



CITY OF CHARLOTTE, NORTH CAROLINA
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

2019



City of Charlotte, North Carolina Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2019

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CITY OF CHARLOTTE, NORTH CAROLINA

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INTRODUCTORY SECTION



October 31, 2019

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Charlotte, North Carolina for the fiscal year ended June 30, 2019. The CAFR is provided to give detailed information about the financial position of the city to residents, City Council, staff and other readers.

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

State law requires that all general-purpose local governments annually publish a complete set of financial statements. The city's financial statements, as required by North Carolina General Statute 159-34, have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent auditor concluded that there is sufficient audit evidence for rendering an unmodified opinion that the financial statements for the fiscal year that ended June 30, 2019, are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

CHARLOTTE'S GOVERNMENT AND THE REPORTING ENTITY

The City of Charlotte, located in Mecklenburg County, is in the Piedmont region of North Carolina and centered between the Appalachian Mountains and the Atlantic Ocean. Incorporated in 1768, Charlotte became the county seat of Mecklenburg County in 1774. With an estimated population of 919,503, Charlotte is now the 16th most populated city in the United States. In 2018, Charlotte's population grew by 1.5 percent compared to the national average of 0.6 percent. The city's population is projected to reach 1.24 million by 2040.

Since 1929, the City of Charlotte has had a Council-Manager form of government. Policy-making and legislative authority are vested in a governing body consisting of a Mayor and 11 City Council members who are elected every two years on a partisan basis. The Mayor and four Council members are elected at-large by a citywide vote. The remaining seven Council members are elected by district, from voters who reside in each district. The Mayor and Council are responsible for appointing the City Manager, City Attorney, City Clerk, and members of various boards and commissions. The Council appropriates the annual budget, sets the tax rate and approves the financing of all city operations and capital investments. The City Manager is responsible for carrying out policies and ordinances and directs the daily operations and programs of the city.



City Manager Marcus Jones

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

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

- The **Charlotte Firefighters' Retirement System**, a blended 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.

LOCAL ECONOMY

The Charlotte regional economy continues to grow at an exceptional pace and drive economic growth for the entire state. As measured by gross domestic product (GDP), the Charlotte regional economy has grown at an average rate of approximately 3.4 percent since 2011, higher than the national and state average of around 2.0 percent over the same period. Charlotte is the core of the Charlotte-Concord-Gastonia metropolitan statistical area (MSA), a ten-county area of more than 2.52 million people, currently ranked as the 23rd most populous MSA in the nation.

Charlotte's tax base has grown for three consecutive years at an average of 2.5 percent annually. The city's fiscal year 2020 tax rate, at 34.81 cents, is the lowest rate in comparison to the ten next largest cities in North Carolina. The 2019 Mecklenburg County property tax revaluation increased values to \$142.7 billion with a revenue neutral tax rate, approximately \$59.4 billion greater than the last revaluation in 2011, a growth rate of about 7 percent annually.

Charlotte's economy has seen positive gains in employment, population, tax base, revenues and overall economic strength and size. It continues to see increased tourism and new businesses relocating to the area, motivated by the city's strategic geographic location, sound regulatory environment, growth prospects and relatively low business costs. Between February 2018 and February 2019, the number of people employed in the city and county increased by 2.5 percent, and unemployment is at a record low of 3.9 percent. In 2018, the region added nearly 12,000 net new jobs in the finance and insurance, transportation and logistics and advanced manufacturing sectors. Growth in employment continues to outpace population growth, resulting in a strong labor market.

Charlotte's pro-business environment is evidenced by its ability to move people and products efficiently worldwide. The city's diversified economy is comprised of a broad range of industries including financial services, information technology, energy services, healthcare, logistics and distribution, advanced manufacturing and international business.



FINANCIAL SERVICES CENTER

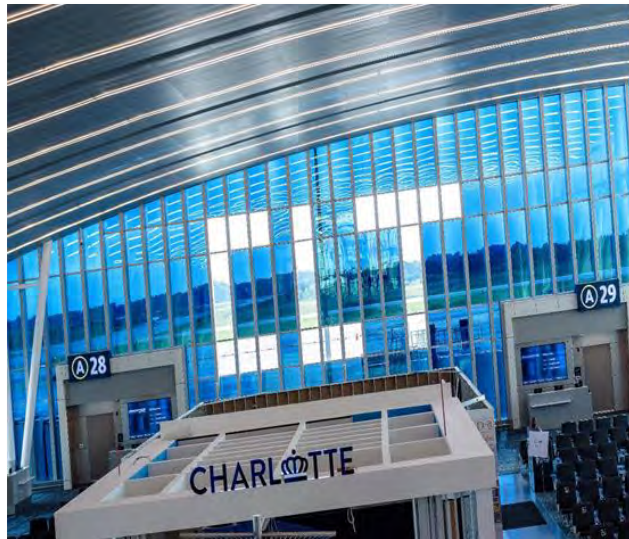
The Charlotte region is home to 425 corporate headquarters including six Fortune 500 companies. The city ranks as the nation's second largest banking center and is the headquarters of Bank of America Corporation, the nation's second largest bank based on assets. Charlotte's strength as a banking headquarters city is foundational to the region's economic success, with \$2.3 trillion in total

assets held by Charlotte banks. The city's financial services center continues to grow as banks increase their presence in the uptown district by developing new high-rise towers for banking and retail business including Bank of America, Ally Bank, Regions Bank, and First National Bank.

As Charlotte's financial services sector is transformed by technology, the city continues to leverage corresponding growth in the financial technologies, "fintech", industry and other major finance subsectors. Charlotte is home to major fintech players like LendingTree, an online marketplace; AvidXchange, an automated bill solutions provider; Movement Mortgage, a home lending platform; and Passport, a mobile payment company.

TRANSPORTATION AND DISTRIBUTION HUB

Location and infrastructure combine with a robust production workforce to make Charlotte an ideal region for transportation, distribution and logistics operations. The Charlotte region is strategically located between major ports and inland cities, within a 12-hour drive of 53 percent of the nation's population. Transportation assets in the region include Charlotte Douglas International Airport, four interstate highways (I-85, I-77, I-485, and I-40), an inland terminal, and two intermodal facilities. Charlotte is also the center of the country's largest consolidated rail system with two major railroads, Norfolk Southern Railway and Chessie-Seaboard Merger (CSX) Transportation.



Foundational to the economic success of the Charlotte region, Charlotte Douglas International Airport (CLT) leads the state as the top economic engine among airports, according to the North Carolina Department of Transportation (NCDOT) Division of Aviation. CLT contributes \$23 billion in annual economic output, \$1.1 billion in state/local taxes, 132,000 jobs for North Carolina residents and \$5.7 billion in personal income. For 2018, according to the Airports Council International, CLT ranks 6th nationwide in aircraft movements; 11th in total passengers; and 31st in total cargo.

With a forward-thinking philosophy, and a focus on constant growth, CLT is an airport of the future. The airport is finalizing two major phases of Destination CLT, the airport's \$2.5 billion capital investment program to renovate the concourses and expand CLT's roadways, curb front, airfield and terminal. The enhancements that Destination CLT will provide are intended to elevate the traveling experience in Charlotte.

RECREATIONAL, VISITOR AND CULTURAL CENTER

The tourism industry in the Charlotte region creates jobs and improves the quality of life for the entire community. Visitor spending in Mecklenburg County and the Charlotte region hit record highs in fiscal year 2018, with domestic travelers spending nearly \$5.4 billion, an increase of 4.2 percent since 2016, and visitors across the Charlotte region spending more than \$7.0 billion, an increase of 4.0 percent since 2016. Charlotte is a destination of choice for tourism, conventions and special events including:



- National sports with the Carolina Panthers (NFL) at Bank of America Stadium and the Charlotte Hornets (NBA) at the Spectrum Center;
- Minor League Baseball (MiLB) with the Charlotte Knights (a Triple-A affiliate of the Chicago White Sox) at BB&T Ballpark;
- Minor-league hockey with the Charlotte Checkers (the top-ranked, minor-league affiliate of the Carolina Hurricanes) at Bojangles' Coliseum;
- Professional soccer with the Charlotte Independence (USL);
- Art, culture, and science at the Bechtler Museum of Modern Art; the Knight Theater; the Harvey B. Gantt Center for African-American Arts & Culture; the Mint Museum; the North Carolina Blumenthal Center for Performing Arts; the Charlotte Nature Museum; and the Discovery Place Museum.
- International, national and local events and conventions hosted at the Charlotte Convention Center such as the International Association of Fire Chiefs, National League of Cities, American Football Coaches Association, and American College of Medical Genetics and Genomics; 258 events including 43 conventions and trade shows, nine assemblies, 18 consumer shows, and 188 local events hosted in 2018-2019.

