

CITY OF CHARLOTTE,  
NORTH CAROLINA

2016

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR FISCAL YEAR ENDED  
JUNE 30, 2016



CHARLOTTE.

# City of Charlotte, North Carolina Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2016

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*Mayor: Jennifer W. Roberts*

*Mayor Pro Tem: Vi Lyles*

*City Council:*

*Al Austin  
John Antry  
Ed Driggs  
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*Interim City Manager: Ronald R. Kimble*

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This document is available online:



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OCTOBER 31, 2016

## HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL CITY OF CHARLOTTE, NORTH CAROLINA

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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 (CAFR) of the City of Charlotte (City) for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the preparation and fair presentation 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 LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements; evaluating 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 sufficient audit evidence for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2016, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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.

## 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, 2015. This was the thirty-first 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.

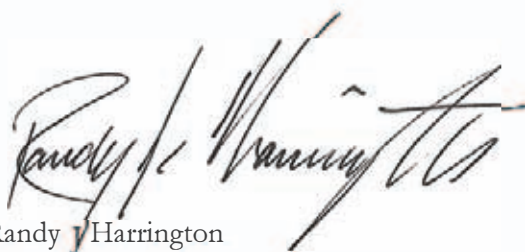
The GFOA also presented a Distinguished Budget Presentation Award to the City of Charlotte, North Carolina for its annual budget for the fiscal year beginning July 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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 Office 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,



Ronald R. Kimble  
Interim City Manager



Randy Harrington  
Chief Financial Officer and  
Director of Management and Financial Services

## 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 by car. 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 306 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 827,097, Charlotte is the core of the Charlotte-Gastonia-Concord Metropolitan Statistical Area, an area of over 2.4 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. The mission of the City is to ensure the delivery of quality public services and to promote the 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 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 Mayor and City Council are responsible for appointing the City Manager, City Attorney, City Clerk and members of various boards and commissions. The City Council reviews the annual budget, set the tax rate; approve the financing of all City operations and capital investments; and authorize 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 organizations for which the City is financially accountable and these are reported as component units. Financial accountability 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 Community Investment Plan** documents the City’s priorities and allocation of resources to fund the City’s operations and capital programs. The City develops a biennial budget (with annual appropriations for each fiscal year) 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 establishes the City Council budget process and provides guidance on budget development issues to the full Council and City Manager.



Budget requests are submitted to the City Manager in January, followed by a series of Council budget workshops, 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 Community 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 Required Supplementary Information, 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 and is comprised of companies that range from multinational to microbusiness startups. There are 7.4 million people living within a 100-mile radius, and over 50% of the total U.S population lives within a 650-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. A branch of the Federal Reserve as well as many of the nation's top 20 banks have operations in Charlotte.

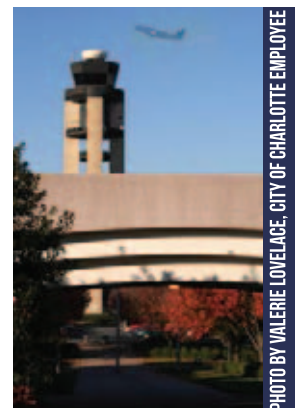
Charlotte's financial services sector spreads well beyond the banking industry. In recent years MetLife and TIAA have both developed significant workforces in Charlotte. Babson Capital, an institutional asset manager for a wide range of clients including pensions, endowments, foundations, sovereign wealth funds, and private wealth advisory clients, will serve as the anchor tenant for Charlotte's first uptown office tower since the recession and is set to open July or August of 2017.

Charlotte is seeing growth in its Fintech industry. Fintech startups are able to take advantage of networking and mentoring events to help them succeed. Research firm CBRE named Charlotte as one of the top momentum markets for technology sector growth. Charlotte's technology sector grew by 28% from 2010 to 2013.

### TRANSPORTATION AND DISTRIBUTION HUB

The City plays a major role in the transportation and distribution of goods throughout the nation. The Charlotte region is also expanding its role with foreign trade. In 2015, the Charlotte metro was the 23rd largest metropolitan exporter with merchandise shipments totaling \$14 billion. This represents an increase of 238% from 2009.

Charlotte Douglas International Airport (CLT) is considered the "gateway to the world", averaging 710 daily flights with non-stop service to 155 different destinations, including 32 international destinations. With customs services available and a foreign trade zone designation, Charlotte is a port of entry and export. CLT has five concourses with 96 airline gates and served more than 44.9 million passengers in 2015. The Airport currently ranks 5th nationwide in operations, 9th in passengers,



and 32nd in cargo. Seven major domestic commercial airlines, 13 regional carriers, and two foreign flag carriers offer service to and from CLT. In order to keep up with the high level of demand, the airport is undergoing a \$2.5 billion plan to guide expansion through 2020. The development plan is highlighted by expanding Concourse A to add nine additional gates.

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 because over 50% of the nation's population is within a 24-hour drive from the city. There are over 700 trucks and transportation arrangement firms operating in the Charlotte area, including most of the nation's top trucking companies. North Carolina Department of Transportation (NCDOT) has entered in to a public-private partnership to add two express toll lanes in each direction spanning 26 miles on I-77. Construction began in November of 2015 and the express lanes are expected to be available for use in 2018. Developers estimated that as of September 2017 approximately 20% of the project had already been completed. In addition, NCDOT plans to widen approximately 7 miles of I-85 from four to eight lanes in Cabarrus County. Interstate 485 (I-485) is the Outer Belt highway serving Mecklenburg County and metropolitan Charlotte and serves as a connector between I-77 and I-85. The 67-mile loop is now fully open.

Charlotte is also the center of the country's largest consolidated rail system. Two major rail systems, Norfolk Southern Railway and CSX Transportation, operate approximately 43,000 miles of track and links Charlotte to 23 states, Washington, D.C. and Canada. To better integrate air, rail, and communications, Norfolk Southern Railway constructed a \$92 million intermodal rail and trucking facility on Airport property that began operations in December 2013 and that is expected to bring the region an economic boost of \$7.6 billion over the next two decades. The Intermodal Facility has generated over 5,000 indirect jobs to the Charlotte region. The intermodal yard is situated on a 200 acre tract of land that is located between the airport runways. In July 2016, the first regular direct freight rail service from Port of Wilmington was announced. The "Queen City Express" aims to reduce trucks on the road and help provide a more cost effective way to move goods.

## 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. The Charlotte Metropolitan Statistical Area currently has ten Fortune 1000 companies headquartered in the City and ranks 20th nationally, with seven Fortune 500 firms' headquarters. Charlotte is also home to operations for 291 companies that are listed on the Fortune 500, and has 4,808 Hoover's Million Dollar Companies. There are over 977 foreign-owned firms in the region, representing 45 countries, which have spawned the creation of several international and cultural organizations. Charlotte is also a major manufacturing force and has successfully transitioned from being a leader in textiles to being a home to numerous firms that specialize in sophisticated and intelligent manufacturing with precision metrology, optoelectronics and biomedical technology.

### TOP 5 INDUSTRIES (BY NUMBER OF EMPLOYEES)

HEALTH CARE & SOCIAL ASSISTANCE

RETAIL TRADE

ADMINISTRATION & WASTE SERVICES

ACCOMMODATION & FOOD SERVICES

FINANCE & INSURANCE



## GROWTH OUTLOOK

Charlotte continued to see economic recovery following the great recession of 2007. In 2015, Charlotte added 3,007 jobs and \$265.2 million in investment through expansions and relocations.

### UPTOWN DEVELOPMENT

Charlotte's uptown is in full swing of recovery following the recession. The uptown district currently has a variety of development projects being planned and under development. The uptown district has also been identified as the nation's top sub-market for apartment construction.

In June 2016, BK Partners was selected to redevelop 17 acres in the City's Second Ward, the development will be known as Brooklyn Village. A large mixed-use development is planned with retail, apartments, offices, open space and a hotel. Brooklyn Village was one of the City's oldest neighborhoods that was razed in the 1960s as a part of the nationwide "urban renewal" movement. The plans call for over 1,000 residential units, 250,000 sq. ft. of retail space, 680,000 sq. ft. of office space, two hotels that will have nearly 300 rooms combined, and 4,000 sq. ft. of cultural space. The area near Brooklyn Village is seeing a high level of development activity. Multiple mixed use developments have been announced, with some under construction and in total plan to add close to 1,500 apartments to this section of Uptown.



Romare Bearden Park is a 5.2 acre park located in the Third Ward. The park is named after the artist who once 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 links Church Street to the Charlotte Knight's BB&T Ballpark. The park has served as a central meeting place for community celebrations such as the annual 4th of July firework display, and a pep-rally for the Carolina Panthers before the Super Bowl in 2016. The Charlotte Knights, AAA baseball team, returned baseball to uptown nearly 25 years since the team last played in Charlotte at the BB&T Ballpark in 1991. The Knights received strong attendance in their first three years. In June of 2015, the Knights ushered in the ballpark's one-millionth fan, becoming the quickest International League ballpark in history to accomplish that feat.

The First Ward Urban Village and Parks project, a public-private partnership, opened in December 2015. The park is the first step in a 700 million plan to develop 24 acres surrounding the park. Future plans include a parking deck, apartments, a dual branded hotel, office and retail space. The First Ward Urban Village and Parks project looks to capitalize on both UNC Charlotte's Uptown Campus, as well as the LYNX Blue Line Extension. Google Fiber has opened their Charlotte office in a historic office next to the park. The office has open space that can be used for computer training, movie screenings, and a gathering place for local non-profits.

In November 2007, Charlotte opened the first light rail line in the Carolinas, a 9.6-mile line known as the LYNX Blue Line. It runs between Uptown Charlotte and I-485 just north of the Town of Pineville. In October 2012, Charlotte Area Transit System (CATS) was awarded a Federal Full Funding Grant Agreement for the LYNX Blue Line Extension project. This project will extend the current system 9.3 miles connecting Center City Charlotte with UNC Charlotte's main campus. Construction is underway with over 68% of the construction completed



as of September 2016. To satisfy the City's portion of the long-term funding, CATS applied for a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan through the U.S. Department of Transportation's Federal Transit Administration. Draws against the TIFIA loan began in September of 2015. The use of the TIFIA loan means the City will be able to complete the project with a lower cost than originally anticipated. Revenue service for the expansion is anticipated to begin in fall of 2017.

The City's LYNX Gold Line Phase I began service on July 14, 2015 and provides a 1.5 mile streetcar segment in Uptown. Early ridership numbers for the Gold Line have been strong, with ridership averaging 1,600 weekday riders, well above the forecasts of 900 per weekday and 67% above projections for its first month of service. Phase II of the Gold Line is currently being planned and anticipates construction to begin in late 2016 or in 2017 with service to begin in 2020.

## **RECREATIONAL, VISITOR AND CULTURAL EVENTS**

The City's 8% hotel/motel and 1% prepared food and beverage taxes have provided a dedicated resource for the purpose of promoting Charlotte as a destination for convention, business and leisure travel. With a steadily improving economy, Mecklenburg County had \$5.0 billion in domestic traveler spending and the region had \$6.5 billion in domestic traveler spending in 2015.

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 operates the NASCAR Hall of Fame complex. The Hall of Fame is supported by a 2% county-wide occupancy tax, which is a component of the 8% hotel/motel tax. The tax funds construction, repair, maintenance and financing of the Hall of Fame. The Hall of Fame opened in 2010 and 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, 393,000 square foot Class A office tower.



The City is home to two high profile major-league sports franchises, the Carolina Panthers of the National Football League (NFL) and the Charlotte Hornets of the National Basketball Association (NBA). Home for the Carolina Panthers is the Bank of America Stadium, a privately owned, 73,778-seat facility in uptown Charlotte. The NBA's Charlotte Hornets play in the uptown Spectrum Center, formerly known as the Time Warner Cable Arena. The Queen City is also home to the Charlotte Knights a AAA affiliate of the Chicago White Sox, the Charlotte Checkers of the American Hockey League affiliate of the National Hockey League (NHL) Carolina Hurricanes, Charlotte Hounds of Major League Lacrosse, and the Charlotte Independence of the United Soccer League.

Charlotte Motor Speedway, located adjacent in Concord NC, is the largest sports facility in the southeast. The 1.5 mile superspeedway, annually hosts multiple racing events, including the Sprint Cup Series NASCAR Sprint All-Star Race, Coca-Cola 600, and the Bank of America 500; the Xfinity Series Hisense 4K TV 300 and Drive for the Cure 300; and the Camping World Truck Series North Carolina Education Lottery 200. The speedway hosts 89,000 permanent seats and has the capacity for nearly 40,000 more spectators in the infield. Charlotte Motor Speedway is recognized as one of the busiest NASCAR facilities in the U.S. 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 in the national circuit.

College sports fans can attend the Atlantic Coast Conference (ACC) Football Championship Game or the annual Belk Bowl at the Bank of America Stadium. The 2015 ACC Championship game saw the University of North Carolina play Clemson in front of a sell-out crowd. The Belk Bowl matches an ACC team against a Southeastern Conference (SEC) team. Last year's game between N.C. State and Mississippi State saw over 45,000 fans in attendance. College fans can also attend the Central Intercollegiate Athletic Association (CIAA) Basketball Tournament which is held in the Spectrum Center. The future of NCAA events in Charlotte is unclear due to the North Carolina State Legislature passing House Bill 2. House Bill 2 was passed in reaction to the City of Charlotte non-discrimination ordinance to extend protections to include familial status, sexual orientation, gender identity, and gender expression. House Bill 2 among other things preempts local governments from adopting local non-discrimination ordinances, regulating employment practices, or setting a minimum wage.



PHOTO BY CHRISLEE GIBSON,  
CITY OF CHARLOTTE EMPLOYEE

Golf lovers can attend one of the top events on the Professional Golfers' Association of America (PGA) tour, the Wells Fargo Championship. Charlotte has also hosted a major international soccer exhibition match each of the last three years. Most recently, Charlotte played host to an exhibition match between Germany's Bayern Munich and Italy's Inter Milan in front of over 53,000 fans.

The U.S. National Whitewater Center is located on the Catawba River and is the world's largest artificial whitewater river and the U.S. Olympic Training site. The Center includes whitewater rafting and kayaking, flat water kayaking, mountain biking, eco trekking, rock climbing, high ropes course, a 57-foot climbing tower, zip line, a canopy tour, and team building. With over 24 activities, a restaurant, live music shows and events, this is the perfect playground for both children and adults. The U.S. National Whitewater Center acquired an additional 140 acres in 2016 to bring it to a total of 540 acres. The Whitewater center has 4 new attractions planned for the expansion, including the first and only permanent Deep Water Solo Climbing Facility in the nation.

Carowinds, a 398-acre amusement park that straddles the North Carolina and South Carolina borders, opened the tallest and fastest giga coaster called Fury 325 in 2015. The coaster treats riders to a 190-foot drop and reaches speeds of up to 95 miles per hour.



Charlotte offers diverse facilities for culture, the arts, nature and science. The Bechtler Museum of Modern Art has featured collections of work by the most important and influential artists of the mid-20th century such as Alberto Giacometti, Pablo Picasso, Andy Warhol, Joan Miro, Jean Tinguely and Barbara Hepworth. The Knight Theater, part of the Blumenthal Performing Arts Center, is home for Charlotte Ballet, formally known as the 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 on a science theme of "Nature and Man." The "hands-on" science and technology museum, Discovery Place, had over 140,000 students during the 2015-2016 school years, representing a 13 year high. The 40,000 sq. ft. 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.

Charlotte was honored as a Playful City USA Community in 2015 for the first time. The national recognition program honors cities and towns across the country for their efforts to make their communities more playable. Charlotte has been able to complete a total of 53 projects to increase recreation over the past 20 years through its Neighborhood Matching Grant Program.

## 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 146,000 students. The City has no direct financial responsibility for CMS operations or capital projects. CMS has a diverse mix of students, representing nearly 160 different countries, and speaking 175 native languages. CMS offers magnet programs in 45 of its schools that develop the talents of students who have interests and talents in specific areas. CMS received recognition of excellence for 21 of their magnet schools in 2014 by the national Magnet Schools of America.



There are numerous opportunities for secondary education in the Charlotte area. Within the greater-Charlotte region there are twenty-three public and private secondary institutions offering baccalaureate degrees; seventeen schools offering graduate opportunities; seventeen junior colleges, community colleges and technical institutes conferring two-year associate degrees.

- ◆ UNC Charlotte is the 4th largest of the sixteen universities comprising the University of North Carolina system, with total enrollment of over 28,000. UNC Charlotte offers 77 bachelor degrees, 62 master's degrees and 23 doctoral programs.
- ◆ Central Piedmont Community College (CPCC) is the largest of the North Carolina Community College System colleges, serving more than 75,000 students per year on its six campuses.
- ◆ Johnson C. Smith University (JCSU), founded in 1867, is an independent urban university in Charlotte that continues to gain a national reputation for developing tomorrow's diverse entrepreneurial citizens and leaders. JCSU offers 24 fields of study and has over 1,400 students.
- ◆ Queens University, located in the historic Myers Park neighborhood, has an approximate enrollment of 2,250. Queens University offers 41 bachelor's programs and 11 graduate degree programs.
- ◆ Johnson & Wales University's Charlotte Campus enrolls over 2,200 full-time students in one of three programs of study: Business, Culinary Arts and Hospitality.
- ◆ Davidson College offers 26 majors of studies and has a student body of 1,950. Davidson College was ranked by U.S. News and World Report as tied for ninth on its list of the best liberal arts colleges and a survey by Kiplinger ranked the college as the second best value liberal arts college.
- ◆ Pfeiffer University at Charlotte has an urban campus and offers a dynamic, career-enhancing degree completion and graduate programs designed with working adults in mind.



- ◆ Wake Forest University continues to have a strong graduate school presence in Charlotte with highly rated MBA program. The Masters of Business Administration (MBA) program offers classes during the evening and on Saturdays which helps to attract talented professionals and foster an “urban campus” in the heart of the City’s business district.
- ◆ The Charlotte School of Law has an approximate enrollment of 1,100 and is located in Charlotte’s uptown district to take advantage of being close to businesses and Mecklenburg and federal courts.
- ◆ The University of South Carolina is expanding its MBA program in Charlotte, by finding a new Uptown Charlotte location. The larger space will allow for additional graduate certificate programs as well as accommodate the programs growth from its approximately 100 students currently enrolled.
- ◆ Gardner-Webb Charlotte has a campus near the Charlotte Douglas International Airport that serves approximately 300 students. The Charlotte Campus offers undergraduate and graduate level courses Monday through Sunday in nine majors.

## 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 Novant Health.

Novant Health is a not-for profit integrated system of 15 medical centers, and 1,380 physicians in 436 clinics and outpatient facilities. Novant health operates in North Carolina, South Carolina, Virginia, and Georgia and employees approximately 24,000.

Carolina’s HealthCare System is one of the nation’s largest public hospital systems in the country and is the most prominent health care system in the Carolinas. Carolinas HealthCare System operates approximately 900 other care locations ranging from hospitals and freestanding emergency departments to healthcare pavilions and rehabilitation centers. The system employs over 60,000 people and accounts for nearly 12 million patient interactions each year. Charlotte’s largest hospital, Carolinas Medical Center (CMC), is a state-designated Academic Medical Center Teaching Hospital and for the 16th 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 100 heart specialists throughout the Carolinas, 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 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. The Levine Children’s Hospital was recognized as the best Children’s Hospital in four specialties by U.S. News and World report.





# 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 2016, those areas are: **Community Safety, Housing & Neighborhood Development, Environment, Transportation & Planning, and Economic Development & Global Competitiveness.** The City uses the Balanced Scorecard performance management tool to translate the City's Vision, Mission, and Council Focus Area Plans into departmental goals and targets. The Focus Area Plan is used to monitor success in the accomplishment of City strategy and adherence to Council's priorities. For fiscal year 2016, Initiatives within each Focus Area include:



## COMMUNITY SAFETY

"CHARLOTTE WILL BE ONE OF AMERICA'S SAFEST COMMUNITIES."

Community Safety is a major priority for the City. The City's goal is to create a community where residents and visitors feel safe in their homes, their neighborhoods, their workplaces, and the areas where they shop and play. Initiatives in community safety include reducing the crime rate; enhancing citizen's perception of safety through feedback from the community; developing a workforce that is reflective of the community's demographics; improving response times for emergency calls; developing infrastructure that promotes a safer community; and enhancing emergency preparedness.



## HOUSING & NEIGHBORHOOD DEVELOPMENT

"THE CITY OF CHARLOTTE WILL CREATE AND SUSTAIN DISTINCT AND DIVERSE NEIGHBORHOODS FOR RESIDENTS OF ALL AGES."

The City's long-term health and vitality are dependent on a built environment offering diverse housing options, vibrant commercial corridors, and access to safe public amenities. Initiatives in housing and neighborhood development include preserving and creating healthy, vibrant, and distinct neighborhoods; coordinating public/private partnership investments to attract the amenities neighborhoods need; marketing housing programs to achieve geographical dispersion of diverse housing options throughout the City; utilizing the Quality of Life Study and open data to inform and guide strategic neighborhood investments and programs; and supporting partners and programs to enhance opportunity for economic mobility.



## ENVIRONMENT

"CHARLOTTE WILL BECOME A GLOBAL LEADER IN ENVIRONMENTAL SUSTAINABILITY, PRESERVING OUR NATURAL RESOURCES WHILE BALANCING GROWTH WITH SOUND FISCAL POLICY."

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 its citizens' quality of life. Initiatives in environment include becoming a model environmental City in how it manages waste, energy, water, and air

through developing baselines to improve efficiency; and becoming a Smart City through applying technologies that develop “Smart City” solutions to our environmental goals.



## TRANSPORTATION & PLANNING

**“CHARLOTTE’S STRONG ECONOMY AND ATTRACTIVE LIFESTYLE WILL THRIVE DUE TO OUR VIBRANT PLACES, HEALTHY NEIGHBORHOODS, AND ROBUST EMPLOYMENT CENTERS, SUPPORTED BY STRATEGIC TRANSPORTATION INVESTMENTS.”**

A combination of sound land use planning and continued transportation investment will provide lifestyle, employment and travel choices. This approach will enable Charlotte to accommodate growth, enhance quality of life and increase Charlotte’s prominence and competitiveness in the global marketplace. Initiatives in transportation include establishing public and private sector partnerships to achieve effective transportation and land use results which support economic development and livability; engaging the community to support the City’s land use and transportation goals to create more mixed-use places and neighborhoods connected by more travel choices; implementing the Centers Corridors and Wedges Growth Framework, the 2030 Transit System Plan and Transportation Action Plan; implementing land use and transportation decisions that increase safety, livability, transportation choices and enhance economic growth; seeking all types of financial resources and funding partnerships necessary to implement transportation programs and services; and refining the regulatory system.



## ECONOMIC DEVELOPMENT & GLOBAL COMPETITIVENESS

**“CHARLOTTE WILL STRENGTHEN ITS POSITION AS A CITY OF PROMINENCE IN THE GLOBAL MARKETPLACE BY BUILDING UPON ITS COMPETITIVE ADVANTAGES.”**

To achieve its vision, the City must leverage partnerships to seize new opportunities in a global marketplace. Initiatives in economic development include facilitating the growth of small businesses and high growth entrepreneurs in the community; promoting the holistic development of targeted business districts and neighborhoods; working with universities and the education system, local industry leaders, and other economic development partners to drive global competitiveness, job creation, and job retention in the energy, finance, information technology, logistics, and advanced manufacturing sectors; introducing youth to employment opportunities with potential for long-term growth and development; and growing Charlotte’s tourism industry through amateur sports development and programming.

## MAJOR INITIATIVES

The City’s capital policy and future capital plans are established in a five-year community investment plan which matches the City’s highest priority capital needs with a financing schedule. The FY2017-FY2021 Community Investment Plan (Plan) totals \$4.1 billion and includes investments in neighborhoods, housing, storm water, roads, transit, water and sewer, the airport and government facilities.

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. Effective July 1, 2013, the City adopted a 3.17 cents property tax increase that is dedicated to the General Community Investment Program projects. This property tax increase funds general obligation bond referenda for November 2014, 2016, 2018, and 2020.

## **AVIATION**

This program includes funding for maintenance and expansions to the airfield, terminal, cargo, and parking areas. Aviation totals \$1.6 billion, a 42.1% increase from the prior year's five-year program, and is funded by \$238.3 million in revenue bonds, \$1.2 billion in federal grants and passenger facility charges, and \$185.5 million in cash. The Aviation capital projects are mostly that of terminal expansions, runway reconstruction, and rehabilitation that are part of the Airport's long range plan.

## **CHARLOTTE AREA TRANSIT SYSTEM (CATS)**

This program 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. Charlotte Area Transit System totals \$568.9 million, a 12.0% decrease from the prior year's five-year program, and is funded by federal and state grants and the one half-cent sales tax for transit. The Transit capital program is primarily comprised of funding for the LYNX Blue Line Extension.

## **STORM WATER**

This program funds repairs to private properties with flooding problems and improvements in the public right-of-way drainage system. Storm Water totals \$354.7 million, a 6.6% increase over the prior five-year program, and is funded by \$215.5 million in cash and \$139.2 million in revenue bonds. The program is self-funded through user fees charged to property owners according to areas of impervious surface. The Storm Water capital program includes major flood control, minor flood control and control maintenance repairs, and stream restoration projects.

## **WATER & SEWER**

This program includes funding for maintenance and expansion of the existing system of water and sewer mains and water and sewer treatment plants. Water and Sewer totals \$655.2 million, a 3.4% increase, and is funded by \$427.5 million in cash and \$227.7 million in revenue bonds. The Water and Sewer capital projects are related to maintaining and expanding infrastructure to support growth and demand.

## **GENERAL GOVERNMENT**

The General Community Investment Plan totals \$906.2 million and includes projects for Streets, Neighborhoods, and Housing at \$505.3 million; Transportation Investment PAYGO at \$145.2 million; Pay-As-You-Go at \$169.7 million; and Facility Investments at \$86.0 million including additional public safety and maintenance facilities.



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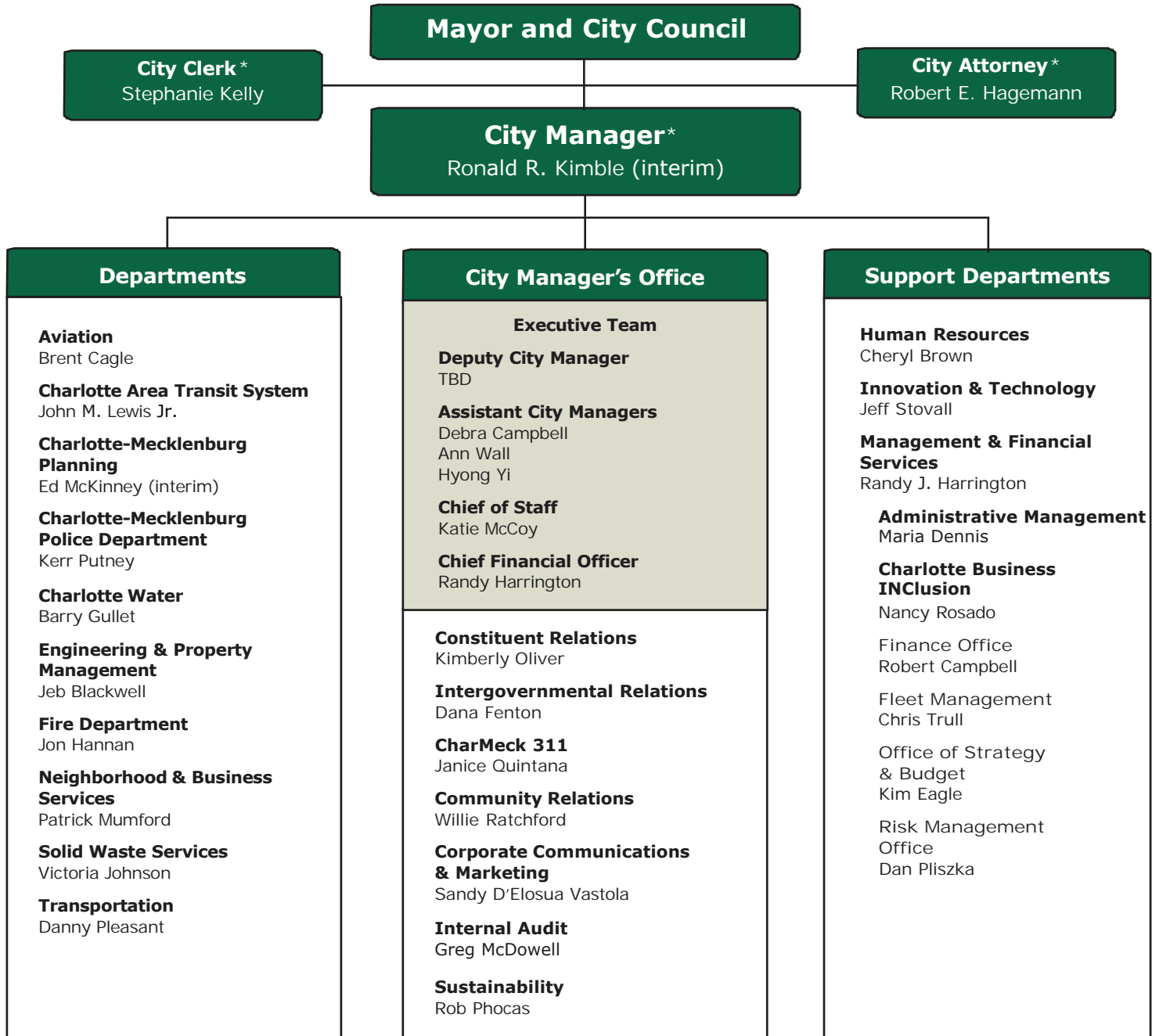
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



# City Government Organization Chart







## **Report of Independent Auditor**

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

### **Report on the Financial Statements**

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charlotte Regional Visitors Authority (the "CRVA"). Those statements were audited by other auditors whose report thereon has 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to this information in accordance with auditing standards generally accepted in the United States of America, which consist 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.

### *Other Information*

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

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

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

 Cherry R. Smith LLP

Raleigh, North Carolina  
October 31, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Dollar Amounts in Millions)

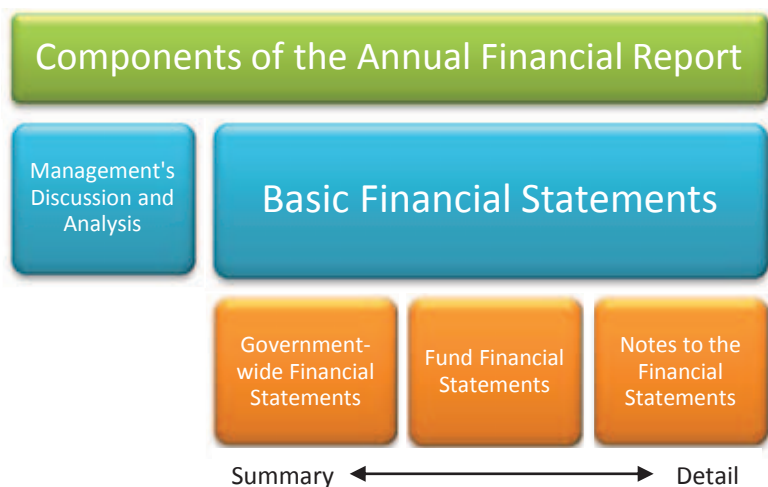
This section of the City of Charlotte's (City) annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$10,426.7, (net position). Of this amount, \$1,388.3 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The overall financial position of the City improved in 2016 as evidenced by an increase in total net position of \$410.3. This increase was from business-type activities (\$418.3) offset by a slight decrease in governmental activities (\$8.0).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$994.8, an increase of \$57.0 in comparison with the prior year. This increase resulted from increased property tax revenues and sales of capital assets.
- Unassigned fund balance in the General fund was \$101.6 at June 30, 2016 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 2017. The amount exceeding the City Council's goal of 16 percent, \$21.8, 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 17-19) 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 20-37) 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 38-109). A section is also included with required supplementary information and combining statements that provides details about non-major governmental funds, internal service funds, and fiduciary funds, each of which are totaled and presented in single columns in the basic financial statements. This section (pages 110-167) also includes detailed budgetary information required by North Carolina General Statutes.

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

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

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

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

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

- Governmental activities - Most of the City's basic services are included here, such as public safety, community planning and development, and streets and highways. Property taxes, other taxes, and grants and contributions finance most of these activities.
- Business-type activities - The City charges fees to customers to cover the costs of certain services provided. The City's water and sewer system, storm water system, airport, and public transit system are included here.



- Component unit - The City's annual report includes one other entity, the Charlotte Regional Visitors Authority. Although legally separate, the City appoints the governing board and provides financial support.

