15,387	\$ 26,438
Interest	34,249	36,036	37,984	37,701
Benefit changes	-	-	-	-
Difference between expected and actual experience	-	1,664	(2,503)	19,244
Change of assumptions	-	-	211,217	(60,216)
Benefit payments	(23,928)	(26,406)	(28,333)	(31,075)
Refunds of contributions	67	(69)	(416)	(70)
Net change in Total Pension Liability	24,355	26,274	233,336	(7,978)
Total Pension Liability - Beginning	453,858	478,213	504,487	737,823
Total Pension Liability - Ending (a)	\$ 478,213	\$ 504,487	\$ 737,823	\$ 729,845
Plan Net Position				
Contributions - employer	\$ 8,348	\$ 8,589	\$ 8,694	\$ 9,106
Contributions - employee	8,723	9,138	8,991	9,636
Net investment income	73,559	20,373	2,266	57,681
Benefit payments	(23,928)	(26,406)	(28,333)	(31,075)
Administrative expense	(691)	(625)	(657)	(621)
Refunds of contributions	67	(69)	(416)	(70)
Other	-	-	-	(13)
Net change in Plan Net Position	66,078	11,000	(9,455)	44,644
Plan Net Position - Beginning	407,497	473,575	484,575	475,120
Plan Net Position - Ending (b)	\$ 473,575	\$ 484,575	\$ 475,120	\$ 519,764
Net Pension Liability - Ending (a) - (b)	\$ 4,638	\$ 19,912	\$ 262,703	\$ 210,081
Plan net position as a percentage of total pension liability	99.03%	96.05%	64.39%	71.22%
Covered payroll	\$ 65,992	\$ 67,897	\$ 68,727	\$ 71,984
Net pension liability as a percentage of covered payroll	7.03%	29.33%	382.24%	291.84%

This schedule will not present ten years of fiscal information until 2024.

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

July 1, 2018 June 30, 2018 June 30, 2019	July 1, 2019 June 30, 2019 June 30, 2020	July 1, 2020 June 30, 2020 June 30, 2021	July 1, 2021 June 30, 2021 June 30, 2022	July 1, 2022 June 30, 2022 June 30, 2023
\$ 24,023	\$ 22,649	\$ 26,921	\$ 54,725	\$ 23,287
41,792	44,028	46,105	41,371	56,909
-	9,692	-	-	1,336
(4,229)	25,476	16,673	23,596	1,340
(31,043)	85,552	315,693	(516,846)	279,397
(33,120)	(35,709)	(38,642)	(39,878)	(42,415)
(212)	(416)	(887)	(531)	(945)
(2,789)	151,272	365,863	(437,563)	318,909
729,845	727,056	878,328	1,244,191	806,628
\$ 727,056	\$ 878,328	\$ 1,244,191	\$ 806,628	\$ 1,125,537
\$ 9,333	\$ 10,193	\$ 11,450	\$ 12,768	\$ 14,942
9,909	10,610	10,770	11,910	12,418
46,981	22,930	17,216	134,699	(84,947)
(33,120)	(35,709)	(38,642)	(39,878)	(42,415)
(735)	(583)	(672)	(612)	(714)
(212)	(416)	(887)	(531)	(945)
(28)	(49)	(63)	(66)	(66)
32,128	6,976	(828)	118,290	(101,727)
519,764	551,892	558,868	558,040	676,330
\$ 551,892	\$ 558,868	\$ 558,040	\$ 676,330	\$ 574,603
\$ 175,164	\$ 319,460	\$ 686,151	\$ 130,298	\$ 550,934
75.91%	63.63%	44.85%	83.85%	51.05%
\$ 73,779	\$ 80,577	\$ 82,609	\$ 91,200	\$ 93,388
237.42%	396.47%	830.60%	142.87%	589.94%



FINANCIAL SECTION*Required Supplementary Information, Combining and Individual Fund Statements and Schedules***CITY OF CHARLOTTE, NORTH CAROLINA****CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM (SYSTEM)****SCHEDULE OF CITY OF CHARLOTTE CONTRIBUTIONS****LAST TEN FISCAL YEARS****(Dollar Amounts in Thousands)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined employer contribution	\$ 10,849	\$ 11,454	\$ 10,206	\$ 9,495	\$ 13,088	\$ 14,625	\$ 14,713	\$ 19,188	\$ 26,998	\$ 28,298
Actual employer contributions	8,348	8,589	8,694	9,106	9,333	10,193	11,450	12,768	14,942	17,619
Annual contribution deficiency (excess)	<u>\$ 2,501</u>	<u>\$ 2,865</u>	<u>\$ 1,512</u>	<u>\$ 389</u>	<u>\$ 3,755</u>	<u>\$ 4,432</u>	<u>\$ 3,263</u>	<u>\$ 6,420</u>	<u>\$ 12,056</u>	<u>\$ 10,679</u>
Covered payroll	\$ 65,992	\$ 67,897	\$ 68,727	\$ 71,984	\$ 73,779	\$ 80,577	\$ 82,609	\$ 91,200	\$ 93,388	\$ 97,883
Actual contributions as a percentage of covered payroll	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	13.86%	14.00%	16.00%	18.00%

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates for the most recent year in the schedule:

Actuarial cost method	Entry Age
Amortization method	Level percent of pay, open
Remaining amortization period	15 - 30 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.75 – 9.00%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation



THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE (LEOSSA) SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND COVERED PAYROLL LAST SEVEN FISCAL YEARS (Dollar Amounts In Thousands)

Valuation Date Measurement Date Reporting Date	December 31, 2015 December 31, 2016 June 30, 2017	December 31, 2016 December 31, 2017 June 30, 2018	December 31, 2017 December 31, 2018 June 30, 2019
Total Pension Liability			
Service cost	\$ 3,555	\$ 3,417	\$ 3,904
Interest	3,768	4,043	3,624
Difference between expected and actual experience	-	2,878	412
Changes of assumptions and other inputs	(2,348)	6,110	(4,029)
Benefit payments	(5,509)	(6,124)	(6,811)
Net change in Total Pension Liability	(534)	10,324	(2,900)
Total Pension Liability - beginning	108,318	107,784	118,108
Total Pension Liability - ending	\$ 107,784	\$ 118,108	\$ 115,208
Covered employee payroll	\$ 126,473	\$ 128,588	\$ 128,322
Total Pension Liability as a percentage of covered payroll	85.22%	91.85%	89.78%

The City of Charlotte has no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB Plan.

The amounts presented for this fiscal year were determined as of December 31, 2021 for the current fiscal year.

This schedule will not present ten years of fiscal information until 2026.

December 31, 2018 December 31, 2019 June 30, 2020		December 31, 2019 December 31, 2020 June 30, 2021		December 31, 2020 December 31, 2021 June 30, 2022		December 31, 2021 December 31, 2022 June 30, 2023	
\$	3,654	\$	4,116	\$	7,322	\$	6,449
	4,053		3,980		3,242		4,093
	8,096		6,082		17,918		(5,621)
	3,315		41,031		(4,412)		(24,346)
	(7,788)		(8,915)		(9,694)		(10,606)
	11,330		46,294		14,376		(30,031)
	115,208		126,538		172,832		187,208
\$	126,538	\$	172,832	\$	187,208	\$	157,177
\$	131,791	\$	139,519	\$	156,575	\$	147,935
	96.01%		123.88%		119.56%		106.25%

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYEE BENEFIT TRUST PLAN (EBTP)
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
LAST SEVEN FISCAL YEARS
(Dollar Amounts In Thousands)

Valuation Date (June 30)	2017 ⁽¹⁾	2017 ⁽¹⁾	2018	2019	2020	2021	2022
Measurement Date (June 30)	2017	2018	2019	2020	2021	2022	2023
Reporting Date (June 30)	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service cost	\$ 7,002	\$ 7,545	\$ 8,123	\$ 10,615	\$ 17,691	\$ 4,634	\$ 8,225
Interest	23,432	24,372	24,031	22,012	19,173	25,121	24,078
Difference between expected and actual experience	(294)	-	(106,807)	3,218	(39,053)	(2,333)	(31,499)
Changes of assumptions or other inputs	-	-	(45,850)	145,782	(275,389)	103,796	(87,091)
Benefit payments	(14,639)	(25,143)	(15,592)	(18,016)	(8,819)	(14,537)	(14,747)
Net change in Total OPEB Liability	15,501	6,774	(136,095)	163,611	(286,397)	116,681	(101,034)
Total OPEB Liability - beginning	583,220	598,721	605,495	469,400	633,011	346,614	463,295
Total OPEB Liability - ending	598,721	605,495	469,400	633,011	346,614	463,295	362,261
Plan Fiduciary Net Position							
Contributions - employer	16,361	20,454	21,689	19,957	44,303	15,550	15,550
Net investment income	7,532	5,881	4,730	1,224	26,988	(29,674)	18,000
Benefit payments	(14,639)	(14,782)	(15,592)	(18,016)	(8,818)	(14,537)	(14,747)
Additional contributions into the trust	-	20,325	-	-	-	-	-
Administrative expense	(232)	(266)	(223)	(1,984)	(1,774)	(1,903)	(2,005)
Other	(1,844)	(2,746)	-	(41)	-	-	-
Net change in Plan Fiduciary Net Position	7,178	28,866	10,604	1,140	60,699	(30,564)	16,798
Plan Fiduciary Net Position - beginning	53,261	60,439	89,305	99,909	101,049	161,748	131,184
Plan Fiduciary Net Position - ending	60,439	89,305	99,909	101,049	161,748	131,184	147,982
Net OPEB Liability - ending	\$ 538,282	\$ 516,190	\$ 369,491	\$ 531,962	\$ 184,866	\$ 332,111	\$ 214,279

(1) Valuation dates for 2017 were as of July 1, 2017.

This schedule will not present ten years of fiscal information until 2026.

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYEE BENEFIT TRUST PLAN (EBTP)
SCHEDULE OF CHANGES OF TOTAL LIABILITY AS A PERCENTAGE OF COVERED
PAYROLL
LAST SEVEN FISCAL YEARS
(Dollar Amounts In Thousands)

	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability	\$ 598,721	\$ 605,495	\$ 469,400	\$ 633,011	\$346,614	\$463,295	\$362,261
Plan Fiduciary Net Position	60,439	89,305	99,909	101,049	161,748	131,184	147,982
Net OPEB Liability	<u>\$ 538,282</u>	<u>\$ 516,190</u>	<u>\$ 369,491</u>	<u>\$ 531,962</u>	<u>\$184,866</u>	<u>\$332,111</u>	<u>\$214,279</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	10.09%	14.75%	21.28%	15.96%	46.67%	28.32%	40.85%
Covered Payroll	\$ 402,489	\$ 402,489	\$ 252,834	\$ 252,834	\$240,688	\$222,802	\$222,893
Net OPEB Liability as a percentage of covered payroll	133.74%	128.25%	146.14%	210.40%	76.81%	149.06%	96.14%

This schedule will not present ten years of fiscal information until 2026.

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYEE BENEFIT TRUST PLAN (EBTP)
SCHEDULE OF CITY OF CHARLOTTE CONTRIBUTIONS AND INVESTMENT RETURNS
LAST SEVEN FISCAL YEARS
(Dollar Amounts In Thousands)

	2017	2018	2019
Actuarially determined contribution	\$ 22,729	\$ 25,967	\$ 26,605
Contributions in relation to actuarially determined contribution	24,630	40,778	21,689
Contribution deficiency (excess)	<u>\$ (1,901)</u>	<u>\$ (14,811)</u>	<u>\$ 4,916</u>
City of Charlotte's covered payroll	\$ 402,489	\$ 402,489	\$ 252,834
Contributions in relation to actuarially determined contribution as a percentage of covered payroll	6.12%	10.13%	8.58%

The Total OPEB Liability was determined based on actuarial valuation as of June 30, 2022, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation	
General Employees	3.25% - 8.41%
Firefighters	3.75% - 9.00%
Law Enforcement Officers	3.25% - 7.90%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	7.25%
Municipal Bond Index Rate	
Prior Measurement Date	3.54%
Measurement Date	3.65%
Year FNP is projected to be depleted	
Prior Measurement Date	2047
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	5.28%
Measurement Date	7.25%
Health Care Cost Trends	
Pre-Medicare Medical and Prescription Drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare Medical and Prescription Drug	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025

	2017	2018	2019
Annual money-weighted rate of return, net of investment expenses	13.84%	7.60%	4.38%

This schedule will not present ten years of fiscal information until 2026.

2020	2021	2022	2023
\$ 26,605	\$ 26,605	\$ 24,483	\$ 24,483
19,957	44,303	15,550	15,550
<u>\$ 6,648</u>	<u>\$ (17,698)</u>	<u>\$ 8,933</u>	<u>\$ 8,933</u>
\$ 252,834	\$ 240,688	\$ 222,802	\$ 222,893
7.89%	18.41%	6.98%	6.98%

2020	2021	2022	2023
1.30%	25.41%	(18.28%)	13.85%



THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds from specific revenue sources (other than funding for major capital projects) that are restricted to expenditures for specified purposes.

- Convention Center Tax Fund – Accounts for room occupancy and prepared food and beverage tax revenues to be used for convention and tourism purposes, including debt service, maintenance and operation of convention center facilities, and promotion of tourism.
- Tourism Fund – Accounts for room occupancy and other tax revenues to be used for tourism purposes.
- Hall of Fame Tax Fund – Accounts for room occupancy tax and private contribution revenues to be used for the NASCAR Hall of Fame.
- Municipal Services District Fund – Accounts for property tax on property within designated Municipal Services Districts to be used to enhance economic vitality and quality of life within the districts.
- Public Safety and Other Grants Fund – Accounts for federal and state grants to be used for public safety, including police, fire and emergency management, and other governmental-type activities.
- Law Enforcement Emergency Relief Fund - Accounts for funds received from the Emergency and Pension Fund of Mecklenburg County to invest and pay death benefits to law enforcement officers' beneficiaries if their death occurred while they were in line of duty.
- American Rescue Plan Act Fund – Accounts for funds received under the Coronavirus State and Local Fiscal Recovery Fund to be used for expenditures incurred to address negative economic impact caused by COVID-19 public health emergency.
- National Opioid Settlement Fund - Accounts for funds from pharmaceutical and drug distribution companies that were involved in lawsuits filed by State, local, and tribal governments due to the opioid epidemic. These funds are to be used specifically for expenditures related to opioid remediation activities.
- Neighborhood Development Fund – Accounts for federal grants to be used for neighborhood activities which develop viable urban communities providing adequate housing and economic opportunities, principally for persons of low and moderate income.
- State Street Aid Fund – Accounts for motor fuel taxes distributed by the State on the basis of local street mileage and population to be used for maintenance, repair and construction of streets and highways.
- Emergency Telephone System Fund – Accounts for revenues remitted by the NC 911 Board from service charges imposed on voice communications service connections to be used for the operation and enhancement of the 911 system.

Permanent Fund

A permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used.

- Perpetual Care Fund – Accounts for monies held by the City for cemetery maintenance.