FINANCIAL INFORMATION

INTERNAL CONTROLS

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

FINANCIAL POLICIES

The City of Charlotte has a history of sound fiscal policy and practices, and has consistently held AAA ratings for over 42 years, since 1977. The city relies on key financial policies to ensure needs are met in fiscally responsible ways. In 2019, as part of an initiative to enhance internal controls and to increase fiscal accountability, the city adopted a Financial Internal Control Policy to establish standards for financial internal controls across the organization.

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

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

LONG-TERM FINANCIAL PLANNING

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

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

BUDGET CONTROL

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

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

MAJOR INITIATIVES

As an innovative data-driven organization, strategic planning is an integral component in the city's overall management philosophy, ensuring the organization moves forward with a shared vision and common goals - an action-oriented culture resourced appropriately to address opportunities while providing the best service possible.

In fiscal year 2019, the City of Charlotte demonstrated continuing commitment to its key strategic priorities.

- **Economic Development** – Charlotte's economic development priority challenges the city to become a more active partner in growing and developing the business and workforce ecosystems that include jobs with sustainable wages, provide opportunity for all residents and encourage innovation and entrepreneurship.

The city's Business matching Grants Program enables companies located in Business Redevelopment Corridors to apply for a variety of city programs that provide innovative tools for small businesses, property owners, and developers. Business and commercial property owners may apply for matching grants to assist with the cost of improving their properties. In fiscal year 2019, the city's program awarded 29 grants to local businesses totaling \$723,000 and leveraging over \$48 million from private companies.

The inaugural AMP UP! Charlotte program was developed in fiscal year 2019 in partnership with the National Basketball Association (NBA) and Interise, a national technical assistance non-profit. The program prepares Charlotte's minority business owners for growth and expansion through business development services, mentoring, targeted training, and access to large corporations for contract and procurement opportunities.

- **Neighborhood Development** -

As Charlotte continues to grow, building great neighborhoods with a focus on community safety, housing and the environment is important. Providing services equitably to neighborhoods is critical. Great neighborhoods are created through informed and intentional investments and initiatives.

In fiscal year 2019, the city adopted the largest Affordable Housing budget allocation in Charlotte's history, providing \$50 million towards creating more affordable housing options for residents. To support these efforts, the City partnered with the Foundation for the Carolinas, Bank of America, and Wells Fargo to engage the Local



Initiatives Support Corporation (LISC) to create effective strategies and programs to support affordable housing, safer streets, and growing businesses.

In fiscal year 2019, Charlotte invested a total of \$135 million for Comprehensive Neighborhood Improvement Program (CNIP) areas. The CNIP makes strategic investments in larger, multi-neighborhood geographies to more comprehensively address a broad array of community needs, consistent with the goals of the city's CIP. In fiscal year 2019, six of the 29 planned projects have been completed, eight are in construction, and 15 are in planning.

The city's Neighborhood Matching Grants program awarded \$389,000 and leveraged 17,000 volunteer hours. The program awards funds to eligible neighborhood-based organizations for projects that make neighborhoods better places to live, work, and play.

Since its inception in fiscal year 2019, Charlotte's Home Rental Assistance/Aging in Place program received applications from 584 residents. The Aging in Place program offers grants to low to moderate income senior homeowners that allow them to age in place in their own home. The city invested \$750,000 in fiscal year 2019 to help seniors stay in their homes, with an additional \$750,000 approved for fiscal year 2020.

- **Transportation and Planning-** Effective planning and continued transportation investments will enable Charlotte to accommodate growth, enhance quality of life and ensure the continuation of a vibrant, growing economy. The city will address growth with strategic investments that encourage connection between neighborhoods and employment centers.

The Charlotte Future 2040 Comprehensive Plan will guide and promote equity in city growth, investments, projects, development, and neighborhoods. Designed as a “living” document, the plan incorporates community input into actions that inform city decision-making over the near and long-term.



In phase one of four phases, completed in fiscal year 2019, a “vision” framework was established that identifies three overarching principles, five vision elements, and eight community goals that will guide the development of the Charlotte Future 2040 Comprehensive Plan. Phase two includes the design of a “growth” framework to illustrate desired future development and community character and is slated for completion in December 2019.

- **Well-Managed Government** - Being a well-managed government requires the city to demonstrate leadership in financial stewardship and best practices while maintaining emphasis on operational efficiencies. Charlotte will remain a collaborative, responsive organization focused on providing the highest quality services possible in a cost effective and accountable manner.

The city continues to focus on increasing organizational efficiencies while reducing service duplication and costs. Starting in fiscal year 2018, the city began transitioning to a more standardized, productive, and collaborative business model by realigning core functions of communications, financial services, technology, procurement, and human resources, and capturing savings associated with consolidations.

AWARDS AND ACKNOWLEDGMENTS

For the 34th consecutive year, the City of Charlotte received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the city's comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We are confident that the city's fiscal year 2019 CAFR also meets the Certificate of Achievement Program's requirements and will be submitting it to the GFOA for consideration of another award.

For the fifth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Charlotte, North Carolina, for its Annual Budget for the fiscal year beginning July 1, 2018. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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



Marcus D. Jones
City Manager



Kelly Flannery
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Charlotte
North Carolina**

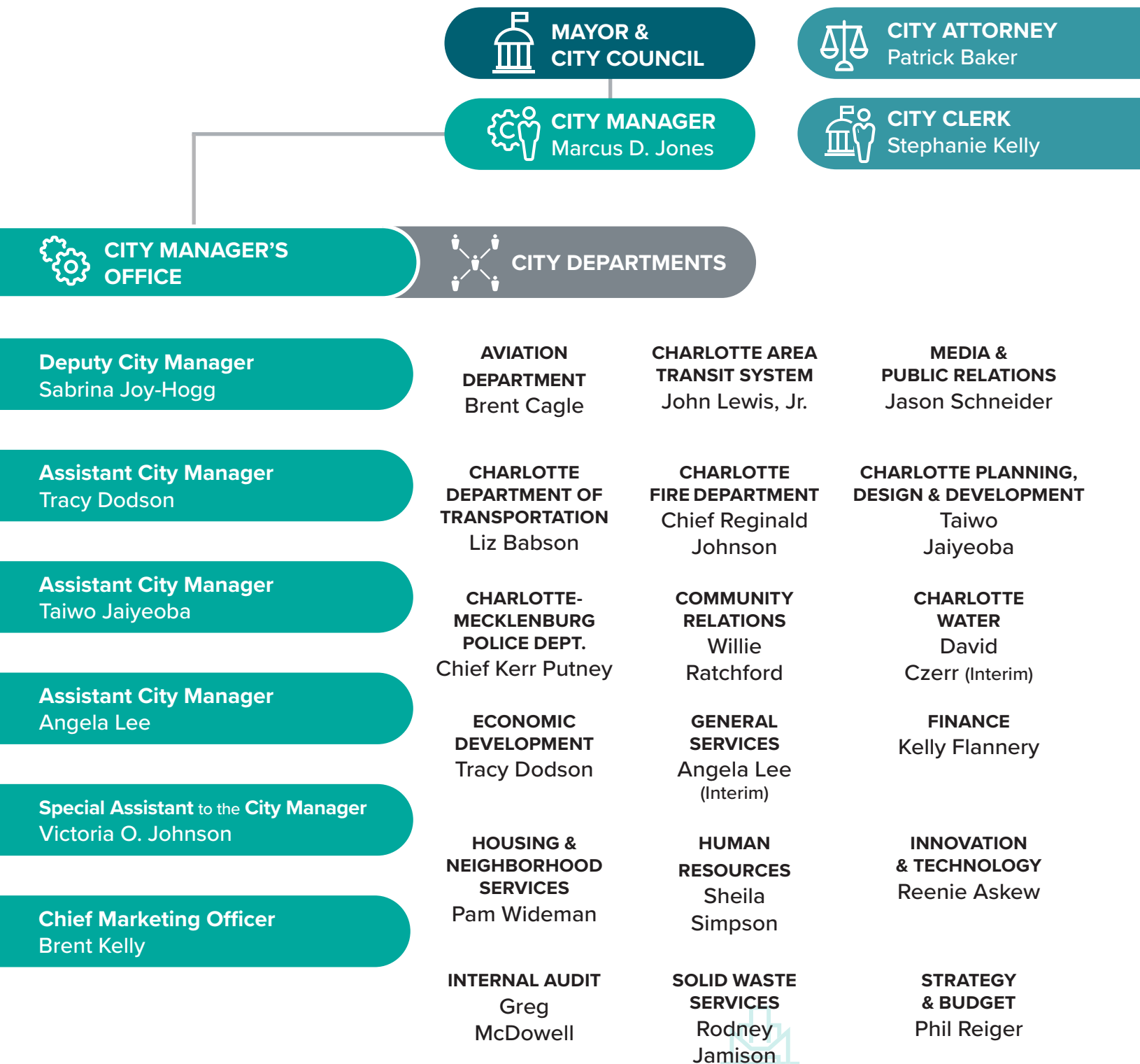
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