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

The City has three kinds of funds:

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

The City adopts an annual budget for the General fund, as required by State Statutes. A budgetary comparison statement is presented for the General fund using the City's budgetary basis of accounting. This statement reflects the following: (a) the original budget, (b) the final budget as amended, (c) actual resources, and (d) the variance between the final budget and actual resources. Because the budgetary basis of accounting differs from the modified accrual basis used in the funds statements, 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 position and a statement of changes in fiduciary net position. These funds are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

**Net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$10,426.7 at the close of the most recent fiscal year. A summary of the City's net position at June 30, 2016 and 2015 is presented below.

Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 1,199.2	\$ 1,172.0	\$ 1,751.1	\$ 1,640.3	\$ 2,950.3	\$ 2,812.3
Capital assets	5,985.3	6,089.6	6,423.7	6,043.2	12,409.0	12,132.8
<b>Total assets</b>	<b>7,184.5</b>	<b>7,261.6</b>	<b>8,174.8</b>	<b>7,683.5</b>	<b>15,359.3</b>	<b>14,945.1</b>
<b>Deferred outflows of resources</b>	<b>101.2</b>	<b>85.7</b>	<b>75.0</b>	<b>93.3</b>	<b>176.2</b>	<b>179.0</b>
Current and other liabilities	171.4	136.9	234.9	198.4	406.3	335.3
Noncurrent liabilities	1,741.3	1,750.5	2,934.5	2,898.5	4,675.8	4,649.0
<b>Total liabilities</b>	<b>1,912.7</b>	<b>1,887.4</b>	<b>3,169.4</b>	<b>3,096.9</b>	<b>5,082.1</b>	<b>4,984.3</b>
<b>Deferred inflows of resources</b>	<b>24.0</b>	<b>102.9</b>	<b>2.7</b>	<b>20.5</b>	<b>26.7</b>	<b>123.4</b>
Net position:						
Net investment in capital assets	4,563.9	4,655.2	3,676.6	3,380.7	8,240.5	8,035.9
Restricted	354.5	350.0	443.4	430.6	797.9	780.6
Unrestricted	430.6	351.8	957.7	848.1	1,388.3	1,199.9
<b>Total net position</b>	<b>\$ 5,349.0</b>	<b>\$ 5,357.0</b>	<b>\$ 5,077.7</b>	<b>\$ 4,659.4</b>	<b>\$10,426.7</b>	<b>\$10,016.4</b>

By far the largest portion of the City's net position (79 percent) reflects its investment in capital assets (land, buildings, roads, bridges, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net position (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,388.3) may be used to support operations and provide for payment of long-term debt.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, 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 position increased by \$410.3 during the current fiscal year from an increase in business-type activities offset by a slight decrease in governmental 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 position.** The following table presents the City's changes in net position for the fiscal years ended June 30, 2016 and 2015:

<b>Change in Net Position</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total Primary</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
<b>Revenues</b>						
Program revenues:						
Fees, fines and charges for services	\$ 115.1	\$ 105.1	\$ 757.5	\$ 700.6	\$ 872.6	\$ 805.7
Operating grants and contributions	51.2	33.5	10.9	11.4	62.1	44.9
Capital grants and contributions	20.8	53.2	242.0	312.8	262.8	366.0
General revenues:						
Property taxes	452.2	397.0	-	-	452.2	397.0
Other taxes	264.2	265.0	89.6	81.2	353.8	346.2
Grants and contributions not restricted to specific programs	23.4	22.2	-	-	23.4	22.2
Other	11.7	19.5	-	9.4	11.7	28.9
Total revenues	<b><u>938.6</u></b>	<b><u>895.5</u></b>	<b><u>1,100.0</u></b>	<b><u>1,115.4</u></b>	<b><u>2,038.6</u></b>	<b><u>2,010.9</u></b>
<b>Program expenses</b>						
Public safety	374.3	350.6	-	-	374.3	350.6
Sanitation	55.7	53.9	-	-	55.7	53.9
General administration	58.3	49.9	-	-	58.3	49.9
Support services	31.2	30.4	-	-	31.2	30.4
Engineering and property management	52.0	26.3	-	-	52.0	26.3
Streets and highways	174.9	159.9	-	-	174.9	159.9
Culture and recreation	45.2	43.6	-	-	45.2	43.6
Community planning and development	75.9	88.7	-	-	75.9	88.7
Interest and other charges	57.5	55.0	-	-	57.5	55.0
Water	-	-	144.0	136.7	144.0	136.7
Sewer	-	-	163.6	160.1	163.6	160.1
Stormwater	-	-	16.6	21.4	16.6	21.4
Airport	-	-	205.9	189.5	205.9	189.5
Public transit	-	-	173.2	167.5	173.2	167.5
Total expenses	<b><u>925.0</u></b>	<b><u>858.3</u></b>	<b><u>703.3</u></b>	<b><u>675.2</u></b>	<b><u>1,628.3</u></b>	<b><u>1,533.5</u></b>
Excess before transfers	13.6	37.2	396.7	440.2	410.3	477.4
Transfers	(21.6)	(20.3)	21.6	20.3	-	-
<b>Increase (decrease) in net position</b>	<b><u>(8.0)</u></b>	<b><u>16.9</u></b>	<b><u>418.3</u></b>	<b><u>460.5</u></b>	<b><u>410.3</u></b>	<b><u>477.4</u></b>
Net position - beginning	5,357.0	5,417.8	4,659.4	4,210.6	10,016.4	9,628.4
Prior period adjustment	-	(77.7)	-	(11.7)	-	(89.4)
Net position - beginning, restated	<u>5,357.0</u>	<u>5,340.1</u>	<u>4,659.4</u>	<u>4,198.9</u>	<u>10,016.4</u>	<u>9,539.0</u>
Net position - ending	<b><u>\$ 5,349.0</u></b>	<b><u>\$ 5,357.0</u></b>	<b><u>\$ 5,077.7</u></b>	<b><u>\$ 4,659.4</u></b>	<b><u>\$10,426.7</u></b>	<b><u>\$10,016.4</u></b>

Total government-wide revenues of \$2,038.6 were derived primarily from property and other taxes (40 percent) and grants and contributions (16 percent). These sources of revenues decreased 2 percent from the prior year, primarily due to a contribution in the prior year to early redeem Airport special facility revenue bonds.

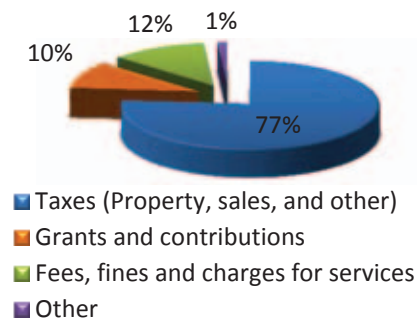
The total expenses of all programs were \$1,628.3. The expenses cover a range of services with the two largest being transportation (streets and highways, airport and public transit) for 34 percent and public safety (fire and police) for 23 percent. Transportation expenses increased over the prior year in part due to increased expenditures for street construction and maintenance.

## Governmental Activities

As shown in the chart, property, sales and other taxes (77 percent) and fees, fines and charges for services (12 percent) were the major sources of revenues for governmental activities.

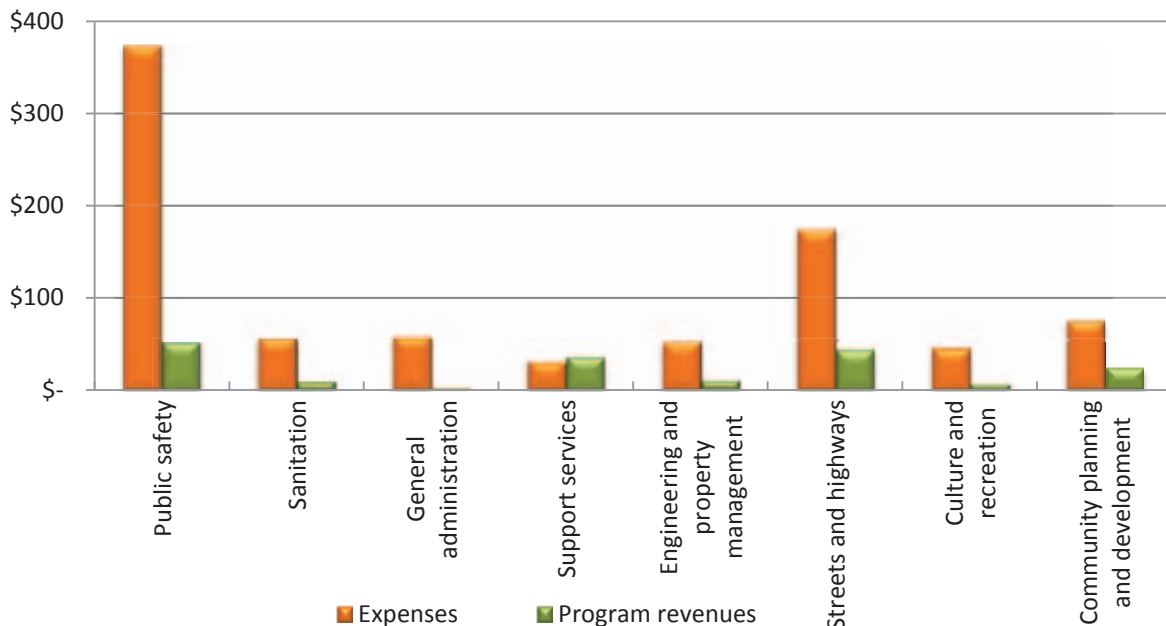
Governmental expenses increased from \$858.3 to \$925.0 during this fiscal year. This increase results in part from increased expenditures for street construction and public facilities maintenance. As in prior years, public safety continues to be the largest expense with 41 percent in both the current and prior year.

**Governmental Revenues by Source**



The following chart highlights the net cost (total cost less fees generated by the activities and intergovernmental grants) of the City's governmental programs mainly public safety, 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 Expenses Compared with Program Revenues**

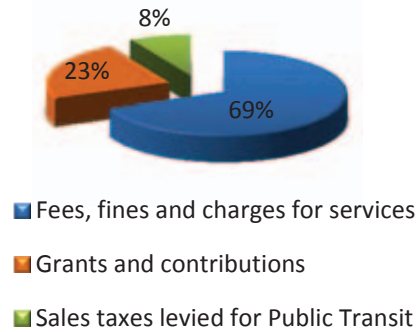


In addition to property and other taxes, the total cost of services of \$925.0 was supported by \$72.0 provided by other governments and organizations for specific programs and \$115.1 provided by fees, fines and charges from those who directly benefited from the programs.

## Business-type Activities

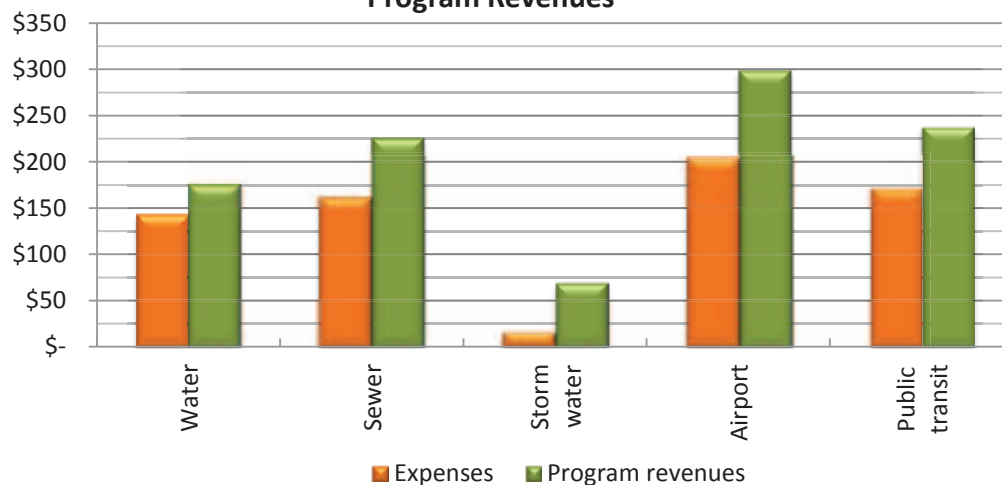
Revenues for the business-type activities were \$1,100.0, a decrease of 1 percent from the prior year. This decrease is due in part to a change in the rate structure for Storm Water fees and a 16 percent increase in availability fees for Charlotte Water offset by a decrease in contributions as previously discussed.

## Business-type Revenues by Source



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 Expenses Compared with Program Revenues



Airport expenses increased \$16.4 or 8.7 percent from the prior year due in part to greater terminal and airfield utilization, addressing deferred maintenance and investments made at the request of the Airport's business partners.



## 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, 2016, the governmental funds reported a combined fund balance of \$994.8, an increase of \$57.0 or 6.1 percent from last year. This amount consists of the following:

- (a) \$92.0 non-spendable for inventories, perpetual care, and long-term notes receivable,
- (b) \$263.9 restricted for State Statutes, special obligation debt service and specific programs,
- (c) \$297.6 committed primarily for capital projects,
- (d) \$239.7 assigned for debt service and specific programs, and
- (e) \$101.6 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 \$101.6, while total fund balance reached \$191.0. The City's Capital Investment Plan Financial Policies include a policy to maintain fund balance at 16 percent of the operating budget. Any portion in excess of 16 percent is dedicated to capital expenses, unless otherwise directed by City Council. At June 20, 2016 \$21.8 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 \$286.1, all of which will be used for either the payment of debt service or is restricted by State Statutes. Debt service fund balance decreased \$9.0 from the prior year due primarily to transfers to the capital projects fund to fund equipment purchases. The capital projects fund has a total fund balance of \$288.3, all of which is committed for future capital projects. Capital project fund balance increased \$48.1 from the prior year due to land sales from I-277 realignment and debt sales for public facilities improvements.

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

Unrestricted net position at the end of the year amounted to \$334.4 in the Water and Sewer fund, \$76.4 in the Storm Water fund, \$407.4 in the Airport fund and \$133.4 in the Public Transit fund. The change in net position for the funds was \$101.3, \$53.7, \$85.1 and \$176.2 respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, City Council approved several immaterial budget amendments. The most significant amendments related to appropriation of fund balance amounts from the prior year which exceeded the City Council's goal of 16 percent and were previously committed.

Revenues were \$28.1 above the final budgeted amount. Utilities sales tax revenues were \$11.7 greater than expected due in part to weather extremes that increased energy usage. Property tax revenues were \$9.0 greater than expected due to uncertainty regarding Pearson's discoveries that were billed and collected in FY16.

The fiscal 2016 budget reflected slow growth following the economic recession, weathered by the City through budget reductions and a continuation of conservative financial strategies. The most significant expenditure decrease was \$2.3 in service reductions across all focus areas. Actual expenditures were \$6.1 below final budget amounts for fiscal year 2016.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** At June 30, 2016, the City had \$12,409.0 (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 \$276.2, or 2 percent over last year. The following is a summary of capital assets at June 30, 2016 and 2015:

Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 3,240.2	\$ 3,224.2	\$ 406.6	\$ 409.1	\$ 3,646.8	\$ 3,633.3
Buildings	800.0	826.3	540.4	406.7	1,340.4	1,233.0
Improvements other than buildings	-	-	3,646.9	3,560.5	3,646.9	3,560.5
Infrastructure	1,629.0	1,619.4	-	-	1,629.0	1,619.4
Intangibles	8.8	3.2	5.8	7.1	14.6	10.3
Machinery and equipment	49.8	51.6	196.6	184.9	246.4	236.5
Construction in progress	257.5	364.9	1,627.4	1,474.9	1,884.9	1,839.8
Totals	<u>\$ 5,985.3</u>	<u>\$ 6,089.6</u>	<u>\$ 6,423.7</u>	<u>\$ 6,043.2</u>	<u>\$ 12,409.0</u>	<u>\$ 12,132.8</u>

This year's major capital asset additions included:

- McAlpine Creek Relief Sewer - \$74.5
- Airport Rent A Car Deck - \$69.0
- Airport business valet parking deck - \$39.8
- Airport entrance road - \$27.2

At June 30, 2016, authorized and unexpended capital projects totaled \$2,265.2 as follows: governmental (\$673.4), water and sewer (\$736.6), airport (\$267.3), storm water (\$124.0), and public transit (\$463.9). The City has plans to issue additional debt to finance these projects in addition to using resources currently available.

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

**Long-term Debt.** At June 30, 2016, the City had \$4,573.0 of debt outstanding in bonds, installment purchases, commercial paper notes, derivative instrument liability, and other financing agreements. This was an increase of \$20.5 or 0.5 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	
	2016	2015	2016	2015	2016	2015
General obligation bonds (backed by the City's taxing authority)	\$ 647.5	\$ 691.4	\$ 145.4	\$ 174.8	\$ 792.9	\$ 866.2
Revenue bonds (backed by specific fee revenues)	-	-	2,296.9	2,162.8	2,296.9	2,162.8
Special obligation bonds	6.2	7.3	-	-	6.2	7.3
Installment purchases	767.9	803.7	275.2	279.4	1,043.1	1,083.1
Commercial paper notes	133.3	67.1	-	-	133.3	67.1
Revenue bond anticipation notes	-	-	83.7	215.0	83.7	215.0
Derivative instrument liability	67.2	52.3	50.8	70.5	118.0	122.8
Swaption borrowing payable	7.3	7.9	-	-	7.3	7.9
TIFIA loan agreement	-	-	88.4	-	88.4	-
Other financial agreements	-	16.2	3.2	4.1	3.2	20.3
Totals	<u>\$ 1,629.4</u>	<u>\$ 1,645.9</u>	<u>\$ 2,943.6</u>	<u>\$ 2,906.6</u>	<u>\$ 4,573.0</u>	<u>\$ 4,552.5</u>

New debt for 2016 resulted from issuing Water Sewer revenue bonds (\$459.6) for refunding debt; Storm Water revenue bonds (\$32.4) for refunding debt; issuing installment purchases for refunding debt (\$33.2), stadium upgrades (\$23.5), and purchasing capital equipment (\$4.6); issuing revenue bond anticipation notes (\$92.0); and entering into a TIFIA loan for construction of light rail (\$88.4).

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 \$4,573.0 arises from both governmental and business-type activities. The largest portion of debt is revenue bonds (50.2 percent), which are backed by specific fee revenues, rather than the City's taxing authority.

North Carolina General Statutes limit the amount of general obligation debt that the City can issue to 8 percent of the total assessed value of taxable property. The legal debt margin for the City at June 30, 2016, was \$5.2 billion. The City had \$380.6 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 2016, 17,784 building permits were issued with a value of over \$3.4 billion compared to 18,043 permits for 2015.
- Retail sales during 2015 were \$18.8 billion compared to \$11.6 billion for 2014.
- The June 2016 unemployment rate was 4.5 percent compared to 5.1 percent for the State and 4.9 percent for the nation.
- Assessed property valuations are expected to exceed \$93.8 billion for 2016 compared to \$92.0 billion for 2015, or an increase of 1.8 percent.

The fiscal 2017 operating budget is \$1,291.9, an increase of 4.2 percent over fiscal year 2016, which ensures residents will continue to receive good value for the level and quality of all services provided through residential fees.

The 2017 General fund budget is \$634.9 and reflects a 5.7 percent increase over fiscal year 2016. The two largest revenue sources in the General fund are Property Tax and Sales Tax which comprise 70.5 percent of total revenue. The total General fund revenue growth is budgeted at \$35.7 which is an increase of 5.7 percent above 2016.

The following are highlights for the 2017 budgets for the business-type activities:

- The Charlotte Water budget is \$135.3, an 8.3 percent increase over 2016. Availability fees increase from \$8.14 to \$9.84 to recover 29.3 percent of debt service.
- The Storm Water budget is \$14.5, a 5.1 percent increase over 2016. The increase will be used to mark storm drainage infrastructure, reduce the risk of damage by other construction projects, and to remove blockages and debris that has built up over time in ditches and pipes.
- The Airport budget is \$149.7, a 3.4 percent increase over 2016, and includes an additional 50 positions in a variety of capacities, including business services, building maintenance, and security.
- The Public transit budget is \$123.2, a 3.5 percent increase over 2016, and includes adding 93 positions for start-up and testing of new rail services for the Blue Line Extension project, and 10 positions for specific operations and regulatory requirements.

## **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.





PHOTO BY SCOTT GREER, CITY OF CHARLOTTE EMPLOYEE

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**  
(In Thousands)

	Primary Government			Component Unit
	Governmental	Business-type		Charlotte Regional
	Activities	Activities	Total	Visitors Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 868,186	\$ 998,518	\$ 1,866,704	\$ 21,323
Receivables, net	19,417	94,233	113,650	1,777
Due from other governmental agencies	88,995	157,507	246,502	663
Due from component unit	3,118	-	3,118	-
Due from primary government	-	-	-	954
Internal balances	(6,082)	6,082	-	-
Inventories	1,426	8,669	10,095	463
Other	90	-	90	395
Restricted assets:				
Temporarily restricted-				
Cash and cash equivalents	6,394	400,052	406,446	-
Investments	127,076	59,866	186,942	-
Permanently restricted-				
Cash and cash equivalents	3,111	-	3,111	-
Notes receivable	87,511	-	87,511	-
Other postemployment benefit assets (Note 5.f.)	-	26,133	26,133	-
Capital assets (Note 4.f.)				
Land	3,240,220	406,565	3,646,785	-
Buildings, improvements, infrastructure, intangibles, and machinery and equipment, net	2,487,510	4,389,783	6,877,293	-
Construction in progress	257,521	1,627,389	1,884,910	-
Total assets	<u>7,184,493</u>	<u>8,174,797</u>	<u>15,359,290</u>	<u>25,575</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals (Note 5)	1,634	53	1,687	60
Contributions to pension plan in current fiscal year (Note 5)	26,530	6,123	32,653	932
Accumulated decreases in fair value of hedging derivatives	67,220	50,781	118,001	-
Unamortized bond refunding charges	5,829	18,000	23,829	-
Total deferred outflows of resources	<u>101,213</u>	<u>74,957</u>	<u>176,170</u>	<u>992</u>
<b>LIABILITIES</b>				
Accounts payable/claims payable	100,880	105,008	205,888	4,949
Deposits and retainage payable	11,649	25,171	36,820	5,418
Accrued interest payable	12,590	35,330	47,920	-
Due to component unit	894	60	954	-
Due to primary government	-	-	-	3,118
Unearned revenues	859	-	859	29
Liabilities payable from restricted assets	5,407	62,020	67,427	-
Net pension liability (Note 5)	39,076	7,291	46,367	983
Noncurrent liabilities (Note 4.j.):				
Due within one year	267,748	106,990	374,738	-
Due after one year	1,473,582	2,827,519	4,301,101	6,993
Total liabilities	<u>1,912,685</u>	<u>3,169,389</u>	<u>5,082,074</u>	<u>21,490</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	316	-	316	-
Pension deferrals (Note 5)	23,672	2,668	26,340	511
Total deferred inflows of resources	<u>23,988</u>	<u>2,668</u>	<u>26,656</u>	<u>511</u>
<b>NET POSITION</b>				
Net investment in capital assets	4,563,879	3,676,609	8,240,488	-
Restricted for:				
State statute	68,699	-	68,699	-
Debt service	6,215	60,397	66,612	-
Perpetual care - Nonexpendable	90,622	-	90,622	-
Other purposes (Note 1.d.(8))	188,989	-	188,989	-
Passenger facility charges	-	317,283	317,283	-
Contract facility charges	-	30,116	30,116	-
Airport working capital	-	35,588	35,588	-
Unrestricted	430,629	957,704	1,388,333	4,566
Total net position	<u>\$ 5,349,033</u>	<u>\$ 5,077,697</u>	<u>\$ 10,426,730</u>	<u>\$ 4,566</u>

*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, 2016**  
(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	\$ 374,328	\$ 38,772	\$ 8,985	\$ 3,339
Sanitation	55,717	8,824	509	500
General administration	58,256	2,913	-	-
Support services	31,210	35,828	16	21
Engineering and property management	52,044	11,224	-	222
Streets and highways	174,912	9,080	20,460	14,008
Culture and recreation	45,158	3,629	2,948	1,038
Community planning and development	75,889	4,859	18,274	1,682
Interest and other charges	57,498	-	-	-
Total governmental	<u>925,012</u>	<u>115,129</u>	<u>51,192</u>	<u>20,810</u>
Business-type-				
Water	143,992	166,043	-	11,032
Sewer	163,565	211,084	-	15,238
Storm water	16,614	70,042	-	-
Airport	205,860	277,891	-	20,706
Public transit	173,243	32,404	10,945	194,994
Total business-type	<u>703,274</u>	<u>757,464</u>	<u>10,945</u>	<u>241,970</u>
Total primary government	<u>\$ 1,628,286</u>	<u>\$ 872,593</u>	<u>\$ 62,137</u>	<u>\$ 262,780</u>
Component Unit:				
Charlotte Regional				
Visitors Authority	<u>\$ 59,699</u>	<u>\$ 36,100</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 position
Net position - beginning
Net position - ending

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

Net (Expense) Revenue and  
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
\$ (323,232)	\$ -	\$ (323,232)	\$ -
(45,884)	-	(45,884)	-
(55,343)	-	(55,343)	-
4,655	-	4,655	-
(40,598)	-	(40,598)	-
(131,364)	-	(131,364)	-
(37,543)	-	(37,543)	-
(51,074)	-	(51,074)	-
(57,498)	-	(57,498)	-
<u>(737,881)</u>	<u>-</u>	<u>(737,881)</u>	<u>-</u>
-	33,083	33,083	-
-	62,757	62,757	-
-	53,428	53,428	-
-	92,737	92,737	-
-	65,100	65,100	-
-	307,105	307,105	-
<u>(737,881)</u>	<u>307,105</u>	<u>(430,776)</u>	<u>-</u>
-	-	-	(23,599)
452,209	-	452,209	-
114,192	-	114,192	-
-	89,617	89,617	-
53,545	-	53,545	-
49,079	-	49,079	-
30,026	-	30,026	-
283	-	283	-
17,068	-	17,068	-
-	-	-	25,260
23,383	-	23,383	-
4,670	7,065	11,735	55
7,012	(7,091)	(79)	160
<u>(21,609)</u>	<u>21,609</u>	<u>-</u>	<u>-</u>
<u>729,858</u>	<u>111,200</u>	<u>841,058</u>	<u>25,475</u>
(8,023)	418,305	410,282	1,876
5,357,056	4,659,392	10,016,448	2,690
<u>\$ 5,349,033</u>	<u>\$ 5,077,697</u>	<u>\$ 10,426,730</u>	<u>\$ 4,566</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**  
(In Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 184,036	\$ 276,235	\$ 107,465	\$ 181,998	\$ 749,734
Receivables, net:					
Property taxes	9,316	2,059	316	107	11,798
Accounts	5,546	-	120	191	5,857
Other	-	-	-	282	282
Total receivables	14,862	2,059	436	580	17,937
Due from other governmental agencies	46,894	5,732	19,563	16,798	88,987
Due from other funds	190	4,400	-	-	4,590
Due from component unit	-	2,820	298	-	3,118
Inventories	1,426	-	-	-	1,426
Prepaid expenditures	-	-	-	90	90
Restricted assets:					
Cash and cash equivalents	-	79	6,315	-	6,394
Investments	-	36	127,040	-	127,076
Total restricted assets	-	115	133,355	-	133,470
Notes receivable	13	-	50,261	37,237	87,511
Total assets	<u>\$ 247,421</u>	<u>\$ 291,361</u>	<u>\$ 311,378</u>	<u>\$ 236,703</u>	<u>\$ 1,086,863</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 34,281	\$ 344	\$ 9,861	\$ 4,979	\$ 49,465
Deposits and retainage payable	8,926	-	2,378	345	11,649
Due to other funds	-	-	4,400	190	4,590
Due to component unit	-	-	296	598	894
Unearned revenues	-	-	-	859	859
Liabilities payable from restricted assets	-	-	5,407	-	5,407
Total liabilities	<u>43,207</u>	<u>344</u>	<u>22,342</u>	<u>6,971</u>	<u>72,864</u>
Deferred inflows of resources:					
Prepaid taxes	316	-	-	-	316
Unavailable revenues	12,892	4,879	734	395	18,900
Total deferred inflows of resources	<u>13,208</u>	<u>4,879</u>	<u>734</u>	<u>395</u>	<u>19,216</u>
Fund balances:					
Nonspendable:					
Inventories	1,426	-	-	-	1,426
Perpetual care	-	-	-	3,111	3,111
Long-term notes receivable	13	-	50,261	37,237	87,511
Restricted:					
State statute	62,967	5,732	-	-	68,699
Special obligation debt service	-	6,215	-	-	6,215
Other purposes (Note 1.d.(8))	-	-	-	188,989	188,989
Committed:					
Capital projects	21,795	-	238,041	-	259,836
Other purposes (Note 1.d.(8))	3,215	34,510	-	-	37,725
Assigned:					
Debt service	-	239,681	-	-	239,681
Unassigned (Note 3)	101,590	-	-	-	101,590
Total fund balances	<u>191,006</u>	<u>286,138</u>	<u>288,302</u>	<u>229,337</u>	<u>994,783</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 247,421</u>	<u>\$ 291,361</u>	<u>\$ 311,378</u>	<u>\$ 236,703</u>	<u>\$ 1,086,863</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 POSITION**  
**JUNE 30, 2016**  
**(In Thousands)**

Total fund balances for governmental funds	\$	994,783
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,985,233
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Contributions to pension plans in the current fiscal year are deferred outflows of resources.	26,415
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	93,143
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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 position.	52,369
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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.)	(1,741,987)
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Net pension liability	(38,944)
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Pension related deferrals	<u>(21,979)</u>
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Total net position of governmental activities	\$	<u>5,349,033</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, 2016**  
**(In Thousands)**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 348,988	\$ 86,539	\$ 11,153	\$ 4,883	\$ 451,563
Other taxes	101,993	18,131	11,003	77,386	208,513
Intergovernmental	99,938	1,158	9,425	55,942	166,463
Licenses, fees and fines	27,973	58	14,504	828	43,363
Investment earnings	943	1,275	585	942	3,745
Private contributions	-	-	4,039	-	4,039
Administrative charges	34,793	-	-	-	34,793
Charges for current services	7,234	-	-	-	7,234
Miscellaneous	2,267	160	560	7,064	10,051
Total revenues	<u>624,129</u>	<u>107,321</u>	<u>51,269</u>	<u>147,045</u>	<u>929,764</u>
EXPENDITURES:					
Current-					
Public safety	347,184	-	-	12,003	359,187
Sanitation	52,265	-	-	-	52,265
General administration	38,475	-	-	1,819	40,294
Support services	29,707	-	-	21	29,728
Engineering and property management	20,973	-	-	-	20,973
Streets and highways	32,859	-	-	30,065	62,924
Culture and recreation	4,721	-	-	22,591	27,312
Community planning and development	26,765	-	(3,803)	26,851	49,813
Debt service-					
Principal	-	112,033	-	-	112,033
Interest and other charges	-	66,557	-	-	66,557
Capital outlay	-	-	154,320	-	154,320
Total expenditures	<u>552,949</u>	<u>178,590</u>	<u>150,517</u>	<u>93,350</u>	<u>975,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71,180</u>	<u>(71,269)</u>	<u>(99,248)</u>	<u>53,695</u>	<u>(45,642)</u>
OTHER FINANCING SOURCES (USES):					
Sales of capital assets	934	-	33,043	50	34,027
Commercial paper issued	-	-	66,213	-	66,213
Installment purchases issued	-	185	23,500	-	23,685
Refunding debt issued	-	33,010	-	-	33,010
Premium on debt issuance	-	5,906	-	-	5,906
Payment to refunded bond escrow agent	-	(38,650)	-	-	(38,650)
Transfers in	3,268	93,173	75,984	14,572	186,997
Transfers out	(61,206)	(31,341)	(51,436)	(64,623)	(208,606)
Total other financing sources (uses)	<u>(57,004)</u>	<u>62,283</u>	<u>147,304</u>	<u>(50,001)</u>	<u>102,582</u>
Net change in fund balances	14,176	(8,986)	48,056	3,694	56,940
Fund balances - beginning	176,830	295,124	240,246	225,643	937,843
Fund balances - ending	<u>\$ 191,006</u>	<u>\$ 286,138</u>	<u>\$ 288,302</u>	<u>\$ 229,337</u>	<u>\$ 994,783</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, 2016**  
**(In Thousands)**

