



City of Charlotte

North Carolina



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2012

City of Charlotte, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

Mayor: Anthony Foxx

Mayor Pro Tem: Patrick Cannon

City Council:

John Autry

Michael Barnes

Warren Cooksey

Andy Dulin

Claire Green Fallon

David Howard

Patsy Kinsey

LaWana Mayfield

James Mitchell, Jr.

Beth Pickering

City Manager: W. Curtis Walton, Jr.

Prepared by the City of Charlotte Finance Department

Greg C. Gaskins, Chief Financial Officer

Teresa T. Smith, Chief Accountant

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CHARLOTTESM



October 31, 2012

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

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Charlotte (City) for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements, as required by North Carolina General Statute 159-34, have been audited by Cherry, Bekaert & Holland, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The Single Audit was performed in compliance with the Single Audit Act of the U.S. Office of Management and Budget Circular A-133 and North Carolina General Statute 159-34 (Single Audit Implementation Act). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and

compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit Section at the end of this report.

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

Profile of the Government



Charlotte, located in Mecklenburg County, North Carolina, is the largest city between Baltimore and Jacksonville, Florida. The City is in the Piedmont Region of the Carolinas, two hours east of the Appalachian Mountains and three and one-half hours west of the Atlantic Ocean. New York City is 631 miles to the northeast and Atlanta is 256 miles to the southwest. Location and growth reinforce the City's role as a regional center in the Southeast.

The City, incorporated in 1768, became the county seat in 1774 and has grown from an initial 360 acres to a present area covering 305 square miles of the 527 square miles in Mecklenburg County. The City owes its name to German born Queen Charlotte, wife of England's King George III, and the County's name to her birthplace of Mecklenburg. That is why Charlotte is referred to as the "Queen City." With an estimated population of 772,627, Charlotte is the core of the Charlotte-Gastonia-Concord Metropolitan Statistical Area, an area of over 1.8 million people that includes six counties. The vision of the City is to be a model of excellence that puts citizens first and makes this a community of choice for living, working and leisure activities. The mission of the City is to ensure the delivery of quality public services that promote safety, health, and quality of life of its citizens.



The City of Charlotte has had a **council-manager** form of government since 1929. Policy-making and legislative authority are vested in a governing council consisting of a mayor and eleven other members 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 City Council is responsible for appointing the City Manager, City Attorney, City Clerk and members of various boards and commissions which

enact ordinances, resolutions and orders; reviewing the annual budget, setting the tax rate and approving the financing of all City operations; and authorizing contracts on behalf of the City. The City Manager is responsible for carrying out policies and ordinances, and directs the daily operations of the City through Manager-appointed department directors.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; solid waste collection; water and sewer; storm water; an airport; and public transit. The City also has component units that are controlled by or dependent on the City. Control or dependence is determined in accordance with criteria established by the Governmental Accounting Standards Board (GASB). The **Charlotte Firefighters' Retirement System**, a blended 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 **Strategic Operating and Capital Investment Plan** illustrates the allocation of resources to fund the City's operations and capital programs. The City develops annually updated two-year operating budgets and five-year capital budgets. The City Council identifies priorities enabling departments to submit their budget requests based on organization focus and strategy. The Council Budget Committee ensures that the operating budget reflects the needs and issues of the City and the organization. Requests are submitted in January, followed by several half-day retreats, beginning in February, held to discuss requests that serve as the basis for the preliminary strategic operating plan presented to City Council in May. Workshops and public hearings are scheduled to enable citizens an opportunity to respond to the preliminary plan. In June, City Council adopts a final Strategic Operating and Capital Investment Plan. Budget-to-actual comparisons are provided in this report for each fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements. For other funds with annual and project-length budgets, detailed budget-to-actual comparisons are presented in the 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

Charlotte has emerged as a financial, distribution and transportation center of an entire urban region. There are 7.3 million people living within a 100-mile radius.



Financial Services Center - One of Charlotte's many strengths as a leading business center is the concentration of financial institutions and resources. The City ranks as the nation's second largest financial center in headquartered banking assets and is the home of Bank of America Corporation, one of the nation's largest banks based on deposits. Thirty-one banks, with approximately 249 banking offices, and a branch of the Federal Reserve Bank operate in Charlotte. Other financial services that have a significant presence include mortgage banking, commercial finance and insurance industries.

Transportation and Distribution Hub - The City plays a major role in the transportation and distribution of goods throughout the nation. Charlotte/Douglas International Airport (CLT) is considered the “gateway to the world”; averaging 670 flights per day with non-stop service to 179 cities. CLT has five concourses with 95 airline gates; the airport’s large number of gates helps 89 percent of flights leave CLT on time, compared to 86 percent nationally. The airport served 39,043,708 passengers in 2011. The Airport ranks 6th nationwide in operations, 11th in passengers, and 33rd in cargo. Nine major commercial airlines and seventeen regional carriers offer direct or non-stop service. There are twenty cargo carriers serving the area. With customs services available at the Airport and a foreign trade zone designation, Charlotte is a port of entry and export.



In addition to being accessible, CLT is also renowned for its facilities and hospitality. Charlotte Douglas’ 1.7 million square foot state-of-the-art terminal includes a glass-enclosed expansion terminal that feels more like a shopping mall than an airport. The airport recently tied for seventh place in a survey conducted by the Physicians Committee for Responsible Medicine that ranked the availability of healthy food options amongst the nation’s busiest airports. In September of 2012, CLT was named one of “America’s Most Family-Friendly Airports” by *Travel + Leisure* magazine.

Trucking is a major industry in Charlotte. Charlotte’s trucking industry is served by two interstate highways that pass through the City limits, Interstate Highways 77 and 85 (I-77 and I-85), running north/south and northeast/southwest, respectively. Convenient access to the nation’s interstate highway system makes Charlotte an appealing location for the trucking industry and more than fifty percent of the nation’s population is within a 24-hour drive from the city. There are over 303 trucking companies located in Charlotte, including most of the nation’s top trucking companies. Interstate 485 (I-485) is the Outer Belt highway serving Mecklenburg County and metropolitan Charlotte. The planned 67-mile loop is presently open or under construction with the exception of a six-mile segment to the northeast. NCDOT has taken steps to coordinate the three remaining projects that will complete the I-485 loop. These projects include building the final 5.7 miles of I-485, linking I-77 to I-85; converting the existing I-485 interchange to a turbine interchange, the first of its kind in North Carolina; and widening approximately 7 miles of I-85 from four to eight lanes in Cabarrus County. All three I-485/I-85 improvement projects will feature innovative interchange designs that will help save on construction costs while moving traffic more efficiently and safely. The final segment of I-485 has a scheduled completion date of early 2015.

Charlotte is also the center of the country’s largest consolidated rail system. Two major rail systems, Norfolk Southern Railway and CSX Transportation, bring approximately 300 trains through Charlotte weekly and link Charlotte to 23 states, Washington, D.C. and Canada. To better integrate air, rail, and communications, Charlotte Douglas International Airport has planned a \$90 million intermodal rail and trucking facility that is expected to bring the region an economic boost of \$7 billion over the next two decades. The intermodal yard will be situated on a 200-acre tract of land that is located between the airport runways. Once completed, the intermodal yard will create yet another competitive edge for Charlotte, and will provide a boost to approximately 100 distribution centers operating in the Southeast.

***Top Five Industries
(by number of employees)***

- *Education, Healthcare and Social Services*
- *Wholesale and Retail Trade*
- *Finance and Insurance*
- *Accommodations and Food Services*
- *Administrative and Waste Services*

Business Environment – Charlotte enjoys a vibrant, highly diversified economy that encompasses many sectors, as well as companies that range in size from multinational to micro-business. Charlotte currently ranks 8th nationally in the number of Fortune 500 headquartered companies. This list does not reflect the announcement that Chiquita will relocate its corporate headquarters from Cincinnati to Charlotte in 2012. Chiquita plans to be fully transitioned to its new Charlotte headquarters by the close of 2012. Charlotte is home to operations for 264 companies that are listed on the Fortune 500. The City also has 3,464 Dun & Bradstreet “Million Dollar Companies.” There are approximately 948 foreign-owned firms in the region, which

have spawned the creation of several international and cultural organizations. Charlotte was ranked as the top U.S. city for foreign investment by *Site Selection* magazine. Charlotte is a major manufacturing force and is home to every major manufacturing sector. Manufacturing in the Charlotte region includes industrial machinery, metal working, computer and electronic products, and biomedical facilities. The over 3,300 manufacturers in the Charlotte-Mecklenburg region employ approximately 110,000 workers.



Growth Outlook - While many cities have seen construction costs rise, significant commercial growth continues throughout Charlotte. Charlotte construction costs rank as one of the lowest of the major metro centers. These low costs are reflected in the City awarding nearly 14,600 building permits in 2012 that represents more than \$2.4 billion of new construction during a national economic recession. In 2011 a total of 1,089 firms created 8,850 jobs and square footage increased by 6.2 million. In 2011 several higher educational institutions made infrastructure investment including Davidson College, Northeastern University, Queens University and UNC Charlotte. The increase in speculative development and significant manufacturing growth provide positive indications for the future of Charlotte's economy.



Work to complete the much-anticipated First Ward Urban Village project is currently underway. The first phase of construction will cost \$75 million and is scheduled to take between 18 to 24 months to complete. The initial phase of the project includes two parking decks, 200 apartment units and extending 10th Street to connect Brevard and Tryon streets. The First Ward Urban Village is a public-private undertaking between the City and Levine Properties. Once the entire project is completed, the development will include park space, private businesses, retail, hotel space, apartments, and improved access to UNC Charlotte's uptown campus.

Romare Bearden Park broke ground on September 2, 2011, the anniversary of the artists' 100th birthday. The 5.2 acre park is located in Third Ward Uptown and at one point Bearden lived near the location of the new park. The park design is inspired by Bearden's multimedia collages where he used memory, experiences and tradition as the basis of his work. The main pathway of the park will link Church Street to the future Charlotte Knights Ballpark. Construction is currently in progress with a projected completion date of early 2013.





On September 14, 2012, The Charlotte Knights, the AAA affiliate of the Chicago White Sox, broke ground on their new uptown stadium in Third Ward. The Knights plan to open the new BB&T Ballpark in the spring of 2014, nearly 25 years since the team last played in Charlotte. The team hopes that attendance will double when it moves to uptown from its current stadium in Fort Mill, South Carolina. The new stadium will have views of the Charlotte skyline, picnic tables, a lounge area, and suites facing home plate. Many hope the new ballpark will encourage additional development in Third Ward.

SKYE Condominiums is located in the building previously known as The Park. This revitalized 22 story tower will be Charlotte's newest mixed-use development; all four phases of the project are currently being constructed simultaneously. The development includes 67 luxury residential condominiums, a 172-room Hyatt Place Hotel, ground floor retail, and a rooftop restaurant with breathtaking skyline views. The building will also feature an open-air rooftop restaurant. The project is designed to LEED Silver standards and is scheduled for completion by the second quarter of 2013.



Charlotte's LYNX Blue Line South Corridor is the first light rail project in North Carolina. The line is approximately ten miles long and runs along I-77 from I-485 at South Boulevard to Center City Charlotte. The Blue Line provides service to fifteen stations where dozens of bus routes are timed to connect with the light rail. The Blue Line made its first trip in November 2007 and has significantly exceeded expectations for ridership numbers. The weekday LYNX boarding average in fiscal year 2012 was 13,740. The LYNX Blue Line Extension Project, which will connect

Center City Charlotte with UNC Charlotte's main campus, recently entered the Final Design phase. In addition, CATS was successful in securing a State Full Funding Grant Agreement with the North Carolina Department of Transportation in fiscal year 2012. The Federal Full Funding Grant Agreement is anticipated in fiscal year 2013 for the LYNX Blue Line Extension.

On October 4, 2012, the ribbon was cut to open Mosaic Village. This mixed-use development includes suite-style apartments and 7,500 square feet of retail space. Mosaic Village is in close proximity to Johnson C. Smith University. The project is a \$25 million public-private partnership between Johnson C. Smith University and the Griffin Family, operators of Griffin Brothers Tire Stores.



Recreational, Visitor and Cultural Events - The City's eight percent hotel/motel and one percent prepared food and beverage taxes have provided a dedicated resource for the purpose of promoting the City as a destination for convention, business and leisure travel. Despite the slowly recovering economy, Mecklenburg County received \$4.1 billion in domestic traveler spending in 2011 (an increase of 10.5 percent over 2010), the highest amount in North Carolina.

On February 1, 2011, it was announced that Charlotte was selected to host the 46th Democratic National Convention in 2012. Following the formal announcement the entire community began preparations to ensure Charlotte was prepared to shine during the week of the convention. While the total economic impact of this important political and cultural event has not yet been calculated, several local businesses including uptown hotels and restaurants reported a major uptick in business.



Charlotte Regional Visitors Authority (CRVA), a discretely presented component unit, focuses on tourism promotions and facilities management. Through CRVA, the City provides entertainment and exhibition facilities consisting of an auditorium, two enclosed sports arenas and a convention center. The CRVA also operates the NASCAR Hall of Fame complex.



In May 2005, the North Carolina General Assembly passed legislation providing for funding a NASCAR Hall of Fame. On March 6, 2006, NASCAR awarded the Hall of Fame to the City of Charlotte. A two percent county-wide occupancy tax, which is a component of the eight percent hotel/motel tax, finances the construction, repair, maintenance and financing of the Hall of Fame. The Hall of Fame celebrated its grand opening on May 11, 2010. The Hall includes a 150,000 square foot museum, a 102,000 square foot expansion to the Convention Center which includes a 40,000 square foot ballroom and NASCAR Plaza, a 19-story, 390,000 square foot Class A office tower.

The City is home to two major-league sports franchises, the Carolina Panthers of the National Football League (NFL) and the Charlotte Bobcats of the National Basketball Association (NBA). Home for the Carolina Panthers is the Bank of America Stadium, a privately owned, 73,778-seat stadium in uptown Charlotte. The NBA's Charlotte Bobcats play in the uptown Time Warner Cable Arena. The Queen City is also home to the Charlotte Knights; the Charlotte Checkers of the American Hockey League affiliate of the NHL Carolina Hurricanes; and the Charlotte Eagles and Lady Eagles professional soccer teams of the United Soccer League.



Charlotte Motor Speedway is the largest sports facility in the southeast. The 1.5 mile superspeedway, annually hosts three series of racing, including the Sprint Cup Series NASCAR Sprint All-Star Race, Coca-Cola 600, and the Bank of America 500; the Nationwide Series Top Gear 300 and Dollar General 300; and the Camping World Truck Series North Carolina Education Lottery 200. The Coca-Cola 600 has the second largest attendance of all sporting events in the nation. The speedway

hosts 140,000 permanent seats and has the capacity for nearly 40,000 more spectators in the infield. Charlotte Motor Speedway is recognized as one of the finest NASCAR facilities in the U.S. Charlotte Motor Speedway is also home to the world's largest high definition television. The 200 foot-wide, 80-foot tall HDTV, created by Panasonic, had its public debut on May 21, 2011, during the NASCAR Sprint All-Star Race. Also attracting race fans is the zMax Dragway at Charlotte Motor Speedway. The drag racing facilities' track, pit

areas and midway cover 125 acres and seats 30,000. The dragway is unique in that it is the only four-lane, all concrete quarter-mile dragway surface.

College sports fans can attend the Belk Bowl at Bank of America Stadium, which matches an ACC team against a Big East team, and the CIAA Basketball Tournament which is held in the Time Warner Cable Arena. Golf lovers can attend one of the top events on the PGA tour, the Wells Fargo Championship. The U.S. National Whitewater Center is located on the Catawba River and is the world's largest artificial whitewater river and U.S. Olympic Training site. The 307-acre facility includes whitewater rafting, kayaking, mountain biking and hiking trails, a climbing center and ropes course, along with a 2,400 square foot conference facility and restaurants.

Charlotte offers diverse facilities for culture, the arts, nature and science. The Bechtler Museum of Modern Art features mid-century modern art in various media by artists such as Alberto Giacometti, Joan Miro, Jean Tinguely and Barbara Hepworth. The Knight Theater, part of the Blumenthal Performing Arts Center, is home for North Carolina Dance Theatre and also hosts other performing arts. The Harvey B. Gantt Center for African-American Arts + Culture serves as a community epicenter for music, dance, theater, visual art, film, arts education programs, literature and community outreach. The 145,000 square foot Mint Museum Uptown combines four collections (Craft + Design, Contemporary, American and selected European pieces) under one roof. The North Carolina Blumenthal Center for the Performing Arts, containing a 2,100-seat performance hall and a 440-seat theater, showcases the best in opera, symphony, chorus, dance and theater. The Charlotte Nature Museum, founded in 1946, provides programs and exhibits centered around a science theme of "Nature and Man." The "hands-on" science and technology museum, Discovery Place, features a 300-seat Omnimax theater and the largest planetarium dome in the United States. The 40,000 square foot Billy Graham Library on the grounds of the ministry's international headquarters in Charlotte includes a bookstore and a café. Also on the grounds is the Graham Family Home place.



Education - The County operates Charlotte-Mecklenburg Schools (CMS), a consolidated City-County public school system with current enrollment for kindergarten through grade 12 of more than 141,100 students. The City has no direct financial responsibility for the school system operations or capital. CMS has a diverse mix of students representing 160 different countries and various ethnic and cultural backgrounds. CMS offers magnet programs in 40 of its schools that develop the talents of students who have interests and talents in specific areas. In September of 2011, CMS received the Broad Prize naming CMS as the country's top urban school district. Among the reasons cited by the Broad Prize judges for selecting CMS were CMS's efforts to get top educators into struggling, high-poverty schools, provide additional aid for the neediest students and identify and reward the most effective teachers.



There are numerous opportunities for secondary education in the Charlotte area. Within the greater-Charlotte region there are twenty-two public and private secondary institutions offering baccalaureate degrees; thirteen schools offering graduate opportunities; eighteen junior colleges, community colleges and technical institutes conferring two-year associate degrees. Central Piedmont Community College (CPCC) is the largest of the North Carolina Community College System colleges, serving nearly 60,000

students per year. CPCC was selected as the Community College of the Year by the National Alliance of Business. UNC Charlotte is the 4th largest of the sixteen institutions comprising the University of North Carolina system. UNC Charlotte offers 92 bachelor's programs, 59 master's degrees and 19 doctoral programs. A survey by Kiplinger ranked nearby Davidson College as the 5th best value liberal arts college, and U.S. News and World Report rated Davidson as number eleven on its list of the best liberal arts colleges. Queens University, located in the historic Myers Park neighborhood, has an approximate enrollment of 2,500. The Queens University College of Arts and Sciences has been praised by the National Endowment for the Humanities for its interactive approach to teaching liberal arts; serving as a model for other institutions of higher learning across the nation. Johnson & Wales University's Charlotte Campus is growing rapidly with over 2,600 full-time students enrolled in one of three colleges: the College of Business, the College of Culinary Arts or the Hospitality College. Pfeiffer University at Charlotte has an urban campus and offers adult learners the opportunity to earn both undergraduate and graduate degrees. Wake Forest University continues to have a strong graduate school presence in Charlotte with several top-ranked MBA programs. In January 2012, Wake Forest moved their Charlotte campus to the former International Trade Center building in uptown. This strategic move was part of Wake Forest's long term plan to integrate business and academics; attracting talented professionals and fostering an "urban campus" in the heart of the City's business district. Charlotte School of Law received full accreditation from the American Bar Association in June 2011.

Health Care Charlotte and Mecklenburg County are served by a number of health care providers. There are nearly 2,500 hospital beds in the Charlotte-Mecklenburg area representing two health care systems, Carolinas HealthCare System and Presbyterian HealthCare. Carolina's HealthCare System is one of the five largest public hospital systems in the country and is the most prominent health care system in the Carolinas. Carolinas Health Care System operates 33 hospitals in the Carolinas, and operates a regional network of more than 1,700 employed primary and specialty care physicians. Charlotte's largest hospital, Carolinas Medical Center (CMC), is a state-designated Academic Medical Center Teaching Hospital and for the 13th year has been recognized as Charlotte's most preferred hospital by the National Research Corporation. The center includes the Sanger Heart and Vascular Institute, a nationally known center with over 80 heart specialists, the nationally ranked Neuroscience and Spine Institute and the Women's Institute that specializes in the diagnosis and management of women's medical and reproductive conditions. The CMC campus also includes the 234-bed Levine Children's Hospital dedicated to the care of children and their families, and is the most comprehensive such facility between Washington, D.C. and Atlanta. Levine offers care in over 30 specialties and sub-specialties including pediatric surgery; a pediatric kidney, liver and heart transplant program; a pediatric intensive care unit and a children's diagnostic center. Presbyterian Healthcare is a not-for-profit healthcare provider under the parent organization of Novant Health. Novant Health was ranked 14th nationally among the Top 100 Integrated networks. Presbyterian Hospital was recently recognized as one of the "100 Great Hospitals" in the nation for 2012 by Becker's Hospital Review. Presbyterian earned a place on this list because of accolades including innovative patient care, specialty programs that provide the highest level of care for patients, and clinical quality.



Long Term Financial Planning

Each year, in the early stages of budget planning, City Council establishes the areas of the community into which it wants to focus resources. These Focus Areas are the basis for budget decisions and operational programs. For fiscal year 2013, those areas are: **Community Safety, Housing and Neighborhood Development, Environment, Transportation and Economic Development**. The City uses the **Corporate Balanced Scorecard** performance measurement system to translate mission and strategy related to the Focus Areas into tangible objectives and measures; communicate strategy to employees; and ensure alignment of resources throughout the organization. City Strategy is documented in the Focus Area Plan and includes sixteen critical Corporate Objectives that guide and direct planning, decision making, and the accomplishment of the vision and mission of the City. For fiscal year 2013, Initiatives within each Focus Area include:

"Charlotte will be America's safest community."

Community Safety. Community Safety is a major priority for the City. The City's approach to building a safe community is focused on reducing crime and the loss of life and property resulting from fires. Initiatives in community safety include decreasing crime and life and property damages from fires; enhancing citizen perception of safety through citizen partnerships, crime and fire prevention and education activities; developing recruitment strategies that attract diverse applicant pools to the Police and Fire departments; and building collaborations with partners that enhance community safety initiatives.

Housing and Neighborhood Development. The City's long-term health, vitality, and distinction as a competitive city is predicated upon its ability to utilize national and local best practices to create and sustain communities of choice for living, working and recreation. Initiatives in housing and neighborhood development include creating healthy and vibrant neighborhoods by improving and implementing quality physical infrastructure; strengthening opportunities for public and private partnerships to encourage the integration of education, recreation, employment and housing resources in identified redevelopment areas; assisting with increasing the supply of affordable housing; and redesigning the Quality of Life Study to more accurately reflect the City's neighborhood conditions.

"Creating and sustaining communities of choice for living, working and recreation."

"Charlotte will be the premier city in the country for integrating land use and transportation choices."

Transportation. Safe, convenient, efficient and sustainable transportation choices are critical to a viable community. The City takes a proactive approach to land use and transportation planning. The City's strategy focuses on integrating land use and transportation choices for motorists, transit users, bicyclists and pedestrians. A combination of sound land use planning and continued transportation investment will be necessary to accommodate Charlotte's growth, enhance quality of life and support the City's efforts to attract and retain businesses and jobs. Initiatives in transportation include enhancing multi-modal mobility, environmental quality and long term sustainability; promoting transportation choices, land use objectives, and transportation investments that improve safety, promote sustainability and livability; communicating land use and transportation objectives as outlined in the Transportation Action Plan; and seeking financial resources, external grants, and funding partnerships necessary to implement transportation programs and services.

Economic Development. The City's long-term economic health is in large part driven by its ability to facilitate private sector job growth and investment through partnerships which require public investment in public services and facilities and infrastructure. A healthy economy also requires a commitment to strengthen and grow existing businesses, small business enterprises, entrepreneurship, business corridors and adjacent neighborhoods. Initiatives in economic development include helping grow small businesses; focusing on continuous improvement within the permitting and regulatory environment to facilitate job and tax base growth and to improve the customer experience; continuing to focus on jobs and tax base growth in business corridors; and working with economic development partners to grow and retain business in the targeted industry sectors of energy and environment, finance, healthcare, manufacturing, defense, motorsports, tourism, film and international firms.

"Charlotte will be the most prosperous and livable city for all citizens through quality economic development."

"Charlotte will become a national leader in environmental sustainability, preserving our natural resources while balancing growth with sound fiscal policy."

Environment. The City recognizes that environmental stewardship is fundamentally important to quality of life and essential to maintaining a vibrant economy. Protecting our natural resources, promoting conservation, and improving the environment all enhance the City's mission to preserve the quality of life of its citizens. Initiatives in environment include leading by example by practicing environmental stewardship in City operations and facilities; seeking and supporting collaborative and regional solutions to environmental problems; and facilitating the growth of the clean energy industry, including the alternative energy sector.

Major Initiatives

The City's capital policy and future capital plans are established in a five-year capital investment plan which matches the City's highest priority capital needs with a financing schedule. The 2013-2017 Capital Investment Plan (Plan) totals \$3.3 billion and includes investments in neighborhoods, housing, storm water, roads, transit, water and sewer, the airport and government facilities. This is a 0.2 percent increase from the FY2012-2016 Plan. The increase in the overall five-year Plan is a result of the increases in the Aviation, Storm Water, and Water and Sewer Enterprise capital programs, offset by a reduction in the General Government Plan.

Capacity for capital formation is determined annually through a comprehensive model that evaluates revenues dedicated to capital and future debt service requirements. The model specifies the additional capacity to issue debt that can be fully repaid with existing or planned revenues. As a result, when voters approve General Obligation Bonds, revenues are expected to be available to repay debt service without future tax increases. Revenue restraints in recent years have led to minimal new capacity.

- **General Government.** The General Government Plan totals \$172.7 million, including \$85.8 million for housing and neighborhoods; \$43.7 million for facility investments; \$16.5 million for environmental services; \$13.7 million for transportation; and \$13.0 million for economic development. General government projects are funded through a variety of sources including long-term financing, pay-as-you-go and capital reserves.

- **Water and Sewer.** Charlotte-Mecklenburg Utilities' Plan is designed to address increased demand, environmental issues, and State and Federal regulations. This includes maintenance and expansion of the existing system of water and sewer mains and water and sewer treatment plants. The Plan totals \$622.9 million, and is fully financed from water and sewer fees. Major projects include \$187.0 million for the Long Creek Wastewater Treatment Plant; \$110.5 million for water and sewer line rehabilitation and replacement; \$48.2 million for water and sewer street main extensions; and \$25.7 million for the Northeast water transmission main.
- **Aviation.** The Aviation Plan includes maintenance and expansions to the airfield, terminal, cargo and parking areas. The Plan totals \$1.0 billion and is fully funded from airline, cargo, and general aviation revenues, federal and state grants and commercial leases. Major projects include \$200.0 million for terminal lobby expansion; \$175.0 million for the International Terminal (phase I); \$75.5 million for a fourth parallel runway; \$64.4 million for the new short term public parking deck; \$63.2 million for the Consolidated Rental Car Facility; \$50.0 million for Concourse B expansion; \$47.8 million for an in-line baggage system; and \$45.0 million for the air traffic control tower.
- **Charlotte Area Transit System (CATS).** The CATS Plan includes funding for maintenance and expansion of the existing bus, special transportation, circulator, community and regional transportation systems. The program also includes planning, design and construction of rapid transit. The program totals \$1.2 billion, and is fully financed through the one half-cent sales tax and federal and state capital grants. Major projects include: \$991.6 million for the LYNX Blue Line Extension (NE Corridor Light Rail); \$92.1 million for bus and special transportation vehicle replacement; \$25.3 million for preventative maintenance; and \$22.5 million for the LYNX station extension and power supply.
- **Storm Water.** The Storm Water Plan funds repairs to private properties with flooding problems and improvements in the public right-of-way drainage system. The Plan totals \$260.7 million and is fully financed through storm water fees. Major projects include: \$151.2 million for flood control projects in neighborhood water basins; \$53.8 million for storm water repairs; \$17.1 million for minor storm water projects; and \$14.0 million for pollution control projects.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Charlotte for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the twenty-seventh consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The cooperation of each City department is appreciated as we continue to provide a high level of public services at a reasonable tax rate. We appreciate the professional competency and dedication of the Finance Department staff throughout the year, especially during the preparation of this CAFR. Credit is given to the Mayor and City Council for their leadership and support in maintaining the highest standards of professionalism in the fiscal management of the City.

Respectfully submitted,

W. Curtis Walton, Jr.
City Manager

Greg C. Gaskins
Chief Financial Officer

Cover photographs:

Front cover – The Charlotte skyline taken near the site of Romare Bearden Park and BB&T Park 2012

Back cover – A view of the Charlotte skyline from the observation tower at Marshall Park circa 1975

Photos courtesy of Scott Greer and Tony Crumbley

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Charlotte
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



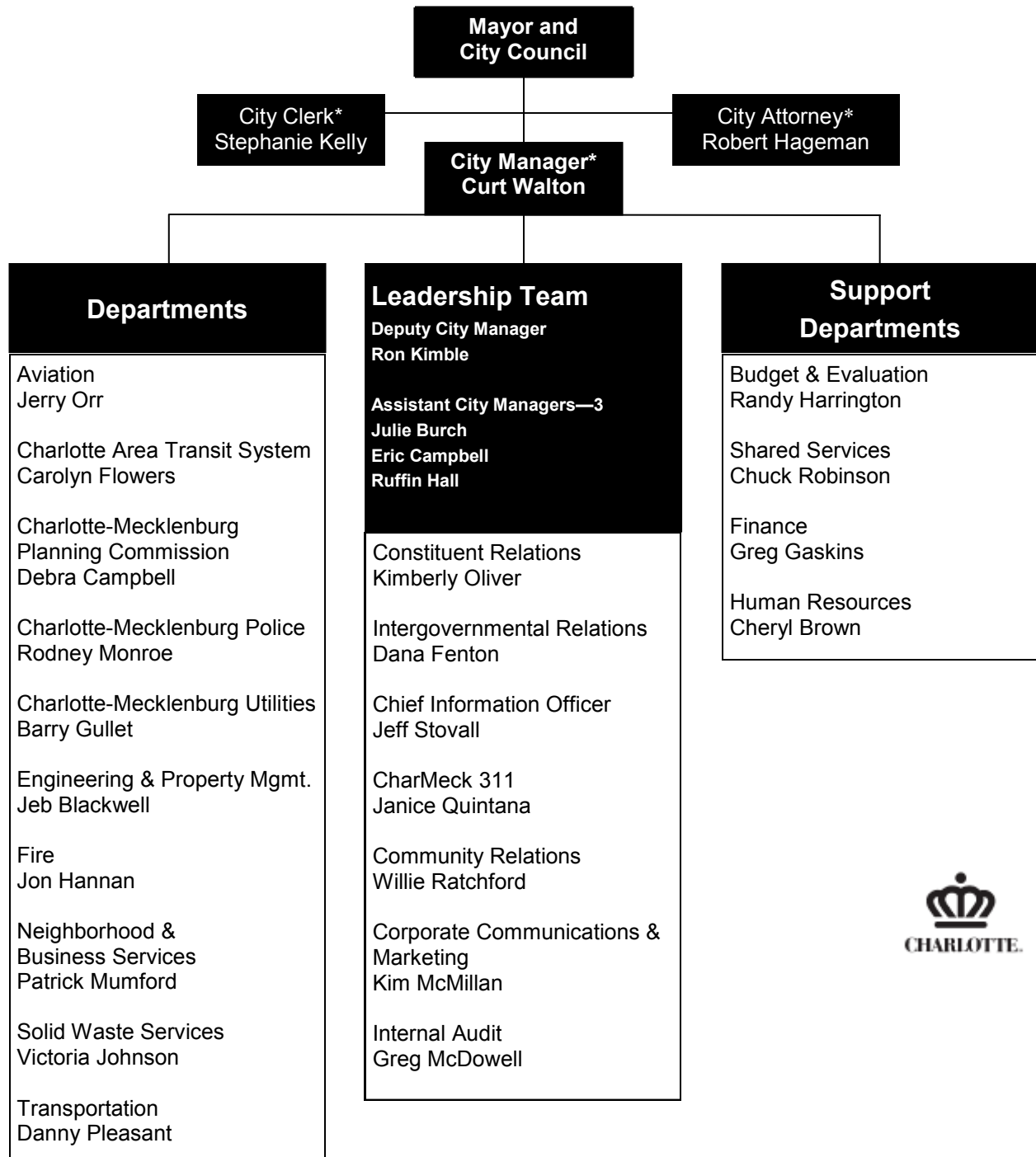
Linda C. Sandison

President

Jeffrey R. Emer

Executive Director

City of Charlotte Organizational Chart



* Council Appointed





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Independent Auditors' Report

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

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charlotte Regional Visitors Authority (the "CRVA"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the CRVA, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, 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, 2012, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and the statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Cheney, Rickett & Hensel, C.L.P.

Raleigh, North Carolina
October 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Dollar Amounts in Millions)

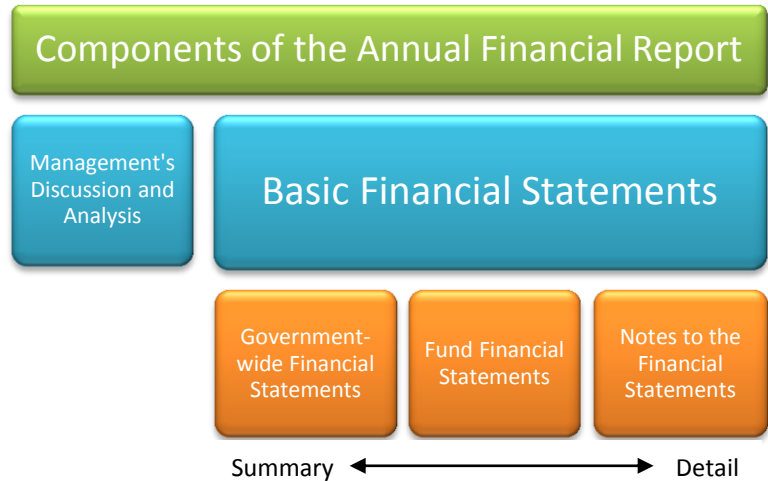
This section of the City of Charlotte's (City) annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$8,998.8, (net assets). Of this amount, \$1,324.7 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The overall financial position of the City improved in 2012 as evidenced by an increase in total net assets of \$272.3. This increase was from both governmental (\$102.1) and business-type (\$170.2) activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$624.0, an increase of \$5.4 in comparison with the prior year. This increase resulted from increased property tax revenue.
- Unassigned fund balance in the General fund was \$88.4 at June 30, 2012 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 2013. The amount exceeding the City Council's goal of 16 percent, \$5.7, is committed.
- The City maintained its AAA bond rating from all three major rating agencies.