CITY OF CHARLOTTE ORGANIZATION



as of October 15, 2019



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, 2019, 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 from material misstatement. The financial statements of the Charlotte Firefighters' Retirement System were not audited in accordance with *Government Auditing Standards*.

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, 2019, 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.

Emphasis of Matter

As described in Note 6(j), the City improperly recognized construction in progress, underreported revenue, and improperly amortized bond refunding cost in prior years. The City has restated its June 30, 2018 financial statements for the correction of these errors. Our opinion on the June 30, 2019 financial statements is not modified with respect to these matters.

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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 State Single Audit Implementation Act, are presented for purposes of additional analysis and are 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 relate 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, 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, 2019 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.

 LCP

Charlotte, North Carolina
October 31, 2019



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MANAGEMENT'S DISCUSSION AND ANALYSIS

(Dollar Amounts in Millions)

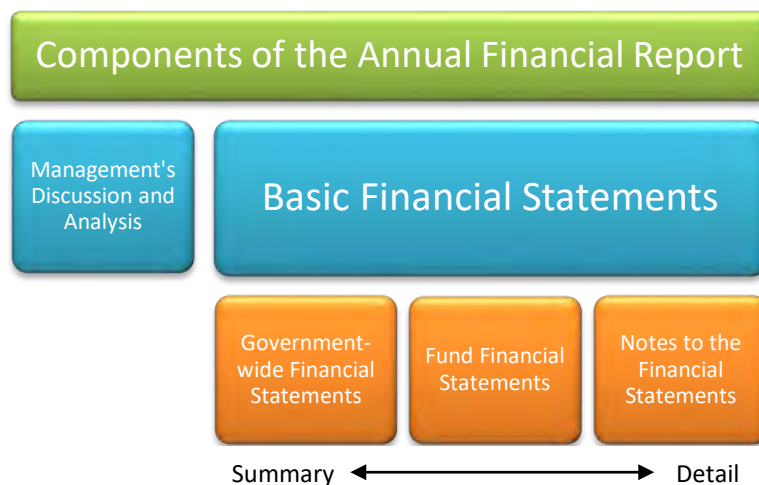
This section of the City of Charlotte's (City) annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial 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 \$11,394.0 (net position). Of this amount, \$1,110.4 (unrestricted net position) may be used to meet the government's ongoing obligations to residents and creditors.
- The overall financial position of the City improved in 2019 as evidenced by an increase in total net position of \$514.1. This increase was from both governmental activities (\$202.6) and business-type activities (\$311.5).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,097.3, an increase of \$148.6 in comparison with the prior year. This increase resulted from increased capital project resources.
- Unassigned fund balance in the General fund was \$116.4 at June 30, 2019 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 2019. The amount exceeding the City Council's goal of 16 percent, \$7.6, is committed.
- The City has consistently maintained its AAA bond rating from all three 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 certain retirees and their beneficiaries.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data (pages 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 111-164) also includes detailed budgetary information required by North Carolina General Statutes.

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

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

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

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

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

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

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

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

The City has three kinds of funds:

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

The City adopts an annual budget for the General fund, as required by State Statutes. A budgetary comparison statement is presented for the General fund using the City's budgetary basis of accounting. This statement reflects the following: (a) the original budget, (b) the final budget as amended, (c) actual resources, and (d) the variance between the final budget and actual resources. Because the budgetary basis of accounting differs from the modified accrual basis used in the funds statements, reconciliation is provided at the end of the statement.

- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has two types of proprietary funds. Enterprise funds are the same as the business-type activities (shown in the government-wide financial statements), but provide more detail and additional information, such as cash flows. Internal service funds are used to report activities that provide supplies and services for the City's other programs and activities. These internal service activities 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 \$11,394.0 at the close of the most recent fiscal year. A summary of the City's net position at June 30, 2019 and 2018 is presented below.

	Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 1,321.8	\$ 1,160.9	\$ 2,188.7	\$ 2,122.3	\$ 3,510.5	\$ 3,283.2
Capital assets	6,317.9	6,146.4	7,549.3	7,253.8	13,867.2	13,400.2
Total assets	7,639.7	7,307.3	9,738.0	9,376.1	17,377.7	16,683.4
Deferred outflows of resources	299.1	302.6	80.3	64.6	379.4	367.2
Current and other liabilities	146.5	134.0	242.9	243.6	389.4	377.6
Noncurrent liabilities	2,420.7	2,443.6	3,342.0	3,296.8	5,762.7	5,740.4
Total liabilities	2,567.2	2,577.6	3,584.9	3,540.4	6,152.1	6,118.0
Deferred inflows of resources	195.5	58.9	15.5	0.8	211.0	59.7
Net position:						
Net investment in capital assets	5,057.9	4,814.3	4,514.5	4,154.0	9,572.4	8,968.3
Restricted	327.3	324.4	383.9	364.7	711.2	689.1
Unrestricted	(209.2)	(165.3)	1,319.6	1,380.8	1,110.4	1,215.5
Total net position	\$ 5,176.0	\$ 4,973.4	\$ 6,218.0	\$ 5,899.5	\$ 11,394.0	\$ 10,872.9

By far the largest portion of the City's net position (84 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 residents; consequently, these assets are not available for future spending.

An additional portion of the City's net position (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,110.4) may be used to support operations and provide for payment of long-term debt.

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

Government-wide net position increased by \$514.1 during the current fiscal year from an increase in both governmental and business-type activities. The increases resulted in large part from net investments in capital assets.

Changes in net position. The following table presents the City's changes in net position for the fiscal years ended June 30, 2019 and 2018. It was impracticable to restate beginning balances for fiscal year 2018.