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2023
(Dollar Amounts in Thousands)

	Special Revenue Funds					
	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Public Safety and Other Grants	Law Enforcement Emergency Relief
Assets:						
Cash, cash equivalents and investments	\$ 70,768	\$ 86,221	\$ 36,815	\$ 522	\$ 14,218	\$ -
Receivables, net:						
Property taxes	-	-	-	90	-	-
Accounts	-	3	-	-	-	-
Lease receivable	-	19	-	-	-	-
Other	-	-	-	154	25	-
Total receivables	-	22	-	244	25	-
Due from other governmental agencies	6,550	2,506	1,637	13	4,192	-
Restricted assets - investments	-	-	-	-	-	3,699
Notes receivable	-	-	-	-	-	-
Total assets	\$ 77,318	\$ 88,749	\$ 38,452	\$ 779	\$ 18,435	\$ 3,699
Liabilities, deferred inflows of resources and fund balances						
Liabilities:						
Accounts payable	\$ -	\$ 4,539	\$ -	\$ 689	\$ 940	\$ -
Deposits and retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to component unit	-	-	434	-	-	-
Unearned revenues	-	-	-	-	906	-
Total liabilities	-	4,539	434	689	1,846	-
Deferred inflows of resources:						
Leases	-	19	-	-	-	-
Unavailable revenues	-	3	-	244	69	-
Total deferred inflows of resources	-	22	-	244	69	-
Fund balances:						
Nonspendable:						
Perpetual care	-	-	-	-	-	-
Restricted:						
Public safety	-	-	-	-	11,347	3,699
Cultural and recreation	77,318	84,188	38,018	-	-	-
Community planning and development	-	-	-	-	1,762	-
Streets and highways	-	-	-	-	3,411	-
Unassigned	-	-	-	(154)	-	-
Total fund balances	77,318	84,188	38,018	(154)	16,520	3,699
Total liabilities and fund balances	\$ 77,318	\$ 88,749	\$ 38,452	\$ 779	\$ 18,435	\$ 3,699

Special Revenue Funds						Permanent Fund	Total Nonmajor Governmental Funds
American Rescue Plan Act	National Opioid Settlement	Neighborhood Development	State Street Aid	Emergency Telephone System	Total	Perpetual Care	
\$ -	\$ 1,057	\$ 16,433	\$ 3,560	\$ 6,715	\$ 236,309	\$ 3,350	\$ 239,659
-	-	-	-	-	90	-	90
-	-	-	-	-	3	-	3
-	-	-	-	-	19	-	19
-	-	-	-	-	179	-	179
-	-	-	-	-	291	-	291
13,705	-	6,920	1,326	297	37,146	-	37,146
94,959	-	-	-	-	98,658	-	98,658
-	-	25,934	-	-	25,934	-	25,934
\$ 108,664	\$ 1,057	\$ 49,287	\$ 4,886	\$ 7,012	\$ 398,338	\$ 3,350	\$ 401,688
\$ 610	\$ -	\$ 1,163	\$ 2,149	\$ 347	\$ 10,437	\$ -	\$ 10,437
-	-	103	97	-	200	-	200
13,690	-	-	-	-	13,690	-	13,690
-	-	-	-	-	434	-	434
90,572	-	-	-	-	91,478	-	91,478
104,872	-	1,266	2,246	347	116,239	-	116,239
-	-	-	-	-	19	-	19
-	-	-	-	-	316	-	316
-	-	-	-	-	335	-	335
-	-	-	-	-	-	3,350	3,350
3,792	1,057	-	-	6,665	26,560	-	26,560
-	-	-	-	-	199,524	-	199,524
-	-	48,021	-	-	49,783	-	49,783
-	-	-	2,640	-	6,051	-	6,051
-	-	-	-	-	(154)	-	(154)
3,792	1,057	48,021	2,640	6,665	281,764	3,350	285,114
\$ 108,664	\$ 1,057	\$ 49,287	\$ 4,886	\$ 7,012	\$ 398,338	\$ 3,350	\$ 401,688

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2023

(Dollar Amounts in Thousands)

	Special Revenue Funds					
	Convention Center Tax	Tourism	Hall Of Fame Tax	Municipal Services District	Public Safety and Other Grants	Law Enforcement Emergency Relief
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ 9,316	\$ -	\$ -
Other taxes	79,731	29,747	20,038	-	-	-
Intergovernmental	-	2,948	-	-	11,086	-
Licenses, fees and fines	-	-	-	-	-	-
Investment earnings	972	1,210	471	13	362	104
Charges for current services	-	-	-	-	-	-
Miscellaneous	-	1,011	-	-	-	3,595
Private contributions	1,000	1,151	-	-	2,474	-
Total revenues	81,703	36,067	20,509	9,329	13,922	3,699
Expenditures:						
Current-						
Public safety	-	-	-	-	9,049	-
Sanitation	-	-	-	-	-	-
General administration	-	-	-	-	-	-
Support services	-	-	-	-	-	-
Engineering and property management	-	-	-	-	-	-
Streets and highways	-	-	-	-	5,088	-
Culture and recreation	32,628	15,899	2,835	-	-	-
Community planning and development	-	-	-	9,481	354	-
Business-type grant funded	-	-	-	-	-	-
Debt service-						
Principal	-	-	-	-	426	-
Interest and other charges	-	-	-	-	4	-
Total expenditures	32,628	15,899	2,835	9,481	14,921	-
Excess (deficiency) of revenues over (under) expenditures	49,075	20,168	17,674	(152)	(999)	3,699
Other Financing Sources (Uses):						
Sales of capital assets	-	-	-	-	-	-
SBITA liabilities issued	-	-	-	-	678	-
Transfers in-						
General	-	1,296	-	-	510	-
Debt service	-	321	-	-	-	-
Capital projects	-	12,322	-	-	-	-
Public transit operating	-	-	-	-	100	-
Total transfers in	-	13,939	-	-	610	-
Transfers out-						
General	(250)	-	-	-	-	-
Debt service	(22,880)	(21,917)	(8,562)	-	-	-
Capital projects	(11,900)	(6,978)	-	-	-	-
Total transfers out	(35,030)	(28,895)	(8,562)	-	-	-
Total other financing sources (uses)	(35,030)	(14,956)	(8,562)	-	1,288	-
Net change in fund balances	14,045	5,212	9,112	(152)	289	3,699
Fund balances - beginning	63,273	78,976	28,906	(2)	16,231	-
Fund balances - ending	\$ 77,318	\$ 84,188	\$ 38,018	\$ (154)	\$ 16,520	\$ 3,699

Special Revenue Funds						Permanent Fund	Total Nonmajor Governmental Funds
American Rescue Plan Act	National Opioid Settlement	Neighborhood Development	State Street Aid	Emergency Telephone System	Total	Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,316	\$ -	\$ 9,316
-	-	-	-	-	129,516	-	129,516
37,897	-	17,031	13,680	2,815	85,457	-	85,457
-	-	9,872	-	-	9,872	-	9,872
3,688	15	1	64	94	6,994	52	7,046
-	-	1,914	-	-	1,914	95	2,009
-	733	196	-	-	5,535	-	5,535
-	-	6,210	-	-	10,835	-	10,835
41,585	748	35,224	13,744	2,909	259,439	147	259,586
19,914	-	-	-	2,420	31,383	-	31,383
31	-	-	-	-	31	-	31
8,128	-	1,034	-	-	9,162	-	9,162
45	-	-	-	-	45	-	45
73	-	-	-	-	73	-	73
50	-	-	12,869	-	18,007	-	18,007
-	-	-	-	-	51,362	-	51,362
7,687	-	23,247	-	-	40,769	-	40,769
1,969	-	-	-	-	1,969	-	1,969
-	-	-	-	-	426	-	426
-	-	-	-	-	4	-	4
37,897	-	24,281	12,869	2,420	153,231	-	153,231
3,688	748	10,943	875	489	106,208	147	106,355
-	-	247	476	-	723	-	723
-	-	-	-	-	678	-	678
-	-	75	1,000	-	2,881	-	2,881
-	-	-	-	-	321	-	321
-	-	7,142	2,500	-	21,964	-	21,964
-	-	-	-	-	100	-	100
-	-	7,217	3,500	-	25,266	-	25,266
-	-	-	-	-	(250)	(19)	(269)
-	-	-	(3,926)	-	(57,285)	-	(57,285)
-	-	-	-	-	(18,878)	-	(18,878)
-	-	-	(3,926)	-	(76,413)	(19)	(76,432)
-	-	7,464	50	-	(49,746)	(19)	(49,765)
3,688	748	18,407	925	489	56,462	128	56,590
104	309	29,614	1,715	6,176	225,302	3,222	228,524
\$ 3,792	\$ 1,057	\$ 48,021	\$ 2,640	\$ 6,665	\$ 281,764	\$ 3,350	\$ 285,114

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA

SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-

BUDGET AND ACTUAL (NON-GAAP BASIS)

FOR THE YEAR ENDED JUNE 30, 2023

(Dollar Amounts in Thousands)

	Convention Center Tax			Tourism		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	68,040	79,731	11,691	23,690	29,747	6,057
Intergovernmental	-	-	-	2,948	2,948	-
Investment earnings	329	972	643	418	1,211	793
Miscellaneous	-	-	-	-	1,011	1,011
Private contributions	1,000	1,000	-	1,151	1,151	-
Total revenues	69,369	81,703	12,334	28,207	36,068	7,861
Expenditures:						
Current-						
Streets and highways	-	-	-	-	-	-
Culture and recreation	32,842	32,783	59	17,324	16,227	1,097
Community planning and development	-	-	-	-	-	-
Total expenditures	32,842	32,783	59	17,324	16,227	1,097
Excess (deficiency) of revenues over (under) expenditures	36,527	48,920	12,393	10,883	19,841	8,958
Other Financing Sources (Uses):						
Sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	12,718	13,938	1,220
Transfers out	(36,630)	(35,030)	1,600	(30,832)	(28,895)	1,937
Total other financing sources (uses)	(36,630)	(35,030)	1,600	(18,114)	(14,957)	3,157
Revenues and other sources over (under) expenditures and other uses	<u>\$ (103)</u>	13,890	<u>\$ 13,993</u>	<u>\$ (7,231)</u>	4,884	<u>\$ 12,115</u>
Reconciliation to GAAP Basis:						
Current year encumbrances		155			328	
Net change in fund balances		14,045			5,212	
Fund balances - beginning (annually budgeted funds)		63,273			78,976	
Fund balances - ending (annually budgeted funds)		<u>\$ 77,318</u>			<u>\$ 84,188</u>	
Project funds:						
Fund balances - beginning						
Net change in fund balances						
Fund balances - ending						
Fund balances - ending						

Hall of Fame Tax			Municipal Services District		
Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
\$ -	\$ -	\$ -	\$ 9,482	\$ 9,316	\$ (166)
14,741	20,038	5,297	-	-	-
-	-	-	-	-	-
147	471	324	-	13	13
-	-	-	-	-	-
-	-	-	-	-	-
14,888	20,509	5,621	9,482	9,329	(153)
-	-	-	-	-	-
5,273	2,835	2,438	-	-	-
-	-	-	9,482	9,481	1
5,273	2,835	2,438	9,482	9,481	1
9,615	17,674	8,059	-	(152)	(152)
-	-	-	-	-	-
-	-	-	-	-	-
(10,766)	(8,562)	2,204	-	-	-
(10,766)	(8,562)	2,204	-	-	-
<u>\$ (1,151)</u>	9,112	<u>\$ 10,263</u>	<u>\$ -</u>	(152)	<u>\$ (152)</u>
	-			-	
	9,112			(152)	
	28,906			(2)	
	<u>\$ 38,018</u>			<u>\$ (154)</u>	

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

Law Enforcement Emergency Relief			National Opioid Settlement			State Street Aid		
Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	13,680	13,680	-
-	104	104	-	15	15	50	64	14
-	3,595	3,595	1,050	733	(317)	-	-	-
-	-	-	-	-	-	-	-	-
-	3,699	3,699	1,050	748	(302)	13,730	13,744	14
-	-	-	-	-	-	15,013	14,360	653
-	-	-	-	-	-	-	-	-
-	-	-	1,050	1,050	-	-	-	-
-	-	-	1,050	1,050	-	15,013	14,360	653
-	3,699	3,699	-	(302)	(302)	(1,283)	(616)	667
-	-	-	-	-	-	-	476	476
-	-	-	-	-	-	3,500	3,500	-
-	-	-	-	-	-	(3,926)	(3,926)	-
-	-	-	-	-	-	(426)	50	476
<u>\$ -</u>	<u>3,699</u>	<u>\$ 152</u>	<u>\$ -</u>	<u>(302)</u>	<u>\$ (152)</u>	<u>\$ (1,709)</u>	<u>(566)</u>	<u>\$ 1,143</u>
	-			1,050			1,491	
	3,699			748			925	
	-			309			1,715	
	<u>\$ 3,699</u>			<u>\$ 1,057</u>			<u>\$ 2,640</u>	

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA

SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)

FOR THE YEAR ENDED JUNE 30, 2023

(Dollar Amounts in Thousands)

	Total		
	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Property taxes	\$ 9,482	\$ 9,316	\$ (166)
Other taxes	106,471	129,516	23,045
Intergovernmental	16,628	16,628	-
Investment earnings	944	2,850	1,906
Miscellaneous	1,050	5,339	4,289
Total revenues	134,575	163,649	29,074
Expenditures:			
Current-			
Streets and highways	15,013	14,360	653
Culture and recreation	55,439	51,845	3,594
Community planning and development	10,532	10,531	1
Total expenditures	80,984	76,736	4,248
Excess (deficiency) of revenues over (under) expenditures	53,591	86,913	33,322
Other Financing Sources (Uses):			
Sales of capital assets	-	476	476
Transfers in	16,218	17,438	1,220
Transfers out	(82,154)	(76,413)	5,741
Total other financing sources (uses)	(65,936)	(58,499)	7,437
Revenues and other sources over (under) expenditures and other uses	\$ (12,345)	28,414	\$ 40,759
Reconciliation to GAAP Basis:			
Current year encumbrances		3,024	
Net change in fund balances		31,438	
Fund balances - beginning (annually budgeted funds)		173,177	
Fund balances - ending (annually budgeted funds)		204,615	
Project funds:			
Fund balances - beginning		17,611	
Net change in fund balances		22,058	
Fund balances - ending		39,669	
Fund balances - ending		\$ 244,284	

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC SAFETY AND OTHER GRANTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Public safety	\$ 81,844	\$ 7,394	\$ 58,149	\$ 65,543	\$ 16,301
Affordable housing	1,258	162	965	1,127	131
Neighborhood improvements	2,610	151	1,968	2,119	491
Area plans	39,276	4,479	29,136	33,615	5,661
Non-street transportation infrastructure	1,247	242	269	511	736
Street and road infrastructure	65	-	-	-	65
Traffic Control	2,899	406	116	522	2,377
Technology	15,888	134	15,078	15,212	676
Vehicles	2,212	67	116	183	2,029
Communications equipment	1,256	34	73	107	1,149
Other equipment	14,917	1,175	12,140	13,315	1,602
Total public safety grants	\$ 163,472	14,244	\$ 118,010	\$ 132,254	\$ 31,218
Adjustments for SBITA related expenditures		677			
		\$ 14,921			

CITY OF CHARLOTTE, NORTH CAROLINA
AMERICAN RESCUE PLAN ACT FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
American rescue plan act	\$ 141,618	\$ 37,597	\$ 13,449	\$ 51,046	\$ 90,572
Affordable housing	44,319	300	28,509	28,809	15,510
Total american rescue plan act	\$ 185,937	\$ 37,897	\$ 41,958	\$ 79,855	\$ 106,082

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
NEIGHBORHOOD DEVELOPMENT FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Housing	\$ 5,021	\$ 387	\$ 4,193	\$ 4,580	\$ 441
Affordable housing	138,182	15,533	99,631	115,164	23,018
Housing grants	23,509	2,841	15,729	18,570	4,939
Neighborhood improvements	5,135	1,026	1,201	2,227	2,908
Economic development corridors	19,114	1,158	14,322	15,480	3,634
Tree program	14,272	6,574	-	6,574	7,698
Total neighborhood development	\$ 205,233	27,519	\$ 135,076	\$ 162,595	\$ 42,638
Contra expense for issuance of long-term loans receivable		(3,238)			
		\$ 24,281			

CITY OF CHARLOTTE, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Year	Total	
Implemental functions	\$ 543	\$ 34	\$ 509	\$ 543	\$ -
Phone and furniture	4,791	1,302	3,269	4,571	220
Software	2,430	857	1,573	2,430	-
Hardware	1,014	458	546	1,004	10
Training	90	38	52	90	-
Total emergency telephone systems	\$ 8,868	2,689	\$ 5,949	\$ 8,638	\$ 230

Amounts reported on the Emergency Telephone System Fund Schedule of Expenditures Compared with Authorizations are different from the PSAP Revenue- Expenditure Report because: Ineligible 911 expenditures reported in Emergency Telephone System Fund

(269)
\$ 2,420

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
ANNUAL BUDGET AND ACTUAL (NON-GAAP BASIS) (1)
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Intergovernmental	\$ 2,865	\$ 2,815	\$ (50)
Investment earnings	65	94	29
Total revenues	2,930	2,909	(21)
Expenditures:			
Public Safety-			
Implemental functions	34	34	-
Telephone and furniture	1,533	1,302	231
Software maintenance	857	857	-
Hardware maintenance	468	458	10
Training	38	38	-
Total expenditures	2,930	2,689	241
Excess of revenues over expenditures	\$ -	220	\$ 220
Reconciliation to GAAP Basis:			
Ineligible 911 expenditures reported in			
Emergency Telephone System Fund		269	
Fund balance, beginning		6,176	
Fund balance, ending		\$ 6,665	

(1) This schedule is based on a presentation requested by the 911 Board. The formal budget adopted by the City is by project authorization and is shown on the previous page.

DEBT SERVICE FUND

The Debt Service fund is used to account for the accumulation of resources and the payment of principal, interest and related costs for all long-term debt other than debt issued for and serviced by business-type activities.

CAPITAL PROJECTS FUND

The Capital Projects fund accounts for financial resources, primarily bond proceeds and property taxes, used for the acquisition, construction or improvement of capital assets.

GENERAL COVID RELIEF FUND

The General COVID Relief fund accounts for funds received under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Federal Emergency Management Agency (FEMA) Public Assistance Program to be used for expenditures to address the COVID-19 pandemic.