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 31-33) 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 34-51) 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 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 52-114). A section is also included with combining statements that provides details about nonmajor 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 115-164) 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 assets* includes all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets 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 Assets 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, a 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 predominately 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 assets and a statement of changes in fiduciary net assets. 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 assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$8,998.8 at the close of the most recent fiscal year. A summary of the City's net assets at June 30, 2012 and 2011 is presented below.

Net Assets						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 961.2	\$ 897.8	\$ 1,622.5	\$ 1,454.2	\$ 2,583.7	\$ 2,352.0
Capital assets	6,020.7	5,886.7	5,206.3	5,076.1	11,227.0	10,962.8
Total assets	<u>6,981.9</u>	<u>6,784.5</u>	<u>6,828.8</u>	<u>6,530.3</u>	<u>13,810.7</u>	<u>13,314.8</u>
Current and other liabilities	132.9	111.4	139.8	135.1	272.7	246.5
Noncurrent liabilities	1,564.0	1,490.2	2,975.2	2,851.5	4,539.2	4,341.7
Total liabilities	<u>1,696.9</u>	<u>1,601.6</u>	<u>3,115.0</u>	<u>2,986.6</u>	<u>4,811.9</u>	<u>4,588.2</u>
Net assets:						
Invested in capital assets, net of related debt	4,642.1	4,523.2	2,493.3	2,450.4	7,135.4	6,973.6
Restricted	221.8	233.3	316.9	256.0	538.7	489.3
Unrestricted	421.1	426.4	903.6	837.2	1,324.7	1,263.6
Total net assets	<u>\$ 5,285.0</u>	<u>\$ 5,182.9</u>	<u>\$ 3,713.8</u>	<u>\$ 3,543.6</u>	<u>\$ 8,998.8</u>	<u>\$ 8,726.5</u>

By far the largest portion of the City's net assets (79 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 citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net assets (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,302.1) 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 assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Government-wide net assets increased by \$272.2 during the current fiscal year from increases in both governmental and business-type activities. The increases resulted in part from contributed assets including the addition of streets due to annexation and contributions of infrastructure assets from developers.

Changes in net assets. The following table presents the City's changes in net assets for the fiscal years ended June 30, 2012 and 2011:

Change in Net Assets						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program revenues:						
Fees, fines and charges for services	\$ 93.9	\$ 87.3	\$ 591.4	\$ 552.0	\$ 685.3	\$ 639.3
Operating grants and contributions	78.6	64.0	12.6	12.9	91.2	76.9
Capital grants and contributions	121.7	103.0	73.9	85.3	195.6	188.3
General revenues:						
Property taxes	377.3	362.8	-	-	377.3	362.8
Other taxes	206.4	190.1	65.8	57.3	272.2	247.4
Grants and contributions not restricted to specific programs	18.5	17.0	-	-	18.5	17.0
Other	(14.4)	12.1	7.7	17.5	(6.7)	29.6
Total revenues	<u>882.0</u>	<u>836.3</u>	<u>751.4</u>	<u>725.0</u>	<u>1,633.4</u>	<u>1,561.3</u>
Program expenses						
Public safety	347.4	324.9	-	-	347.4	324.9
Sanitation	47.9	48.2	-	-	47.9	48.2
General administration	45.0	38.3	-	-	45.0	38.3
Support services	35.4	21.4	-	-	35.4	21.4
Engineering and property management	24.9	27.3	-	-	24.9	27.3
Streets and highways	114.4	119.0	-	-	114.4	119.0
Culture and recreation	17.9	10.1	-	-	17.9	10.1
Community planning and development	73.5	83.6	-	-	73.5	83.6
Interest and other charges	55.1	57.4	-	-	55.1	57.4
Water	-	-	116.6	105.1	116.6	105.1
Sewer	-	-	132.8	141.7	132.8	141.7
Stormwater	-	-	20.7	20.2	20.7	20.2
Airport	-	-	168.7	160.3	168.7	160.3
Public transit	-	-	160.8	151.1	160.8	151.1
Total expenses	<u>761.5</u>	<u>730.2</u>	<u>599.6</u>	<u>578.4</u>	<u>1,361.1</u>	<u>1,308.6</u>
Excess before transfers	120.5	106.1	151.8	146.6	272.3	252.7
Transfers	(18.4)	(18.4)	18.4	18.4	-	-
Increase in net assets	<u>102.1</u>	<u>87.7</u>	<u>170.2</u>	<u>165.0</u>	<u>272.3</u>	<u>252.7</u>
Net assets - beginning	<u>5,182.9</u>	<u>5,095.2</u>	<u>3,543.6</u>	<u>3,378.6</u>	<u>8,726.5</u>	<u>8,473.8</u>
Net assets - ending	<u>\$ 5,285.0</u>	<u>\$ 5,182.9</u>	<u>\$ 3,713.8</u>	<u>\$ 3,543.6</u>	<u>\$ 8,998.8</u>	<u>\$ 8,726.5</u>

Total government-wide revenues of \$1,633.4 were derived primarily from grants and contributions (18 percent) and property and other taxes (40 percent). These sources of revenues increased 7 percent from the prior year, primarily due to increased sales tax due to the improving economy.

The total expenses of all programs were \$1,361.1. 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 26 percent. Transportation expenses increased over the prior year due in part to the addition of staff for the Blue Line Extension project.

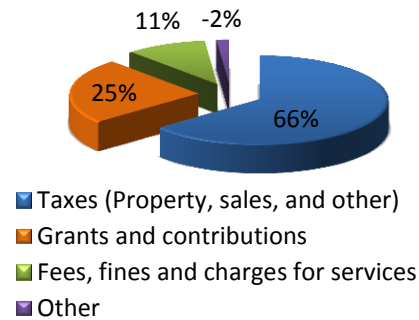
Governmental Activities

As shown in the chart, property, sales and other taxes (66 percent) and grants and contributions (25 percent) were the major sources of revenues for governmental activities.

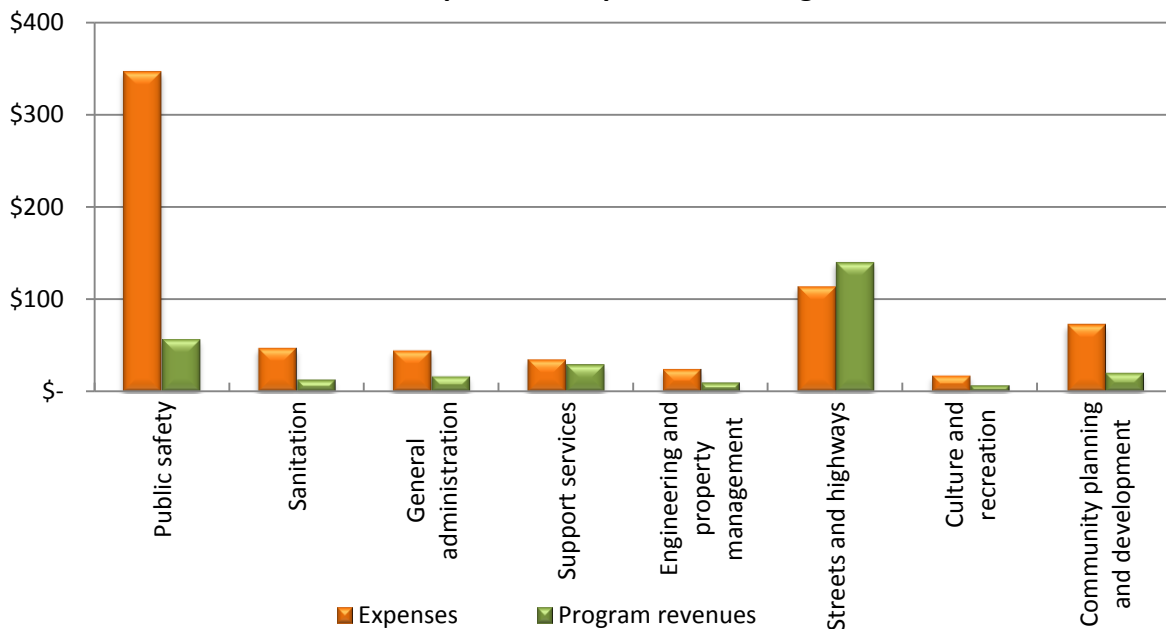
Governmental expenses increased from \$730.2 to \$761.5 during this fiscal year. Expenses in the current year related to the Democratic National Convention (funded by a Federal grant), purchase of digital radios, and the Broadband Technology Opportunities Programs where broadband access is being expanded in the area. As in prior years, public safety continues to be the largest expense with 46 percent in the current and 44 percent in the prior year.

This 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, streets and highways 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 Revenues by Source



Governmental Expenses Compared with Program Revenues



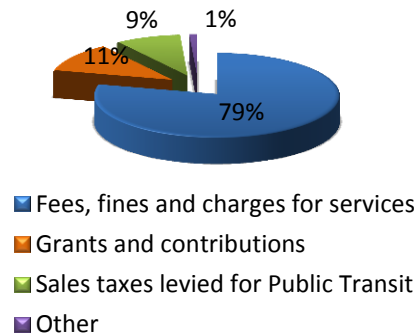
In addition to property and other taxes, the total cost of services of \$761.5 was supported by \$200.3 provided by other governments and organizations for specific programs and \$93.9 provided by fees, fines and charges from those who directly benefited from the programs.

Business-type Activities

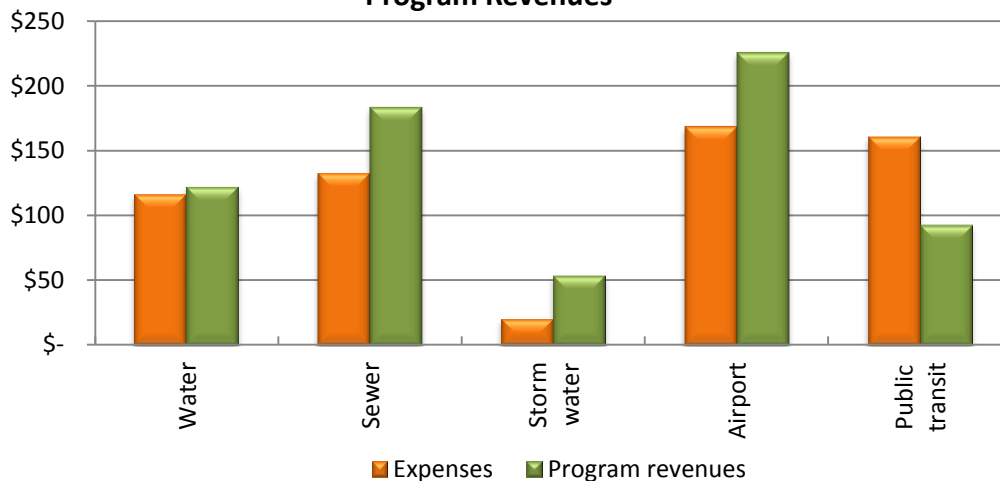
Revenues for the business-type activities were \$751.4, an increase of 4 percent from the prior year. This increase is due in part to a 8.8 percent increase in water and sewer rates in the current year.

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**



Airport expenses increased \$8.4 or 5 percent from the prior year due in part to increased fuel costs, the expansion of runways and issuing new debt. Transit expenses increased \$9.7 or 6 percent from the prior year due in part to the purchase of new equipment such as buses, the addition of staff for the Blue Line Extension project and the North Davidson facility renovation was also completed.

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, 2012, the governmental funds reported a combined fund balance of \$624.0, an increase of \$5.4, or 1 percent from last year. This amount consists of the following:

- (a) \$4.1 nonspendable for inventories and perpetual care,
- (b) \$218.7 restricted for State Statutes, special obligation debt service and specific programs,
- (c) \$95.3 committed primarily for capital projects,
- (d) \$217.5 assigned for debt service and specific programs, and
- (e) \$88.4 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 \$88.4, while total fund balance reached \$159.2. 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. \$5.7 is committed for capital projects.

Other major governmental funds are the debt service and the capital projects funds. The debt service fund has a total fund balance of \$229.9, all of which will be used for either the payment of debt service or is restricted by State Statutes. Debt service fund balance increased \$9.4 from the prior year due primarily to transfers from other funds to pay future debt service. The capital projects fund has a total fund balance of \$86.9, all of which is committed for future capital projects. Capital project fund balance decreased \$5.1 from the prior year due to construction of public facilities.

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

Unrestricted net assets at the end of the year amounted to \$342.8 in the Water and Sewer fund, \$47.9 in the Storm Water fund, \$365.6 in the Airport fund and \$150.2 in the Public Transit fund. The change in net assets for the funds was \$54.0, \$35.5, \$60.4 and \$16.5 respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, City Council approved several immaterial budget amendments. The most significant amendments related to funding a transfer from the debt service fund from general obligation bond refunding savings to be applied to the other post-employment benefit liability.

Revenues were \$5.4 above the final budgeted amount. Property tax revenues were \$6.1 greater than expected due in part to lower than estimated rebates and higher than expected collection rates.

The fiscal 2012 budget reflected slow growth following a three-year period of economic decline, which the City weathered through budget reductions and conservative financial strategies. As a result, the most significant expenditure increases were \$2.3 to fund 50 police officers hired under the American Recovery and Reinvestment Act Grant, \$1.6 to fund increased operating costs for Police, and \$1.0 for maintenance and repair of the digital and analog Public Safety Radio System. Actual expenditures were \$2.9 below final budget amounts for fiscal year 2012.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At June 30, 2012, the City had \$11,227.0 (net of accumulated depreciation) in capital assets consisting primarily of land, buildings, roads, and water and sewer lines. This amount represents a net increase of \$264.2, or 2 percent over last year. The following is a summary of capital assets at June 30, 2012 and 2011:

Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Land	\$ 3,110.4	\$ 3,045.5	\$ 388.7	\$ 382.3	\$ 3,499.1	\$ 3,427.8
Buildings	809.1	822.1	325.6	341.9	1,134.7	1,164.0
Improvements other than buildings	-	-	3,229.0	3,236.6	3,229.0	3,236.6
Infrastructure	1,652.2	1,653.6	-	-	1,652.2	1,653.6
Intangibles	1.7	1.6	3.4	3.8	5.1	5.4
Machinery and equipment	43.9	41.2	133.9	125.4	177.8	166.6
Construction in progress	403.4	322.7	1,125.7	986.1	1,529.1	1,308.8
Totals	<u>\$ 6,020.7</u>	<u>\$ 5,886.7</u>	<u>\$ 5,206.3</u>	<u>\$ 5,076.1</u>	<u>\$ 11,227.0</u>	<u>\$ 10,962.8</u>

This year's major capital asset additions included:

- Discovery Place museum improvements - \$.9
- Streets in annexed areas - \$110.9
- Water main construction - \$9.5
- Sanitary sewer rehabilitation - \$11.4
- Airport Master Plan land acquisition - \$5.3
- Airport ticket lobby renovations - \$5.5
- Bus expansion and replacement - \$18.9

At June 30, 2012, authorized and unexpended capital projects totaled \$1,866.9 as follows: governmental (\$558.2), water and sewer (\$798.2), airport (\$299.9), storm water (\$117.8), and public transit (\$92.8). 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, 2012, the City had \$4,335.3 of debt outstanding in bonds, installment purchases, commercial paper notes, derivative instrument liability, and other financing agreements. This was an increase of \$146.9 or 4 percent over last year. Details by type of debt are presented in the following table:

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General obligation bonds (backed by the City's taxing authority)	\$ 547.2	\$ 456.0	\$ 241.4	\$ 266.6	\$ 788.6	\$ 722.6
Revenue bonds (backed by specific fee revenues)	-	-	2,404.9	2,299.4	2,404.9	2,299.4
Special obligation bonds	10.1	11.0	-	-	10.1	11.0
Installment purchases	712.2	722.8	163.8	173.4	876.0	896.2
Commercial paper notes	24.1	109.2	-	-	24.1	109.2
Derivative instrument liability	68.0	28.3	101.6	57.4	169.6	85.7
Other financial agreements	56.4	58.0	5.6	6.3	62.0	64.3
Totals	<u>\$ 1,418.0</u>	<u>\$ 1,385.3</u>	<u>\$ 2,917.3</u>	<u>\$ 2,803.1</u>	<u>\$ 4,335.3</u>	<u>\$ 4,188.4</u>

New debt for 2012 resulted from issuing general obligation bonds (\$175.5) to repay commercial paper notes for governmental activities and to refund debt; and Airport revenue bonds (\$201.6) for airport improvements and constructing a consolidated rental car facility.

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 cities in the nation that maintains the highest financial category rating from these major 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 \$4,335.3 arises from both governmental and business-type activities. The largest portion of debt is revenue bonds (55 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, 2012, was \$5.2 billion. The City had \$428.2 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 2012, 14,572 building permits were issued with a value of over \$2.4 billion compared to 13,209 permits for 2011.
- Retail sales during 2011 were \$14.3 billion compared to \$13.3 billion for 2010.
- The June 2012 unemployment rate was 8.8 percent compared to 9.9 percent for the state and 8.4 percent for the nation.
- Assessed property valuations are expected to exceed \$89.2 billion for 2012 compared to \$85.5 billion for 2011, or an increase of 4 percent, and is due primarily to a county-wide revaluation.

The fiscal 2013 operating budget reflects slow growth following the economic recession, weathered by the City through budget reductions and a continuation of conservative financial strategies. The fiscal 2013 capital budget primarily reflects Enterprise Fund projects, as City Council did not approve any new bond-supported General Fund capital projects.

The General fund budget increased to \$552.6. Property tax revenues including current and prior year collections, interest, and other penalties and rebates are expected to increase 4.7 percent over 2012. Sales tax and user fees are expected to increase 3.9 and 8.4 percent respectively. The most significant expenditure increases are \$2.43 to fund 50 police officers hired under the American Recovery and Reinvestment Act Grant, \$.7 for maintenance and repair of Fire vehicles and equipment plus fuel price escalations, \$.9 for increased solid waste disposal costs, and \$.4 for maintenance and repair of Solid Waste Service vehicles and equipment.

The following are highlights for the 2013 budgets for the business-type activities:

- Utilities customers will experience an increase in the volume rate, fixed billing charge, and the availability fee for both water and sewer. The average monthly total water and sewer bill for residential customers is estimated to increase \$3.30 per month. Operating expenses will increase by \$128.8 over 2012.
- Storm water impervious surface fee rate will increase 6 percent while expenses are expected to increase by 5.3 percent.
- Airport revenues are expected to increase 10.5 percent largely due to cargo area and ground rent increases. Operating expenses are also expected to increase 10.5 percent. This increase is due primarily to increased transfers to debt service funds.
- Public transit revenues are expected to increase from the Sales and Use Tax by 4.5 percent along with \$1.0 increase from advertising revenue. Operating expenditures are expected to increase 3.4 percent due in part to increased projected fuel costs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, 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.



CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2012
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
ASSETS				
Cash and cash equivalents	\$ 689,316	\$ 1,046,448	\$ 1,735,764	\$ 8,759
Receivables, net	18,227	75,115	93,342	3,383
Due from other governmental agencies	71,982	62,309	134,291	548
Due from component unit	7,407	-	7,407	-
Due from primary government	-	-	-	1,223
Internal balances	3,003	(3,003)	-	-
Inventories	1,004	8,581	9,585	378
Other	272	-	272	613
Restricted assets:				
Temporarily restricted-				
Cash and cash equivalents	1,894	70,767	72,661	-
Investments	21,699	203,172	224,871	-
Permanently restricted-				
Cash and cash equivalents	3,111	-	3,111	-
Receivables	10	-	10	-
Notes receivable	97,692	-	97,692	-
Deferred charges	7,790	29,101	36,891	-
Deferred outflow of resources	31,793	101,626	133,419	-
Other postemployment benefit assets (Note 5.f.)	-	28,361	28,361	-
Pension assets (Note 5.b.)	6,033	-	6,033	-
Capital assets (Note 4.f.)				
Land	3,110,363	388,669	3,499,032	-
Buildings, improvements, infrastructure, intangibles, and machinery and equipment, net	2,506,897	3,691,917	6,198,814	-
Construction in progress	403,399	1,125,712	1,529,111	-
Total assets	6,981,892	6,828,775	13,810,667	14,904
LIABILITIES				
Accounts payable/claims payable	111,772	50,706	162,478	4,220
Deposits and retainage payable	4,526	8,857	13,383	4,001
Accrued interest payable	9,354	31,386	40,740	-
Due to component unit	981	242	1,223	-
Due to primary government	-	-	-	7,407
Unearned revenues	3,158	-	3,158	694
Liabilities payable from restricted assets	3,157	48,540	51,697	-
Noncurrent liabilities (Note 4.j.):				
Due within one year	96,151	86,440	182,591	-
Due after one year	1,467,831	2,888,804	4,356,635	3,321
Total liabilities	1,696,930	3,114,975	4,811,905	19,643
NET ASSETS				
Invested in capital assets, net of related debt	4,642,043	2,493,316	7,135,359	-
Restricted for:				
State statute	65,271	-	65,271	-
Debt service	10,120	57,099	67,219	-
Perpetual care - Nonexpendable	3,121	-	3,121	-
Public safety	9,003	-	9,003	-
Streets and highways	8,359	-	8,359	-
Culture and recreation	120,924	-	120,924	20
Community planning and development	5,034	-	5,034	-
Passenger facility charges	-	215,358	215,358	-
Contract facility charges	-	22,851	22,851	-
Airport working capital	-	21,606	21,606	-
Unrestricted	421,087	903,570	1,324,657	(4,759)
Total net assets	\$ 5,284,962	\$ 3,713,800	\$ 8,998,762	\$ (4,739)

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(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	\$ 347,380	\$ 23,761	\$ 29,465	\$ 3,913
Sanitation	47,925	12,336	501	191
General administration	45,030	16,851	12	-
Support services	35,427	25,815	-	3,734
Engineering and property management	24,876	5,436	4,554	38
Streets and highways	114,400	5,386	22,930	111,798
Culture and recreation	17,856	1,047	4,562	1,258
Community planning and development	73,513	3,290	16,569	713
Interest and other charges	55,101	-	-	-
Total governmental	<u>761,508</u>	<u>93,922</u>	<u>78,593</u>	<u>121,645</u>
Business-type-				
Water	116,634	115,459	8	6,615
Sewer	132,829	177,377	8	6,126
Storm water	20,742	52,075	-	1,962
Airport	168,661	219,990	-	5,396
Public transit	160,776	26,508	12,570	53,801
Total business-type	<u>599,642</u>	<u>591,409</u>	<u>12,586</u>	<u>73,900</u>
Total primary government	<u>\$ 1,361,150</u>	<u>\$ 685,331</u>	<u>\$ 91,179</u>	<u>\$ 195,545</u>
Component Unit:				
Charlotte Regional				
Visitors Authority	<u>\$ 53,458</u>	<u>\$ 31,909</u>	<u>\$ -</u>	<u>\$ -</u>
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 assets				
Net assets - beginning				
Net assets - ending				

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
\$ (290,241)	\$ -	\$ (290,241)	\$ -
(34,897)	-	(34,897)	-
(28,167)	-	(28,167)	-
(5,878)	-	(5,878)	-
(14,848)	-	(14,848)	-
25,714	-	25,714	-
(10,989)	-	(10,989)	-
(52,941)	-	(52,941)	-
(55,101)	-	(55,101)	-
<u>(467,348)</u>	<u>-</u>	<u>(467,348)</u>	<u>-</u>
-	5,448	5,448	-
-	50,682	50,682	-
-	33,295	33,295	-
-	56,725	56,725	-
-	(67,897)	(67,897)	-
-	<u>78,253</u>	<u>78,253</u>	-
<u>(467,348)</u>	<u>78,253</u>	<u>(389,095)</u>	<u>-</u>
-	-	-	(21,549)
377,309	-	377,309	-
82,730	-	82,730	-
-	65,754	65,754	-
36,442	-	36,442	-
32,590	-	32,590	-
22,523	-	22,523	-
16,375	-	16,375	-
15,740	-	15,740	-
-	-	-	19,066
18,513	-	18,513	-
(16,546)	6,461	(10,085)	47
2,167	1,260	3,427	160
<u>(18,399)</u>	<u>18,399</u>	<u>-</u>	<u>-</u>
<u>569,444</u>	<u>91,874</u>	<u>661,318</u>	<u>19,273</u>
102,096	170,127	272,223	(2,276)
5,182,866	3,543,673	8,726,539	(2,463)
<u>\$ 5,284,962</u>	<u>\$ 3,713,800</u>	<u>\$ 8,998,762</u>	<u>\$ (4,739)</u>

CITY OF CHARLOTTE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012
(In Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$163,082	\$228,873	\$ 74,651	\$ 139,481	\$ 606,087
Receivables, net:					
Property taxes	6,176	142	901	191	7,410
Accounts	3,252	-	5,127	4	8,383
Other	-	-	-	57	57
Total receivables	9,428	142	6,028	252	15,850
Due from other governmental agencies	38,489	3,592	3,784	26,117	71,982
Due from other funds	3,585	-	-	-	3,585
Due from component unit	-	5,460	298	-	5,758
Inventories	1,004	-	-	-	1,004
Prepaid expenses	-	-	-	22	22
Restricted assets:					
Cash and cash equivalents	-	-	1,894	-	1,894
Investments	-	7	21,692	-	21,699
Total restricted assets	-	7	23,586	-	23,593
Notes receivable	46	-	44,862	52,784	97,692
Total assets	<u>\$215,634</u>	<u>\$238,074</u>	<u>\$153,209</u>	<u>\$ 218,656</u>	<u>\$ 825,573</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 43,021	\$ 2,551	\$ 10,204	\$ 10,859	\$ 66,635
Deposits and retainage payable	2,395	-	1,502	629	4,526
Due to other funds	503	-	-	3,585	4,088
Due to component unit	-	-	200	781	981
Deferred revenues	10,565	5,602	51,200	54,861	122,228
Liabilities payable from restricted assets	-	-	3,157	-	3,157
Total liabilities	<u>56,484</u>	<u>8,153</u>	<u>66,263</u>	<u>70,715</u>	<u>201,615</u>
Fund balances:					
Nonspendable:					
Inventories	1,004	-	-	-	1,004
Perpetual care	-	-	-	3,121	3,121
Restricted:					
State statute	61,679	3,592	-	-	65,271
Special obligation debt service	-	10,120	-	-	10,120
Public safety	-	-	-	9,003	9,003
Streets and highways	-	-	-	8,359	8,359
Culture and recreation	-	-	-	120,924	120,924
Community planning and development	-	-	-	5,034	5,034
Committed:					
Capital projects	5,674	-	86,946	-	92,620
Culture and recreation	-	-	-	1,500	1,500
Component unit	1,100	-	-	-	1,100
Assigned:					
Debt service	-	216,209	-	-	216,209
Capital projects	395	-	-	-	395
Community planning and development	875	-	-	-	875
Unassigned	88,423	-	-	-	88,423
Total fund balances	<u>159,150</u>	<u>229,921</u>	<u>86,946</u>	<u>147,941</u>	<u>623,958</u>
Total liabilities and fund balances	<u>\$215,634</u>	<u>\$238,074</u>	<u>\$153,209</u>	<u>\$ 218,656</u>	<u>\$ 825,573</u>

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 ASSETS
JUNE 30, 2012
(In Thousands)

Total fund balances for governmental funds	\$ 623,958
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Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,020,650
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Pension assets resulting from contributions in excess of the annual required contributions are not financial resources and therefore are not reported in the funds.	6,033
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	162,149
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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 assets.	38,795
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 2.a.)	<u>(1,566,623)</u>
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Total net assets of governmental activities	<u>\$ 5,284,962</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$308,484	\$ 55,242	\$ 10,210	\$ 4,473	\$ 378,409
Other taxes	73,490	13,294	8,616	54,164	149,564
Intergovernmental	64,856	1,414	5,519	78,169	149,958
Licenses, fees and fines	47,798	55	12,343	907	61,103
Investment earnings	698	1,417	358	1,071	3,544
Private contributions	-	1,258	1,119	-	2,377
Administrative charges	29,406	-	-	-	29,406
Charges for current services	8,325	-	-	-	8,325
Miscellaneous	2,684	570	688	4,672	8,614
Total revenues	<u>535,741</u>	<u>73,250</u>	<u>38,853</u>	<u>143,456</u>	<u>791,300</u>
EXPENDITURES:					
Current-					
Public safety	302,251	-	-	38,136	340,387
Sanitation	45,419	-	-	275	45,694
General administration	39,928	-	-	2,051	41,979
Support services	26,820	-	-	4,028	30,848
Engineering and property management	20,944	-	-	1,773	22,717
Streets and highways	29,066	-	-	27,300	56,366
Culture and recreation	-	-	-	13,632	13,632
Community planning and development	27,449	-	-	23,766	51,215
Debt service-					
Principal	-	72,849	-	-	72,849
Interest and other charges	-	58,606	-	-	58,606
Capital outlay	-	-	137,506	-	137,506
Total expenditures	<u>491,877</u>	<u>131,455</u>	<u>137,506</u>	<u>110,961</u>	<u>871,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,864</u>	<u>(58,205)</u>	<u>(98,653)</u>	<u>32,495</u>	<u>(80,499)</u>
OTHER FINANCING SOURCES (USES):					
Sales of capital assets	568	-	1,288	87	1,943
Commercial paper issued	-	-	64,846	-	64,846
Installment purchases issued	-	-	33,155	-	33,155
Refunding debt issued	-	177,485	-	-	177,485
Premium on debt issuance	-	33,320	2,705	-	36,025
Private loan	-	-	270	-	270
Payment to refunded bond escrow agent	-	(209,457)	-	-	(209,457)
Transfers in	6,366	69,994	18,134	16,710	111,204
Transfers out	(41,165)	(3,712)	(26,871)	(57,855)	(129,603)
Total other financing sources (uses)	<u>(34,231)</u>	<u>67,630</u>	<u>93,527</u>	<u>(41,058)</u>	<u>85,868</u>
Net change in fund balances	9,633	9,425	(5,126)	(8,563)	5,369
Fund balances - beginning	149,517	220,496	92,072	156,504	618,589
Fund balances - ending	<u>\$159,150</u>	<u>\$229,921</u>	<u>\$ 86,946</u>	<u>\$ 147,941</u>	<u>\$ 623,958</u>

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, 2012
(In Thousands)

Net change in fund balances - total governmental funds	\$ 5,369
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note 2.b.)	26,079
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets. (Note 2.b.)	107,885
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,430
--	-------

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 assets 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.)	(48,439)
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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.)	(1,468)
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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.	<u>8,240</u>
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Change in net assets of governmental activities	<u>\$ 102,096</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF BUDGETARY COMPARISON
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	(Budgetary Basis)	
Resources (inflows):				
Property tax	\$ 302,389	\$ 302,389	\$ 308,484	\$ 6,095
Sales tax	66,800	66,800	69,504	2,704
Utilities franchise tax	37,600	37,600	36,442	(1,158)
Police services	14,006	14,006	13,991	(15)
Tax reimbursements	3,916	3,916	4,082	166
Solid waste fee	12,290	12,290	12,082	(208)
Business privilege licenses	16,800	16,800	15,822	(978)
Licenses and permits	15,609	15,665	15,603	(62)
Fines, forfeits and penalties	2,907	2,907	2,454	(453)
Interlocal grants and agreements	9,452	10,649	9,111	(1,538)
Federal and state shared revenues	2,023	2,053	3,082	1,029
General government	3,904	3,904	5,396	1,492
Public safety	3,915	3,915	4,253	338
Cemeteries	503	503	492	(11)
Use of money and property	1,271	1,178	1,202	24
Sale of salvage and land	1,816	1,816	568	(1,248)
Other	963	983	939	(44)
Occupancy taxes	3,276	3,276	3,607	331
Intragovernmental	26,826	30,218	29,195	(1,023)
Transfers from other funds	3,032	6,443	6,366	(77)
Resources available for appropriation	529,298	537,311	542,675	\$ 5,364
Fund balance appropriated	16,061	15,716	7,406	
Total amounts available for appropriation	<u>\$ 545,359</u>	<u>\$ 553,027</u>	<u>\$ 550,081</u>	
Charges to appropriations (outflows):				
Police	\$ 203,349	\$ 204,652	\$ 204,420	\$ 232
Fire	100,430	101,630	101,630	-
Solid waste	46,360	46,528	46,291	237
Transportation	22,073	20,981	20,844	137
Engineering and property management	20,459	18,388	17,922	466
Neighborhood development	12,123	11,910	11,625	285
Planning	5,470	5,470	4,922	548
Mayor and council	1,468	1,550	1,521	29
City attorney	2,239	2,239	2,223	16
City clerk	534	533	500	33
City manager	16,422	15,483	15,473	10
Human resources	4,656	4,656	4,229	427
Finance	10,674	10,674	10,387	287
Business support services	25,756	30,622	30,622	-
Budget and evaluation	1,665	1,665	1,426	239
Non-departmentals	71,681	76,046	76,046	-
Total charges to appropriations	<u>\$ 545,359</u>	<u>\$ 553,027</u>	<u>\$ 550,081</u>	<u>\$ 2,946</u>

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, 2012
(In Thousands)

Sources (inflows) of resources:

Actual amounts (budgetary basis) "available for appropriation" from the statement of budgetary comparison	\$550,081
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.	(7,406)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(6,366)
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.	<u>(568)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$535,741</u>