Net change in fund balances - total governmental funds	\$ 56,940
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note 2.b.)	(59,599)
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Contributions to the pension plan in the current fiscal year are not included on the statement of activities.	26,415
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (Note 2.b.)	(44,766)
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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.	844
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The issuance of long-term debt (e.g., bonds and installment purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position in the government-wide statements. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2.b.)	22,843
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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.)	(13,636)
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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>2,936</u>
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Change in net position of governmental activities	<u>\$ (8,023)</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, 2016**  
(In Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 340,021	\$ 340,021	\$ 348,988	\$ 8,967
Sales tax	88,803	88,803	96,205	7,402
Other taxes	5,121	5,121	5,788	667
Utilities sales tax	41,820	41,820	53,546	11,726
Other intergovernmental	39,072	39,107	38,788	(319)
Refuse fees	9,328	8,734	8,221	(513)
CATV franchises	7,873	7,873	7,604	(269)
Other licenses, fees and fines	15,329	15,923	19,752	3,829
Investment earnings	553	553	943	390
Administrative charges	30,202	35,444	34,793	(651)
Charges for current services	8,358	8,358	7,234	(1,124)
Miscellaneous	2,986	3,111	2,267	(844)
Sales of capital assets	1,667	1,667	934	(733)
Transfers in-				
Debt Service	112	112	112	-
Special Revenue - Convention Center Tax	3,487	3,487	3,143	(344)
Cemetery Trust	96	96	13	(83)
Total transfers in	3,695	3,695	3,268	(427)
Resources available for appropriation	594,828	600,230	628,331	\$ 28,101
Fund balance appropriated (contributed)	-	33,958	(276)	
Total amounts available for appropriation	\$ 594,828	\$ 634,188	\$ 628,055	
<b>EXPENDITURES:</b>				
Public safety	\$ 339,662	\$ 350,082	\$ 350,082	\$ -
Sanitation	54,066	56,009	54,198	1,811
General administration	51,158	40,334	39,923	411
Support services	19,655	33,896	33,798	98
Engineering and property management	23,349	23,277	22,560	717
Streets and highways	34,605	35,143	33,839	1,304
Culture and recreation	4,721	4,721	4,721	-
Community planning and development	28,381	28,875	27,728	1,147
Transfers out-				
Debt Service	16,794	16,998	16,998	-
Capital Projects	16,540	38,956	38,956	-
Special Revenue:				
State Street Aid	4,261	4,261	4,261	-
Tourism	1,291	1,291	646	645
Public Safety and Other Grants	345	345	345	-
Total transfers out	39,231	61,851	61,206	645
Total charges to appropriations	\$ 594,828	\$ 634,188	\$ 628,055	\$ 6,133

*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, 2016**  
**(In Thousands)**

Sources (inflows) of resources:

Actual amounts (budgetary basis) "available for appropriation" from the statement of budgetary comparison	\$ 628,055
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.	276
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(3,268)
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>(934)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 624,129</u>

Uses (outflows) of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the statement of budgetary comparison	\$ 628,055
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.	(13,900)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(61,206)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 552,949</u>

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



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2016**  
**(In Thousands)**

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 321,893	\$ 75,706	\$ 523,696
Receivables, net-			
Accounts	47,083	10,604	32,941
Other	499	81	1,460
Total receivables	47,582	10,685	34,401
Due from other governmental agencies	1,697	478	20,835
Inventories	1,556	-	-
Restricted assets-			
Cash and cash equivalents	4	6,752	392,492
Investments	5	14,029	32,575
Total restricted assets	9	20,781	425,067
Total current assets	372,737	107,650	1,003,999
Noncurrent assets:			
Other postemployment benefit assets	17,478	1,190	6,892
Capital assets-			
Land	43,600	-	306,101
Buildings	27,770	-	910,665
Improvements other than buildings:			
Water and sewer systems	4,149,870	-	-
Storm water systems	-	460,735	-
Runways	-	-	415,382
Transit corridors	-	-	-
Other	-	-	148,865
Total improvements other than buildings	4,149,870	460,735	564,247
Intangibles	18,610	3,359	3,317
Machinery and equipment	39,143	69	114,134
Construction in progress	491,342	191,540	104,147
Total capital assets	4,770,335	655,703	2,002,611
Less accumulated depreciation	1,504,222	61,622	699,746
Total capital assets, net	3,266,113	594,081	1,302,865
Total noncurrent assets	3,283,591	595,271	1,309,757
Total assets	3,656,328	702,921	2,313,756
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	25	4	11
Contributions to pension plan in current fiscal year	2,757	474	1,501
Accumulated decreases in fair value of hedging derivatives	50,781	-	-
Unamortized bond refunding charges	15,421	1,406	1,070
Total deferred outflows of resources	68,984	1,884	2,582

Enterprise Funds		Governmental Activities -
Public Transit	Total	Internal Service Funds
\$ 77,223	\$ 998,518	\$ 121,563
1,303	91,931	-
262	2,302	286
1,565	94,233	286
134,497	157,507	8
7,113	8,669	-
804	400,052	-
13,257	59,866	-
14,061	459,918	-
234,459	1,718,845	121,857
573	26,133	-
56,864	406,565	-
121,602	1,060,037	-
-	4,149,870	-
-	460,735	-
-	415,382	-
337,014	337,014	-
36,584	185,449	-
373,598	5,548,450	-
8,605	33,891	-
221,678	375,024	181
840,360	1,627,389	-
1,622,707	9,051,356	181
362,029	2,627,619	163
1,260,678	6,423,737	18
1,261,251	6,449,870	18
1,495,710	8,168,715	121,875
13	53	1
1,391	6,123	115
-	50,781	-
103	18,000	-
1,507	74,957	116

*Continued on next page*

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION-(Continued)**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2016**  
**(In Thousands)**

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 20,746	\$ 1,872	\$ 28,388
Claims payable	-	-	-
Deposits and retainage payable	4,914	1,509	4,672
Accrued interest payable	33,816	535	-
Due to component unit	-	-	60
Current maturities of long-term liabilities	91,391	7,737	1,166
Current liabilities payable from restricted assets-			
Accounts payable	-	7,181	275
Deposits and retainage payable	-	1,030	575
Accrued interest payable	-	-	12,992
Revenue bonds payable	-	-	25,906
Total current liabilities payable from restricted assets	-	8,211	39,748
Total current liabilities	150,867	19,864	74,034
Noncurrent liabilities:			
General obligation bonds payable - net of unamortized premium	108,233	6,180	-
Revenue bonds payable - net of unamortized premium	1,457,662	163,696	589,765
Revenue bond anticipation notes payable	-	-	65,621
Commercial paper notes payable	18,118	-	-
Other financing agreements - net of unamortized premium	10,576	-	-
TIFIA loan agreement	-	-	-
Derivative instrument liability	50,781	-	-
Federal revolving loan payable	-	977	-
Refundable water and sewer construction deposits	4,539	-	-
Due to participants	-	-	-
Compensated absences payable	2,233	221	1,499
Net pension liability	3,189	572	1,944
Net OPEB liability	-	-	-
Total noncurrent liabilities	1,655,331	171,646	658,829
Total liabilities	1,806,198	191,510	732,863
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	1,385	192	347
<b>NET POSITION</b>			
Net investment in capital assets	1,583,337	436,668	732,366
Restricted for:			
Debt service	-	-	60,397
Passenger facility charges	-	-	317,283
Contract facility charges	-	-	30,116
Working capital	-	-	35,588
Unrestricted	334,392	76,435	407,378
Total net position	\$ 1,917,729	\$ 513,103	\$ 1,583,128

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

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

Enterprise Funds		Governmental Activities -
Public Transit	Total	Internal Service Funds
\$ 54,002	\$ 105,008	\$ 986
-	-	50,429
14,076	25,171	-
979	35,330	-
-	60	-
6,696	106,990	115
14,061	21,517	-
-	1,605	-
-	12,992	-
-	25,906	-
14,061	62,020	-
89,814	334,579	51,530
-	114,413	-
-	2,211,123	-
-	65,621	-
-	18,118	-
256,562	267,138	-
88,353	88,353	-
-	50,781	-
-	977	-
-	4,539	-
-	-	11,596
2,503	6,456	40
1,586	7,291	-
-	-	182
349,004	2,834,810	11,818
438,818	3,169,389	63,348
744	2,668	60
924,238	3,676,609	18
-	60,397	-
-	317,283	-
-	30,116	-
-	35,588	-
133,417	951,622	58,433
\$ 1,057,655	5,071,615	\$ 58,451
	6,082	
	<u>\$ 5,077,697</u>	

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
OPERATING REVENUES:			
Charges for services	\$ 313,781	\$ 70,042	\$ 195,410
Availability fees	37,113	-	-
Capacity fees	19,157	-	-
Miscellaneous	7,076	-	11,037
Total operating revenues	<u>377,127</u>	<u>70,042</u>	<u>206,447</u>
OPERATING EXPENSES:			
Administration	28,728	2,099	27,432
Operations and maintenance	91,487	7,482	77,417
Claims and insurance premiums	-	-	-
Other	1,929	-	13,166
Depreciation	103,772	7,731	50,681
Total operating expenses	<u>225,916</u>	<u>17,312</u>	<u>168,696</u>
Operating income (loss)	<u>151,211</u>	<u>52,730</u>	<u>37,751</u>
NONOPERATING REVENUES (EXPENSES):			
Sales tax	-	-	-
Grant contributions	-	-	-
Passenger facility charges	-	-	59,171
Contract facility charges	-	-	12,273
Investment earnings	1,768	304	4,595
Interest expense and other charges	(82,368)	643	(18,898)
Non-airline terminal revenue distribution	-	-	(18,525)
Miscellaneous	4,404	37	(11,973)
Total nonoperating revenues (expenses)	<u>(76,196)</u>	<u>984</u>	<u>26,643</u>
Income (loss) before contributions and transfers	75,015	53,714	64,394
CAPITAL CONTRIBUTIONS	26,270	-	20,706
TRANSFERS IN	-	-	-
TRANSFERS OUT	-	-	-
Change in net position	101,285	53,714	85,100
Total net position - beginning	<u>1,816,444</u>	<u>459,389</u>	<u>1,498,028</u>
Total net position - ending	<u>\$ 1,917,729</u>	<u>\$ 513,103</u>	<u>\$ 1,583,128</u>

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

Change in net position of business-type activities

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



Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ 32,404	\$ 611,637	\$ 124,755
-	37,113	-
-	19,157	-
-	18,113	-
<u>32,404</u>	<u>686,020</u>	<u>124,755</u>
8,262	66,521	10,090
120,369	296,755	-
-	-	110,274
-	15,095	-
<u>37,659</u>	<u>199,843</u>	<u>5</u>
<u>166,290</u>	<u>578,214</u>	<u>120,369</u>
<u>(133,886)</u>	<u>107,806</u>	<u>4,386</u>
89,617	89,617	-
10,945	10,945	-
-	59,171	-
-	12,273	-
398	7,065	512
(7,874)	(108,497)	-
-	(18,525)	-
<u>441</u>	<u>(7,091)</u>	<u>-</u>
<u>93,527</u>	<u>44,958</u>	<u>512</u>
(40,359)	152,764	4,898
194,994	241,970	-
21,609	21,609	-
-	-	-
<u>176,244</u>	<u>416,343</u>	<u>4,898</u>
<u>881,411</u>		<u>53,553</u>
<u>\$ 1,057,655</u>		<u>\$ 58,451</u>
	1,962	
	<u>\$ 418,305</u>	

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 378,010	\$ 68,600	\$ 202,847
Receipts from participants	-	-	-
Payments to suppliers	(53,535)	(954)	(70,787)
Internal activity - (payments to) receipts from other funds	(23,988)	(1,117)	(21,591)
Receipts from trust	-	-	-
Receipts from recovery of losses	-	-	-
Payments to employees	(43,083)	(7,100)	(23,572)
Payments to airlines for non-airline terminal revenue distribution	-	-	(14,808)
Payments for claims	-	-	-
Payments for premiums	-	-	-
Other receipts (payments)	(22,106)	822	(9,676)
Net cash provided (used) by operating activities	<u>235,298</u>	<u>60,251</u>	<u>62,413</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating grants	-	-	-
Sales tax	-	-	-
Transfers	-	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from capital debt	97,162	-	22,326
Passenger facility charges	-	-	63,676
Contract facility charges	-	-	12,148
Acquisition and construction of capital assets	(100,750)	(50,495)	(90,920)
Principal paid on capital debt	(79,583)	(4,735)	(22,385)
Interest and other charges paid on capital debt	(105,399)	(7,725)	(27,406)
Capital contributions	196	200	23,996
Net cash (used) by capital and related financing activities	<u>(188,374)</u>	<u>(62,755)</u>	<u>(18,565)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investments	(164)	(27)	(53,851)
Proceeds from sale and maturities of investments	1,438	26,631	42,504
Interest received	1,522	280	4,202
Net cash provided (used) by investing activities	<u>2,796</u>	<u>26,884</u>	<u>(7,145)</u>
Net increase (decrease) in cash and cash equivalents	49,720	24,380	36,703
Cash and cash equivalents - beginning of year	272,177	58,078	879,485
Cash and cash equivalents - end of year	<u>\$ 321,897</u>	<u>\$ 82,458</u>	<u>\$ 916,188</u>

Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ 32,315	\$ 681,772	\$ -
-	-	37,861
(50,825)	(176,101)	(8,438)
(10,537)	(57,233)	69,041
-	-	23,979
-	-	228
(66,682)	(140,437)	(1,719)
-	(14,808)	-
-	-	(90,010)
-	-	(27,035)
414	(30,546)	211
(95,315)	262,647	4,118
10,945	10,945	-
86,460	86,460	-
21,609	21,609	-
119,014	119,014	-
-	119,488	-
-	63,676	-
-	12,148	-
(271,606)	(513,771)	-
83,753	(22,950)	-
(11,411)	(151,941)	-
173,969	198,361	-
(25,295)	(294,989)	-
(26)	(54,068)	-
-	70,573	-
305	6,309	589
279	22,814	589
(1,317)	109,486	4,707
79,344	1,289,084	116,856
\$ 78,027	\$ 1,398,570	\$ 121,563

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS-(Continued)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(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)	\$ 151,211	\$ 52,730	\$ 37,751
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities-			
Depreciation	103,772	7,731	50,681
Other receipts (payments)	(22,106)	822	(9,676)
Non-airline terminal revenue distribution	-	-	(14,808)
Change in assets and liabilities:			
(Increase) decrease in receivables	921	(1,442)	(3,600)
(Increase) decrease in due from other governmental agencies	(80)	(18)	(271)
Decrease in inventories	28	-	-
Decrease in prepaid insurance	1	-	-
Decrease in net pension asset	3,885	643	1,893
(Increase) in deferred outflows of resources for pensions	(32)	(5)	(15)
Decrease in other postemployment benefit assets	303	58	130
Increase in accounts payable	2,015	521	2,205
Increase in claims payable	42	-	-
Increase in due to participants	-	-	-
Increase in deposits and retainage payable	-	-	70
Increase in due to component unit	-	-	10
Increase in net pension liability	3,189	572	1,944
(Decrease) in deferred inflows of resources for pension	(8,082)	(1,376)	(4,267)
Increase in compensated absences payable	231	15	366
Increase in net OPEB liability	-	-	-
Total adjustments	84,087	7,521	24,662
Net cash provided (used) by operating activities	\$ 235,298	\$ 60,251	\$ 62,413
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Donated assets	\$ 26,107	\$ -	\$ -
Proceeds from refunding bonds	493,537	36,220	43,295
Payment to refunded bond escrow agent	(493,537)	(36,220)	(43,295)
Net noncash investing, capital and financing activities	\$ 26,107	\$ -	\$ -

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

Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ (133,886)	\$ 107,806	\$ 4,386
37,659	199,843	5
414	(30,546)	-
-	(14,808)	-
(89)	(4,210)	(3)
(535)	(904)	226
132	160	-
-	1	-
1,982	8,403	164
(17)	(69)	(1)
412	903	-
938	5,679	254
-	42	2,371
-	-	(3,093)
-	70	-
-	10	-
1,586	7,291	132
(4,088)	(17,813)	(339)
177	789	5
-	-	11
<u>38,571</u>	<u>154,841</u>	<u>(268)</u>
\$ (95,315)	\$ 262,647	\$ 4,118
\$ -	\$ 26,107	\$ -
-	573,052	-
-	(573,052)	-
\$ -	\$ 26,107	\$ -



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2016**  
**(In Thousands)**

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,516	\$ 18,349
Receivables:		
Employer contributions	297	-
Member contributions	297	-
Interest and dividends	485	44
Total receivables	1,079	44
Investments:		
Equity securities - stocks	115,579	-
Fixed income securities - bonds	75,810	-
Mutual funds	277,539	53,261
Total investments	468,928	53,261
Capital assets, at cost, net of accumulated depreciation of \$409	158	-
Total assets	475,681	71,654
<b>LIABILITIES</b>		
Accounts payable	561	11
<b>NET POSITION</b>		
Restricted for pensions	\$ 475,120	
Held in trust for other postemployment benefits		\$ 71,643

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(In Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust
ADDITIONS:		
Contributions-		
Member	\$ 8,991	\$ 9,068
Employer	8,694	12,806
Other	-	189
Total contributions	<u>17,685</u>	<u>22,063</u>
Investment income -		
Net appreciation (depreciation) in fair value of investments	(542)	(2,987)
Interest	2,443	2,433
Dividends	3,039	-
	<u>4,940</u>	<u>(554)</u>
Investment expense	2,645	224
Net investment income	<u>2,295</u>	<u>(778)</u>
Total additions	<u>19,980</u>	<u>21,285</u>
DEDUCTIONS:		
Benefits	28,333	16,397
Refunds	416	-
Insurance premiums	-	6,759
Administration	657	822
Depreciation	29	-
Total deductions	<u>29,435</u>	<u>23,978</u>
Change in net position	(9,455)	(2,693)
Net position - beginning	<u>484,575</u>	<u>74,336</u>
Net position - ending	<u>\$ 475,120</u>	<u>\$ 71,643</u>

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
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**JUNE 30, 2016**

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**CITY OF CHARLOTTE, NORTH CAROLINA**  
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**JUNE 30, 2016**

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**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**a. Reporting Entity**

The City of Charlotte (City) is a municipal corporation 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 a Fiduciary Fund as if it was part of the City. The Charlotte Regional Visitors Authority (Authority) is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The following table describes the City's component units:

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

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.



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

b. Basis of Presentation

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type* activities of the City as well as the City and its discretely presented component unit. Governmental activities generally are financed through taxes, intergovernmental revenues, and other 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.

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.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

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.

*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.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

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 funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after yearend, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City because the tax is levied by Mecklenburg County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

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

(1) Cash and Investments

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

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

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

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.

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

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

(2) Receivables and Payables

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

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

(3) 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

Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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 - 30 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, Airport and Public Transit Enterprise Funds in the amounts of \$21,610, \$7,197, \$6,672 and \$2,944, respectively, for the year ended June 30, 2016.



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

**(5) Deferred Outflows and Inflows of Resources**

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The Deferred Inflows of Resources financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has prepaid taxes and deferrals of pension expense that result from the implementation of GASB Statement 68 that meet this criterion. In the governmental funds, the City also has unavailable revenues that are reported as deferred inflows.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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) 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, unless the employee's effective date of retirement is within 365 days of the termination or resignation. However, employees may be paid twenty percent of outstanding sick leave, with a maximum of 43.5 days, upon retirement. Twenty percent of outstanding sick leave, up to a maximum of 43.5 days, is payable upon the death of an employee.

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

**(8) Net Position/Fund Balances**

*Net Position.* Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are externally imposed by creditors, grantors, contributors, bond covenants, regulations of other governments or by State statute. Net position is restricted for other purposes as follows:

Public Safety	\$ 3,282
Culture and recreation	167,391
Community planning and development	7,507
Streets and highways	10,809
Total	<u>\$ 188,989</u>

Net position is committed for other purposes as follows:

Component Unit	\$ 3,215
Debt Service	<u>34,510</u>
	<u>\$ 37,725</u>

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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* – \$1,426 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* – \$3,111 of fund balance that is required to be retained in perpetuity for maintenance of cemeteries.

*Long-term notes receivable* – \$87,511 of fund balance that is not an available resource because it represents the long term amount of loans and notes receivables.

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

*Restricted for State statute* – \$70,609 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* – \$6,215 of fund balance that is legally restricted through financing agreements for future payment of debt service requirements.

*Restricted for Public safety* – \$3,282 of fund balance that is restricted by revenue source for public safety and 911 system expenditures.

*Restricted for Culture and Recreation* – \$167,391 of fund balance that is restricted by revenue source for convention and tourism expenditures.

*Restricted for Community planning and development* – \$7,507 of fund balance that is restricted by revenue source for neighborhood expenditures.

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*Restricted for Streets and highways* – \$10,809 of Powell Bill and other fund balance that is restricted by revenue source for street construction and maintenance expenditures. For the Special Revenue funds, this amount represents the balance of the total unexpended Powell Bill and other grant funds.

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

*Committed for Capital projects* – \$257,926 of fund balance committed by the City Council for capital projects.

*Committed for Component unit* – \$3,215 of fund balance committed by the City Council for the Charlotte Regional Visitors Authority.

*Committed for Debt service* – \$34,510 of fund balance committed by the City Council for Advance Planning for Bond Referenda and loans to other funds for the purchase of capital equipment.

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

*Assigned for Debt service* – \$239,681 of fund balance in the Debt Service fund that is not nonspendable, restricted, nor committed that will be used for future payment of debt service requirements. By approval of the budget of the Debt Service fund, the City Council has assigned this amount to the purpose of the Debt Service fund.

*Unassigned fund balance* – This classification includes \$101,590 in the General fund that has not been restricted, committed, or assigned to specific purposes or other funds.

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

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

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(9) Pensions

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. 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."

Bonds and installment purchases payable	\$ 1,317,684
Net of premiums and discounts	103,835
Commercial paper notes	133,323
Derivative instrument liability	67,220
Swaption borrowing payable	7,328
Compensated absences	51,809
Section 108 loan guarantee	7,538
Law enforcement officers' separation allowance	25,570
Unfunded OPEB liability	15,090
Accrued interest payable	<u>12,590</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 1,741,987</u>

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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 position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense."

Capital outlay	\$ 54,029
Depreciation expense	<u>(113,628)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (59,599)</u>

Another element of that reconciliation states "The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	<u>\$ (44,766)</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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities."

Debt issued or incurred:	
Issuance of installment purchase	\$ (23,685)
Issuance of commercial paper notes	(66,213)
Plus premium on debt issuance	(5,906)
Swaption borrowing	569
Principal repayments:	
General obligation debt	38,363
Installment purchases	63,079
Section 108 loan guarantee	405
Private loan	<u>16,231</u>
Net adjustment to decrease <i>net changes in fund</i> <i>balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 22,843</u>

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds."

Accrued interest	\$ 381
Amortization on deferred amount on refunding	(865)
Amortization of debt premiums	9,007
Amortization of discounts	(33)
Compensated absences	(1,779)
Law enforcement officers' separation allowance	(2,668)
Unfunded OPEB liability	(6,097)
Pension expense	<u>(11,582)</u>
Net adjustment to increase <i>net changes in fund</i> <i>balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (13,636)</u>

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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, 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, 2016.

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.

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4. DETAILED DISCLOSURES ON ALL FUNDS

a. Deposits

As of June 30, 2016, the bank balances and carrying amounts of bank deposits were as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
City - Governmental and Business-type Activities	\$ 342,611	\$302,460
City - Fiduciary Funds	449	23,816
Component unit - Authority	16,533	15,922

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, \$1,589 was covered at the federal depository insurance coverage level and \$341,471 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, \$2,583 was covered by federal depository insurance coverage (including coverage by the Certificate of Deposit Account Registry Service Program). The remaining balances were covered by collateral held under the Pooling Method.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
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b. Investments

State statute 159-30 authorizes the City and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; repurchase agreements having third-party safekeeping; and the North Carolina Capital Management Trust (NCCMT), an SEC registered mutual fund. The City is not authorized to enter into reverse repurchase agreements. The investments of the Charlotte Firefighters' Retirement System (System) Pension Trust fund are governed by the North Carolina Act (Act) establishing the System. This Act authorizes additional investment types which include corporate bonds, common stock, guaranteed investment contracts and mutual funds. The investments of the Employee Benefit Trust Plan (EBTP) are governed by State statute 147-69.2(b)(1)-(6)&(8). This legislation authorizes additional investment types which include corporate bonds, common stock, and mutual funds.

**City - Governmental and Business-type Activities** – The investments and maturities at June 30, 2016, were as follows:

Investment type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-3	More than 3
U.S. Agencies	\$ 1,618,334	\$ 1,023,648	\$ 594,686	\$ -
Commercial Paper	109,951	109,951	-	-
Mutual Funds	94,670	N/A	N/A	N/A
NCCMT Cash Portfolio	328,865	N/A	N/A	N/A
NCCMT Term Portfolio*	8,000	8,000	-	-
Total	<u>\$2,159,820</u>	<u>\$ 1,141,599</u>	<u>\$ 594,686</u>	<u>\$ -</u>

\* Because the NCCMT Term Portfolio had a weighted average maturity of 0.14 years, it was presented as an investment with a maturity of 6-12 months.

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

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The following is a summary of the fair value hierarchy of the fair value of investments as of June 30, 2016:

	06/30/16	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments by fair value level		
Debt securities		
U.S. Agencies securities	\$ 1,618,334	\$ 1,618,334
Commercial paper	109,951	109,951
Mutual funds	94,670	94,670
NCCMT Term Portfolio (not sure what level)	8,000	8,000
Total investments by fair value level	1,830,955	\$ 1,830,955
Investments measured at the net asset value (NAV)		
NCCMT Cash Portfolio	328,865	
Total investments measured a fair value	\$ 2,159,820	

Investments classified in Level 1 of the fair value hierarchy, valued at \$1,830,955, are valued using quoted prices in active markets.

*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, 2016, 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, 2016. 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, 2016, 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

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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.

**City – Fiduciary Fund: Charlotte Firefighters' Retirement System** – The investments and maturities at June 30, 2016 were as follows:

Investment type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasuries	\$ 8,189	\$ -	\$ -	\$ 2,544	\$ 5,645
U.S. Agencies	25,253	-	-	11	25,242
Corporate bonds	42,368	999	24,902	8,806	7,661
Common stocks	115,579	N/A	N/A	N/A	N/A
Mutual funds	277,539	N/A	N/A	N/A	N/A
Total	<u>\$ 468,928</u>	<u>\$ 999</u>	<u>\$ 24,902</u>	<u>\$ 11,361</u>	<u>\$ 38,548</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, 2016 are as follows:

Quality Rating	Fair Value	Percentage of Portfolio
AAA	\$ 6,662	8.79%
Baa > AA	27,136	35.79%
Total credit risk debt securities	33,798	44.58%
US Government fixed income securities:		
Government National Mortgage Association	4,410	5.82%
U.S. Treasury	8,189	10.80%
Not rated	29,413	38.80%
Total fixed income securities	<u>\$ 75,810</u>	<u>100.00%</u>



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*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 \$2,893 of these securities.

**City – Fiduciary Fund: Employee Benefit Trust Plan (EBTP)** – At June 30, 2016, the EBTP had investments of \$18,300 in NCCMT Cash Portfolio and \$53,261 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 diversifies investments according to a strategic asset allocation across a range of company capitalizations in domestic and international equities as well as domestic and global bonds. The EBTP limits the amount of equity holdings in any one company to 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, 2016, the Authority had investments of \$5,197 in the NCCMT's Cash Portfolio, which carried a credit rating of AAAm by Standard and Poor's.

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c. Receivables

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

<u>Governmental</u>	
General	\$ 10,614
Debt Service	835
Capital Projects	4,509
Nonmajor	<u>-</u>
Total Governmental	<u>15,958</u>
<u>Proprietary</u>	
Water and Sewer	10,180
Storm Water	1,576
Airport	268
Public Transit	<u>327</u>
Total Proprietary	<u>12,351</u>
Total	<u>\$ 28,309</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, 2016 the balance of the loan outstanding was \$3,118.

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, 2015, were based on the assessed values listed as of January 1, 2015, which is the lien date.

The City and Mecklenburg County have a common tax base and overlapping bonded debt. Mecklenburg County is the City's agent for listing and collecting property taxes levied. The distribution of the City's levy for 2016 (tax rate per \$100 valuation) to its funds is shown below:

General	\$ 0.3741
Debt Service	0.0926
Capital Projects	<u>0.0120</u>
Total	<u>\$ 0.4787</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 2016 for Districts 1, 2, 3, 4 and 5 were \$.0168, \$.0233, \$.0358, \$.0668 and \$.0279, respectively.

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e. Restricted Assets

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

<u>Governmental-</u>	
Debt Service	\$ 115
Capital Projects	<u>133,355</u>
Total Governmental	<u>133,470</u>
<u>Enterprise-</u>	
Water and Sewer	9
Storm Water	20,781
Airport	425,067
Public Transit	<u>14,061</u>
Total Enterprise	<u>459,918</u>
Total	<u><u>\$ 593,388</u></u>

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

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f. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities-</u>				
Capital asset, not being depreciated:				
Land	\$ 3,224,245	\$ 43,105	\$ 27,130	\$ 3,240,220
Construction in progress	364,915	136,297	243,691	257,521
Total capital assets, not being depreciated	<u>3,589,160</u>	<u>179,402</u>	<u>270,821</u>	<u>3,497,741</u>
Capital assets, being depreciated:				
Buildings	1,167,332	2,454	-	1,169,786
Infrastructure	2,562,196	74,583	-	2,636,779
Intangibles	17,732	7,276	-	25,008
Machinery and equipment	198,254	16,432	8,452	206,234
Total capital assets being depreciated	<u>3,945,514</u>	<u>100,745</u>	<u>8,452</u>	<u>4,037,807</u>
Less accumulated depreciation for:				
Buildings	341,091	28,753	-	369,844
Infrastructure	942,859	64,904	-	1,007,763
Intangibles	14,486	1,751	-	16,237
Machinery and equipment	146,617	18,224	8,388	156,453
Total accumulated depreciation	<u>1,445,053</u>	<u>113,632</u>	<u>8,388</u>	<u>1,550,297</u>
Total capital assets, being depreciated, net	<u>2,500,461</u>	<u>(12,887)</u>	<u>64</u>	<u>2,487,510</u>
Governmental activities capital assets, net	<u>\$ 6,089,621</u>	<u>\$ 166,515</u>	<u>\$ 270,885</u>	<u>\$ 5,985,251</u>

Depreciation expense was charged to activities as follows:

Governmental activities:	
Public safety	\$ 15,948
Sanitation	4,202
General administration	2,440
Support services	1,132
Engineering and property management	5,048
Streets and highways	60,476
Community planning and development	5,491
Culture and recreation	17,521
Economic Development	1,369
Capital assets held by the City's internal service funds are charged to the various functions based on the usage of assets	<u>5</u>
Total depreciation expense - governmental activities	<u>\$ 113,632</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
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Capital asset activity for business-type activities for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activities-</u>				
Water and Sewer:				
Capital assets, not being depreciated:				
Land	\$ 43,600	\$ -	\$ -	\$ 43,600
Construction in progress	515,751	120,162	144,571	491,342
Total capital assets, not being depreciated	559,351	120,162	144,571	534,942
Capital assets, being depreciated:				
Buildings	27,770	-	-	27,770
Water and sewer systems	3,983,714	166,156	-	4,149,870
Intangibles	17,483	1,127	-	18,610
Machinery and equipment	36,420	3,395	672	39,143
Total capital assets being depreciated	4,065,387	170,678	672	4,235,393
Less accumulated depreciation for:				
Buildings	8,755	685	-	9,440
Water and sewer systems	1,353,288	99,167	-	1,452,455
Intangibles	13,876	1,120	-	14,996
Machinery and equipment	25,203	2,800	672	27,331
Total accumulated depreciation	1,401,122	103,772	672	1,504,222
Total capital assets, being depreciated, net	2,664,265	66,906	-	2,731,171
Water and Sewer capital assets, net	3,223,616	187,068	144,571	3,266,113
 Storm Water:				
Capital assets, not being depreciated:				
Construction in progress	131,607	59,933	-	191,540
Capital assets, being depreciated:				
Storm water systems	460,735	-	-	460,735
Intangibles	3,359	-	-	3,359
Machinery and equipment	69	-	-	69
Total capital assets being depreciated	464,163	-	-	464,163
Less accumulated depreciation for:				
Storm water systems	50,469	7,725	-	58,194
Intangibles	3,359	-	-	3,359
Machinery and equipment	63	6	-	69
Total accumulated depreciation	53,891	7,731	-	61,622
Total capital assets, being depreciated, net	410,272	(7,731)	-	402,541
Storm Water capital assets, net	541,879	52,202	-	594,081

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**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
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	Beginning Balance	Increases	Decreases	Ending Balance
Airport:				
Capital assets, not being depreciated:				
Land	\$ 308,623	\$ -	\$ 2,522	\$ 306,101
Construction in progress	261,145	92,679	249,677	104,147
Total capital assets, not being depreciated	569,768	92,679	252,199	410,248
Capital assets, being depreciated:				
Buildings	747,494	163,171	-	910,665
Runways	393,153	22,229	-	415,382
Other	106,180	42,685	-	148,865
Intangibles	3,317	-	-	3,317
Machinery and equipment	102,669	14,881	3,416	114,134
Total capital assets being depreciated	1,352,813	242,966	3,416	1,592,363
Less accumulated depreciation for:				
Buildings	436,373	23,431	-	459,804
Runways	146,206	11,652	-	157,858
Other	41,761	4,550	-	46,311
Intangibles	1,329	663	-	1,992
Machinery and equipment	24,515	10,385	1,119	33,781
Total accumulated depreciation	650,184	50,681	1,119	699,746
Total capital assets, being depreciated, net	702,629	192,285	2,297	892,617
Airport capital assets, net	1,272,397	284,964	254,496	1,302,865
Public Transit:				
Capital assets, not being depreciated:				
Land	56,864	-	-	56,864
Construction in progress	566,362	303,253	29,255	840,360
Total capital assets, not being depreciated	623,226	303,253	29,255	897,224
Capital assets, being depreciated:				
Buildings	121,268	334	-	121,602
Transit corridors	336,931	83	-	337,014
Other	36,509	75	-	36,584
Intangibles	8,535	70	-	8,605
Machinery and equipment	206,095	18,532	2,949	221,678
Total capital assets being depreciated	709,338	19,094	2,949	725,483
Less accumulated depreciation for:				
Buildings	44,694	5,688	-	50,382
Transit corridors	141,223	19,089	-	160,312
Other	23,775	2,629	-	26,404
Intangibles	7,057	638	-	7,695
Machinery and equipment	110,550	9,615	2,929	117,236
Total accumulated depreciation	327,299	37,659	2,929	362,029
Total capital assets, being depreciated, net	382,039	(18,565)	20	363,454
Public Transit capital assets, net	1,005,265	284,688	29,275	1,260,678
Business-type capital assets, net	\$ 6,043,157	\$ 808,922	\$ 428,342	\$ 6,423,737



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**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
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g. Interfund Receivables, Payables and Transfers

The following is a summary of interfund receivables, payables and transfers, respectively, at June 30, 2016, by fund:

	Interfund Receivables	Interfund Payables
Due to/from other funds:		
General	\$ 190	\$ -
Debt Service	4,400	-
Capital Projects	-	4,400
Nonmajor governmental	-	190
Total	<u>\$ 4,590</u>	<u>\$ 4,590</u>

The balances between General and Nonmajor governmental are for reimbursable expenditures and will be paid within 30 days. The balances between Debt Service and Capital Projects are to advance funding for a project until permanent financing is approved.