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-

BUDGET AND ACTUAL (NON-GAAP BASIS)

FOR THE YEAR ENDED JUNE 30, 2023

(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Property tax	\$ 105,108	\$ 105,602	\$ 494
Other taxes-			
Sales tax	29,717	32,330	2,613
Heavy equipment	-	276	276
Total other taxes	29,717	32,606	2,889
Licenses, fees and fines	-	61	61
Investment earnings	771	5,461	4,690
Miscellaneous	350	160	(190)
Total revenues	135,946	143,890	7,944
Expenditures:			
Bonds-			
Principal retirement	64,603	62,120	2,483
Interest	31,609	29,228	2,381
Installment purchases-			
Principal retirement	44,425	44,425	-
Interest	32,191	26,673	5,518
Fiscal agents fees	3,944	1,105	2,839
Other	9,181	9,225	(44)
Total expenditures	185,953	172,776	13,177
Revenues (under) expenditures	(50,007)	(28,886)	21,121

CITY OF CHARLOTTE, NORTH CAROLINA

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-

BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)

FOR THE YEAR ENDED JUNE 30, 2023

(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Other Financing Sources (Uses):			
Refunding debt issued	750	-	(750)
Transfers in-			
General	20,666	20,666	-
Special revenue:			
Convention Center tax	24,480	22,880	(1,600)
Tourism	23,854	21,917	(1,937)
Hall of Fame tax	9,466	8,562	(904)
State street aid	3,926	3,926	-
Total transfers in	82,392	77,951	(4,441)
Transfers out-			
General	123	123	-
Special revenue:			
Tourism	321	321	-
Capital Projects	32,626	32,626	-
Total transfers out	33,070	33,070	-
Total other financing sources (uses)	50,072	44,881	(5,191)
Revenues and other sources over expenditures and other uses	\$ 65	15,995	\$ 15,930
Reconciliation to GAAP Basis:			
Current year encumbrances		227	
Net change in fund balance		16,222	
Fund balance - beginning		202,009	
Fund balance - ending		\$ 218,231	

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Capital equipment	\$ 44,411	\$ 24,148	\$ -	\$ 24,148	\$ 20,263
Housing	16,306	128	12,940	13,068	3,238
Affordable housing	295,251	17,545	177,335	194,880	100,371
Innovative housing	151,793	3,387	143,721	147,108	4,685
Neighborhood improvements	285,695	23,438	164,742	188,180	97,515
Area plans	11,777	344	10,898	11,242	535
Street and road infrastructure	744,453	33,476	437,497	470,973	273,480
Non-street transportation infrastructure	275,334	19,686	154,843	174,529	100,805
Traffic control	100,632	3,880	78,633	82,513	18,119
Pedestrian safety	289,130	11,508	182,213	193,721	95,409
Transportation partnerships	11,356	179	10,727	10,906	450
Transit corridor development	268,838	6,611	212,228	218,839	49,999
Economic development corridors	116,223	9,358	86,781	96,139	20,084
Business corridors	37,159	1,161	31,946	33,107	4,052
Land acquisition	3,631	642	401	1,043	2,588
Environmental services program	36,036	1,079	35,551	36,630	(594)
Tree program	33,724	(3,166)	36,002	32,836	888
Capacity for growth sewer	203	-	203	203	-
New facilities	504,364	7,124	381,491	388,615	115,749
Facility renovations	608,477	15,427	343,274	358,701	249,776
Capital facilities maintenance	139,153	5,544	129,930	135,474	3,679
Technology	105,035	11,967	80,703	92,670	12,365
Other equipment	25,208	4,709	15,013	19,722	5,486
Total capital projects	\$ 4,104,189	198,175	\$ 2,727,072	\$ 2,925,247	\$ 1,178,942
Adjustments for lease related expenditures		8,904			
Adjustments for SBITA related expenditures		5,261			
Contra expense for issuance of long-term loans receivable		(19,933)			
		\$ 192,407			

CITY OF CHARLOTTE, NORTH CAROLINA
GENERAL COVID RELIEF FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
CARES Act:					
Coronavirus relief fund	\$ 156,543	\$ 59	\$ 156,411	\$ 156,470	\$ 73
Community development block grant	39,020	6,179	31,033	37,212	1,808
Emergency shelter	8,632	2,443	4,689	7,132	1,500
Housing for persons with AIDS	416	122	294	416	-
FEMA public assistance	9,000	31	7,774	7,805	1,195
Total general COVID relief fund	\$ 213,611	\$ 8,834	\$ 200,201	\$ 209,035	\$ 4,576

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that charge a fee for service to customers similar to private business enterprises. The City has four enterprise operations.

- Water and Sewer Fund – Accounts for the operation of Charlotte Water, provider of water and wastewater services.
- Storm Water Fund – Accounts for the operation of Charlotte Storm Water Services, administrator of storm water programs and policies.
- Airport Fund – Accounts for the operation of the Charlotte Douglas International Airport.
- Public Transit Fund – Accounts for the operation of Charlotte Area Transit System, provider of community-wide public transportation services.

CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Volumetric rates	\$ 349,979	\$ 357,142	\$ 7,163
Fixed rates	79,750	91,368	11,618
System development fees	36,000	57,126	21,126
Other	31,381	37,907	6,526
Investment earnings	975	8,177	7,202
Total revenues	498,085	551,720	53,635
Expenditures:			
Water supply and treatment	18,853	18,104	749
Sewer system and treatment	58,555	57,747	808
Administration and engineering	70,308	62,708	7,600
Other operating	82,895	81,376	1,519
Total expenditures	230,611	219,935	10,676
Revenues over expenditures	267,474	331,785	64,311
Transfers Out:			
Water and Sewer Debt Service	148,686	140,806	7,880
Water and Sewer Capital Projects	161,800	161,800	-
Capital Projects	1,712	1,712	-
Total transfers out	312,198	304,318	7,880
Revenues (under) over expenditures and transfers	\$ (44,724)	\$ 27,467	\$ 72,191

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Investment earnings	\$ 50	\$ 6	\$ (44)
Revenue bond issued	13,405	13,405	-
Refunding bonds issued	344,680	344,680	-
Premium on debt issuance	45,961	45,961	-
Revenue bond anticipation notes issued	-	45	45
Total revenues	404,096	404,097	1
Expenditures:			
Bonds-			
Principal retirement	62,629	62,629	-
Interest	63,476	63,476	-
Other financing agreements-			
Principal retirement	9,730	9,730	-
Interest	4,070	4,070	-
Payment to refunded bond escrow agent	396,800	396,800	-
Bond issue expense	15,714	15,714	-
Other	363	194	169
Total expenditures	552,782	552,613	169
Revenues (under) expenditures	(148,686)	(148,516)	170
Transfers In:			
Water and Sewer Operating	148,686	140,806	(7,880)
Revenues and transfers (under) expenditures	\$ -	\$ (7,710)	\$ (7,710)

CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

Revenues and transfers over (under) expenditures and transfers:		
Operating Fund	\$	27,467
Debt Service Fund		(7,710)
Lease revenue		63
Capital Projects Fund investment earnings		1,108
Current year encumbrances		8,126
Deferred outflows of resources for pensions		10,035
Net pension liability		(32,632)
Deferred inflows of resources for pensions		17,822
Deferred outflows of resources for OPEB		(3,550)
Net OPEB asset		10,766
Deferred inflows of resources for OPEB		741
Depreciation		(175,861)
Amortization		(758)
Bond proceeds		(358,130)
Premium on debt issuance		(45,961)
Debt principal retirement		469,159
Capital outlay		209
Amortization of deferred charges		(1,439)
Amortization of premium		11,001
Deferred inflows of gains on refundings		2,584
Deferred inflows of loss on refundings		10,839
Lease rent expense		188
SBITA expense		743
Lease interest expense		(9)
SBITA interest expense		(66)
Capital contributions		116,633
Other		(35,377)
Net transfers to (from) Water and Sewer Capital Projects Fund:		
Water and Sewer Operating		161,800
Compensated absences		(722)
Change in net position	\$	<u>187,069</u>

Note: Pursuant to state law, budgets are adopted on an annual basis for Operating and Debt Service Funds. Budgets for Capital Projects Funds are adopted on a project basis.

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Water:					
Capacity for growth	\$ 589,284	\$ 80,889	\$ 443,195	\$ 524,084	\$ 65,200
Commitment public projects/operations	195,435	7,080	145,780	152,860	42,575
Rehab and replacement	549,070	35,671	445,873	481,544	67,526
Regulatory requirements	61,653	1,427	40,683	42,110	19,543
Sewer:					
Capacity for growth	1,477,213	218,771	1,041,219	1,259,990	217,223
Commitment public projects/operations	133,895	1,673	110,554	112,227	21,668
Rehab and replacement	1,110,319	57,940	935,062	993,002	117,317
Regulatory requirements	275,863	42,655	202,249	244,904	30,959
New facilities	57,888	33,562	18,970	52,532	5,356
Facility renovations	6,519	337	2,478	2,815	3,704
Facilities maintenance	6,854	105	2,060	2,165	4,689
Technology	72,195	3,083	54,226	57,309	14,886
Capital equipment	51,703	3,315	45,126	48,441	3,262
Total water and sewer capital projects	\$ 4,587,891	\$ 486,508	\$ 3,487,475	\$ 3,973,983	\$ 613,908

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Storm water fees	\$ 77,442	\$ 78,706	\$ 1,264
Licenses, fees and fines	2,810	3,521	711
Other	-	140	140
Investment earnings	-	1,109	1,109
Total revenues	80,252	83,476	3,224
Expenditures:			
Storm water systems	20,190	18,510	1,680
Administration	4,538	4,538	-
Total expenditures	24,728	23,048	1,680
Revenues over expenditures	55,524	60,428	4,904
Transfers Out:			
Storm Water Debt Service	19,360	18,798	562
Storm Water Capital Projects	36,250	36,250	-
Capital Projects	400	400	-
Total transfers out	56,010	55,448	562
Revenues (under) over expenditures and transfers	\$ (486)	\$ 4,980	\$ 5,466

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Expenditures:			
Bonds-			
Principal retirement	\$ 9,447	\$ 9,381	\$ 66
Interest	8,090	7,841	249
Other financing agreements-			
Principal retirement	320	320	-
Interest	1,246	1,246	-
Bond issue expense	200	136	64
Other	57	38	19
Total expenditures	19,360	18,962	398
Transfers In:			
Storm Water Operating	19,360	18,798	(562)
Transfers (under) expenditures	\$ -	\$ (164)	\$ (164)

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

Revenues and transfers over (under) expenditures and transfers:	
Operating Fund	\$ 4,980
Debt Service Fund	(164)
Capital Projects Fund:	
Charges for services	18,030
Investment earnings	2,022
Current year encumbrances	2,193
Deferred outflows of resources for pensions	2,197
Net pension liability	(7,145)
Deferred inflows of resources for pensions	3,903
Deferred outflows of resources for OPEB	(453)
Net OPEB liability	654
Deferred inflows of resources for OPEB	(173)
Depreciation	(18,706)
Amortization	(135)
Debt principal retirement	9,701
Amortization of deferred charges	(152)
Amortization of premium	1,438
Deferred inflows of gain on refundings	129
Lease rent expense	10
SBITA expense	213
Lease interest expense	(5)
Other	(3)
Net transfers to (from) Storm Water Capital Projects Fund:	
Operating Fund	36,250
Compensated absences	(183)
Change in net position	<u>\$ 54,601</u>

Note: Pursuant to state law, budgets are adopted on an annual basis for Operating and Debt Service Funds. Budgets for Capital Projects Funds are adopted on a project basis.

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Flood control program	\$ 534,353	\$ 45,455	\$ 445,593	\$ 491,048	\$ 43,305
Storm water maintenance program	398,477	39,272	322,180	361,452	37,025
Stream restoration/mitigation	130,577	6,462	86,761	93,223	37,354
Storm water support for projects	51,510	84	47,216	47,300	4,210
Transit corridor development	2,545	-	2,531	2,531	14
Capital equipment	1,745	851	319	1,170	575
Total storm water capital projects	\$ 1,119,207	\$ 92,124	\$ 904,600	\$ 996,724	\$ 122,483

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Terminal area	\$ 74,714	\$ 89,028	\$ 14,314
Airfield	34,794	43,167	8,373
Concessions	37,099	47,005	9,906
Rental car revenues	18,000	20,327	2,327
Parking	76,800	94,711	17,911
Passenger facility charges	64,990	66,511	1,521
Contract facility charges	12,644	12,763	119
Fixed base operator (FBO)	40,145	36,512	(3,633)
Other	14,065	17,137	3,072
Grant contributions	27,692	71,398	43,706
Investment earnings	2,000	29,769	27,769
Total revenues	402,943	528,328	125,385
Expenditures:			
Operating	237,924	229,728	8,196
Nonoperating	87,622	56,165	31,457
Total expenditures	325,546	285,893	39,653
Revenues over expenditures	77,397	242,435	165,038
Transfers In:			
Airport Capital Projects	24,269	24,269	-
Total transfers in	24,269	24,269	-
Transfers Out:			
Airport Debt Service	92,868	92,632	236
Airport Capital Projects	135,796	135,796	-
Total transfers out	228,664	228,428	236
Revenues and transfers (under) over expenditures and transfers	\$ (126,998)	\$ 38,276	\$ 165,274

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 4,594	\$ 4,594
Total revenues	-	4,594	4,594
Expenditures:			
Bonds-			
Principal retirement	26,678	21,550	5,128
Interest	59,766	59,766	-
Bond issue expense	250	250	-
Other	174	46	128
Total expenditures	86,868	81,612	5,256
Revenues (under) expenditures	(86,868)	(77,018)	9,850
Transfers In:			
Airport Operating	92,868	92,632	(236)
Revenues and transfers over expenditures	\$ 6,000	\$ 15,614	\$ 9,614

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

Revenues and transfers over expenditures and transfers:		
Operating Fund	\$	38,276
Debt Service Fund		15,614
Lease revenue		5,658
Capital Projects Fund investment earnings		13,226
Current year encumbrances		10,890
Deferred outflows of resources for pensions		7,190
Net pension liability		(23,382)
Deferred inflows of resources for pensions		12,770
Deferred outflows of resources for OPEB		(1,466)
Net OPEB asset		4,240
Deferred inflows of resources for OPEB		97
Depreciation		(93,142)
Amortization		(1,850)
Debt principal retirement		21,550
Capital outlay		161
Amortization of deferred charges		(74)
Amortization of premium		6,831
Deferred inflows of gain on refundings		450
Lease rent expense		216
SBITA expense		1,941
Lease interest expense		(22)
SBITA interest expense		(149)
Capital contributions		90,430
Other		(10,377)
Net transfers to (from) Airport Capital Projects Fund:		
Airport Operating		111,527
Compensated absences		(693)
Change in net position	\$	<u>209,912</u>

Note: Pursuant to state law, budgets are adopted on an annual basis for Operating and Debt Service Funds. Budgets for Capital Projects Funds are adopted on a project basis.

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Airfield projects	\$ 790,280	\$ 172,298	\$ 478,204	\$ 650,502	\$ 139,778
Cargo development projects	9,818	-	9,440	9,440	378
General aviation projects	2,708	-	2,688	2,688	20
Terminal building	1,346,029	255,277	832,523	1,087,800	258,229
Ground transportation	410,682	7,488	385,931	393,419	17,263
Fueling facilities	32,288	764	27,978	28,742	3,546
Airport service fees (ASF)	165,967	16,123	114,897	131,020	34,947
Land acquisition - non-airfield	198,504	10,376	173,675	184,051	14,453
Included miscellaneous	94,773	80	14,055	14,135	80,638
Excluded miscellaneous	25,790	3,037	20,180	23,217	2,573
Fixed base operator (FBO)	25,660	1,728	18,670	20,398	5,262
Technology	18,857	-	16,945	16,945	1,912
Total airport capital projects	\$ 3,121,356	\$ 467,171	\$ 2,095,186	\$ 2,562,357	\$ 558,999

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Passenger fares	\$ 17,507	\$ 15,296	\$ (2,211)
Sales tax	136,807	154,638	17,831
Intergovernmental	55,164	34,249	(20,915)
Other	3,332	1,184	(2,148)
Investment earnings	941	3,793	2,852
Total revenues	213,751	209,160	(4,591)
Expenditures:			
Operations and maintenance	180,757	182,433	(1,676)
Administration	30,967	28,497	2,470
Total expenditures	211,724	210,930	794
Revenues over (under) expenditures	2,027	(1,770)	(3,797)
Transfers In:			
Public Transit Debt Service	274	274	-
Capital Projects	29,430	29,430	-
Total transfers in	29,704	29,704	-
Transfers Out:			
Public Transit Capital Projects	5,000	-	5,000
Public Transit Debt Service	49,807	49,807	-
Public Safety and Other Grants	100	100	-
Total transfers out	54,907	49,907	5,000
Revenues and transfers (under) expenditures and transfers	\$ (23,176)	\$ (21,973)	\$ 1,203

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Grant contributions	\$ 2,929	\$ 1,611	\$ (1,318)
Investment earnings	-	2,685	2,685
Total revenues	2,929	4,296	1,367
Expenditures:			
Installment purchases-			
Principal retirement	8,920	8,920	-
Interest	9,064	9,028	36
Other	114	5	109
Total expenditures	18,098	17,953	145
Revenues (under) expenditures	(15,169)	(13,657)	1,512
Transfers In:			
Public Transit Operating	49,807	49,807	-
Public Transit Capital Projects	2,139	2,139	-
Total transfers in	51,946	51,946	-
Transfers Out:			
Public Transit Operating	274	274	-
Public Transit Capital Projects	16,849	5,837	11,012
Capital projects	790	790	-
Total transfers out	17,913	6,901	11,012
Revenues and transfers over expenditures and transfers	\$ 18,864	\$ 31,388	\$ 12,524

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

Revenues and transfers (under) over expenditures and transfers:		
Operating Fund	\$	(21,973)
Debt Service Fund		31,388
Lease revenue		252
Capital Projects Fund investment earnings		980
Current year encumbrances		9,440
Deferred outflows of resources for pensions		5,010
Net pension liability		(16,290)
Deferred inflows of resources for pensions		8,897
Deferred outflows of resources for OPEB		(1,289)
Net OPEB liability		2,788
Deferred inflows of resources for OPEB		370
Depreciation		(60,467)
Amortization		(938)
Debt principal retirement		8,920
Amortization of premium		1,524
Deferred inflows of gain on refundings		133
Lease rent expense		127
SBITA expense		767
SBITA interest expense		(43)
Capital contributions		24,241
Other		(2,226)
Net transfers to (from) Public Transit Capital Projects Fund:		
Public Transit Debt Service		3,698
Compensated absences		(508)
Change in net position	\$	<u>(5,199)</u>

Note: Pursuant to state law, budgets are adopted on an annual basis for Operating and Debt Service Funds. Budgets for Capital Projects Funds are adopted on a project basis.