Uses (outflows) of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the statement of budgetary comparison	\$550,081
Differences - budget to GAAP:	
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.	(17,039)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(41,165)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$491,877</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 218,084	\$ 47,785	\$ 678,473
Receivables, net-			
Accounts	43,847	6,873	20,248
Other	643	175	2,004
Total receivables	44,490	7,048	22,252
Due from other governmental agencies	606	2,352	3,318
Due from other funds	-	-	-
Prepaid insurance	-	-	-
Inventories	1,339	-	-
Restricted assets-			
Cash and cash equivalents	2,555	1,691	66,521
Investments	5,259	-	197,913
Total restricted assets	7,814	1,691	264,434
Total current assets	272,333	58,876	968,477
Noncurrent assets:			
Deferred charges	11,627	880	14,726
Deferred outflow of resources	101,626	-	-
Other postemployment benefit assets	17,897	1,404	7,078
Capital assets-			
Land	40,378	-	297,504
Buildings	25,763	-	626,667
Improvements other than buildings:			
Water and sewer systems	3,541,365	-	-
Storm water systems	-	184,457	-
Runways	-	-	392,108
Transit corridors	-	-	-
Other	-	-	85,647
Total improvements other than buildings	3,541,365	184,457	477,755
Intangibles	13,238	3,359	-
Machinery and equipment	27,259	69	34,785
Construction in progress	535,319	299,918	104,231
Total capital assets	4,183,322	487,803	1,540,942
Less accumulated depreciation	1,099,933	40,995	533,894
Total capital assets, net	3,083,389	446,808	1,007,048
Total noncurrent assets	3,214,539	449,092	1,028,852
Total assets	3,486,872	507,968	1,997,329

Enterprise Funds		Governmental Activities -
Public Transit	Total	Internal Service Funds
\$ 102,106	\$ 1,046,448	\$ 86,340
993	71,961	-
<u>332</u>	<u>3,154</u>	<u>540</u>
1,325	75,115	540
56,033	62,309	-
-	-	503
-	-	250
7,242	8,581	-
-	70,767	-
<u>-</u>	<u>203,172</u>	<u>-</u>
<u>-</u>	<u>273,939</u>	<u>-</u>
<u>166,706</u>	<u>1,466,392</u>	<u>87,633</u>
1,868	29,101	-
-	101,626	-
1,982	28,361	-
50,787	388,669	-
85,840	738,270	-
-	3,541,365	-
-	184,457	-
-	392,108	-
336,040	336,040	-
<u>28,743</u>	<u>114,390</u>	<u>-</u>
364,783	4,568,360	-
6,951	23,548	-
205,389	267,502	159
<u>186,244</u>	<u>1,125,712</u>	<u>-</u>
899,994	7,112,061	159
<u>230,941</u>	<u>1,905,763</u>	<u>150</u>
<u>669,053</u>	<u>5,206,298</u>	<u>9</u>
<u>672,903</u>	<u>5,365,386</u>	<u>9</u>
<u>839,609</u>	<u>6,831,778</u>	<u>87,642</u>

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET ASSETS-(Continued)
PROPRIETARY FUNDS
JUNE 30, 2012
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 9,389	\$ 5,923	\$ 19,181
Claims payable	-	-	-
Deposits and retainage payable	3,890	2,888	1,492
Accrued interest payable	30,283	512	-
Due to component unit	-	-	242
Current maturities of long-term liabilities	73,394	4,910	770
Current liabilities payable from restricted assets-			
Accounts payable	1,990	-	3,865
Deposits and retainage payable	-	-	2,169
Accrued interest payable	-	-	19,846
Revenue bonds payable	-	-	20,670
Total current liabilities payable from restricted assets	1,990	-	46,550
Total current liabilities	118,946	14,233	68,235
Noncurrent liabilities:			
General obligation bonds payable - net of deferred amount on refunding and unamortized premium	211,603	9,812	-
Revenue bonds payable - net of deferred amount on refunding and unamortized premium	1,434,631	110,674	848,881
Other financing agreements - net of unamortized premium	9,223	-	-
Derivative instrument liability	101,626	-	-
Federal revolving loan payable	-	126	-
Refundable water and sewer construction deposits	4,789	-	-
Due to participants	-	-	-
Compensated absences payable	1,484	247	742
Net OPEB liability	-	-	-
Total noncurrent liabilities	1,763,356	120,859	849,623
Total liabilities	1,882,302	135,092	917,858
NET ASSETS			
Invested in capital assets, net of related debt	1,258,432	323,267	401,919
Restricted for:			
Debt service	3,302	1,691	52,106
Passenger facility charges	-	-	215,358
Contract facility charges	-	-	22,851
Working capital	-	-	21,606
Unrestricted	342,836	47,918	365,631
Total net assets	\$1,604,570	\$372,876	\$ 1,079,471
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			
Net assets of business-type activities			

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

Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ 16,213	\$ 50,706	\$ -
-	-	45,137
587	8,857	-
591	31,386	-
-	242	-
7,366	86,440	-
-	5,855	-
-	2,169	-
-	19,846	-
-	20,670	-
-	48,540	-
24,757	226,171	45,137
-	221,415	-
-	2,394,186	-
152,900	162,123	-
-	101,626	-
-	126	-
-	4,789	-
-	-	6,439
2,066	4,539	146
-	-	128
154,966	2,888,804	6,713
179,723	3,114,975	51,850
509,698	2,493,316	9
-	57,099	-
-	215,358	-
-	22,851	-
-	21,606	-
150,188	906,573	35,783
\$ 659,886	3,716,803	\$ 35,792
	(3,003)	
	<u>\$3,713,800</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

		Business-type Activities -	
	Water and Sewer	Storm Water	Airport
OPERATING REVENUES:			
Charges for services	\$ 255,742	\$ 52,075	\$ 132,144
Availability fees	25,813	-	-
Capacity fees	7,443	-	-
Miscellaneous	3,838	-	25,845
Total operating revenues	<u>292,836</u>	<u>52,075</u>	<u>157,989</u>
OPERATING EXPENSES:			
Administration	30,782	1,792	13,320
Operations and maintenance	70,235	10,288	46,741
Claims and insurance premiums	-	-	-
Other	1,475	-	19,289
Depreciation	88,601	3,087	37,935
Total operating expenses	<u>191,093</u>	<u>15,167</u>	<u>117,285</u>
Operating income (loss)	<u>101,743</u>	<u>36,908</u>	<u>40,704</u>
NONOPERATING REVENUES (EXPENSES):			
Sales tax	-	-	-
Grant contributions	16	-	-
Passenger facility charges	-	-	53,094
Contract facility charges	-	-	8,907
Investment earnings	1,316	328	4,217
Interest expense and other charges	(60,188)	(5,679)	(33,954)
Non-airline terminal revenue distribution	-	-	(17,913)
Miscellaneous	(1,616)	2,015	(55)
Total nonoperating revenues (expenses)	<u>(60,472)</u>	<u>(3,336)</u>	<u>14,296</u>
Income (loss) before contributions and transfers	41,271	33,572	55,000
CAPITAL CONTRIBUTIONS	12,741	1,962	5,396
TRANSFERS IN	-	-	-
TRANSFERS OUT	-	-	-
Change in net assets	54,012	35,534	60,396
Total net assets - beginning	<u>1,550,558</u>	<u>337,342</u>	<u>1,019,075</u>
Total net assets - ending	<u>\$1,604,570</u>	<u>\$ 372,876</u>	<u>\$1,079,471</u>

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

Change in net assets of business-type activities

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

Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ 26,508	\$ 466,469	\$ 102,003
	25,813	-
-	7,443	-
-	29,683	-
<u>26,508</u>	<u>529,408</u>	<u>102,003</u>
11,640	57,534	6,854
102,602	229,866	-
-	-	83,817
-	20,764	-
<u>40,380</u>	<u>170,003</u>	<u>2</u>
<u>154,622</u>	<u>478,167</u>	<u>90,673</u>
<u>(128,114)</u>	<u>51,241</u>	<u>11,330</u>
65,754	65,754	-
12,570	12,586	-
-	53,094	-
-	8,907	-
600	6,461	589
(7,420)	(107,241)	-
-	(17,913)	-
<u>916</u>	<u>1,260</u>	<u>-</u>
<u>72,420</u>	<u>22,908</u>	<u>589</u>
(55,694)	74,149	11,919
53,801	73,900	-
18,402	18,402	-
<u>(3)</u>	<u>(3)</u>	<u>-</u>
16,506	166,448	11,919
<u>643,380</u>		<u>23,873</u>
<u>\$ 659,886</u>		<u>\$ 35,792</u>
	3,679	
	<u>\$ 170,127</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$287,634	\$ 51,762	\$165,747
Receipts from participants	-	-	-
Payments to suppliers	(45,252)	(3,937)	(54,582)
Internal activity - (payments to) receipts from other funds	(22,083)	(1,961)	(9,650)
Receipts from trust	-	-	-
Payments to employees	(35,521)	(5,361)	(15,835)
Payments to airlines for non-airline terminal revenue distribution	-	-	(18,577)
Payments for claims	-	-	-
Payments for premiums	-	-	-
Other receipts (payments)	(7,360)	951	31
Net cash provided (used) by operating activities	<u>177,418</u>	<u>41,454</u>	<u>67,134</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	238	-	-
Sales tax	-	-	-
Transfers	-	-	-
Net cash provided by noncapital financing activities	<u>238</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital debt	1,515	-	205,387
Water and sewer construction deposits	24	-	-
Passenger facility charges	-	-	52,933
Contract facility charges	-	-	8,744
Acquisition and construction of capital assets	(110,342)	(37,331)	(78,837)
Principal paid on capital debt	(63,157)	(4,424)	(38,840)
Interest and other charges paid on capital debt	(81,632)	(6,168)	(32,840)
Capital contributions	268	-	23,258
Net cash provided (used) by capital and related financing activities	<u>(253,324)</u>	<u>(47,923)</u>	<u>139,805</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(7,063)	-	(279,582)
Proceeds from sale and maturities of investments	103,986	-	150,443
Interest received	798	321	3,958
Net cash provided (used) by investing activities	<u>97,721</u>	<u>321</u>	<u>(125,181)</u>
Net increase (decrease) in cash and cash equivalents	22,053	(6,148)	81,758
Cash and cash equivalents - beginning of year	198,586	55,624	663,236
Cash and cash equivalents - end of year	<u>\$220,639</u>	<u>\$ 49,476</u>	<u>\$744,994</u>

Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ 26,251	\$ 531,394	\$ -
-	-	37,884
(47,726)	(151,497)	(5,376)
(9,236)	(42,930)	59,427
-	-	17,345
(58,183)	(114,900)	(1,530)
-	(18,577)	-
-	-	(79,685)
-	-	(16,229)
1,158	(5,220)	-
(87,736)	198,270	11,836
12,570	12,808	-
64,071	64,071	-
18,398	18,398	-
95,039	95,277	-
-	206,902	-
-	24	-
-	52,933	-
-	8,744	-
(40,562)	(267,072)	-
(6,122)	(112,543)	-
(7,415)	(128,055)	-
38,071	61,597	-
(16,028)	(177,470)	-
-	(286,645)	-
-	254,429	-
607	5,684	597
607	(26,532)	597
(8,118)	89,545	12,433
110,224	1,027,670	73,907
\$ 102,106	\$ 1,117,215	\$ 86,340

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS-(Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(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)	\$101,743	\$ 36,908	\$ 40,704
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities-			
Depreciation	88,601	3,087	37,935
Other receipts (payments)	(7,360)	951	31
Non-airline terminal revenue distribution	-	-	(18,577)
Change in assets and liabilities:			
(Increase) decrease in receivables	(5,217)	(313)	7,758
(Increase) decrease in due from other governmental agencies	5	-	(106)
Decrease in due from other funds	-	-	-
(Increase) decrease in inventories	19	-	-
Decrease in prepaid insurance	-	-	-
Decrease in other postemployment benefit assets	43	53	41
Increase (decrease) in accounts payable	(683)	736	(1,020)
(Decrease) in claims payable	-	-	-
Increase in due to participants	-	-	-
Increase in deposits and retainage payable	15	-	153
Increase in due to component unit	-	-	135
Increase (decrease) in compensated absences payable	252	32	80
Increase in net OPEB liability	-	-	-
Total adjustments	<u>75,675</u>	<u>4,546</u>	<u>26,430</u>
Net cash provided (used) by operating activities	<u>\$177,418</u>	<u>\$ 41,454</u>	<u>\$ 67,134</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Donated assets	<u>\$ 12,454</u>	<u>\$ 2,045</u>	<u>\$ -</u>
Proceeds from refunding bonds	93,390	-	-
Payment to refunded bond escrow agent	<u>(93,390)</u>	<u>-</u>	<u>-</u>
Net noncash investing, capital and financing activities	<u>\$ 12,454</u>	<u>\$ 2,045</u>	<u>\$ -</u>

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

Enterprise Funds		Governmental Activities - Internal Service Funds
Public Transit	Total	
\$ (128,114)	\$ 51,241	\$ 11,330
40,380	170,003	2
1,158	(5,220)	-
-	(18,577)	-
(257)	1,971	605
12	(89)	-
1	1	298
(905)	(886)	-
-	-	65
274	411	-
(462)	(1,429)	-
-	-	(5,008)
-	-	4,517
-	168	-
-	135	-
177	541	(5)
-	-	32
40,378	147,029	506
\$ (87,736)	\$ 198,270	\$ 11,836
\$ -	\$ 14,499	\$ -
-	93,390	-
-	(93,390)	-
\$ -	\$ 14,499	\$ -

CITY OF CHARLOTTE, NORTH CAROLINA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012
(In Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust
ASSETS		
Cash and cash equivalents	\$ 6,209	\$ 9,203
Receivables:		
Employer contributions	145	-
Member contributions	143	393
Interest and dividends	366	71
Total receivables	654	464
Investments:		
Equity securities - stocks	133,794	-
Fixed income securities - bonds	41,347	-
Mutual funds	181,122	37,459
Total investments	356,263	37,459
Capital assets, at cost, net of accumulated depreciation of \$284	311	-
Total assets	363,437	47,126
LIABILITIES		
Deposits payable	1,045	139
NET ASSETS		
Held in trust for pension/other postemployment benefits	\$ 362,392	\$ 46,987

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

CITY OF CHARLOTTE, NORTH CAROLINA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust
ADDITIONS:		
Contributions-		
Member	\$ 8,374	\$ 6,140
Employer	7,720	15,375
Other	-	263
Total contributions	<u>16,094</u>	<u>21,778</u>
Investment income -		
Net appreciation (depreciation) in fair value of investments	(1,481)	1,631
Interest	1,449	445
Dividends	4,326	-
	<u>4,294</u>	<u>2,076</u>
Investment expense	<u>1,860</u>	<u>187</u>
Net investment income	<u>2,434</u>	<u>1,889</u>
Total additions	<u>18,528</u>	<u>23,667</u>
DEDUCTIONS:		
Benefits	21,135	11,803
Refunds	505	-
Insurance premiums	-	5,141
Administration	517	401
Depreciation	49	-
Total deductions	<u>22,206</u>	<u>17,345</u>
Change in net assets	<u>(3,678)</u>	<u>6,322</u>
Net assets - beginning	<u>366,070</u>	<u>40,665</u>
Net assets - ending	<u>\$ 362,392</u>	<u>\$ 46,987</u>

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The City of Charlotte (City) is a municipal corporation governed by an elected mayor and eleven-member council. The accompanying financial statements present the activities of 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 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.	Blended	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

The Charlotte Housing Authority (Housing Authority), which is excluded from the City's financial statements, is considered a related organization. The City Council appoints the Housing Authority's governing board; however, the City is not financially accountable for the Housing Authority.

The Charlotte Transit Center, Inc. is a joint venture resulting from an agreement between the City and Bank of America. The corporation was established to build and operate a public transportation terminal known as the Charlotte Transit Center (Center). The Board of Directors is comprised of two members appointed by the City and two members appointed by Bank of America. The City provided

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the land and Bank of America constructed the building. The Center has two sections, transit and retail. The City funds all expenses related to the transit section and common areas which benefit transit riders and employees. Bank of America funds all expenses related to the retail area which is available for lease to tenants. The City does not have an equity interest but does have an ongoing financial responsibility because the Center's existence depends on continued funding by the City. The City's expenditures related to the transit section are reflected in the Public Transit Enterprise Fund. The financial statements of the Center, which has a December 31 year-end, may be obtained from the following address:

Charlotte Transit Center, Inc
c/o Lincoln Harris, LLC
401 North Tryon Street, Suite 200
Charlotte, North Carolina 28202

b. Basis of Presentation

Government-wide Statements: The statement of net assets 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. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City as well as the City and its discretely presented component unit. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities 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. Taxes and other items not properly included as program revenues 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. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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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. It accounts for all financial resources of the general government, except those 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.

The City reports the following major enterprise funds:

Water and sewer. This fund accounts for the activities of Charlotte-Mecklenburg Utilities, 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 funds. 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.

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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 provision of other postemployment benefit payments for retirees and their beneficiaries.

c. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: The government-wide, proprietary fund, 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. 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 requirements have been satisfied.

Governmental Fund Financial Statements: Governmental fund financial statements 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. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after the end of the current fiscal period except reimbursement grants which are accrued based on expenditures. Primary sources of revenue susceptible to accrual include occupancy tax, sales tax, Alcoholic Beverage Commission profits and federal and state grants. Expenditures are recorded when a liability is incurred, except for principal and interest on general debt, claims and judgments, and compensated absences, which are recognized as expenditures when payment occurs. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of debt issues are reported as other financing sources.

The government-wide and proprietary funds financial statements follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board (APB) Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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 are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply grant resources to such programs followed by general revenues.

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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d. Assets, Liabilities and Net Assets/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.

Investments, except for North Carolina Capital Management Trust (NCCMT) and Firefighters' Retirement System Fund, are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC registered money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. 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. See Note 5.b., "Method Used to Value Investments," for an explanation of reporting the Firefighters' Retirement System's investments at fair value.

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."

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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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) Inventories

Inventories are recorded as an expenditure/expense when consumed rather than when purchased. Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

(4) Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets include annexed streets that were acquired or received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add value to the assets or materially extend assets' lives are not capitalized.

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

Buildings	20 - 40 years
Infrastructure	40 years
Improvements other than buildings	10 - 60 years
Intangible	5 - 10 years
Machinery and equipment	3 - 40 years

Net interest cost on debt issued to finance the construction of capital assets was capitalized during the construction period in the Water and Sewer, Storm Water and Airport Enterprise Funds in the amounts of \$18,486, \$510, and \$1,972, respectively, for the year ended June 30, 2012.

(5) 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 length of service. Unused vacation days are payable upon termination, resignation, retirement or death.

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Employees accumulate sick leave at the rate of one day per month and can accrue an unlimited number of days. Sick leave can be taken for personal illness or illness of a member of the immediate family. Sick leave is lost upon termination or resignation. However, twenty percent of outstanding sick leave, with a maximum of 43.5 days, is payable upon retirement or death.

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

(6) Long-term Liabilities

In the government-wide financial statements 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 assets.

Bond premiums and discounts, as well as issuance costs, 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.

Long-term liabilities are reported net of the deferred amounts on refunding. The deferred amount on refunding is the difference between the reacquisition price and the net carrying amount of the old debt. This amount is amortized as a component of interest expense, using the straight-line basis, over the life of the old debt or new debt, whichever is shorter.

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

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

(7) Net Assets/Fund Balances

Net Assets. Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are externally imposed by creditors, grantors, contributors, bond covenants, regulations of other governments or by State statute.

CITY OF CHARLOTTE, NORTH CAROLINA
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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.

North Carolina State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

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

Perpetual care – portion of fund balance that is required to be retained in perpetuity for maintenance of cemeteries.

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 – portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

Restricted for Special obligation debt service – portion of fund balance that is legally restricted through financing agreements for future payment of debt service requirements.

Restricted for Public safety – portion of fund balance that is restricted by revenue source for public safety expenditures.

Restricted for Streets and highways – Powell Bill and other portion of 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.

Restricted for Culture and Recreation – portion of fund balance that is restricted by revenue source for culture and recreation expenditures.

CITY OF CHARLOTTE, NORTH CAROLINA
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Restricted for Community planning and development – portion of fund balance that is restricted by revenue source for community planning and development expenditures.

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 – portion of fund balance committed by the City Council for capital projects.

Committed for Culture and recreation – portion of fund balance that is committed by contractual obligation for culture and recreation expenditures.

Committed for Component unit – portion of fund balance committed by the City Council for the Charlotte Regional Visitors Authority.

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

Assigned for Debt service – portion 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.

Assigned for Capital projects – portion of fund balance in the General fund that is not nonspendable, restricted, nor committed that will be used for low-income housing projects.

Assigned for Community planning and development – portion of fund balance in the General fund that is not nonspendable, restricted, nor committed that will be used for business incentive expenditures.

Unassigned fund balance – This classification includes amounts that have not been assigned to another fund or is restricted, committed, or assigned to specific purposes within the general fund.

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.

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2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total government funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this \$1,566,623 difference are as follows:

Bonds and installment purchases payable	\$ 1,269,509
Net of deferred amounts on refunding, premiums and discounts	72,885
Commercial paper notes	24,094
Derivative instrument liability	68,019
Swaption borrowing payable	7,931
Compensated absences	42,721
Section 108 loan guarantee	9,342
Private Loan	39,100
Law enforcement officers' separation allowance	15,250
Unfunded OPEB liability	8,418
Accrued interest payable	9,354
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 1,566,623</u>

CITY OF CHARLOTTE, NORTH CAROLINA
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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 assets 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 is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$26,079 difference are as follows:

Capital outlay	\$ 126,483
Depreciation expense	<u>(100,404)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 26,079</u>

Another element of that reconciliation states "The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets." The details of this \$107,885 difference are as follows:

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 assets differs from the change in fund balance by the cost of the capital assets sold.	\$ (230)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>108,115</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 107,885</u>

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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 assets. 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." The details of this (\$48,439) difference are as follows:

Debt issued or incurred:	
Issuance of installment purchase	\$ (33,155)
Issuance of commercial paper notes	(64,846)
Private loan	(270)
Plus premium on debt issuance	(36,025)
Less deferred amount on refunding	31
Less issuance cost	1,341
Derivative instrument	(20,838)
Swaption borrowing	(344)
Principal repayments:	
General obligation debt	36,982
Installment purchases	44,572
Commercial paper	21,880
Section 108 loan guarantee	<u>2,233</u>
Net adjustment to decrease <i>net changes in fund</i>	
<i>balances - total governmental funds</i> to arrive at	
<i>changes in net assets of governmental activities</i>	<u><u>\$ (48,439)</u></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." The details of this (\$1,468) difference are as follows:

Accrued interest	\$ 172
Amortization on deferred amount on refunding	(860)
Amortization of issuance costs	(579)
Amortization of debt premiums	5,163
Amortization of discounts	(32)
Compensated absences	(2,157)
Law enforcement officers' separation allowance	(1,929)
Unfunded OPEB liability	(670)
Change in pension assets	<u>(576)</u>
Net adjustment to increase <i>net changes in fund</i>	
<i>balances - total governmental funds</i> to arrive at	
<i>changes in net assets of governmental activities</i>	<u><u>\$ (1,468)</u></u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

As required by State statutes, prior to July 1 each year the City Council adopts an annual appropriation ordinance for all funds except those for which expenditures are authorized by project ordinance and the Internal Service and Fiduciary Funds. City funds budgeted by project ordinance include the Capital Projects Fund, Democratic National Convention, Public Safety and Other Grants, Neighborhood Development, Employment and Training, Stimulus Grants, and 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, 2012.

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.

4. DETAILED DISCLOSURES ON ALL FUNDS

a. Deposits

As of June 30, 2012, the bank balances and carrying amounts of bank deposits were as follows:

	Bank Balance	Carrying Amount
City - Governmental and Business-type Activities	\$152,232	\$ 133,913
City - Fiduciary Fund	83	15,412
Component unit - Authority	9,197	8,398

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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.

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 amount of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no policy regarding custodial credit risk for deposits. Of the City's bank balances, \$151,965 was covered at the federal depository insurance coverage level and \$350 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, \$1,561 was covered by federal depository insurance (including coverage by the Certificate of Deposit Account Registry Service Program). 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.

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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City - Governmental and Business-type Activities – The investments and maturities at June 30, 2012, were as follows:

Investment type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-3	More than 3
U.S. Agencies	\$ 1,490,943	\$ 434,525	\$ 945,711	\$ 110,707
Commercial Paper	100,000	100,000	-	-
Mutual Funds	70,243	N/A	N/A	N/A
NCCMT Cash Portfolio	233,068	N/A	N/A	N/A
NCCMT Term Portfolio*	8,000	8,000	-	-
Total	<u>\$ 1,902,254</u>	<u>\$ 542,525</u>	<u>\$ 945,711</u>	<u>\$ 110,707</u>

* Because the NCCMT Term Portfolio had a weighted average maturity of 0.17 years, it was presented as an investment with a maturity of 6-12 months.

Interest Rate Risk. Although the City does not have a formal investment policy, internal investment guidelines prohibit maturities longer than five years which helps manage exposure to fair value losses in rising interest rate environments.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NSRO's). Although the City had no formal policy on managing credit risk, internal investment guidelines for commercial paper require at least two ratings from either Standard & Poor's (S&P), Fitch Ratings (Fitch), or Moody's Investors Service (Moody's). As of June 30, 2012, 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 Cash Portfolio carried a credit rating of AAAM by S&P as of June 30, 2012. The City's investment in the NCCMT Term Portfolio is unrated. The Term Portfolio is authorized to invest in instruments permitted by State statute 159-30 described above. 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, 2012, the City had no investments subject to custodial credit risk. The City had no formal policy on custodial credit risk. However, the City's internal policy limits custodial credit risk by providing that security in the collateral be delivered to a third party safekeeping bank designated by the City.

Concentration of Credit Risk. The City's informal 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.

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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City – Fiduciary Fund: Charlotte Firefighters’ Retirement System – The investments and maturities at June 30, 2012 were as follows:

Investment type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasuries	\$ 5,314	\$ -	\$ 2,028	\$ 1,432	\$ 1,854
U.S. Agencies	12,566	-	-	-	12,566
Corporate bonds	23,467	828	10,099	5,876	6,664
Common stocks	133,794	N/A	N/A	N/A	N/A
Mutual funds	181,122	N/A	N/A	N/A	N/A
Total	<u>\$ 356,263</u>	<u>\$ 828</u>	<u>\$ 12,127</u>	<u>\$ 7,308</u>	<u>\$ 21,084</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, 2012 are as follows:

<u>Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AAA	\$ 11,532	27.89%
Baa > AA	17,177	41.54%
Total credit risk debt securities	28,709	69.43%
US Government fixed income securities:		
Government National Mortgage Association	2,673	6.47%
U.S. Treasury	5,315	12.85%
Not rated	4,650	11.25%
Total fixed income securities	<u>\$ 41,347</u>	<u>100.00%</u>

Concentration of Credit Risk. The System limits the amount of equity holdings in any one company to 8 percent of the market value of the portfolio; the amount of equity holdings in any one sector to 30 percent of the market value of the portfolio; and the amount of fixed-income securities in any one corporation to 5 percent of the market value of the portfolio. There is no limit on securities backed by the full faith and credit of the U.S. Government or any of its instrumentalities.

In accordance with the Act, the System has invested in collateralized mortgage obligations (CMO) and mortgage backed securities. CMO and mortgage backed securities are based on cash flows from principal and interest payments on underlying mortgages. CMO rates trade in sympathy with treasury rates. At year-end, the System held \$913 of these securities.

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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City – Fiduciary Fund: Employee Benefit Trust Plan (EBTP) – At June 30, 2012, the EBTP had investments of \$37,459 in mutual funds.

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 fund investments will be diversified by policy 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 8 percent of the market value of the portfolio; the amount of equity holdings in any one sector to 30 percent of the market value of the portfolio; and the amount of fixed-income securities in any one corporation to 5 percent of the market value of the portfolio. There is no limit on securities backed by the full faith and credit of the U.S. Government or any of its instrumentalities.

Component Unit – At June 30, 2012, the Authority had investments of \$190 in the NCCMT's Cash Portfolio, which carried a credit rating of AAAm by Standard and Poor's.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2012
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c. Receivables

Accounts receivable are presented net of allowance for uncollectibles in the accompanying financial statements. The receivables and applicable allowances for uncollectibles are as follows:

	Gross Receivable	Allowance	Net Receivable
<u>Governmental</u>			
General	\$ 36,620	\$ 27,192	\$ 9,428
Debt Service	3,103	2,961	142
Capital Projects	12,468	6,440	6,028
Nonmajor	3,737	3,485	252
Total Governmental	<u>55,928</u>	<u>40,078</u>	<u>15,850</u>
<u>Proprietary</u>			
Water and Sewer	52,752	8,262	44,490
Storm Water	9,382	2,334	7,048
Airport	22,499	247	22,252
Public Transit	1,700	375	1,325
Internal Service	540	-	540
Total Proprietary	<u>86,873</u>	<u>11,218</u>	<u>75,655</u>
<u>Fiduciary</u>			
Firefighters' Retirement	654	-	654
Employee Benefit	464	-	464
Total	<u>\$143,919</u>	<u>\$ 51,296</u>	<u>\$ 92,623</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, the 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, 2012 the balance of the loan outstanding was \$3,758.

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, 2011, were based on the assessed values listed as of January 1, 2011, which is the lien date.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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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 2012 (tax rate per \$100 valuation) to its funds is shown below:

General	\$ 0.3600
Debt Service	0.0650
Capital Projects	0.0120
Total	<u>\$ 0.4370</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 2012 for Districts 1, 2, 3, 4 and 5 were \$.0168, \$.0233, \$.0358, \$.0668 and \$.0279, respectively.

e. Restricted Assets

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

<u>Governmental-</u>	
Debt Service	\$ 7
Capital Projects	<u>23,586</u>
Total Governmental	<u>23,593</u>
<u>Enterprise-</u>	
Water and Sewer	7,814
Storm Water	1,691
Airport	<u>264,434</u>
Total Enterprise	<u>273,939</u>
Total	<u>\$ 297,532</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2012
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f. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities-				
Capital assets, not being depreciated:				
Land	\$3,045,512	\$ 64,875	\$ 24	\$3,110,363
Construction in progress	<u>322,745</u>	<u>121,823</u>	<u>41,169</u>	<u>403,399</u>
Total capital assets, not being depreciated	<u>3,368,257</u>	<u>186,698</u>	<u>41,193</u>	<u>3,513,762</u>
Capital assets, being depreciated:				
Buildings	1,051,832	12,962	-	1,064,794
Infrastructure	2,344,308	57,933	78	2,402,163
Intangibles	12,963	620	-	13,583
Machinery and equipment	<u>157,460</u>	<u>17,632</u>	<u>5,594</u>	<u>169,498</u>
Total capital assets being depreciated	<u>3,566,563</u>	<u>89,147</u>	<u>5,672</u>	<u>3,650,038</u>
Less accumulated depreciation for:				
Buildings	229,685	26,011	-	255,696
Infrastructure	690,753	59,248	-	750,001
Intangibles	11,398	473	-	11,871
Machinery and equipment	<u>116,287</u>	<u>14,674</u>	<u>5,388</u>	<u>125,573</u>
Total accumulated depreciation	<u>1,048,123</u>	<u>100,406</u>	<u>5,388</u>	<u>1,143,141</u>
Total capital assets, being depreciated, net	<u>2,518,440</u>	<u>(11,259)</u>	<u>284</u>	<u>2,506,897</u>
Governmental activities capital assets, net	<u>\$5,886,697</u>	<u>\$175,439</u>	<u>\$ 41,477</u>	<u>\$6,020,659</u>

Depreciation expense was charged to activities as follows:

Governmental activities:	
Public safety	\$ 11,767
Sanitation	3,271
General administration	1,581
Support services	1,330
Engineering and property management	3,094
Streets and highways	56,696
Community planning and development	9,737
Culture and recreation	12,928
Capital assets held by the City's internal service funds are charged to the various functions based on the usage of assets	<u>2</u>
Total depreciation expense - governmental activities	<u>\$ 100,406</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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Capital asset activity for business-type activities for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activities-</u>				
Water and Sewer:				
Capital assets, not being depreciated:				
Land	\$ 40,379	\$ -	\$ 1	\$ 40,378
Construction in progress	468,456	124,142	57,279	535,319
Total capital assets, not being depreciated	508,835	124,142	57,280	575,697
Capital assets, being depreciated:				
Buildings	25,704	59	-	25,763
Improvements other than buildings:				
Water and sewer systems	3,476,396	68,738	3,769	3,541,365
Intangibles	13,238	-	-	13,238
Machinery and equipment	26,140	1,904	785	27,259
Total capital assets being depreciated	3,541,478	70,701	4,554	3,607,625
Less accumulated depreciation for:				
Buildings	5,471	634	-	6,105
Improvements other than buildings:				
Water and sewer systems	975,963	84,968	48	1,060,883
Intangibles	11,167	777	-	11,944
Machinery and equipment	19,559	2,222	780	21,001
Total accumulated depreciation	1,012,160	88,601	828	1,099,933
Total capital assets, being depreciated, net	2,529,318	(17,900)	3,726	2,507,692
Water and Sewer capital assets, net	3,038,153	106,242	61,006	3,083,389
Storm Water:				
Capital assets, not being depreciated:				
Construction in progress	265,499	38,035	3,616	299,918
Capital assets, being depreciated:				
Improvements other than buildings:				
Storm water systems	178,825	5,632	-	184,457
Intangibles	3,359	-	-	3,359
Machinery and equipment	33	36	-	69
Total capital assets being depreciated	182,217	5,668	-	187,885
Less accumulated depreciation for:				
Improvements other than buildings:				
Storm water systems	34,517	3,083	-	37,600
Intangibles	3,359	-	-	3,359
Machinery and equipment	32	4	-	36
Total accumulated depreciation	37,908	3,087	-	40,995
Total capital assets, being depreciated, net	144,309	2,581	-	146,890
Storm Water capital assets, net	409,808	40,616	3,616	446,808

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CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2012
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	Beginning Balance	Increases	Decreases	Ending Balance
Airport:				
Capital assets, not being depreciated:				
Land	\$ 291,994	\$ 5,510	\$ -	\$ 297,504
Construction in progress	80,607	78,503	54,879	104,231
Total capital assets, not being depreciated	372,601	84,013	54,879	401,735
Capital assets, being depreciated:				
Buildings	618,045	8,622	-	626,667
Improvements other than buildings:				
Runways	356,693	35,415	-	392,108
Other	80,318	5,329	-	85,647
Machinery and equipment	33,234	1,812	261	34,785
Total capital assets being depreciated	1,088,290	51,178	261	1,139,207
Less accumulated depreciation for:				
Buildings	353,461	21,040	-	374,501
Improvements other than buildings:				
Runways	100,698	10,963	-	111,661
Other	27,313	3,302	-	30,615
Machinery and equipment	14,664	2,630	177	17,117
Total accumulated depreciation	496,136	37,935	177	533,894
Total capital assets, being depreciated, net	592,154	13,243	84	605,313
Airport capital assets, net	964,755	97,256	54,963	1,007,048
Public Transit:				
Capital assets, not being depreciated:				
Land	49,964	823	-	50,787
Construction in progress	171,545	46,292	31,593	186,244
Total capital assets, not being depreciated	221,509	47,115	31,593	237,031
Capital assets, being depreciated:				
Buildings	85,242	598	-	85,840
Improvements other than buildings:				
Transit corridors	335,994	46	-	336,040
Other	24,090	4,653	-	28,743
Intangibles	5,885	1,066	-	6,951
Machinery and equipment	184,437	24,407	3,455	205,389
Total capital assets being depreciated	635,648	30,770	3,455	662,963
Less accumulated depreciation for:				
Buildings	28,200	3,894	-	32,094
Improvements other than buildings:				
Transit corridors	65,019	18,859	-	83,878
Other	12,177	2,502	-	14,679
Intangibles	4,147	669	-	4,816
Machinery and equipment	84,231	14,456	3,213	95,474
Total accumulated depreciation	193,774	40,380	3,213	230,941
Total capital assets, being depreciated, net	441,874	(9,610)	242	432,022
Public Transit capital assets, net	663,383	37,505	31,835	669,053
Business-type capital assets, net	\$ 5,076,099	\$ 281,619	\$ 151,420	\$ 5,206,298

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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g. Interfund Receivables, Payables and Transfers

The following is a summary of interfund receivables and payables at June 30, 2012, by fund:

	Interfund Receivables	Interfund Payables
Due to/from other funds:		
General	\$ 3,585	\$ 503
Nonmajor governmental	-	3,585
Employee Health and Life	503	-
Total	<u>\$ 4,088</u>	<u>\$ 4,088</u>

The balances are for reimbursable expenditures and will be paid within 30 days.