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

	Receivable Entity	Payable Entity
Primary Government:		
Debt Service	\$ 2,820	\$ -
Capital Projects	298	296
Nonmajor governmental	-	598
Enterprise - Airport	-	60
Component Unit - Authority	<u>954</u>	<u>3,118</u>
Total	<u>\$ 4,072</u>	<u>\$ 4,072</u>

Interfund transfers:

		Transfers In:				
Transfer out:	General	Debt Service	Capital Projects	Nonmajor Governmental	Enterprise - Public Transit	Total
General	\$ -	\$ 16,998	\$ 38,956	\$ 5,252	\$ -	\$ 61,206
Debt Service	112	-	31,110	119	-	31,341
Capital Projects	-	20,626	-	9,201	21,609	51,436
Nonmajor governmental	<u>3,156</u>	<u>55,549</u>	<u>5,918</u>	<u>-</u>	<u>-</u>	<u>64,623</u>
Total	<u>\$ 3,268</u>	<u>\$ 93,173</u>	<u>\$ 75,984</u>	<u>\$ 14,572</u>	<u>\$ 21,609</u>	<u>\$ 208,606</u>

The transfers consist primarily of the following: (a) \$93,173 to Debt Service from General, Capital Projects and nonmajor governmental to cover debt service costs, (b) \$21,609 to Enterprise - Public Transit from Capital Projects pursuant to an interlocal agreement for regional mass transit, (c) \$14,572 to nonmajor governmental from General, Debt Service and Capital Projects.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
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h. Payables

Payables at June 30, 2016, including amounts payable from restricted assets, were as follows:

	<u>Vendors</u>	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
<u>Governmental</u>				
General	\$ 25,053	\$ 8,793	\$ 435	\$ 34,281
Debt Service	344	-	-	344
Capital Projects	15,267	-	1	15,268
Nonmajor governmental	4,967	6	6	4,979
Total Governmental	<u>45,631</u>	<u>8,799</u>	<u>442</u>	<u>54,872</u>
<u>Proprietary</u>				
Water and Sewer	17,357	2,329	1,060	20,746
Storm Water	8,663	390	-	9,053
Airport	26,814	1,415	434	28,663
Public Transit	62,695	1,237	4,131	68,063
Internal Service	51,327	88	-	51,415
Total Business-type	<u>166,856</u>	<u>5,459</u>	<u>5,625</u>	<u>177,940</u>
Total	<u>\$ 212,487</u>	<u>\$ 14,258</u>	<u>\$ 6,067</u>	<u>\$ 232,812</u>

i. Deferred Outflows and Inflows of Resources and Unavailable Revenues

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

	<u>City</u>	<u>Component Unit</u>
Contributions to the pension plan in current fiscal year	\$ 32,653	\$ 932
Pension deferrals	1,687	60
Accumulated decreases in fair value of hedging derivatives	118,001	-
Unamortized bond refunding charges	23,829	-
	<u>\$ 176,170</u>	<u>\$ 992</u>

Deferred inflows of resources at year-end is comprised of the following:

	<u>City</u>	<u>Component Unit</u>
Prepaid taxes	\$ 316	\$ -
Pension deferrals	26,340	511
	<u>\$ 26,656</u>	<u>\$ 511</u>

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**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
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In addition, governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the governmental funds reported unavailable revenues as follows:

	General	Debt Service	Capital Projects	Nonmajor governmental	Total governmental
Property taxes receivable	\$ 9,316	\$ 2,059	\$ 316	\$ 107	\$ 11,798
Notes receivable	13	-	-	-	13
Accounts receivable	3,563	-	120	288	3,971
Due from component unit	-	2,820	298	-	3,118
	<u>\$ 12,892</u>	<u>\$ 4,879</u>	<u>\$ 734</u>	<u>\$ 395</u>	<u>\$ 18,900</u>

j. Long-term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2016 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General obligation bonds	\$ 609,356	\$ -	\$ 38,363	\$ 570,993	\$ 39,846
Plus unamortized premiums	81,995	-	5,539	76,456	5,506
Total bonds payable	691,351	-	43,902	647,449	45,352
Special obligation bonds	7,270	-	1,055	6,215	1,115
Installment purchases	778,815	56,695	95,034	740,476	56,230
Plus unamortized premiums	25,662	5,906	3,468	28,100	3,453
Less unamortized discounts	(754)	-	(33)	(721)	(32)
Total installment purchases	803,723	62,601	98,469	767,855	59,651
Commercial paper notes payable	67,110	66,213	-	133,323	133,323
Derivative instrument liability	52,284	14,936	-	67,220	-
Swaption borrowing payable	7,897	-	569	7,328	554
Compensated absences	50,186	36,102	34,324	51,964	27,327
Section 108 loan guarantee	7,943	-	405	7,538	426
Private loan	16,231	-	16,231	-	-
Due to participants	14,553	-	2,957	11,596	-
Net pension liability (LGERS)	-	19,164	-	19,164	-
Law enforcement officers' separation allowance	22,902	2,668	-	25,570	-
Unfunded OPEB liability	9,056	6,216	-	15,272	-
Total governmental activities	<u>\$1,750,506</u>	<u>\$207,900</u>	<u>\$ 197,912</u>	<u>\$ 1,760,494</u>	<u>\$267,748</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)**  
**JUNE 30, 2016**  
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A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2016 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type Activities</u>					
Water and Sewer:					
General obligation bonds	\$ 148,919	\$ -	\$ 26,068	\$ 122,851	\$ 27,693
Plus unamortized premiums	17,599	-	2,333	15,266	2,191
Revenue bonds	1,302,865	459,585	359,370	1,403,080	48,795
Plus unamortized premiums	45,832	66,148	3,750	108,230	4,853
Total bonds payable	1,515,215	525,733	391,521	1,649,427	83,532
Installment purchases	10,815	4,600	2,933	12,482	3,590
Plus unamortized premiums	921	-	293	628	264
Total installment purchases	11,736	4,600	3,226	13,110	3,854
Revenue bond anticipation notes	171,704	26,414	180,000	18,118	-
Other financing agreements -					
Municipal systems	2,950	-	820	2,130	810
Derivative instrument liability	70,456	-	19,675	50,781	-
Refundable construction deposits	5,443	33	2	5,474	935
Compensated absences	4,262	3,398	3,167	4,493	2,260
Net pension liability (LGERS)	-	3,189	-	3,189	-
Total Water and Sewer	1,781,766	563,367	598,411	1,746,722	91,391
Storm Water:					
General obligation bonds	7,050	-	894	6,156	932
Plus unamortized premiums	1,244	-	144	1,100	144
Revenue bonds	155,685	32,355	39,995	148,045	5,085
Plus unamortized premiums	18,736	4,228	1,114	21,850	1,114
Total bonds payable	182,715	36,583	42,147	177,151	7,275
Federal revolving loan	1,110	-	67	1,043	66
Compensated absences	601	609	593	617	396
Net pension liability (LGERS)	-	572	-	572	-
Total Storm Water	184,426	37,764	42,807	179,383	7,737
Airport:					
Revenue bonds	613,370	-	22,385	590,985	24,405
Plus unamortized premiums	26,359	-	1,673	24,686	1,501
Total bonds payable	639,729	-	24,058	615,671	25,906
Revenue bond anticipation notes	43,295	65,621	43,295	65,621	-
Compensated absences	2,300	1,953	1,588	2,665	1,166
Net pension liability (LGERS)	-	1,944	-	1,944	-
Total Airport	685,324	69,518	68,941	685,901	27,072
Public Transit:					
Installment purchases	254,975	-	4,600	250,375	4,686
Plus unamortized premiums	12,673	-	900	11,773	900
Total installment purchases	267,648	-	5,500	262,148	5,586
TIFIA loan agreement	-	88,353	-	88,353	-
Compensated absences	3,436	1,811	1,634	3,613	1,110
Net pension liability (LGERS)	-	1,586	-	1,586	-
Total Public Transit	271,084	91,750	7,134	355,700	6,696
Total business-type activities	\$ 2,922,600	\$ 762,399	\$ 717,293	\$ 2,967,706	\$ 132,896

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The government-wide statement of net position includes \$25,906 of long-term liabilities due within one year for business-type activities in the *liabilities payable from restricted assets*. The remaining amount of \$106,990 is displayed as *noncurrent liabilities, due within one year* on that same statement.

(1) General Obligation Bonds

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

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2016
Governmental Activities:					
General Obligation Refunding Bonds, Series 2005	5.00%	03/03/2005	2017	\$ 8,569	\$ 704
General Obligation Refunding Bonds, Series 2008	3.50% - 5.00%	06/05/2008	2024	11,674	5,352
General Obligation Refunding Bonds, Series 2009B	3.00% - 5.00%	10/29/2009	2029	122,315	92,495
General Obligation Refunding Bonds, Series 2009C	3.00% - 5.00%	01/12/2010	2027	86,795	52,900
General Obligation Refunding Bonds, Series 2012A	1.25% - 5.00%	04/12/2012	2033	175,495	154,650
General Obligation Taxable Housing Bonds, Series 2013A	1.00% - 4.15%	09/05/2013	2030	34,370	30,070
General Obligation Refunding Bonds, Series 2013B	2.00% - 5.00%	09/05/2013	2030	74,068	63,258
General Obligation Refunding Bonds, Series 2014A	1.75% - 5.00%	05/01/2014	2035	131,105	124,545
General Obligation Refunding Bonds, Series 2015	4.00% - 5.00%	06/01/2015	2025	51,895	47,019
Total Governmental Activities					<u>\$ 570,993</u>
Business-Type Activities:					
Water and Sewer:					
General Obligation Refunding Bonds, Series 2005	5.00%	03/03/2005	2017	36,426	\$ 2,996
General Obligation Refunding Bonds, Series 2008	3.50% - 5.00%	06/05/2008	2024	170,776	78,296
General Obligation Refunding Bonds, Series 2013B	2.00% - 5.00%	09/05/2013	2020	30,045	17,775
General Obligation Refunding Bonds, Series 2015	4.00% - 5.00%	06/01/2015	2023	27,144	23,784
Total Water and Sewer					<u>122,851</u>
Storm Water:					
General Obligation Refunding Bonds, Series 2008	3.50% - 5.00%	06/05/2008	2024	1,585	727
General Obligation Refunding Bonds, Series 2013B	2.00% - 5.00%	09/05/2013	2020	137	127
General Obligation Refunding Bonds, Series 2015	4.00% - 5.00%	06/01/2015	2023	6,051	5,302
Total Storm Water					<u>6,156</u>
Total Business-type activities					<u>\$ 129,007</u>

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
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Debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities

Year Ended		
June 30	Principal	Interest
2017	\$ 39,846	\$ 26,498
2018	39,816	24,624
2019	39,950	22,691
2020	40,165	20,842
2021	40,922	18,917
2022-2026	200,744	64,929
2027-2031	130,520	21,541
2032-2035	39,030	2,738
	<u>\$ 570,993</u>	<u>\$ 202,780</u>

Business-type Activities

Year Ended	Water and Sewer		Storm Water	
June 30	Principal	Interest	Principal	Interest
2017	\$ 27,693	\$ 5,396	\$ 932	\$ 280
2018	26,084	4,019	975	236
2019	23,563	2,794	827	191
2020	17,641	1,781	804	150
2021	14,244	983	839	109
2022-2024	13,626	766	1,779	88
	<u>\$ 122,851</u>	<u>\$ 15,739</u>	<u>\$ 6,156</u>	<u>\$ 1,054</u>

(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.



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
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Debt service requirements to maturity for special obligation bonds are as follows:

<u>Governmental Activities</u>		
Year Ended		
June 30	Principal	Interest
2017	\$ 1,115	\$ 27
2018	1,175	23
2019	1,240	17
2020	1,305	12
2021	1,380	6
	<u>\$ 6,215</u>	<u>\$ 85</u>

**(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, 2016
Water and Sewer, Series 2006A	4.00% - 5.00%	07/26/2006	2037	\$ 100,290	\$ 2,395
Water and Sewer, Series 2006B	Variable	07/26/2006	2037	300,000	157,555
Water and Sewer, Series 2008	3.50% - 5.00%	09/10/2008	2039	342,715	303,215
Water and Sewer, Refunding Series 2009	3.00% - 5.25%	08/25/2009	2036	93,765	83,610
Water and Sewer, Series 2009B	3.50% - 5.00%	12/09/2009	2040	366,380	339,235
Water and Sewer, Refunding Series 2011	1.50% - 5.00%	08/03/2011	2025	93,390	68,685
Water and Sewer, Refunding Series 2015	1.00% - 5.00%	08/27/2015	2046	459,585	448,385
Total Water and Sewer					<u>1,403,080</u>
Storm Water, Refunding Series 2012	2.00% - 5.00%	11/13/2012	2025	20,585	16,350
Storm Water, Refunding Series 2014	3.50% - 5.00%	11/04/2014	2044	101,815	99,340
Storm Water, Series 2016	1.50% - 5.00%	06/09/2016	2036	32,355	32,355
Total Storm Water					<u>148,045</u>
Airport, Refunding Series 2007A	4.00% - 5.00%	08/16/2007	2038	99,995	84,725
Airport, Series 2007B	Variable	08/16/2007	2038	47,570	19,955
Airport, Refunding Series 2008D	Variable	11/05/2008	2035	40,585	37,815
Airport, Refunding Series 2009B	2.50% - 5.00%	02/17/2009	2017	51,180	8,235
Airport, Series 2010A	2.00% - 5.50%	02/10/2010	2040	130,100	118,165
Airport, Refunding Series 2010B	1.25% - 5.50%	02/10/2010	2029	67,770	50,810
Airport, Series 2011A	2.00% - 5.00%	11/09/2011	2042	76,100	71,020
Airport, Series 2011B	2.00% - 5.00%	11/09/2011	2042	34,250	31,980
Airport, Series 2011C	Variable	11/09/2011	2042	30,920	7,080
Airport Special Facility, Series 2011 CONRAC	2.48% - 6.06%	11/09/2011	2042	60,295	58,200
Airport, Refunding Series 2014A	5.00%	11/06/2014	2035	74,290	74,290
Airport, Refunding Series 2014B	2.00% - 5.00%	11/06/2014	2024	31,100	28,710
Total Airport					<u>590,985</u>
Total Business-type activities					<u>\$ 2,142,110</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
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Interest on the variable-rate bonds is determined by a remarketing agent based upon market conditions. The City entered into an interest rate swap agreement for the variable rate Water and Sewer Revenue Bonds Series 2006B. See note 4.i.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.

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 2016 Water and Sewer Fund budgets, revenue bond debt service coverage was at least 163 percent. Based on the 2016 Storm Water Fund budgets, revenue bond debt service coverage was at least 459 percent.

The Revenue bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders or Lease. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default under the Revenue Bond Orders or Lease.

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, 2016 are \$35,588 for working capital and \$60,397 for debt service. The reserve requirements for the Water and Sewer Revenue Bonds were satisfied with the purchase of surety bonds or insurance policies.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

Revenue bond debt service requirements to maturity are as follows:

Business-type Activities

Year Ended June 30	Water and Sewer		Storm Water		Airport	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 48,795	\$ 59,338	\$ 5,085	\$ 6,239	\$ 24,405	\$ 25,484
2018	52,520	57,570	5,280	6,044	16,800	24,871
2019	56,650	55,160	5,520	5,805	17,530	24,128
2020	58,690	52,594	5,780	5,540	18,370	23,410
2021	61,470	49,919	6,060	5,263	19,065	22,664
2022-2026	314,250	206,429	32,505	21,880	117,145	99,246
2027-2031	259,285	144,182	30,640	14,824	142,225	70,930
2032-2036	299,460	87,013	30,985	8,609	131,295	41,035
2037-2041	207,100	27,045	15,280	4,016	92,835	13,164
2042-2046	44,860	4,630	10,910	666	11,315	296
	<u>\$ 1,403,080</u>	<u>\$ 743,880</u>	<u>\$ 148,045</u>	<u>\$ 78,886</u>	<u>\$ 590,985</u>	<u>\$ 345,228</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

(4) Installment Purchases

The following table summarizes the City's installment purchases:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2016
Governmental activities:					
Convention Center, Refunding Series 2013H	1.51%	10/22/2013	2020	\$ 61,720	\$ 41,403
Convention Center, Refunding Series 2016A	5.00%	06/01/2016	2026	33,010	33,010
Convention Center, Series 2009B	2.00% - 5.00%	06/25/2009	2034	30,620	25,540
Convention Center, Series 2013I	2.94%	10/22/2013	2023	28,125	19,680
Convention Center, Series 2015A	.86% - 2.97%	05/14/2015	2023	39,335	34,720
Convention Center, Series 2016B	.97% - 2.45%	06/01/2016	2023	23,685	23,685
Tourism, Series 2003F	Variable	05/29/2003	2034	41,000	19,785
Tourism, Refunding Series 2013G	Variable	05/30/2013	2033	128,245	113,845
Tourism, Series 2015C	4.00% - 5.00%	06/25/2015	2020	13,871	11,313
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	86,065
Cultural Facilities, Series 2009E	3.00% - 5.00%	09/30/2009	2039	139,135	125,130
Public Safety, Series 2005A	Variable	04/06/2005	2025	15,725	8,405
Public Safety, Series 2009A	3.00% - 5.00%	06/25/2009	2029	28,470	21,265
Public Safety, Series 2010A	3.63% - 5.00%	05/27/2010	2024	13,685	8,410
Public Safety, Series 2012A	1.25% - 5.00%	01/04/2012	2032	23,195	18,555
Public Safety, Series 2013A	2.00% - 5.00%	04/04/2013	2033	16,700	15,040
Public Safety, Series 2014A	3.00% - 5.00%	03/27/2014	2034	16,225	14,595
Public Safety, Series 2015C	3.13% - 5.00%	06/25/2015	2035	45,820	43,530
Public Safety, Refunding Series 2012A	1.25% - 5.00%	01/04/2012	2021	1,990	1,195
Public Safety, Refunding Series 2015C	4.00% - 5.00%	06/25/2015	2025	10,860	9,965
Public Safety Equipment, Series 2009A	3.00% - 5.00%	06/25/2009	2019	13,205	4,610
Equipment, Series 2012A	3.00% - 5.00%	01/04/2012	2017	9,960	1,992
Equipment, Series 2013A	2.00% - 5.00%	04/04/2013	2018	18,108	7,748
Equipment, Series 2014A	3.00% - 5.00%	03/27/2014	2019	19,644	12,337
Equipment, Series 2015C	4.00% - 5.00%	06/25/2015	2020	1,665	1,358
Total Governmental activities					<u>\$ 740,476</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
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Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2016
Business-type activities:					
Water and Sewer:					
Equipment, Series 2012A	3.00% - 5.00%	01/04/2012	2017	1,365	\$ 273
Equipment, Series 2013A	2.00% - 5.00%	04/04/2013	2018	3,942	1,687
Equipment, Series 2014A	3.00% - 5.00%	03/27/2014	2034	3,906	2,453
Equipment, Series 2015C	4.00% - 5.00%	06/25/2015	2020	4,254	3,469
Equipment, Series 2016	1.32%	06/07/2016	2021	4,600	4,600
Total Water and Sewer					<u>12,482</u>
Public Transit:					
Equipment and Facilities, Series 2008A	3.50% - 5.00%	06/04/2008	2035	34,965	28,635
Equipment and Facilities, Series 2013B	3.00%	05/07/2013	2022	123,140	123,140
Equipment and Facilities, Refunding Series 2013C	2.00% - 5.00%	05/07/2013	2033	47,845	43,960
Equipment and Facilities, Series 2013D	Variable	05/04/2013	2021	50	50
Equipment and Facilities, Series 2013E	Variable	05/04/2013	2021	50	50
Equipment and Facilities, Series 2013F	Variable	05/04/2013	2021	50	50
Equipment and Facilities, Refunding Series 2015B	2.00% - 5.00%	06/18/2015	2035	56,470	54,490
Total Public Transit					<u>250,375</u>
Total Business-type activities					<u>\$ 262,857</u>

Interest on the variable-rate installment purchases is determined by a remarketing agent based upon market conditions. The City entered into an interest rate swap agreement for the variable rate Hall of Fame 2009D and Tourism Refunding Series 2013G. See note 4.i.7 for additional information concerning derivative instruments.

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

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

Installment purchases debt service requirements to maturity are as follows:

Governmental Activities

Year Ended		
June 30	Principal	Interest
2017	\$ 56,230	\$ 21,281
2018	58,930	19,679
2019	57,067	18,020
2020	54,054	16,440
2021	41,420	15,076
2022-2026	170,610	58,461
2027-2031	135,210	39,141
2032-2036	116,550	22,646
2037-2039	50,405	5,057
	<u>\$740,476</u>	<u>\$215,801</u>

Business-type Activities

Year Ended	Water and Sewer		Public Transit	
June 30	Principal	Interest	Principal	Interest
2017	\$ 3,590	\$ 378	\$ 4,686	\$ 9,217
2018	3,449	240	4,861	9,049
2019	2,682	121	5,101	8,807
2020	1,881	42	5,338	8,574
2021	880	6	5,564	8,314
2022-2026	-	-	155,005	22,712
2027-2031	-	-	30,350	11,422
2032-2035	-	-	39,470	3,033
	<u>\$ 12,482</u>	<u>\$ 787</u>	<u>\$250,375</u>	<u>\$ 81,128</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 of principal of and interest on the bonds. In addition, the City has entered into a Standby Bond Purchase Agreement which will expire in May 2017. 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 \$133,323 outstanding at June 30, 2016. Interest rates are based upon market conditions.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
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Commercial paper debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
<u>Year Ended</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2017	<u>\$133,323</u>	<u>\$ 661</u>

(6) Revenue Bond Anticipation Note

The City has available a Water and Sewer revenue bond anticipation note program to finance the cost of water and sewer system improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$180,000. The note is payable from net revenues of the water and sewer systems. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by water and sewer revenue bonds. The note will mature no later than the third anniversary of the closing date or September 16, 2018. The City had Water and Sewer revenue bond anticipation notes payable of \$18,118 outstanding at June 30, 2016. Interest rates are based upon market conditions.

The City has available an Airport revenue bond anticipation note program to finance the cost of Airport improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$230,000. The note is payable from net revenues of the Airport. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by general Airport revenue bonds. The note will mature no later than the second anniversary of the closing date or June 8, 2018. The City had Airport revenue bond anticipation notes payable of \$65,621 outstanding at June 30, 2016. Interest rates are based upon market conditions.



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
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Revenue bond anticipation note debt service requirements to maturity are as follows:

<u>Business-type Activities</u>				
Year Ended	Water and Sewer		Airport	
June 30	Principal	Interest	Principal	Interest
2017	\$ -	\$ 112	\$ -	\$ 481
2018	-	113	65,621	452
2019	18,118	24	-	-
	<u>\$ 18,118</u>	<u>\$ 249</u>	<u>\$ 65,621</u>	<u>\$ 933</u>

(7) Other Long-term Liabilities

(a) Section 108 Loan Guarantee

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		
June 30	Principal	Interest
2017	\$ 426	\$ 279
2018	447	267
2019	469	253
2020	493	238
2021	517	221
2022-2026	3,001	781
2027-2029	2,185	144
	<u>\$ 7,538</u>	<u>\$ 2,183</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
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(b) Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan

On September 17, 2015 the City entered into a \$180,000 Transportation Infrastructure Finance and Innovation Act (TIFIA) loan from the U.S. Department of Transportation to fund the local portion of the Transit Blue Line Extension. As of June 30, 2016 \$88,353 was outstanding under this agreement. The maturity date is June 1, 2048.

Debt service requirements to maturity are as follows:

<u>Business-type Activities</u>		
Year Ended		
June 30	Principal	Interest
2017	\$ -	\$ 2,716
2018	-	2,712
2019	1,836	2,684
2020	1,889	2,627
2021	1,954	2,568
2022-2026	10,689	11,890
2027-2031	12,434	11,033
2032-2036	14,461	7,144
2037-2041	16,825	5,661
2042-2046	19,570	2,873
2047-2048	8,695	269
	<u>\$ 88,353</u>	<u>\$ 52,177</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		
June 30	Principal	Interest
2017	\$ 810	\$ 103
2018	645	67
2019	425	35
2020	250	13
	<u>\$ 2,130</u>	<u>\$ 218</u>

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

(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 the 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	
June 30	Principal
2017	\$ 66
2018	66
2019	66
2020	66
2021	66
2022-2026	331
2027-2031	323
2032	59
	<u>\$ 1,043</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, 2016, the City had no liability for estimated arbitrage profits payable.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
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(8) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016 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 swap	Deferred outflow	\$ (14,936)	Debt	\$ (67,220)	\$ 199,910
Business-type activities					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow	\$ 19,675	Debt	\$ (50,781)	\$ 157,555

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

The following table displays the objective and terms of the City's hedging derivative instruments outstanding at June 30, 2016 along with the credit rating of the associated counterparty:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2006B Water and Sewer Revenue Bonds	\$ 157,555	8/1/2006	7/1/2036	Pay 4.04%; receive SIFMA swap index	Aa2/AA-
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2009D Hall of Fame Certificates of Participation	\$ 86,065	8/18/2009	6/1/2035	Pay 4.725%; receive LIBOR	Aa2/AA-
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2013G Tourism Certificates of Participation	\$ 113,845	6/1/2013	6/1/2033	Pay 5.10%; receive SIFMA swap index	Aa2/AA-

**CITY OF CHARLOTTE, NORTH CAROLINA**  
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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 2016 the rate received by the City for the 2006B agreement was 0.23 percent, whereas the bond floating rate paid by the City was 0.39 percent. As of June 30 2016 the rate received by the City for the 2009D agreement was 0.45 percent, whereas the bond floating rate paid by the City was 0.42 percent. As of June 30 2016 the rate received by the City for the 2013G agreement was 0.63 percent, whereas the bond floating rate paid by the City was 0.39 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.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
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*Hedging derivative instrument payments and hedged debt.* As of June 30, 2016 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.

Governmental Activities

Year Ended	<u>Variable Rate Instruments</u>		Hedging	
June 30	Principal	Interest	Derivatives, Net	Total
2017	\$ 8,085	\$ 805	\$ 9,059	\$ 17,949
2018	8,510	773	8,695	17,978
2019	8,935	739	8,306	17,980
2020	9,400	704	7,904	18,008
2021	9,920	665	7,463	18,048
2022-2026	58,130	2,688	30,046	90,864
2027-2031	67,505	1,393	15,288	84,186
2032-2035	29,425	261	2,742	32,428
	<u>\$ 199,910</u>	<u>\$ 8,028</u>	<u>\$ 89,503</u>	<u>\$ 297,441</u>

Business-type Activities

Year Ended	<u>Variable Rate Bonds</u>		Hedging	
June 30	Principal	Interest	Derivatives, Net	Total
2017	\$ 4,725	\$ 461	\$ 5,811	\$ 10,997
2018	4,895	586	5,488	10,969
2019	5,070	567	5,306	10,943
2020	5,265	547	5,118	10,930
2021	5,470	526	4,922	10,918
2022-2026	30,485	2,288	21,408	54,181
2027-2031	36,465	1,636	15,312	53,413
2032-2036	47,730	850	7,954	56,534
2037	17,450	34	317	17,801
	<u>\$ 157,555</u>	<u>\$ 7,495</u>	<u>\$ 71,636</u>	<u>\$ 236,686</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, 2016 the aggregate fair value of all hedging derivative instruments with these collateral posting provisions is (\$118,001). If the collateral posting requirements were triggered at June 30, 2016 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 2016.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
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(9) Refundings

In August 2015, the City issued \$459,585 in Water and Sewer System Refunding Revenue Bonds, Series 2015 with interest rates ranging from 1.00 to 5.00 percent. The net proceeds of \$488,829 (after payment of \$36,904 in underwriting fees, insurance and other issue costs) were used to refund \$214,100 of outstanding variable rate Water and Sewer Revenue Bonds, Series 2002B and 2002C, \$95,510 of outstanding fixed rate Water and Sewer Revenue Bonds, Series 2005A and 2006A, and \$180,000 in outstanding Revenue Bond Anticipation Notes. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,927. This difference, reported in the accompanying financial statements as a deduction from revenue bonds payable, is being charged to operations through the year 2037 using the effective interest method. The City completed the refunding to reduce its total debt service payments over a period of 22 years by \$17,307 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$12,418.

In June 2016, the City issued \$33,010 in fixed rate Convention Center refunding installment purchase contracts, Series 2016A. The net proceeds of \$38,650 (after payments of \$266 in underwriting fees, insurance and other issue costs) were used to refund \$19,160 of outstanding fixed rate Convention Center refunding installment purchase contracts, Series 2005C and convert \$19,490 of variable rate Convention Center refunding installment purchase contracts, Series 2003B to fixed rate. The City completed the refunding to reduce its total debt service payments over a period of 10 years by \$4,432 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$4,423.

In June 2016, the City issued \$32,355 in fixed rate Storm Water Fee Revenue Refunding Bonds, Series 2016. The net proceeds of \$36,264 (after payments of \$320 in underwriting fees, insurance and other issue costs) were used to refund \$36,220 of outstanding fixed rate Storm Water Fee Revenue Bonds, Series 2006. The City completed the refunding to reduce its total debt service payments over a period of 20 years by \$11,369 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$8,996.

(10) 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, 2016, \$80,370 of general government debt outstanding is considered defeased.

As of June 30, 2016, the City has authorized but unissued bonds of \$280,552 consisting of \$243,346 for street improvements, \$15,004 for housing and \$22,202 for neighborhood improvements.



**CITY OF CHARLOTTE, NORTH CAROLINA**  
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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, 2016, the City's legal debt limit was \$7,296,008. The outstanding debt subject to this limit was \$2,067,347, leaving a net legal debt margin of \$5,228,661.

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	\$ 191,006
Less:	
Inventories	1,426
Long-term notes receivable	13
Stabilization by State Statute	62,967
Committed for Component unit	3,215
Fund balance policy	101,590
Remaining Fund Balance-Committed for Capital Projects	<u>\$ 21,795</u>

5. PENSION PLANS AND OTHER BENEFITS

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

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

Deferred Outflows of Resources - Pension Deferrals	LGERS	System	Total
Deferred Outflows of Resources - City contributions subsequent to the measurement date	\$ 23,959	\$ 8,694	\$32,653
Net Pension Liability	26,455	19,912	46,367
Deferred Inflows of Resources - Pension deferrals	13,753	12,587	26,340

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Detailed information for both plans follows.

a. Local Governmental Employees' Retirement System (LGERS)

*Plan Description.* The City of Charlotte and the Charlotte Regional Visitors Authority (Authority), a component unit of the City, are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local 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 Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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

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beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Charlotte and Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Contractually required contribution rates for the year ended June 30, 2016, were 7.15% of compensation for law enforcement officers for the City and 6.67% for general employees for the City and the Authority, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Charlotte and the Authority, respectively, were \$23,959 and \$932 for the year ended June 30, 2016.