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Public transit corridor development	\$ 1,872,955	\$ 27,563	\$ 1,642,552	\$ 1,670,115	\$ 202,840
Public transit vehicles	319,217	12,043	225,053	237,096	82,121
Public transit facilities	123,175	576	116,034	116,610	6,565
Public transit maintenance & equipment	62,749	3,248	43,457	46,705	16,044
Public transit support	30,199	457	15,545	16,002	14,197
CARES Act Urbanized Area Grant	2,497	-	1,267	1,267	1,230
Total public transit capital projects	\$ 2,410,792	\$ 43,887	\$ 2,043,908	\$ 2,087,795	\$ 322,997

INTERNAL SERVICE FUNDS

Internal service funds are used to account for centralized services provided to City departments and other governmental units and agencies on a cost-reimbursement basis.

- Risk Management Fund – Accounts for the general insurance program, claim and loss control services for the City as well as services provided, on a cost-reimbursement basis to other governmental units and agencies in Mecklenburg County.
- Employee Health and Life Fund – Accounts for funds contributed by the City and employees for health and life benefits.

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023
(Dollar Amounts in Thousands)

	Risk Management	Employee Health and Life	Total
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 74,280	\$ 15,439	\$ 89,719
Receivables - other	634	166	800
Due from other governmental agencies	12	10	22
Prepaid items	170	1,625	1,795
Total current assets	75,096	17,240	92,336
Noncurrent assets:			
Capital assets:			
Machinery and equipment	60	-	60
Right to use lease assets	15	-	15
Right to use SBITA assets	150	-	150
Total capital assets	225	-	225
Less accumulated depreciation	57	-	57
Less accumulated right to use lease asset amortization	12	-	12
Less accumulated right to use SBITA asset amortization	75	-	75
Total capital assets, net	81	-	81
Total assets	75,177	17,240	92,417
Deferred Outflows Of Resources:			
Pension deferrals	550	-	550
OPEB deferrals	197	-	197
Contributions to pension plan in current fiscal year	201	-	201
Total deferred outflows of resources	948	-	948
Liabilities:			
Current liabilities:			
Accounts payable	677	1,279	1,956
Claims payable	71,118	10,642	81,760
Unearned revenues	170	-	170
Accrued interest payable	2	-	2
Current maturities of noncurrent liabilities	157	-	157
Total current liabilities	72,124	11,921	84,045
Noncurrent liabilities:			
Due to participants	2,941	-	2,941
Compensated absences payable	175	-	175
Net pension liability	1,131	-	1,131
Net OPEB liability	590	-	590
Total noncurrent liabilities	4,837	-	4,837
Total liabilities	76,961	11,921	88,882
Deferred Inflows Of Resources:			
Pension deferrals	25	-	25
OPEB deferrals	371	-	371
Total deferred inflows of resources	396	-	396
Net Position:			
Unrestricted	(1,232)	5,319	4,087
Total net position	\$ (1,232)	\$ 5,319	\$ 4,087

CITY OF CHARLOTTE, NORTH CAROLINA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2023

(Dollar Amounts in Thousands)

	Risk Management	Employee Health and Life	Total
Operating Revenues:			
Charges for services-			
Risk management and safety fees	\$ 3,977	\$ 17,471	\$ 21,448
Claims:			
Employer	18,209	48,133	66,342
Employee	-	5,880	5,880
Other	226	27	253
Total claims	18,435	54,040	72,475
Premiums	12,836	24,030	36,866
Reimbursement from trust	-	26,819	26,819
Total operating revenues	35,248	122,360	157,608
Operating Expenses:			
Administration	5,876	19,476	25,352
Claims	23,790	93,053	116,843
Insurance premiums	13,018	24,030	37,048
Right to use lease amortization	6	-	6
Right to use SBITA amortization	75	-	75
Depreciation	2	-	2
Total operating expenses	42,767	136,559	179,326
Operating (loss)	(7,519)	(14,199)	(21,718)
Nonoperating Revenues (Expenses):			
Investment earnings	865	755	1,620
Interest and other charges	(2)	-	(2)
Total nonoperating revenues (expenses)	863	755	1,618
Transfers In	469	-	469
Transfers Out	(121)	-	(121)
Change in net position	(6,308)	(13,444)	(19,752)
Total net position - beginning	5,076	18,763	23,839
Total net position - ending	\$ (1,232)	\$ 5,319	\$ 4,087

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Risk Management	Employee Health and Life	Total
Cash Flows From Operating Activities:			
Receipts from participants	\$ 18,209	\$ 29,909	\$ 48,118
Payments to suppliers	(4,627)	(18,626)	(23,253)
Internal activity - receipts from other funds	33,271	66,052	99,323
Receipts from trust	-	26,819	26,819
Receipts from recovery of losses	226	-	226
Payments to employees	(1,832)	-	(1,832)
Payments for claims	(32,209)	(94,598)	(126,807)
Payments for premiums	(19,932)	(25,037)	(44,969)
Other receipts (payments)	-	27	27
Net cash (used) by operating activities	(6,894)	(15,454)	(22,348)
Cash Flows From Noncapital Financing Activities:			
Transfers	348	-	348
Cash Flows From Capital and Related Financing Activities:			
Leases	(6)	-	(6)
SBITAs	(74)	-	(74)
Interest and other charges paid on capital debt	2	-	2
Cash Flows From Investing Activities:			
Interest received	1,068	628	1,696
Net (decrease) in cash and cash equivalents	(5,556)	(14,826)	(20,382)
Cash, cash equivalents and investments - beginning	79,836	30,265	110,101
Cash, cash equivalents and investments - ending	\$ 74,280	\$ 15,439	\$ 89,719
Reconciliation Of Operating (Loss) To Net Cash Provided (Used) By Operating Activities:			
Operating (loss)	\$ (7,519)	\$ (14,199)	\$ (21,718)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities-			
Depreciation	2	-	2
Amortization	81	-	81
Change in assets and liabilities:			
Decrease in receivables	178	-	178
(Increase) in due from other governments	(6)	(6)	(12)
Decrease in due from other funds	-	448	448
Decrease in prepaid items	158	124	282
(Increase) in deferred outflows of resources for pensions	(247)	-	(247)
Decrease in deferred outflows of resources for OPEB	160	-	160
Increase (decrease) in accounts payable	210	(276)	(66)
Increase (decrease) in claims payable	10,202	(1,545)	8,657
(Decrease) in unearned revenues	(157)	-	(157)
(Decrease) in due to participants	(9,976)	-	(9,976)
Increase in compensated absences payable	18	-	18
Increase in net pension liability	806	-	806
(Decrease) in net OPEB liability	(295)	-	(295)
(Decrease) in deferred inflows of resources for pensions	(440)	-	(440)
(Decrease) in deferred inflows of resources for OPEB	(69)	-	(69)
Total adjustments	625	(1,255)	(630)
Net cash (used) by operating activities	\$ (6,894)	\$ (15,454)	\$ (22,348)
Noncash Investing, Capital And Financing Activities:			
Acquisition of capital assets through leases	\$ 3	\$ -	\$ 3
Acquisition of capital assets through SBITAs	150	-	150
Net noncash investing, capital and financing activities	\$ 153	\$ -	\$ 153

FIDUCIARY FUNDS

These funds account for (a) resources accumulated for the provision of benefit payments to the Charlotte Firefighters' Retirement System members and their beneficiaries, and (b) resources accumulated for the provisions of other postemployment benefit payments for retirees and their beneficiaries.

FINANCIAL SECTION

Required Supplementary Information, Combining and Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023
(Dollar Amounts in Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit- Other Employee Benefit Trust	Total
Assets:			
Cash, cash equivalents and investments	\$ 6,604	\$ 69	\$ 6,673
Receivables:			
Employer contributions	374	-	374
Member contributions	232	3	235
Interest and dividends	709	-	709
Total receivables	1,315	3	1,318
Prepaid items	8	-	8
Investments:			
Equity securities - stocks	66,740	-	66,740
Fixed income securities - bonds	101,131	-	101,131
Mutual funds	428,582	147,941	576,523
Total investments	596,453	147,941	744,394
Capital assets	672	-	672
Less accumulated depreciation	585	-	585
Total capital assets, net	87	-	87
Total assets	604,467	148,013	752,480
Liabilities:			
Accounts payable	686	31	717
Net Position:			
Restricted for pensions	\$ 603,781		603,781
Restricted for OPEB		\$ 147,982	147,982
			\$ 751,763

CITY OF CHARLOTTE, NORTH CAROLINA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023
(Dollar Amounts in Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit- Other Employee Benefit Trust	Total
Additions:			
Contributions-			
Member	\$ 12,605	\$ -	\$ 12,605
Employer	17,619	15,550	33,169
Total contributions	30,224	15,550	45,774
Investment income -			
Net appreciation in fair value of investments	42,123	17,633	59,756
Interest	3,277	625	3,902
Dividends	3,574	-	3,574
Total investment income	48,974	18,258	67,232
Investment expense	2,437	258	2,695
Net investment income	46,537	18,000	64,537
Total additions	76,761	33,550	110,311
Deductions:			
Benefits	45,951	6,943	52,894
Refunds	774	-	774
Insurance premiums	-	7,804	7,804
Administration	807	2,005	2,812
Depreciation	51	-	51
Total deductions	47,583	16,752	64,335
Change in net position	29,178	16,798	45,976
Net position - beginning	574,603	131,184	705,787
Net position - ending	\$ 603,781	\$ 147,982	\$ 751,763



THIS PAGE INTENTIONALLY LEFT BLANK



Statistical Section

Annual Comprehensive Financial Report 2023

STATISTICAL SECTION

This part of the City of Charlotte's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends	170
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time	
Revenue Capacity	176
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax	
Debt Capacity	182
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future	
Demographic and Economic Information	190
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place	
Operating Information	192
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Dollar Amounts In Thousands)
(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 4,668,843	\$ 4,655,202	\$ 4,563,879	\$ 4,690,751	\$ 4,814,247	\$ 5,057,912	\$ 5,117,695	\$ 5,223,083	\$ 5,076,927	\$ 5,145,375
Restricted	252,385	349,992	356,435	324,070	324,406	327,369	306,143	292,947	321,770	384,832
Unrestricted (2)	496,553	351,862	428,719	345,073	(165,257)	(209,226)	(214,378)	(370,045)	(200,731)	(194,820)
Total governmental activities net position	5,417,781	5,357,056	5,349,033	5,359,894	4,973,396	5,176,055	5,209,460	5,145,985	5,197,966	5,335,387
Business-type activities										
Net investment in capital assets (3)	3,077,745	3,380,700	3,676,609	3,924,620	4,153,959	4,514,469	4,726,781	5,234,775	5,871,041	6,301,275
Restricted (1)	391,966	430,577	443,384	345,499	364,684	383,929	388,227	416,684	459,015	482,657
Unrestricted	740,933	848,115	957,704	1,389,110	1,380,816	1,319,590	1,328,048	1,125,787	957,019	941,879
Total business-type activities net position	4,210,644	4,659,392	5,077,697	5,659,229	5,899,459	6,217,988	6,443,056	6,777,246	7,287,075	7,725,811
Primary government										
Net investment in capital assets	7,746,588	8,035,902	8,240,488	8,615,371	8,968,206	9,572,381	9,844,476	10,457,858	10,947,968	11,446,650
Restricted	644,351	780,569	799,819	669,569	689,090	711,298	694,370	709,631	780,785	867,489
Unrestricted	1,237,486	1,199,977	1,386,423	1,734,183	1,215,559	1,110,364	1,113,670	755,742	756,288	747,059
Total primary government net position	\$ 9,628,425	\$ 10,016,448	\$ 10,426,730	\$ 11,019,123	\$ 10,872,855	\$ 11,394,043	\$ 11,652,516	\$ 11,923,231	\$ 12,485,041	\$ 13,061,198

⁽¹⁾ 2017 reflects use of passenger facility charges for Airport projects.

⁽²⁾ 2018 reflects the City's implementation of GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions.

⁽³⁾ 2021 has been restated for the effects of estimated lives were not in compliance within the City's Capital Asset Policy.

STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Dollar Amounts In Thousands)

(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
Public safety (1)	\$ 348,428	\$ 350,556	\$ 374,328	\$ 432,355	\$ 450,771	\$ 439,381	\$ 542,109	\$ 591,536	\$ 500,627	\$ 577,242
Sanitation	52,871	53,912	55,717	59,011	63,956	66,888	73,879	78,589	73,793	83,856
General administration	47,158	49,897	58,256	44,998	53,366	56,604	70,743	81,680	57,872	68,980
Support services	28,820	30,398	31,210	36,894	41,625	34,573	51,432	55,722	54,953	56,383
Engineering and property management	25,769	26,331	52,044	38,831	52,342	44,253	49,469	54,293	35,708	37,133
Streets and highways (3)	125,518	159,892	174,912	48,548	51,839	21,958	63,178	96,805	69,372	78,546
Culture and recreation	32,826	43,617	45,158	44,830	56,956	43,902	51,642	59,311	55,606	75,074
Community planning and development	67,154	88,651	75,889	71,844	82,197	81,270	88,837	193,394	124,455	120,274
Business-type grant related	-	-	-	-	-	-	931	842	3,369	-
Interest and other charges	54,329	55,000	57,498	53,220	50,059	51,559	58,439	48,443	43,466	44,779
Total governmental activities expenses	782,873	858,254	925,012	830,531	903,111	840,388	1,050,659	1,260,615	1,019,221	1,142,267
Business-type activities:										
Water	104,925	136,759	143,992	142,697	148,429	157,345	180,167	170,468	237,265	234,800
Sewer	149,865	160,104	163,565	165,039	175,447	183,496	188,000	178,774	240,409	248,538
Storm water	19,934	21,374	16,614	17,517	24,664	25,448	29,578	37,433	41,206	48,956
Airport (5) (9)	185,178	189,466	205,860	234,432	261,333	289,791	311,166	299,652	367,439	423,806
Public transit (5)	162,511	167,482	173,243	177,312	219,192	263,871	266,955	265,234	248,945	274,792
Total business-type activities expenses	622,413	675,185	703,274	736,997	829,065	919,951	975,866	951,561	1,135,264	1,230,892
Total primary government expenses	\$ 1,405,286	\$ 1,533,439	\$ 1,628,286	\$ 1,567,528	\$ 1,732,176	\$ 1,760,339	\$ 2,026,525	\$ 2,212,176	\$ 2,154,485	\$ 2,373,159
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
Public safety	\$ 28,452	\$ 29,474	\$ 38,772	\$ 40,271	\$ 43,696	\$ 42,804	\$ 44,960	\$ 42,619	\$ 49,056	\$ 54,301
Sanitation	13,084	12,491	8,824	11,156	13,773	16,247	20,937	24,756	27,878	32,046
General administration	17,418	3,162	2,913	2,033	2,156	2,154	2,020	3,699	2,830	4,409
Community planning and development	3,437	5,171	4,859	3,767	5,389	8,016	9,158	9,906	11,401	20,920
Other activities	33,829	54,833	59,761	60,216	60,022	57,452	56,480	60,435	68,072	56,895
Operating grants and contributions (1)	50,978	33,471	51,192	50,295	56,547	58,886	72,757	219,883	99,943	81,378
Capital grants and contributions	22,629	53,241	20,810	19,304	20,601	36,716	62,382	26,623	37,969	33,750
Total governmental activities program revenues	169,827	191,843	187,131	187,042	202,184	222,275	268,694	387,921	297,149	283,699
Business-type activities:										
Fees, fines, and charges for services:										
Water (7)	129,115	145,234	166,043	171,798	171,796	181,823	173,923	177,114	193,947	215,157
Sewer	189,744	195,530	211,084	230,511	235,548	242,504	264,182	281,555	305,192	325,379
Storm water	56,885	61,786	70,042	70,496	71,985	73,082	74,322	82,043	84,617	100,257
Airport (7)	254,331	264,139	277,891	289,450	313,113	344,049	292,022	224,505	390,711	432,780
Public transit (7)	28,820	33,955	32,404	31,823	29,585	27,685	21,268	11,410	13,036	15,548
Operating grants and contributions	12,082	11,406	10,945	12,053	33,953	30,854	35,081	164,894	120,362	107,258
Capital grants and contributions (6)	153,666	312,823	241,970	381,724	114,107	142,122	160,729	202,611	226,531	228,525
Total business-type activities program revenues	824,643	1,024,873	1,010,379	1,187,855	970,087	1,042,119	1,021,527	1,144,132	1,334,396	1,424,904
Total primary government program revenues	\$ 994,470	\$ 1,216,716	\$ 1,197,510	\$ 1,374,897	\$ 1,172,271	\$ 1,264,394	\$ 1,290,221	\$ 1,532,053	\$ 1,631,545	\$ 1,708,603



STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Dollar Amounts In Thousands)

(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental activities	\$ (613,046)	\$ (666,411)	\$ (737,881)	\$ (643,489)	\$ (700,927)	\$ (618,113)	\$ (781,965)	\$ (872,694)	\$ (722,072)	\$ (858,568)
Business-type activities	202,230	349,688	307,105	450,858	141,022	122,168	45,661	192,571	199,132	194,012
Total primary governmental net expense	\$ (410,816)	\$ (316,723)	\$ (430,776)	\$ (192,631)	\$ (559,905)	\$ (495,945)	\$ (736,304)	\$ (680,123)	\$ (522,940)	\$ (664,556)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes-										
Property	\$ 436,597	\$ 396,985	\$ 452,209	\$ 454,908	\$ 467,815	\$ 490,890	\$ 507,167	\$ 523,285	\$ 531,207	\$ 553,022
Sales	92,853	105,623	114,192	118,385	128,402	135,068	139,507	153,368	182,939	199,853
Utility franchise	38,915	52,403	53,545	52,627	52,933	54,338	51,661	51,958	51,905	54,548
Occupancy (7)	40,087	45,092	49,079	51,917	56,398	59,680	44,737	29,260	58,548	75,071
Prepared foods (7)	25,514	28,358	30,026	31,509	33,632	35,512	31,650	32,174	42,646	49,596
Business privilege (4)	9,188	17,098	283	29	23	17	11	10	12	11
Municipal vehicle	19,001	16,430	17,068	18,280	18,060	18,092	18,120	19,044	18,381	18,894
Grants and contributions not restricted to specific programs	20,546	22,205	23,383	24,952	26,222	27,519	24,820	22,988	33,801	34,776
Investment earnings	3,842	3,890	4,670	5,150	11,884	20,091	21,307	(1,122)	(5,473)	31,580
Miscellaneous	(450)	1,441	7,012	475	9,168	2,754	18	(477)	1,353	7,117
Special items (2)	-	14,100	-	-	-	-	-	-	-	-
Gain on early defeasance of debt	-	-	-	-	-	-	-	4,189	-	-
Transfers (8)	(18,091)	(20,270)	(21,609)	(25,402)	(22,920)	(23,189)	(23,628)	(25,458)	(160,625)	(28,479)
Total governmental activities	668,002	683,355	729,858	732,830	781,617	820,772	815,370	809,219	754,694	995,989
Business-type activities:										
Sales taxes levied for Public transit	71,233	81,150	89,617	92,601	103,022	107,535	107,779	116,669	139,226	154,638
Investment earnings	7,738	6,098	7,065	7,830	23,412	48,690	38,024	(3,236)	(16,741)	67,469
Miscellaneous	5,118	3,319	(7,091)	4,841	3,372	9,920	9,976	2,728	4,389	(5,862)
Transfers (8)	18,091	20,270	21,609	25,402	22,920	23,189	23,628	25,458	160,625	28,479
Total business-type activities	102,180	110,837	111,200	130,674	152,726	189,334	179,407	141,619	287,499	244,724
Total primary government	\$ 770,182	\$ 794,192	\$ 841,058	\$ 863,504	\$ 934,343	\$ 1,010,106	\$ 994,777	\$ 950,838	\$ 1,042,193	\$ 1,240,713
Change in Net Position										
Governmental activities	\$ 54,956	\$ 16,944	\$ (8,023)	\$ 89,341	\$ 80,690	\$ 202,659	\$ 33,405	\$ (63,475)	\$ 32,622	\$ 137,421
Business-type activities	304,410	460,525	418,305	581,532	293,748	311,502	225,068	334,190	486,631	438,736
Total primary government	\$ 359,366	\$ 477,469	\$ 410,282	\$ 670,873	\$ 374,438	\$ 514,161	\$ 258,473	\$ 270,715	\$ 519,253	\$ 576,157

Notes:

(1) In 2017, the City added 106 public safety positions. In 2020, the City hosted the Republican National Convention, funded by a Federal grant. In 2020 and 2021, COVID-19 was declared a world-wide pandemic and impacted operations.

(2) In 2015, a discounted payoff was accepted in full satisfaction of a portion of private loan.

(3) In 2017 and 2019, expenses decreased due to increased capitalization of streets and right-of-ways maintained by the City. In 2022 the City identified capital assets where estimated lives were not in compliance with the City's Capital Asset Policy which went into effect October 1, 2020.

(4) In 2016, the Business Privilege License Tax ended.

(5) In 2018, Public Transit blue line light rail extension to the University area went into operation and the Airport expanded Concourse A.

(6) In 2017, Public Transit grant reimbursements were received for blue line light rail extension that went into operations in 2018.

(7) In 2020 and 2021, COVID-19 was declared a world-wide pandemic and impacted revenue streams.

(8) In 2022, transfers are related to Goldline that was put in production in August of 2021.

(9) In 2023, an increase in operating and maintenance expenses related to airport expansion.

(10) In 2023, the increase in Community planning and development came from tree mitigation fees and enforcement fines that were previously recorded in General CIP.

STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (Dollar Amounts In Thousands) (modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable:										
Inventories (2)	\$ 1,208	\$ 1,378	\$ 1,426	\$ 1,218	\$ 1,385	\$ -	\$ -	\$ -	\$ -	\$ -
Leases	-	-	-	-	-	-	-	-	181	1,048
Long-term notes receivable	-	29	13	28	9	-	-	-	-	8,000
Restricted - State statute	65,521	63,151	62,967	65,499	73,510	70,411	61,457	68,577	73,364	78,939
Prepaid items	-	-	-	-	-	-	37	13	18	25
Committed:										
Capital projects	5,311	14,382	21,795	2,751	5,540	7,624	14,258	7,048	13,353	15,735
Component unit (4)	2,146	2,610	3,215	3,441	3,765	4,297	3,205	1,261	-	-
Assigned:										
Capital projects	550	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	463	-	-	-	-	-	-
Community planning and development	483	-	-	-	-	-	-	-	-	-
Unassigned	95,298	95,280	101,590	107,014	111,102	116,428	115,010	120,115	125,568	133,377
Total general fund	\$ 170,517	\$ 176,830	\$ 191,006	\$ 180,414	\$ 195,311	\$ 198,760	\$ 193,967	\$ 197,014	\$ 212,484	\$ 237,124
All other governmental funds										
Nonspendable:										
Perpetual care	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,132	\$ 3,149	\$ 3,222	\$ 3,350
Inventories (5)	-	-	-	130	112	96	81	71	1,889	1,748
Leases (6)	-	-	-	-	-	-	-	-	(1)	-
Prepaid items	-	-	-	119	501	418	318	82	304	962
Long-term notes receivable (7)	-	89,899	87,498	-	-	-	-	-	-	-
Restricted:										
State statute	4,785	5,235	5,732	5,776	6,342	6,903	12,791	18,525	20,108	20,552
Special obligation debt service	8,270	7,270	6,215	5,100	-	-	-	-	-	-
Public safety	11,830	16,816	3,282	13,989	13,590	13,716	9,671	13,734	18,186	26,633
Streets and highways	14,332	15,141	10,809	7,923	7,541	8,787	10,301	4,839	4,895	6,051
Culture and recreation	138,774	144,780	167,391	183,899	185,310	189,915	176,155	149,629	171,154	199,524
Community planning and development	5,762	4,560	7,507	38,773	35,002	34,526	32,636	34,494	30,841	49,783
Committed:										
Capital projects	137,488	191,797	238,041	255,898	242,615	381,714	378,413	212,021	361,888	373,633
Culture and recreation	396	414	-	-	-	-	-	-	-	-
Debt service (3)	-	4,400	34,510	45,016	68,130	86,000	96,921	98,234	91,781	87,790
Assigned:										
Debt service	251,590	278,219	239,681	218,640	191,069	173,311	99,468	66,674	90,120	109,889
Unassigned (1)	-	(629)	-	-	-	-	-	-	(2)	(154)
Total all other governmental funds	\$ 576,338	\$ 761,013	\$ 803,777	\$ 778,374	\$ 753,323	\$ 898,497	\$ 819,887	\$ 601,452	\$ 794,385	\$ 879,761

(1) In 2015, 2022 and 2023 Municipal Services Districts had a deficit fund balance due to property tax revenues less than anticipated.

(2) In 2019, support services spare parts inventory was sold to a private vendor.

(3) In 2015, debt services advanced funds for various capital projects. This continued for other capital projects that will be repaid over five years.

(4) In 2022, committed for component unit was transferred to special revenue fund.

(5) In 2022, inventories increased as a result of CATS purchasing rail cars replacement parts

(6) In 2022, implementation of GASB 87, Leases.

(7) In 2023, Long Term Notes Receivable represents long term amount of mortgage loan.



STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (In Thousands) (modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Property taxes	\$ 430,657	\$ 401,040	\$ 451,563	\$ 456,176	\$ 467,717	\$ 492,051	\$ 505,521	\$ 523,184	\$ 533,544	\$ 553,217
Other taxes (1)	171,864	193,197	208,513	217,719	235,000	247,814	229,989	227,939	303,877	345,636
Intergovernmental (1)	136,198	172,109	166,463	163,711	172,575	188,832	222,470	331,394	232,738	216,082
Licenses, fees and fines	63,001	68,421	43,363	46,287	50,347	49,097	53,165	58,322	59,902	66,386
Investment earnings	4,739	3,350	3,745	3,815	8,373	21,635	20,479	1,277	(6,169)	23,850
Private contributions	9,428	4,745	4,039	1,671	3,612	2,371	3,475	2,945	2,915	11,263
Administrative charges	25,227	29,361	34,793	37,031	39,589	44,716	46,858	51,455	57,971	57,006
Charges for current services	6,364	6,919	7,234	8,670	8,126	9,832	12,052	12,730	14,335	16,639
Miscellaneous	9,828	8,151	10,051	10,458	11,782	9,252	8,194	10,467	12,903	8,460
Total revenues	857,306	887,293	929,764	945,538	997,121	1,065,600	1,102,203	1,219,713	1,212,016	1,298,539
Expenditures:										
Public safety (1)	335,977	346,524	359,187	382,427	391,301	420,234	448,196	471,984	470,984	519,780
Sanitation	49,278	50,764	52,265	55,610	59,179	64,032	67,322	75,953	69,794	77,859
General administration	45,295	44,042	40,294	42,078	47,143	51,977	55,009	73,772	62,839	66,982
Support services	25,956	29,414	29,728	31,823	31,885	29,250	41,703	49,882	53,273	61,752
Engineering and property management	22,479	22,739	20,973	22,095	21,927	23,558	25,236	36,491	22,441	25,657
Streets and highways	57,313	57,580	62,924	65,102	62,376	58,831	59,927	61,148	53,051	59,248
Culture and recreation (2)	21,035	24,571	27,312	29,835	38,743	31,559	35,425	39,273	35,362	51,362
Community planning and development (1)	51,947	56,613	49,813	46,119	46,868	53,238	63,857	160,650	109,745	95,167
Business-type grant funded	-	-	-	-	-	-	931	842	3,369	1,969
Debt service-										
Principal (3)	77,139	86,287	112,033	97,190	116,416	121,309	110,124	139,069	252,310	122,920
Interest and other charges	61,053	61,334	66,557	60,790	60,238	61,918	65,934	61,155	56,504	57,844
Capital outlay	162,571	160,745	154,320	166,087	175,209	234,489	313,296	311,207	199,733	192,407
Total expenditures	910,043	940,613	975,406	999,156	1,051,285	1,150,395	1,286,960	1,481,426	1,389,405	1,332,947
(Deficiency) of revenues										
(under) expenditures	(52,737)	(53,320)	(45,642)	(53,618)	(54,164)	(84,795)	(184,757)	(261,713)	(177,389)	(34,408)

Continued on next page

STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (Continued) LAST TEN FISCAL YEARS (In Thousands) (modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other financing sources (uses):										
Sales of capital assets (4)	1,117	1,003	34,027	6,238	2,518	3,112	1,275	1,714	1,551	4,735
Bonds issued	34,370	-	-	34,503	57,062	58,435	121,568	70,027	103,943	94,299
Commercial paper issued	59,055	59,973	66,213	1,677	-	-	-	-	-	-
Installment purchases issued	63,994	100,691	23,685	-	-	170,205	-	-	107,600	-
Lease liabilities issued (5)	-	-	-	-	-	-	-	-	13,978	9,479
SBITA liabilities issued (5) (6)	-	-	-	-	-	-	-	-	-	61,959
Refunding debt issued	266,893	62,755	33,010	116,230	-	150,905	314,330	-	133,035	-
Premium on debt issuance	31,544	15,199	5,906	19,377	-	49,086	36,683	-	33,291	-
Payment to refunded bond escrow agent	(293,020)	(71,580)	(38,650)	(135,000)	-	(175,155)	(348,762)	-	-	-
Transfers in	121,528	123,605	186,997	191,445	175,007	175,167	254,381	225,861	164,155	174,054
Transfers out	(139,619)	(140,475)	(208,606)	(216,847)	(190,577)	(198,337)	(278,121)	(251,277)	(191,120)	(200,102)
Total other financing sources (uses)	145,862	151,171	102,582	17,623	44,010	233,418	101,354	46,325	366,433	144,424
Net change in fund balances	\$ 93,125	\$ 97,851	\$ 56,940	\$ (35,995)	\$ (10,154)	\$ 148,623	\$ (83,403)	\$ (215,388)	\$ 189,044	\$ 110,016
 Debt service as a percentage of noncapital expenditures	 18.4%	 18.1%	 19.4%	 18.0%	 18.2%	 18.9%	 17.3%	 15.9%	 25.4%	 16.0%

⁽¹⁾ The City hosted the Republican National Convention in August 2020, funded by a Federal Grant. In 2020 and 2021, COVID-19 was declared a world-wide pandemic and impacted operations.

⁽²⁾ In 2018, Federal Court House was sold and design fees for Convention Center renovations were incurred.

⁽³⁾ In 2016, the Hall of Fame private loan was paid. In 2022, debt service includes redemption of a BAN.

⁽⁴⁾ In 2016, land was sold to pay off Hall of Fame private loan.

⁽⁵⁾ In 2022, implementation of GASB 87, Leases. In 2023, implementation of GASB 96, SBITAs.

⁽⁶⁾ In 2023, implementation of GASB 96, SBITAs

STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value				Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property		Personal Property				
	Residential Property	Commercial Property	Motor Vehicles	Other			
2014	\$45,891,739	\$31,556,625	\$5,671,639	\$7,764,066	\$250,288	\$90,633,781	\$0.4687
2015	45,297,317	30,263,922	6,194,474	7,953,022	285,506	89,423,229	0.4687
2016	44,813,098	32,220,420	6,550,784	7,909,799	294,003	91,200,098	0.4787
2017	44,848,147	33,778,317	7,016,818	8,057,175	292,117	93,408,340	0.4787
2018	45,442,308	35,137,507	7,199,466	8,404,556	306,676	95,877,161	0.4787
2019	45,888,331	36,330,136	7,351,494	8,912,989	309,697	98,173,253	0.4887
2020	66,952,245	60,265,814	7,822,734	9,286,431	505,388	143,821,836	0.3481
2021	68,153,511	60,893,099	7,938,342	10,145,479	505,911	146,624,520	0.3481
2022	69,063,725	62,614,209	8,794,591	10,630,450	504,505	150,598,470	0.3481
2023	69,732,800	65,023,207	9,370,591	11,226,594	932,309	154,420,883	0.3481

Source: Assessed value data provided by Mecklenburg County. Assessed value is 100% of appraised market value as of the last revaluation date.



STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates				Overlapping Rates						
	General	Debt Service	Capital Projects	Total Direct	Municipal Service Districts						Mecklenburg County
					District 1	District 2	District 3	District 4	District 5	District 6 ⁽¹⁾	
2014	\$.3600	\$.0967	\$.0120	\$.4687	\$.0168	\$.0233	\$.0358	\$.0668	\$.0279	\$ -	\$.8157
2015	.3600	.0967	.0120	.4687	.0168	.0233	.0358	.0668	.0279	-	.8157
2016	.3741	.0926	.0120	.4787	.0168	.0233	.0358	.0668	.0279	-	.8157
2017	.3741	.0926	.0120	.4787	.0168	.0233	.0358	.0668	.0279	-	.8157
2018	.3741	.0926	.0120	.4787	.0168	.0233	.0358	.0668	.0279	-	.8157
2019	.3816	.0951	.0120	.4887	.0208	.0293	.0418	.0668	.0279	-	.8232
2020	.2731	.0677	.0073	.3481	.0136	.0227	.0338	.0390	.0279	-	.6169
2021	.2731	.0677	.0073	.3481	.0136	.0227	.0338	.0390	.0279	-	.6169
2022	.2731	.0677	.0073	.3481	.0136	.0227	.0338	.0390	.0279	-	.6169
2023	.2731	.0677	.0073	.3481	.0136	.0227	.0338	.0390	.0279	.0400	.4731

(1) District 6 was established in 2023.

STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(Dollar Amounts In Thousands)

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Duke Energy Corporation	\$ 1,815,944	1	1.18%	\$ 1,075,958	3	1.19%
Bank of America	1,796,865	2	1.16	1,493,709	2	1.65
Wells Fargo	1,739,338	3	1.13	2,156,194	1	2.38
American Airlines/US Airways Group, Incorporated	768,206	4	0.50	-	-	-
Truist	598,148	5	0.39	-	-	-
Spectrum	465,852	6	0.30	-	-	-
Southpark Mall	390,972	7	0.25	330,815	7	0.37
Piedmont Natural Gas	360,749	8	0.23	239,270	10	0.26
STS Properties	289,441	9	0.19	-	-	-
Panthers Stadium	264,248	10	0.17	-	-	-
AT&T/BellSouth, Incorporated	-	-	-	402,486	6	0.44
TIAA-Cref, LLC	-	-	-	326,551	8	0.36
CK Southern/Childress Klein	-	-	-	306,967	9	0.34
Time Warner Entertainment	-	-	-	561,401	5	0.62
US Airways Group, Incorporated	-	-	-	691,280	4	0.76
Total	\$ 8,489,763		5.50%	\$ 7,584,631		8.37%

Source: Mecklenburg County.



STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Dollar Amounts In Thousands)

Fiscal Year ⁽¹⁾	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$	415,447	\$ 408,956	98.44%	\$ 2,353	\$ 411,309	99.00%
2015		392,831	390,339	99.37	7,380	397,719	100.00
2016		422,527	420,153	99.44	9,170	429,323	100.00
2017		422,768	419,751	99.29	9,360	429,111	100.00
2018		432,044	429,926	99.51	9,457	439,383	100.00
2019		453,300	451,005	99.49	10,763	461,768	100.00
2020		479,035	473,689	98.88	8,605	482,294	100.00
2021		493,616	489,541	99.17	7,339	496,880	100.00
2022		503,981	501,228	99.45	-	501,228	99.45
2023		519,345	516,795	99.51	-	516,795	99.51

Source: Mecklenburg County.

⁽¹⁾ Pursuant to the North Carolina General Statutes, property taxes levied on July 1, the beginning of the fiscal year, are due September 1; however, penalties do not accrue until January 6. For example, the taxes levied effective July 1, 2022, for the fiscal year 2023, were based on the assessed values listed as of January 1, 2022.



STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA ANALYSIS OF CURRENT TAX LEVY CITY-WIDE LEVY FOR THE YEAR ENDED JUNE 30, 2023 (Dollar Amounts In Thousands)

	City - Wide			Total Levy	
	Property Valuation ⁽²⁾	Rate	Total Levy ⁽¹⁾	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 145,815,973	0.3481	\$ 526,402	\$ 507,585	\$ 18,817
Discoveries - current and prior years	<u>667,661</u>		<u>-</u>	<u>-</u>	<u>-</u>
Total property valuation	<u>\$ 146,483,634</u>		<u>526,402</u>	<u>507,585</u>	<u>18,817</u>
Net Levy			510,082	491,265	18,817
Unpaid (by taxpayer) taxes at June 30, 2023			(2,532)	(2,532)	-
Current year's taxes collected			<u>\$ 507,550</u>	<u>\$ 488,733</u>	<u>\$ 18,817</u>
Current levy collection percentage			<u>99.51%</u>	<u>99.48%</u>	<u>100.00%</u>

⁽¹⁾ Total levy includes only those taxes levied on a unit-wide basis and therefore, does not include the Municipal Services Districts.

⁽²⁾ Property valuation amounts are only for property and does not include registered motor vehicles.



THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands, except Per Capita)

Fiscal Year	General Bonded Debt				Other Governmental Activities Debt							
	Governmental Activities General Obligation Bonds	Business-Type Activities General Obligation Bonds	Percentage of Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾	Special Obligation Bonds	Direct Placement			Direct Borrowing		Leases ⁽⁴⁾	SBITAs ⁽⁵⁾
						Installment Purchases	Construction Period Notes	Private Loan	Section 108			
2014	\$ 729,362	\$ 203,241	103.00%	\$ 1,170	\$ 8,270	\$ 747,191	\$ 7,137	\$ 35,331	\$ 8,444	\$ -	\$ -	-
2015	691,351	174,812	0.97	1,069	7,270	803,723	67,110	16,231	7,943	-	-	-
2016	647,449	145,373	0.87	959	6,215	767,855	133,323	-	7,538	-	-	-
2017	737,220	114,415	0.87	995	5,100	708,206	34,503	-	5,780	-	-	-
2018	685,147	85,211	0.80	880	-	639,406	91,565	-	4,368	-	-	-
2019	630,710	58,470	0.70	750	-	756,697	150,000	-	4,368	-	-	-
2020	753,491	33,590	0.57	875	-	690,282	66,568	-	2,780	-	-	-
2021	694,206	15,931	0.48	741	-	597,786	136,595	-	2,780	-	-	-
2022	780,119	8,360	0.52	805	-	675,819	90,538	-	-	11,785	-	-
2023	711,758	1,706	0.46	713	-	627,328	184,837	-	-	18,837	48,078	-

Continued on next page



STATISTICAL SECTION

Other Business-Type Activities Debt											
Fiscal Year	Direct Placement				Direct Borrowing				Total Primary Government	Percentage of Personal Income ⁽²⁾⁽³⁾	Per Capita ⁽²⁾
	Revenue Bonds	Installment Purchases	Revenue Bond Anticipation Notes	Other Financing Agreements	Revolving Loans	TIFIA Loan	Leases ⁽⁴⁾	SBITAs ⁽⁵⁾			
2014	\$ 2,303,043	\$ 281,758	\$ 87,054	\$ 3,775	\$ 1,176	\$ -	\$ -	\$ -	\$ 4,415,782	12.48%	\$ 5,541
2015	2,162,847	279,384	214,999	2,950	1,110	-	-	-	4,429,730	11.70	5,469
2016	2,296,876	275,258	83,739	2,130	1,043	88,353	-	-	4,455,152	11.20	5,386
2017	2,416,258	380,699	67,895	1,320	3,730	137,685	-	-	4,612,811	10.71	5,388
2018	2,524,153	371,318	52,405	675	3,438	180,000	-	-	4,637,686	10.14	5,298
2019	2,644,364	271,347	92,449	250	14,837	176,259	-	-	4,799,751	9.65	5,220
2020	2,533,555	263,788	279,971	-	49,831	172,411	-	-	4,846,267	9.09	5,212
2021	2,860,003	167,956	119,266	-	73,520	168,430	-	-	4,836,473	N/A	4,886
2022	3,088,705	290,863	263,268	-	87,783	-	1,446	-	5,298,686	N/A	5,412
2023	3,359,906	271,692	433,631	-	89,508	-	1,719	9,284	5,758,284	N/A	5,752

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

⁽¹⁾ See Schedule of Assessed Value and Actual Value of Taxable Property for value data.

⁽²⁾ See Schedule of Demographic and Economic Statistics for population and personal income data.

⁽³⁾ N/A = Data not available.

⁽⁴⁾ In 2022, implementation of GASB 87, Leases.

⁽⁵⁾ In 2023, implementation of GASB 96, SBITAs.

STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA
DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2023
(Dollar Amounts in Thousands)

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City ⁽¹⁾	Amount Applicable to City
Jurisdiction			
Direct:			
City of Charlotte	\$ 1,523,923	100%	\$ 1,523,923
Overlapping:			
Mecklenburg County	1,848,702	74.63%	1,379,686
Total	<u>\$ 3,372,625</u>		<u>\$ 2,903,609</u>

⁽¹⁾ Percentage of direct and overlapping debt is based on June 30, 2023 assessed valuation of the City of Charlotte (\$154,420,883) as compared to the June 30, 2023 assessed valuation of Mecklenburg County (\$203,111,575).



STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands)

Fiscal Year	Debt Limit	Net Debt Outstanding ⁽¹⁾	Legal Debt Margin	Ratio of Net Debt Outstanding to Debt Limit
2014	\$ 7,250,702	\$ 2,150,659	\$ 5,100,043	29.66%
2015	6,780,590	2,235,933	4,544,657	32.98
2016	7,296,008	2,067,347	5,228,661	28.34
2017	7,472,667	2,365,043	5,107,624	31.65
2018	7,670,173	2,158,926	5,511,247	28.15
2019	7,853,860	2,270,477	5,583,383	28.91
2020	11,505,747	2,180,507	9,325,240	18.95
2021	11,729,962	2,048,068	9,681,894	17.46
2022	12,047,878	2,225,118	9,822,760	18.47
2023	12,353,671	2,215,802	10,137,869	17.94

⁽¹⁾ Excludes debt not applicable to the limit.

Legal Debt Margin Calculation for Fiscal Year 2023:

Assessed value		\$ 154,420,883
Debt limit (8% of assessed value)		12,353,671
Total outstanding general obligation bonded debt	\$ 713,464	
Amounts due under installment purchases primarily for Convention Center, tourism, capital improvements and equipment	899,020	
Bonds authorized but unissued	603,975	
	2,216,459	
Less- Water general obligation bonds	657	
Outstanding debt, net		2,215,802
Legal debt margin		\$ 10,137,869

STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA
SPECIAL OBLIGATION BOND COVERAGE
LAST FOUR FISCAL YEARS
(Dollar Amounts in Thousands)

Fiscal Year	Allowable Revenues ⁽¹⁾	Debt Service Requirement ⁽²⁾	Bond Coverage
2014	\$ 22,796	\$ 1,382	16.5
2015	26,138	1,382	18.9
2016	27,896	1,386	20.1
2017	28,623	1,396	20.5

⁽¹⁾ Allowable revenues as defined by the Revenue Bond Order.

⁽²⁾ Bonds were paid off in fiscal year 2018.



STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands)

Fiscal Year	Allowable Revenues ⁽¹⁾	Final Budgeted Expenses ⁽¹⁾⁽²⁾	Debt Service Requirement	Revenue Bond Coverage	50% of Surplus Fund ⁽¹⁾	Revenue Bond Coverage, Including Surplus Fund
2014	\$ 323,047	\$ 122,549	\$ 145,837	1.4	\$ 82,495	1.9
2015	345,228	134,788	142,804	1.5	70,972	2.0
2016	382,826	132,948	150,528	1.7	92,141	2.3
2017	410,308	153,487	150,819	1.7	118,010	2.5
2018	418,226	159,952	146,441	1.8	132,748	2.7
2019	435,750	166,869	153,687	1.7	142,149	2.7
2020	446,647	181,441	147,719	1.8	135,666	2.7
2021	458,253	189,558	143,370	1.9	141,997	2.9
2022	499,601	186,738	133,079	2.4	144,166	3.4
2023	551,726	230,974	139,905	2.3	103,878	3.0

⁽¹⁾ Allowable revenues, final budgeted expenses and Surplus Fund as defined by the Revenue Bond Order.

⁽²⁾ In 2023, final budgeted expenses include \$26,000 for capacity fee lawsuit.

STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands)

Fiscal Year	Allowable Revenues ⁽¹⁾	Current Expenses ⁽¹⁾	Debt Service Requirement	Revenue Bond Coverage	50% of Surplus Fund ⁽¹⁾	Revenue Bond Coverage, Including Surplus Fund
2014	\$ 55,769	\$ 12,815	\$ 9,961	4.3	\$ 7,816	5.1
2015	59,367	9,913	11,357	4.4	6,416	4.9
2016	66,515	11,788	11,971	4.6	8,589	5.3
2017	67,268	11,649	12,538	4.4	8,819	5.1
2018	68,414	11,778	12,523	4.5	9,757	5.3
2019	73,499	9,678	13,135	4.9	13,500	5.9
2020	74,081	11,324	13,406	4.7	14,389	5.8
2021	73,350	14,373	14,676	4.0	9,549	4.7
2022	79,067	17,948	17,368	3.5	3,724	3.7
2023	83,476	23,086	18,788	3.2	2,648	3.4

⁽¹⁾ Allowable revenues, current expenses and Surplus Fund as defined by the Revenue Bond Order.



STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands)

Fiscal Year	Gross Revenues⁽¹⁾	Application of Revenues⁽¹⁾	Net Revenues Available for Debt Service	Debt Service Requirement⁽²⁾	Revenue Bond Coverage⁽³⁾⁽⁴⁾
2014	\$ 164,907	\$ 73,161	\$ 91,746	\$ 26,072	3.5
2015	176,443	91,912	84,531	25,733	3.3
2016	195,521	105,039	90,482	25,722	3.5
2017	207,928	113,685	94,243	17,439	5.4
2018	226,000	119,984	106,016	17,775	6.0
2019	245,855	130,117	115,738	22,871	5.1
2020	240,372	137,869	76,385	26,118	3.9
2021	183,806	88,011	70,804	24,991	3.8
2022	353,672	188,825	164,847	31,144	5.3
2023	454,882	212,993	241,889	40,295	6.0

⁽¹⁾ Gross revenues and application of revenues as defined by the Revenue Bond Order.

⁽²⁾ Net of capitalized interest.

⁽³⁾ Revenue bond coverage as defined by the Revenue Bond Order.

⁽⁴⁾ 2020 and 2021 have been restated to include North Carolina Airport Improvement Program (NCAIP) and Airport Coronavirus Response Grant Program (Federal COVID Relief Grant) funds used to pay debt service in these years.

STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Year	Population (¹)	Personal Income (thousands of dollars) (²)	Per Capita Personal Income (³) (⁴)	Median Age (⁴)	Unemployment Rate (¹)
2014	796,921	\$ 35,380,902	\$ 44,498	34.5	6.0
2015	809,958	37,872,826	46,896	35.4	5.3
2016	827,097	39,761,861	48,249	35.5	4.5
2017	856,062	43,070,191	50,495	34.7	4.1
2018	875,318	45,719,610	52,452	35.1	4.0
2019	919,503	49,732,239	54,809	34.7	4.2
2020	940,144	53,289,242	57,713	37.6	8.8
2021	958,788	N/A	62,056	37.7	5.1
2022	979,096	N/A	N/A	37.6	3.9
2023	1,001,146	N/A	N/A	38.0	3.5

⁽¹⁾ Population and unemployment rate are for Charlotte.

⁽²⁾ Personal income is calculated using Per Capita Personal income and population.

⁽³⁾ Prior years Per Capita Personal Income amounts are restated to reflect new data source.

⁽⁴⁾ Per Capita Personal Income and Median Age are for the Metropolitan Statistical Area (Charlotte - Concord - Gastonia).
Source for Per Capita Personal Income - Federal Reserve Economic Data.

N/A: Information not available.

STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	2023			2014		
	Employees	Rank	Percentage to Total City Employment	Employees	Rank	Percentage to Total City Employment
Atrium Health (formerly Carolinas Healthcare System)	37,000	1	5.68%	35,000	1	7.39%
Wells Fargo	30,291	2	4.65	22,000	2	4.64
Charlotte-Mecklenburg Schools	18,495	3	2.84	18,143	3	3.83
Bank of America	15,000	4	2.30	15,000	5	3.17
Novant Health/Presbyterian Regional Healthcare Corporation	11,698	5	1.80	11,000	7	2.32
American Airlines/US Airways Group, Incorporated	11,000	6	1.69	10,600	8	2.24
Harris Teeter, Incorporated	8,239	7	1.26	8,239	9	1.74
Duke Energy Corporation	7,900	8	1.21	7,800	10	1.65
Lowe's Companies, Incorporated	7,801	9	1.20	12,960	6	2.74
City of Charlotte	6,800	10	1.04	-	-	-
Wal-Mart Stores, Incorporated	-		-	16,100	4	3.40
Total	154,224		23.67%	156,842		33.12%

Sources: Number of employees provided by Charlotte Regional Business Alliance. Total city employment provided by NC Department of Commerce.



STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Full-time Equivalent Employees as of June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety (1) (4) (9)	3,472.50	3,500.50	3,474.50	3,594.50	3,705.50	3,711.50	3,735.50	3,687.50	3,688.50	3,696.50
Sanitation	289.00	302.00	302.00	305.00	314.00	314.00	316.00	309.00	308.00	315.00
General administration (2) (3)	370.50	348.50	366.75	372.75	294.00	288.00	258.00	266.00	271.00	275.50
Support services (4) (6) (9)	257.00	288.00	249.00	257.00	268.00	145.00	148.00	219.00	220.00	221.00
Engineering and property management (3) (5)	322.00	322.00	325.00	343.00	347.00	450.00	491.00	473.00	466.00	461.00
Streets and highways (4)	431.50	431.50	408.75	410.75	422.75	423.75	424.75	412.75	411.75	407.75
Community planning and development (2)	225.00	228.00	214.00	218.00	329.75	361.75	377.75	363.75	368.75	382.75
Water and Sewer (6) (11)	761.50	796.00	822.00	846.00	912.00	958.00	997.00	997.00	1,019.00	1,050.00
Storm Water (10) (12)	100.00	108.00	124.00	131.00	136.00	153.00	171.00	175.00	208.00	221.00
Airport (7) (13)	262.00	432.00	503.00	553.00	595.00	659.00	708.00	708.00	714.00	759.00
Public Transit (8) (14)	361.75	384.75	419.75	522.75	522.75	534.75	582.75	582.75	583.75	610.75
Risk Management	27.00	28.00	28.00	28.00	27.00	23.00	23.00	23.00	23.00	24.00
Total	6,879.75	7,169.25	7,236.75	7,581.75	7,873.75	8,021.75	8,232.75	8,216.75	8,281.75	8,424.25

⁽¹⁾ In 2017, positions were added because the Mayor and City Council identified public safety as the highest priority.

⁽²⁾ In 2018, Char Meck 311 positions were moved from General administration to Community planning and development.

⁽³⁾ In 2020, the Procurement division including Charlotte Business Inclusion was transferred from General Administration to Engineering and Property Management.

⁽⁴⁾ In 2016, vacant positions were eliminated.

⁽⁵⁾ In 2019, General Services Fleet management positions were moved from General Administration to Engineering and property management.

⁽⁶⁾ In 2015, positions were added to meet service demand. In 2016, positions were added in response to the improving economy and regulatory changes. In 2017 through 2019 and 2022 positions were added to keep pace with the growth in customer base. In 2020, positions were added to support rehabilitation and replacement efforts and to maintain regulatory compliance.

⁽⁷⁾ In 2015 and 2016 positions were added to meet service demand. In 2015, existing full-time temporary positions were converted to regular full-time status. In 2016, positions were added in response to the improving economy and regulatory changes. In 2017 through 2020 and 2022 positions were added to keep up with service complexity and customer demand.

⁽⁸⁾ In 2015, positions were added to meet service demand. In 2016, positions were added for the Blue Line Extension. In 2017, positions were added for start-up and testing of new rail services for the Blue Line Extension project.

⁽⁹⁾ In 2021, Support services was centralized as Innovation and Technology transferred positions from various departments.

⁽¹⁰⁾ In 2022, Storm water added positions for managing the drainage system and to centralize land development services.

⁽¹¹⁾ In 2023, Water and Sewer added positions for operation and maintenance of facilities and for the management and administrative functions related to increase in construction projects.

⁽¹²⁾ In 2023, Storm Water added positions for Capital Projects to support project management, planning, business operations and compliance and reviews.

⁽¹³⁾ In 2023, Aviation enhanced airport security, support additional growth and enhance customer service.

⁽¹⁴⁾ In 2023, Public Transit provided support rail operation, technology, marketing, communications and administrative related efforts.

SOURCE:

Position allocations per Strategy and Budget Department.

STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Police physical arrests (1)	23,018	22,144	20,794	19,697	18,937	17,221	16,841	13,440	13,967	14,571
911 call volume	1,061,018	1,180,177	1,251,592	1,195,766	1,179,451	1,247,438	1,220,559	1,159,829	1,227,042	1,251,435
Fire calls answered (9)	103,474	110,710	117,315	123,159	124,123	130,138	119,602	124,052	143,147	132,853
Sanitation										
Refuse collected (in tons)	211,407	206,535	219,901	228,819	226,199	230,938	237,806	247,080	232,462	229,520
Refuse collected by City contractors (in tons)	63,971	65,768	72,548	84,794	87,853	87,502	93,794	93,677	94,035	90,691
Recyclables and organics collected (in tons) (2)	58,173	88,332	50,995	57,832	57,600	63,949	51,718	53,056	39,743	44,382
Recyclables and organics collected by City contractors (in tons) (2)	49,183	10,283	49,313	49,994	48,377	43,229	50,559	49,175	48,965	46,630
Support services/Engineering and Property Management										
Fleet maintained	3,280	3,250	3,233	3,342	3,294	3,398	3,444	3,548	3,565	3,644
Streets and highways										
Miles resurfaced (3)	211	221	234	272	206	159	141	144	72	72
Potholes repaired (4)	1,205	1,101	1,173	1,183	1,524	2,889	2,244	1,919	1,599	2,221
Community planning and development										
Housing inspections conducted	2,670	2,779	2,300	2,141	2,320	2,504	1,809	2,132	2,147	2,235
Affordable housing production (5)	1,083	824	768	1,033	1,248	1,199	1,802	2,015	1,514	1,506
Water										
Number of service connections	262,607	267,664	273,574	279,380	285,092	290,442	297,098	304,029	310,541	318,067
Average daily pumped (in millions of gallons)	101	103	107	107	106	108	109	110	118	116
Sewer										
Number of service connections	242,959	247,165	246,299	256,327	260,580	264,981	270,640	276,498	281,983	287,499
Average daily treatment (in millions of gallons)	83	81	80	80	78	91	89	87	80	85
Storm water										
Requests for services completed (6)	1,886	1,711	2,565	2,405	2,369	3,661	3,783	3,887	3,938	3,179
Airport										
Number of airline arrivals and departures per day (7)	1,401	1,399	1,389	1,402	1,383	1,547	1,293	1,161	1,336	1,327
Passengers boarding (in thousands) (7)	21,977	22,193	22,376	22,515	23,075	23,959	19,409	16,645	23,034	25,443
Public transit										
Revenue miles operated (in thousands) (7) (8)	16,172	16,934	16,893	16,310	16,386	17,144	15,782	13,289	13,777	13,144
Passengers (in thousands) (7)	25,572	25,201	23,900	22,734	21,230	20,430	18,090	8,724	10,207	14,027

NOTES:

(1) In 2021, number of physical arrests decreased due to COVID-19 pandemic. Orders were issued by the Chief Judge for the County which suspended enforcement of all Order for Arrest except in cases of domestic violence and several other violent crime offense types.

(2) Recycling contract was cancelled in 2015 and new award began in 2016.

(3) In 2022, funding challenges reduced resurfacing.

(4) In 2019, transferred to a new system capturing each pothole separately.

(5) In 2017, City Council approved more low income tax credit housing projects. In 2020, additional funding sources supported an increase in production.

(6) 2019 rain events caused an increase in the number of service requests received.

(7) In 2020 and 2021, decrease is due to the impacts of the COVID-19 pandemic restrictions. In 2022, increase is due to the COVID-19 pandemic restrictions being lifted.

(8) In 2019, revenue miles were restated to reflect consistency with National Transit Database (NTD).

(9) In 2022, fire calls increased due to population increase. Also during 2019 and 2021, less people made calls for medical emergencies due to COVID-19.

SOURCES:

Charlotte-Mecklenburg Police Department, Charlotte Fire Department, Solid Waste Services, Engineering & Property Management, Charlotte Department of Transportation, Housing & Neighborhood Services, Charlotte Water, Storm Water Services, Charlotte Douglas International Airport, Charlotte Area Transit System.



STATISTICAL SECTION

CITY OF CHARLOTTE, NORTH CAROLINA CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Police stations	13	13	13	13	13	13	13	13	13	13
Patrol units	1,391	1,388	1,392	1,443	1,490	1,486	1,594	1,622	1,628	1,624
Fire stations	42	42	42	42	42	42	42	43	43	43
Sanitation										
Collection trucks	177	188	177	180	178	186	192	204	201	212
Streets and highways										
Lane miles of streets (1)	5,265	5,271	5,284	5,323	5,371	5,415	5,445	5,479	5,498	5,522
Number of street lights	72,316	73,185	73,634	74,140	74,310	75,472	76,734	77,160	77,294	77,698
Water										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	4,209	4,232	4,269	4,314	4,353	4,393	4,431	4,482	4,526	4,570
Fire hydrants	16,631	16,766	16,901	17,109	17,344	17,517	17,677	17,925	18,128	18,340
Sewer										
Treatment plants	5	5	5	5	5	7	7	7	7	6
Miles of sanitary sewer lines	4,320	4,200	4,244	4,288	4,330	4,376	4,420	4,475	4,526	4,562
Airport										
Feet of runway	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,178	35,178	35,178
Public transit										
Motor buses	322	316	316	315	312	309	339	323	325	304
Light rail vehicles (2)	20	20	24	36	40	42	42	42	42	42
Streetcar vehicles (3)	-	-	3	3	3	3	3	3	6	6

NOTES:

⁽¹⁾ 2014 through 2016 have been restated to record lane miles of street verses miles of streets.

⁽²⁾ In 2017, twelve light rail vehicles were purchased and placed into service for the Blue Line Extension project.

⁽³⁾ In 2016, streetcar operations began, 2022 Goldline operations began.

SOURCE:

Charlotte-Mecklenburg Police Department, Charlotte Fire Department, Solid Waste Services, Charlotte Department of Transportation, Charlotte Water, Charlotte Douglas International Airport, Charlotte Area Transit System.



Single Audit

Annual Comprehensive Financial Report 2023



Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charlotte, North Carolina (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2023. Our report includes a reference to other auditors who audited the financial statements of the Charlotte Regional Visitors Authority (CRVA), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Charlotte Firefighters' Retirement System were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Charlotte, North Carolina
October 31, 2023





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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Charlotte, North Carolina (the “City”), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2023. The City’s major federal programs are identified in the *Summary of Auditor’s Results* section of the accompanying schedule of findings and questioned costs.

The City’s basic financial statements include the operations of Charlotte Regional Visitors (“CRVA”), which expended no federal awards during the year ended June 30, 2023. Our audit, described below, did not include the operations of CRVA, since it was audited by other auditors.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and the State Single Audit Implementation Act. Our responsibilities under those standards, Uniform Guidance, and the State Single Audit Implementation Act are further described in the *Auditor’s Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Cherry Bekaert LLP

Charlotte, North Carolina
October 31, 2023



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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Charlotte, North Carolina (the “City”), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City’s major state programs for the year ended June 30, 2023. The City’s major state programs are identified in the *Summary of Auditor’s Results* section of the accompanying schedule of findings and questioned costs.

The City’s basic financial statements include the operations of Charlotte Regional Visitors (“CRVA”), which expended no state awards during the year ended June 30, 2023. Our audit, described below, did not include the operations of CRVA, since it was audited by other auditors.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and the State Single Audit Implementation Act. Our responsibilities under those standards, Uniform Guidance and the State Single Audit Implementation Act are further described in the *Auditor’s Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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



Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Cherry Bekaert LLP

Charlotte, North Carolina
October 31, 2023

CITY OF CHARLOTTE, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial Statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

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

Noncompliance material to federal awards? _____ yes X no

Type of auditor's report issued on compliance for major federal programs:

Unmodified

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

Identification of major federal programs:

Federal Assistance Listing Number

14.218-CL
21.027

20.106
21.023

Names of Federal Program or Cluster

CDBG- Entitlement Grants Cluster
COVID-19: Coronavirus State and Local Fiscal Recovery Funds
COVID-19: Airport Improvement Program
COVID-19: Emergency Rental Assistance Program



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

YEAR ENDED JUNE 30, 2023

Section I—Summary of Auditor's Results (continued)

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

\$ 3,000,000

Auditee qualified as low-risk auditee?

_____ yes X no

State Awards

Internal control over major state programs:

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

Noncompliance material to state awards?

_____ yes X no

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *Audit Manual for Governmental Auditors in North Carolina*?

_____ yes X no

Identification of major state programs:

Names of State Program or Cluster

State Aid for Airports
 Street Maintenance Assistance Program
 One NC Program



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

YEAR ENDED JUNE 30, 2023

Section II—Financial Statement Findings

None reported

Section III—Federal Award Findings and Questioned Costs

Department of Treasury

Program Name: Emergency Rental Assistance Program

Federal Assistance Listing Number: 21.023

Nonmaterial Noncompliance, Material Weakness – Subrecipient Monitoring

Finding 2023-001

Criteria: An effective system of internal control contemplates that management properly review and assess the subrecipient through monitoring procedures and document the results of the procedures performed. This includes ensuring the subrecipient is following all direct and material compliance requirements applicable to each federal program.

Condition: It was discovered while testing the program that the City did not monitor the activity of its subrecipient for the Emergency Rental Assistance Program and did not have a plan to complete monitoring for fiscal year 2023. However, the City did properly obtain and review the subrecipients single audit report for fiscal year 2022.

Effect: The subrecipient could provide federal funds to ineligible individuals resulting in questioned costs that could go undetected by the City.

Questioned Costs: No questioned costs were identified as a result of our procedures.

Cause: The City has an overall policy on monitoring subrecipients but individual departments do not have formal policies or guidelines in place for specific monitoring plans on each of their subrecipients/programs.

Recommendation: We recommend the City require, as part of their subrecipient policy, that departments have written monitoring plans for each program that utilizes subrecipients that includes, but is not limited to, an annual risk assessment of the subrecipient, timeline for monitoring (monthly, quarterly, semi-annually, annually) to take place and how it will communicate and follow up with any findings identified from the monitoring. Furthermore, management should further utilize 2 CFR 200.332 to ensure all monitoring requirements are met.

Views of responsible officials: Management agrees with the finding and is implementing procedures to correct this which is further discussed in the corrective action plan.

Corrective Action Plan: See Corrective Action Plan prepared by the City.

Section IV—State Award Findings and Questioned Costs

None reported.



October 31, 2023

CITY OF CHARLOTTE, NORTH CAROLINA
CORRECTIVE ACTION PLAN

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The Fiscal Year 2023 annual audit identified a material weakness with the city's internal controls over sub-receiptment monitoring. The corrective actions that will be taken on behalf of the city are noted below. The city is optimistic the corrective action plan will reduce or eliminate findings related to sub-recieipient monitoring weakness.

City of Charlotte
Material Weakness
Finding 2023-001
Corrective Action Plan:

Because of the material weakness finding, the following actions have/will be taken:

- The Finance Department will propose amendments to the Subrecipient Management policy, consistent with the external auditor's recommendation. Amendments will include requirements for written monitoring plans to be maintained by departments.
- Finance will work with departments with subrecipient arrangements to ensure understanding of the federal requirements, as well as to promote policy compliance.
- Housing and Neighborhood Services will develop and implement a plan to perform an annual risk assessment to ensure compliance with the subrecipient management policy.
- Any department that currently does not have a written monitoring plans will be required to develop and implement those plans.

Each action stated in the corrective action plan will be completed during and by the end of fiscal year 2024.

Responsible Parties:

Rebecca Andersen Hefner

Rebecca Hefner, Acting Director
Housing and Neighborhood Services

Teresa Smith

Teresa Smith, Chief Financial Officer
Finance Department
October 31, 2023

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2023

2022-001: Corrected





SINGLE AUDIT

CITY OF CHARLOTTE, NORTH CAROLINA SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients
FEDERAL AWARDS:					
<u>Executive Office of the President</u>					
Direct Programs:					
High Intensity Drug Trafficking Areas	95.001	G21GA0007A	\$ 11,688	\$ -	\$ -
High Intensity Drug Trafficking Areas	95.001	G22GA0007A	119,224	-	-
High Intensity Drug Trafficking Areas	95.001	G23GA0007A	49	-	-
Total Executive Office of the President			\$ 130,961	\$ -	\$ -
<u>U.S. Department of Homeland Security</u>					
Direct Programs:					
Assistance to Firefighters	97.044	EMW-2021-FG-04082	\$ 9,161	\$ -	\$ -
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2018-FH-00550	51,948	-	-
TSA-NEDCTP	97.U01	HSTS02-16-H-NCP416 TSA (K-9)	404,000	-	-
TSA-Credentialing Screening & Intel Division	97.U02	HSTS02-16-H-SLR722 TSA (LEO)	744,600	-	-
Total Direct Programs			1,209,709	-	-
Pass-Through N.C. Department of Public Safety:					
Homeland Security Grant Program:					
Homeland Security	97.067	EMW-2021-SS-00039/MOA #:2142001	702,257	-	-
Homeland Security	97.067	EMW-2021-SS-00039/MOA #:2140027	60,000	-	-
Homeland Security	97.067	EMW-2022-SS-00018	138,320	-	-
Homeland Security	97.067	MOA #: 2021-180-23-1	180,000	-	-
USAR Specialty Training	97.067	EMW-2021-SS-0039/MOA #:2140045	39,460	-	-
Total Homeland Security Grant Program			1,120,037	-	-
Other Pass-Through N.C. Department of Public Safety:					
COVID-19 - Disaster-Public Assistance (Presidentially Declared)	97.036	FEMA-4484-DR-NC	31,253	-	-
Emergency Management Performance	97.042	EMPG-2022-2220060	80,022	-	-
Total Other Pass-Through N.C. Department of Public Safety			111,275	-	-
Total Pass-Through N.C. Department of Public Safety			1,231,312	-	-
Total U.S. Department of Homeland Security			\$ 2,441,021	\$ -	\$ -
<u>U.S. Department of Environmental Protection Agency</u>					
Pass-Through N.C. Department of Environmental Quality:					
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370377-16	\$ 3,244,504	\$ -	\$ -
Electric Bus Project Diesel Emission Reduction Act Grant	66.040	47691-DERA-2019-00D95219	390,207	-	-
Total U.S. Department of Environmental Protection Agency			\$ 3,634,711	\$ -	\$ -