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

	Receivable Entity	Payable Entity
Primary Government:		
Debt Service	\$ 7,109	\$ -
Capital Projects	298	200
Nonmajor governmental	-	781
Enterprise - Airport	-	242
Component Unit - Authority	1,223	7,407
Total	<u>\$ 8,630</u>	<u>\$ 8,630</u>

Interfund transfers:

Transfer out:	Transfers In:					
	General	Debt Service	Capital Projects	Nonmajor Governmental	Enterprise - Public Transit	Total
General	\$ -	\$ 17,881	\$ 16,830	\$ 6,454	\$ -	\$ 41,165
Debt Service	3,425	-	42	243	2	3,712
Capital Projects	446	-	-	8,025	18,400	26,871
Nonmajor governmental	2,495	52,113	1,259	1,988	-	57,855
Enterprise - Public Transit	-	-	3	-	-	3
Total	<u>\$ 6,366</u>	<u>\$ 69,994</u>	<u>\$ 18,134</u>	<u>\$ 16,710</u>	<u>\$ 18,402</u>	<u>\$ 129,606</u>

The transfers consist primarily of the following: (a) \$69,994 to Debt Service from General and nonmajor governmental to cover debt service costs, (b) \$18,400 to Enterprise - Public Transit from Capital Projects pursuant to an interlocal agreement for regional mass transit, (c) \$14,722 to nonmajor governmental from General, Debt Service and Capital Projects.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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h. Payables

Payables at June 30, 2012 were as follows:

	<u>Vendors</u>	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
<u>Governmental</u>				
General	\$ 37,242	\$ 5,147	\$ 632	\$ 43,021
Debt Service	2,551	-	-	2,551
Capital Projects	13,361	-	-	13,361
Nonmajor governmental	10,846	13	-	10,859
Total Governmental	<u>64,000</u>	<u>5,160</u>	<u>632</u>	<u>69,792</u>
<u>Proprietary</u>				
Water and Sewer	9,560	1,134	685	11,379
Storm Water	5,756	167	-	5,923
Airport	22,531	515	-	23,046
Public Transit	11,853	578	3,782	16,213
Internal Service	45,089	48	-	45,137
Total Business-type	<u>94,789</u>	<u>2,442</u>	<u>4,467</u>	<u>101,698</u>
Total	<u>\$ 158,789</u>	<u>\$ 7,602</u>	<u>\$ 5,099</u>	<u>\$ 171,490</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2012
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i. Deferred Revenues

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable:		
General	\$ 7,156	\$ 961
Debt Service	142	-
Capital Projects	901	-
Nonmajor governmental	191	-
Notes receivable:		
General	46	-
Capital Projects	44,862	-
Nonmajor governmental	52,473	-
Accounts receivable:		
General	3,363	-
Capital Projects	5,127	-
Nonmajor governmental	12	-
Due from component unit:		
Debt Service	5,460	-
Capital Projects	298	-
Grant advances:		
Capital Projects	12	12
Nonmajor governmental	2,185	2,185
	<u>\$ 122,228</u>	<u>\$ 3,158</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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j. Long-term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2012 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General obligation bonds	\$ 456,009	\$ 175,495	\$ 84,357	\$ 547,147	\$ 25,124
Less unamortized deferred on refundings	(5,955)	-	(504)	(5,451)	(505)
Plus unamortized premiums	29,324	32,706	2,973	59,057	3,648
Total bonds payable	479,378	208,201	86,826	600,753	28,267
Special obligation bonds	10,970	-	850	10,120	900
Installment purchases	722,809	35,145	45,712	712,242	39,019
Less unamortized deferred on refundings	(3,510)	(31)	(356)	(3,185)	(301)
Plus unamortized premiums	22,185	3,319	2,190	23,314	2,286
Less unamortized discounts	(882)	-	(32)	(850)	(32)
Total installment purchases	740,602	38,433	47,514	731,521	40,972
Commercial paper notes payable	109,248	64,846	150,000	24,094	-
Derivative instrument liability	28,322	39,697	-	68,019	-
Swaption borrowing payable	7,587	344	-	7,931	-
Compensated absences	40,715	33,535	31,383	42,867	25,572
Section 108 loan guarantee	11,575	-	2,233	9,342	440
Private loan	38,830	270	-	39,100	-
Due to participants	1,842	4,597	-	6,439	-
Law enforcement officers' separation allowance	13,321	1,929	-	15,250	-
Unfunded OPEB liability	7,844	4,029	3,327	8,546	-
Total governmental activities	<u>\$1,490,234</u>	<u>\$395,881</u>	<u>\$322,133</u>	<u>\$1,563,982</u>	<u>\$96,151</u>

For governmental activities, compensated absences, law enforcement officers' separation allowance, and the unfunded OPEB liability are primarily liquidated by the General Fund. Payments due to participants are made by Internal Service Funds.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2012 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type Activities</u>					
Water and Sewer:					
General obligation bonds	\$ 255,150	\$ -	\$ 24,287	\$ 230,863	\$ 24,962
Less unamortized deferred on refundings	(12,287)	-	(1,594)	(10,693)	(1,291)
Plus unamortized premiums	18,686	-	1,791	16,895	1,791
Revenue bonds	1,485,035	93,390	147,045	1,431,380	39,560
Less unamortized deferred on refundings	(9,776)	(1,149)	(1,023)	(9,902)	(1,068)
Plus unamortized premiums	44,920	12,239	2,522	54,637	2,992
Total bonds payable	1,781,728	104,480	173,028	1,713,180	66,946
Installment purchases	10,646	1,365	4,898	7,113	2,746
Plus unamortized premiums	523	150	227	446	200
Total installment purchases	11,169	1,515	5,125	7,559	2,946
Other financing agreements -					
Municipal systems	6,275	-	835	5,440	830
Derivative instrument liability	57,426	44,200	-	101,626	-
Refundable construction deposits	6,501	24	1,041	5,484	695
Compensated absences	3,209	3,027	2,775	3,461	1,977
Arbitrage	662	-	662	-	-
Total Water and Sewer	1,866,970	153,246	183,466	1,836,750	73,394
Storm Water:					
General obligation bonds	11,414	-	859	10,555	914
Less unamortized deferred on refundings	(547)	-	(49)	(498)	(48)
Plus unamortized premiums	750	-	65	685	64
Revenue bonds	116,965	-	3,550	113,415	3,690
Less unamortized deferred on refundings	(1,459)	-	(108)	(1,351)	(108)
Plus unamortized premiums	2,394	-	101	2,293	101
Total bonds payable	129,517	-	4,418	125,099	4,613
Federal revolving loan	-	148	15	133	7
Compensated absences	506	423	392	537	290
Total Storm Water	130,023	571	4,825	125,769	4,910

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CITY OF CHARLOTTE, NORTH CAROLINA
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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Airport:					
Revenue bonds	\$ 697,370	\$ 201,565	\$ 38,840	\$ 860,095	\$ 20,145
Less unamortized deferred on refundings	(2,414)	-	(269)	(2,145)	(269)
Plus unamortized premiums	8,510	3,822	731	11,601	794
Total bonds payable	703,466	205,387	39,302	869,551	20,670
Compensated absences	1,432	1,100	1,020	1,512	770
Total Airport	704,898	206,487	40,322	871,063	21,440
Public Transit:					
General obligation bonds	2	-	2	-	-
Installment purchases	162,770	-	6,120	156,650	6,350
Less unamortized deferred on refundings	(250)	-	(29)	(221)	(29)
Plus unamortized premiums	3,060	-	134	2,926	134
Total installment purchases	165,580	-	6,225	159,355	6,455
Compensated absences	2,800	1,573	1,396	2,977	911
Total Public Transit	168,382	1,573	7,623	162,332	7,366
Total business-type activities	<u>\$ 2,870,273</u>	<u>\$ 361,877</u>	<u>\$ 236,236</u>	<u>\$ 2,995,914</u>	<u>\$ 107,110</u>

The government-wide statement of net assets includes \$20,670 of long-term liabilities due within one year for business-type activities in the *liabilities payable from restricted assets*. The remaining amount of \$86,440 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. Interest rates on fixed rate general obligation bonds outstanding range from 2.00 to 5.25 percent with final maturity in the year 2033.

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

<u>Governmental Activities</u>		
Year Ended		
June 30	Principal	Interest
2013	\$ 25,124	\$ 23,692
2014	30,533	24,747
2015	31,187	23,349
2016	30,763	21,781
2017	32,300	20,312
2018-2022	164,627	77,920
2023-2027	158,083	37,940
2028-2032	68,125	7,686
2033	6,405	160
	<u>\$ 547,147</u>	<u>\$ 237,587</u>

<u>Business-type Activities</u>				
Year Ended	Water and Sewer		Storm Water	
June 30	Principal	Interest	Principal	Interest
2013	\$ 24,962	\$ 10,733	\$ 914	\$ 508
2014	26,087	9,508	960	463
2015	26,453	8,231	1,000	415
2016	27,513	6,913	969	364
2017	28,072	5,578	1,013	316
2018-2022	89,330	10,715	4,738	847
2023-2024	8,446	353	961	40
	<u>\$ 230,863</u>	<u>\$ 52,031</u>	<u>\$ 10,555</u>	<u>\$ 2,953</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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(2) Special Obligation Bonds

In November 2004, the City issued taxable variable rate special obligation bonds to acquire property for purposes of revitalizing the uptown area. Interest on the variable-rate bonds is determined by a remarketing agent based upon market conditions. These bonds are solely secured by and payable from a portion of the sales and use tax distributed revenues and are non-general obligation financings. These revenues are not pledged by the City, directly or indirectly, as collateral, and no lien or claim can be made against such revenues. 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 bonds.

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

<u>Governmental Activities</u>		
Year Ended		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 900	\$ 21
2014	950	20
2015	1,000	17
2016	1,055	15
2017	1,115	13
2018-2021	5,100	28
	<u>\$ 10,120</u>	<u>\$ 114</u>

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(3) Revenue Bonds

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

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2012
Water and Sewer, Series 2002A	3.50% - 5.50%	02/15/2002	2016	\$ 61,035	\$ 25,900
Water and Sewer, Series 2002B	Variable	03/13/2002	2028	114,430	114,430
Water and Sewer, Series 2002C	Variable	08/08/2002	2025	108,390	101,890
Water and Sewer, Refunding Series 2005A	3.00% - 5.00%	03/03/2005	2022	33,115	23,685
Water and Sewer, Refunding Series 2005B	5.00%	03/03/2005	2015	35,675	20,970
Water and Sewer, Series 2006A	4.00% - 5.00%	07/26/2006	2037	100,290	91,360
Water and Sewer, Series 2006B	Variable	07/26/2006	2037	300,000	174,755
Water and Sewer, Series 2008	3.50% - 5.00%	09/10/2008	2039	342,715	329,995
Water and Sewer, Refunding Series 2009	3.00% - 5.25%	08/25/2009	2036	93,765	91,945
Water and Sewer, Series 2009B	3.50% - 5.00%	12/09/2009	2040	366,380	366,380
Water and Sewer, Refunding Series 2011	1.50% - 5.00%	08/03/2011	2025	93,390	90,070
Total Water and Sewer					1,431,380
Storm Water, Refunding Series 2002	3.00% - 5.25%	01/15/2002	2025	29,840	25,775
Storm Water, Series 2004	3.00% - 5.00%	10/27/2004	2034	54,265	47,400
Storm Water, Series 2006	4.00% - 5.00%	10/25/2006	2036	43,675	40,240
Total Storm Water					113,415
Airport, Series 2004A	4.75% - 5.25%	09/15/2004	2035	87,095	87,095
Airport, Series 2004B	4.75% - 5.25%	09/15/2004	2024	48,465	45,485
Airport, Refunding Series 2007A	4.00% - 5.00%	08/16/2007	2038	99,995	93,070
Airport, Series 2007B	Variable	08/16/2007	2038	47,570	27,380
Airport, Refunding Series 2008D	Variable	11/05/2008	2035	40,585	39,565
Airport, Refunding Series 2009B	2.50% - 5.00%	02/17/2009	2017	51,180	37,865
Airport, Series 2010A	2.00% - 5.50%	02/10/2010	2040	130,100	127,860
Airport, Refunding Series 2010B	1.25% - 5.50%	02/10/2010	2029	67,770	62,335
Airport, Series 2010C	Variable	02/10/2010	2040	31,145	22,965
Airport, Series 2011A	2.00% - 5.00%	11/09/2011	2042	76,100	76,100
Airport, Series 2011B	2.00% - 5.00%	11/09/2011	2042	34,250	34,250
Airport, Series 2011C	Variable	11/09/2011	2042	30,920	30,920
Airport Special Facility, Refunding Series 1998	5.60%	03/01/1998	2028	86,000	86,000
Airport Special Facility, Series 2000	7.75%	08/15/2000	2028	34,700	28,910
Airport Special Facility, Series 2011 CONRAC	2.48% - 6.06%	11/09/2011	2042	60,295	60,295
Total Airport					860,095
Total business-type activities					\$2,404,890

Interest on the variable-rate bonds is determined by a remarketing agent based upon market conditions. The City entered into interest rate swap agreements for the variable rate Water and Sewer Revenue Bonds Series 2002B, 2002C, and 2006B. See note 4.j.7 for additional information concerning derivative instruments.

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.

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The Airport Special Facility Revenue Bonds are payable solely from and secured solely by a pledge of debt service rentals pursuant to a Special Facility Lease (Lease) agreement with US Airways Group, Inc.

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 2012 Water and Sewer Fund budgets, revenue bond debt service coverage was at least 128 percent. Based on the 2012 Storm Water Fund budgets, revenue bond debt service coverage was at least 423 percent.

The Revenue and Special Facility 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.

The Revenue Bond Orders provide for the establishment of reserves for working capital and debt service. The reserves in the Airport Enterprise Fund at June 30, 2012 are \$21,606 for working capital and \$52,106 for debt service. The reserve requirements for the Water and Sewer Revenue Bonds, except for Series 2002A, were satisfied with the purchase of surety bonds or insurance policies. For the Water and Sewer Series 2002A and the Storm Water Revenue bonds, the reserve for debt service in the Water and Sewer and Storm Water Enterprise Funds is \$3,143 and \$1,691, respectively, at June 30, 2012.

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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Revenue bond debt service requirements to maturity are as follows:

<u>Business-type Activities</u>						
Year Ended	Water and Sewer		Storm Water		Airport	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 39,560	\$ 50,131	\$ 3,690	\$ 5,463	\$ 20,145	\$ 38,463
2014	43,770	48,483	3,845	5,310	21,910	36,687
2015	45,185	46,662	4,025	5,128	23,745	35,864
2016	47,290	44,758	4,220	4,933	24,745	34,912
2017	50,200	43,273	4,435	4,718	25,825	33,910
2018-2022	284,450	193,944	25,550	20,206	100,435	157,098
2023-2027	287,605	150,747	26,635	13,618	138,375	132,826
2028-2032	237,860	107,538	24,225	7,752	268,465	72,151
2033-2037	286,575	55,450	16,790	1,736	144,600	35,551
2038-2042	108,885	6,981	-	-	91,850	8,882
	<u>\$ 1,431,380</u>	<u>\$ 747,967</u>	<u>\$ 113,415</u>	<u>\$ 68,864</u>	<u>\$ 860,095</u>	<u>\$ 586,344</u>

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(4) Installment Purchases

The following table summarizes the City's installment purchases:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2012
Governmental activities:					
Convention Center, Refunding Series 2003A	5.00% - 5.50%	09/01/2003	2020	\$102,245	\$ 77,370
Convention Center, Refunding Series 2003B	Variable	09/10/2003	2022	24,335	19,490
Convention Center, Refunding Series 2005C	3.00% - 5.00%	05/04/2005	2026	33,665	19,160
Convention Center, Series 2009B	2.00% - 5.00%	06/25/2009	2034	30,620	29,035
Tourism, Series 2003F	Variable	05/29/2003	2034	41,000	19,785
Tourism, Series 2003	2.00%	07/25/2003	2015	16,800	3,540
Tourism, Series 2003G	4.00% - 5.38%	08/28/2003	2033	136,850	132,635
Hall of Fame, Series 2009C	5.00%	06/25/2009	2039	37,295	37,295
Hall of Fame, Series 2009D	Variable	07/30/2009	2035	100,000	95,850
Cultural Facilities, Series 2009E	3.00% - 5.00%	09/30/2009	2039	139,135	136,565
Public Safety, Refunding Series 2001	3.50% - 4.50%	10/15/2001	2016	7,680	3,065
Public Safety, Refunding Series 2003E	2.00% - 4.00%	05/15/2003	2013	8,810	1,000
Public Safety, Series 2005A	Variable	04/06/2005	2025	15,725	11,395
Public Safety, Refunding Series 2005D	3.00% - 5.00%	05/04/2005	2025	16,805	14,930
Public Safety, Series 2009A	3.00% - 5.00%	06/25/2009	2029	28,470	25,680
Public Safety, Series 2010A	3.63% - 5.00%	05/27/2010	2024	13,685	12,630
Public Safety, Series 2012A	1.25% - 5.00%	01/04/2012	2032	23,195	23,195
Public Safety, Refunding Series 2012A	1.25% - 5.00%	01/04/2012	2021	1,990	1,990
Public Safety Equipment, Series 2009A	3.00% - 5.00%	06/25/2009	2019	13,205	9,885
Equipment, Series 2009A	3.00% - 5.00%	06/25/2009	2014	27,002	11,648
Equipment, Series 2010A	4.00% - 5.00%	05/27/2010	2016	20,174	16,139
Equipment, Series 2012A	3.00% - 5.00%	01/04/2012	2017	9,960	9,960
Total governmental activities					<u>\$712,242</u>
Business-type activities:					
Water and Sewer:					
Equipment, Series 2009A	3.00% - 5.00%	06/25/2009	2014	10,078	\$ 4,347
Equipment, Series 2010A	4.00% - 5.00%	05/27/2010	2016	1,751	1,401
Equipment, Series 2012A	3.00% - 5.00%	01/04/2012	2017	1,365	1,365
Total Water and Sewer					<u>7,113</u>
Public Transit:					
Equipment and Facilities, Series 2004A	2.00% - 5.00%	12/01/2003	2033	58,440	53,580
Equipment and Facilities, Series 2004B	Variable	01/08/2004	2014	28,595	6,440
Equipment and Facilities, Series 2005E	3.00% - 5.00%	08/31/2005	2035	74,400	64,595
Equipment and Facilities, Series 2008A	3.50% - 5.00%	06/04/2008	2035	34,965	32,035
Total Public Transit					<u>156,650</u>
Total business-type activities					<u>\$163,763</u>

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

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

Installment purchases debt service requirements to maturity are as follows:

<u>Governmental Activities</u>				
Year Ended				
June 30	Principal		Interest	
2013	\$	39,019	\$	27,500
2014		39,342		25,887
2015		34,562		24,110
2016		34,587		22,603
2017		31,002		21,163
2018-2022		163,400		86,224
2023-2027		125,895		59,333
2028-2032		110,105		35,788
2033-2037		99,915		18,866
2038-2039		34,415		2,558
		<u>\$ 712,242</u>		<u>\$ 324,032</u>
 <u>Business-type Activities</u>				
Year Ended				
June 30	Water and Sewer		Public Transit	
	Principal	Interest	Principal	Interest
2013	\$ 2,746	\$ 331	\$ 6,350	\$ 7,217
2014	2,848	203	6,570	7,089
2015	623	61	4,415	6,951
2016	623	29	4,600	6,766
2017	273	7	4,805	6,560
2018-2022	-	-	27,590	29,241
2023-2027	-	-	34,740	22,079
2028-2032	-	-	44,225	12,601
2033-2035	-	-	23,355	2,119
	<u>\$ 7,113</u>	<u>\$ 631</u>	<u>\$ 156,650</u>	<u>\$ 100,623</u>

(5) Commercial Paper

The City has available a general obligation commercial paper bond program to finance street improvements, neighborhood improvements, public improvements and housing projects. The City has authorized the issuance of bonds up to the amount of \$150,000 outstanding at any time. The bonds are general obligations of the City, and the City has pledged its faith and credit to the payment

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of principal of and interest on the bonds. In addition, the City has entered into a Standby Bond Purchase Agreement which will expire in April 2015. The bonds will mature no later than 270 days after the date of issuance or October 1, 2034. The bonds will be replaced by general obligation bonds. The City had general obligation commercial paper bonds payable of \$24,094 outstanding at June 30, 2012. Interest rates are based upon market conditions.

Commercial paper debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
Year Ended		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ -	\$ 48
2014	-	48
2015	24,094	39
	<u>\$ 24,094</u>	<u>\$ 135</u>

(6) Other Long-term Liabilities

(a) Section 108 Loan Guarantee

This is the loan guarantee provision of the Community Development Block Grant (CDGB) program that provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. Local governments borrowing funds guaranteed by Section 108 loans must pledge their current and future CDBG allocations to cover the loan amount as security for the loan. Debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
Year Ended		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 440	\$ 320
2014	458	312
2015	501	300
2016	405	289
2017	426	279
2018-2022	2,469	1,180
2023-2027	3,151	658
2028-2029	1,492	65
	<u>\$ 9,342</u>	<u>\$ 3,403</u>

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(b) Private Loan

The City has entered into a private loan agreement for up to \$41.5 million dollars to finance pre-opening expenses for the NASCAR Hall of Fame project, construction of additional parking and construction of the facility. The interest rate is 4.00 percent and will be due in June 2014. As of June 30, 2012, \$39,100 had been advanced under this agreement.

Debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
Year Ended		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ -	\$ 1,564
2014	39,100	1,564
	<u>\$ 39,100</u>	<u>\$ 3,128</u>

(c) Municipal Systems

Pursuant to agreements, the City is leasing water and sewer facilities owned by municipalities within Mecklenburg County. These lease agreements continue until the outstanding bonds on these facilities have been retired, at which time title to the facilities will be conveyed to the City. Debt service requirements to maturity are as follows:

<u>Business-type Activities</u>		
Year Ended		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 830	\$ 246
2014	835	210
2015	825	175
2016	820	139
2017	810	103
2018-2020	1,320	115
	<u>\$ 5,440</u>	<u>\$ 988</u>

Certain developers have contracted with the City for construction of water and sewer lines. Under terms of these contracts, the developers are required to deposit with the City an amount equal to the estimated cost of constructing the lines. The lines become the property of the City upon completion and acceptance. Refunds of deposits may be either wholly or partially refundable depending upon terms of the contracts. They will be paid over periods of five to twenty years. There are no stated interest requirements for these deposits.

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(d) 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 American Recovery and Reinvestment Act of 2009, the City utilized loan proceeds to construct wastewater treatment works projects. The loans to be repaid are one-half of the total project costs reimbursed. 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 Ended	
<u>June 30</u>	<u>Principal</u>
2013	\$ 7
2014	8
2015	7
2016	8
2017	7
2018-2022	37
2023-2027	37
2028-2030	22
	<u>\$ 133</u>

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, 2012, the City had no liability for estimated arbitrage profits payable.

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(7) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2012 classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

	Changes in Fair Value		Fair Value at June 30		Notional
	Classification	Amount	Classification	Amount	
Governmental activities					
Cash flow hedges:					
Pay-fixed interest rate sw ap	Deferred outflow	\$ (18,859)	Debt	\$ (31,793)	\$ 95,850
Pay-fixed interest rate sw aption	Investment revenue	\$ (20,838)	Debt	\$ (36,226)	\$ 128,245
Business-type activities					
Cash flow hedges:					
Pay-fixed interest rate sw ap	Deferred outflow	\$ (44,200)	Debt	\$ (101,626)	\$ 391,075

The following table displays the objective and terms of the City's hedging derivative instruments outstanding at June 30, 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 sw ap	Hedge of changes in cash flow s on the 2002B Water and Sew er Revenue Bonds	\$ 114,430	3/13/2002	7/1/2027	Pay 4.03%; receive 67% of LIBOR	Baa2/A-
Pay-fixed interest rate sw ap	Hedge of changes in cash flow s on the 2002C Water and Sew er Revenue Bonds	\$ 101,890	8/8/2002	6/1/2025	Pay 3.79%; receive lesser of the bond floating rate or 67% of LIBOR not to exceed 12.00%	Baa2/A-
Pay-fixed interest rate sw ap	Hedge of changes in cash flow s on the 2006B Water and Sew er Revenue Bonds	\$ 174,755	8/1/2006	7/1/2036	Pay 4.04%; receive SIFMA sw ap index	Aa3/AA-
Pay-fixed interest rate sw ap	Hedge of changes in cash flow s on the 2009D Hall of Fame Certificates of Participation	\$ 95,850	8/18/2009	6/1/2035	Pay 4.725%; receive LIBOR	Aa3/AA-
Pay-fixed interest rate sw aption	Hedge of changes in cash flow s in the 2003G Tourism Certificates of Participation	\$ 128,245	6/1/2013	6/1/2033	Pay 5.10%; receive SIFMA sw ap index	Aa3/AA-

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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 LIBOR, 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 the rate received by the City for the 2002B and 2002C agreements was 67 percent of LIBOR or 0.16 percent, whereas the bond floating rates paid by the City were 0.15 percent for Series 2002B and 0.21 percent for Series 2002C. As of June 30 the rate received by the City for the 2006B agreement was 0.16 percent, whereas the bond floating rate paid by the City was 0.15 percent. As of June 30 the rate received by the City for the 2009D agreement was 0.24 percent, whereas the bond floating rate paid by the City was 0.28 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.

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Hedging derivative instrument payments and hedged debt. As of June 30, 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 Ended	<u>Variable Rate Bonds</u>		<u>Hedging</u>	
June 30	Principal	Interest	Derivatives, Net	Total
2013	\$ 2,255	\$ 268	\$ 4,268	\$ 6,791
2014	2,380	262	4,160	6,802
2015	2,510	256	4,054	6,820
2016	2,640	248	3,943	6,831
2017	2,795	241	3,826	6,862
2018-2022	16,490	1,079	17,120	34,689
2023-2027	21,625	820	13,024	35,469
2028-2032	28,335	482	7,653	36,470
2033-2035	16,820	84	1,340	18,244
	<u>\$ 95,850</u>	<u>\$ 3,740</u>	<u>\$ 59,388</u>	<u>\$ 158,978</u>
 <u>Business-type Activities</u>				
Year Ended	<u>Variable Rate Bonds</u>		<u>Hedging</u>	
June 30	Principal	Interest	Derivatives, Net	Total
2013	\$ 4,780	\$ 633	\$ 14,818	\$ 20,231
2014	4,955	637	14,619	20,211
2015	5,145	629	14,426	20,200
2016	13,270	621	14,226	28,117
2017	21,335	585	13,463	35,383
2018-2022	120,255	2,323	54,410	176,988
2023-2027	114,615	1,212	30,342	146,169
2028-2032	49,640	575	14,912	65,127
2033-2037	57,080	248	6,438	63,766
Total	<u>\$ 391,075</u>	<u>\$ 7,463</u>	<u>\$ 177,654</u>	<u>\$ 576,192</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, the aggregate fair value of all hedging derivative instruments with these collateral posting provisions is (\$169,645). If the collateral posting requirements were triggered at June 30, the City would not be required to post collateral to its counterparties because they had negative fair values. The City's credit rating is Aaa/AAA, therefore, no collateral has been posted at June 30.

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(8) Refundings

In August 2011, the City issued \$93,390 in fixed rate Water Sewer Revenue Refunding Bonds with interest rates ranging from 1.50 to 5.00 percent. The net proceeds of \$104,910 (after payment of \$719 in underwriting fees, insurance and other issue costs) were used to refund \$114,930 of outstanding fixed rate Water and Sewer System Revenue Bonds, Series 2001. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,149. This difference, reported in the accompanying financial statements as a deduction from revenue bonds payable, is being charged to operations through the year 2025 using the effective-interest method. The City completed the refunding to reduce its total debt service payments over a period of 15 years by \$23,160 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$18,896.

In January 2012, the City issued \$1,990 in fixed rate installment purchase contracts, series 2012A. The net proceeds of \$2,213 (after payment of \$22 in underwriting fees, insurance and other issue costs) were used to refund \$2,190 of outstanding fixed rate installment purchase contracts, series 2001B. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$31. This difference, reported in the accompanying financial statements as a deduction from installment contracts payable, is being charged to operations through the year 2021 using the effective-interest method. The City completed the refunding to reduce its total debt service payments over a period of 10 years by \$328 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$285.

In April 2012, the City issued \$175,495 fixed rate general obligation refunding bonds. The net proceeds of \$207,246 (after payment of \$955 in underwriting fees, insurance and other issue costs) were used to refund \$30,615 and \$25,265 of outstanding general obligation bonds, series 2002A and 2002C, respectively, and to refund \$150,000 of outstanding commercial paper certificates of participation. The 2002A and 2002C series net proceeds were used to purchase U.S. government securities. The fixed rate general obligation bonds have interest rates ranging from 1.25 to 5.00 percent with a final maturity in 2033. See note 4.j.5 for additional information on the general obligation commercial paper bond program.

(9) Other Debt Information

In prior years, the City defeased various general obligation bonds, revenue bonds and installment purchases by placing the proceeds of the new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. At June 30, 2012, \$12,285 of general government debt outstanding is considered defeased.

As of June 30, 2012, the City has authorized but unissued bonds of \$428,186 consisting of \$334,138 for street improvements, \$34,373 for housing and \$59,675 for neighborhood improvements.

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Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on 8 percent of the total assessed value of real and personal property. As of June 30, 2012, the City's legal debt limit was \$7,229,929. The outstanding debt subject to this limit was \$2,081,308, leaving a net legal debt margin of \$5,148,621.

(10)Early Extinguishment

On October 3, 2011, the City early extinguished \$9,405 of variable rate Airport Revenue Bonds, Series 2007B.

On October 3, 2011, the City early extinguished \$7,395 of variable rate Airport Revenue Bonds, Series 2010C.

On December 1, 2011, the City early extinguished \$3,695 of variable rate Airport Revenue Bonds, Series 2007B.

(11)Subsequent Events

On August 1, 2012, the City early extinguished \$1,745 of variable rate Airport Revenue Bonds, Series 2007B.

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	\$ 159,150
Less:	
Inventories	1,004
Restricted by State statute	61,679
Committed for Capital projects	5,674
Committed for Component unit	1,100
Assigned for Capital projects	395
Assigned for Community planning and development	875
Fund balance policy	88,423
Remaining fund balance	<u>\$ -</u>

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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, administered through a board of trustees; and the Law Enforcement Officers' Separation Allowance (LEO Separation). The City also participates in a Supplemental Retirement Income Plan for Law Enforcement Officers.

Component Unit: The Authority participates in the North Carolina LGERS which is described in Note 5.a. The Authority's contribution to the LGERS for the year ended June 30, 2012 was \$804, which was 6.88 percent of annual covered payroll.

a. LGERS

Description: The City of Charlotte contributes to the statewide LGERS, a cost-sharing multiple-employer defined benefit pension plan. All employees of the City, except members of the Charlotte Firefighters' Retirement System, participate in LGERS which provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the North Carolina Office of the State Controller, Accounting and Financial Reporting Section, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410.

Funding Policy: Plan members are required to contribute 6.0 percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.88 percent and 7.05 percent, respectively, of annual covered payroll. The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010, were \$21.4 million, \$18.8 million, and \$14.0 million, respectively. The contributions made by the City equaled the required contributions for each year.

b. Charlotte Firefighters' Retirement System

Description: The Charlotte Firefighters' Retirement System (System), a single-employer defined benefit plan, provides retirement, disability and death benefits to civil service employees of the Charlotte Fire Department. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by

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writing to Charlotte Firefighters' Retirement System, 428 East Fourth Street, Suite 205, Charlotte, North Carolina 28202.

Basis of Accounting: The financial statements of the System are presented on the accrual basis of accounting. Plan member and City contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest and dividend income are reported as earned. The net appreciation (depreciation) in the fair value of investments includes realized gains and losses on investments that were both bought and sold during the year.