Change in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Fees, fines and charges for services	\$ 126.7	\$ 125.0	\$ 869.1	\$ 822.0	\$ 995.8	\$ 947.0
Operating grants and contributions	58.9	56.5	30.9	34.0	89.8	90.5
Capital grants and contributions	36.7	20.6	142.1	114.1	178.8	134.7
General revenues:						
Property taxes	490.9	467.8	-	-	490.9	467.8
Other taxes	302.7	289.4	107.5	103.0	410.2	392.4
Grants and contributions not restricted to specific programs	27.5	26.2	-	-	27.5	26.2
Other	22.8	21.1	58.6	26.8	81.4	47.9
Total revenues	1,066.2	1,006.6	1,208.2	1,099.9	2,274.4	2,106.5
Program expenses						
Public safety	439.4	450.8	-	-	439.4	450.8
Sanitation	66.9	63.9	-	-	66.9	63.9
General administration	56.6	53.4	-	-	56.6	53.4
Support services	34.6	41.6	-	-	34.6	41.6
Engineering and property management	44.2	52.3	-	-	44.2	52.3
Streets and highways	22.0	51.8	-	-	22.0	51.8
Culture and recreation	43.9	57.0	-	-	43.9	57.0
Community planning and development	81.3	82.2	-	-	81.3	82.2
Interest and other charges	51.5	50.1	-	-	51.5	50.1
Water	-	-	157.3	148.4	157.3	148.4
Sewer	-	-	183.5	175.4	183.5	175.4
Storm water	-	-	25.4	24.7	25.4	24.7
Airport	-	-	289.8	261.3	289.8	261.3
Public Transit	-	-	263.9	219.2	263.9	219.2
Total expenses	840.4	903.1	919.9	829.0	1,760.3	1,732.1
Excess before transfers	225.8	103.5	288.3	270.9	514.1	374.4
Transfers	(23.2)	(22.9)	23.2	22.9	-	-
Increase (decrease) in net position	202.6	80.6	311.5	293.8	514.1	374.4
Net position - beginning	4,973.4	5,360.0	5,899.5	5,659.2	10,872.9	11,019.2
Restatement (Note 6.j.)	-	-	7.0	-	7.0	-
Cumulative change in accounting principal	-	(467.2)	-	(53.5)	-	(520.7)
Net position - beginning, restated	4,973.4	4,892.8	5,906.5	5,605.7	10,879.9	10,498.5
Net position - ending	\$ 5,176.0	\$ 4,973.4	\$ 6,218.0	\$ 5,899.5	\$ 11,394.0	\$ 10,872.9

Total government-wide revenues of \$2,274.4 were derived primarily from fees, fines, and charges for services (44 percent) and property and other taxes (40 percent). These sources of revenues increased 5 percent from the prior year, primarily due to an increase in property tax revenue.

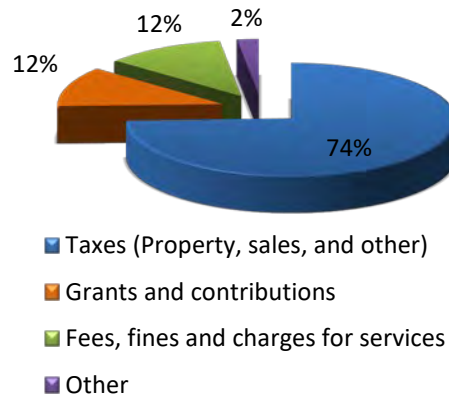
The total expenses of all programs were \$1,760.3. The expenses cover a range of services with the two largest being transportation (streets and highways, airport and public transit) for 33 percent and public safety (fire and police) for 25 percent.

Governmental Activities

As shown in the chart, property, sales and other taxes (74 percent) and fees, fines and charges for services (12 percent) were the major sources of revenues for governmental activities.

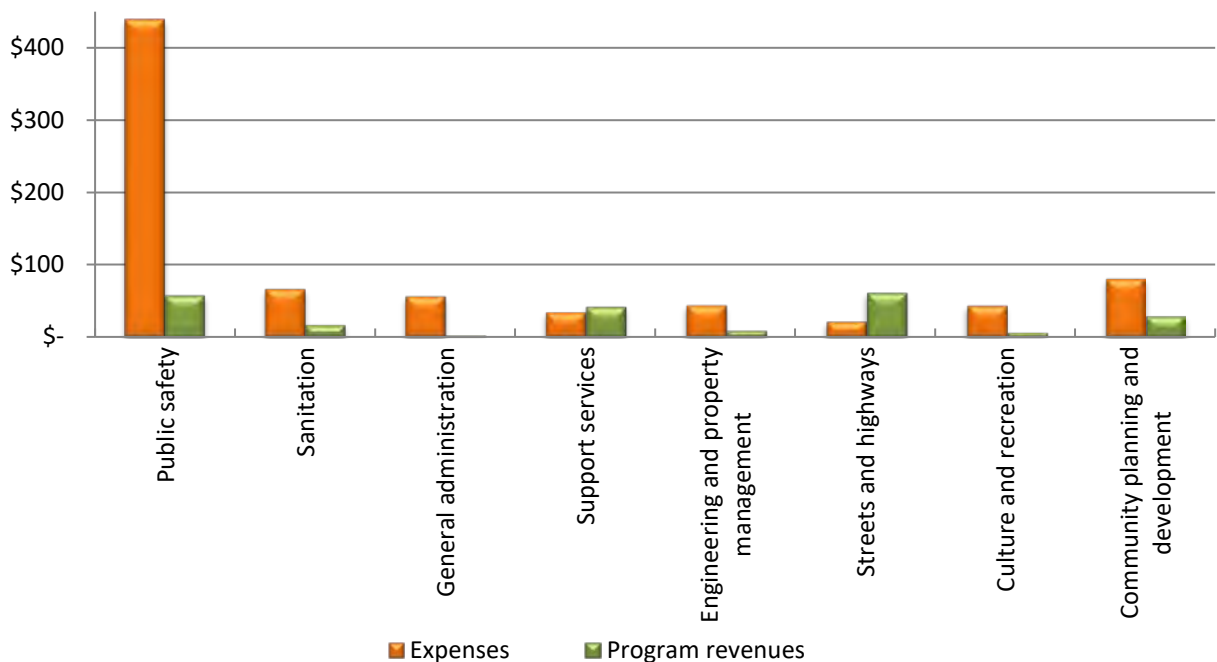
Governmental expenses decreased from \$903.1 to \$840.4 during this fiscal year. This decrease results mostly in part from increased capitalization of streets and highway. A decrease in public safety expenditures is due to a change in OPEB liability measurement date and reporting date, resulting in lower expenditure related to public safety pensions (Note 5.f.). As in prior years, public safety continues to be the largest expense with 52 percent in the current and 50 percent in the 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, sanitation, and community planning and development. The net cost shows the financial support provided by taxes and other general revenue sources not restricted to specific programs.

Governmental Expenses Compared with Program Revenues



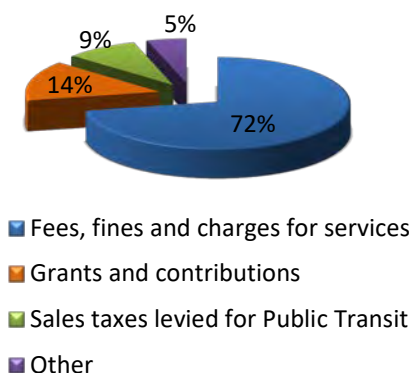
In addition to property and other taxes, the total cost of services of \$840.4 was supported by \$95.6 provided by other governments and organizations for specific programs and \$126.7 provided by fees, fines and charges from those who directly benefited from the programs.

Business-type Activities

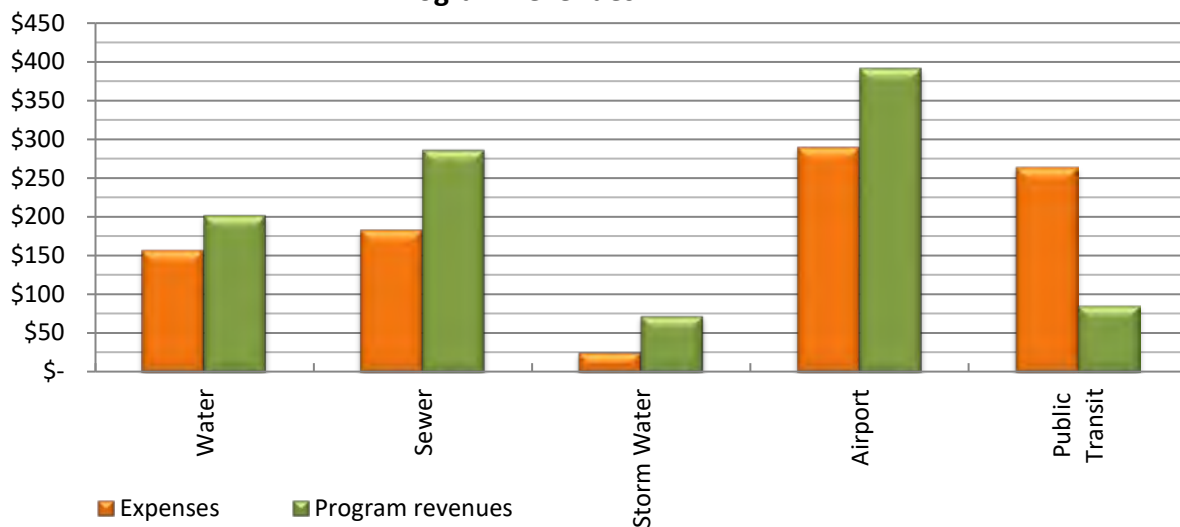
Revenues for the business-type activities were \$1,208.2 an increase of 10 percent from the prior year. This increase is mostly due to additional fees, fines, and charges for services as a result from the Airport increasing joint use fees, landing fees, and jet fuel sales.