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

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

City of Charlotte – At June 30, 2016, the City reported a liability of \$26,455 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the City's proportion was 5.895%, which was an increase of 0.013% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$14,413. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,218
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	7,531
Changes in proportion and differences between City contributions and proportionate share of contributions	226	4
City contributions subsequent to the measurement date	23,959	-
Total	<u>\$ 24,185</u>	<u>\$ 13,753</u>

\$23,959 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (8,717)
2018	(8,718)
2019	(8,708)
2020	12,616
2021	-
Thereafter	-
	<u>\$ (13,527)</u>

Component Unit – At June 30, 2016, the Authority reported a liability of \$983 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the Authority's proportion was 0.219%, which was an increase of 0.003% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Authority recognized pension expense of \$549. At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 231
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	280
Changes in proportion and differences between Authority contributions and proportionate share of contributions	60	-
Authority contributions subsequent to the measurement date	932	-
Total	<u>\$ 992</u>	<u>\$ 511</u>

\$932 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	(308)
2018		(309)
2019		(308)
2020		474
2021		-
Thereafter		-
	<u>\$</u>	<u>(451)</u>

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

Inflation	3.00%
Salary increases	4.25 to 8.55%, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

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The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100.0%	

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

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability (asset)	\$ 184,472	\$ 26,455	\$ (106,671)
Authority's proportionate share of the net pension liability (asset)	6,855	983	(3,964)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Charlotte Firefighters' Retirement System (System)

*Plan Description.* The Charlotte Firefighters' Retirement System (System) administers the Charlotte Firefighter's Retirement System Plan, a single-employer defined benefit pension plan. System membership is comprised of civil service employees of the Charlotte Fire Department. Section 12 of G.S. Chapter 926 of the 1947 Session Laws, as amended, officially known as the Charlotte Firefighters' Retirement system Act (Act), assigns the authority to establish and amend benefit provisions to the System. Management of the plan is vested in the System's Board of Trustees, which consists of 11 members – four appointed by the Resident Judge of the Superior Court of Mecklenburg County, three who serve by virtue of their positions with the City of Charlotte, three elected by the members and one elected by the retirees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Charlotte Firefighters' Retirement System, 428 East Fourth Street, Suite 205, Charlotte, North Carolina 28202, or by calling (704) 336-4431.

*Plan Membership.* At July 1, 2015, the Measurement Date, System membership consisted of the following:

Retired participants and beneficiaries currently receiving benefits	615
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	13
Terminated entitled to a refund of contributions	18
Active participants	1,029
Total	<u>1,675</u>



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

*Benefits Provided.* The System provides retirement and permanent and total disability benefits to the uniformed employees of the Fire Department of the City of Charlotte. Retirement benefits are determined as 2.6% of the member's average final salary multiplied by the years of credited service. A member's average final salary is calculated as the monthly average received by the member during any 2 consecutive years of membership which produces the highest average and is contained within the last 5 years of membership. Plan members are eligible to retire with full retirement benefits at age 60 with five years of creditable service, at age 50 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits with 25 years of creditable service. Early retirement benefits are reduced by 3 percent for each year the early retirement date precedes age 50. Survivor benefits are available to eligible beneficiaries of members who die while in active service. Eligible beneficiaries may elect to receive a lump sum equal to the return of the member's accumulated contributions, plus those contributions made by the City on his behalf, plus interest of 4% per year. In lieu of the lump sum, the beneficiary may elect an annuity which is the actuarial equivalent of the lump sum. The plan does not provide for automatic post-retirement benefit increases.

*Contributions.* Benefit and contribution provisions are established by State law and may be amended only by the North Carolina legislature. Charlotte Firefighters' Retirement System employees and the City are each required to contribute 12.65%. Contributions to the pension plan from the City were \$8,694 for the year ended June 30, 2016.

*Refunds of Contributions.* If an employee ceases employment with less than 5 years of service credit, accumulated employee contributions are refunded to the employee or designated beneficiary. After 5 or more years of service, the employee may elect to receive a refund of the employee's accumulated contributions with interest compounded annually at 4% or receive an accrued benefit at age 60.

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

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

*Concentrations.* The System had individual fixed income or equity investments at June 30 managed by the following organizations that represented 5 percent or more of the System's net position:

State Street Global Advisors	22%
Barrow, Hanley, McWhinney & Strauss	16
Morgan Stanley Dean Witter	13
Aronson + Johnson + Ortiz	7
Winslow Capital Management	7
UBS Trumbull Property Fund	7
Baring Asset Management	5

*Rate of Return.* For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.66 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

At June 30, 2016 the System reported a liability of \$19,912. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015.

*Actuarial Assumptions.* The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 to 11.25%, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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The plan currently uses mortality rates based on the RP-2000 Combined Mortality Table for the period after service retirement, for dependent beneficiaries, and for deaths in active service, and the UP 1994 Mortality Table set forward five years for males for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2004 through June 30, 2009. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	51.0%	8.5%
International Equity	14.0%	8.3%
Emerging Markets Equity	2.0%	8.8%
Domestic Fixed Equity	23.0%	4.5%
Non US Fixed Income	4.0%	4.0%
Real Estate	6.0%	6.8%
Total	<u>100.0%</u>	

*Discount rate.* The discount rate used to measure the total pension liability at July 1, 2015 was the long term rate of return, 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions and employer contributions will be made at the current contribution rates. Projected future benefit payments for all current plan members were projected through the year in which the last benefit payment will be made. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability and a municipal bond rate was not used in determining the discount rate.

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Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances, July 1, 2014	\$ 478,213	\$ 473,575	\$ 4,638
Service cost	15,049	-	15,049
Interest	36,036	-	36,036
Difference between expected and actual experience	1,664	-	1,664
Contributions - employer	-	8,589	(8,589)
Contributions - member	-	9,138	(9,138)
Net investment income	-	20,373	(20,373)
Benefit payments	(26,475)	(26,475)	-
Administrative expense	-	(625)	625
Net change	26,274	11,000	15,274
Balances, July 1, 2015	\$ 504,487	\$ 484,575	\$ 19,912

*Sensitivity of the proportionate share of the net pension asset to changes in the discount rate.* The following presents the System's net pension liability calculated using the discount rate of 7.75 percent, as well as what the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
CFRSP's net pension liability (asset)	\$ 74,931	\$ 19,912	\$ (27,067)

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For the year ended June 30, 2016, the System recognized pension expense of \$1,175. At June 30, 2016, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,461	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	12,587
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	8,694	-
Total	<u>\$ 10,155</u>	<u>\$ 12,587</u>

\$8,694 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	(5,058)
2018		(5,058)
2019		(5,056)
2020		3,397
2021		203
Thereafter		446
	\$	<u>(11,126)</u>

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c. Law Enforcement Officers' Separation Allowance (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, 2015, the LEO Separation's membership consisted of:

Retirees receiving benefits	265
Active plan members	<u>1,788</u>
Total	<u>2,053</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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The LEO separation has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator and plan members

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

*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.

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*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	\$ 8,886
Interest on net pension obligation	1,145
Adjustment to annual required contribution	<u>(2,012)</u>
Annual pension cost	8,019
Contributions made	<u>(5,351)</u>
Increase in net pension obligation	2,668
Net pension obligation, beginning of year	<u>22,902</u>
Net pension obligation, end of year	<u><u>\$ 25,570</u></u>

**Trend Information**

<u>Year</u> <u>Ended</u> <u>June 30</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2014	\$ 6,330	63.43%	\$ 19,833
2015	7,634	59.80	22,902
2016	8,019	66.73	25,570

**Funded Status and Funding Progress.** As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$108,318. The covered payroll (annual payroll of active employees covered by the plan) was \$126,473, and the ratio of the UAAL to the covered payroll was 85.65 percent.

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

**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 1,777 law enforcement officers. Contributions for the year ended June 30, 2016 were \$10,976, which consisted of \$6,074 from the City and \$4,902 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, 2016, the City made contributions of \$177 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, 2015, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2,125
Active plan members	<u>4,206</u>
	<u>6,331</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 to contribute the projected pay-as-you-go-financing requirements, with additional amounts to prefund benefits as determined annually.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

For the current year, the City contributed \$12,806 to the plan. Plan members receiving benefits contributed \$9,068 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 \$209 to \$1,625 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 of 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 U.S. Government and U.S. 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	\$ 20,212
Interest on net OPEB obligation	(1,393)
Adjustment to annual required contribution	<u>1,106</u>
Annual OPEB cost (expense)	19,925
Contributions made	<u>(12,806)</u>
Increase in net OPEB obligation	7,119
Net OPEB obligation, beginning of year	<u>(17,980)</u>
Net OPEB obligation, end of year	<u><u>\$ (10,861)</u></u>

The balance of the net OPEB obligation is comprised of:

Governmental Activities Noncurrent liability	\$ 15,272
Business-type Activities OPEB asset	<u>(26,133)</u>
	<u><u>\$ (10,861)</u></u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

Trend Information

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 15,729	108.51%	\$ (20,089)
2015	15,831	86.68	(17,980)
2016	19,925	64.27	(10,861)

*Funded Status and Funding Progress:* As of July 1, 2015, the most recent actuarial valuation date, the plan was 18.09 percent funded. The actuarial accrued liability for benefits was \$299,259. The actuarial value of assets was \$54,126, resulting in an unfunded actuarial accrued liability (UAAL) of \$245,133. The covered payroll (annual payroll of active employees covered by the plan) was \$356,621 and the ratio of the UAAL to the covered payroll was 68.74 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 as required supplementary information following the notes to the financial statements, 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.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
1/1/2007	\$ -	\$ 229,764	229,764	-%	275,955	83.26%
7/1/2009	33,006	207,301	174,295	15.92	322,162	54.10
7/1/2011	40,742	224,184	183,442	18.17	294,793	62.23
7/1/2013	44,129	241,293	197,164	18.29	276,853	71.22
7/1/2015	54,126	299,259	245,133	18.09	356,621	68.74

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2011	\$14,405	80.94%
2012	15,656	98.21
2013	15,656	98.84
2014	16,096	106.04
2015	16,096	85.25
2016	20,212	63.36

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.

Methods and assumptions used include:

Actuarial valuation date	7/1/2015
Actuarial cost method	Projected unit credit
Amortization method	Level percent of projected payroll, Closed
Remaining amortization period	22 years
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 2020)
Includes inflation at	4.50%
Cost of living adjustments	None

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, 2016**  
**(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, 2016 follows:

Land	\$ 306,101
Buildings	910,665
Runways	415,382
Improvements other than buildings	148,865
Intangibles	3,317
Machinery and equipment	<u>114,134</u>
Total	1,898,464
Less accumulated depreciation	<u>699,746</u>
Total	<u><u>\$ 1,198,718</u></u>

The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2016:

2017	\$ 60,123
2018	60,535
2019	60,950
2020	61,370
2021	<u>61,793</u>
Total minimum future rental income	<u><u>\$ 304,771</u></u>

Of the \$304,771 minimum future rental income on noncancelable operating leases, \$79,985 relates to agreements with American Airlines. See Note 6.i. for additional information related to American Airlines.

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 \$68,476 were received during the year ended June 30, 2016.

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 \$1,068,640. Collections during fiscal year 2016 were \$59,171 and aggregate collections from inception through June 30, 2016 were \$591,199.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

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 \$425 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 \$200. 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 <u>Of Year</u>	Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	<u>End of Year</u>
2016	\$ 10,306	\$ 77,972	\$ (77,857)	\$ 10,421
2015	8,955	75,784	(74,433)	10,306

At June 30, 2016, the EHLIF held \$34,743 in cash and equivalents for payments of these claims.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

(2) Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has a Risk Management Fund (RMF), an internal service fund, to account for and finance its insured and uninsured risks of loss. Currently, insurance coverage is purchased for excess property damage for buildings, contents and 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, 2016, \$11,596 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 \$40,008 reported in the RMF at June 30, 2016, 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 <u>Of Year</u>	Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	<u>End of Year</u>
2016	\$ 37,752	\$ 10,685	\$ (8,429)	\$ 40,008
2015	41,241	3,020	(6,509)	37,752

At June 30, 2016, the RMF held \$86,820 in cash and cash equivalents for payments of these claims.



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(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 \$626 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, 2016**  
**(Dollar Amounts In Thousands)**

Authorized capital projects at June 30, 2016, are comprised of the following by fund:

	Project <u>Authorization</u>	<u>Expended</u>	<u>Unexpended</u>
<u>Governmental-</u>			
Capital Projects	\$ 2,131,633	\$ 1,458,213	\$ 673,420
<u>Enterprise-</u>			
Water and Sewer	2,582,917	1,846,310	736,607
Storm Water	577,545	453,516	124,029
Airport	1,085,436	818,120	267,316
Public Transit	2,039,943	1,576,029	463,914
Total Enterprise	<u>6,285,841</u>	<u>4,693,975</u>	<u>1,591,866</u>
Total	<u>\$ 8,417,474</u>	<u>\$ 6,152,188</u>	<u>\$ 2,265,286</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	\$ 13,900
Capital Projects	104,445
Nonmajor governmental	<u>21,857</u>
Total	<u>\$ 140,202</u>

The City has construction and other contractual commitments at June 30, 2016, as follows by fund:

<u>Governmental-</u>	
General	\$ 13,900
Capital Projects	109,048
Nonmajor governmental	<u>12,609</u>
Total Governmental	<u>135,557</u>
<u>Enterprise-</u>	
Water and Sewer	187,690
Storm Water	43,445
Airport	131,425
Public Transit	<u>126,991</u>
Total Enterprise	<u>489,551</u>
Total	<u>\$ 625,108</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

The City has operating lease commitments for land and office space with future rentals under these leases at June 30, 2016, as shown below:

<u>Year</u>	<u>Amount</u>
2017	\$ 2,095
2018	1,794
2019	1,542
2020	1,447
2021	1,129
2022	857
2023-2032	2,324
	<u>\$ 11,188</u>

Related lease expense was approximately \$2,329 in 2016

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 Hornets (formerly 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 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. The City and the Hornets reached an agreement to invest \$27.5 million in capital improvements to Time Warner Cable arena that will align amenities and technology with other NBA facilities. The City issued \$15 million of their commitment on June 25, 2015. The remaining \$12.5 million is expected to be issued in fiscal years 2017 and 2018.

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, 2016**  
**(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. Bank of America Stadium

On April 22, 2013, the City Council approved business terms with the Carolina Panthers to fund improvements to Bank of America Stadium as part of a ten-year partnership and authorized the City Manager to develop an agreement with Panthers Stadium, LLC and Panthers Football, LLC consistent with the approved business terms. The agreement called for \$87.5 million in local funding for stadium improvements and City provided traffic control work. The first \$28 million for escalators, entry, and lightning improvements was issued by the City on October 22, 2013. \$1.25 million in operating funds will be appropriated annually for ten years to fund the traffic control. In May 2015, the City issued \$23.5 million for additional technology, infrastructure and landscape improvements to the stadium. The final \$23.5 million in additional capital funding was issued June 1, 2016. The Panthers have agreed to six years of injunctive relief with four additional years providing financial relief to the City if the team moved out of Charlotte. The funding for the stadium will come from the occupancy and prepared food tax revenues in the Convention Center Tax Special Revenue Fund. State statute deemed the stadium project an enhancement to Convention Center business therefore, allowing the use of these funds. Debt proceeds will be distributed by a trustee to the Panthers organization after City approval.

i. American Airlines

American Airlines Group Inc., (American Airlines) is the major passenger airline serving Charlotte/Douglas International Airport (Airport). For the fiscal year ended June 30, 2016, American Airlines and its affiliates provided 21.74 percent of the Airport's operating revenues.

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

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.

A new Airport Agreement was signed by the Signatory Airlines in May, 2016 to become effective July 1, 2016.

As of June 30, 2016, the City had \$532,785 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 terminal. The City has \$60,397 in reserve to pay principal and interest on GARBS.

In addition to GARBS, the City also issued Special Facility Revenue Bonds to finance the construction of parking facilities to be used by rental car companies. As of June 30, 2016, there was \$58,200 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, 2041.

j. Airport Commission

On July 26, 2013, Senate Bill 380 was enacted into law by the North Carolina General Assembly. The legislation would create the Charlotte Douglas International Airport Commission (the "*Airport Commission*"). The Airport Commission would be an agency of the City and composed of thirteen members that would be appointed as follows: three by the Mayor of the City, four by the City Council, and one by each of the Boards of Commissioners of Mecklenburg County, Cabarrus County, Gaston County, Iredell County, Lincoln County and Union County. The Airport Commission would be responsible for operating the Airport. The City would be responsible for the issuance of revenue or refunding revenue bonds with respect to the Airport.

The City challenged the legislation's validity under the State constitution and challenged the State's authority to create the Airport Commission. Based on the judgement of the court in the underlying litigation, the rules promulgated by the FAA on the subject, and other relevant facts and circumstances, the City does not reasonably anticipate any further development in the underlying litigation and the matter is resolved.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2016**  
**(Dollar Amounts In Thousands)**

k. Change in Accounting Principles

The City and its component units implemented Governmental Accounting Standards Board (GASB) statement 72, Fair Value Measurement and Application.

Statement No. 72 requires the City to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements. There was no material impact on the City's financial statement as a result of the implementation of Statement No. 72. All required disclosures were added to Notes 4.b. and 4.j.8.





**FINANCIAL SECTION – REQUIRED SUPPLEMENTARY INFORMATION,  
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**



REQUIRED SUPPLEMENTARY INFORMATION



**City of Charlotte, North Carolina**  
**Local Government Employees' Retirement System**  
**Proportionate Share of Net Pension Liability (Asset)**  
**Last Three Fiscal Years \***  
**(Dollar Amounts In Thousands)**

	2014	2015	2016
Charlotte's proportion of the net pension liability (asset) (%)	5.89290%	(5.88149%)	5.89461%
Charlotte's proportion of the net pension liability (asset) (\$)	\$ 71,032	\$ (32,461)	\$ 26,455
Charlotte's covered-employee payroll	\$ 327,094	\$ 338,026	\$ 350,856
Charlotte's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	21.72%	( 9.60%)	7.54%
Plan fiduciary net position as a percentage of the total pension liability**	94.35%	102.64%	94.35%

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

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

**City of Charlotte, North Carolina**  
**Local Government Employees' Retirement System**  
**City of Charlotte's Contributions**  
**Last Three Fiscal Years**  
**(Dollar Amounts In Thousands)**

	2014	2015	2016
Contractually required contribution	\$ 23,348	\$ 24,288	\$ 23,959
Contributions in relation to the contractually required contribution	23,348	24,288	23,959
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Charlotte's covered-employee payroll	\$ 327,094	\$ 338,026	\$ 350,856
Contributions as a percentage of covered-employee payroll	7.14%	7.19%	6.83%

**City of Charlotte, North Carolina**  
**Charlotte Firefighters' Retirement System**  
**Schedule of Changes in the System's Net Pension Liability**  
**(Dollar Amounts In Thousands)**

<b>Valuation Date</b>	<b>July 1, 2014</b>	<b>July 1, 2015</b>
<b>Measurement Date</b>	<b>July 1, 2014</b>	<b>July 1, 2015</b>
<b>Reporting Date</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>
<b>Total Pension Liability</b>		
Service cost	\$ 13,967	\$ 15,049
Interest	34,249	36,036
Benefit changes	-	-
Difference between expected and actual experience	-	1,664
Change of assumptions	-	-
Benefit payments	(23,928)	(26,406)
Refunds of contributions	67	(69)
<b>Net change in Total Pension Liability</b>	<b>24,355</b>	<b>26,274</b>
<b>Total Pension Liability - Beginning</b>	<b>453,858</b>	<b>478,213</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 478,213</b>	<b>\$ 504,487</b>
<b>Plan Net Position</b>		
Contributions - employer	\$ 8,348	\$ 8,589
Contributions - member	8,723	9,138
Net investment income	73,559	20,373
Benefit payments	(23,928)	(26,406)
Administrative expense	(691)	(625)
Refunds of contributions	67	(69)
Other	-	-
<b>Net change in Plan Net Position</b>	<b>66,078</b>	<b>11,000</b>
<b>Plan Net Position - Beginning</b>	<b>407,497</b>	<b>473,575</b>
<b>Plan Net Position - Ending (b)</b>	<b>\$ 473,575</b>	<b>\$ 484,575</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 4,638</b>	<b>\$ 19,912</b>
<b>Plan net position as a percentage of total pension liability</b>	<b>99.03%</b>	<b>96.05%</b>
Covered employee payroll	\$ 65,992	\$ 67,897
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>7.03%</b>	<b>29.33%</b>

**City of Charlotte, North Carolina**  
**Charlotte Firefighters' Retirement System**  
**Schedule of Employer Contributions**  
**(Dollar Amounts In Thousands)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined employer contribution	\$ 6,640	\$ 6,846	\$ 6,918	\$ 6,703	\$ 7,440	\$ 8,131	\$ 8,409	\$ 9,214	\$ 10,849	\$ 11,454
Actual employer contributions	6,229	6,574	6,918	7,341	7,440	7,670	7,720	8,100	8,348	8,589
Annual contribution deficiency (excess)	<u>\$ 411</u>	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ (638)</u>	<u>\$ -</u>	<u>\$ 461</u>	<u>\$ 689</u>	<u>\$ 1,114</u>	<u>\$ 2,501</u>	<u>\$ 2,865</u>
Covered employee payroll	\$ 49,241	\$ 51,968	\$ 54,688	\$ 58,032	\$ 58,814	\$ 60,632	\$ 61,028	\$ 64,032	\$ 65,992	\$ 67,897
Actual contributions as a percentage of covered employee payroll	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.  
Methods and assumptions used to determine contribution rates for the most recent year in the schedule:

Actuarial cost method	Entry Age
Amortization method	Level percent open
Remaining amortization period	30 years
Asset valuation method	5-year Smoothed Market
Inflation	3.25%
Salary increases	4.25 – 11.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

**City of Charlotte, North Carolina**  
**Law Enforcement Officers' Special Separation Allowance**  
**Schedule of Funding Progress**  
**June 30, 2016**  
**(Dollar Amounts In Thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
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
12/31/2012	-	63,562	63,562	-	116,466	54.58
12/31/2013	-	66,152	66,152	-	115,241	57.40
12/31/2014	-	70,009	70,009	-	115,243	60.75
12/31/2015	-	108,318	108,318	-	126,473	85.65

The information presented in the previous schedules was determined as part of the actuarial valuation.  
Methods and assumptions used include:

Actuarial valuation date	12/31/2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	3.57%
Projected salary increases	3.50 to 7.35%
Includes inflation at	3.00%
Cost of living adjustments	None

**NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

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

- ❖ Convention Center Tax Fund – Accounts for room occupancy and prepared food and beverage tax revenues to be used for convention and tourism purposes, including debt service, maintenance and operation of convention center facilities, and promotion of tourism.
- ❖ Tourism Fund – Accounts for room occupancy and other tax revenues to be used for tourism purposes.
- ❖ Hall of Fame Tax Fund – Accounts for room occupancy tax and private contribution revenues to be used for the NASCAR Hall of Fame.
- ❖ Municipal Services District Fund – Accounts for property tax on property within designated Municipal Services Districts to be used to enhance economic vitality and quality of life within the districts.
- ❖ Public Safety and Other Grants Fund – Accounts for federal and state grants to be used for public safety, including police, fire and emergency management, and other governmental-type activities.
- ❖ 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 Telephone System Fund – Accounts for revenues remitted by the NC 911 Board from service charges imposed on voice communications service connections to be used for the operation and enhancement of the 911 system.

**Permanent Fund**

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

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



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2016**  
**(In Thousands)**

	Special Revenue					
	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Public Safety and Other Grants	Neighborhood Development
<u>ASSETS</u>						
Cash and cash equivalents	\$ 70,258	\$ 59,832	\$ 18,560	\$ 370	\$ 11,736	\$ 2,606
Receivables, net:						
Property taxes	-	-	-	107	-	-
Accounts	-	4	-	187	-	-
Other	-	185	-	-	85	-
Total receivables	-	189	-	294	85	-
Due from other governmental agencies	4,263	1,305	1,175	8	5,319	3,198
Notes receivable	-	-	-	-	-	37,237
Prepaid expenditures	-	-	-	-	-	-
Total assets	<u>\$ 74,521</u>	<u>\$ 61,326</u>	<u>\$ 19,735</u>	<u>\$ 672</u>	<u>\$ 17,140</u>	<u>\$ 43,041</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ -	\$ 111	\$ -	\$ 81	\$ 1,111	\$ 432
Deposits and retainage payable	-	-	-	-	-	151
Due to other funds	-	-	-	190	-	-
Due to component unit	100	-	498	-	-	-
Unearned revenues	-	-	-	-	691	168
Total liabilities	<u>100</u>	<u>111</u>	<u>498</u>	<u>271</u>	<u>1,802</u>	<u>751</u>
Deferred inflows of resources:						
Unavailable revenues	-	4	-	294	85	-
Fund balances:						
Nonspendable:						
Perpetual care	-	-	-	-	-	-
Long-term notes receivable	-	-	-	-	-	37,237
Restricted:						
Public safety	-	-	-	-	-	-
Cultural and recreation	74,421	61,211	19,237	-	12,522	-
Community planning and development	-	-	-	107	2,347	5,053
Streets and highways	-	-	-	-	384	-
Total fund balances	<u>74,421</u>	<u>61,211</u>	<u>19,237</u>	<u>107</u>	<u>15,253</u>	<u>42,290</u>
Total liabilities and fund balances	<u>\$ 74,521</u>	<u>\$ 61,326</u>	<u>\$ 19,735</u>	<u>\$ 672</u>	<u>\$ 17,140</u>	<u>\$ 43,041</u>

Funds				Permanent Fund	Total
Employment and Training	State Street Aid	Emergency Telephone System	Total	Perpetual Care	Nonmajor Governmental Funds
\$ -	\$ 12,482	\$ 3,043	\$ 178,887	\$ 3,111	\$ 181,998
-	-	-	107	-	107
-	-	-	191	-	191
-	12	-	282	-	282
-	12	-	580	-	580
709	564	257	16,798	-	16,798
-	-	-	37,237	-	37,237
-	-	90	90	-	90
<u>\$ 709</u>	<u>\$ 13,058</u>	<u>\$ 3,390</u>	<u>\$ 233,592</u>	<u>\$ 3,111</u>	<u>\$ 236,703</u>
\$ 709	\$ 2,427	\$ 108	\$ 4,979	\$ -	\$ 4,979
-	194	-	345	-	345
-	-	-	190	-	190
-	-	-	598	-	598
-	-	-	859	-	859
<u>709</u>	<u>2,621</u>	<u>108</u>	<u>6,971</u>	<u>-</u>	<u>6,971</u>
-	12	-	395	-	395
-	-	-	-	3,111	3,111
-	-	-	37,237	-	37,237
-	-	3,282	3,282	-	3,282
-	-	-	167,391	-	167,391
-	-	-	7,507	-	7,507
-	10,425	-	10,809	-	10,809
-	10,425	3,282	226,226	3,111	229,337
<u>\$ 709</u>	<u>\$ 13,058</u>	<u>\$ 3,390</u>	<u>\$ 233,592</u>	<u>\$ 3,111</u>	<u>\$ 236,703</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, 2016**  
(In Thousands)

	Special Revenue					
	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Public Safety and Other Grants	Neighborhood Development
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 4,883	\$ -	\$ -
Other taxes	50,055	14,016	13,315	-	-	-
Intergovernmental	-	2,948	-	-	11,298	11,309
Licenses, fees and fines	-	-	-	-	-	-
Investment earnings	372	320	117	(2)	23	10
Miscellaneous	1,000	3,667	-	-	660	1,737
Total revenues	<u>51,427</u>	<u>20,951</u>	<u>13,432</u>	<u>4,881</u>	<u>11,981</u>	<u>13,056</u>
EXPENDITURES:						
Current-						
Public safety	-	-	-	-	9,012	-
General administration	-	-	-	-	-	1,174
Support services	-	-	-	-	-	-
Streets and highways	-	-	-	-	2,473	-
Culture and recreation	20,016	1,327	1,248	-	-	-
Community planning and development	-	-	-	4,145	148	15,539
Total expenditures	<u>20,016</u>	<u>1,327</u>	<u>1,248</u>	<u>4,145</u>	<u>11,633</u>	<u>16,713</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,411</u>	<u>19,624</u>	<u>12,184</u>	<u>736</u>	<u>348</u>	<u>(3,657)</u>
OTHER FINANCING SOURCES (USES):						
Sales of capital assets	-	-	-	-	-	-
Transfers in-						
General	-	646	-	-	345	-
Debt service	-	119	-	-	-	-
Capital projects	-	8,699	-	-	-	502
Total transfers in	<u>-</u>	<u>9,464</u>	<u>-</u>	<u>-</u>	<u>345</u>	<u>502</u>
Transfers out-						
General	(3,143)	-	-	-	-	-
Debt service	(22,825)	(21,832)	(9,290)	-	-	-
Capital projects	-	(5,918)	-	-	-	-
Total transfers out	<u>(25,968)</u>	<u>(27,750)</u>	<u>(9,290)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(25,968)</u>	<u>(18,286)</u>	<u>(9,290)</u>	<u>-</u>	<u>345</u>	<u>502</u>
Net change in fund balances	5,443	1,338	2,894	736	693	(3,155)
Fund balances - beginning	68,978	59,873	16,343	(629)	14,560	45,445
Fund balances - ending	\$ 74,421	\$ 61,211	\$ 19,237	\$ 107	\$ 15,253	\$ 42,290

Funds					Permanent Fund	Total Nonmajor Governmental Funds
Employment and Training	Stimulus Grants	State Street Aid	Emergency Telephone System	Total	Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ 4,883	\$ -	\$ 4,883
-	-	-	-	77,386	-	77,386
7,664	21	20,400	2,302	55,942	-	55,942
-	-	828	-	828	-	828
-	-	75	14	929	13	942
-	-	-	-	7,064	-	7,064
<u>7,664</u>	<u>21</u>	<u>21,303</u>	<u>2,316</u>	<u>147,032</u>	<u>13</u>	<u>147,045</u>
-	-	-	2,991	12,003	-	12,003
645	-	-	-	1,819	-	1,819
-	21	-	-	21	-	21
-	-	27,592	-	30,065	-	30,065
-	-	-	-	22,591	-	22,591
<u>7,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,851</u>	<u>-</u>	<u>26,851</u>
<u>7,664</u>	<u>21</u>	<u>27,592</u>	<u>2,991</u>	<u>93,350</u>	<u>-</u>	<u>93,350</u>
-	-	(6,289)	(675)	53,682	13	53,695
-	-	50	-	50	-	50
-	-	4,261	-	5,252	-	5,252
-	-	-	-	119	-	119
-	-	-	-	9,201	-	9,201
<u>-</u>	<u>-</u>	<u>4,261</u>	<u>-</u>	<u>14,572</u>	<u>-</u>	<u>14,572</u>
-	-	-	-	(3,143)	(13)	(3,156)
-	-	(1,602)	-	(55,549)	-	(55,549)
-	-	-	-	(5,918)	-	(5,918)
<u>-</u>	<u>-</u>	<u>(1,602)</u>	<u>-</u>	<u>(64,610)</u>	<u>(13)</u>	<u>(64,623)</u>
-	-	2,709	-	(49,988)	(13)	(50,001)
-	-	(3,580)	(675)	3,694	-	3,694
-	-	14,005	3,957	222,532	3,111	225,643
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,425</u>	<u>\$ 3,282</u>	<u>\$ 226,226</u>	<u>\$ 3,111</u>	<u>\$ 229,337</u>