Method Used to Value Investments: The investments of the 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.

Contributions: Pursuant to the North Carolina Act (Act) which established the System, the City is required to match the member's contribution. The Act establishes the contribution rate pursuant to the Board of Trustees' recommendation and approval by the City Council. The current rate is 12.65 percent. The Act was established and may be amended by the North Carolina General Assembly.

Annual Pension Cost and Net Pension Obligation: The City's annual pension cost and net pension obligation to the System for the current year were as follows:

Annual required contribution	\$ 8,409
Interest on net pension obligation	(512)
Adjustment to annual required contribution	<u>399</u>
Annual pension cost	8,296
Contributions made	<u>(7,720)</u>
Increase in net pension obligation	576
Net pension obligation, beginning of year	<u>(6,609)</u>
Net pension obligation, end of year	<u><u>\$ (6,033)</u></u>

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Trend Information				
Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
2010	\$ 8,205	90.68%	\$ (6,927)	
2011	7,988	96.02	(6,609)	
2012	8,296	93.06	(6,033)	

<u>Schedule of Funding Progress</u>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2010	\$ 357,652	\$ 395,393	\$ 37,741	90.45%	\$ 59,080	63.88%
7/1/2011	366,147	408,999	42,852	89.52	59,086	72.52
7/1/2012	367,183	431,942	64,759	85.01	61,158	105.89

The information presented in the schedule of funding progress was determined as part of the actuarial valuation. Additional information follows:

Actuarial valuation date	7/01/12
Actuarial cost method	Entry age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.25 to 11.25%
Includes inflation at	3.25%
Cost of living adjustments	None

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Concentrations: The System had individual fixed income or equity investments at June 30, 2012 managed by the following organizations that represented five percent or more of the System's net assets:

State Street Global Advisors	16%
Morgan Stanley	12
Barrow, Hanley, Mewhinney & Strauss	12
Winslow Capital Management	10
Aronson + Johnson + Oritz	10
Robeco Boston Partners	6
DE Shaw Investment Management	6
Cadence Capital Management	6
Investment Counselors of Maryland	6
Eagle Asset Management	5

c. LEO Separation

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

All full-time law enforcement officers of the City are covered by the LEO Separation. At December 31, 2011, the LEO Separation's membership consisted of:

Retirees receiving benefits	193
Active plan members	<u>1,819</u>
Total	<u>2,012</u>

Basis of Accounting: The City has chosen to fund the LEO Separation 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.

Method Used to Value Investments: No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

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Contributions: The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments 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. There were no contributions made by employees.

Annual Pension Cost and Net Pension Obligation: The City's annual pension cost and net pension obligation to the LEO Separation for the current year were as follows:

Annual required contribution	\$	5,635
Interest on net pension obligation		666
Adjustment to annual required contribution		(795)
Annual pension cost		5,506
Contributions made		(3,577)
Increase in net pension obligation		1,929
Net pension obligation, beginning of year		13,321
Net pension obligation, end of year	\$	<u>15,250</u>

Trend Information			
Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 4,629	70.85%	\$ 10,915
2011	5,856	58.91	13,321
2012	5,506	64.96	15,250

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Project Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2006	\$ -	\$ 34,026	\$ 34,026	-	\$87,917	38.70%
12/31/2007	-	39,453	39,453	-	93,043	42.40
12/31/2008	-	42,984	42,984	-	100,289	42.86
12/31/2009	-	58,656	58,656	-	105,765	55.46
12/31/2010	-	54,478	54,478	-	106,419	51.19
12/31/2011	-	58,552	58,552	-	110,146	53.16

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<u>Schedule of Employer Contributions</u>		
Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2007	\$ 3,268	82.83%
2008	3,538	85.30
2009	4,079	74.28
2010	4,538	72.27
2011	5,894	58.53
2012	5,635	63.48

The information presented in the previous schedules was determined as part of the actuarial valuation. Additional information follows:

Actuarial valuation date	12/31/11
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25 to 7.85%
Includes inflation at	3.00%
Cost of living adjustments	None

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.

Funding Policy: Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5.0 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 1,788 law enforcement officers. Contributions for the year ended June 30, 2012 were \$8,782, which consisted of \$5,554 from the City and \$3,228 from the law enforcement officers.

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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 beneficiaries of those employees who die in active service after one year of contributing membership in the LGERS, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50 or be less than \$25. 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, 2012, the City made contributions of \$154 to the State for death benefits. The City's contributions for employees engaged in law enforcement represented .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.

Membership of the EBTP consisted of the following at July 1, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2,673
Active plan members	<u>5,361</u>
	<u><u>8,034</u></u>

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by the City Council. The City Council set the employer contribution rate based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or fund excess) of the plan over a period not to exceed thirty years.

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For the current year, the City contributed \$15,375 to the plan. Plan members receiving benefits contributed \$6,140 through their required contribution. The required contribution rates for plan members were dependent on the years of service and the coverage selected. Monthly rates ranged from \$152 to \$1,281 per retiree.

Summary of Significant Accounting Policies. The City's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments, and deposits, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price. Administration costs of the plan are financed through contributions and investment earnings.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) and net OPEB Obligation for the current year were as follows:

Annual required contribution	\$ 15,656
Interest on net OPEB obligation	(382)
Adjustment to annual required contribution	<u>1,214</u>
Annual OPEB cost (expense)	16,488
Contributions made	<u>(15,375)</u>
Increase in net OPEB obligation	1,113
Net OPEB obligation, beginning of year	<u>(20,928)</u>
Net OPEB obligation, end of year	<u><u>\$(19,815)</u></u>

Trend Information			
Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 15,009	99.72%	\$(24,311)
2011	15,042	77.51	(20,928)
2012	16,488	93.25	(19,815)

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Funded Status and Funding Progress: As of July 1, 2012, the most recent actuarial valuation date, the plan was 18 percent funded. The actuarial accrued liability for benefits was \$224,184. The actuarial value of assets was \$40,742, resulting in an unfunded actuarial accrued liability (UAAL) of \$183,442. The covered payroll (annual payroll of active employees covered by the plan) was \$294,793 and the ratio of the UAAL to the covered payroll was 62.23 percent.

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

The schedule of funding progress, presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

<u>Schedule of Funding Progress</u>						
Actuarial	Actuarial	Actuarial Accrued		Funded		UAAL as a
Valuation	Value of	Liability (AAL) -	Unfunded AAL	Ratio (a /	Covered	Percentage of
Date	Assets (a)	Projected Unit	(UAAL) (b - a)	b)	Payroll (c)	Payroll ([b - a]
		Credit (b)				/ c)
01/01/07	\$ -	\$ 229,764	\$ 229,764	-%	\$ 275,955	83.26%
07/01/09	33,006	207,301	174,295	15.92	322,162	54.10
07/01/11	40,742	224,184	183,442	18.17	294,793	62.23

<u>Schedule of Employer Contributions</u>		
Year Ended	Annual	Percentage
June 30	Required	Contributed
	Contribution	
2008	\$ 17,041	166.49%
2009	14,405	195.06
2010	14,405	103.90
2011	14,405	80.94
2012	15,656	98.21

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

Additional information follows:

Actuarial valuation date	07/01/11
Actuarial cost method	Projected unit credit
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.50%
Annual healthcare cost trend rate	7.00 to 5.00% (year of ultimate trend rate 2016)
Includes inflation at	4.50%
Amortization method	Level percentage of projected payroll, closed
Remaining amortization period	26 years

g. Deferred Compensation Plan

The City offers its 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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2012
(Dollar Amounts In Thousands)

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, 2012 follows:

Land	\$ 297,504
Buildings	626,667
Runways	392,108
Improvements other than buildings	85,647
Machinery and equipment	<u>34,785</u>
Total	1,436,711
Less accumulated depreciation	<u>533,894</u>
Total	<u>\$ 902,817</u>

The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2012:

2013	\$ 35,734
2014	35,854
2015	35,975
2016	30,363
2017	7,056
2018-2022	35,283
2023-2027	35,283
2028	<u>119,558</u>
Total minimum future rental income	<u>\$ 335,106</u>

Of the \$335,106 minimum future rental income on noncancelable operating leases, \$266,154 relates to agreements with US Airways, Inc. See Note 6.h. for additional information related to US Airways, Inc.

Contingent rentals that may be received under certain leases based on the tenant's revenues, fuel flow or usage are not included above. Contingent rentals of approximately \$57,121 were received during the year ended June 30, 2012.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2012
(Dollar Amounts In Thousands)

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 and are restricted to use on FAA approved projects. The Airport has been authorized to collect PFC in the aggregate amount of \$1,039,776. Collections during fiscal year 2012 were \$53,094 and aggregate collections from inception through June 30, 2012 were \$356,153.

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 \$350 per year per person. 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 life insurance for employees in the amount of two times the employees' salary up to a maximum of \$100. Employees may purchase additional life insurance up to a maximum of four times their salary.

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
2012 \$	8,104	\$ 64,196	\$ (64,383)	\$ 7,917
2011	7,499	59,404	(58,799)	8,104

At June 30, 2012, the EHLIF held \$20,902 in cash and 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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2012
(Dollar Amounts In Thousands)

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 City buses; excess workers' compensation; excess vehicle and general liability; police professional liability; police helicopter hull liability and airport liability, City bus liability, railroad protective liability, passenger railway liability for the light rail train operations and property insurance on the light rail vehicles. 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 \$100 and flood insurance \$100,000 in all flood zones, except \$10,000 in flood zone A in excess of federal flood program maximums. The finance officer is bonded for \$100. Employees who handle funds or have access to inventories are bonded under a blanket bond for \$250. Settled claims have not exceeded insurance coverage in the past three years. The actuarially determined losses for the remaining risks and deductible amounts are funded in the RMF. 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 and the Charlotte-Mecklenburg Board of Education. 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 and the Charlotte-Mecklenburg Board of Education are reported as a net liability on an accrual basis. At June 30, 2012, \$6,439 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 \$37,220 reported in the RMF at June 30, 2012, 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
2012	\$ 42,041	\$ 10,481	\$ (15,302)	\$ 37,220
2011	39,355	19,401	(16,715)	42,041

At June 30, 2012, the RMF held \$65,438 in cash and cash equivalents for payments of these claims.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2012
(Dollar Amounts In Thousands)

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 a 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 \$592 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 clean-up 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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2012
(Dollar Amounts In Thousands)

Authorized capital projects at June 30, 2012, are comprised of the following by fund:

	Project <u>Authorization</u>	<u>Expended</u>	<u>Unexpended</u>
<u>Governmental-</u>			
Capital Projects	\$ 1,853,438	\$ 1,295,260	\$ 558,178
<u>Enterprise-</u>			
Water and Sewer	2,374,614	1,576,406	798,208
Storm Water	420,073	302,265	117,808
Airport	1,087,437	787,494	299,943
Public Transit	<u>908,537</u>	<u>815,707</u>	<u>92,830</u>
Total Enterprise	<u>4,790,661</u>	<u>3,481,872</u>	<u>1,308,789</u>
Total	<u>\$ 6,644,099</u>	<u>\$ 4,777,132</u>	<u>\$ 1,866,967</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	\$ 17,039
Capital Projects	118,131
Nonmajor governmental	<u>41,298</u>
Total	<u>\$ 176,468</u>

The City has construction and other contractual commitments at June 30, 2012, as follows by fund:

<u>Governmental-</u>	
Capital Projects	\$ 6,349
Nonmajor governmental	<u>4,729</u>
Total Governmental	<u>11,078</u>
<u>Enterprise-</u>	
Water and Sewer	139,481
Storm Water	46,464
Airport	183,852
Public Transit	<u>29,311</u>
Total Enterprise	<u>399,108</u>
Total	<u>\$ 410,186</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2012
(Dollar Amounts In Thousands)

The City has operating lease commitments for land and office space with future rentals under these leases at June 30, 2012, as shown below:

<u>Year</u>	<u>Amount</u>
2013	\$ 2,668
2014	1,830
2015	1,287
2016	1,027
2017	496
2018-2030	1,972
	<u>\$ 9,280</u>

Related lease expense was approximately \$2,874 in 2012.

e. Arena

Time Warner Cable Arena was constructed and financed by the City of Charlotte and opened in October 2005. The primary tenant of the arena is the National Basketball Association's Charlotte Bobcats. 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 maximum of \$500) to a capital reserve fund. Any capital expenses in excess of the reserve are the responsibility of the City. While the City of Charlotte 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.

f. NASCAR Hall of Fame

NASCAR Hall of Fame was constructed and financed by the City of Charlotte 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 of Charlotte owns the facility and the Charlotte Regional Visitors Authority is fully responsible for Hall operations. However, the City can supplement capital maintenance and repair costs through the dedicated revenues if funds are available. The City is responsible for any capital costs for the facility.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2012
(Dollar Amounts In Thousands)

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. US Airways

US Airways, Inc. (US Airways), a wholly owned subsidiary of US Airways Group, Inc., is the major passenger airline serving Charlotte/Douglas International Airport (Airport). For the fiscal year ended June 30, 2012, US Airways and its affiliates provided 23.67 percent of the Airport's operating revenues.

US Airways conducts its passenger air carrier operations at the Airport pursuant to several agreements, the most significant of which is the City of Charlotte's 1985 Airport Agreements and Lease (Airport Agreement), which has also been executed by American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, and United Airline (collectively, the Signatory Airlines). Pursuant to the Airport 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 and terminal improvements.

As of June 30, 2012, the City had \$684,890 of GARBS outstanding, the proceeds of which were used for airfield and terminal improvements. The GARBS are not general obligations of the City and are payable solely from revenues generated by the City in the airfield and terminal. The City has \$35,451 in reserve to pay principal and interest on GARBS.

In addition to the GARBS, the City has also issued Special Facility Revenue Bonds to finance the construction of crew training, airfield maintenance and other Airport facilities (Special Facilities) that are leased to US Airways by the City. As rental for the Special Facilities, US Airways is obligated to pay directly to the City a Ground Rental and an Airport Service Fee Rental. In addition, US Airways is obligated to pay directly to a Trustee for the benefit of bondholders a facility rental (Special

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2012
(Dollar Amounts In Thousands)

Facilities Debt Service Rental) in an amount equal to the annual installments of principal and interest on the Special Facility Revenue Bonds. The Special Facilities Debt Service Rental is not a general obligation of the City. If US Airways fails to pay the Special Facilities Debt Service Rentals, the City is obligated to use reasonable efforts to re-let the Special Facilities to another tenant and apply the debt service rentals from such re-letting to the payment of the principal and interest on the Special Facility Revenue Bonds. The City is not obligated to make any payments relating to the Special Facilities or the Special Facility Revenue Bonds except for such debt service rentals as it receives from the tenant of the Special Facilities. As of June 30, 2012, there was \$114,910 of Special Facility Revenue Bonds outstanding. The Special Facility Revenue Bonds provide for the semi-annual payment of interest with a lump-sum payment of principal on the maturity date of the bonds. The Special Facility Revenue Bonds mature on July 1, 2027 and February 1, 2028.



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.
- ❖ Democratic National Convention (DNC) Fund – Accounts for the federal grant to be used for security activities related to the 2012 DNC.
- ❖ 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.
- ❖ 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.
- ❖ Employment and Training Fund – Accounts for federal grants to be used for activities providing comprehensive employment and training services to enable individuals to secure and retain employment at their maximum capacity.
- ❖ Stimulus Grants Fund – Accounts for American Recovery and Reinvestment Act (ARRA) grants to be used for governmental-type activities.
- ❖ 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 Communications 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.

CITY OF CHARLOTTE, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012
(In Thousands)

	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Democratic National Convention	Public Safety and Other Grants
ASSETS						
Cash and cash equivalents	\$ 42,528	\$ 54,889	\$ 20,636	\$ 1,016	\$ -	\$ 82
Receivables, net:						
Property taxes	-	-	-	191	-	-
Accounts	-	4	-	-	-	-
Other	-	39	-	-	-	-
Total receivables	-	43	-	191	-	-
Due from other governmental agencies	3,287	921	905	-	5,194	9,608
Notes receivable	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Total assets	<u>\$ 45,815</u>	<u>\$ 55,853</u>	<u>\$ 21,541</u>	<u>\$ 1,207</u>	<u>\$ 5,194</u>	<u>\$ 9,690</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 771	\$ 3,669	\$ 1,827
Deposits and retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	1,525	-
Due to component unit	585	-	196	-	-	-
Deferred revenues	-	4	-	191	-	1,518
Total liabilities	<u>585</u>	<u>4</u>	<u>196</u>	<u>962</u>	<u>5,194</u>	<u>3,345</u>
Fund balances:						
Nonspendable:						
Perpetual care	-	-	-	-	-	-
Restricted:						
Public safety	-	-	-	-	-	5,951
Cultural and recreation	45,230	54,349	21,345	-	-	-
Community planning and development	-	-	-	245	-	389
Streets and highways	-	-	-	-	-	5
Committed:						
Cultural and recreation	-	1,500	-	-	-	-
Total fund balances	<u>45,230</u>	<u>55,849</u>	<u>21,345</u>	<u>245</u>	<u>-</u>	<u>6,345</u>
Total liabilities and fund balances	<u>\$ 45,815</u>	<u>\$ 55,853</u>	<u>\$ 21,541</u>	<u>\$ 1,207</u>	<u>\$ 5,194</u>	<u>\$ 9,690</u>

Special Revenue Funds						Permanent Fund	Total
Neighborhood Development	Employment and Training	Stimulus Grants	State Street Aid	Emergency Telephone System	Total	Perpetual Care	Nonmajor Governmental Funds
\$ 3,962	\$ -	\$ -	\$ 10,176	\$ 3,081	\$ 136,370	\$ 3,111	\$ 139,481
-	-	-	-	-	191	-	191
-	-	-	-	-	4	-	4
-	-	-	8	-	47	10	57
-	-	-	8	-	242	10	252
1,784	1,371	2,659	187	201	26,117	-	26,117
52,784	-	-	-	-	52,784	-	52,784
-	-	-	-	22	22	-	22
<u>\$ 58,530</u>	<u>\$ 1,371</u>	<u>\$ 2,659</u>	<u>\$ 10,371</u>	<u>\$ 3,304</u>	<u>\$ 215,535</u>	<u>\$ 3,121</u>	<u>\$ 218,656</u>
\$ 1,114	\$ 921	\$ 411	\$ 1,851	\$ 295	\$ 10,859	\$ -	\$ 10,859
456	-	15	158	-	629	-	629
-	450	1,610	-	-	3,585	-	3,585
-	-	-	-	-	781	-	781
52,560	-	580	8	-	54,861	-	54,861
<u>54,130</u>	<u>1,371</u>	<u>2,616</u>	<u>2,017</u>	<u>295</u>	<u>70,715</u>	<u>-</u>	<u>70,715</u>
-	-	-	-	-	-	3,121	3,121
-	-	43	-	3,009	9,003	-	9,003
-	-	-	-	-	120,924	-	120,924
4,400	-	-	-	-	5,034	-	5,034
-	-	-	8,354	-	8,359	-	8,359
-	-	-	-	-	1,500	-	1,500
4,400	-	43	8,354	3,009	144,820	3,121	147,941
<u>\$ 58,530</u>	<u>\$ 1,371</u>	<u>\$ 2,659</u>	<u>\$ 10,371</u>	<u>\$ 3,304</u>	<u>\$ 215,535</u>	<u>\$ 3,121</u>	<u>\$ 218,656</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Democratic National Convention	Public Safety and Other Grants
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 4,473	\$ -	\$ -
Other taxes	35,952	9,248	8,964	-	-	-
Intergovernmental	-	2,948	-	-	13,106	11,374
Licenses, fees and fines	-	57	-	-	-	-
Investment earnings	299	374	146	1	-	45
Miscellaneous	-	970	-	-	-	1,657
Total revenues	<u>36,251</u>	<u>13,597</u>	<u>9,110</u>	<u>4,474</u>	<u>13,106</u>	<u>13,076</u>
EXPENDITURES:						
Current-						
Public safety	-	-	-	-	13,106	12,741
Sanitation	-	-	-	-	-	-
General administration	-	-	-	-	-	-
Support services	-	-	-	-	-	-
Engineering and property management	-	-	-	-	-	-
Streets and highways	-	-	-	-	-	1,854
Culture and recreation	12,759	-	873	-	-	-
Community planning and development	-	-	-	4,519	-	277
Total expenditures	<u>12,759</u>	<u>-</u>	<u>873</u>	<u>4,519</u>	<u>13,106</u>	<u>14,872</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,492</u>	<u>13,597</u>	<u>8,237</u>	<u>(45)</u>	<u>-</u>	<u>(1,796)</u>
OTHER FINANCING SOURCES (USES):						
Sales of capital assets	-	-	-	-	-	-
Transfers in-						
General	-	1,345	-	-	-	848
Special revenue	-	-	-	60	-	1,928
Debt service	-	243	-	-	-	-
Capital projects	-	6,763	-	-	-	20
Total transfers in	<u>-</u>	<u>8,351</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>2,796</u>
Transfers out-						
General	(2,477)	-	-	-	-	-
Special revenue	-	(60)	-	-	-	-
Debt service	(20,478)	(21,023)	(9,554)	-	-	-
Capital projects	-	(1,259)	-	-	-	-
Total transfers out	<u>(22,955)</u>	<u>(22,342)</u>	<u>(9,554)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(22,955)</u>	<u>(13,991)</u>	<u>(9,554)</u>	<u>60</u>	<u>-</u>	<u>2,796</u>
Net change in fund balances	537	(394)	(1,317)	15	-	1,000
Fund balances - beginning	44,693	56,243	22,662	230	-	5,345
Fund balances - ending	<u>\$ 45,230</u>	<u>\$ 55,849</u>	<u>\$ 21,345</u>	<u>\$ 245</u>	<u>\$ -</u>	<u>\$ 6,345</u>

Special Revenue Funds						Permanent Fund	Total Nonmajor Governmental Funds
Neighborhood Development	Employment and Training	Stimulus Grants	State Street Aid	Emergency Telephone System	Total	Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,473	\$ -	\$ 4,473
-	-	-	-	-	54,164	-	54,164
7,833	7,103	14,806	18,589	2,410	78,169	-	78,169
-	-	-	850	-	907	-	907
21	-	7	69	90	1,052	19	1,071
1,743	-	292	10	-	4,672	-	4,672
9,597	7,103	15,105	19,518	2,500	143,437	19	143,456
-	-	4,990	-	7,299	38,136	-	38,136
-	-	275	-	-	275	-	275
1,076	665	310	-	-	2,051	-	2,051
-	-	4,028	-	-	4,028	-	4,028
-	-	1,773	-	-	1,773	-	1,773
-	-	614	24,832	-	27,300	-	27,300
-	-	-	-	-	13,632	-	13,632
9,424	6,438	3,108	-	-	23,766	-	23,766
10,500	7,103	15,098	24,832	7,299	110,961	-	110,961
(903)	-	7	(5,314)	(4,799)	32,476	19	32,495
-	-	-	87	-	87	-	87
-	-	-	4,261	-	6,454	-	6,454
-	-	-	-	-	1,988	-	1,988
-	-	-	-	-	243	-	243
1,242	-	-	-	-	8,025	-	8,025
1,242	-	-	4,261	-	16,710	-	16,710
-	-	-	-	-	(2,477)	(18)	(2,495)
-	-	-	-	(1,928)	(1,988)	-	(1,988)
-	-	-	(1,058)	-	(52,113)	-	(52,113)
-	-	-	-	-	(1,259)	-	(1,259)
-	-	-	(1,058)	(1,928)	(57,837)	(18)	(57,855)
1,242	-	-	3,290	(1,928)	(41,040)	(18)	(41,058)
339	-	7	(2,024)	(6,727)	(8,564)	1	(8,563)
4,061	-	36	10,378	9,736	153,384	3,120	156,504
\$ 4,400	\$ -	\$ 43	\$ 8,354	\$ 3,009	\$ 144,820	\$ 3,121	\$ 147,941

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, 2012
(In Thousands)

	Convention Center Tax			Tourism		
	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	33,702	35,952	2,250	7,914	9,248	1,334
Intergovernmental	-	-	-	2,948	2,948	-
Licenses, fees and fines	-	-	-	-	57	57
Investment earnings	475	299	(176)	551	374	(177)
Miscellaneous	-	-	-	316	970	654
Total revenues	<u>34,177</u>	<u>36,251</u>	<u>2,074</u>	<u>11,729</u>	<u>13,597</u>	<u>1,868</u>
EXPENDITURES:						
Current-						
General administration	75	-	75	-	-	-
Streets and highways	-	-	-	-	-	-
Culture and recreation	13,670	12,759	911	100	-	100
Community planning and development	-	-	-	-	-	-
Total expenditures	<u>13,745</u>	<u>12,759</u>	<u>986</u>	<u>100</u>	<u>-</u>	<u>100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,432</u>	<u>23,492</u>	<u>3,060</u>	<u>11,629</u>	<u>13,597</u>	<u>1,968</u>
OTHER FINANCING SOURCES (USES):						
Sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	8,370	8,351	(19)
Transfers out	<u>(23,526)</u>	<u>(22,955)</u>	<u>571</u>	<u>(22,365)</u>	<u>(22,342)</u>	<u>23</u>
Total other financing sources (uses)	<u>(23,526)</u>	<u>(22,955)</u>	<u>571</u>	<u>(13,995)</u>	<u>(13,991)</u>	<u>4</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (3,094)</u>	<u>537</u>	<u>\$ 3,631</u>	<u>\$ (2,366)</u>	<u>(394)</u>	<u>\$ 1,972</u>
RECONCILIATION TO GAAP BASIS:						
Current year encumbrances		-			-	
Net change in fund balances		537			(394)	
Fund balances - beginning (annually budgeted funds)		<u>44,693</u>			<u>56,243</u>	
Fund balances - ending (annually budgeted funds)		<u>\$ 45,230</u>			<u>\$ 55,849</u>	
Project funds:						
Fund balances - beginning						
Net change in fund balances						
Fund balances - ending						
Fund balances - ending						

Hall of Fame Tax			Municipal Services District			State Street Aid		
Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
\$ -	\$ -	\$ -	\$ 3,756	\$ 4,473	\$ 717	\$ -	\$ -	\$ -
8,159	8,964	805	-	-	-	-	-	-
-	-	-	-	-	-	16,906	18,589	1,683
-	-	-	-	-	-	650	850	200
133	146	13	-	1	1	400	69	(331)
-	-	-	-	-	-	-	10	10
<u>8,292</u>	<u>9,110</u>	<u>818</u>	<u>3,756</u>	<u>4,474</u>	<u>718</u>	<u>17,956</u>	<u>19,518</u>	<u>1,562</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	29,832	28,772	1,060
1,044	873	171	-	-	-	-	-	-
-	-	-	4,587	4,519	68	-	-	-
<u>1,044</u>	<u>873</u>	<u>171</u>	<u>4,587</u>	<u>4,519</u>	<u>68</u>	<u>29,832</u>	<u>28,772</u>	<u>1,060</u>
<u>7,248</u>	<u>8,237</u>	<u>989</u>	<u>(831)</u>	<u>(45)</u>	<u>786</u>	<u>(11,876)</u>	<u>(9,254)</u>	<u>2,622</u>
-	-	-	-	-	-	-	87	87
-	-	-	60	60	-	4,261	4,261	-
<u>(9,761)</u>	<u>(9,554)</u>	<u>207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,283)</u>	<u>(1,058)</u>	<u>225</u>
<u>(9,761)</u>	<u>(9,554)</u>	<u>207</u>	<u>60</u>	<u>60</u>	<u>-</u>	<u>2,978</u>	<u>3,290</u>	<u>312</u>
<u>\$ (2,513)</u>	<u>(1,317)</u>	<u>\$ 1,196</u>	<u>\$ (771)</u>	<u>15</u>	<u>\$ 786</u>	<u>\$ (8,898)</u>	<u>(5,964)</u>	<u>\$ 2,934</u>
-	-	-	-	-	-	-	3,940	-
(1,317)	(1,317)	-	-	15	-	-	(2,024)	-
<u>22,662</u>	<u>22,662</u>	-	-	<u>230</u>	-	-	<u>10,378</u>	-
<u>\$ 21,345</u>	<u>\$ 21,345</u>	-	<u>\$ 245</u>	<u>\$ 245</u>	-	<u>\$ 8,354</u>	<u>\$ 8,354</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, 2012
(In Thousands)

	Total		Variance-
	Budget	Actual	Positive (Negative)
REVENUES:			
Property taxes	\$ 3,756	\$ 4,473	\$ 717
Other taxes	49,775	54,164	4,389
Intergovernmental	19,854	21,537	1,683
Licenses, fees and fines	650	907	257
Investment earnings	1,559	889	(670)
Miscellaneous	316	980	664
Total revenues	<u>75,910</u>	<u>82,950</u>	<u>7,040</u>
EXPENDITURES:			
Current-			
General administration	75	-	75
Streets and highways	29,832	28,772	1,060
Culture and recreation	14,814	13,632	1,182
Community planning and development	4,587	4,519	68
Total expenditures	<u>49,308</u>	<u>46,923</u>	<u>2,385</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,602</u>	<u>36,027</u>	<u>9,425</u>
OTHER FINANCING SOURCES (USES):			
Sales of capital assets	-	87	87
Transfers in	12,691	12,672	(19)
Transfers out	(56,935)	(55,909)	1,026
Total other financing sources (uses)	<u>(44,244)</u>	<u>(43,150)</u>	<u>1,094</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (17,642)</u>	<u>(7,123)</u>	<u>\$ 10,519</u>
RECONCILIATION TO GAAP BASIS:			
Current year encumbrances		<u>3,940</u>	
Net change in fund balances		(3,183)	
Fund balances - beginning (annually budgeted funds)		<u>134,206</u>	
Fund balances - ending (annually budgeted funds)		<u>131,023</u>	
Project funds:			
Fund balances - beginning		19,178	
Net change in fund balances		<u>(5,381)</u>	
Fund balances - ending		<u>13,797</u>	
Fund balances - ending		<u>\$ 144,820</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
DEMOCRATIC NATIONAL CONVENTION
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>			<u>Unexpended Authorizations</u>
		<u>Current Year</u>	<u>Prior Year</u>	<u>Total</u>	
Federal: 2012 DNC Grant	<u>\$ 49,850</u>	<u>\$ 13,106</u>	<u>\$ -</u>	<u>\$ 13,106</u>	<u>\$ 36,744</u>

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC SAFETY AND OTHER GRANTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Federal:					
High Intensity Drug Trafficking Areas	\$ 363	\$ 119	\$ 2	\$ 121	\$ 242
Assistance to Firefighters	7,480	2,937	965	3,902	3,578
Fair Housing Assistance	325	88	-	88	237
Part E - Promising New Programs	2,062	30	1,320	1,350	712
Public Safety Partnership and Community Policing	4,167	616	1,043	1,659	2,508
Forensic DNA Backlog Reduction	1,429	370	511	881	548
Federal pass through:					
Public Health and Social Services Emergency	565	113	436	549	16
State/Local Homeland Security Exercise Support	141	-	138	138	3
Urban Areas Security Initiative	4,970	748	3,504	4,252	718
Metropolitan Medical Response System	258	-	258	258	-
Homeland Security	17,440	4,082	4,951	9,033	8,407
Buffer Zone Protection Plan	560	39	364	403	157
Emergency Management Performance	366	116	102	218	148
Crime Victim Assistance	151	59	68	127	24
Highway Planning and Construction	1,880	1,587	-	1,587	293
Project Safe Neighborhoods	219	97	-	97	122
Coverdell Forensic Science Improvement	172	91	77	168	4
Antigang Initiative	91	(2)	75	73	18
Justice Assistance	4,104	686	2,273	2,959	1,145
State and Local Law Enforcement Assistance	554	130	241	371	183
National Institute of Justice	486	99	-	99	387
Highway Safety	131	92	1	93	38
State:					
State Medical Assistance	15	3	2	5	10
Gang of One	100	-	87	87	13
Asset forfeiture	4,684	1,772	1,633	3,405	1,279
Other public safety programs	3,514	544	2,539	3,083	431
Other streets and highways programs	267	267	-	267	-
Other community planning and development program	571	189	-	189	382
Total public safety grants	<u>\$ 57,065</u>	<u>\$ 14,872</u>	<u>\$ 20,590</u>	<u>\$ 35,462</u>	<u>\$ 21,603</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NEIGHBORHOOD DEVELOPMENT FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Federal:					
Community Development Block Grants	\$ 12,262	\$ 4,370	\$ 3,933	\$ 8,303	\$ 3,959
Emergency Shelter	421	211	210	421	-
HOME Investment Partnerships Program	11,875	3,417	2,535	5,952	5,923
Housing Opportunities For Persons With AIDS	2,321	916	346	1,262	1,059
National Stabilization Program	5,432	361	4,271	4,632	800
Federal pass through:					
Community Development Block Grants	2,625	59	2,511	2,570	55
Community Capacity Development	292	-	287	287	5
Housing Rehabilitation Program	187	11	176	187	-
State:					
One NC Grant	4,130	39	-	39	4,091
Housing Urgent Repair Program	150	-	63	63	87
Local:					
Property Acquisitions for Housing	291	205	20	225	66
Wingate Community	1,145	5	1,140	1,145	-
Other	5,232	906	2,328	3,234	1,998
Total neighborhood development	<u>\$ 46,363</u>	<u>\$ 10,500</u>	<u>\$ 17,820</u>	<u>\$ 28,320</u>	<u>\$ 18,043</u>

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYMENT AND TRAINING FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>			<u>Unexpended Authorizations</u>
		<u>Current Year</u>	<u>Prior Year</u>	<u>Total</u>	
Workforce Investment Act	<u>\$ 16,946</u>	<u>\$ 7,103</u>	<u>\$ 6,226</u>	<u>\$ 13,329</u>	<u>\$ 3,617</u>

CITY OF CHARLOTTE, NORTH CAROLINA
STIMULUS GRANTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Federal:					
Broadband Technology Opportunities (BTOP)	\$ 16,702	\$ 4,026	\$ 17	\$ 4,043	\$ 12,659
Energy Efficiency and Conservation Block Grant	6,780	3,646	2,551	6,197	583
Community Development Block Grant	1,262	475	707	1,182	80
Homelessness Prevention and Rapid Re-Housing	1,930	452	1,478	1,930	-
Lead-Based Paint Hazard Control	3,000	455	2,401	2,856	144
Public Safety Partnership and Community Policing	8,546	2,649	4,666	7,315	1,231
Federal pass through:					
State Energy	463	284	179	463	-
Conservation Research and Development	191	191	-	191	-
Energy Efficiency and Conservation Block Grant	607	1	-	1	606
Justice Assistance	5,908	2,341	2,815	5,156	752
Workforce Investment Act	4,510	-	4,510	4,510	-
Highway Planning and Construction	5,076	578	4,292	4,870	206
Total stimulus grants	<u>\$ 54,975</u>	<u>\$ 15,098</u>	<u>\$ 23,616</u>	<u>\$ 38,714</u>	<u>\$ 16,261</u>

CITY OF CHARLOTTE, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Year	Total	
Implemental functions	\$ 1,081	\$ 542	\$ 539	\$ 1,081	\$ -
Telephone	3,957	1,078	1,285	2,363	1,594
Furniture	269	257	11	268	1
Software maintenance	3,336	2,008	406	2,414	922
Hardware maintenance	3,298	2,871	296	3,167	131
Training	3	1	2	3	-
50% Public safety need	4,318	613	3,705	4,318	-
Total expenditures	<u>\$ 16,262</u>	<u>\$ 7,370</u>	<u>\$ 6,244</u>	<u>\$ 13,614</u>	<u>\$ 2,648</u>

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

(71)
\$ 7,299

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.