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

**Business-type Revenues
by Source**



**Business-type Expenses Compared with
Program Revenues**



Transit expenses increased \$44.7 or 20 percent from the prior year due in part to a full year's worth of depreciation expenses relating to Blue Line Extension assets placed in service late in fiscal year 2018.

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, 2019, the governmental funds reported a combined fund balance of \$1,097.3, an increase of \$148.6 or 15.7 percent from last year. This amount consists of the following:

- (a) \$3.6 non-spendable for inventories, perpetual care, and prepaid items,
- (b) \$324.3 restricted for State Statute and specific programs,
- (c) \$479.7 committed primarily for capital projects,
- (d) \$173.3 assigned for debt service, and
- (e) \$116.4 unassigned.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$116.4, while total fund balance reached \$198.8. The City's Capital Investment Plan Financial Policies include a policy to maintain fund balance at 16 percent of the operating budget. Any portion in excess of 16 percent is dedicated to capital expenses, unless otherwise directed by City Council. At June 30, 2019 \$7.6 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 \$266.2, all of which will be used for either the payment of debt service or is restricted by State Statute. Debt service fund balance increased \$0.7 from the prior year due in part to the issuance of refunding debt. The capital projects fund has a total fund balance of \$381.8, almost all of which is committed for future capital projects. Capital project fund balance increased \$139.1 from the prior year due to additional financing from the issuance of installment purchases for the convention center, tourism, and other capital 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 \$382.1 in the Water and Sewer fund, \$118.9 in the Storm Water fund, \$438.6 in the Airport fund and \$372.7 in the Public Transit fund. The change in net position for the funds was \$162.1, \$48.8, \$132.0 and \$(33.6) respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were \$6.9 above the final budgeted amount. Sales tax revenues were \$2.5 greater than expected due to increased consumer activity during the year. Investment earnings were \$3.3 greater than expected due to increased market performance. Charges for current services revenues were \$2.6 greater than expected due to restructuring of Land Development to a “one-stop shop”. Fees normally collected as other licenses, fees and fines revenue were regrouped to charges for current services.

The fiscal 2019 budget increased 3.8 percent over the fiscal 2018 budget to address the Mayor and Council’s priorities, including neighborhood improvements, community safety, and economic growth locally and globally through business developments. The two largest revenue sources in the General fund are property tax and sales tax which comprise 68.8 percent of total revenue. Actual expenditures were \$1.4 below final budget amounts for fiscal year 2019.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At June 30, 2019, the City had \$13,867.2 (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 \$467.0, or 3.5 percent over last year. The following is a summary of capital assets at June 30, 2019 and 2018:

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,469.9	\$ 3,396.2	\$ 595.3	\$ 519.8	\$ 4,065.2	\$ 3,916.0
Buildings	821.1	844.3	861.0	742.5	1,682.1	1,586.8
Improvements other than buildings	-	-	4,785.3	4,540.3	4,785.3	4,540.3
Infrastructure	1,633.8	1,632.2	-	-	1,633.8	1,632.2
Intangibles	6.4	9.2	9.4	4.3	15.8	13.5
Machinery and equipment	70.8	65.7	319.4	326.9	390.2	392.6
Construction in progress	315.9	198.8	978.9	1,120.0	1,294.8	1,318.8
Totals	<u>\$ 6,317.9</u>	<u>\$ 6,146.4</u>	<u>\$ 7,549.3</u>	<u>\$ 7,253.8</u>	<u>\$ 13,867.2</u>	<u>\$ 13,400.2</u>

This year’s major capital asset additions included:

- Concourse A North Expansion - \$130.5
- Concourse A West Ramp Expansion - \$46.2
- Blue Line Extension Additions- \$27.6
- Wastewater Field Operations Zone 3 Facility - \$14.7

At June 30, 2019, authorized and unexpended capital projects totaled \$2,752.1 as follows: Governmental (\$1,095.8), Water and Sewer (\$790.9), Storm Water (\$202.9), Airport (\$402.2), and Public Transit (\$260.3). 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, 2019, the City had \$4,881.7 of debt outstanding in bonds, installment purchases, derivative instrument liability, and other financing agreements. This was an increase of \$179.1 over last year. Details by type of debt are presented in the following table:

Outstanding Debt						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General obligation bonds (backed by the City's taxing authority)	\$ 630.7	\$ 685.1	\$ 58.5	\$ 85.2	\$ 689.2	\$ 770.3
Direct placement revenue bond (backed by specific fee revenues)	-	-	2,644.4	2,524.2	2,644.4	2,524.2
Direct placement installment purchases	756.7	639.4	271.3	371.3	1,028.0	1,010.7
Direct placement general obligation bond anticipation notes	150.0	91.6	-	-	150.0	91.6
Direct placement revenue bond anticipation notes	-	-	92.4	52.4	92.4	52.4
Derivative instrument liability	41.6	32.7	34.6	26.0	76.2	58.7
Swaption borrowing payable	5.7	6.2	-	-	5.7	6.2
Direct borrowing TIFIA loan agreement	-	-	176.3	180.0	176.3	180.0
Direct borrowing section 108 loan guarantee	4.4	4.4	-	-	4.4	4.4
Direct borrowing loans and other financing agreements	-	-	15.1	4.1	15.1	4.1
Totals	<u>\$ 1,589.1</u>	<u>\$ 1,459.4</u>	<u>\$ 3,292.6</u>	<u>\$ 3,243.2</u>	<u>\$ 4,881.7</u>	<u>\$ 4,702.6</u>

New debt for 2019 resulted from issuing certificate of participation revenue bonds (\$329.3) for refunding debt; issuing general obligation bond anticipation notes for Water and Sewer (\$26.9); issuing revenue bond anticipation notes (\$199.7); and Airport revenue bonds (\$178.4).

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 major cities in the nation that maintains the highest financial category rating from these rating agencies. This achievement is a primary factor in keeping interest costs low on the City's outstanding debt.

The City's total debt of \$4,881.7 arises from both governmental and business-type activities. The largest portion of debt is revenue bonds (54.2 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, 2019, was \$5.6 billion. The City had \$570.5 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 2019, 21,538 building permits were issued with a value of over \$5.6 billion compared to 20,234 permits for 2018.
- Retail sales during 2018 were \$23.1 billion compared to \$21.7 billion for 2017.
- The June 2019 unemployment rate was 4.2 percent compared to 4.4 percent for the State and 3.8 percent for the nation.
- Assessed property valuations are expected to exceed \$142.7 billion for 2020 compared to \$98.8 billion for 2019, or an increase of 44.4 percent. North Carolina law mandates that counties reappraise all real property at least every eight years. Revaluation of real property during favorable economic conditions usually result in property values increasing.

The fiscal 2020 operating budget is \$1,635.1, an increase of 12.9 percent over fiscal year 2019. The development of the 2020 budget included a review of revenue and financial approaches that maintain a good value to tax and rate payers, are consistent with Council policy, and uphold the city's strong financial ratings.

The 2020 General fund budget is \$727.7 and reflects a 4.8 percent increase over fiscal year 2019. The two largest revenue sources in the General fund are property tax and sales tax which comprise 70.0 percent of total revenue.