**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, 2016**  
**(In Thousands)**

	Convention Center Tax			Tourism		
	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	45,738	50,055	4,317	12,476	14,016	1,540
Intergovernmental	-	-	-	2,948	2,948	-
Licenses, fees and fines	-	-	-	-	-	-
Investment earnings	238	372	134	289	320	31
Miscellaneous	1,000	1,000	-	1,039	3,667	2,628
Total revenues	<u>46,976</u>	<u>51,427</u>	<u>4,451</u>	<u>16,752</u>	<u>20,951</u>	<u>4,199</u>
EXPENDITURES:						
Current-						
Streets and highways	-	-	-	-	-	-
Culture and recreation	20,091	20,016	75	1,926	1,327	599
Community planning and development	-	-	-	-	-	-
Total expenditures	<u>20,091</u>	<u>20,016</u>	<u>75</u>	<u>1,926</u>	<u>1,327</u>	<u>599</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,885</u>	<u>31,411</u>	<u>4,526</u>	<u>14,826</u>	<u>19,624</u>	<u>4,798</u>
OTHER FINANCING SOURCES (USES):						
Sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	9,924	9,464	(460)
Transfers out	<u>(27,254)</u>	<u>(25,968)</u>	<u>1,286</u>	<u>(30,894)</u>	<u>(27,750)</u>	<u>3,144</u>
Total other financing sources (uses)	<u>(27,254)</u>	<u>(25,968)</u>	<u>1,286</u>	<u>(20,970)</u>	<u>(18,286)</u>	<u>2,684</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (369)</u>	<u>5,443</u>	<u>\$ 5,812</u>	<u>\$ (6,144)</u>	<u>1,338</u>	<u>\$ 7,482</u>
RECONCILIATION TO GAAP BASIS:						
Current year encumbrances		-			-	
Net change in fund balances		5,443			1,338	
Fund balances - beginning (annually budgeted funds)		<u>68,978</u>			<u>59,873</u>	
Fund balances - ending (annually budgeted funds)		<u>\$ 74,421</u>			<u>\$ 61,211</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)
\$ -	\$ -	\$ -	\$ 4,644	\$ 4,883	\$ 239	\$ -	\$ -	\$ -
11,921	13,315	1,394	-	-	-	-	-	-
-	-	-	-	-	-	20,587	20,400	(187)
-	-	-	-	-	-	650	828	178
102	117	15	-	(2)	(2)	80	75	(5)
-	-	-	-	-	-	-	-	-
<u>12,023</u>	<u>13,432</u>	<u>1,409</u>	<u>4,644</u>	<u>4,881</u>	<u>237</u>	<u>21,317</u>	<u>21,303</u>	<u>(14)</u>
-	-	-	-	-	-	37,720	36,627	1,093
3,800	1,248	2,552	-	-	-	-	-	-
-	-	-	4,699	4,145	554	-	-	-
<u>3,800</u>	<u>1,248</u>	<u>2,552</u>	<u>4,699</u>	<u>4,145</u>	<u>554</u>	<u>37,720</u>	<u>36,627</u>	<u>1,093</u>
<u>8,223</u>	<u>12,184</u>	<u>3,961</u>	<u>(55)</u>	<u>736</u>	<u>791</u>	<u>(16,403)</u>	<u>(15,324)</u>	<u>1,079</u>
-	-	-	-	-	-	-	50	50
-	-	-	-	-	-	4,261	4,261	-
<u>(9,621)</u>	<u>(9,290)</u>	<u>331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,602)</u>	<u>(1,602)</u>	<u>-</u>
<u>(9,621)</u>	<u>(9,290)</u>	<u>331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,659</u>	<u>2,709</u>	<u>50</u>
<u>\$ (1,398)</u>	<u>2,894</u>	<u>\$ 4,292</u>	<u>\$ (55)</u>	<u>736</u>	<u>\$ 791</u>	<u>\$ (13,744)</u>	<u>(12,615)</u>	<u>\$ 1,129</u>
-	-	-	-	-	-	-	9,035	-
-	2,894	-	-	736	-	-	(3,580)	-
-	<u>16,343</u>	-	-	<u>(629)</u>	-	-	<u>14,005</u>	-
<u>\$ 19,237</u>			<u>\$ 107</u>			<u>\$ 10,425</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, 2016**  
**(In Thousands)**

	Total		Variance-
	Budget	Actual	Positive (Negative)
REVENUES:			
Property taxes	\$ 4,644	\$ 4,883	\$ 239
Other taxes	70,135	77,386	7,251
Intergovernmental	23,535	23,348	(187)
Licenses, fees and fines	650	828	178
Investment earnings	709	882	173
Miscellaneous	2,039	4,667	2,628
Total revenues	<u>101,712</u>	<u>111,994</u>	<u>10,282</u>
EXPENDITURES:			
Current-			
Streets and highways	37,720	36,627	1,093
Culture and recreation	25,817	22,591	3,226
Community planning and development	4,699	4,145	554
Total expenditures	<u>68,236</u>	<u>63,363</u>	<u>4,873</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,476</u>	<u>48,631</u>	<u>15,155</u>
OTHER FINANCING SOURCES (USES):			
Sales of capital assets	-	50	50
Transfers in	14,185	13,725	(460)
Transfers out	(69,371)	(64,610)	4,761
Total other financing sources (uses)	<u>(55,186)</u>	<u>(50,835)</u>	<u>4,351</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (21,710)</u>	<u>(2,204)</u>	<u>\$ 19,506</u>
RECONCILIATION TO GAAP BASIS:			
Current year encumbrances		<u>9,035</u>	
Net change in fund balances		6,831	
Fund balances - beginning (annually budgeted funds)		<u>158,570</u>	
Fund balances - ending (annually budgeted funds)		<u>165,401</u>	
Project funds:			
Fund balances - beginning		63,962	
Net change in fund balances		<u>(3,137)</u>	
Fund balances - ending		<u>60,825</u>	
Fund balances - ending		<u>\$ 226,226</u>	



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**PUBLIC SAFETY AND OTHER GRANTS FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(In Thousands)**

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Federal:					
High Intensity Drug Trafficking Areas	\$ 333	\$ 81	\$ 137	\$ 218	\$ 115
Fair Housing Assistance	554	36	262	298	256
Public Safety Partnership and Community Policing	4,458	217	2,924	3,141	1,317
Justice Assistance	296	209	13	222	74
Forensic DNA Backlog Reduction	1,165	202	556	758	407
Federal pass through:					
Public Health and Social Services Emergency	632	-	593	593	39
Homeland Security	11,200	3,508	5,427	8,935	2,265
Emergency Management Performance	311	69	123	192	119
Justice Assistance	2,641	700	1,750	2,450	191
Highway Planning and Construction	8,755	1,948	3,355	5,303	3,452
Metropolitan Planning Grants	1,249	471	601	1,072	177
Highway Safety	1,807	385	1,254	1,639	168
Violence against Women	121	57	-	57	64
Criminal and Juvenile Justice and Mental Health					
Collaboration Program	199	21	-	21	178
Juvenile Justice and Discretionary Prevention	98	67	-	67	31
Interagency Hazardous Materials Public Sector					
Training and Planning Grants	13	-	-	-	13
State:					
Juvenile Offender Program	215	70	145	215	-
Metropolitan Planning Grants	186	47	52	99	87
State Medical Assistance	12	8	4	12	-
Asset forfeiture	5,989	1,338	3,041	4,379	1,610
Other public safety programs	13,004	2,087	4,950	7,037	5,967
Other community planning and development programs	1,397	112	314	426	971
Other streets and highways programs	75	-	-	-	75
Total public safety grants	<u>\$ 54,710</u>	<u>\$ 11,633</u>	<u>\$ 25,501</u>	<u>\$ 37,134</u>	<u>\$ 17,576</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NEIGHBORHOOD DEVELOPMENT FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(In Thousands)**

		Expenditures			
	Authorizations	Current Year	Prior Years	Total	Unexpended Authorizations
Federal:					
Community Development Block Grants	\$ 21,761	\$ 5,893	\$ 11,186	\$ 17,079	\$ 4,682
Emergency Shelter	1,162	385	618	1,003	159
HOME Investment Partnerships Program	10,823	5,891	4,879	10,770	53
Housing Opportunities For Persons With AIDS	4,560	1,400	1,926	3,326	1,234
Continuum of Care Program	95	48	47	95	-
Lead-Based Paint Hazard Control	2,479	833	1,232	2,065	414
Federal pass through:					
Envision Charlotte	30	6	-	6	24
State:					
One NC Grant	6,909	1,000	-	1,000	5,909
Main Street Solutions	100	-	-	-	100
Local:					
Other	7,967	2,519	6,031	8,550	(583)
Total neighborhood development	<u>\$ 55,886</u>	<u>17,975</u>	<u>\$ 25,919</u>	<u>\$ 43,894</u>	<u>\$ 11,992</u>
Contra expense for issuance of long-term loans receivable		(1,262)			
		<u>\$ 16,713</u>			

\*\* Use the same name we use on Single Audit

\*\* Order same as on Single Audit (Fed/Pass thru and location)

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**EMPLOYMENT AND TRAINING FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(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>\$ 24,834</u>	<u>\$ 7,664</u>	<u>\$ 14,203</u>	<u>\$ 21,867</u>	<u>\$ 2,967</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STIMULUS GRANTS FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>			<u>Unexpended Authorizations</u>
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>	
Federal:					
Broadband Technology Opportunities (BTOP)	<u>\$ 15,670</u>	<u>\$ 21</u>	<u>\$ 15,649</u>	<u>\$ 15,670</u>	<u>\$ -</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Year	Total	
Implemental functions	\$ 590	\$ 253	\$ 337	\$ 590	\$ -
Phone and furniture	6,152	1,319	2,382	3,701	2,451
Software	2,309	798	1,436	2,234	75
Hardware	1,061	744	154	898	163
Training	57	36	21	57	-
Total expenditures	<u>\$ 10,169</u>	<u>3,150</u>	<u>\$ 4,330</u>	<u>\$ 7,480</u>	<u>\$ 2,689</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

(159)  
\$ 2,991



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**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, 2016**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Property tax	\$ 84,097	\$ 86,539	\$ 2,442
Other taxes-			
Sales tax	16,540	17,987	1,447
Heavy equipment	-	144	144
Total other	<u>16,540</u>	<u>18,131</u>	<u>1,591</u>
Intergovernmental-			
Mecklenburg County:			
ABC Board contribution	<u>816</u>	<u>1,158</u>	<u>342</u>
Licenses, fees and fines	59	58	(1)
Investment earnings	1,122	1,275	153
Miscellaneous	<u>224</u>	<u>160</u>	<u>(64)</u>
Total revenues	<u>102,858</u>	<u>107,321</u>	<u>4,463</u>
EXPENDITURES:			
Bonds-			
Principal retirement	40,063	38,363	1,700
Interest	28,960	28,277	683
Installment purchases-			
Principal retirement	75,987	73,670	2,317
Interest	39,839	35,164	4,675
Fiscal agents fees	3,700	2,384	1,316
Other	<u>1,366</u>	<u>732</u>	<u>634</u>
Total expenditures	<u>189,915</u>	<u>178,590</u>	<u>11,325</u>
Revenues (under) expenditures	<u>(87,057)</u>	<u>(71,269)</u>	<u>15,788</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, 2016**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
OTHER FINANCING SOURCES (USES):			
Installment purchases issued	\$ 750	\$ 185	\$ (565)
Refunding debt issued	33,195	33,010	(185)
Premium on debt issuance	5,906	5,906	-
Payment to refunded bond escrow agent	(38,650)	(38,650)	-
Transfers in-			
General	16,998	16,998	-
Special revenue:			
Convention Center tax	23,767	22,826	(941)
Tourism	12,654	12,654	-
Cultural facilities	12,321	9,177	(3,144)
Hall of Fame	9,621	9,290	(331)
State street aid	1,602	1,602	-
Capital Projects	20,626	20,626	-
Total transfers in	<u>97,589</u>	<u>93,173</u>	<u>(4,416)</u>
Transfers out-			
General	112	112	-
Special revenue - Cultural facilities	320	119	201
Capital Projects	31,110	31,110	-
Total transfers out	<u>31,542</u>	<u>31,341</u>	<u>201</u>
Total other financing sources (uses)	<u>67,248</u>	<u>62,283</u>	<u>(4,965)</u>
Net change in fund balance	<u>\$ (19,809)</u>	<u>(8,986)</u>	<u>\$ 10,823</u>
Fund balance - beginning		295,124	
Fund balance - ending		<u>\$ 286,138</u>	

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(In Thousands)

	Authorizations	Expenditures		
		Current Year	Prior Years	Total
Capital equipment	\$ 25,920	\$ 18,022	\$ -	\$ 18,022
Housing	11,798	626	10,848	11,474
Affordable housing	133,499	7,298	101,821	109,119
Innovative housing	90,919	2,351	85,189	87,540
Neighborhood improvements	117,597	4,181	88,208	92,389
Area plans	12,537	621	4,864	5,485
Street and road infrastructure	429,624	30,207	233,535	263,742
Non-street transportation infrastructure	100,562	8,057	75,147	83,204
Traffic control	56,480	4,297	38,033	42,330
Pedestrian safety	130,780	7,469	100,261	107,730
Transportation partnerships	10,179	500	5,561	6,061
Transit corridor development	199,685	7,371	33,660	41,031
Economic development corridors	86,734	8,106	49,643	57,749
Business corridors	28,724	749	22,972	23,721
Environmental services program	27,903	854	25,386	26,240
Tree program	16,430	2,999	10,080	13,079
Capacity for growth sewer	215	203	-	203
New facilities	332,897	7,136	239,033	246,169
Facility renovations	158,086	32,290	57,696	89,986
Facilities maintenance	95,654	4,990	85,019	90,009
Technology	62,205	5,924	34,565	40,489
Other equipment	3,205	69	2,372	2,441
Total capital projects	<u>\$ 2,131,633</u>	<u>154,320</u>	<u>\$ 1,303,893</u>	<u>\$ 1,458,213</u>
Contra expense for issuance of long-term loans receivable		(3,803)		
		<u>\$ 150,517</u>		

Unexpended Authorizations	Encumbrances June 30, 2016	Unencumbered Authorizations June 30, 2016
\$ 7,898	\$ 4,527	\$ 3,371
324	174	150
24,380	4,158	20,222
3,379	470	2,909
25,208	3,251	21,957
7,052	586	6,466
165,882	35,440	130,442
17,358	6,075	11,283
14,150	2,895	11,255
23,050	1,643	21,407
4,118	1,583	2,535
158,654	11,011	147,643
28,985	2,417	26,568
5,003	386	4,617
1,663	423	1,240
3,351	144	3,207
12	-	12
86,728	4,636	82,092
68,100	19,026	49,074
5,645	2,029	3,616
21,716	3,430	18,286
764	141	623
<u>\$ 673,420</u>	<u>\$ 104,445</u>	<u>\$ 568,975</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 Water, provider of water and wastewater services.
- ❖ Storm Water Fund – Accounts for the operation of Charlotte Storm Water Services, administrator of storm water programs and policies.
- ❖ Airport Fund – Accounts for the operation of the Charlotte Douglas International Airport.
- ❖ Public Transit Fund – Accounts for the operation of Charlotte Area Transit System, provider of community-wide public transportation services.



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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, 2016**  
**(In Thousands)**

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Water sales	\$ 121,422	\$ 139,693	\$ 18,271
Sewer services fees	169,339	174,088	4,749
Availability fees	35,887	37,113	1,226
Capacity fees	10,000	19,157	9,157
Other	8,752	11,480	2,728
Investment earnings	695	1,132	437
Total revenues	<u>346,095</u>	<u>382,663</u>	<u>36,568</u>
EXPENDITURES:			
Water supply and treatment	14,523	12,774	1,749
Sewer system and treatment	46,884	45,852	1,032
Administration and engineering	69,388	69,387	1
Total expenditures	<u>130,795</u>	<u>128,013</u>	<u>2,782</u>
Revenues over expenditures	<u>215,300</u>	<u>254,650</u>	<u>39,350</u>
TRANSFERS OUT:			
Water and Sewer Debt Service	147,541	145,207	2,334
Water and Sewer Capital Projects	65,185	65,185	-
Total transfers out	<u>212,726</u>	<u>210,392</u>	<u>2,334</u>
Revenues over expenditures and transfers	<u>\$ 2,574</u>	<u>\$ 44,258</u>	<u>\$ 41,684</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, 2016**  
**(In Thousands)**

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment earnings	\$ 1	\$ 163	\$ 162
Installment purchases issued	27	27	-
Refunding bonds issued	459,585	459,585	-
Premium on debt issuance	66,198	66,148	(50)
Proceeds from commercial paper issued	136	136	-
Total revenues	525,947	526,059	112
EXPENDITURES:			
Bonds-			
Principal retirement	76,163	75,828	335
Interest	70,918	70,246	672
Other financing agreements-			
Principal retirement	3,762	3,753	9
Interest	2,232	701	1,531
Payment to refunded bond escrow agent	493,537	493,537	-
Bond issue expense	36,208	36,188	20
Other	2,153	1,046	1,107
Total expenditures	684,973	681,299	3,674
Revenues (under) expenditures	(159,026)	(155,240)	3,786
TRANSFERS IN:			
Water and Sewer Operating	147,541	145,207	(2,334)
Water and Sewer Capital Projects	284	354	70
Total transfers in	147,825	145,561	(2,264)
TRANSFERS OUT:			
Water and Sewer Operating	-	-	-
Water and Sewer Capital Projects	-	-	-
Total transfers out	-	-	-
Total other financing sources	147,825	145,561	(2,264)
Revenues and transfers over expenditures	\$ (11,201)	\$ (9,679)	\$ 1,522



**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, 2016**  
**(In Thousands)**

Revenues and transfers over (under)	
expenditures and transfers:	
Operating Fund	\$ 44,258
Debt Service Fund	(9,679)
Investment earnings in the	
Capital Projects Fund	473
Current year encumbrances	8,342
Net pension asset	(3,885)
Deferred outflows of resources for pensions	32
Net pension liability	(3,189)
Deferred inflows of resources for pensions	8,082
Bond proceeds	33,789
Depreciation	(103,772)
Debt principal retirement	79,583
Premium on debt issuance	(66,148)
Amortization of deferred charges	(2,173)
Amortization of premium	6,376
Capitalized interest	21,610
Capital contributions	26,270
Other	(3,515)
Net transfers to (from) Water and Sewer	
Capital Projects Fund:	
Water and Sewer Operating	65,185
Water and Sewer Debt Service	(354)
Change in net position	<u>\$ 101,285</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, 2016**  
(In Thousands)

	Authorizations	Expenditures		
		Current Year	Prior Years	Total
Water:				
Capacity for growth water	\$ 370,236	\$ 9,579	\$ 253,453	\$ 263,032
Commitment public projects/Operations water	175,818	8,607	112,976	121,583
Rehab and replacement water	329,329	19,327	247,788	267,115
Regulatory requirements water	38,941	1,293	28,520	29,813
Annexation water	10,200	-	3,390	3,390
Sewer:				
Capacity for growth sewer	669,819	30,315	345,429	375,744
Commitment public projects/Operations sewer	116,905	6,861	76,070	82,931
Rehab and replacement sewer	705,311	20,859	576,264	597,123
Regulatory requirements sewer	109,353	922	67,993	68,915
Annexation sewer	37,600	3	25,177	25,180
Service exist resident sewer	3,005	-	2,838	2,838
Technology	3,912	368	-	368
Capital Equipment	12,488	3,933	4,345	8,278
Total water and sewer capital projects	<u>\$ 2,582,917</u>	<u>\$ 102,067</u>	<u>\$ 1,744,243</u>	<u>\$ 1,846,310</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2016</u>	<u>Unencumbered Authorizations June 30, 2016</u>
\$ 107,204	\$ 9,425	\$ 97,779
54,235	5,449	48,786
62,214	13,188	49,026
9,128	2,374	6,754
6,810	-	6,810
294,075	55,704	238,371
33,974	13,307	20,667
108,188	71,353	36,835
40,438	3,063	37,375
12,420	7	12,413
167	-	167
3,544	240	3,304
4,210	1,439	2,771
<u>\$ 736,607</u>	<u>\$ 175,549</u>	<u>\$ 561,058</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, 2016**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Storm water fees	\$ 66,738	\$ 66,004	\$ (734)
Other	-	395	395
Investment earnings	-	116	116
Total revenues	<u>66,738</u>	<u>66,515</u>	<u>(223)</u>
EXPENDITURES:			
Storm water systems	12,986	9,636	3,350
Administration	<u>2,136</u>	<u>2,136</u>	-
Total expenditures	<u>15,122</u>	<u>11,772</u>	<u>3,350</u>
Revenues over expenditures	<u>51,616</u>	<u>54,743</u>	<u>3,127</u>
TRANSFERS OUT:			
Storm Water Capital Projects	43,000	43,000	-
Storm Water Debt Service	<u>12,177</u>	<u>12,036</u>	<u>141</u>
Total transfers out	<u>55,177</u>	<u>55,036</u>	<u>141</u>
Revenues (under) expenditures and transfers	<u>\$ (3,561)</u>	<u>\$ (293)</u>	<u>\$ 2,986</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, 2016**  
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Premium on debt issuance	\$ 4,228	\$ 4,228	\$ -
Refunding bonds issued	32,355	32,355	-
Total revenues	<u>36,583</u>	<u>36,583</u>	<u>-</u>
EXPENDITURES:			
Bonds-			
Principal retirement	4,744	4,669	75
Interest	7,442	7,302	140
Payment to refunded bond escrow agent	36,220	36,220	-
Bond issue expense	324	317	7
Other	30	16	14
Total expenditures	<u>48,760</u>	<u>48,524</u>	<u>236</u>
Revenues (under) expenditures	<u>(12,177)</u>	<u>(11,941)</u>	<u>236</u>
TRANSFERS IN:			
Storm Water Operating	12,177	12,036	(141)
Revenues and transfers over expenditures	<u>\$ -</u>	<u>\$ 95</u>	<u>\$ 95</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, 2016**  
**(In Thousands)**

Revenues and transfers (under)	
expenditures and transfers:	
Operating Fund	\$ (293)
Debt Service Fund	95
Capital Projects Fund:	
Charges for services	4,038
Investment earnings	188
Current year encumbrances	2,025
Net pension asset	(643)
Deferred outflows of resources for pensions	5
Net pension liability	(572)
Deferred inflows of resources for pensions	1,376
Depreciation	(7,731)
Debt principal retirement	4,669
Premium on debt issuance	(4,228)
Amortization of deferred charges	(177)
Amortization of premium	1,258
Capitalized interest	7,197
Other	3,507
Net transfers to Storm Water	
Capital Projects Fund:	
Operating Fund	43,000
Change in net position	<u>\$ 53,714</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, 2016**  
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		<u>Total</u>
		<u>Current Year</u>	<u>Prior Years</u>	
Flood control program	\$ 263,268	\$ 28,267	\$ 189,960	\$ 218,227
Stormwater maintenance program	150,370	17,768	109,184	126,952
Stream restoration/mitigation	93,521	2,942	54,254	57,196
Stormwater support for projects	51,288	1,852	37,737	39,589
Minor stormwater programs	16,722	2,114	9,271	11,385
Transit corridor development	<u>2,376</u>	<u>152</u>	<u>15</u>	<u>167</u>
Total storm water capital projects	<u>\$ 577,545</u>	<u>\$ 53,095</u>	<u>\$ 400,421</u>	<u>\$ 453,516</u>



<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2016</u>	<u>Unencumbered Authorizations June 30, 2016</u>
\$ 45,041	\$ 20,389	\$ 24,652
23,418	12,073	11,345
36,325	3,611	32,714
11,699	1,147	10,552
5,337	1,992	3,345
<u>2,209</u>	<u>2,208</u>	<u>1</u>
<u>\$ 124,029</u>	<u>\$ 41,420</u>	<u>\$ 82,609</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, 2016**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Terminal area	\$ 35,548	\$ 42,091	\$ 6,543
Airfield	24,584	25,275	691
Concessions	54,163	48,527	(5,636)
Rental Car Revenues	-	14,111	14,111
Parking	44,543	51,674	7,131
Passenger facility charges	25,399	59,171	33,772
Contract facility charges	5,605	12,273	6,668
Fixed Base Operator (FBO)	22,159	13,732	(8,427)
Other	15,272	11,141	(4,131)
Investment earnings	678	3,558	2,880
Total revenues	<u>227,951</u>	<u>281,553</u>	<u>53,602</u>
EXPENDITURES:			
Operating	152,520	129,718	22,802
Nonoperating	31,918	18,525	13,393
Total expenditures	<u>184,438</u>	<u>148,243</u>	<u>36,195</u>
Revenues over expenditures	<u>43,513</u>	<u>133,310</u>	<u>89,797</u>
TRANSFERS IN:			
Airport Debt Service	5,335	5,333	(2)
Airport Capital Projects	13,900	13,900	-
Total transfers in	<u>19,235</u>	<u>19,233</u>	<u>(2)</u>
TRANSFERS OUT:			
Airport Debt Service	53,801	51,176	2,625
Airport Capital Projects	107,834	107,834	-
Total transfers out	<u>161,635</u>	<u>159,010</u>	<u>2,625</u>
Revenues and transfers (under) expenditures and transfers	<u>\$ (98,887)</u>	<u>\$ (6,467)</u>	<u>\$ 92,420</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, 2016**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Proceeds from refunding	\$ 43,295	\$ 43,295	\$ -
Investment earnings	15	125	110
Proceeds from revenue bonds	186	186	-
Other	-	16	16
Total revenues	<u>43,496</u>	<u>43,622</u>	<u>126</u>
EXPENDITURES:			
Bonds-			
Principal retirement	22,385	22,385	-
Interest	28,283	26,283	2,000
Payment to refunded bond escrow agent	43,295	43,295	-
Bond issue expense	186	178	8
Other	603	513	90
Total expenditures	<u>94,752</u>	<u>92,654</u>	<u>2,098</u>
Revenues (under) expenditures	<u>(51,256)</u>	<u>(49,032)</u>	<u>2,224</u>
TRANSFERS IN:			
Airport Operating	<u>53,801</u>	<u>51,176</u>	<u>(2,625)</u>
TRANSFERS OUT:			
Airport Operating	<u>5,335</u>	<u>5,333</u>	<u>2</u>
Revenues and transfers (under) expenditures and transfers	<u>\$ (2,790)</u>	<u>\$ (3,189)</u>	<u>\$ (399)</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, 2016**  
**(In Thousands)**

Revenues and transfers over	
expenditures and transfers:	
Operating Fund	\$ (6,467)
Debt Service Fund	(3,189)
Capital Projects Fund:	
Investment earnings	912
Current year encumbrances	9,534
Net pension asset	(1,893)
Deferred outflows of resources for pensions	15
Net pension liability	(1,944)
Deferred inflows of resources for pensions	4,267
Bond proceeds	(186)
Depreciation	(50,681)
Debt principal retirement	22,385
Capital outlay	1,724
Amortization of deferred charges	(269)
Amortization of premium	1,673
Capitalized interest	6,672
Capital contributions	20,706
Other	(12,093)
Net transfers to (from) Airport	
Capital Projects Fund:	
Airport Operating	93,934
Change in net position	<u>\$ 85,100</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, 2016**  
(In Thousands)

	Authorizations	Expenditures		
		Current Year	Prior Years	Total
Airfield projects	\$ 271,034	\$ 13,586	\$ 194,369	\$ 207,955
Terminal complex projects	52,185	9,078	7,226	16,304
Cargo development projects	10,843	7,172	1,437	8,609
General aviation projects	11,074	3,146	2,497	5,643
Miscellaneous aviation projects	143,944	3,096	107,122	110,218
Terminal building	157,579	18,451	66,255	84,706
Ground transportation	314,316	13,268	279,566	292,834
Fueling facilities	538	437	-	437
Airport service fees (ASF)	15,744	2,173	2,956	5,129
Land acquisition - non-airfield	20,000	12,615	-	12,615
Included miscellaneous	3,032	248	-	248
Excluded miscellaneous	1,685	616	143	759
Fixed base operator (FBO)	10,663	126	7,036	7,162
Deicing	5,678	-	5,386	5,386
Environmental services program	62,083	696	58,046	58,742
Facilities maintenance	80	-	74	74
Technology	4,958	1,299	-	1,299
Total airport capital projects	<u>\$ 1,085,436</u>	<u>\$ 86,007</u>	<u>\$ 732,113</u>	<u>\$ 818,120</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2016</u>	<u>Unencumbered Authorizations June 30, 2016</u>
\$ 63,079	\$ 46,587	\$ 16,492
35,881	34,840	1,041
2,234	2,224	10
5,431	4,393	1,038
33,726	2,154	31,572
72,873	12,080	60,793
21,482	8,641	12,841
101	101	-
10,615	2,796	7,819
7,385	1,233	6,152
2,784	2,761	23
926	303	623
3,501	123	3,378
292	292	-
3,341	766	2,575
6	-	6
3,659	1,748	1,911
<u>\$ 267,316</u>	<u>\$ 121,042</u>	<u>\$ 146,274</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, 2016**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Passenger fares	\$ 31,428	\$ 26,307	\$ (5,121)
Other operating	4,332	6,097	1,765
Sales tax	74,492	89,617	15,125
Intergovernmental	11,616	10,945	(671)
Other	460	461	1
Investment earnings	681	352	(329)
Total revenues	<u>123,009</u>	<u>133,779</u>	<u>10,770</u>
EXPENDITURES:			
Transit operations and maintenance	112,645	112,413	232
Administration	8,857	8,857	-
Total expenditures	<u>121,502</u>	<u>121,270</u>	<u>232</u>
Revenues over expenditures	<u>1,507</u>	<u>12,509</u>	<u>11,002</u>
TRANSFERS IN:			
Public Transit Debt Service	7,317	7,317	-
Capital Projects	21,609	21,609	-
Total transfers in	<u>28,926</u>	<u>28,926</u>	<u>-</u>
TRANSFERS OUT:			
Public Transit Capital Projects	13,447	13,447	-
Public Transit Debt Service	30,880	30,880	-
Total transfers out	<u>44,327</u>	<u>44,327</u>	<u>-</u>
Revenues and transfers (under) expenditures and transfers	<u>\$ (13,894)</u>	<u>\$ (2,892)</u>	<u>\$ 11,002</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, 2016**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Grant contributions	\$ 215	\$ -	\$ (215)
Investment earnings	-	143	143
Total revenues	<u>215</u>	<u>143</u>	<u>(72)</u>
EXPENDITURES:			
Installment purchases-			
Principal retirement	4,600	4,600	-
Interest	14,872	10,072	4,800
Other	1,880	1,617	263
Total expenditures	<u>21,352</u>	<u>16,289</u>	<u>5,063</u>
Revenues (under) expenditures	<u>(21,137)</u>	<u>(16,146)</u>	<u>4,991</u>
TRANSFERS IN:			
Public Transit Operating	30,880	30,880	-
Public Transit Capital Projects	3,694	3,694	-
Total transfers in	<u>34,574</u>	<u>34,574</u>	<u>-</u>
TRANSFERS OUT:			
Public Transit Operating	7,317	7,317	-
Public Transit Capital Projects	3,992	3,992	-
Total transfers out	<u>11,309</u>	<u>11,309</u>	<u>-</u>
Revenues and transfers over expenditures and transfers	<u>\$ 2,128</u>	<u>\$ 7,119</u>	<u>\$ 4,991</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, 2016**  
**(In Thousands)**

Revenues and transfers over	
expenditures and transfers:	
Operating Fund	\$ (2,892)
Debt Service Fund	7,119
Investment earnings in the	
Capital Projects Fund	(97)
Current year encumbrances	2,263
Net pension asset	(1,982)
Deferred outflows of resources for pensions	17
Net pension liability	(1,586)
Deferred inflows of resources for pensions	4,088
Depreciation	(37,659)
Debt principal retirement	4,600
Capital outlay	125
Amortization of deferred charges	(29)
Amortization of premium	900
Capitalized interest	2,944
Capital contributions	194,994
Other	(10,306)
Net transfers to Public Transit	
Capital Projects Fund:	
Public Transit Operating	13,447
Public Transit Debt Service	298
Change in net position	<u>\$ 176,244</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, 2016**  
**(In Thousands)**

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Transit corridor development	\$ 1,711,328	\$ 284,876	\$ 994,875	\$ 1,279,751
Transit vehicles	160,792	10,262	128,942	139,204
Transit facilities	116,362	1,011	109,180	110,191
Transit maintenance & equipment	33,097	6,317	25,403	31,720
Transit support	18,089	1,537	13,351	14,888
Facilities maintenance	<u>275</u>	<u>-</u>	<u>275</u>	<u>275</u>
Total public transit capital projects	<u>\$ 2,039,943</u>	<u>\$ 304,003</u>	<u>\$ 1,272,026</u>	<u>\$ 1,576,029</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2016</u>	<u>Unencumbered Authorizations June 30, 2016</u>
\$ 431,577	\$ 113,877	\$ 317,700
21,588	8,464	13,124
6,171	1,040	5,131
1,377	1,219	158
3,201	128	3,073
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 463,914</u>	<u>\$ 124,728</u>	<u>\$ 339,186</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 POSITION**  
**JUNE 30, 2016**  
**(In Thousands)**