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, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Property tax	\$ 54,605	\$ 55,242	\$ 637
Other taxes-			
Sales tax	13,283	13,226	(57)
Heavy equipment	-	68	68
Total other	<u>13,283</u>	<u>13,294</u>	<u>11</u>
Intergovernmental-			
Mecklenburg County:			
ABC Board contribution	718	725	7
Debt service contributions	<u>689</u>	<u>689</u>	<u>-</u>
Total intergovernmental	<u>1,407</u>	<u>1,414</u>	<u>7</u>
Licenses, fees and fines	60	55	(5)
Investment earnings	2,527	1,417	(1,110)
Private contributions	1,258	1,258	-
Miscellaneous	<u>199</u>	<u>570</u>	<u>371</u>
Total revenues	<u>73,339</u>	<u>73,250</u>	<u>(89)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	31,762	28,477	3,285
Interest	<u>23,668</u>	<u>21,479</u>	<u>2,189</u>
Installment purchases-			
Principal retirement	46,614	44,372	2,242
Interest	<u>35,568</u>	<u>33,283</u>	<u>2,285</u>
Fiscal agents fees	3,764	3,764	-
Other	<u>95</u>	<u>80</u>	<u>15</u>
Total expenditures	<u>141,471</u>	<u>131,455</u>	<u>10,016</u>
Revenues (under) expenditures	<u>(68,132)</u>	<u>(58,205)</u>	<u>9,927</u>

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, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
OTHER FINANCING SOURCES (USES):			
Refunding debt issued	\$177,485	\$ 177,485	\$ -
Premium on debt issuance	33,320	33,320	-
Payment to refunded bond escrow agent	(209,457)	(209,457)	-
Transfers in-			
General	17,881	17,881	-
Special revenue:			
Convention Center tax	21,049	20,478	(571)
Tourism	21,046	21,023	(23)
Hall of Fame	9,761	9,554	(207)
State street aid	1,283	1,058	(225)
Total transfers in	<u>71,020</u>	<u>69,994</u>	<u>(1,026)</u>
Transfers out-			
General	3,425	3,425	-
Capital projects	42	42	-
Special revenue - Tourism	248	243	5
Public Transit	<u>2</u>	<u>2</u>	<u>-</u>
Total transfers out	<u>3,717</u>	<u>3,712</u>	<u>5</u>
Total other financing sources (uses)	<u>68,651</u>	<u>67,630</u>	<u>(1,021)</u>
Net change in fund balance	<u>\$ 519</u>	<u>9,425</u>	<u>\$ 8,906</u>
Fund balance - beginning		<u>220,496</u>	
Fund balance - ending		<u>\$ 229,921</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Authorizations	Expenditures		
		Current Year	Prior Years	Total
Economic development	\$ 267,374	\$ 23,235	\$ 116,464	\$ 139,699
Streets and highways	679,175	50,113	325,704	375,817
Culture and recreation	369,291	2,863	358,555	361,418
General government	228,208	30,854	136,921	167,775
Public safety	112,043	16,924	61,251	78,175
Public housing	197,347	13,517	158,859	172,376
Total capital projects	<u>\$ 1,853,438</u>	<u>\$ 137,506</u>	<u>\$1,157,754</u>	<u>\$ 1,295,260</u>

Unexpended Authorizations	Encumbrances June 30, 2012	Unencumbered Authorizations June 30, 2012
\$ 127,675	\$ 16,043	\$ 111,632
303,358	66,231	237,127
7,873	753	7,120
60,433	19,938	40,495
33,868	14,525	19,343
24,971	641	24,330
<u>\$ 558,178</u>	<u>\$ 118,131</u>	<u>\$ 440,047</u>



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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-Mecklenburg Utilities, 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.



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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, 2012
(In Thousands)

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Water sales	\$ 113,066	\$ 101,444	\$ (11,622)
Sewer services fees	168,753	154,298	(14,455)
Availability fees	-	25,813	25,813
Capacity fees	5,700	7,443	1,743
Intergovernmental	239	16	(223)
Other	5,795	5,927	132
Investment earnings	677	791	114
Total revenues	<u>294,230</u>	<u>295,732</u>	<u>1,502</u>
EXPENDITURES:			
Water supply and treatment	17,094	13,387	3,707
Sewer system and treatment	34,950	31,387	3,563
Administration and engineering	25,538	23,809	1,729
Field operations	29,669	28,040	1,629
Nondepartmental charges	8,719	8,718	1
Total expenditures	<u>115,970</u>	<u>105,341</u>	<u>10,629</u>
Revenues over expenditures	<u>178,260</u>	<u>190,391</u>	<u>12,131</u>
TRANSFERS IN:			
Water and Sewer Capital Projects	<u>1,125</u>	<u>1,125</u>	<u>-</u>
TRANSFERS OUT:			
Water and Sewer Debt Service	148,081	142,238	5,843
Water and Sewer Capital Projects	<u>29,156</u>	<u>29,156</u>	<u>-</u>
Total transfers out	<u>177,237</u>	<u>171,394</u>	<u>5,843</u>
Revenues and transfers over expenditures and transfers	<u>\$ 2,148</u>	<u>\$ 20,122</u>	<u>\$ 17,974</u>

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, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Investment earnings	\$ 668	\$ 52	\$ (616)
Installment purchases issued	20	-	(20)
Refunding bonds issued	93,390	93,390	-
Premium on debt issuance	12,239	12,253	14
Total revenues	<u>106,317</u>	<u>105,695</u>	<u>(622)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	58,312	56,402	1,910
Interest	82,366	77,695	4,671
Other financing agreements-			
Principal retirement	5,991	5,733	258
Interest	837	769	68
Payment to refunded bond escrow agent	116,079	116,079	-
Bond issue expense	733	726	7
Other	2,024	1,396	628
Total expenditures	<u>266,342</u>	<u>258,800</u>	<u>7,542</u>
Revenues (under) expenditures	<u>(160,025)</u>	<u>(153,105)</u>	<u>6,920</u>
TRANSFERS IN:			
Water and Sewer Operating	148,081	142,238	(5,843)
Water and Sewer Capital Projects	437	437	-
Total transfers in	<u>148,518</u>	<u>142,675</u>	<u>(5,843)</u>
Revenues and transfers (under) expenditures	<u>\$ (11,507)</u>	<u>\$ (10,430)</u>	<u>\$ 1,077</u>

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, 2012
(In Thousands)

Revenues and transfers over (under)	
expenditures and transfers:	
Operating Fund	\$ 20,122
Debt Service Fund	(10,430)
Investment earnings in the	
Capital Projects Fund	473
Current year encumbrances	4,525
Bond proceeds	22,689
Debt principal retirement	63,157
Depreciation	(88,601)
Capital outlay	308
Capital contributions	12,741
Bond issue expense	726
Amortization of deferred charges	(3,354)
Premium on debt issuance	(12,253)
Amortization of premium	4,540
Capitalized interest	18,486
Other	(6,711)
Net transfers to (from) Capital	
Projects Fund:	
Operating Fund	28,031
Debt Service Fund	(437)
Change in net assets	<u>\$ 54,012</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.

CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Water projects	\$ 835,608	\$ 48,361	\$ 539,739	\$ 588,100
Sewer projects	<u>1,539,006</u>	<u>60,917</u>	<u>927,389</u>	<u>988,306</u>
Total water and sewer capital projects	<u>\$ 2,374,614</u>	<u>\$ 109,278</u>	<u>\$ 1,467,128</u>	<u>\$ 1,576,406</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2012</u>	<u>Unencumbered Authorizations June 30, 2012</u>
\$ 247,508	\$ 31,933	\$ 215,575
<u>550,700</u>	<u>71,948</u>	<u>478,752</u>
<u>\$ 798,208</u>	<u>\$ 103,881</u>	<u>\$ 694,327</u>



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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, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Storm water fees	\$ 52,561	\$ 52,065	\$ (496)
Other	-	27	27
Investment earnings	360	68	(292)
Total revenues	<u>52,921</u>	<u>52,160</u>	<u>(761)</u>
EXPENDITURES:			
Storm water systems	10,965	10,573	392
Administration	<u>1,792</u>	<u>1,792</u>	-
Total expenditures	<u>12,757</u>	<u>12,365</u>	<u>392</u>
Revenues over expenditures	<u>40,164</u>	<u>39,795</u>	<u>(369)</u>
TRANSFERS OUT:			
Storm Water Capital Projects	32,000	32,000	-
Storm Water Debt Service	<u>10,591</u>	<u>10,567</u>	<u>24</u>
Total transfers out	<u>42,591</u>	<u>42,567</u>	<u>24</u>
Revenues (under) expenditures and transfers	<u>\$ (2,427)</u>	<u>\$ (2,772)</u>	<u>\$ (345)</u>

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, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	\$ 4,410	\$ 4,409	\$ 1
Interest	6,151	6,135	16
Other	<u>30</u>	<u>16</u>	<u>14</u>
Total expenditures	<u>10,591</u>	<u>10,560</u>	<u>31</u>
TRANSFERS IN:			
Storm Water Operating	<u>10,591</u>	<u>10,567</u>	<u>(24)</u>
Transfers over expenditures	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 7</u>

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, 2012
(In Thousands)

Revenues and transfers over (under)	
expenditures and transfers:	
Operating Fund	\$ (2,772)
Debt Service Fund	7
Capital Projects Fund:	
Charges for services	10
Investment earnings	260
Current year encumbrances	263
Debt principal retirement	4,409
Depreciation	(3,087)
Capital outlay	22
Capital contributions	1,962
Amortization of deferred charges	(204)
Amortization of premium	166
Capitalized interest	510
Other	1,988
Net transfers to Capital	
Projects Fund:	
Operating Fund	<u>32,000</u>
Change in net assets	<u>\$ 35,534</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.

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Flood control	\$ 173,245	\$ 14,647	\$ 113,145	\$ 127,792
Storm drain repair	88,379	10,528	60,654	71,182
Channel and other projects	<u>158,449</u>	<u>12,350</u>	<u>90,941</u>	<u>103,291</u>
Total storm water capital projects	<u>\$ 420,073</u>	<u>\$ 37,525</u>	<u>\$ 264,740</u>	<u>\$ 302,265</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2012</u>	<u>Unencumbered Authorizations June 30, 2012</u>
\$ 45,453	\$ 20,637	\$ 24,816
17,197	10,373	6,824
<u>55,158</u>	<u>15,191</u>	<u>39,967</u>
 <u>\$ 117,808</u>	 <u>\$ 46,201</u>	 <u>\$ 71,607</u>



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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, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Terminal area	\$ 28,902	\$ 29,664	\$ 762
Airfield	10,184	14,633	4,449
Concessions	39,015	42,235	3,220
Parking	36,974	38,550	1,576
Passenger facility charges	26,499	53,094	26,595
Contract facility charges	3,194	8,907	5,713
Other	26,972	25,863	(1,109)
Investment earnings	1,518	3,582	2,064
Total revenues	<u>173,258</u>	<u>216,528</u>	<u>43,270</u>
EXPENDITURES:			
Operating	89,451	86,156	3,295
Nonoperating	25,270	17,913	7,357
Total expenditures	<u>114,721</u>	<u>104,069</u>	<u>10,652</u>
Revenues over expenditures	<u>58,537</u>	<u>112,459</u>	<u>53,922</u>
TRANSFERS IN:			
Airport Debt Service	65	46	(19)
Airport Capital Projects	29,673	29,673	-
Total transfers in	<u>29,738</u>	<u>29,719</u>	<u>(19)</u>
TRANSFERS OUT:			
Airport Debt Service	56,647	52,215	4,432
Airport Capital Projects	15,691	15,691	-
Total transfers out	<u>72,338</u>	<u>67,906</u>	<u>4,432</u>
Revenues and transfers over expenditures and transfers	<u>\$ 15,937</u>	<u>\$ 74,272</u>	<u>\$ 58,335</u>

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, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Maintenance facility	\$ 7,104	\$ 7,062	\$ (42)
Investment earnings	175	30	(145)
Revenue bonds issued	27,501	12,005	(15,496)
Premium on debt issuance	<u>5,500</u>	<u>3,822</u>	<u>(1,678)</u>
Total revenues	<u>40,280</u>	<u>22,919</u>	<u>(17,361)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	39,475	38,840	635
Interest	40,493	34,753	5,740
Other	<u>6,427</u>	<u>3,272</u>	<u>3,155</u>
Total expenditures	<u>86,395</u>	<u>76,865</u>	<u>9,530</u>
Revenues (under) expenditures	<u>(46,115)</u>	<u>(53,946)</u>	<u>(7,831)</u>
TRANSFERS IN:			
Airport Operating	56,647	52,215	(4,432)
Airport Capital Projects	<u>20,500</u>	<u>20,495</u>	<u>(5)</u>
Total transfers in	<u>77,147</u>	<u>72,710</u>	<u>(4,437)</u>
TRANSFERS OUT:			
Airport Operating	<u>65</u>	<u>46</u>	<u>19</u>
Revenues and transfers over expenditures and transfers	<u>\$ 30,967</u>	<u>\$ 18,718</u>	<u>\$ (12,249)</u>

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, 2012
(In Thousands)

Revenues and transfers over	
expenditures and transfers:	
Operating Fund	\$ 74,272
Debt Service Fund	18,718
Investment earnings in the	
Capital Projects Fund	605
Current year encumbrances	6,105
Bond proceeds	(12,005)
Debt principal retirement	38,840
Depreciation	(37,935)
Capital outlay	701
Capital contributions	5,396
Amortization of deferred charges	(1,118)
Premium on debt issuance	(3,822)
Bond issue expense	2,486
Amortization of premium	731
Capitalized interest	1,972
Other	(73)
Net transfers (from) Capital	
Projects Fund:	
Operating Fund	(13,982)
Debt Service Fund	(20,495)
Change in net assets	<u>\$ 60,396</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.

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Capital improvements	\$ 377,522	\$ 12,675	\$ 307,318	\$ 319,993
Airport expansion	709,915	64,953	402,548	467,501
Total airport capital projects	<u>\$ 1,087,437</u>	<u>\$ 77,628</u>	<u>\$ 709,866</u>	<u>\$ 787,494</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2012</u>	<u>Unencumbered Authorizations June 30, 2012</u>
\$ 57,529	\$ 6,020	\$ 51,509
242,414	121,050	121,364
<u>\$ 299,943</u>	<u>\$ 127,070</u>	<u>\$ 172,873</u>



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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, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Passenger fares	\$ 24,765	\$ 24,885	\$ 120
Other operating	1,307	1,623	316
Sales tax	59,045	65,754	6,709
Intergovernmental	12,612	12,570	(42)
Other	1,053	1,158	105
Investment earnings	1,500	274	(1,226)
Total revenues	<u>100,282</u>	<u>106,264</u>	<u>5,982</u>
EXPENDITURES:			
Transit operations	83,851	81,333	2,518
Transit vehicle maintenance	11,689	11,689	-
Administration	12,174	12,174	-
Total expenditures	<u>107,714</u>	<u>105,196</u>	<u>2,518</u>
Revenues over (under) expenditures	<u>(7,432)</u>	<u>1,068</u>	<u>8,500</u>
TRANSFERS IN:			
Capital Projects	18,400	18,400	-
Public Transit Capital Projects	2,658	2,658	-
Total transfers in	<u>21,058</u>	<u>21,058</u>	<u>-</u>
TRANSFERS OUT:			
Public Transit Capital Projects	18,077	18,077	-
Public Transit Debt Service	8,611	8,611	-
Total transfers out	<u>26,688</u>	<u>26,688</u>	<u>-</u>
Revenues and transfers (under) expenditures and transfers	<u>\$ (13,062)</u>	<u>\$ (4,562)</u>	<u>\$ 8,500</u>

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, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Grant contributions	\$ 5,606	\$ 4,919	\$ (687)
Investment earnings	-	(6)	(6)
Total revenues	<u>5,606</u>	<u>4,913</u>	<u>(693)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	2	2	-
Installment purchases-			
Principal retirement	6,122	6,120	2
Interest	7,762	7,338	424
Other	<u>121</u>	<u>66</u>	<u>55</u>
Total expenditures	<u>14,007</u>	<u>13,526</u>	<u>481</u>
Revenues (under) expenditures	<u>(8,401)</u>	<u>(8,613)</u>	<u>(212)</u>
TRANSFERS IN:			
Public Transit Operating	8,611	8,611	-
Debt service	<u>2</u>	<u>2</u>	<u>-</u>
Total transfers in	<u>8,613</u>	<u>8,613</u>	<u>-</u>
Revenues and transfers over expenditures	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ (212)</u>

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, 2012
(In Thousands)

Revenues and transfers (under)	
expenditures and transfers:	
Operating Fund	\$ (4,562)
Investment earnings in the	
Capital Projects Fund	333
Current year encumbrances	2,474
Debt principal retirement	6,122
Depreciation	(40,380)
Capital contributions	48,882
Amortization of deferred charges	(150)
Amortization of premium	134
Other	(11,763)
Net transfers to (from) Capital	
Projects Fund:	
Operating Fund	15,419
Capital Projects	(3)
Change in net assets	<u>\$ 16,506</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.

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Authorizations	Expenditures		
		Current Year	Prior Years	Total
Buses and vehicles	\$ 171,719	\$ 30,644	\$ 120,835	\$ 151,479
Planning and consulting	143,191	10,878	112,774	123,652
Facilities	219,738	12,236	163,794	176,030
Technology	4,271	948	2,505	3,453
Passenger amenities	3,571	529	1,367	1,896
Services expansion	<u>366,047</u>	<u>2,578</u>	<u>356,619</u>	<u>359,197</u>
Total public transit capital projects	<u>\$ 908,537</u>	<u>\$ 57,813</u>	<u>\$ 757,894</u>	<u>\$ 815,707</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2012</u>	<u>Unencumbered Authorizations June 30, 2012</u>
\$ 20,240	\$ 10,733	\$ 9,507
19,539	2,837	16,702
43,708	11,565	32,143
818	64	754
1,675	901	774
<u>6,850</u>	<u>387</u>	<u>6,463</u>
<u>\$ 92,830</u>	<u>\$ 26,487</u>	<u>\$ 66,343</u>



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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.

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012
(In Thousands)

	Risk Management	Employee Health and Life	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 65,438	\$ 20,902	\$ 86,340
Receivables - other	431	109	540
Due from other funds	-	503	503
Prepaid insurance	-	250	250
Total current assets	<u>65,869</u>	<u>21,764</u>	<u>87,633</u>
Capital assets:			
Machinery and equipment	159	-	159
Less accumulated depreciation	<u>150</u>	<u>-</u>	<u>150</u>
Total capital assets, net	<u>9</u>	<u>-</u>	<u>9</u>
Total assets	<u>65,878</u>	<u>21,764</u>	<u>87,642</u>
LIABILITIES			
Current liabilities:			
Claims payable	37,220	7,917	45,137
Noncurrent liabilities:			
Due to participants	6,439	-	6,439
Compensated absences payable	146	-	146
Net OPEB liability	<u>128</u>	<u>-</u>	<u>128</u>
Total noncurrent liabilities	<u>6,713</u>	<u>-</u>	<u>6,713</u>
Total liabilities	<u>43,933</u>	<u>7,917</u>	<u>51,850</u>
NET ASSETS			
Invested in capital assets	9	-	9
Unrestricted	<u>21,936</u>	<u>13,847</u>	<u>35,783</u>
Total net assets	<u>\$ 21,945</u>	<u>\$ 13,847</u>	<u>\$ 35,792</u>

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	<u>Risk Management</u>	<u>Employee Health and Life</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services-			
Risk management and safety fees	\$ 2,906	\$ 3,962	\$ 6,868
Claims:			
Employer	10,605	37,889	48,494
Employee	-	16,100	16,100
Other	-	40	40
Total claims	10,605	54,029	64,634
Premiums	5,044	8,112	13,156
Reimbursement from trust	-	17,345	17,345
Total operating revenues	<u>18,555</u>	<u>83,448</u>	<u>102,003</u>
OPERATING EXPENSES:			
Administration	2,892	3,962	6,854
Claims	6,199	64,429	70,628
Insurance premiums	5,077	8,112	13,189
Depreciation	2	-	2
Total operating expenses	<u>14,170</u>	<u>76,503</u>	<u>90,673</u>
Operating income	<u>4,385</u>	<u>6,945</u>	<u>11,330</u>
NONOPERATING REVENUES:			
Investment earnings	347	242	589
Change in net assets	4,732	7,187	11,919
Total net assets - beginning	<u>17,213</u>	<u>6,660</u>	<u>23,873</u>
Total net assets - ending	<u>\$ 21,945</u>	<u>\$ 13,847</u>	<u>\$ 35,792</u>

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Risk Management	Employee Health and Life	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from participants	\$ 13,632	\$ 24,252	\$ 37,884
Payments to suppliers	(1,375)	(4,001)	(5,376)
Internal activity - receipts from other funds	17,278	42,149	59,427
Receipts from trust	-	17,345	17,345
Payments to employees	(1,530)	-	(1,530)
Payments for claims	(15,302)	(64,383)	(79,685)
Payments for premiums	(7,988)	(8,241)	(16,229)
Net cash provided by operating activities	<u>4,715</u>	<u>7,121</u>	<u>11,836</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	<u>383</u>	<u>214</u>	<u>597</u>
Net increase in cash and cash equivalents	5,098	7,335	12,433
Cash and cash equivalents - beginning of year	60,340	13,567	73,907
Cash and cash equivalents - end of year	<u>\$ 65,438</u>	<u>\$ 20,902</u>	<u>\$ 86,340</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 4,385	\$ 6,945	\$ 11,330
Adjustments to reconcile operating income to net cash provided by operating activities-			
Depreciation	2	-	2
Change in assets and liabilities:			
Decrease in receivables	605	-	605
Decrease in due from other funds	-	298	298
Decrease in prepaid insurance	-	65	65
(Decrease) in claims payable	(4,821)	(187)	(5,008)
Increase in due to participants	4,517	-	4,517
(Decrease) in compensated absences payable	(5)	-	(5)
Increase in net OPEB liability	<u>32</u>	<u>-</u>	<u>32</u>
Total adjustments	<u>330</u>	<u>176</u>	<u>506</u>
Net cash provided by operating activities	<u>\$ 4,715</u>	<u>\$ 7,121</u>	<u>\$ 11,836</u>



STATISTICAL SECTION

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

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



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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 2,972,120	\$ 3,190,678	\$ 3,522,102	\$ 3,619,269	\$ 3,808,344	\$ 3,926,510	\$ 4,370,958	\$ 4,443,273	\$ 4,523,168	\$ 4,642,043
Restricted	236,683	296,074	183,105	165,156	166,634	183,323	237,956	237,147	233,293	221,832
Unrestricted ¹	153,994	157,095	245,322	302,310	342,353	417,217	384,115	414,758	426,405	421,087
Total governmental activities net assets	<u>3,362,797</u>	<u>3,643,847</u>	<u>3,950,529</u>	<u>4,086,735</u>	<u>4,317,331</u>	<u>4,527,050</u>	<u>4,993,029</u>	<u>5,095,178</u>	<u>5,182,866</u>	<u>5,284,962</u>
Business-type activities										
Invested in capital assets, net of related debt ²	1,386,154	1,564,727	1,593,752	1,783,920	2,049,966	2,129,484	2,393,701	2,522,680	2,450,425	2,493,316
Restricted	67,003	67,720	78,544	104,035	143,941	177,226	199,530	245,033	256,055	316,914
Unrestricted ^{1, 3}	393,486	297,963	440,866	496,774	603,245	790,954	642,657	610,896	837,193	903,570
Total business-type activities net assets	<u>1,846,643</u>	<u>1,930,410</u>	<u>2,113,162</u>	<u>2,384,729</u>	<u>2,797,152</u>	<u>3,097,664</u>	<u>3,235,888</u>	<u>3,378,609</u>	<u>3,543,673</u>	<u>3,713,800</u>
Primary government										
Invested in capital assets, net of related debt	4,358,274	4,755,405	5,115,854	5,403,189	5,858,310	6,055,994	6,764,659	6,965,953	6,973,593	7,135,359
Restricted	303,686	363,794	261,649	269,191	310,575	360,549	437,486	482,180	489,348	538,746
Unrestricted ¹	547,480	455,058	686,188	799,084	945,598	1,208,171	1,026,772	1,025,654	1,263,598	1,324,657
Total primary government net assets	<u>\$ 5,209,440</u>	<u>\$ 5,574,257</u>	<u>\$ 6,063,691</u>	<u>\$ 6,471,464</u>	<u>\$ 7,114,483</u>	<u>\$ 7,624,714</u>	<u>\$ 8,228,917</u>	<u>\$ 8,473,787</u>	<u>\$ 8,726,539</u>	<u>\$ 8,998,762</u>

¹ 2003 through 2009 have been restated for the effects of a prior period adjustment.

² In 2003, a wastewater treatment plant and major water mains were placed in service. In 2004, construction began on light rail projects.

³ In 2004, unrestricted net assets declined due to an allowance for uncollectible receivables related to US Airways, Inc.

CITY OF CHARLOTTE, NORTH CAROLINA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(In Thousands)
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
Public safety ¹	\$ 227,189	\$ 224,870	\$ 241,985	\$ 258,375	\$ 275,078	\$ 286,271	\$ 301,866	\$ 318,576	\$ 324,920	\$ 347,380
Sanitation	39,833	39,567	38,997	39,726	43,137	45,848	49,817	55,721	48,210	47,925
General administration	35,653	38,530	37,510	37,688	42,613	45,641	48,798	38,188	38,272	45,030
Support services	17,737	19,441	19,184	18,907	18,814	20,326	23,719	21,066	21,454	35,427
Engineering and property management	18,830	23,154	22,711	26,828	30,595	56,844	33,049	29,232	27,265	24,876
Streets and highways	73,742	77,422	81,157	86,217	91,636	94,888	103,289	116,141	119,024	114,400
Culture and recreation	4,019	4,263	7,670	8,336	8,208	9,146	13,914	17,834	10,085	17,856
Community planning and development	66,122	57,637	56,460	63,773	66,428	65,355	74,104	81,691	83,608	73,513
Interest and other charges ²	33,958	44,745	42,240	48,248	46,727	47,819	45,593	64,630	57,383	55,101
Total governmental activities expenses	<u>517,083</u>	<u>529,629</u>	<u>547,914</u>	<u>588,098</u>	<u>623,236</u>	<u>672,138</u>	<u>694,149</u>	<u>743,079</u>	<u>730,221</u>	<u>761,508</u>
Business-type activities:										
Water	72,840	87,894	84,017	88,914	87,729	100,020	103,069	97,894	105,079	116,634
Sewer	95,293	94,013	95,160	114,341	140,468	141,511	160,668	157,503	141,720	132,829
Storm water	12,507	16,039	18,955	19,569	22,242	22,613	21,652	21,565	20,233	20,742
Airport	85,712	90,912	107,033	128,746	134,015	148,369	157,400	137,144	160,281	168,661
Public transit	72,082	80,320	92,285	110,828	121,522	146,155	155,602	155,226	151,115	160,776
Total business-type activities expenses	<u>338,434</u>	<u>369,178</u>	<u>397,450</u>	<u>462,398</u>	<u>505,976</u>	<u>558,668</u>	<u>598,391</u>	<u>569,332</u>	<u>578,428</u>	<u>599,642</u>
Total primary government expenses	<u>\$ 855,517</u>	<u>\$ 898,807</u>	<u>\$ 945,364</u>	<u>\$ 1,050,496</u>	<u>\$ 1,129,212</u>	<u>\$ 1,230,806</u>	<u>\$ 1,292,540</u>	<u>\$ 1,312,411</u>	<u>\$ 1,308,649</u>	<u>\$ 1,361,150</u>
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
Public safety	\$ 26,800	\$ 25,969	\$ 23,931	\$ 26,480	\$ 23,689	\$ 24,197	\$ 24,692	\$ 23,719	\$ 24,959	\$ 23,761
Sanitation	9,474	9,503	9,897	10,680	10,865	11,277	11,503	11,895	12,148	12,336
General administration	13,432	14,786	11,589	10,856	11,694	12,805	15,930	14,853	16,980	16,851
Community planning and development	10,383	8,989	12,968	8,309	6,089	10,383	7,954	11,440	4,571	3,290
Other activities	17,046	14,899	20,158	22,983	25,120	26,844	29,196	26,478	28,610	37,684
Operating grants and contributions ¹	44,627	40,243	41,803	49,747	46,231	47,158	63,714	65,051	64,049	78,593
Capital grants and contributions ³	162,917	290,961	286,685	138,597	190,815	172,262	450,950	135,080	102,965	121,645
Total governmental activities program revenues	<u>284,679</u>	<u>405,350</u>	<u>407,031</u>	<u>267,652</u>	<u>314,503</u>	<u>304,926</u>	<u>603,939</u>	<u>288,516</u>	<u>254,282</u>	<u>294,160</u>
Business-type activities:										
Fees, fines, and charges for services:										
Water	68,625	75,133	76,359	100,497	98,444	94,320	90,866	98,954	101,868	115,459
Sewer	82,539	88,610	98,298	118,737	127,870	137,617	144,033	151,653	163,622	177,377
Storm water	25,634	27,643	31,097	34,625	38,286	40,837	43,642	45,782	48,589	52,075
Airport ⁴	81,144	72,982	120,372	161,302	185,079	201,259	190,052	188,935	212,935	219,990
Public transit	10,043	11,068	11,751	13,747	14,907	18,220	23,132	21,548	25,025	26,508
Operating grants and contributions	9,531	12,749	12,996	12,985	12,880	19,019	14,413	12,803	12,923	12,586
Capital grants and contributions ⁵	162,575	84,798	144,960	173,189	297,368	224,739	119,356	98,504	85,319	73,900
Total business-type activities program revenues	<u>440,091</u>	<u>372,983</u>	<u>495,833</u>	<u>615,082</u>	<u>774,834</u>	<u>736,011</u>	<u>625,494</u>	<u>618,179</u>	<u>650,281</u>	<u>677,895</u>
Total primary government program revenues	<u>\$ 724,770</u>	<u>\$ 778,333</u>	<u>\$ 902,864</u>	<u>\$ 882,734</u>	<u>\$ 1,089,337</u>	<u>\$ 1,040,937</u>	<u>\$ 1,229,433</u>	<u>\$ 906,695</u>	<u>\$ 904,563</u>	<u>\$ 972,055</u>

Net (Expense)/Revenue

Governmental activities	\$ (232,404)	\$ (124,279)	\$ (140,883)	\$ (320,446)	\$ (308,733)	\$ (367,212)	\$ (90,210)	\$ (454,563)	\$ (475,939)	\$ (467,348)
Business-type activities	101,657	3,805	98,383	152,684	268,858	177,343	27,103	48,847	71,853	78,253
Total primary governmental net expense	<u>\$ (130,747)</u>	<u>\$ (120,474)</u>	<u>\$ (42,500)</u>	<u>\$ (167,762)</u>	<u>\$ (39,875)</u>	<u>\$ (189,869)</u>	<u>\$ (63,107)</u>	<u>\$ (405,716)</u>	<u>\$ (404,086)</u>	<u>\$ (389,095)</u>

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes-										
Property	\$ 240,926	\$ 263,607	\$ 265,316	\$ 280,844	\$ 313,274	\$ 331,431	\$ 345,755	\$ 356,913	\$ 362,780	\$ 377,309
Sales ^{2,6}	59,328	64,785	69,658	75,938	80,059	87,035	74,434	72,715	73,340	82,730
Utility franchise ²	27,636	27,731	28,372	29,737	31,486	34,278	35,158	36,911	36,804	36,442
Occupancy ⁷	13,611	14,499	15,622	19,686	29,361	32,611	27,036	25,999	29,448	32,590
Prepared foods	13,286	14,476	15,595	17,491	19,087	20,172	19,226	19,598	20,378	22,523
Business privilege	11,412	9,465	9,503	15,501	15,894	20,703	16,390	16,250	15,430	16,375
Municipal vehicle	12,910	6,928	14,423	14,072	13,848	14,184	15,527	14,388	14,695	15,740
Grants and contributions not restricted to specific programs	6,432	6,750	11,674	12,896	17,400	20,362	16,756	13,508	16,979	18,513
Investment earnings ²	11,791	6,879	11,955	10,334	26,124	23,056	15,218	7,212	5,369	(16,546)
Miscellaneous ²	8,312	8,864	10,653	8,731	11,161	11,536	9,099	11,683	6,806	2,167
Special items ⁸	-	-	13,444	(10,098)	-	-	-	-	-	-
Transfers	(18,295)	(18,655)	(18,650)	(18,480)	(18,365)	(18,437)	(18,410)	(18,465)	(18,402)	(18,399)
Total governmental activities	<u>387,349</u>	<u>405,329</u>	<u>447,565</u>	<u>456,652</u>	<u>539,329</u>	<u>576,931</u>	<u>556,189</u>	<u>556,712</u>	<u>563,627</u>	<u>569,444</u>
Business-type activities:										
Sales taxes levied for Public transit ²	54,002	55,191	58,606	67,199	70,301	71,212	59,510	57,870	57,355	65,754
Investment earnings	17,710	6,657	16,716	31,710	50,207	51,241	29,516	13,181	8,842	6,461
Miscellaneous	78	(541)	(9,603)	1,494	4,692	(17,721)	3,685	4,358	8,612	1,260
Transfers	18,295	18,655	18,650	18,480	18,365	18,437	18,410	18,465	18,402	18,399
Total business-type activities	<u>90,085</u>	<u>79,962</u>	<u>84,369</u>	<u>118,883</u>	<u>143,565</u>	<u>123,169</u>	<u>111,121</u>	<u>93,874</u>	<u>93,211</u>	<u>91,874</u>
Total primary government	<u>\$ 477,434</u>	<u>\$ 485,291</u>	<u>\$ 531,934</u>	<u>\$ 575,535</u>	<u>\$ 682,894</u>	<u>\$ 700,100</u>	<u>\$ 667,310</u>	<u>\$ 650,586</u>	<u>\$ 656,838</u>	<u>\$ 661,318</u>

Change in Net Assets

Governmental activities	\$ 154,945	\$ 281,050	\$ 306,682	\$ 136,206	\$ 230,596	\$ 209,719	\$ 465,979	\$ 102,149	\$ 87,688	\$ 102,096
Business-type activities	191,742	83,767	182,752	271,567	412,423	300,512	138,224	142,721	165,064	170,127
Total primary government	<u>\$ 346,687</u>	<u>\$ 364,817</u>	<u>\$ 489,434</u>	<u>\$ 407,773</u>	<u>\$ 643,019</u>	<u>\$ 510,231</u>	<u>\$ 604,203</u>	<u>\$ 244,870</u>	<u>\$ 252,752</u>	<u>\$ 272,223</u>

Notes:

¹ In 2012, the City hosted the Democratic National Convention, funded by a Federal grant.