The following are highlights for the 2020 budgets for the business-type activities:

- The Charlotte Water budget is \$168.1, a 6.1 percent increase over 2019 and includes an additional 39 positions to respond to increased demand due to the improving economy, enhance rehabilitation and replacement for an aging infrastructure, maintain compliance with regulatory requirements, and to provide a well-managed utility.
- The Storm Water budget is \$15.8, a 2.6 percent increase over 2019 and includes 18 additional positions to support an increase in the number of completed capital projects.
- The Airport budget is \$191.3, an 11.2 percent increase over 2019, and includes an additional 49 positions in a variety of capacities, including community relations, customer service, training and developing staff, security, continued expansion of the terminal and airfield, and asset preservation.
- The Public Transit budget is \$169.5, a 9.8 percent increase over 2019, and includes an additional 48 positions to provide support for rail maintenance of the Blue Line Extension and preparations for Gold Line Phase II.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



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FINANCIAL SECTION - BASIC FINANCIAL STATEMENTS

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2019
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
ASSETS				
Cash, cash equivalents and investments	\$ 814,148	\$ 1,419,485	\$ 2,233,633	\$ 28,582
Receivables, net	19,708	113,037	132,745	1,974
Due from other governmental agencies	106,085	145,860	251,945	894
Due from component unit	2,638	-	2,638	-
Due from primary government	-	-	-	2,899
Internal balances	(7,280)	7,280	-	-
Inventories	96	14,097	14,193	575
Prepaid items	1,083	1,293	2,376	1,584
Restricted assets:				
Temporarily restricted-				
Cash and cash equivalents	2,380	307,377	309,757	-
Investments	275,081	179,640	454,721	-
Permanently restricted-				
Cash, cash equivalents and investments	3,111	-	3,111	-
Notes receivable	104,775	-	104,775	-
Net OPEB asset (Note 5.f.)	-	648	648	-
Capital assets (Note 4.f.)				
Land	3,469,904	595,306	4,065,210	-
Buildings, improvements, infrastructure, intangibles, and machinery and equipment, net	2,532,124	5,975,183	8,507,307	-
Construction in progress	315,830	978,851	1,294,681	-
Total assets	<u>7,639,683</u>	<u>9,738,057</u>	<u>17,377,740</u>	<u>36,508</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals (Note 5)	214,176	24,466	238,642	3,439
OPEB deferrals (Note 5.f.)	1,693	238	1,931	3,048
Contributions to pension plan in current fiscal year (Note 5)	38,216	9,878	48,094	1,369
Accumulated decrease in fair value of hedging derivatives	41,633	34,571	76,204	-
Unamortized bond refunding charges	3,376	11,117	14,493	-
Total deferred outflows of resources	<u>299,094</u>	<u>80,270</u>	<u>379,364</u>	<u>7,856</u>
LIABILITIES				
Accounts payable/claims payable	90,989	97,179	188,168	8,475
Deposits and retainage payable	8,126	21,871	29,997	4,046
Accrued interest payable	13,488	33,759	47,247	-
Due to component unit	2,828	71	2,899	-
Due to primary government	-	-	-	2,638
Unearned revenues	1,148	3,170	4,318	36
Liabilities payable from restricted assets	29,899	86,891	116,790	-
Noncurrent liabilities:				
Net pension liability (Note 5)	395,541	43,165	438,706	6,003
Total OPEB liability (Note 5.f.)	359,765	10,374	370,139	23,112
Due within one year	292,745	115,563	408,308	-
Due after one year	<u>1,372,658</u>	<u>3,172,836</u>	<u>4,545,494</u>	<u>812</u>
Total liabilities	<u>2,567,187</u>	<u>3,584,879</u>	<u>6,152,066</u>	<u>45,122</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	134	-	134	-
Pension deferrals (Note 5)	87,116	233	87,349	32
OPEB deferrals (Note 5.f.)	<u>108,285</u>	<u>15,227</u>	<u>123,512</u>	<u>3,010</u>
Total deferred inflows of resources	<u>195,535</u>	<u>15,460</u>	<u>210,995</u>	<u>3,042</u>
NET POSITION				
Net investment in capital assets	5,057,912	4,514,469	9,572,381	-
Restricted for:				
State statute	77,314	-	77,314	-
Debt service	-	82,479	82,479	-
Perpetual care - Nonexpendable	3,111	-	3,111	-
Other purposes (Note 1.d.(8))	246,944	-	246,944	-
Passenger facility charges	-	217,620	217,620	-
Contract facility charges	-	41,225	41,225	-
Airport working capital	-	42,605	42,605	-
Unrestricted	<u>(209,226)</u>	<u>1,319,590</u>	<u>1,110,364</u>	<u>(3,800)</u>
Total net position	<u>\$ 5,176,055</u>	<u>\$ 6,217,988</u>	<u>\$ 11,394,043</u>	<u>\$ (3,800)</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, 2019
(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	\$ 439,381	\$ 42,804	\$ 11,028	\$ 3,255
Sanitation	66,888	16,247	734	-
General administration	56,604	2,154	-	-
Support services	34,573	41,460	-	-
Engineering and property management	44,253	9,088	6	41
Streets and highways	21,958	5,890	21,797	33,034
Culture and recreation	43,902	1,014	5,048	-
Community planning and development	81,270	8,016	20,273	386
Interest and other charges	51,559	-	-	-
Total governmental	<u>840,388</u>	<u>126,673</u>	<u>58,886</u>	<u>36,716</u>
Business-type-				
Water	157,345	181,823	-	21,181
Sewer	183,496	242,504	-	44,731
Storm water	25,448	73,082	-	-
Airport	289,791	344,049	-	47,928
Public transit	263,871	27,685	30,854	28,282
Total business-type	<u>919,951</u>	<u>869,143</u>	<u>30,854</u>	<u>142,122</u>
Total primary government	<u>\$ 1,760,339</u>	<u>\$ 995,816</u>	<u>\$ 89,740</u>	<u>\$ 178,838</u>
Component Unit:				
Charlotte Regional				
Visitors Authority	<u>\$ 81,172</u>	<u>\$ 44,989</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, previously reported				
Restatement (Note 6.j.)				
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
\$ (382,294)	\$ -	\$ (382,294)	\$ -
(49,907)	-	(49,907)	-
(54,450)	-	(54,450)	-
6,887	-	6,887	-
(35,118)	-	(35,118)	-
38,763	-	38,763	-
(37,840)	-	(37,840)	-
(52,595)	-	(52,595)	-
(51,559)	-	(51,559)	-
<u>(618,113)</u>	<u>-</u>	<u>(618,113)</u>	<u>-</u>
-	45,659	45,659	-
-	103,739	103,739	-
-	47,634	47,634	-
-	102,186	102,186	-
-	(177,050)	(177,050)	-
-	122,168	122,168	-
<u>(618,113)</u>	<u>122,168</u>	<u>(495,945)</u>	<u>-</u>
-	-	-	(36,183)
490,890	-	490,890	-
135,068	-	135,068	-
-	107,535	107,535	-
54,338	-	54,338	-
59,680	-	59,680	-
35,512	-	35,512	-
17	-	17	-
18,092	-	18,092	-
-	-	-	35,299
27,519	-	27,519	-
20,091	48,690	68,781	348
2,754	9,920	12,674	160
<u>(23,189)</u>	<u>23,189</u>	<u>-</u>	<u>-</u>
<u>820,772</u>	<u>189,334</u>	<u>1,010,106</u>	<u>35,807</u>
<u>202,659</u>	<u>311,502</u>	<u>514,161</u>	<u>(376)</u>
4,973,396	5,899,459	10,872,855	(3,549)
-	7,027	7,027	125
<u>4,973,396</u>	<u>5,906,486</u>	<u>10,879,882</u>	<u>(3,424)</u>
<u>\$ 5,176,055</u>	<u>\$ 6,217,988</u>	<u>\$ 11,394,043</u>	<u>\$ (3,800)</u>