	Risk Management	Employee Health and Life	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 86,820	\$ 34,743	\$ 121,563
Receivables - other	238	48	286
Due from other governmental agencies	6	2	8
Total current assets	<u>87,064</u>	<u>34,793</u>	<u>121,857</u>
Capital assets:			
Machinery and equipment	181	-	181
Less accumulated depreciation	<u>163</u>	<u>-</u>	<u>163</u>
Total capital assets, net	<u>18</u>	<u>-</u>	<u>18</u>
Total assets	<u>87,082</u>	<u>34,793</u>	<u>121,875</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension deferrals	1	-	1
Contributions to pension plan in current fiscal year	<u>115</u>	<u>-</u>	<u>115</u>
	<u>116</u>	<u>-</u>	<u>116</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	129	857	986
Claims payable	40,008	10,421	50,429
Current maturities of noncurrent liabilities	115	-	115
Noncurrent liabilities:			
Due to participants	11,596	-	11,596
Compensated absences payable	40	-	40
Net pension liability	132	-	132
Net OPEB liability	<u>182</u>	<u>-</u>	<u>182</u>
Total noncurrent liabilities	<u>11,950</u>	<u>-</u>	<u>11,950</u>
Total liabilities	<u>52,202</u>	<u>11,278</u>	<u>63,480</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension deferrals	<u>60</u>	<u>-</u>	<u>60</u>
<u>NET POSITION</u>			
Net investment in capital assets	18	-	18
Unrestricted	<u>34,918</u>	<u>23,515</u>	<u>58,433</u>
Total net position	<u>\$ 34,936</u>	<u>\$ 23,515</u>	<u>\$ 58,451</u>



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(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	\$ 3,224	\$ 6,299	\$ 9,523
Claims:			
Employer	13,189	42,364	55,553
Employee	-	11,193	11,193
Other	214	211	425
Total claims	13,403	53,768	67,171
Premiums	5,176	18,906	24,082
Reimbursement from trust	-	23,979	23,979
Total operating revenues	<u>21,803</u>	<u>102,952</u>	<u>124,755</u>
OPERATING EXPENSES:			
Administration	3,791	6,299	10,090
Claims	8,429	77,857	86,286
Insurance premiums	5,082	18,906	23,988
Depreciation	5	-	5
Total operating expenses	<u>17,307</u>	<u>103,062</u>	<u>120,369</u>
Operating income (loss)	<u>4,496</u>	<u>(110)</u>	<u>4,386</u>
NONOPERATING REVENUES:			
Investment earnings	341	171	512
Change in net position	4,837	61	4,898
Total net position - beginning	<u>30,099</u>	<u>23,454</u>	<u>53,553</u>
Total net position - ending	<u>\$ 34,936</u>	<u>\$ 23,515</u>	<u>\$ 58,451</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(In Thousands)

	Risk Management	Employee Health and Life	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from participants	\$ 7,762	\$ 30,099	\$ 37,861
Payments to suppliers	(2,102)	(6,336)	(8,438)
Internal activity - receipts from other funds	20,150	48,891	69,041
Receipts from trust	-	23,979	23,979
Receipts from recovery of losses	228	-	228
Payments to employees	(1,719)	-	(1,719)
Payments for claims	(12,268)	(77,742)	(90,010)
Payments for premiums	(8,384)	(18,651)	(27,035)
Other receipts (payments)	-	211	211
Net cash provided by operating activities	<u>3,667</u>	<u>451</u>	<u>4,118</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	<u>427</u>	<u>162</u>	<u>589</u>
Net increase in cash and cash equivalents	4,094	613	4,707
Cash and cash equivalents - beginning of year	<u>82,726</u>	<u>34,130</u>	<u>116,856</u>
Cash and cash equivalents - end of year	<u>\$ 86,820</u>	<u>\$ 34,743</u>	<u>\$ 121,563</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 4,496	\$ (110)	\$ 4,386
Adjustments to reconcile operating income (loss) to net cash provided by operating activities-			
Depreciation	5	-	5
Change in assets and liabilities:			
(Increase) in receivables	(3)	-	(3)
(Increase) decrease in due from other governments	(2)	228	226
Decrease in net pension asset	164	-	164
(Increase) in deferred outflows of resources for pensions	(1)	-	(1)
Increase in accounts payable	36	218	254
Increase in claims payable	2,256	115	2,371
(Decrease) in due to participants	(3,093)	-	(3,093)
Increase in compensated absences payable	5	-	5
Increase in net pension liability	132	-	132
Increase in net OPEB liability	11	-	11
(Decrease) in deferred inflows of resources for pensions	(339)	-	(339)
Total adjustments	<u>(829)</u>	<u>561</u>	<u>(268)</u>
Net cash provided by operating activities	<u>\$ 3,667</u>	<u>\$ 451</u>	<u>\$ 4,118</u>



## STATISTICAL SECTION

PHOTO BY MIKE NAIL, CITY OF CHARLOTTE EMPLOYEE



**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.

	Page
Financial Trends – These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. ....	167
Revenue Capacity – These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. ....	174
Debt Capacity – These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. ....	180
Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. ....	188
Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. ....	190

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 POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
(In Thousands)  
*(accrual basis of accounting)*

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets <sup>1,2</sup>	\$ 3,776,380	\$ 3,899,402	\$ 4,344,428	\$ 4,455,284	\$ 4,535,870	\$ 4,655,357	\$ 4,666,993	\$ 4,668,843	\$ 4,655,202	\$ 4,563,879
Restricted	166,634	183,323	237,956	237,147	233,293	221,832	248,404	252,385	349,992	356,435
Unrestricted <sup>1</sup>	351,734	427,416	392,995	417,562	428,842	421,933	447,428	496,553	351,862	428,719
Total governmental activities net position	<u>4,294,748</u>	<u>4,510,141</u>	<u>4,975,379</u>	<u>5,109,993</u>	<u>5,198,005</u>	<u>5,299,122</u>	<u>5,362,825</u>	<u>5,417,781</u>	<u>5,357,056</u>	<u>5,349,033</u>
<b>Business-type activities</b>										
Net investment in capital assets <sup>1,3</sup>	2,023,852	2,100,976	2,368,112	2,467,268	2,455,159	2,543,085	2,794,170	3,077,745	3,380,700	3,676,609
Restricted	143,941	177,226	199,530	245,033	256,055	316,914	356,516	391,966	430,577	443,384
Unrestricted <sup>1</sup>	608,612	796,274	642,533	605,019	772,884	792,697	755,548	740,933	848,115	957,704
Total business-type activities net position	<u>2,776,405</u>	<u>3,074,476</u>	<u>3,210,175</u>	<u>3,317,320</u>	<u>3,484,098</u>	<u>3,652,696</u>	<u>3,906,234</u>	<u>4,210,644</u>	<u>4,659,392</u>	<u>5,077,697</u>
<b>Primary government</b>										
Net investment in capital assets	5,800,232	6,000,378	6,712,540	6,922,552	6,991,029	7,198,442	7,461,163	7,746,588	8,035,902	8,240,488
Restricted	310,575	360,549	437,486	482,180	489,348	538,746	604,920	644,351	780,569	799,819
Unrestricted	960,346	1,223,690	1,035,528	1,022,581	1,201,726	1,214,630	1,202,976	1,237,486	1,199,977	1,386,423
Total primary government net position	<u>\$ 7,071,153</u>	<u>\$ 7,584,617</u>	<u>\$ 8,185,554</u>	<u>\$ 8,427,313</u>	<u>\$ 8,682,103</u>	<u>\$ 8,951,818</u>	<u>\$ 9,269,059</u>	<u>\$ 9,628,425</u>	<u>\$ 10,016,448</u>	<u>\$ 10,426,730</u>

<sup>1</sup> 2007 through 2012 have been restated for the effects of GASB65.

<sup>2</sup> 2007 through 2013 have been restated for the effects of a prior period adjustment.

<sup>3</sup> 2010 through 2013 have been restated for the effects of a prior period adjustment.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities:										
Public safety <sup>1</sup>	\$ 275,078	\$ 286,271	\$ 301,866	\$ 318,576	\$ 324,920	\$ 347,380	\$ 372,986	\$ 348,428	\$ 350,556	\$ 374,328
Sanitation	43,137	45,848	49,817	55,721	48,210	47,925	49,572	52,871	53,912	55,717
General administration	42,613	45,641	48,798	38,188	38,272	45,030	45,273	47,158	49,897	58,256
Support services	18,814	20,326	23,719	21,066	21,454	35,427	25,599	28,820	30,398	31,210
Engineering and property management	30,595	56,844	33,049	29,232	27,265	24,876	31,637	25,769	26,331	52,044
Streets and highways	91,636	94,888	103,289	116,141	119,024	114,400	122,168	125,518	159,892	174,912
Culture and recreation	8,208	9,146	13,914	17,834	10,085	17,856	28,744	32,826	43,617	45,158
Community planning and development	66,428	65,355	74,104	81,691	83,608	73,513	68,789	67,154	88,651	75,889
Interest and other charges <sup>2</sup>	47,214	47,605	46,334	62,585	57,059	56,080	56,373	54,329	55,000	57,498
Total governmental activities expenses	623,723	671,924	694,890	741,034	729,897	762,487	801,141	782,873	858,254	925,012
Business-type activities:										
Water	88,220	100,291	104,087	99,239	104,711	116,628	103,934	104,925	136,759	143,992
Sewer	141,094	141,762	161,607	158,744	141,380	132,824	144,972	149,865	160,104	163,565
Storm water <sup>7</sup>	22,617	22,566	21,605	53,449	20,186	20,766	22,117	19,934	21,374	16,614
Airport	133,425	150,094	158,136	138,372	159,443	170,298	172,091	185,178	189,466	205,860
Public transit	121,414	146,396	155,481	155,104	150,994	160,655	168,183	162,511	167,482	173,243
Total business-type activities expenses	506,770	561,109	600,916	604,908	576,714	601,171	611,297	622,413	675,185	703,274
Total primary government expenses	\$ 1,130,493	\$ 1,233,033	\$ 1,295,806	\$ 1,345,942	\$ 1,306,611	\$ 1,363,658	\$ 1,412,438	\$ 1,405,286	\$ 1,533,439	\$ 1,628,286
<b>Program Revenues</b>										
Governmental activities:										
Fees, fines, and charges for services:										
Public safety	\$ 23,689	\$ 24,197	\$ 24,692	\$ 23,719	\$ 24,959	\$ 23,761	\$ 28,281	\$ 28,452	\$ 29,474	\$ 38,772
Sanitation	10,865	11,277	11,503	11,895	12,148	12,336	12,341	13,084	12,491	8,824
General administration	11,694	12,805	15,930	14,853	16,980	16,851	15,779	17,418	3,162	2,913
Community planning and development	6,089	10,383	7,954	11,440	4,571	3,290	7,162	3,437	5,171	4,859
Other activities	25,120	26,844	29,196	26,478	28,610	37,684	34,446	33,829	54,833	59,761
Operating grants and contributions <sup>1</sup>	46,231	47,158	63,714	65,051	64,049	78,593	97,294	50,978	33,471	51,192
Capital grants and contributions <sup>3</sup>	190,815	177,722	450,950	165,500	102,965	121,645	14,469	22,629	53,241	20,810
Total governmental activities program revenues	314,503	310,386	603,939	318,936	254,282	294,160	209,772	169,827	191,843	187,131
Business-type activities:										
Fees, fines, and charges for services:										
Water	98,444	94,320	90,866	98,954	101,868	115,459	119,718	129,115	145,234	166,043
Sewer	127,870	137,617	144,033	151,653	163,622	177,377	184,630	189,744	195,530	211,084
Storm water	38,286	40,837	43,642	45,782	48,589	52,075	57,642	56,885	61,786	70,042
Airport <sup>4</sup>	185,079	201,259	190,052	188,935	212,935	219,990	243,874	254,331	264,139	277,891
Public transit	14,907	18,220	23,132	21,548	25,025	26,508	29,122	28,820	33,955	32,404
Operating grants and contributions	12,880	19,019	14,413	12,803	12,923	12,586	12,197	12,082	11,406	10,945
Capital grants and contributions	297,368	224,739	119,356	98,504	85,319	73,900	145,792	153,666	312,823	241,970
Total business-type activities program revenues	774,834	736,011	625,494	618,179	650,281	677,895	792,975	824,643	1,024,873	1,010,379
Total primary government program revenues	\$ 1,089,337	\$ 1,046,397	\$ 1,229,433	\$ 937,115	\$ 904,563	\$ 972,055	\$ 1,002,747	\$ 994,470	\$ 1,216,716	\$ 1,197,510

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
<b>Net (Expense)/Revenue</b>											
Governmental activities	\$ (309,220)	\$ (361,538)	\$ (90,951)	\$ (422,098)	\$ (475,615)	\$ (468,327)	\$ (591,369)	\$ (613,046)	\$ (666,411)	\$ (737,881)	
Business-type activities	268,064	174,902	24,578	13,271	73,567	76,724	181,678	202,230	349,688	307,105	
Total primary governmental net expense	\$ (41,156)	\$ (186,636)	\$ (66,373)	\$ (408,827)	\$ (402,048)	\$ (391,603)	\$ (409,691)	\$ (410,816)	\$ (316,723)	\$ (430,776)	
<b>General Revenues and Other Changes in Net Position</b>											
Governmental activities:											
Taxes-											
Property	\$ 313,274	\$ 331,431	\$ 345,755	\$ 356,913	\$ 362,780	\$ 377,309	\$ 397,629	\$ 436,597	\$ 396,985	\$ 452,209	
Sales <sup>2</sup>	80,059	87,035	74,434	72,715	73,340	82,730	84,890	92,853	105,623	114,192	
Utility franchise <sup>2</sup>	31,486	34,278	35,158	36,911	36,804	36,442	38,069	38,915	52,403	53,545	
Occupancy <sup>5</sup>	29,361	32,611	27,036	25,999	29,448	32,590	37,963	40,087	45,092	49,079	
Prepared foods	19,087	20,172	19,226	19,598	20,378	22,523	24,643	25,514	28,358	30,026	
Business privilege	15,894	20,703	16,390	16,250	15,430	16,375	17,721	9,188	17,098	283	
Municipal vehicle	13,848	14,184	15,527	14,388	14,695	15,740	14,783	19,001	16,430	17,068	
Grants and contributions not restricted to specific programs	17,400	20,362	16,756	13,508	16,979	18,513	19,067	20,546	22,205	23,383	
Investment earnings <sup>2</sup>	26,124	23,056	15,218	7,212	5,369	(16,546)	35,063	3,842	3,890	4,670	
Miscellaneous <sup>2</sup>	11,161	11,536	9,099	11,683	6,806	2,167	(1,001)	(450)	1,441	7,012	
Special items <sup>6</sup>	-	-	-	-	-	-	-	-	14,100	-	
Transfers	(18,365)	(18,437)	(18,410)	(18,465)	(18,402)	(18,399)	(13,755)	(18,091)	(20,270)	(21,609)	
Total governmental activities	539,329	576,931	556,189	556,712	563,627	569,444	655,072	668,002	683,355	729,858	
Business-type activities:											
Sales taxes levied for Public transit <sup>2</sup>	70,301	71,212	59,510	57,870	57,355	65,754	66,505	71,233	81,150	89,617	
Investment earnings	50,207	51,241	29,516	13,181	8,842	6,461	(1,107)	7,738	6,098	7,065	
Miscellaneous	4,692	(17,721)	3,685	4,358	8,612	1,260	(7,293)	5,118	3,319	(7,091)	
Transfers	18,365	18,437	18,410	18,465	18,402	18,399	13,755	18,091	20,270	21,609	
Total business-type activities	143,565	123,169	111,121	93,874	93,211	91,874	71,860	102,180	110,837	111,200	
Total primary government	\$ 682,894	\$ 700,100	\$ 667,310	\$ 650,586	\$ 656,838	\$ 661,318	\$ 726,932	\$ 770,182	\$ 794,192	\$ 841,058	
<b>Change in Net Position</b>											
Governmental activities	\$ 230,109	\$ 215,393	\$ 465,238	\$ 134,614	\$ 88,012	\$ 101,117	\$ 63,703	\$ 54,956	\$ 16,944	\$ (8,023)	
Business-type activities	411,629	298,071	135,699	107,145	166,778	168,598	253,538	304,410	460,525	418,305	
Total primary government	\$ 641,738	\$ 513,464	\$ 600,937	\$ 241,759	\$ 254,790	\$ 269,715	\$ 317,241	\$ 359,366	\$ 477,469	\$ 410,282	

Notes:

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

<sup>2</sup> 2007 through 2009 have been restated for the effects of a prior period adjustment.

<sup>3</sup> In 2007, fewer street miles were added. In 2009, more street miles were added due to annexation.

<sup>4</sup> In 2008, the Airport began collecting Contract Facility Charges.

<sup>5</sup> In 2007, an additional 2 percent occupancy tax was collected to be used for NASCAR Hall of Fame.

<sup>6</sup> In 2015, a discounted payoff was accepted in full satisfaction of a portion of private loan.

<sup>7</sup> 2010, 2012, and 2013 have been restated for the effects of a prior period adjustment.



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**FUND BALANCES, GOVERNMENTAL FUNDS, POST-GASB 54**  
**LAST SIX FISCAL YEARS<sup>1</sup>**  
(In Thousands)  
(modified accrual basis of accounting)

	Fiscal Year					
	2011	2012	2013	2014	2015	2016
<b>General fund</b>						
Nonspendable - Inventories	\$ 951	\$ 1,004	\$ 985	\$ 1,208	\$ 1,378	\$ 1,426
Long-term notes receivable	-	-	-	-	29	13
Restricted - State statute	59,131	61,679	73,571	65,521	63,151	64,877
Committed:						
Capital projects	3,790	5,674	12,539	5,311	14,382	19,885
Component unit	848	1,100	1,738	2,146	2,610	3,215
Assigned:						
Capital Projects	-	395	550	550	-	-
Culture and recreation	94	-	-	-	-	-
Community planning and development	-	875	-	483	-	-
Unassigned	84,703	88,423	90,161	95,298	95,280	101,590
<b>Total general fund</b>	<b>\$ 149,517</b>	<b>\$ 159,150</b>	<b>\$ 179,544</b>	<b>\$ 170,517</b>	<b>\$ 176,830</b>	<b>\$ 191,006</b>
<b>All other governmental funds</b>						
Nonspendable - Perpetual care	\$ 3,120	\$ 3,121	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111
Long-term notes receivable	-	-	-	-	89,899	87,498
Restricted:						
State statute	3,402	3,592	3,854	4,785	5,235	5,732
Special obligation debt service	10,970	10,120	9,220	8,270	7,270	6,215
Public safety	13,190	9,003	10,295	11,830	16,816	3,282
Streets and highways	10,878	8,359	13,373	14,332	15,141	10,809
Culture and recreation	121,702	120,924	129,869	138,774	144,780	167,391
Community planning and development	4,291	5,034	5,111	5,762	4,560	7,507
Committed:						
Capital projects	91,572	86,946	87,751	137,488	191,797	238,041
Culture and recreation	1,896	1,500	1,016	396	4,814	34,510
Assigned:						
Debt service	206,124	216,209	210,586	251,590	278,219	239,681
Unassigned <sup>2</sup>	1,927	-	-	-	(629)	-
<b>Total all other governmental funds</b>	<b>\$ 469,072</b>	<b>\$ 464,808</b>	<b>\$ 474,186</b>	<b>\$ 576,338</b>	<b>\$ 761,013</b>	<b>\$ 803,777</b>

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

<sup>2</sup> In 2015, Municipal Services Districts had a deficit fund balance due to property tax revenues less than anticipated.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**FUND BALANCES, GOVERNMENTAL FUNDS, PRE-GASB 54**  
**LAST FOUR FISCAL YEARS<sup>1</sup>**  
(In Thousands)  
(modified accrual basis of accounting)

	2007	2008	2009	2010
General Fund				
Reserved	\$ 43,915	\$ 34,806	\$ 31,887	\$ 54,512
Unreserved <sup>2</sup>	117,699	128,793	119,197	100,740
Total general fund	<u>\$ 161,614</u>	<u>\$ 163,599</u>	<u>\$ 151,084</u>	<u>\$ 155,252</u>
All Other Governmental Funds				
Reserved	\$ 19,236	\$ 46,787	\$ 35,463	\$ 34,430
Unreserved, reported in:				
Debt service funds <sup>2</sup>	138,259	168,168	187,409	195,577
Capital projects funds <sup>2</sup>	46,641	58,322	110,301	128,574
Special revenue funds	114,513	123,126	142,212	122,833
Total all other governmental funds	<u>\$ 318,649</u>	<u>\$ 396,403</u>	<u>\$ 475,385</u>	<u>\$ 481,414</u>

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

<sup>2</sup> 2007 through 2009 have been restated for the effects of a prior period adjustment.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUES:</b>										
Property taxes	\$ 313,435	\$ 333,032	\$ 344,248	\$ 359,279	\$ 363,060	\$ 378,409	\$ 395,789	\$ 430,657	\$ 401,040	\$ 451,563
Other taxes <sup>1,2</sup>	140,417	153,985	130,187	127,482	133,558	149,564	159,787	171,864	193,197	208,513
Intergovernmental <sup>2,3</sup>	102,125	114,400	135,380	137,647	129,561	149,958	176,661	136,198	172,109	166,463
Licenses, fees and fines <sup>2</sup>	59,141	67,907	62,994	60,330	60,118	61,103	63,914	63,001	68,421	43,363
Investment earnings	23,159	25,030	18,662	10,588	4,677	3,544	(14)	4,739	3,350	3,745
Private contributions <sup>4</sup>	5,596	4,545	14,172	7,598	12,230	2,377	3,872	9,428	4,745	4,039
Administrative charges	21,685	22,420	25,721	25,446	28,513	29,406	24,636	25,227	29,361	34,793
Charges for current services	7,588	8,259	7,477	7,717	9,004	8,325	6,187	6,364	6,919	7,234
Miscellaneous	13,235	10,698	9,636	8,196	9,173	8,614	9,714	9,828	8,151	10,051
Total revenues	686,381	740,276	748,477	744,283	749,894	791,300	840,546	857,306	887,293	929,764
<b>EXPENDITURES:</b>										
Public safety <sup>3</sup>	265,133	274,361	286,542	305,527	317,255	340,387	366,574	335,977	346,524	359,187
Sanitation	41,439	43,776	45,736	46,200	45,930	45,694	46,680	49,278	50,764	52,265
General administration	41,402	43,213	46,183	37,295	36,649	41,979	43,596	45,295	44,042	40,294
Support services	16,971	19,011	20,069	18,523	19,895	30,848	22,563	25,956	29,414	29,728
Engineering and property management	23,684	26,233	23,793	21,808	21,164	22,717	22,056	22,479	22,739	20,973
Streets and highways	47,564	48,297	52,132	58,332	63,922	56,366	51,097	57,313	57,580	62,924
Culture and recreation	8,352	9,551	13,478	17,798	10,068	13,632	17,793	21,035	24,571	27,312
Community planning and development	44,207	41,281	55,330	54,381	52,248	51,215	46,683	51,947	56,613	49,813
Debt service-										
Principal <sup>5</sup>	44,049	55,079	74,356	68,766	64,029	72,849	68,812	77,139	86,287	112,033
Interest and other charges	48,366	47,629	49,710	70,900	60,296	58,606	59,210	61,053	61,334	66,557
Capital outlay	135,814	170,154	280,708	252,408	126,119	137,506	170,522	162,571	160,745	154,320
Total expenditures	716,981	778,585	948,037	951,938	817,575	871,799	915,586	910,043	940,613	975,406
(Deficiency) of revenues (under) expenditures	(30,600)	(38,309)	(199,560)	(207,655)	(67,681)	(80,499)	(75,040)	(52,737)	(53,320)	(45,642)

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
OTHER FINANCING SOURCES (USES):											
Sales of capital assets <sup>6</sup>	3,968	14,081	953	3,160	1,435	1,943	4,768	1,117	1,003	34,027	
Bonds issued	-	-	-	20,000	-	-	-	34,370	-	-	
Commercial paper issued	68,196	121,348	190,636	88,192	62,786	64,846	73,988	59,055	59,973	66,213	
Installment purchases issued	18,694	-	87,491	88,595	-	33,155	34,808	63,994	100,691	23,685	
Refunding debt issued	122,655	11,674	49,102	393,509	-	177,485	130,470	266,893	62,755	33,010	
Premium on debt issuance	694	1,027	3,629	35,845	-	36,025	5,123	31,544	15,199	5,906	
Private loan <sup>7</sup>	1,143	987	357	32,558	3,785	270	-	-	-	-	
Payment to refunded bond escrow agent	(122,007)	(12,632)	(47,731)	(425,542)	-	(209,457)	(130,590)	(293,020)	(71,580)	(38,650)	
Transfers in	64,365	137,353	82,201	96,718	126,518	111,204	126,402	121,528	123,605	186,997	
Transfers out	(82,730)	(155,790)	(100,611)	(115,183)	(144,920)	(129,603)	(140,157)	(139,619)	(140,475)	(208,606)	
Total other financing sources (uses)	74,978	118,048	266,027	217,852	49,604	85,868	104,812	145,862	151,171	102,582	
Net change in fund balances	\$ 44,378	\$ 79,739	\$ 66,467	\$ 10,197	\$ (18,077)	\$ 5,369	\$ 29,772	\$ 93,125	\$ 97,851	\$ 56,940	
Debt service as a percentage of noncapital expenditures	15.6%	16.0%	18.3%	19.3%	17.7%	17.6%	17.0%	18.4%	18.1%	19.4%	

<sup>1</sup> In 2007, an additional 2 percent occupancy tax was collected to be used for NASCAR Hall of Fame.

<sup>2</sup> 2007 through 2009 have been restated for the effects of a prior period adjustment related to the recognition of revenues.

<sup>3</sup> The City hosted the Democratic National Convention in September 2012, funded by a Federal grant.

<sup>4</sup> In 2011, private contributions were received to fund construction of the Mint Museum.

<sup>5</sup> In 2009, the City early extinguished \$21,215 of installment purchases.

<sup>6</sup> In 2008, the City sold land adjacent to Time Warner Cable Arena.

<sup>7</sup> 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:	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property		Personal Property		Motor Vehicles	Other			
	Residential Property	Commercial Property	Property	Property					
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		
2013	45,958,721	31,815,858	5,621,122	7,408,446	238,179	90,565,968	0.4370		
2014	45,891,739	31,556,625	5,671,639	7,764,066	250,288	90,633,781	0.4687		
2015	45,297,317	30,263,922	6,194,474	7,953,022	285,506	89,423,229	0.4687		
2016	44,813,098	32,220,420	6,550,784	7,909,799	294,003	91,200,098	0.4787		

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates				Overlapping Rates					
	General	Debt Service	Capital Projects	Total Direct	Municipal Service Districts					Mecklenburg County
					District 1	District 2	District 3	District 4	District 5	
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
2013	.3600	.0650	.0120	.4370	.0168	.0233	.0358	.0668	.0279	.7922
2014	.3600	.0967	.0120	.4687	.0168	.0233	.0358	.0668	.0279	.8157
2015	.3600	.0967	.0120	.4687	.0168	.0233	.0358	.0668	.0279	.8157
2016	.3741	.0926	.0120	.4787	.0168	.0233	.0358	.0668	.0279	.8157

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

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wells Fargo/Wachovia Corporation	\$ 1,604,276	1	1.76%	\$ 677,481	3	0.99%
US Airways Group, Incorporated	1,318,694	2	1.45	273,314	6	0.40
Bank of America	1,178,891	3	1.29	1,035,566	1	1.52
Duke Energy Corporation	1,172,840	4	1.29	702,019	2	1.03
AT&T/BellSouth, Incorporated	384,787	5	0.42	487,788	4	0.72
Time Warner Entertainment	379,341	6	0.42	278,466	5	0.41
Southpark Mall	329,830	7	0.36	184,148	8	0.27
TIAA-Cref, LLC	274,814	8	0.30	-	-	-
Piedmont Natural Gas	213,053	9	0.23	252,498	7	0.37
Parkway Properties	210,118	10	0.23	-	-	-
Panthers Stadium, LLC	-		-	176,140	9	0.26
First States Investors	-		-	171,318	10	0.25
Total	\$ 7,066,644		7.75%	\$ 4,238,738		6.22%

Source: Mecklenburg County.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(Dollar Amounts In Thousands)**

Fiscal Year <sup>1</sup>	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>2</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 316,477	\$ 308,550	97.50%	\$ 6,324	\$ 314,874	99.49%
2008	340,293	332,150	97.61	5,580	337,730	99.25
2009	344,391	336,270	97.64	6,426	342,696	99.51
2010	357,494	350,248	97.97	5,535	355,783	99.52
2011	362,833	355,258	97.91	4,841	360,099	99.25
2012	395,901	387,890	97.98	(15,791)	372,099	93.99
2013	395,392	386,270	97.69	(8,865)	377,405	95.45
2014	415,447	408,956	98.44	1,749	410,705	98.86
2015	392,831	390,339	99.37	6,679	397,018	100.00
2016	422,527	420,153	99.44	-	420,153	99.44

Source: Mecklenburg County.

<sup>1</sup> 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, 2016, for the fiscal year 2017, were based on the assessed values listed as of January 1, 2016.

<sup>2</sup> In subsequent years, for the fiscal years 2012 and 2013, refunds due to successful appeals of the most recent revaluation exceeded additional collections.



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**CITY-WIDE LEVY**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(In Thousands)

	City-Wide			Total Levy <sup>1</sup>
	Property Valuation Adjusted	Rate	Total Levy <sup>1</sup>	Property Excluding Registered Motor Vehicles
Original levy:				
Property taxed at current year's rate	\$ 84,887,072	\$ 0.479	\$ 406,354	\$ 406,354
Registered motor vehicles at current year's rate	49	\$ 0.479	-	-
Total	84,887,121		406,354	406,354
Discoveries:				
Prior year taxes	2,440,095	Various	11,165	
Total property valuation	<u>\$ 87,327,216</u>			
Net levy			<u>\$ 417,519</u>	<u>\$ 406,354</u>
Current year's taxes collected			<u>\$ 415,160</u>	<u>\$ 385,583</u>
Current levy collection percentage			99.43%	94.89%

<sup>1</sup> 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			Other Governmental Activities Debt			
	Governmental Activities	Business-Type Activities	Percentage of Actual Taxable Value of Property <sup>1</sup>	Special Obligation Bonds	Installment Purchases <sup>3,4</sup>	Commercial Paper Notes	Private Loan
	General Obligation Bonds <sup>3</sup>	General Obligation Bonds <sup>3</sup>					
2007	\$ 441,330	\$ 376,845	1.20%	\$ 1,232	\$ 468,920	\$ 29,559	\$ 729
2008	412,969	355,755	1.06	1,104	441,000	150,907	1,982
2009	385,286	336,796	0.97	1,007	531,662	293,812	2,322
2010	515,359	311,791	1.07	1,093	777,594	46,462	35,045
2011	485,333	286,002	0.99	1,055	739,441	109,248	38,830
2012	606,204	258,998	0.96	1,120	730,252	24,094	39,100
2013	577,431	231,267	0.89	1,015	727,912	98,082	35,331
2014	729,362	203,241	1.03	1,170	747,191	7,137	35,331
2015	691,351	174,812	0.97	1,069	803,723	67,110	16,231
2016	647,449	145,373	0.87	959	767,855	133,323	-

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

<sup>1</sup> See Schedule of Assessed Value and Actual Value of Taxable Property for value data.

<sup>2</sup> See Schedule of Demographic and Economic Statistics for population and personal income data.

<sup>3</sup> 2007 through 2012 have been restated for the implementation of GASB 65.

<sup>4</sup> 2007 through 2012 have been restated for a prior period adjustment.

Other Business-Type Activities Debt

Fiscal Year	Revenue										Percentage of	
	Revenue Bonds <sup>3</sup>			Installment Purchases <sup>3</sup>		Bond Anticipation Notes		Other Financing Agreements		Total Primary Government	Personal Income <sup>2</sup>	Per Capita <sup>2</sup>
2007	\$ 1,550,823	\$	303,671	\$ 142,605	\$	-	\$ 9,715	\$	-	\$ 3,335,167	16.21%	\$ 5,020
2008	1,653,023		286,071	279,209		-	8,840		-	3,600,726	17.17	5,173
2009	1,943,826		207,374	55,612		-	7,975		-	3,775,635	16.88	5,267
2010	2,419,218		191,552	-		-	7,120		-	4,315,111	18.72	5,701
2011	2,355,194		176,999	-		-	6,275		-	4,208,292	18.21	5,754
2012	2,473,421		167,135	-		-	5,440	133		4,314,897	19.09	5,585
2013	2,404,518		288,353	-		-	4,610	1,242		4,377,966	19.66	5,494
2014	2,303,043		281,758	-		87,054	3,775	1,176		4,407,338	18.59	5,530
2015	2,162,847		279,384	-		214,999	2,950	1,110		4,421,787	16.83	5,459
2016	2,296,876		275,258	-		83,739	2,130	1,043	88,353	4,447,614	16.73	5,377

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING BONDED DEBT**  
**JUNE 30, 2016**  
(Dollar Amounts in Thousands)

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City <sup>1</sup>	Amount Applicable to City
Direct:			
City of Charlotte	\$ 1,760,494	100%	\$ 1,760,494
Overlapping:			
Mecklenburg County	1,180,840	74	873,822
Total	<u>\$ 2,941,334</u>		<u>\$ 2,634,316</u>

<sup>1</sup> Percentage of direct and overlapping debt is based on June 30, 2016 assessed valuation of the City of Charlotte (\$91,200,098) as compared to the June 30, 2016 assessed valuation of Mecklenburg County (\$122,557,658).