SINGLE AUDIT

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients
U.S. Department of Housing and Urban Development					
CDBG - Entitlement Grant Cluster:					
Direct Programs:					
Community Development Block Grants/Entitlement	14.218	B-19-MC-37-0003	\$ 27,426	\$ -	\$ 17,780
Community Development Block Grants/Entitlement	14.218	B-20-MC-37-0003	4,683,262	-	3,036,079
COVID-19 - Community Development Block Grant Program	14.218	B-20-MW-37-0003	2,336,977	-	1,708,118
Community Development Block Grants/Entitlement	14.218	B-21-MC-37-0003	5,755,606	-	3,731,262
Total CDBG - Entitlement Grants Cluster			12,803,271	-	8,493,239
Other U.S. Dept. of Housing and Urban Development Grants:					
Direct Programs:					
Emergency Shelter Grant Program:					
COVID-19 - Emergency Shelter	14.231	E-20-MW-37-0003	2,443,174	-	2,443,174
Emergency Shelter	14.231	E-21-MC-37-0003	327,228	-	327,228
Total Emergency Shelter Grant Program			2,770,402	-	2,770,402
Home Investment Partnerships Program:					
Home Investment Partnerships	14.239	M17-DC370212	852,356	-	252,383
Home Investment Partnerships	14.239	M18-DC370212	492,551	-	145,844
Home Investment Partnerships	14.239	M21-DC370212	550,970	-	163,142
Total Home Investment Partnerships Program			1,895,877	-	561,369
Housing Opportunities for Persons with AIDS:					
COVID-19 - Housing Opportunities for Persons with AIDS	14.241	NCH20-FHW001	122,004	-	122,004
Housing Opportunities for Persons with AIDS	14.241	NCH20-F001	1,415,521	-	1,415,521
Housing Opportunities for Persons with AIDS	14.241	NCH21-F001	1,425,593	-	1,425,593
Total Housing Opportunities for Persons with AIDS			2,963,118	-	2,963,118
Fair Housing Assistance Program:					
Fair Housing Assistance	14.401	FF204K224059	22,500	-	-
Fair Housing Assistance	14.401	FF204K224060	3,294	-	-
Fair Housing Assistance	14.401	FF204K224011	13,400	-	-
Fair Housing Assistance	14.401	FF204K224012	7,349	-	-
Fair Housing Assistance	14.401	FF204K224010	78,600	-	-
Total Fair Housing Assistance Program			125,143	-	-



SINGLE AUDIT

CITY OF CHARLOTTE, NORTH CAROLINA SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients
Lead-Based Paint Hazard and Healthy Homes Program:					
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	NCLHB0722-19 (LHC)	829,915	-	-
Healthy Homes	14.913	NCLHB0722-19 (HHO)	141,563	-	-
Lead-Based Paint Hazard and Healthy Homes Program			971,478	-	-
Total Other U.S. Dept. of Housing and Urban Development Grants			8,726,018	-	6,294,889
Total U.S. Department of Housing and Urban Development			\$ 21,529,289	\$ -	\$ 14,788,128
U.S. Department of Justice					
Direct Programs:					
Edward Byrne Memorial Justice Assistance:					
Edward Byrne Memorial Justice Assistance	16.738	2020-DJ-BX-0853	\$ 156,695	\$ -	\$ -
Edward Byrne Memorial Justice Assistance	16.738	15PBJA-21-GG-01639-JAGX	301,325	-	84,212
Local Law Enforcement Crime Gun Intelligence Center Integration	16.738	15PBJA-21-GG-03283-JAGP	148,195	-	17,125
Justice Assistance Grant (JAG)	16.738	15PBJA-22-GG-02089-JAGX	24,012	-	-
Total Edward Byrne Memorial Justice Assistance			630,227	-	101,337
DNA Backlog Reduction Program:					
DNA Backlog Reduction	16.741	2020-DN-BX-0019	125,469	-	-
DNA Backlog Reduction	16.741	15PBJA-21-GG-03146-DNAX	299,983	-	-
Total DNA Backlog Reduction Program			425,452	-	-
National Sexual Assault Kit Initiative:					
National Sexual Assault Kit Initiative	16.833	2017-AK-BX-0020	47,514	-	-
National Sexual Assault Kit Initiative	16.833	2018-AK-BX-0011	134,978	-	-
National Sexual Assault Kit Initiative	16.833	2019-AK-BX-0001	416,428	-	-
National Sexual Assault Kit Initiative	16.833	2020-AK-BX-0039	177,675	-	-
National Sexual Assault Kit Initiative	16.833	2022-GG-03767-SAKI	2,825	-	-
Total National Sexual Assault Kit Initiative			779,420	-	-
Other U.S. Department of Justice:					
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1374	19,147	-	-
Project Safe Neighborhoods	16.609	2018-GP-BX-0042	172,991	-	-
BJA Paul Coverdell Forensic Science Improvement	16.742	15PBJA-21-GG-02871-COVE	3,079	-	-
Money Laundering and Asset Recovery - Justice	16.922	ESAC 07/01/2022	231,881	-	-
Total Other U.S. Department of Justice			427,098	-	-
Total Direct Programs			2,262,197	-	101,337



SINGLE AUDIT

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients
Pass-Through Mecklenburg County:					
Juvenile Justice and Delinquency Prevention	16.540	2019-JX-FX-0009	60,910	-	-
Total Pass-Through Mecklenburg County			60,910	-	-
Total U.S. Department of Justice			\$ 2,323,107	\$ -	\$ 101,337
<u>U.S. Department of Treasury</u>					
Direct Programs:					
Emergency Rental Assistance Program:					
COVID-19 - Emergency Rental Assistance (ERA 1)	21.023	ERA0057	\$ 3,835,747	\$ -	\$ 3,835,747
COVID-19 - Emergency Rental Assistance (ERA 2)	21.023	ERAE0194 ERAE0305	299,608	-	299,608
Total Emergency Rental Assistance Program			4,135,355	-	4,135,355
Other U.S. Department of Treasury:					
Money Laundering and Asset Recovery - Treasury	21.016	ESAC 07/01/2022	1,167,585	-	-
COVID-19 - Coronavirus Relief Fund (CRF) Program	21.019	SLT0058	39,340	-	-
COVID-19 - State and Local Fiscal Recovery	21.027	SLFRP1056	37,597,342	-	500,000
Total Other U.S. Department of Treasury			38,804,267	-	500,000
Total U.S. Department of Treasury			\$ 42,939,622	\$ -	\$ 4,635,355
<u>U.S. Department of Transportation</u>					
Federal Aviation Administration:					
Direct Programs:					
Airport Improvement Program	20.106	3-37-0012-084-2020	\$ 987,512	\$ -	\$ -
COVID-19 - Airport Improvement Program	20.106	3-37-0012-085-2020	384,231	-	-
Airport Improvement Program	20.106	3-37-0012-086-2020	102,968	-	-
COVID-19 - Airport Improvement Program	20.106	3-37-0012-087-2021	1,268,156	-	-
Airport Improvement Program	20.106	3-37-0012-089-2021	1,746,657	-	-
Airport Improvement Program	20.106	3-37-0012-091-2021	5,749,641	-	-
COVID-19 - Airport Improvement Program	20.106	3-37-0012-092-2022	48,243,184	-	-
COVID-19 - Airport Improvement Program	20.106	3-37-0012-093-2022	20,687,325	-	-
Airport Improvement Program	20.106	3-37-0012-095-2022	9,165,385	-	-
COVID-19 - Airport Improvement Program	20.106	3-37-0012-096-2022	4,961,058	-	-
Airport Improvement Program	20.106	3-37-0012-097-2022	688,170	-	-
Airport Improvement Program	20.106	3-37-0012-099-2023	11,679,634	-	-
Total Federal Aviation Administration			105,663,921	-	-



SINGLE AUDIT

CITY OF CHARLOTTE, NORTH CAROLINA SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients
Federal Transit Administration:					
Federal Transit Cluster:					
Federal Transit - Capital Investment:					
Direct Programs:					
Federal Transit - Capital Investment	20.500	NC-03-0082-00/13-BL-001/09-NS-082	2,236,096	-	-
Federal Transit - Capital Investment	20.500	NC-2016-001-00	1,406,824	-	-
Federal Transit - Capital Investment	20.500	NC-2019-027-00	16,999	-	-
Total Federal Transit - Capital Investment			3,659,919	-	-
Federal Transit - State of Good Repair:					
Direct Programs:					
Federal Transit - State of Good Repair Program	20.525	NC-2017-009-00	27,798	-	-
Total Federal Transit - State of Good Repair			27,798	-	-
Federal Transit - Formula:					
Direct Programs:					
Federal Transit - Formula	20.507	NC-2016-043-00	197,817	-	-
Federal Transit - Formula	20.507	NC-2017-019-00	524,508	-	-
Federal Transit - Formula	20.507	NC-2018-068-00	551,760	-	-
Federal Transit - Formula	20.507	NC-2019-050-01-00	648,768	-	-
COVID-19 - Federal Transit - Formula	20.507	NC-2020-031-00	12,025,780	-	-
FTA Supergrant: 5307-Formula 5337-SOGR 5339-Bus	20.507	NC-2020-060-00	2,386,662	-	-
Federal Transit - Formula	20.507	NC-90-X541 / 36231.14.11.5 / 17-90-541	55,065	-	-
Federal Transit - Formula	20.507	NC-90-X569	169,174	-	-
FTA Supergrant: 5307-Formula 5337-SOGR 5339-Bus	20.507	1111-2022-4	2,929,440	-	-
COVID-19 - PM, Rail Vehicle Overhaul & Operating Assistance 5307	20.507	NC-2022-010-00	10,004,409	-	-
FTA Supergrant: 5307-Formula 5337-SOGR 5339-Bus	20.507	1111-2021-3	112,605	-	-
COVID-19 - Federal Transit - Formula	20.507	NC-2022-008	10,940,824	-	-
Total Federal Transit - Formula			40,546,812	-	-
Federal Transit - Bus and Bus Facilities Formula:					
Direct Programs:					
Bus and Bus Facilities Formula	20.526	NC-2021-006	3,723,712	-	-
Total Federal Transit - Bus and Bus Facilities Formula			3,723,712	-	-



SINGLE AUDIT

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients
State Program - N.C. Department of Transportation:					
Federal Transit - Formula		20-UM-102B / NC-2018-068-00 / 36231.14.14.4	-	74,563	-
Total State Program - N.C. Department of Transportation			-	74,563	-
Total Federal Transit - Formula			-	74,563	-
Total Federal Transit Cluster			47,958,241	74,563	-
Transit Services Programs Cluster:					
Direct Programs:					
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	NC-2019-004-00	16,257	-	16,257
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	NC-2020-030-00	296,338	-	256,062
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	NC-2021-041	261,625	-	261,625
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	NC-2022-061	105,095	-	66,180
Total Transit Services Programs Cluster			679,315	-	600,124
Other Federal Transit Programs:					
Direct Programs:					
Gold Line Streetcar Safety Marketing	20.530	NC-2021-020-00	18,780	-	-
Total Direct Programs			18,780	-	-
State Program - N.C. Department of Transportation:					
Public Transportation Innovation	20.530	NC-2021-020-00	-	222,744	-
Total State Program - N.C. Department of Transportation			-	222,744	-
Pass-Through N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning	20.505	Section 5303/36230.5.22.6/2000064680	1,721,614	-	145,373
Total Pass-Through N.C. Department of Transportation			1,721,614	-	145,373
Total Other Federal Transit Programs			1,740,394	222,744	145,373
Total Federal Transit Administration			50,377,950	297,307	745,497
Federal Highway Administration:					
Pass-Through N.C. Department of Transportation:					
Highway Planning and Construction	20.205	M-0528CB / 48232.3.2	2	-	-
Highway Planning and Construction	20.205	CMS-1003(144)	2,757,013	-	-
Highway Planning and Construction	20.205	50152.1/2/3.F1/BRSTP-1003(143)	25,138	-	-
Highway Planning and Construction	20.205	50152.1/2/3.F1/BRSTP-1003(142)	160,923	-	-
Highway Planning and Construction	20.205	34811.3.FDS/STPDA-5239(5)	82,326	-	-
Highway Planning and Construction	20.205	BRZ-NBIS (22)	668,772	-	-



SINGLE AUDIT

CITY OF CHARLOTTE, NORTH CAROLINA SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients
Highway Planning and Construction	20.205	EB-5832 / 47248.2.1 / TAP-2833(004)	1,050,228	-	-
Highway Planning and Construction	20.205	C-5613A / CMAQ-1003(160)	55,986	-	-
Highway Planning and Construction	20.205	43735.2.12 / 43735.3.12 / CMAQ-1001(082)	1,175,350	-	-
Highway Planning and Construction	20.205	7500024209 / WBS 40435.1.5 & 50246.1.2	161,217	-	119,093
Highway Planning and Construction	20.205	M-0551ED / PE 49600.5.4	141,497	-	-
Highway Planning and Construction	20.205	7500024874 / 49599.1.5 / 50246.1.3	90,196	-	-
Highway Planning and Construction	20.205	7500025454 / 50341.1. / 50246.1.4	1,867,760	-	196,568
Total Pass-Through N.C. Department of Transportation			8,236,408	-	315,661
Pass-Through S.C. Department of Transportation:					
Highway Planning and Construction	20.205	M-0551ED / PE 49600.5.4	12,578	-	-
Pass-Through Rock Hill:					
Highway Planning and Construction	20.205	M-0551ED / PE 49600.5.4	11,791	-	-
Pass-Through Gastonia:					
Highway Planning and Construction	20.205	M-0551ED / PE 49600.5.4	22,500	-	-
Pass-Through Concord:					
Highway Planning and Construction	20.205	M-0551ED / PE 49600.5.4	18,617	-	-
Total Other Pass-through Programs			65,486	-	-
Total Federal Highway Administration			8,301,894	-	315,661
National Highway Traffic Safety Administration:					
Highway Safety Cluster:					
Pass-Through N.C. Department of Transportation:					
State and Community Highway Safety	20.600	AL-22-02-05	22,694	-	-
State and Community Highway Safety	20.600	PT-22-06-08	658	-	-
State and Community Highway Safety	20.600	PT-23-06-08	24,073	-	-
State and Community Highway Safety	20.600	AL-23-02-09	75,307	-	-
Total National Highway Traffic Safety Administration			122,732	-	-
Total U.S. Department of Transportation			\$ 164,466,497	\$ 297,307	\$ 1,061,158
<u>N.C. Department of Public Safety</u>					
Direct Programs:					
Regional Response for Emergency Management		2020-NCRRT-7	\$ -	\$ 77,888	\$ -
Total Direct Programs			-	77,888	-



SINGLE AUDIT

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients
Pass-Through Mecklenburg County:					
Juvenile Offender Diversion Program		56600031901 (JCPC)	-	216,319	-
Total Pass-Through Mecklenburg County			-	216,319	-
Total N.C. Department of Public Safety			\$ -	\$ 294,207	\$ -
<u>N.C. Department of Environment and Natural Resources</u>					
Direct Programs:					
NC Volkswagen Settlement Phase I - Diesel		45590VW/1000009691	\$ -	\$ 949,450	\$ -
Total N.C. Department of Environment and Natural Resources			\$ -	\$ 949,450	\$ -
<u>N.C. Office of Emergency Medical Services</u>					
Pass-Through Atrium Health:					
State Maintenance Assistance FY2023		FY2023 SMAP Letter	\$ -	\$ 2,453	\$ -
Total N.C. Office of Emergency Medical Services			\$ -	\$ 2,453	\$ -
<u>N.C. Department of Transportation</u>					
Direct Programs:					
State Aid for Airports:					
State Aid for Airports		36244.17.18.1	\$ -	\$ 16,453,012	\$ -
State Aid for Airports		36244.17.17.1	-	815,267	-
State Aid for Airports		48139.3.1	-	500,000	-
State Aid for Airports		48137.1.1	-	500,000	-
State Aid for Airports		36244.17.19.1	-	35,418,458	-
Total State Aid for Airports			-	53,686,737	-
Other N.C. Department of Transportation:					
State Street Aid-Powell Bill		Powell Bill	-	13,679,745	-
State Maintenance Assistance FY2023		FY2023 SMAP Letter	-	9,208,761	-
Rideshare - Transit Demand Management		36225.1.21.1/23-RS-102	-	138,993	-
Advanced Technology Paratransit Tablet Upgrade		22-AT-102 / 2000062340	-	43,189	-
Other N.C. Department of Transportation			-	23,070,688	-
Total N.C. Department of Transportation			\$ -	\$ 76,757,425	\$ -
<u>N.C. Department of Commerce</u>					
One NC		2019-23785	\$ -	\$ 528,467	\$ -
Total N.C. Department of Commerce			\$ -	\$ 528,467	\$ -
TOTAL FEDERAL AND STATE AWARDS			\$ 237,465,208	\$ 78,829,309	\$ 20,585,978

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Charlotte, North Carolina (the "City") under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