CITY OF CHARLOTTE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019
(In Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and investments	\$ 185,154	\$ 252,972	\$ 39,592	\$ 209,298	\$ 687,016
Receivables, net:					
Property taxes	7,402	1,707	239	117	9,465
Accounts	3,571	-	34	31	3,636
Other	-	-	-	65	65
Total receivables	10,973	1,707	273	213	13,166
Due from other governmental agencies	51,806	6,880	28,181	19,210	106,077
Due from other funds	-	6,226	-	-	6,226
Due from component unit	-	2,340	298	-	2,638
Inventories	-	-	96	-	96
Prepaid items	-	-	-	418	418
Restricted assets:					
Cash and cash equivalents	-	273	2,107	-	2,380
Investments	-	13	275,068	-	275,081
Total restricted assets	-	286	277,175	-	277,461
Notes receivable	-	-	74,360	30,415	104,775
Total assets	<u>\$ 247,933</u>	<u>\$ 270,411</u>	<u>\$ 419,975</u>	<u>\$ 259,554</u>	<u>\$ 1,197,873</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 29,822	\$ 149	\$ 4	\$ 5,999	\$ 35,974
Deposits and retainage payable	7,742	-	-	384	8,126
Due to other funds	526	-	6,226	-	6,752
Due to component unit	-	-	1,465	1,363	2,828
Unearned revenues	-	-	-	1,148	1,148
Liabilities payable from restricted assets	-	-	29,899	-	29,899
Total liabilities	<u>38,090</u>	<u>149</u>	<u>37,594</u>	<u>8,894</u>	<u>84,727</u>
Deferred inflows of resources:					
Prepaid taxes	134	-	-	-	134
Unavailable revenues	10,949	4,048	571	187	15,755
Total deferred inflows of resources	<u>11,083</u>	<u>4,048</u>	<u>571</u>	<u>187</u>	<u>15,889</u>
Fund balances:					
Nonspendable:					
Inventories	-	-	96	-	96
Perpetual care	-	-	-	3,111	3,111
Prepaid items	-	-	-	418	418
Restricted:					
State statute	70,411	6,903	-	-	77,314
Other purposes (Note 1.d.(8))	-	-	-	246,944	246,944
Committed:					
Capital projects	7,624	-	381,714	-	389,338
Other purposes (Note 1.d.(8))	4,297	86,000	-	-	90,297
Assigned:					
Debt service	-	173,311	-	-	173,311
Unassigned (Note 1.d.(8))	116,428	-	-	-	116,428
Total fund balances	<u>198,760</u>	<u>266,214</u>	<u>381,810</u>	<u>250,473</u>	<u>1,097,257</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 247,933</u>	<u>\$ 270,411</u>	<u>\$ 419,975</u>	<u>\$ 259,554</u>	<u>\$ 1,197,873</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, 2019
(In Thousands)

Total fund balances for governmental funds	\$ 1,097,257
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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.	6,317,846
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Contributions to pension plans in the current fiscal year are deferred outflows of resources.	38,077
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Contributions to OPEB plans in the current fiscal year are deferred outflows of resources.	1,689
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	66,349
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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.	54,065
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Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 2.a.)	(1,664,094)
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Net pension liability	(394,933)
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Pension related deferrals	126,718
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Net OPEB liability	(358,894)
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OPEB related deferrals	<u>(108,025)</u>
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Total net position of governmental activities	<u>\$ 5,176,055</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, 2019
(In Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 379,803	\$ 94,396	\$ 11,863	\$ 5,989	\$ 492,051
Other taxes	120,382	21,938	12,546	92,948	247,814
Intergovernmental	99,819	1,578	30,242	57,193	188,832
Licenses, fees and fines	33,844	57	15,196	-	49,097
Investment earnings	4,302	6,361	5,856	5,116	21,635
Administrative charges	44,716	-	-	-	44,716
Charges for current services	9,832	-	-	-	9,832
Miscellaneous	2,960	320	610	5,362	9,252
Private contributions	-	-	2,371	-	2,371
Total revenues	<u>695,658</u>	<u>124,650</u>	<u>78,684</u>	<u>166,608</u>	<u>1,065,600</u>
EXPENDITURES:					
Current-					
Public safety	407,098	-	-	13,136	420,234
Sanitation	64,032	-	-	-	64,032
General administration	50,056	-	-	1,921	51,977
Support services	29,250	-	-	-	29,250
Engineering and property management	23,558	-	-	-	23,558
Streets and highways	34,166	-	-	24,665	58,831
Culture and recreation	5,753	-	-	25,806	31,559
Community planning and development	35,711	-	(8,634)	26,161	53,238
Debt service-					
Principal	-	121,309	-	-	121,309
Interest and other charges	-	61,918	-	-	61,918
Capital outlay	-	-	234,489	-	234,489
Total expenditures	<u>649,624</u>	<u>183,227</u>	<u>225,855</u>	<u>91,689</u>	<u>1,150,395</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,034</u>	<u>(58,577)</u>	<u>(147,171)</u>	<u>74,919</u>	<u>(84,795)</u>
OTHER FINANCING SOURCES (USES):					
Sales of capital assets	1,526	-	1,401	185	3,112
General obligation bonds issued	-	-	58,435	-	58,435
Installment purchases issued	-	-	170,205	-	170,205
Refunding debt issued	-	150,905	-	-	150,905
Premium on debt issuance	-	26,939	22,147	-	49,086
Payment to refunded bond escrow agent	-	(175,155)	-	-	(175,155)
Transfers in	4,362	85,506	68,253	17,046	175,167
Transfers out	(48,473)	(28,945)	(34,187)	(86,732)	(198,337)
Total other financing sources (uses)	<u>(42,585)</u>	<u>59,250</u>	<u>286,254</u>	<u>(69,501)</u>	<u>233,418</u>
Net change in fund balances	<u>3,449</u>	<u>673</u>	<u>139,083</u>	<u>5,418</u>	<u>148,623</u>
Fund balances - beginning	<u>195,311</u>	<u>265,541</u>	<u>242,727</u>	<u>245,055</u>	<u>948,634</u>
Fund balances - ending	<u>\$ 198,760</u>	<u>\$ 266,214</u>	<u>\$ 381,810</u>	<u>\$ 250,473</u>	<u>\$ 1,097,257</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, 2019
(In Thousands)

Net change in fund balances - total governmental funds \$ 148,623

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 depreciation exceeded capital outlays in the current period. (Note 2.b.) 56,465

Contributions to the pension plan in the current fiscal year are not included on the statement of activities. 38,077

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (Note 2.b.) 114,978

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,738

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.) (131,643)

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.) (26,959)

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. 1,380

Change in net position of governmental activities \$ 202,659

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, 2019
(In Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 377,911	\$ 377,911	\$ 379,803	\$ 1,892
Sales tax	110,794	110,794	113,335	2,541
Other taxes	6,503	6,503	7,047	544
Utilities sales tax	53,000	53,000	54,338	1,338
CATV franchises	7,847	7,847	7,183	(664)
Other intergovernmental	39,931	40,231	38,298	(1,933)
Refuse fees	15,698	15,698	15,877	179
Other licenses, fees and fines	22,099	22,099	17,967	(4,132)
Investment earnings	1,051	1,051	4,302	3,251
Administrative charges	43,349	43,349	44,716	1,367
Charges for current services	7,260	7,260	9,832	2,572
Miscellaneous	3,508	3,508	2,960	(548)
Sales of capital assets	980	980	1,526	546
Transfers in-				
Debt Service	123	123	123	-
Special Revenue - Convention Center Tax	4,236	4,236	4,183	(53)
Cemetery Trust	96	96	56	(40)
Total transfers in	4,455	4,455	4,362	(93)
Resources available for appropriation	694,386	694,686	701,546	\$ 6,860
Fund balance appropriated (contributed)	-	23,435	15,132	
Total amounts available for appropriation	\$ 694,386	\$ 718,121	\$ 716,678	
EXPENDITURES:				
Public safety	\$ 399,367	\$ 406,707	\$ 413,676	\$ (6,969)
Sanitation	61,698	65,222	65,222	-
General administration	50,460	52,140	51,931	209
Support services	31,443	34,808	32,961	1,847
Engineering and property management	25,454	27,862	25,662	2,200
Streets and highways	37,963	39,006	35,939	3,067
Culture and recreation	5,753	5,753	5,753	-
Community planning and development	36,363	38,614	37,061	1,553
Transfers out-				
Debt Service	19,065	19,066	19,530	(464)
Capital Projects	20,920	22,843	22,843	-
Special Revenue:				
State Street Aid	4,261	4,261	4,261	-
Tourism	1,291	1,291	1,291	-
Public Safety and Other Grants	348	348	348	-
Enterprise - Public Transit	-	200	200	-
Total transfers out	45,885	48,009	48,473	(464)
Total charges to appropriations	\$ 694,386	\$ 718,121	\$ 716,678	\$ 1,443