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
(Dollar Amounts in Thousands)

Fiscal Year	Net Debt		Legal Debt Margin	Ratio of Net Debt Outstanding to Debt Limit
	Debt Limit	Outstanding <sup>1,2</sup>		
2007	\$ 5,456,389	\$ 1,769,091	\$ 3,687,298	32.42%
2008	5,810,376	1,686,824	4,123,552	29.03
2009	5,941,629	1,885,169	4,056,460	31.73
2010	6,177,413	2,040,250	4,137,163	33.03
2011	6,205,146	2,081,725	4,123,421	33.55
2012	7,229,929	2,101,356	5,128,573	29.06
2013	7,240,375	2,095,463	5,144,912	28.94
2014	7,250,702	2,150,659	5,100,043	29.66
2015	6,780,590	2,235,933	4,544,657	32.98
2016	7,296,008	2,067,347	5,228,661	28.34

<sup>1</sup> Excludes debt not applicable to the limit.

<sup>2</sup> 2007 through 2012 have been restated for the implementation of GASB 65.

Legal Debt Margin Calculation for Fiscal Year 2016:

Assessed value	\$ 91,200,098
Debt limit (8% of assessed value)	<u>7,296,008</u>
Total outstanding general obligation bonded debt	\$ 792,822
Amounts due under installment purchases primarily for Convention Center, tourism, capital improvements and equipment	1,043,113
Bonds authorized but unissued	<u>280,552</u>
Less- Water general obligation bonds	<u>2,116,487</u>
Outstanding debt, net	<u>49,140</u>
Legal debt margin	<u>2,067,347</u>
	<u>\$ 5,228,661</u>

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

Fiscal Year	Allowable Revenues <sup>1</sup>	Debt Service Requirement	Bond Coverage
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
2013	20,648	1,383	14.9
2014	22,796	1,382	16.5
2015	26,138	1,382	18.9
2016	27,896	1,386	20.1

<sup>1</sup> 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 <sup>1</sup>	Current Expenses <sup>1</sup>	Net Revenues			
			Available for Debt Service	Debt Service Requirement	Revenue Bond Coverage	
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	
2013	352,258	101,383	250,875	103,571	2.4	
2014	369,905	107,211	262,694	106,066	2.5	
2015	417,288	125,399	291,889	105,762	2.8	
2016	420,480	122,144	298,336	113,755	2.6	

<sup>1</sup> 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 Revenues <sup>1</sup>	Current Expenses <sup>1</sup>	Net Revenues		
			Available for Debt Service	Debt Service Requirement	Revenue Bond Coverage
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
2013	64,318	13,266	51,052	8,841	5.8
2014	64,134	11,653	52,481	9,961	5.3
2015	80,742	9,131	71,611	11,357	6.3
2016	86,346	9,581	76,765	11,971	6.4

<sup>1</sup> 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		Application of		Net Revenues		Revenue	
	Revenues <sup>1</sup>		Revenues <sup>1</sup>		Available for Debt Service	Debt Service Requirement <sup>2</sup>	Bond Coverage <sup>3</sup>	
2007	\$	117,180	\$	45,432	\$	18,285	3.9	
2008		129,034		52,849		21,049	3.6	
2009		123,920		52,835		18,273	3.9	
2010		122,024		52,435		20,957	3.3	
2011		131,566		57,291		21,049	3.5	
2012		139,958		61,711		24,289	3.2	
2013		156,794		71,736		26,071	3.3	
2014		164,907		73,161		26,072	3.5	
2015		176,443		91,912		25,733	3.3	
2016		195,521		105,039		25,722	3.5	

<sup>1</sup> Gross revenues and application of revenues as defined by the Revenue Bond Order.

<sup>2</sup> Net of capitalized interest.

<sup>3</sup> 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		Per Capita Personal Income		Unemployment Rate	
		(thousands of dollars)	\$	Personal Income	Median Age	Rate	
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	33.9	8.8	
2013	796,921	22,270,608		22,874	33.9	8.4	
2014	796,921	23,708,978		23,946	34.5	6.0	
2015	809,958	26,268,690		25,877	35.4	5.3	
2016	827,097	27,738,165		26,575	N/A	4.5	

Source: Data provided by Mecklenburg County. 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>	2016			2007		
	<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	35,000	1	6.36%	26,283	1	6.04%
Wells Fargo/Wachovia Corporation	23,000	2	4.18	20,000	2	4.60
Charlotte-Mecklenburg Schools	18,143	3	3.30	7,500	6	1.72
Wal-Mart Stores, Incorporated	17,100	4	3.11	12,918	4	2.97
Bank of America	15,000	5	2.73	13,960	3	3.21
American Airlines	11,000	6	2.00	-	-	-
Novant Health	11,000	7	2.00	-	-	-
Delhaize America Incorporated	9,078	8	1.65	8,658	5	1.99
Harris Teeter Supermarkets	8,239	9	1.50	-	-	-
Lowe's Companies Incorporated	7,801	10	1.42	-	-	-
Duke Energy Corporation	-	-	-	7,500	6	1.72
State of North Carolina	-	-	-	7,479	8	1.72
City of Charlotte	-	-	-	5,896	9	1.36
Adecco	-	-	-	5,000	10	1.15
Total	<u>155,361</u>		<u>28.25%</u>	<u>115,194</u>		<u>26.48%</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									
	2007	2008	2009	2010	2011 <sup>1</sup>	2012	2013	2014	2015	2016
Public safety <sup>2,5,7</sup>	3,179.50	3,191.50	3,223.50	3,392.50	3,388.50	3,408.50	3,472.50	3,472.50	3,500.50	3,474.50
Sanitation	276.00	290.00	289.00	296.00	283.00	289.00	289.00	289.00	302.00	302.00
General administration	297.50	349.00	350.25	367.25	371.25	373.25	370.50	370.50	348.50	366.75
Shared services <sup>7</sup>	191.50	197.50	235.00	223.00	246.00	254.50	257.00	257.00	288.00	249.00
Engineering and property management	306.00	314.00	330.00	329.00	330.00	330.00	322.00	322.00	322.00	325.00
Streets and highways <sup>7</sup>	437.25	428.50	429.50	434.50	432.50	431.50	431.50	431.50	431.50	408.75
Community planning and development	227.00	226.00	226.00	233.00	229.00	220.00	220.00	225.00	228.00	214.00
Water and Sewer <sup>3</sup>	818.50	813.50	812.50	802.50	791.50	746.25	746.50	761.50	796.00	822.00
Storm water	85.00	80.00	86.00	83.00	84.00	84.00	95.00	100.00	108.00	124.00
Airport <sup>4,5</sup>	268.00	268.00	268.00	268.00	266.00	283.00	251.00	262.00	432.00	503.00
Public transit <sup>6</sup>	380.75	392.75	392.75	392.75	360.75	361.75	361.75	361.75	384.75	419.75
Risk management	25.00	26.00	27.00	27.00	27.00	27.00	27.00	27.00	28.00	28.00
<b>Total</b>	<b>6,492.00</b>	<b>6,576.75</b>	<b>6,669.50</b>	<b>6,848.50</b>	<b>6,809.50</b>	<b>6,808.75</b>	<b>6,843.75</b>	<b>6,879.75</b>	<b>7,169.25</b>	<b>7,236.75</b>

Source: Actual position allocations per Budget and Evaluation Department.

<sup>1</sup> In 2011, vacant positions were eliminated.

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

<sup>3</sup> In 2012, vacant positions were eliminated as part of the financial stability plan. In 2014, positions were added to offset reductions in contractual services. In 2015, positions were added to meet service demand. In 2016, positions were added in response to the improving economy and regulatory changes

<sup>4</sup> In 2012, positions were added for public safety at the airport. In 2014, 2015 and 2016, positions were added to meet service demand. In 2015, existing full-time temporary positions were converted to regular full-time status.

<sup>5</sup> In 2013, positions were transferred from public safety at the airport to public safety.

<sup>6</sup> In 2015, positions were added to meet service demand. In 2016, positions were added for the Blue Line Extension.

<sup>7</sup> In 2016, vacant positions were eliminated.

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police physical arrests	27,005	28,875	29,703	28,326	27,800	25,389	22,839	23,018	22,144	20,794
911 call volume	1,093,542	1,069,433	1,008,457	967,020	1,002,790	1,093,772	1,015,825	1,061,018	1,180,177	1,251,592
Fire calls answered	88,024	90,743	91,309	93,139	98,569	95,922	97,361	103,474	110,710	117,315
Sanitation <sup>1</sup>										
Refuse collected (in tons)	176,169	170,569	179,814	178,752	221,868	218,792	212,296	211,407	206,535	219,901
Refuse collected by City contractors (in tons)	96,363	99,363	100,585	100,285	74,646	77,195	62,153	63,971	65,768	72,548
Recyclables and organics collected (in tons) <sup>2, 4,</sup>	66,306	62,444	68,509	67,317	53,264	54,587	54,557	58,173	88,332	50,995
Recyclables and organics collected by City contractors (in tons) <sup>4</sup>	13,389	13,140	13,482	14,843	45,206	46,599	47,666	49,183	10,283	49,313
Support services										
Fleet maintained	3,137	3,251	3,367	3,470	3,465	3,577	3,331	3,280	3,250	3,233
Streets and highways										
Miles resurfaced	194	306	319	246	325	222	149	211	221	234
Potholes repaired	375	288	576	895	790	768	856	1,205	1,101	1,173
Community planning and development										
Housing inspections conducted	3,689	3,565	3,749	3,142	3,196	3,070	2,498	2,670	2,779	2,300
Affordable housing production	1,640	1,204	1,093	1,172	1,310	1,614	1,368	1,083	824	768
Water										
Number of service connections	237,930	241,637	242,631	245,854	248,257	253,557	257,683	262,607	267,664	279,609
Average daily consumption (in millions of gallons)	114	106	99	108	110	101	99	101	103	107
Sewer										
Number of service connections	219,268	222,887	223,855	226,978	229,002	235,157	238,854	242,959	247,165	246,299
Average daily treatment (in millions of gallons)	86	78	81	83	76	78	79	83	81	88
Storm water										
Requests for services completed	1,627	1,885	2,021	2,266	1,890	2,862	1,809	1,886	1,711	2,565
Airport										
Number of airline arrivals and departures per day	1,228	1,350	1,289	1,281	1,359	1,371	1,415	1,401	1,399	1,389
Passengers boarding (in thousands)	15,712	17,023	17,305	17,725	19,614	20,010	21,108	21,977	22,193	22,376
Public transit <sup>3</sup>										
Revenue miles operated (in thousands)	15,365	16,304	17,280	15,617	15,598	15,925	16,226	16,195	16,518	14,750
Passengers (in thousands)	19,758	23,101	26,034	24,355	24,901	26,500	26,110	25,572	25,201	23,900

<sup>1</sup> Operating indicators for Sanitation have been restated to break out between City services and contractor provided services for fiscal years 2007 through 2012.

<sup>2</sup> The City began collecting recyclables for all four zones in 2011. Prior years only collected three zones.

<sup>3</sup> Light rail service began operations in 2008.

<sup>4</sup> Recycling contract was cancelled in 2015. Recycling contract started in 2016.

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police stations	13	13	13	13	13	13	13	13	13	13
Patrol units	1,072	1,087	1,169	1,251	1,267	1,352	1,386	1,391	1,388	1,392
Fire stations	38	38	39	40	41	42	42	42	42	42
Sanitation										
Collection trucks	182	194	198	200	178	171	180	177	188	177
Streets and highways										
Miles of street	2,244	2,280	2,368	2,398	2,415	2,434	2,434	2,450	2,455	2,461
Number of street lights	64,644	66,204	67,345	70,000	69,695	70,862	71,851	72,316	73,185	73,634
Water										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	3,850	3,929	4,025	4,064	4,094	4,206	4,198	4,209	4,232	4,269
Fire hydrants <sup>1</sup>	20,000	22,000	12,425	12,541	12,568	16,756	16,889	16,631	16,766	16,901
Sewer										
Treatment plants	5	5	5	5	5	5	5	5	5	5
Miles of sanitary sewer lines	3,865	3,942	4,028	4,047	4,073	4,180	4,170	4,320	4,200	4,244
Airport										
Feet of runway <sup>2</sup>	26,345	26,345	26,345	35,175	35,175	35,175	35,175	35,175	35,175	35,175
Public transit										
Motor buses	324	342	342	324	324	323	322	322	316	316
Light rail vehicles	9	16	16	20	20	20	20	20	20	24
Streetcar vehicles <sup>3</sup>	-	-	-	-	-	-	-	-	-	3

<sup>1</sup> Beginning 2009, data represents only assets owned and maintained by the City.

<sup>2</sup> In 2010, the Airport opened its third parallel runway.

<sup>3</sup> In 2016, streetcar operations began.







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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charlotte, North Carolina (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprises the City's basic financial statements, and have issued our report thereon dated October 31, 2016. Our report includes a reference to other auditors who audited the financial statements of the Charlotte Regional Visitors Authority (the "CRVA"), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2016-001).

**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*.

**Compliance and Other Matters**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Cherry Roubert LLP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina  
October 31, 2016

**Report of Independent Auditor on Compliance for each Major Federal Program  
and on Internal Control Over Compliance in Accordance With OMB Uniform Guidance  
and the State Single Audit Implementation Act**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Charlotte, North Carolina (the “City”), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2016. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature of Cherry Roubert LLP in black ink.

Raleigh, North Carolina  
October 31, 2016

**Report of Independent Auditor on Compliance for each Major State Program  
and on Internal Control Over Compliance in Accordance With OMB Uniform Guidance  
and the State Single Audit Implementation Act**

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

**Report on Compliance for Each Major State Program**

We have audited the City of Charlotte, North Carolina (the “City”), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City’s major State programs for the year ended June 30, 2016. The City’s major State programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

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

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

**Opinion on Each Major State Program**

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

### **Report On Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature of Cherry R. Smith, LLP in cursive script.

Raleigh, North Carolina  
October 31, 2016

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED JUNE 30, 2016

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?   X   yes    \_\_\_\_\_ no

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

**Federal Awards**

Internal control over major federal programs:

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

Noncompliance material to federal awards? \_\_\_\_\_ yes      X   no

Type of auditor’s report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516 (a)? \_\_\_\_\_ yes      X   no

Identification of major federal programs:

CFDA Numbers

17.267  
97.067  
20.223

20.500  
20.507

Names of Federal Program or Cluster

Workforce Investment Act  
Homeland Security Grant Program  
Transportation Infrastructure Finance and Innovation Act  
Federal Transit Cluster:  
    Capital Investment Grants  
    Formula Grants

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?   X   yes    \_\_\_\_\_ no

# CITY OF CHARLOTTE, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2016

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### I – Summary of Auditor's Results (continued)

#### State Awards

Internal control over major state programs:

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

Noncompliance material to state awards? ☐ yes ☒ no

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

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

Identification of major state programs:

#### Names of State Program or Cluster

Non-State System Street-Aid Allocation (Powell Bill)  
Public Transportation Section 5309 Capital Programs  
The One North Carolina Fund

### Section II – Financial Statement Findings

#### Significant Deficiency Finding 2016-001

*Criteria:* The City is responsible for recording long-term liabilities in accordance with accounting principles generally accepted in the United States of America.

*Condition:* The City over-stated the long-term liability associated with a loan from the Transportation Infrastructure Finance and Innovation Act of 1998.

*Effect:* The financial statements were misstated as of June 30, 2016. The City subsequently corrected the misstatements.

*Cause:* The City had initiated a draw down that was not subsequently received until after the end of June; however the City recorded the additional liability as of June 30, 2016.

*Recommendation:* We recommend that the City establish more effective internal controls over the recordation of long-term liabilities in connection with draw down requests on outstanding loans.

*Views of responsible officials:* The City agrees with this finding.



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*FOR THE YEAR ENDED JUNE 30, 2016*

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**Section III – Federal Award Findings and Questioned Costs**

None reported.

**Section IV – State Award Findings and Questioned Costs**

None reported.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF CORRECTIVE ACTION PLAN**

*FOR THE YEAR ENDED JUNE 30, 2016*

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**Section II – Financial Statement Findings**

Finding 2016-001  
Significant Deficiency

*Name of contact person:* Betty Mattos, Chief Accountant

*Corrective Action:* The City's Finance Office will educate staff that long-term liabilities for outstanding loans should be recorded based on the date that funds are received and not on the date that funds are requested.

*Proposed completion date:* November 2016

**Section III – Federal Award Findings and Questioned Costs**

None reported.

**Section IV – State Award Findings and Questioned Costs**

None reported.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

*FOR THE YEAR ENDED JUNE 30, 2016*

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**Section V – Schedule of Prior Year Audit Findings**

**Finding 2015 – 001:** The City's Charlotte Area Transit System developed and implemented internal procedures to ensure all quarterly SF-425 Federal Financial Reports are prepared and submitted timely. These procedures have been implemented and the Grants Supervisor maintains a checklist that documents compliance with the new process.

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-through Grantor's Award Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
<b>FEDERAL AWARDS:</b>					
<u>Executive Office of the President</u>					
Direct Programs:					
High Intensity Drug Trafficking Areas	95.001	G14GA0007A	\$ 32,440	\$ -	-
High Intensity Drug Trafficking Areas	95.001	G15GA0007A	49,102	-	-
Total Executive Office of the President			<u>\$ 81,542</u>	<u>\$ -</u>	<u>-</u>
<u>U.S. Department of Commerce</u>					
Direct Programs:					
ARRA - Broadband Technology Opportunities (BTOP)	11.557	NT10BIX5570088	\$ 21,176	\$ -	-
<u>U.S. Department of Homeland Security</u>					
Direct Programs:					
ARRA - TSA Airport Checked Baggage Inspection System	97.117	HSTS04-10-H-REC109	\$ 4,325,822	\$ -	-
Pass-Through N.C. Department of Crime Control and Public Safety:					
Pre-Disaster Mitigation	97.047	PDM-PL-04-2012-001B	3,938	-	-
Homeland Security	97.067	EMW-2013-SS-00033-S01 / 1307	15,897	-	-
Homeland Security	97.067	EMW-2013-SS-00033-S01 / 4001	962,463	-	-
Homeland Security	97.067	EMW-2014-SS-00069-S01 / 1439	27,400	-	-
Homeland Security	97.067	EMW-2014-SS-00069-S01 / 1443	2,269,330	-	-
Homeland Security	97.067	EMW-2014-SS-00069-S01 / 1446	108,929	-	-
Homeland Security	97.067	EMW-2014-SS-00069-S01 / 1551	118,363	-	-
Rail and Transit Security	97.075	EMW-2014-RA-00022-S01	37,724	-	-
Total Pass-Through N.C. Department of Crime Control and Public Safety			<u>3,544,044</u>	<u>-</u>	<u>-</u>
Pass-Through Mecklenburg County:					
Emergency Management Performance	97.042	EMPG-2012-37119	1,623	-	-
Emergency Management Performance	97.042	EMPG-2013-37119	66,710	-	-
Emergency Management Performance	97.042	EMW-2015-EP-00011-S01 /MOA# 15060	213	-	-
Total Pass-Through Mecklenburg County			<u>68,546</u>	<u>-</u>	<u>-</u>

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-through Grantor's Award Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
Total U.S. Department of Homeland Security			\$ 7,938,412	\$ -	\$ -
<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-14-MC-37-0003	\$ 3,882,177	\$ -	\$ 2,642,957
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-37-0003	1,208,331	-	-
Total CDBG - Entitlement Grants Cluster			5,090,508	-	2,642,957
Other U.S. Dept of Housing and Urban Development Grants:					
Emergency Shelter	14.231	E-14-MC-37-0002	99,506	-	99,506
Emergency Shelter	14.231	E-15-MC-37-0002	330,369	-	273,838
HOME Investment Partnerships	14.239	M13-DC370212	1,725,945	-	1,503,018
HOME Investment Partnerships	14.239	M14-DC370212	732,523	-	-
Housing Opportunities For Persons With AIDS	14.241	NCH14-F001	839,016	-	839,016
Housing Opportunities For Persons With AIDS	14.241	NCH15-F001	548,689	-	548,689
Continuum of Care Program	14.267	NC0300L4F051300	47,388	-	-
Fair Housing Assistance	14.401	FF204K134008	36,174	-	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.907	NCLHB0539-12	832,617	-	-
Total Other U.S. Dept of Housing and Urban Development Grants:			5,192,227	-	3,264,067
Total Direct Programs			10,282,735	-	5,907,024
Pass-Through Mecklenburg County:					
Community Development Block Grants/Entitlement Grants	14.218	24361483	162,882	-	-
Total U.S. Department of Housing and Urban Development			\$ 10,445,617	\$ -	\$ 5,907,024
<u>U.S. Department of Justice</u>					
Direct Programs:					
Public Safety Partnership and Community Policing	16.710	2007CKWX0044	\$ 883,813	\$ -	\$ -
Public Safety Partnership and Community Policing	16.710	2015GVWX0010	1,987	-	-

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-through Grantor's Award Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
Justice Assistance	16.738	2014-4078-007-01	208,956	-	-
Forensic DNA Backlog Reduction	16.741	2013-DN-BX-0040	29,868	-	-
Forensic DNA Backlog Reduction	16.741	2014-DN-BX-0114	164,186	-	-
Total Direct Programs			1,288,810	-	-
Pass-Through Mecklenburg County:					
JAG Program Cluster:					
Justice Assistance	16.738	2013-DJ-BX-1202	45,405	-	3,028
Justice Assistance	16.738	2014-DJ-BX-1028	364,523	-	33,742
Justice Assistance	16.738	2015-DJ-BX-1028	277,265	-	102,105
Total JAG Program Cluster			687,193	-	138,875
Forensic DNA Backlog Reduction	16.741	2015-DN-BX-0101	8,107	-	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2015-MO-BX-0019	18,807	-	-
Total Pass-Through Mecklenburg County			714,107	-	138,875
Pass-Through NC Department of Public Safety:					
FY15 GCCC Juvenile Diversion Program	16.540	2015-JF-FX-0032	50,268	-	-
2015 GCC Prosecuting Sexual Assault Cold Cases	16.588	2015-WF-AX-0025	55,804	-	-
Total Pass-Through Department of Public Safety			106,072	-	-
Total U.S. Department of Justice			\$ 2,108,989	\$ -	\$ 138,875
<u>U.S. Department of Labor</u>					
Pass-Through N.C. Department of Commerce:					
Workforce Investment Act	17.267	14-2020	\$ 664,088	\$ -	\$ 664,088
Workforce Investment Act	17.267	14-2030 / 14-2031	1,434,110	-	1,434,110
Workforce Investment Act	17.267	14-2040	1,295,220	-	1,295,220
Workforce Investment Act	17.267	15-4010	644,694	-	644,694
Workforce Investment Act	17.267	15-4020	1,533,374	-	1,533,374
Workforce Investment Act	17.267	15-4030	754,095	-	754,095
Workforce Investment Act	17.267	15-4040	1,337,959	-	1,337,959
Total U.S. Department of Labor			\$ 7,663,540	\$ -	\$ 7,663,540

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-through Grantor's Award Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
<u>U.S. Department of Transportation</u>					
Direct Programs:					
Federal Aviation Administration:					
Airport Improvement Program	20.106	3-37-0012-72-2014	\$ 7,946,695	\$ -	-
Airport Improvement Program	20.106	3-37-0012-073-2015	422,610	-	-
Airport Improvement Program	20.106	3-37-0012-074-2015	8,011,416	-	-
Total Federal Aviation Administration			16,380,721	-	-
Federal Highway Administration:					
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	20.223	TIFIA-2015-1007A	115,246,467	-	-
Federal Transit Administration:					
Federal Transit Cluster:					
Federal Transit - Capital Investment Grants	20.500	NC-03-0048-00	(180,782)	-	-
Federal Transit - Capital Investment Grants	20.500	NC-03-0082-00	116,734,120	-	-
Federal Transit - Capital Investment Grants	20.500	NC-03-0085-00	71,800	-	-
Federal Transit - Capital Investment Grants	20.500	NC-04-0006-00	18,726	-	-
Federal Transit - Capital Investment Grants	20.500	NC-04-0018-00 / 36232.1.11.3 / 11-03-018	6,957	-	-
Federal Transit - Capital Investment Grants	20.500	NC-04-0045-00 / 36232.1.11.5 / 12-04-045	55,611	-	-
Federal Transit - Capital Investment Grants	20.500	NC-04-0046-00	285,389	-	-
Federal Transit - Capital Investment Grants	20.500	NC-2016-001-00	4,420,707	-	-
Federal Transit - Formula Grants	20.507	NC-90-X403-00	360,056	-	-
Federal Transit - Formula Grants	20.507	NC-90-X431-00	(353)	-	-
Federal Transit - Formula Grants	20.507	NC-90-X472-00	604,098	-	-
Federal Transit - Formula Grants	20.507	NC-90-X499	30,432	-	-
Federal Transit - Formula Grants	20.507	NC-90-X531-00	767,180	-	-
Federal Transit - Formula Grants	20.507	NC-90-X541-00	774,739	-	-
Federal Transit - Formula Grants	20.507	NC-90-X569-00	5,231,071	-	-
Federal Transit - Formula Grants	20.507	NC-95-X052-00	139,381	-	-
Federal Transit - Formula Grants	20.507	NC-95-X058-00	(2)	-	-
Federal Transit - Formula Grants	20.507	NC-95-X068-00	142,091	-	-

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**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-through Grantor's Award Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	NC-16-X015-00	39,799	-	-
Federal Transit - Bus and Bus Facilities Formula Program	20.526	NC-34-0004-00	372,528	-	-
Total Federal Transit Cluster			<u>129,873,548</u>	-	-
Transit Services Programs Cluster:					
New Freedom Program	20.521	NC-57-X005-01	89,615	-	-
National Infrastructure Investments					
Total Federal Transit Administration	20.933	NC-79-0002-00	<u>9,873,872</u>	-	-
Total Direct Programs			<u>255,083,502</u>	-	-
			<u>271,464,223</u>	-	-
Pass-Through N.C. Department of Transportation:					
Federal Highway Administration:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205	34811.3.FDS / STPDA-5239(5)	257,849	-	-
Highway Planning and Construction	20.205	42844.1.1 / BRZ-1003	20,951	-	-
Highway Planning and Construction	20.205	49004.1	52,010	-	-
Highway Planning and Construction	20.205	BRZ-NBIS (18)	345,467	-	-
Highway Planning and Construction	20.205	BRZ-NBIS (19)	193,093	-	-
Highway Planning and Construction	20.205	C-5534	1,113,000	-	-
Highway Planning and Construction		CMS-1003(121) / C-5533 / 45506.1.1 /			
Highway Planning and Construction	20.205	45506.2.1 / 45506.3.1	9,293	-	-
Highway Planning and Construction	20.205	51013.1.F1/2.F1/3.F1	325,645	-	-
Highway Planning and Construction	20.205	Section 104f	1,518,650	-	-
Highway Planning and Construction		Section 104f / 39225.1.14(PL) /			
Highway Planning and Construction	20.205	39225.1.19(STP-DA)	261,968	-	-
Highway Planning and Construction		Section 104f / 39225.1.14(PL) /			
Highway Planning and Construction	20.205	39225.1.19(STP-DA)	533,161	-	-
Highway Planning and Construction		STPDA-1003(112) / U-5507 A /			
Highway Planning and Construction	20.205	45477.2.1 / 45477.3.1	971,271	-	-
Highway Planning and Construction	20.205	Y-4810 G	47,361	-	-
Total Federal Highway Administration			<u>5,649,719</u>	-	-

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**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-through Grantor's Award Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
<b>Federal Transit Administration:</b>					
Federal Transit - Metropolitan Planning Grants	20.505	36230.5.14.6 / 15-08-102	(28,283)	-	-
Federal Transit - Metropolitan Planning Grants	20.505	36230.5.15.6 / 16-08-102	433,063	-	-
Total Federal Transit Administration			404,780	-	-
<b>National Highway Traffic Safety Administration:</b>					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	154AL-15-02-09	114,856	-	-
State and Community Highway Safety	20.600	GHSP 2014	(66,063)	-	-
State and Community Highway Safety	20.600	GHSP 2016	14,638	-	-
State and Community Highway Safety	20.600	GHSP 2016	293,309	-	-
State and Community Highway Safety	20.600	PT-15-09-28	2,224	-	-
Total National Highway Traffic Safety Administration			358,964	-	-
Total Pass-Through N.C. Department of Transportation			6,413,463	-	-
<b>Pass-Through S.C. Department of Transportation:</b>					
Federal Highway Administration:					
Highway Planning and Construction	20.205	49004.1	9,750	-	-
<b>Pass-Through NC State University:</b>					
Federal Highway Administration:					
Highway Planning and Construction	20.205	2010-0499-07	169,005	-	-
Total U.S. Department of Transportation			\$ 278,056,441	\$ -	\$ -
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 306,315,717</b>	<b>\$ -</b>	<b>\$ 13,709,439</b>
<b>STATE AWARDS:</b>					
<u>N.C. Department of Commerce</u>					
One NC Fund		2012-8501	\$ -	\$ 999,853	\$ -

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**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-through Grantor's Award Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
<u>N.C. Department of Public Safety</u>					
Pass-Through Mecklenburg County: Juvenile Offender Diversion Program	Letter		\$ -	\$ 70,262	\$ -
<u>N.C. Department of Transportation</u>					
State Maintenance Assistance FY2016	Letter		\$ -	\$ 10,733,608	\$ -
State Street Aid-Powell Bill	32570		-	29,194,487	-
Traffic - Construction by Others Agreement	34811.3.FD5 / U-2507A		-	167,949	-
Public Transportation Section 5309 Capital Program	36224.26.1.1 / 09-NS-082 / 09-NS-082-02 /		-		-
Public Transportation Rideshare Program	36224.26.4.3 / 13-BL-001		-	31,600,228	-
Metropolitan Planning Program	36225.1.14.1 / 16-RS-009		-	103,711	-
Metropolitan Planning Program	36230.5.14.6 / 15-08-102		-	(3,496)	-
Public Transportation Section 5307 Capital Program	36230.5.15.6 / 16-08-102		-	54,133	-
Congestion Mitigation and Air Quality	36231.1.13.4 / 15-95-052		-	1	-
Public Transportation Section 5309 Capital Program	36231.14.3.3 / 08-09-403		-	46,351	-
Public Transportation Section 5309 Capital Program	36232.1.11.3 / 11-03-018		-	1,678	-
Public Transportation Section 5309 Capital Program	36232.1.11.5 / 12-04-045		-	6,947	-
Public Transportation Section 5307 Capital Program	36232.1.13.3 / 15-95-060		-	401,385	-
Technology Program	36235.2.10.3 / 15-AT-007		-	38,627	-
Technology Program	36235.2.10.4 / 15-AT-009		-	25,241	-
Technology Program	36235.2.11.8 / 16-AT-102A		-	116,145	-
Traffic - Construction by Others Agreement	39929.3.1 / R-4902		-	101,085	-
Locally Administered Project	43931.3.1 / SS-4910BL		-	400,000	-
Municipal Agreement	45340.3.FS13		-	27,087	-
Total N.C. Department of Transportation			\$ -	\$ 73,015,167	\$ -
<u>N.C. Office of Emergency Medical Services</u>					
Pass-Through Metrolina Trauma Advisory Committee:					
SMAT III	Letter		\$ -	\$ 3,167	\$ -
SMAT III	Letter		-	1,499	-
Total N.C. Office of Emergency Medical Services			\$ -	\$ 4,666	\$ -
<b>TOTAL STATE AWARDS</b>			\$ -	\$ 74,089,948	\$ -
<b>TOTAL FEDERAL AND STATE AWARDS</b>			\$ 306,315,717	\$ 74,089,948	\$ 13,709,439

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**JUNE 30, 2016**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Charlotte under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Charlotte it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Charlotte.

**Note 2: Summary of Significant Accounting**

Expenditures reported in the SEFSA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Charlotte has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3: Loans Outstanding**

City of Charlotte had the following loan balance outstanding at June 30, 2016 that the grantor/pass-through grantor has still imposed continuing compliance requirements . The loan outstanding at the beginning of the year made during the year is included in the SEFSA. The balance of the loan outstanding at June 30, 2016 consist of:

<u>Program Name</u>	<u>CFDA Number</u>	<u>Grantor's Award Number</u>	<u>Amount</u>
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	20.223	TIFIA-2015-1007A	\$ 64,753,533



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**CHARLOTTE**

**MANAGEMENT & FINANCIAL SERVICES**

**FINANCE OFFICE - FINANCIAL REPORTING**  
**CHARLOTTE-MECKLENBURG GOVERNMENT CENTER**  
**600 EAST FOURTH STREET, 10TH FLOOR**  
**CHARLOTTE, NORTH CAROLINA 28202-2848**  
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