² 2003 through 2009 have been restated for the effects of a prior period adjustment.

³ In 2003 and in 2006, fewer street miles were added. In 2009, more street miles were added due to annexation.

⁴ In 2004, a \$23 million allowance for long-term receivables was recorded due to US Airways bankruptcy. In 2005, the Airport began collecting Passenger Facility Charges. In 2008, the Airport began collecting Contract Facility Charges.

⁵ In 2004, \$105 million in water and sewer assets and \$19 million in storm water assets were added due to annexation.

⁶ In 2004, an additional 1/2 cent sales tax was collected.

⁷ In 2007, an additional 2 percent occupancy tax was collected to be used for NASCAR Hall of Fame.

⁸ In 2005, the City sold a civic center. In 2006, the City sold the Charlotte Coliseum.

CITY OF CHARLOTTE, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS, POST-GASB 54
LAST TWO FISCAL YEARS¹
(In Thousands)
(modified accrual basis of accounting)

	Fiscal Year	
	2011	2012
General fund		
Nonspendable - Inventories	\$ 951	\$ 1,004
Restricted - State statute	59,131	61,679
Committed:		
Capital projects	3,790	5,674
Component unit	848	1,100
Assigned:		
Capital Projects	-	395
Culture and recreation	94	-
Community planning and development	-	875
Unassigned	84,703	88,423
Total general fund	<u>\$149,517</u>	<u>\$159,150</u>
All other governmental funds		
Nonspendable - Perpetual care	\$ 3,120	\$ 3,121
Restricted:		
State statute	3,402	3,592
Special obligation debt service	10,970	10,120
Public safety	13,190	9,003
Streets and highways	10,878	8,359
Culture and recreation	121,702	120,924
Community planning and development	4,291	5,034
Committed:		
Capital projects	91,572	86,946
Culture and recreation	1,896	1,500
Assigned:		
Debt service	206,124	216,209
Public safety	1,927	-
Total all other governmental funds	<u>\$469,072</u>	<u>\$464,808</u>

¹ In 2011, the City of Charlotte began reporting fund balance classifications as outlined in GASB Statement 54.

CITY OF CHARLOTTE, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS, PRE-GASB 54
LAST EIGHT FISCAL YEARS¹
(In Thousands)
(modified accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 40,162	\$ 39,839	\$ 40,327	\$ 44,958	\$ 43,915	\$ 34,806	\$ 31,887	\$ 54,512
Unreserved ²	<u>69,199</u>	<u>74,896</u>	<u>80,978</u>	<u>101,340</u>	<u>117,699</u>	<u>128,793</u>	<u>119,197</u>	<u>100,740</u>
Total general fund	<u>\$109,361</u>	<u>\$114,735</u>	<u>\$121,305</u>	<u>\$146,298</u>	<u>\$161,614</u>	<u>\$163,599</u>	<u>\$151,084</u>	<u>\$155,252</u>
All Other Governmental Funds								
Reserved	\$ 40,245	\$ 39,827	\$ 31,555	\$ 21,443	\$ 19,236	\$ 46,787	\$ 35,463	\$ 34,430
Unreserved, reported in:								
Debt service funds ²	99,870	100,188	96,063	114,946	138,259	168,168	187,409	195,577
Capital projects funds ^{2,3}	149,959	195,174	79,328	57,755	46,641	58,322	110,301	128,574
Special revenue funds	<u>63,486</u>	<u>67,127</u>	<u>78,443</u>	<u>95,443</u>	<u>114,513</u>	<u>123,126</u>	<u>142,212</u>	<u>122,833</u>
Total all other governmental funds	<u>\$353,560</u>	<u>\$402,316</u>	<u>\$285,389</u>	<u>\$289,587</u>	<u>\$318,649</u>	<u>\$396,403</u>	<u>\$475,385</u>	<u>\$481,414</u>

¹ In 2011, the City of Charlotte began reporting fund balance classifications as outlined in GASB Statement 54. See preceding table.

² 2003 through 2009 have been restated for the effects of a prior period adjustment.

³ In 2004, the City received \$50 million in private contributions to fund the uptown Arena. In 2005, the City constructed a new uptown Arena.

CITY OF CHARLOTTE, NORTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES:										
Property taxes ¹	\$ 237,162	\$ 261,499	\$ 262,867	\$ 285,746	\$ 313,435	\$ 333,032	\$ 344,248	\$ 359,279	\$ 363,060	\$ 378,409
Other taxes ^{2, 3}	87,845	95,390	107,202	120,424	140,417	153,985	130,187	127,482	133,558	149,564
Intergovernmental ^{3, 4}	101,487	91,393	104,057	106,786	102,125	114,400	135,380	137,647	129,561	149,958
Licenses, fees and fines ³	52,315	50,006	48,318	58,971	59,141	67,907	62,994	60,330	60,118	61,103
Investment earnings	11,451	6,247	10,625	12,720	23,159	25,030	18,662	10,588	4,677	3,544
Private contributions ⁵	-	35,096	3,917	5,686	5,596	4,545	14,172	7,598	12,230	2,377
Administrative charges	17,646	18,602	19,909	20,175	21,685	22,420	25,721	25,446	28,513	29,406
Charges for current services	4,275	5,232	6,365	7,421	7,588	8,259	7,477	7,717	9,004	8,325
Miscellaneous	7,714	10,366	11,262	13,167	13,235	10,698	9,636	8,196	9,173	8,614
Total revenues	<u>519,895</u>	<u>573,831</u>	<u>574,522</u>	<u>631,096</u>	<u>686,381</u>	<u>740,276</u>	<u>748,477</u>	<u>744,283</u>	<u>749,894</u>	<u>791,300</u>
EXPENDITURES:										
Public safety ⁴	211,635	217,265	230,386	248,382	265,133	274,361	286,542	305,527	317,255	340,387
Sanitation	35,780	36,517	36,742	37,764	41,439	43,776	45,736	46,200	45,930	45,694
General administration	33,343	38,493	36,253	36,001	41,402	43,213	46,183	37,295	36,649	41,979
Support services	15,346	17,799	16,650	17,336	16,971	19,011	20,069	18,523	19,895	30,848
Engineering and property management	19,721	21,098	20,185	22,345	23,684	26,233	23,793	21,808	21,164	22,717
Streets and highways	40,470	42,883	43,524	44,701	47,564	48,297	52,132	58,332	63,922	56,366
Culture and recreation	8,439	6,318	6,649	8,258	8,352	9,551	13,478	17,798	10,068	13,632
Community planning and development	33,981	36,409	37,747	42,771	44,207	41,281	55,330	54,381	52,248	51,215
Debt service-										
Principal ⁶	45,577	48,463	47,552	46,205	44,049	55,079	74,356	68,766	64,029	72,849
Interest and other charges	31,671	36,367	43,476	43,171	48,366	47,629	49,710	70,900	60,296	58,606
Capital outlay	<u>164,396</u>	<u>160,747</u>	<u>203,074</u>	<u>145,252</u>	<u>135,814</u>	<u>170,154</u>	<u>280,708</u>	<u>252,408</u>	<u>126,119</u>	<u>137,506</u>
Total expenditures	<u>640,359</u>	<u>662,359</u>	<u>722,238</u>	<u>692,186</u>	<u>716,981</u>	<u>778,585</u>	<u>948,037</u>	<u>951,938</u>	<u>817,575</u>	<u>871,799</u>
(Deficiency) of revenues (under) expenditures	(120,464)	(88,528)	(147,716)	(61,090)	(30,600)	(38,309)	(199,560)	(207,655)	(67,681)	(80,499)

OTHER FINANCING SOURCES (USES):

Sales of capital assets ⁷	9,824	9,031	23,610	25,361	3,968	14,081	953	3,160	1,435	1,943
Bonds issued	100,000	-	-	-	-	-	-	20,000	-	-
Commercial paper issued	-	-	-	60,900	68,196	121,348	190,636	88,192	62,786	64,846
Installment purchases issued	50,545	164,576	33,137	14,662	18,694	-	87,491	88,595	-	33,155
Refunding debt issued	39,357	147,587	159,272	-	122,655	11,674	49,102	393,509	-	177,485
Premium on debt issuance	1,648	8,734	11,027	6,338	694	1,027	3,629	35,845	-	36,025
Private loan ⁸	-	-	-	-	1,143	987	357	32,558	3,785	270
Payment to refunded bond escrow agent	(40,238)	(168,340)	(171,037)	-	(122,007)	(12,632)	(47,731)	(425,542)	-	(209,457)
Transfers in	109,476	38,675	43,784	59,322	64,365	137,353	82,201	96,718	126,518	111,204
Transfers out	(127,771)	(57,605)	(62,434)	(76,302)	(82,730)	(155,790)	(100,611)	(115,183)	(144,920)	(129,603)
Total other financing sources (uses)	<u>142,841</u>	<u>142,658</u>	<u>37,359</u>	<u>90,281</u>	<u>74,978</u>	<u>118,048</u>	<u>266,027</u>	<u>217,852</u>	<u>49,604</u>	<u>85,868</u>
Net change in fund balances	<u>\$ 22,377</u>	<u>\$ 54,130</u>	<u>\$ (110,357)</u>	<u>\$ 29,191</u>	<u>\$ 44,378</u>	<u>\$ 79,739</u>	<u>\$ 66,467</u>	<u>\$ 10,197</u>	<u>\$ (18,077)</u>	<u>\$ 5,369</u>

Debt service as a percentage of
noncapital expenditures

14.7%	15.8%	16.5%	15.4%	15.6%	16.0%	18.3%	19.3%	17.7%	17.6%
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¹ In 2004, property taxes increased as a result of annexation.

² In 2007, an additional 2 percent occupancy tax was collected to be used for NASCAR Hall of Fame.

³ 2003 through 2009 have been restated for the effects of a prior period adjustment.

⁴ In 2012, the City hosted the Democratic National Convention, funded by a Federal grant.

⁵ In 2004, private contributions were received to fund construction of a new uptown arena. In 2011, private contributions were received to fund construction of the Mint Museum.

⁶ In 2009, the City early extinguished \$21,215 of installment purchases.

⁷ In 2005, the City sold a Civic Center. In 2006, the City sold the Charlotte Coliseum. In 2008, the City sold land adjacent to Time Warner Cable Arena.

⁸ In 2007, the City entered into a private loan agreement to finance pre-opening expenses for NASCAR Hall of Fame.

CITY OF CHARLOTTE, NORTH CAROLINA
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Assessed Value				Less: Tax-Exempt Property ¹	Total Taxable Assessed Value	Direct Tax Rate
	Real Property		Personal Property				
	Residential Property	Commercial Property	Motor Vehicles	Other			
2003	\$24,689,938	\$16,491,203	\$ 4,653,404	\$ 5,234,389	\$ 92,310	\$ 50,976,624	\$ 0.4670
2004	30,562,534	12,964,970	4,672,776	5,437,659	127,844	53,510,095	0.4200
2005	32,193,222	19,949,428	4,694,427	5,446,359	139,424	62,144,012	0.4200
2006	34,291,699	20,956,252	4,992,208	5,503,912	155,476	65,588,595	0.4200
2007	35,342,264	21,807,395	5,490,370	5,702,971	138,138	68,204,862	0.4586
2008	36,900,394	24,204,284	5,542,576	6,123,051	140,608	72,629,697	0.4586
2009	38,328,716	23,791,182	5,519,009	6,781,909	150,448	74,270,368	0.4586
2010	40,557,214	24,696,512	5,046,368	7,092,141	174,573	77,217,662	0.4586
2011	40,862,815	25,231,676	4,761,822	6,900,642	192,624	77,564,331	0.4586
2012	45,757,652	32,639,066	5,153,731	7,071,716	248,052	90,374,113	0.4370

Source: Assessed value data provided by Mecklenburg County. Assessed value is 100% of appraised market value as of the last revaluation date.

¹ In 2003, General Statute 105-277.1 increased the exemption for qualified North Carolina residents.

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 ¹	Municipal Service Districts					Mecklenburg County
					District 1	District 2	District 3	District 4	District 5 ²	
2003	\$.3805	\$.0640	\$.0225	\$.4670	\$.0193	\$.0140	\$.0289	\$.0900	\$ -	\$.8397
2004	.3480	.0540	.0180	.4200	.0174	.0124	.0271	.0668	.0300	.7364
2005	.3550	.0470	.0180	.4200	.0174	.0124	.0271	.0668	.0300	.7567
2006	.3570	.0470	.0160	.4200	.0174	.0124	.0271	.0668	.0300	.8368
2007	.3698	.0737	.0151	.4586	.0174	.0124	.0271	.0668	.0300	.8189
2008	.3698	.0737	.0151	.4586	.0174	.0124	.0271	.0668	.0300	.8387
2009	.3698	.0737	.0151	.4586	.0174	.0239	.0386	.0668	.0300	.8387
2010	.3758	.0687	.0141	.4586	.0174	.0239	.0386	.0668	.0300	.8387
2011	.3773	.0687	.0126	.4586	.0174	.0239	.0386	.0668	.0300	.8387
2012	.3600	.0650	.0120	.4370	.0168	.0233	.0358	.0668	.0279	.8166

¹ In 2004, tax rates decreased reflecting the revaluation of real property.

² Municipal Service District 5 was established in 2004.

CITY OF CHARLOTTE, NORTH CAROLINA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(Dollar Amounts In Thousands)

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bank of America	\$ 1,549,033	1	1.71%	\$ 731,724	2	1.44%
Wells Fargo/Wachovia Corporation	1,380,710	2	1.53	407,538	4	0.80
Duke Energy Corporation	955,780	3	1.06	805,472	1	1.58
US Airways Group, Incorporated	513,448	4	0.57	512,625	3	1.01
AT&T/BellSouth, Incorporated	404,009	5	0.45	353,305	5	0.69
Southpark Mall	339,006	6	0.38	-		-
Time Warner Entertainment	316,609	7	0.35	-		-
Piedmont Natural Gas	288,930	8	0.32	211,786	7	0.42
TIAA-CREF, LLC	245,418	9	0.27	-		-
CK Southern/Childress Klein	183,113	10	0.20	296,262	6	0.58
Carolina Stadium Corporation	-		-	173,715	8	0.34
Continental General Tire	-		-	144,050	9	0.28
Charlotte Gateway	-		-	129,232	10	0.25
Total	<u>\$ 6,176,056</u>		<u>6.84%</u>	<u>\$ 3,765,709</u>		<u>7.39%</u>

Source: Mecklenburg County.

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
2003	\$ 240,851	\$ 234,603	97.41%	\$ 6,311	\$ 240,914	100.00%
2004	264,853	257,890	97.37	5,821	263,711	99.57
2005	267,305	261,384	97.78	6,045	267,429	100.00
2006	289,079	281,975	97.54	5,441	287,416	99.42
2007	316,477	308,550	97.50	6,130	314,680	99.43
2008	340,293	332,150	97.61	5,308	337,458	99.17
2009	344,391	336,270	97.64	5,985	342,255	99.38
2010	357,494	350,248	97.97	4,732	354,980	99.30
2011	362,833	355,258	97.91	3,629	358,887	98.91
2012	395,901	387,890	97.98	-	387,890	97.98

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, 2011, for the fiscal year 2012, were based on the assessed values listed as of January 1, 2011.

CITY OF CHARLOTTE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	City-Wide			Total Levy ¹	
	Property Valuation Adjusted	Rate	Total Levy ¹	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 84,934,831	\$0.437	\$ 374,218	\$ 367,642	\$ 6,576
Registered motor vehicles at prior year's rate	<u>3,752,434</u>	\$0.459	<u>17,209</u>	<u>-</u>	<u>17,209</u>
Total	<u>88,687,265</u>		<u>391,427</u>	<u>367,642</u>	<u>23,785</u>
Discoveries:					
Prior year taxes	<u>734,503</u>	Various	<u>3,342</u>	<u>3,342</u>	<u>-</u>
Total property valuation	<u>\$ 89,421,768</u>				
Net levy			<u>\$ 394,769</u>	<u>\$ 370,984</u>	<u>\$ 23,785</u>
Current year's taxes collected			<u>\$ 383,447</u>	<u>\$ 363,267</u>	<u>\$ 20,180</u>
Current levy collection percentage			97.13%	97.92%	84.84%

¹ Total levy includes only those taxes levied on a unit-wide basis and therefore, does not include the Municipal Services District.



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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			Per Capita ²	Other Governmental Activities Debt			
	Governmental Activities	Business-Type Activities	Actual Taxable Value of		Special Obligation	Installment	Commercial	Private Loan
	General Obligation Bonds	General Obligation Bonds	Property ¹		Bonds	Purchases	Paper Notes	
2003	\$ 438,538	\$ 476,481	1.79%	\$ 1,540	\$ -	\$ 332,130	\$ -	\$ -
2004	412,005	447,227	1.61	1,399	-	469,684	-	-
2005	381,849	416,522	1.28	1,262	10,970	472,569	-	-
2006	357,901	389,455	1.14	1,153	10,970	470,397	60,900	-
2007	433,830	362,245	1.17	1,198	10,970	469,109	29,559	729
2008	405,500	336,213	1.02	1,066	10,970	441,590	150,907	1,982
2009	378,322	319,004	0.94	973	10,970	532,448	293,812	2,322
2010	508,899	297,315	1.04	1,065	10,970	778,569	46,462	35,045
2011	479,378	273,168	0.97	1,029	10,970	740,602	109,248	38,830
2012	600,753	247,807	0.94	1,098	10,120	731,521	24,094	39,100

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.

Other Business-Type Activities Debt

Fiscal Year	Revenue Bonds	Installment Purchases	Commercial Paper Notes	Other Financing Agreements	Federal Revolving Loan	Total Primary Government	Percentage of Personal Income ²	Per Capita ²
2003	\$ 973,493	\$ 19,854	\$ -	\$ 12,900	\$ -	\$ 2,253,396	13.01%	\$3,792
2004	956,433	118,318	-	12,425	-	2,416,092	13.55	3,933
2005	1,154,248	127,036	-	11,515	-	2,574,709	13.65	4,069
2006	1,120,755	325,252	370,990	10,610	-	3,117,230	15.86	4,810
2007	1,534,538	303,671	142,605	9,715	-	3,296,971	16.03	4,963
2008	1,637,693	285,733	279,209	8,840	-	3,558,637	16.97	5,113
2009	1,929,751	207,065	55,612	7,975	-	3,737,281	16.71	5,213
2010	2,404,213	191,272	-	7,120	-	4,279,865	18.57	5,654
2011	2,341,545	176,749	-	6,275	-	4,176,765	18.07	5,710
2012	2,460,023	166,914	-	5,440	133	4,285,905	18.96	5,547

CITY OF CHARLOTTE, NORTH CAROLINA
DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2012
(Dollar Amounts in Thousands)

	Net General Obligation Bonded Debt Outstanding ¹	Percentage Applicable to City ²	Amount Applicable to City
<u>Jurisdiction</u>			
Direct:			
City of Charlotte	\$ 600,753	100%	\$ 600,753
Overlapping:			
Mecklenburg County	<u>1,385,045</u>	77	<u>1,066,485</u>
Total	<u>\$ 1,985,798</u>		<u>\$ 1,667,238</u>

¹ Excludes general obligation bonds being paid from enterprise funds.

² Percentage of direct and overlapping debt is based on June 30, 2012 assessed valuation of the City of Charlotte (\$90,374,113) as compared to the June 30, 2012 assessed valuation of Mecklenburg County (\$116,691,859).

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
2003	\$ 4,078,130	\$ 1,239,409	\$ 2,838,721	30.39%
2004	4,280,808	1,431,925	2,848,883	33.45
2005	4,971,521	1,526,973	3,444,548	30.71
2006	5,247,088	1,683,884	3,563,204	32.09
2007	5,456,389	1,741,640	3,714,749	31.92
2008	5,810,376	1,654,742	4,155,634	28.48
2009	5,941,629	1,855,784	4,085,845	31.23
2010	6,177,413	2,015,121	4,162,292	32.62
2011	6,205,146	2,059,176	4,145,970	33.18
2012	7,229,929	2,081,308	5,148,621	28.79

¹ Excludes debt not applicable to the limit.

Legal Debt Margin Calculation for Fiscal Year 2012:

Assessed value		\$ 90,374,113
Debt limit (8% of assessed value)		\$ 7,229,929
Total outstanding general obligation bonded debt	\$ 848,560	
Amounts due under installment purchases primarily for Convention Center, tourism, capital improvements and equipment	898,435	
Bonds authorized but unissued	428,186	
	2,175,181	
Less- Water general obligation bonds	93,873	
Outstanding debt, net		2,081,308
Legal debt margin		\$ 5,148,621

CITY OF CHARLOTTE, NORTH CAROLINA
SPECIAL OBLIGATION BOND COVERAGE
LAST EIGHT FISCAL YEARS
(Dollar Amounts in Thousands)

<u>Fiscal Year</u>	<u>Allowable Revenues ¹</u>	<u>Debt Service Requirement</u>	<u>Revenue Bond Coverage</u>
2005	\$ 9,153	\$ 1,425	6.4
2006	10,781	1,454	7.4
2007	11,866	1,454	8.2
2008	13,012	1,415	9.2
2009	11,956	1,390	8.6
2010	16,250	1,385	11.7
2011	17,638	1,382	12.8
2012	20,033	1,383	14.5

¹ Allowable revenues as defined by the Revenue Bond Order.

CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands)

Fiscal Year	Allowable Revenues ¹	Current Expenses ¹	Net Revenues		Debt Service Requirement	Revenue Bond Coverage
			Available for Debt Service			
2003	\$ 176,274	\$ 78,259	\$ 98,015	\$ 30,896	3.2	
2004	183,722	87,071	96,651	34,847	2.8	
2005	200,368	82,575	117,793	34,492	3.4	
2006	257,075	90,693	166,382	43,478	3.8	
2007	276,399	93,119	183,280	51,141	3.6	
2008	279,870	102,522	177,348	67,871	2.6	
2009	284,083	101,583	182,500	78,258	2.3	
2010	300,153	99,989	200,164	88,524	2.3	
2011	323,930	99,389	224,541	102,720	2.2	
2012	360,485	102,492	257,993	98,227	2.6	

¹ Allowable revenues and current expenses as defined by the Revenue Bond Order.

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands)

Fiscal Year	Allowable	Current	Net Revenues		Debt Service Requirement	Revenue Bond Coverage
	Revenues ¹	Expenses ¹	Available for Debt Service			
2003	\$ 27,435	\$ 9,245	\$ 18,190	\$ 4,736		3.8
2004	32,120	11,287	20,833	4,721		4.4
2005	36,400	12,750	23,650	6,198		3.8
2006	41,946	12,198	29,748	7,187		4.1
2007	48,490	13,021	35,469	9,476		3.7
2008	51,606	12,699	38,907	10,247		3.8
2009	53,542	11,604	41,938	10,954		3.8
2010	54,370	11,884	42,486	11,022		3.9
2011	56,656	11,328	45,328	10,547		4.3
2012	59,125	12,080	47,045	10,544		4.5

¹ Allowable revenues and current expenses as defined by the Revenue Bond Order.

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
2003	\$ 72,909	\$ 33,344	\$ 39,565	\$ 24,571	1.6
2004	86,743	35,506	51,237	23,013	2.2
2005	94,456	40,580	53,876	23,235	2.3
2006	104,196	43,761	60,435	18,203	3.3
2007	117,180	45,432	71,748	18,285	3.9
2008	129,034	52,849	76,185	21,049	3.6
2009	123,920	52,835	71,085	18,273	3.9
2010	122,024	52,435	69,589	20,957	3.3
2011	131,566	57,291	74,275	21,049	3.5
2012	139,958	61,711	78,247	24,289	3.2

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.

CITY OF CHARLOTTE, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Unemployment Rate
2003	594,176	\$ 17,317,300	\$ 23,201	33.4	6.4%
2004	614,330	17,827,370	23,322	33.4	5.6
2005	632,760	18,860,073	24,251	34.7	5.1
2006	648,139	19,655,613	24,623	34.5	4.4
2007	664,342	20,570,513	24,853	35.1	4.5
2008	695,995	20,970,350	24,281	35.1	5.6
2009	716,874	22,365,015	24,815	35.1	10.2
2010	756,912	23,046,008	24,782	35.2	9.5
2011	731,424	23,109,445	24,267	35.2	10.0
2012	772,627	22,605,735	23,667	N/A	8.8

Source: Data provided by Charlotte Chamber of Commerce. Personal income and median age data are for the County.

N/A: Information not available.

CITY OF CHARLOTTE, NORTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2012</u>			<u>2003</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage to Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage to Total City Employment</u>
Carolinas Healthcare System	32,500	1	7.38%	15,679	2	3.96%
Wells Fargo/Wachovia Corporation	20,000	2	4.54	18,000	1	4.55
Charlotte-Mecklenburg Schools	18,143	3	4.12	14,195	3	3.59
Bank of America	15,000	4	3.41	12,000	4	3.03
Wal-Mart Stores, Incorporated	14,000	5	3.18	8,140	7	2.06
Novant Healthcare	10,573	6	2.40	-	-	-
Delhaize America, Inc/Food Lion, LLC	8,700	7	1.98	8,658	6	2.19
Lowe's Companies, Incorporated	8,500	8	1.93	-	-	-
Duke Energy Corporation	7,700	9	1.75	10,000	5	2.53
North Carolina State Government	7,684	10	1.74	6,418	9	1.62
Ruddick Corporation	-		-	6,894	8	1.74
US Airways Group, Incorporated	-		-	6,154	10	1.56
Total	<u>142,800</u>		<u>32.43%</u>	<u>106,138</u>		<u>26.83%</u>

Sources: Number of employees provided by Charlotte Chamber of Commerce. Total city employment provided by NC Employment Security Commission.

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011 ¹	2012
Public safety ²	2,953.50	3,002.50	3,058.50	3,094.50	3,179.50	3,191.50	3,223.50	3,392.50	3,388.50	3,408.50
Sanitation	264.00	255.00	247.00	239.00	276.00	290.00	289.00	296.00	283.00	289.00
General administration	240.00	245.00	272.00	295.50	297.50	349.00	350.25	367.25	371.25	373.25
Support services	182.00	183.50	186.50	187.50	191.50	197.50	235.00	223.00	246.00	254.50
Engineering and property management	296.00	298.00	299.00	301.00	306.00	314.00	330.00	329.00	330.00	330.00
Streets and highways	433.25	456.25	447.25	437.25	437.25	428.50	429.50	434.50	432.50	431.50
Community planning and development	204.00	210.00	212.00	225.00	227.00	226.00	226.00	233.00	229.00	220.00
Water and Sewer ³	779.50	784.50	802.50	802.50	818.50	813.50	812.50	802.50	791.50	746.25
Storm water	68.00	77.00	84.00	92.00	85.00	80.00	86.00	83.00	84.00	84.00
Airport ⁴	248.00	248.00	268.00	268.00	268.00	268.00	268.00	268.00	266.00	283.00
Public transit	173.25	225.25	242.25	289.75	380.75	392.75	392.75	392.75	360.75	361.75
Risk management	23.00	23.00	25.00	25.00	25.00	26.00	27.00	27.00	27.00	27.00
Total	<u>5,864.50</u>	<u>6,008.00</u>	<u>6,144.00</u>	<u>6,257.00</u>	<u>6,492.00</u>	<u>6,576.75</u>	<u>6,669.50</u>	<u>6,848.50</u>	<u>6,809.50</u>	<u>6,808.75</u>

Source: Actual position allocations per Budget and Evaluation Department.

¹ In 2011, vacant positions were eliminated.

² In 2009, positions were added due to annexation. In 2010, positions were added due to receipt of an American Recovery and Reinvestment Act grant.

³ In 2012, vacant positions were eliminated as part of the financial stability plan.

⁴ In 2012, positions were added for public safety at the airport.

CITY OF CHARLOTTE, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police physical arrests	26,853	27,226	26,163	28,015	27,005	28,875	29,703	28,326	27,800	25,389
911 call volume	968,055	1,030,578	1,066,176	1,081,065	1,093,542	1,069,433	1,008,457	967,020	1,002,790	1,093,772
Fire calls answered	73,190	75,624	78,656	84,348	88,024	90,743	91,309	93,139	98,569	95,922
Sanitation										
Refuse collected (in tons)	247,938	257,972	278,598	281,215	338,745	331,806	311,820	310,376	315,717	295,347
Recyclables collected (in tons) ¹	33,096	32,926	33,126	33,036	33,242	34,725	33,213	34,188	44,520	46,736
Support services										
Fleet maintained	2,833	2,845	2,968	3,091	3,137	3,251	3,367	3,470	3,465	3,577
Streets and highways										
Miles resurfaced	334	304	283	195	194	306	319	246	325	222
Potholes repaired	453	387	376	378	375	288	576	895	790	768
Community planning and development										
Housing inspections conducted	2,045	2,818	2,970	2,993	3,689	3,565	3,749	3,142	3,196	3,070
Affordable housing production	1,005	1,051	1,319	1,187	1,640	1,204	1,093	1,172	1,310	1,614
Water										
Number of service connections	204,110	226,004	223,559	232,545	237,930	241,637	242,631	245,854	248,257	253,557
Average daily consumption (in millions of gallons)	101	105	100	111	114	106	99	108	110	101
Sewer										
Number of service connections	181,700	191,148	196,906	205,569	219,268	222,887	223,855	226,978	229,002	235,157
Average daily treatment (in millions of gallons)	87	81	84	80	86	78	81	83	76	78
Storm water										
Requests for services completed	668	1,500	1,863	1,842	1,627	1,885	2,021	2,266	1,890	2,862
Airport										
Number of airline arrivals and departures per day	1,016	1,048	1,142	1,204	1,228	1,350	1,289	1,281	1,359	1,371
Passengers boarding (in thousands)	11,310	12,166	13,539	14,246	15,712	17,023	17,305	17,725	19,614	20,010
Public transit										
Scheduled bus/rail miles operated (in thousands) ²	10,215	10,116	14,541	15,769	15,365	16,304	17,280	15,617	15,598	15,925
Passengers (in thousands) ²	15,528	16,356	17,705	19,157	19,758	23,101	26,034	24,355	24,901	26,500

¹ The city began collecting recyclables for all four zones in 2011. Prior years only collected three zones.

² Light rail service began operations in 2008.

CITY OF CHARLOTTE, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police stations	12	12	12	12	13	13	13	13	13	13
Patrol units	993	997	984	990	1,072	1,087	1,169	1,251	1,267	1,352
Fire stations	35	36	36	37	38	38	39	40	41	42
Sanitation										
Collection trucks	176	165	170	171	182	194	198	200	178	171
Streets and highways										
Miles of street	2,147	2,104	2,181	2,197	2,244	2,280	2,368	2,398	2,415	2,434
Number of street lights	62,470	60,565	60,737	63,258	64,644	66,204	67,345	70,000	69,695	70,862
Water										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	3,294	3,370	3,450	3,528	3,850	3,929	4,025	4,064	4,094	4,206
Fire hydrants ¹	9,141	18,000	20,000	20,000	20,000	22,000	12,425	12,541	12,568	16,756
Sewer										
Treatment plants	5	5	5	5	5	5	5	5	5	5
Miles of sanitary sewer lines	3,210	3,297	3,369	3,433	3,865	3,942	4,028	4,047	4,073	4,180
Airport										
Feet of runway ²	26,345	26,345	26,345	26,345	26,345	26,345	26,345	35,175	35,175	35,175
Public transit										
Motor buses	309	313	321	326	324	342	342	324	324	323
Light rail vehicles	-	-	4	4	9	16	16	20	20	20

¹ Beginning 2009, data represents only assets owned and maintained by the city.

² In 2010, the Airport opened its third parallel runway.





**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements in Accordance with *Government Auditing Standards***

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

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 (the "City"), North Carolina, as of and for the year ended June 30, 2012, which collectively comprises the City's basic financial statements, and have issued our report thereon dated October 31, 2012. Our report includes a reference to another auditor. 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. Another auditor audited the financial statements of the Charlotte Regional Visitors Authority, 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

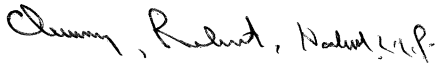
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Raleigh, North Carolina
October 31, 2012



Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and Internal Control Over Compliance In Accordance with OMB Circular A-133 and the State Single Audit Implementation Act

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

Compliance

We have audited the City of Charlotte (the "City"), North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 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, 2012. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2012.

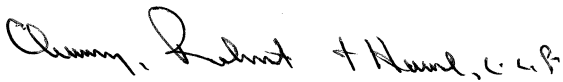
Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

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

This report is intended solely for the information and use of management, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Cheryl R. Hunt".

Raleigh, North Carolina
October 31, 2012



Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major State Program and Internal Control over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

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

Compliance

We have audited City of Charlotte (the "City"), North Carolina, 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, 2012. The City's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*; and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2012.

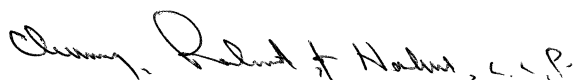
Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Raleigh, North Carolina
October 31, 2012

CITY OF CHARLOTTE, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2012

I. SUMMARY OF AUDITORS' RESULTS

- A. An unqualified opinion was issued on the basic financial statements of the City of Charlotte, North Carolina (the "City").
- B. Our audit of the basic financial statements disclosed no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses or significant deficiencies.
- C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.
- D. Our audit of compliance with the types of compliance requirements applicable to the City's major programs disclosed no material weaknesses or significant deficiencies in the internal controls over major programs.
- E. An unqualified opinion was issued on the City's compliance with the types of compliance requirements applicable to its major federal programs.
- F. An unqualified opinion was issued on the City's compliance with the types of compliance requirements applicable to its major State programs.
- G. Our audit disclosed no instances of noncompliance related to the federal programs of the City.
- H. Our audit disclosed no instances of noncompliance related to the State programs of the City.
- I. Major federal programs for the City for the year ended June 30, 2012 were:

Program Name	CFDA #
U.S. Department of Commerce ARRA – Broadband Technology Opportunities Program	11.557
U.S. Department of Housing and Urban Development ARRA – Lead Based Paint Hazards Control in Privately-Owned Housing	14.907
U.S. Department of Justice ARRA - Public Safety Partnership & Community Policing Grant	16.710
Public Safety Partnership & Community Policing Grant	16.710
Justice Assistance Grant Cluster: Justice Assistance Grant	16.738
ARRA – Justice Assistance Grant	16.803
ARRA – Justice Assistance Grant	16.804
Edward Byrne Memorial State & Local Law Enforcement Assistance Discretionary Grants Program	16.580

CITY OF CHARLOTTE, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2012

U.S. Department of Transportation Airport Improvement Program	20.106
Capital Assistance for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523
ARRA – Capital Assistance for Reducing Energy Consumption	20.523
U.S. Department of Energy ARRA – Energy Efficiency and Conservation Block Grant	81.128
U.S. Department of Homeland Security Homeland Security	97.067

J. Major State programs for the City for the fiscal year ended June 30, 2012 were:

Program Name

North Carolina State Department of Transportation
State Street Aid – Powell Bill
State Aid to Airports

K. The threshold for determining Type-A programs, as the term is defined in OMB Circular A-133, for the City is \$3,000,000.

L. The City qualified as a low-risk auditee under Section .530 of OMB Circular A-133.

II. FINDINGS RELATED TO THE AUDIT OF THE BASIC FINANCIAL STATEMENTS OF THE CITY

Our audit disclosed no findings related to the basic financial statements of the City.

III. FINDINGS RELATED TO THE AUDIT OF THE FEDERAL AND STATE PROGRAMS OF THE CITY

Our audit disclosed no findings related to the federal and State programs of the City.

CITY OF CHARLOTTE, NORTH CAROLINA

SUMMARY OF PRIOR YEAR FINDINGS YEAR ENDED JUNE 30, 2012

For the prior year Finding No. 11-01, the City reassigned an employee to oversee the process and ensure the reporting compliance requirement is addressed for all CDBG Grants.

For the prior year Finding No. 11-02, the City implemented procedures to correctly report grant expenditures in the current year. The City has moved all activity associated with the Section 104f grant to a special revenue fund (Public Safety and Other Grants Fund) for ease of tracking revenue and related expenditures. The current year schedule of expenditures of federal and State Awards for the Section 104f grant within the Highway Planning and Construction grant cluster represents both 2011 and 2012 grant expenditures and when compared to actual 2012 grant expenditures is overstated by approximately \$876,000. Going forward, the City will only show current year expenditures on the current year schedule of federal and State awards for the Section 104f grant.

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
FEDERAL AWARDS:					
<u>Executive Office of the President</u>					
Direct Programs:					
High Intensity Drug Trafficking Areas	95.001	G10GA0007A	\$ 140,454	\$ 118,992	\$ 121,374
High Intensity Drug Trafficking Areas	95.001	G11GA0006A	136,166	-	-
High Intensity Drug Trafficking Areas	95.001	G12GA0007A	86,500	-	-
Total Executive Office of the President			363,120	118,992	121,374
<u>U.S. Department of Commerce</u>					
Direct Programs:					
ARRA - Broadband Technology Opportunities (BTOP)	11.557	NT10BIX5570088	16,702,490	3,734,213	3,751,304
<u>U.S. Department of Defense</u>					
Direct Programs:					
Military Construction, National Guard	12.400	W91242-08-2-2104	7,200,000	488,748	6,254,530
<u>U.S. Department of Energy</u>					
Direct Programs:					
ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000765	6,780,100	3,645,919	6,197,139
Pass-Through N.C. Department of Commerce / Energy Division:					
ARRA - State Energy	81.041	DE-EE0000157	38,042	38,042	38,042
ARRA - State Energy	81.041	Letter	425,359	245,891	425,359
Total Pass-Through N.C. Department of Commerce / Energy Division			463,401	283,933	463,401
Pass-Through Triangle J. Council of Governments:					
ARRA - Conservation Research and Development	81.086	TJCOG-CBS-048	10,000	-	-
ARRA - Conservation Research and Development	81.086	TJCOG-CBS-050	190,977	190,977	190,977
Total Pass-Through Triangle J. Council of Governments			200,977	190,977	190,977

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Pass-Through Southeast Energy Efficiency Alliance:					
ARRA - Energy Efficiency and Conservation Block Grant	81.128	2011-SEEA-010	\$ 607,005	\$ 995	\$ 995
Total U.S. Department of Energy			8,051,483	4,121,824	6,852,512
<u>U.S. Department of Health and Human Services</u>					
Pass-Through N.C. Department of Health and Human Services:					
Public Health and Social Services Emergency	93.003	BT-07-1106	370,000	755	366,958
<u>U.S. Department of Homeland Security</u>					
Direct Programs:					
Assistance to Firefighters	97.044	EMW-2009-FO-05755	1,229,712	218,295	1,183,196
Assistance to Firefighters	97.044	EMW-2010-FO-04187	518,000	518,000	518,000
Assistance to Firefighters	97.044	EMW-2011-FO-09500	80,000	-	-
Assistance to Firefighters	97.044	EMW-2010-FR-00382	1,680,000	1,649,111	1,649,111
Assistance to Firefighters	97.044	EMW-2011-FR-00617	2,714,312	-	-
Rail and Transit Security	97.075	2009-RA-T9-0082	364,373	269,129	297,597
Rail and Transit Security	97.075	2010-RA-T0-0038	287,760	98,900	98,900
Rail and Transit Security	97.075	EMW-2011-RA-00078-S01	130,128	3,503	3,503
ARRA - TSA Airport Checked Baggage Inspection System	97.117	HSTS04-10-H-REC109	45,431,845	252,469	1,120,756
Total Direct Programs			52,436,130	3,009,407	4,871,063
Pass-Through N.C. Department of Crime Control and Public Safety:					
State and Local Homeland Security Exercise Support	97.006	SRT / USAR 0607-001	141,000	-	137,965
Urban Areas Security initiative	97.008	2007-GE-T7-0048	4,970,000	747,674	4,252,068
Metropolitan Medical Response System	97.071	2007-GE-T7-0048	258,145	-	257,982
State Homeland Security	97.073	2007-GE-T7-0048	170,000	-	167,246
State Homeland Security	97.073	2007-GE-T7-0048	50,000	30,098	47,930
State Homeland Security	97.073	2007-GE-T7-0048-8017	65,000	-	63,209
Rail and Transit Security	97.075	2007-RL-T7-0004	548,766	141,994	543,000
Rail and Transit Security	97.075	2007-RL-T7-0021	414,990	283,500	414,900
Rail and Transit Security	97.075	2008-RL-T8-0002	78,593	-	78,052
Rail and Transit Security	97.075	2008-RL-T8-0002	270,926	17,110	264,745
Rail and Transit Security	97.075	2008-RL-T8-0002	250,741	195,353	195,353
Rail and Transit Security	97.075	2008-RL-T8-0002	253,462	143,667	143,667

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Rail and Transit Security	97.075	2008-RL-T8-0002	\$ 249,441	\$ 115,490	\$ 115,490
Buffer Zone Protection	97.078	2007-BZ-T7-0034	365,770	-	363,508
Buffer Zone Protection	97.078	2009-BF-T9-0028 / 9004	194,000	39,440	39,440
Homeland Security	97.067	2008-GE-T8-0033	25,000	-	24,548
Homeland Security	97.067	2008-GE-T8-0033	321,221	59,290	115,256
Homeland Security	97.067	2008-GE-T8-0033	60,000	57,407	60,000
Homeland Security	97.067	2008-GE-T8-0033	350,000	119,956	179,452
Homeland Security	97.067	2008-GE-T8-0033	205,714	180,701	202,758
Homeland Security	97.067	2008-GE-T8-0033	4,176,370	775,391	2,956,493
Homeland Security	97.067	2009-SS-T9-0046	311,584	26,342	96,400
Homeland Security	97.067	2009-SS-T9-0046	135,714	11,640	11,640
Homeland Security	97.067	2009-SS-T9-0046	4,442,600	1,346,792	3,163,619
Homeland Security	97.067	2009-SS-T9-0046	80,000	1,170	1,170
Homeland Security	97.067	2009-SS-T9-0046	100,000	4,328	73,176
Homeland Security	97.067	2010-SS-T0-0075	238,509	16,100	238,509
Homeland Security	97.067	2010-SS-T0-0075	55,000	4,843	5,063
Homeland Security	97.067	2010-SS-T0-0075	51,429	-	-
Homeland Security	97.067	2010-SS-T0-0075	62,000	131	555
Homeland Security	97.067	2010-SS-T0-0075	4,016,970	1,146,049	1,486,156
Homeland Security	97.067	2010-SS-T0-0075	301,548	31,096	31,096
Homeland Security	97.067	2011-SS-00119 / 2003	267,608	-	-
Homeland Security	97.067	2011-SS-00119 / 4001	2,132,180	286,648	286,648
Total Pass-Through N.C. Department of Crime Control and Public Safety			<u>25,614,281</u>	<u>5,782,210</u>	<u>16,017,094</u>
Pass-Through Mecklenburg County:					
Emergency Management Performance	97.042	EMPG-2009-37119	99,815	94,669	99,815
Emergency Management Performance	97.042	EMPG-2010-37119	106,419	21,360	21,360
Emergency Management Performance	97.042	EMPG-2011-37119	62,500	-	-
Total Pass-Through Mecklenburg County			<u>268,734</u>	<u>116,029</u>	<u>121,175</u>
Total U.S. Department of Homeland Security			<u>78,319,145</u>	<u>8,907,646</u>	<u>21,009,332</u>

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<u>U.S. Department of Housing and Urban Development</u>					
Direct Programs:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants/Entitlement Grants	14.218	B-08-MN-37-0001	\$ 5,431,777	\$ 360,799	\$ 4,631,990
Community Development Block Grants/Entitlement Grants	14.218	B-10-MC-37-0003	5,195,468	4,058,766	5,195,468
Community Development Block Grants/Entitlement Grants	14.218	B-11-MC-37-0003	4,358,311	33,717	33,717
ARRA - Community Development Block Grants/Entitlement Grants	14.253	B-09-MY-37-0003	1,262,296	475,417	1,182,743
Total CDBG - Entitlement Grants Cluster			16,247,852	4,928,699	11,043,918
Emergency Shelter	14.231	E-11-MC-37-0002	210,491	210,491	210,491
HOME Investment Partnerships	14.239	M09DC370212	2,841,233	2,143,666	2,705,266
HOME Investment Partnerships	14.239	M10DC370212	2,819,428	-	-
HOME Investment Partnerships	14.239	M11-DC370212	2,475,006	-	-
Housing Opportunities For Persons With AIDS	14.241	NC19H09-F001	714,063	368,107	714,063
Housing Opportunities For Persons With AIDS	14.241	NC19H10-F001	793,382	547,808	547,808
Housing Opportunities For Persons With AIDS	14.241	NCH11-F001	813,905	-	-
ARRA - Homeless Prevention and Rapid Re-Housing	14.262	S-09-MY-37-002	1,930,217	451,923	1,930,217
Fair Housing Assistance	14.401	FF204K114008	228,919	-	-
ARRA - Lead-Based Paint Hazard Control in Privately-Owned Housing	14.907	NCLHB0412-08	2,999,903	455,291	2,856,367
Total Direct Programs			32,074,399	9,105,985	20,008,130
Pass-Through Mecklenburg County:					
Community Development Block Grants/Entitlement Grants	14.218	110560	339,000	268,468	268,468
Pass-Through N.C. Department of Commerce:					
Community Development Block Grants/Entitlement Grants	14.218	08-N-1887	2,625,000	59,195	2,570,383
Total U.S. Department of Housing and Urban Development			35,038,399	9,433,648	22,846,981

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<u>U.S. Department of Justice</u>					
Direct Programs:					
Part E - Developing, Testing and Demonstrating					
Promising New Programs	16.541	2008-JL-FX-0488	\$ 1,162,653	\$ 145,526	\$ 1,100,115
Public Safety Partnership and Community Policing	16.710	2007CKWX0044	2,884,170	435,668	1,002,645
Public Safety Partnership and Community Policing	16.710	2008CSWX0014	321,350	34,580	321,350
ARRA - Public Safety Partnership and Community Policing	16.710	2009RJWX0062	8,545,950	2,649,311	7,314,762
Forensic DNA Backlog Reduction	16.741	2008-DN-BX-K116	362,548	5,192	362,548
Forensic DNA Backlog Reduction	16.741	2009-DN-BX-K150	351,398	218,524	351,398
Forensic DNA Backlog Reduction	16.741	2010-DN-BX-K165	349,200	64,614	85,505
Forensic DNA Backlog Reduction	16.741	2011-DN-BX-K507	365,831	81,513	81,513
Total Direct Programs			<u>14,343,100</u>	<u>3,634,928</u>	<u>10,619,836</u>
Pass-Through N.C. Department of Crime Control and Public Safety:					
Crime Victim Assistance	16.575	060-1-10-055-AV-169	151,588	59,371	127,740
Project Safe Neighborhoods	16.609	060-1-10-001-BA-087	20,000	13,611	13,611
Project Safe Neighborhoods	16.609	PROJ008241	16,499	-	-
Project Safe Neighborhoods	16.609	PROJ008261	29,989	-	-
Justice Assistance	16.738	060-1-10-006-BH-352	303,912	4,832	182,740
Coverdell Forensic Sciences Improvement	16.742	2009-CD-BX-0024	52,226	9,591	52,226
Coverdell Forensic Sciences Improvement	16.742	PROJ008231	83,782	81,005	81,005
AntiGang Initiative	16.744	060-1-06-001-BA-123	51,165	(1,632)	51,165
AntiGang Initiative	16.744	060-1-06-001-BK-290	40,280	-	22,386
Total Pass-Through N.C. Department of Crime Control and Public Safety			<u>749,441</u>	<u>166,778</u>	<u>530,873</u>
Pass-Through Maryland State Police:					
Project Safe Neighborhoods	16.609	Letter	<u>152,549</u>	<u>83,832</u>	<u>83,832</u>
Pass-Through Mecklenburg County:					
Part E - Developing, Testing and Demonstrating					
Promising New Programs	16.541	2009-JL-FX-0285	900,000	(115,311)	250,125
National Institute of Justice Research, Evaluation, and Development					
Project Grants	16.560	2011-DN-BX-K525	485,777	98,883	98,883
Edward Byrne Memorial State and Local Law Enforcement Assistance					
Discretionary Grants Program	16.580	2012-ZC-BX-0001	49,850,000	13,105,817	13,105,817

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Community Capacity Development	16.595	2008-WS-QX-0204	\$ 150,000	\$ 290	\$ 144,771
Coverdell Forensic Sciences Improvement	16.742	170-1-06-001-BD-091	35,540	-	34,392
Congressionally Recommended	16.753	2009-DI-BX-0334	50,000	6,757	50,000
Congressionally Recommended	16.753	2010-DD-BX-0466	200,000	119,251	138,048
JAG Program Cluster:					
Justice Assistance	16.738	2008-DJ-BX-0318	325,632	18,993	325,632
Justice Assistance	16.738	2009-DJ-BX-0178	1,060,715	263,449	1,013,364
Justice Assistance	16.738	2010-DJ-BX-0286	940,519	366,193	546,776
Justice Assistance	16.738	2011-DJ-BX-2961	714,123	22,497	22,497
ARRA - Justice Assistance	16.803	260680	543,504	325,970	528,649
ARRA - Justice Assistance	16.804	2009-SB-B9-1703	4,453,144	1,609,790	3,873,432
ARRA - Justice Assistance	16.804	2009-SC-B9-0063	483,825	185,325	474,238
ARRA - Justice Assistance	16.804	260651	9,975	(1)	9,975
ARRA - Justice Assistance	16.804	260681	339,765	219,989	234,547
Total JAG Program Cluster			8,871,202	3,012,205	7,029,110
Total Pass-Through Mecklenburg County			60,542,519	16,227,892	20,851,146
Total U.S. Department of Justice			75,787,609	20,113,430	32,085,687
<u>U.S. Department of Labor</u>					
Pass-Through N.C. Department of Commerce:					
Workforce Investment Act	17.267	09-2031	2,041,896	144,132	2,041,896
Workforce Investment Act	17.267	09-2050	390,336	-	390,336
Workforce Investment Act	17.267	10-2010	563,261	260,697	563,261
Workforce Investment Act	17.267	10-2020	1,458,581	694,111	1,458,581
Workforce Investment Act	17.267	10-2030	1,969,696	830,436	1,969,696
Workforce Investment Act	17.267	10-2031	993,372	988,372	993,372
Workforce Investment Act	17.267	10-2040	1,642,330	293,594	1,642,330
Workforce Investment Act	17.267	10-2050	478,822	56,268	367,547
Workforce Investment Act	17.267	11-2010	621,993	404,111	404,111
Workforce Investment Act	17.267	11-2020	1,709,729	920,547	920,547
Workforce Investment Act	17.267	11-2030	1,988,674	982,289	982,289
Workforce Investment Act	17.267	11-2031	634,031	71,404	71,404
Workforce Investment Act	17.267	11-2040	1,899,530	1,456,472	1,456,472
Total U.S. Department of Labor			16,392,251	7,102,433	13,261,842

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SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<u>U.S. Department of Transportation</u>					
Direct Programs:					
Federal Aviation Administration:					
Airport Improvement Program	20.106	3-37-0012-39	\$ 5,000,000	\$ -	\$ 1,891,682
Airport Improvement Program	20.106	3-37-0012-54	9,396,900	229,157	9,396,900
Airport Improvement Program	20.106	3-37-0012-60-2009	562,500	167,054	393,088
Airport Improvement Program	20.106	3-37-0012-64-2011	16,804,107	62,990	16,804,107
Airport Improvement Program	20.106	3-37-0012-065-2011	3,695,893	3,695,893	3,695,893
Airport Improvement Program	20.106	3-37-0012-66-2012	20,500,000	-	-
Total Federal Aviation Administration			<u>55,959,400</u>	<u>4,155,094</u>	<u>32,181,670</u>
Federal Transit Administration:					
Federal Transit Cluster:					
Federal Transit - Capital Investment Grants	20.500	NC-03-0048	192,940,000	81,617	192,940,000
Federal Transit - Capital Investment Grants	20.500	NC-03-0056	880,000	-	851,654
Federal Transit - Capital Investment Grants	20.500	NC-03-0082-00	36,955,000	8,809,937	23,712,485
Federal Transit - Capital Investment Grants	20.500	NC-03-0084-00	24,990,000	957,979	957,979
Federal Transit - Capital Investment Grants	20.500	NC-04-0006-00	11,326,917	-	4,480,431
Federal Transit - Capital Investment Grants	20.500	NC-04-0018-00	10,557,344	6,156	6,156
Federal Transit - Capital Investment Grants	20.500	NC-04-0020-00	5,000,000	511,702	5,000,000
Federal Transit - Capital Investment Grants	20.500	NC-04-0021-00	380,000	98,089	322,806
Federal Transit - Capital Investment Grants	20.500	NC-04-0044-00	740,772	740,772	740,772
Federal Transit - Capital Investment Grants	20.500	NC-04-0045-00	400,000	-	-
Federal Transit - Capital Investment Grants	20.500	NC-05-0042-00	696,864	696,864	696,864
Federal Transit - Formula Grants	20.507	NC-90-X403-00	2,147,545	303,615	914,508
Federal Transit - Formula Grants	20.507	NC-90-X408-00	13,294,550	207,177	13,294,549
Federal Transit - Formula Grants	20.507	NC-90-X431-00	30,569,205	3,212,053	25,385,125
Federal Transit - Formula Grants	20.507	NC-90-X472-00	15,892,453	8,552,564	14,897,937
Federal Transit - Formula Grants	20.507	NC-90-X499	17,161,094	16,762,656	16,762,656
Federal Transit - Formula Grants	20.507	NC-95-X014-01	1,040,000	137,849	137,849
Federal Transit - Formula Grants	20.507	NC-95-X042-01	1,000,000	458,859	458,859
Federal Transit - Formula Grants	20.507	NC-95-X050-00	1,500,000	660	660
Federal Transit - Formula Grants	20.507	NC-95-X052-00	1,261,250	-	-
Federal Transit - Formula Grants	20.507	NC-95-X054-00	2,760,000	2,760,000	2,760,000

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Federal Transit - Formula Grants	20.507	NC-95-X055-00	\$ 2,130,000	\$ -	\$ -
ARRA - Federal Transit - Formula Grants	20.507	NC-96-X006-00	20,766,306	2,295,007	17,743,199
Total Federal Transit Cluster			394,389,300	46,593,556	322,064,489
Transit Services Programs Cluster:					
Job Access - Reverse Commute	20.516	NC-37-X016-01	1,671,099	504,671	1,118,091
New Freedom Program	20.521	NC-57-X005-01	1,048,454	177,961	644,354
Total Transit Services Programs Cluster			2,719,553	682,632	1,762,445
Clean Fuels	20.519	NC-58-0001-00	421,580	421,580	421,580
Alternatives Analysis	20.522	NC-39-0002-00	225,552	(11,948)	225,552
ARRA - Capital Assistance for Reducing Energy Consumption	20.523	NC-77-0001-00	2,858,289	2,858,289	2,858,289
Capital Assistance for Reducing Energy Consumption	20.523	NC-88-0003-00	1,000,000	60,506	60,506
Total Federal Transit Administration			401,614,274	50,604,615	327,392,861
Total Direct Programs			457,573,674	54,759,709	359,574,531
Pass-Through City of Concord, North Carolina:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	98,710	31,930	54,755
Pass-Through City of Gastonia, North Carolina:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	62,816	20,319	34,844
Pass-Through City of Rockhill, South Carolina:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	45,125	14,597	25,031
Pass-Through N.C. Department of Transportation:					
Federal Highway Administration:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205	33861.1.1 / 33861.2.1 / NC C-4405	536,995	1,955	536,995
Highway Planning and Construction	20.205	39225.1.14 / Section 104f	1,534,767	1,247,147	1,247,147
Highway Planning and Construction	20.205	42844.1.1 / BRZ-1003	160,000	-	-
Highway Planning and Construction	20.205	44055.3.1 / NC C-4955	3,011,275	382,643	3,011,275

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CITY OF CHARLOTTE, NORTH CAROLINA
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Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
ARRA - Highway Planning and Construction	20.205	45051.3.ST28	\$ 343,610	\$ 32,569	\$ 343,610
ARRA - Highway Planning and Construction	20.205	45090.1.ST1 / 45090.3.ST1-4	4,000,000	515,086	3,793,640
Highway Planning and Construction	20.205	45443.3.1 / CMS-1003(105)	400,000	228,556	228,556
Highway Planning and Construction	20.205	45444.1.1 / 45444.2.1 / 45444.3.1 / CMS-1003(106)	1,587,200	-	-
Highway Planning and Construction	20.205	45452.3.1 / CMS-1003(111)	187,500	181,967	181,967
ARRA - Highway Planning and Construction	20.205	45651.3.ST27	732,506	30,053	732,506
Highway Planning and Construction	20.205	46093.1.1 / BRSTP-1003(97)	160,000	-	-
Highway Planning and Construction	20.205	46285.1 / SPR-OSPR (49)	1,029,140	491,985	661,315
Highway Planning and Construction	20.205	47510.3.2 / VPPP-1003(99)	400,000	249,709	249,709
Highway Planning and Construction	20.205	Section 104f	875,619	875,619	875,619
Highway Planning and Construction	20.205	Y-4810 G	975,000	74,046	74,046
Total Federal Highway Administration			<u>15,933,612</u>	<u>4,311,335</u>	<u>11,936,385</u>
Federal Transit Administration:					
Federal Transit - Metropolitan Planning Grants	20.505	36230.5.10.6 / 11-08-102	34,975	26,857	34,975
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	51001.25.1.2-3 / 11-ED-083	<u>533,140</u>	<u>233,959</u>	<u>233,959</u>
Total Federal Transit Administration			<u>568,115</u>	<u>260,816</u>	<u>268,934</u>
National Highway Traffic Safety Administration:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	52011.5.66 / PT-11-03-03-29	10,000	5,268	5,319
State and Community Highway Safety	20.600	52012.5.8 / PT-2012-03-03-08	10,000	890	890
State and Community Highway Safety	20.600	PT-12-03-03-23	<u>82,875</u>	<u>64,562</u>	<u>64,562</u>
Total National Highway Traffic Safety Administration			<u>102,875</u>	<u>70,720</u>	<u>70,771</u>
Total Pass-Through N.C. Department of Transportation			<u>16,604,602</u>	<u>4,642,871</u>	<u>12,276,090</u>
Pass-Through S.C. Department of Transportation:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	<u>57,431</u>	<u>18,577</u>	<u>31,857</u>
Total U.S. Department of Transportation			<u>474,442,358</u>	<u>59,488,003</u>	<u>371,997,108</u>

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SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
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Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<u>U.S. Environmental Protection Agency</u>					
Direct Programs:					
Brownfields Assessment and Cleanup	66.818	BF-95462010-0	\$ 400,000	\$ 131,086	\$ 259,414
Pass-Through N.C. Department of Environment and Natural Resources:					
ARRA - State Clean Diesel	66.040	2D-95421809-0	80,000	-	79,298
ARRA - Clean Water State Revolving Funds	66.458	E-SRF-T-09-0189	1,440,496	-	1,416,627
ARRA - Clean Water State Revolving Funds	66.458	E-SRF-T-09-0190	296,546	(34,964)	296,546
ARRA - Clean Water State Revolving Funds	66.458	E-SRF-T-09-0244	778,081	99,943	734,166
Total Pass-Through N.C. Department of Environment and Natural Resources			2,595,123	64,979	2,526,637
Total U.S. Environmental Protection Agency			2,995,123	196,065	2,786,051
TOTAL FEDERAL AWARDS			715,661,978	113,705,757	481,333,679
STATE AWARDS:					
<u>N.C. Department of Commerce</u>					
One NC Fund		O-2008-4863	90,000	9,000	9,000
One NC Fund		O-2009-5422	1,000,000	-	-
One NC Fund		O-2009-5644	1,000,000	-	-
One NC Fund		O-2009-5986	1,200,000	24,000	24,000
One NC Fund		O-2010-6112	55,000	-	-
One NC Fund		O-2010-6659	350,000	-	-
One NC Fund		O-2010-6865	325,000	-	-
One NC Fund		O-2010-6867	60,000	6,000	6,000
One NC Fund		2011-7898	50,000	-	-
Total N.C. Department of Commerce			4,130,000	39,000	39,000
<u>N.C. Department of Environment and Natural Resources</u>					
Waste Reduction/Recycling Grant		4114	30,000	30,000	30,000

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Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<u>N.C. Department of Transportation</u>					
State Street Aid-Powell Bill		32570	N/A	\$ 25,880,223	N/A
Traffic Agreement		34410.1.11 / R-2248 BB	\$ 306,644	(5,000)	\$ 306,644
Apprentice/Intern Program Non Capital		36223.5.15.1 / 11-DG-024	28,169	5,426	19,339
State Full Funding Grant Agreement		36224.22.2.3 / 05-NS-002	111,548,573	-	109,254,003
Public Transportation Section 5309 Capital Program		36224.26.1.1 / 09-NS-082	18,477,500	1,778,483	7,215,087
Public Transportation Section 5309 Capital Program		36224.26.2.1 / 09-NS-004	1,347,500	94,281	1,347,500
Public Transportation Rideshare Program		36225.1.9.1 / 11-RS-009	99,477	73,144	99,477
Public Transportation Rideshare Program		36225.1.10.1 / 12-RS-009	103,417	70,210	70,210
Metropolitan Planning Program		36230.5.10.6 / 11-08-102	4,372	3,357	4,372
Public Transportation Section 5307 Capital Program		36231.14.2.6 / 36231.14.2.7	2,188,223	193,474	2,138,632
Congestion Mitigation and Air Quality		36231.14.3.3 / 08-09-403	192,682	8,584	44,875
Public Transportation Section 5307 Capital Program		36231.14.6.3 / 08-95-014	115,000	115,000	115,000
Public Transportation Section 5309 Capital Program		36232.1.7.4 / 09-04-021	47,500	(3,205)	26,805
Bus Discretionary		36232.1.7.8 / 09-04-006	1,356,774	-	500,963
Public Transportation Section 5309 Capital Program		36232.1.9.3 / 11-05-042	56,612	56,612	56,612
Public Transportation Section 5309 Capital Program		36232.1.11.3 / 11-03-018	1,319,668	-	-
Public Transportation Section 5309 Capital Program		36232.1.11.4 / 12-04-044	92,596	92,596	92,596
Public Transportation Section 5309 Capital Program		36232.1.11.5 / 12-04-045	50,000	-	-
State Maintenance Assistance FY2012		36234.6.9.2 / 12-SM-004	12,221,847	12,221,847	12,221,847
Technology Program		36235.2.6.8 / 09-AT-007	765,648	41,456	765,648
Technology Program		36235.2.7.8 / 11-AT-007	923,175	231,017	348,255
Technology Program		36235.2.8.8 / 12-AT-102	369,000	-	-
State Aid to Airports		36244.17.11.1	500,000	500,000	500,000
Municipal Agreement		37309.1.1	49,840	-	49,840
Municipal Agreement		40998	1,696,531	(28,469)	1,696,531
Traffic - Construction by Others Agreement		42213.3	54,000	-	-
Traffic - Construction by Others Agreement		42214.3 / SS-4910R	37,755	37,755	37,755
Traffic - Construction by Others Agreement		42614.3.1	61,500	-	-
Traffic - Construction by Others Agreement		42712.3.1	250,000	250,000	250,000
Locally Administered Project		43142	250,000	250,000	250,000
Locally Administered Project		43431	150,000	23,004	23,004
Locally Administered Project		45200.1	257,285	122,996	122,996
Locally Administered Project		47510.3.2	100,000	-	-

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Capital Assistance Program for Elderly Persons and Persons with Disabilities		51001.25.1.2-3 / 11-ED-083	\$ 26,168	\$ 13,084	\$ 13,084
Transit Development		9.9051996	4,100,000	-	4,095,529
Traffic Agreement		U-2512 BB	110,833	-	110,833
Municipal Agreement		U-4911	1,229,910	209,091	575,752
Total N.C. Department of Transportation			160,488,199	42,234,966	142,353,189
<u>N.C. Housing Trust Fund</u>					
Housing Urgent Repair Program		URP0705	75,000	-	63,230
Housing Urgent Repair Program		URP08	75,000	-	-
Total N.C. Housing Trust Fund			150,000	-	63,230
<u>N.C. Office of Emergency Medical Services</u>					
Pass-Through Metrolina Trauma Advisory Committee:					
SMAT III		Letter	7,300	2,892	5,131
SMAT III		Letter	7,300	-	-
Total N.C. Office of Emergency Medical Services			14,600	2,892	5,131
<u>S.C. Department of Transportation</u>					
Locally Administered Project		45200.1	14,358	4,644	7,964
TOTAL STATE AWARDS			164,827,157	42,311,502	142,498,514
TOTAL FEDERAL AND STATE AWARDS			\$ 880,489,135	\$ 156,017,259	\$ 623,832,193

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2012

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City of Charlotte and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act*.

2. SUBRECIPIENTS

Of the federal expenditures presented in this schedule, the City of Charlotte provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
U.S. Department of Energy-		
ARRA - Energy Efficiency and Conservation Block Grant	81.128	\$ 924,285
ARRA - State Energy	81.041	18,776
U.S. Department of Housing and Urban Development-		
Community Development Block Grants/Entitlement Grants	14.218	3,241,359
ARRA - Community Development Block Grants/Entitlement Grants	14.218	409,960
Emergency Shelter	14.231	199,974
HOME Investment Partnerships	14.239	1,137,494
Housing Opportunities For Persons With AIDS	14.241	1,008,182
ARRA - Homeless Prevention and Rapid Re-Housing	14.262	484,077
U.S. Department of Justice-		
Justice Assistance	16.738	211,444
ARRA - Justice Assistance	16.804	81,665
U.S. Department of Labor-		
Workforce Investment Act	17.267	6,661,534
U.S. Department of Transportation-		
Job Access - Reverse Commute	20.516	15,964
New Freedom Program	20.521	196,536



Charlotte Skyline Circa 1975



CHARLOTTE.

Finance Department - Financial Reporting

Charlotte-Mecklenburg Government Center

600 East Fourth Street, 10th Floor

Charlotte, North Carolina 28202-2848

www.charmeck.org