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, 2019
(In Thousands)

Sources (inflows) of resources:

Actual amounts (budgetary basis) "available for appropriation" from the statement of budgetary comparison	\$ 716,678
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.	(15,132)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(4,362)
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>(1,526)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 695,658</u>

Uses (outflows) of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the statement of budgetary comparison	\$ 716,678
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.	(18,581)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(48,473)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 649,624</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, 2019
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
ASSETS			
Current assets:			
Cash, cash equivalents and investments	\$ 396,156	\$ 120,489	\$ 644,555
Receivables, net-			
Accounts	51,207	11,277	36,991
Other	2,664	807	6,389
Total receivables	53,871	12,084	43,380
Due from other governmental agencies	3,130	615	7,245
Due from other funds	-	-	-
Prepaid items	-	-	-
Inventories	1,932	-	-
Restricted assets-			
Cash and cash equivalents	1,007	16	306,351
Investments	10,475	111	166,953
Total restricted assets	11,482	127	473,304
Total current assets	466,571	133,315	1,168,484
Long term assets:			
Net OPEB asset	-	-	648
Capital assets-			
Land	52,615	768	374,666
Buildings	44,598	-	1,050,562
Improvements other than buildings:			
Water and sewer systems	4,983,254	-	-
Storm water systems	-	598,882	-
Runways	-	-	444,993
Transit corridors	-	-	-
Other	-	-	233,517
Total improvements other than buildings	4,983,254	598,882	678,510
Intangibles	20,839	3,619	6,642
Machinery and equipment	56,395	345	140,112
Construction in progress	325,289	229,916	390,568
Total capital assets	5,482,990	833,530	2,641,060
Less accumulated depreciation	1,858,052	88,852	870,265
Total capital assets, net	3,624,938	744,678	1,770,795
Total long term assets	3,624,938	744,678	1,771,443
Total assets	4,091,509	877,993	2,939,927
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	10,358	1,917	6,600
OPEB deferrals	135	16	50
Contributions to pension plan in current fiscal year	4,182	774	2,665
Accumulated decreases in fair value of hedging derivatives	34,571	-	-
Unamortized bond refunding charges	9,527	864	711
Total deferred outflows of resources	58,773	3,571	10,026

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

Enterprise Funds		Governmental Activities -
Public Transit	Total	Internal Service Funds
\$ 258,285	\$ 1,419,485	\$ 130,243
1,111	100,586	-
2,591	12,451	957
3,702	113,037	957
134,870	145,860	8
-	-	526
1,293	1,293	665
12,165	14,097	-
3	307,377	-
2,101	179,640	-
2,104	487,017	-
412,419	2,180,789	132,399
-	648	-
167,257	595,306	-
404,174	1,499,334	-
-	4,983,254	-
-	598,882	-
-	444,993	-
895,237	895,237	-
47,950	281,467	-
943,187	7,203,833	-
13,920	45,020	-
371,486	568,338	165
33,078	978,851	-
1,933,102	10,890,682	165
524,173	3,341,342	153
1,408,929	7,549,340	12
1,408,929	7,549,988	12
1,821,348	9,730,777	132,411
5,591	24,466	345
37	238	4
2,257	9,878	139
-	34,571	-
15	11,117	-
7,900	80,270	488

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION-(Continued)
PROPRIETARY FUNDS
JUNE 30, 2019
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 35,055	\$ 7,636	\$ 39,418
Claims payable	-	-	-
Deposits and retainage payable	9,382	2,698	2,523
Accrued interest payable	32,014	566	-
Due to component unit	-	-	71
Unearned revenue	-	-	3,170
Current maturities of noncurrent liabilities	94,056	8,400	1,720
Current liabilities payable from restricted assets-			
Accounts payable	320	111	31,896
Deposits and retainage payable	-	-	10,890
Accrued interest payable	-	-	17,377
Revenue bonds payable	-	-	24,196
Total current liabilities payable from restricted assets	320	111	84,359
Total current liabilities	170,827	19,411	131,261
Noncurrent liabilities:			
General obligation bonds payable - net of unamortized premium	34,688	2,952	-
Revenue bonds payable - net of unamortized premium	1,455,363	143,830	947,248
Revenue bond anticipation notes payable	32,947	49,067	10,435
Installment purchases - net of unamortized premium	7,880	-	-
TIFIA loan agreement	-	-	-
Derivative instrument liability	34,571	-	-
Federal revolving loan payable	-	779	-
State revolving loan payable	13,765	-	-
Refundable water and sewer construction deposits	4,699	-	-
Due to participants	-	-	-
Compensated absences payable	3,106	259	2,375
Net pension liability	18,275	3,382	11,644
Net OPEB liability	5,474	1,531	-
Total noncurrent liabilities	1,610,768	201,800	971,702
Total liabilities	1,781,595	221,211	1,102,963

DEFERRED INFLOWS OF RESOURCES

Pension deferrals	99	18	63
OPEB deferrals	8,661	1,023	3,172
Total deferred inflows of resources	8,760	1,041	3,235

NET POSITION

Net investment in capital assets	1,977,806	540,370	1,021,272
Restricted for:			
Debt service	-	-	82,479
Passenger facility charges	-	-	217,620
Contract facility charges	-	-	41,225
Working capital	-	-	42,605
Unrestricted	382,121	118,942	438,554
Total net position	\$ 2,359,927	\$ 659,312	\$ 1,843,755

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
\$ 15,070	\$ 97,179	\$ 1,647
-	-	53,368
7,268	21,871	-
1,179	33,759	-
-	71	-
-	3,170	-
11,387	115,563	84
2,101	34,428	-
-	10,890	-
-	17,377	-
-	24,196	-
2,101	86,891	-
37,005	358,504	55,099
-	37,640	-
-	2,546,441	-
-	92,449	-
253,553	261,433	-
172,411	172,411	-
-	34,571	-
-	779	-
-	13,765	-
-	4,699	-
-	-	14,624
2,908	8,648	89
9,864	43,165	608
3,369	10,374	871
442,105	3,226,375	16,192
479,110	3,584,879	71,291
53	233	3
2,371	15,227	260
2,424	15,460	263
975,021	4,514,469	12
-	82,479	-
-	217,620	-
-	41,225	-
-	42,605	-
372,693	1,312,310	61,333
\$ 1,347,714	6,210,708	\$ 61,345
	7,280	
	<u>\$ 6,217,988</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
OPERATING REVENUES:			
Charges for services	\$ 343,705	\$ 73,082	\$ 254,462
Availability fees	51,141	-	-
System development fees	23,829	-	-
Miscellaneous	5,652	-	12,856
Total operating revenues	<u>424,327</u>	<u>73,082</u>	<u>267,318</u>
OPERATING EXPENSES:			
Administration	26,136	2,868	30,230
Operations and maintenance	127,432	7,510	108,911
Claims and insurance premiums	-	-	-
Other	542	-	24,485
Depreciation	126,224	9,770	63,104
Total operating expenses	<u>280,334</u>	<u>20,148</u>	<u>226,730</u>
Operating income (loss)	<u>143,993</u>	<u>52,934</u>	<u>40,588</u>
NONOPERATING REVENUES (EXPENSES):			
Sales tax	-	-	-
Grant contributions	-	-	-
Passenger facility charges	-	-	63,161
Contract facility charges	-	-	13,570
Private contributions	-	-	5,000
Investment earnings	10,287	3,071	25,548
Interest expense and other charges	(61,377)	(5,420)	(34,640)
Non-airline terminal revenue distribution	-	-	(28,971)
Miscellaneous	3,425	(1,759)	4,874
Total nonoperating revenues (expenses)	<u>(47,665)</u>	<u>(4,108)</u>	<u>48,542</u>
Income (loss) before contributions and transfers	96,328	48,826	89,130
CAPITAL CONTRIBUTIONS	65,912	-	42,928
TRANSFERS IN	-	-	-
TRANSFERS OUT	(98)	(37)	(67)
Change in net position	<u>162,142</u>	<u>48,789</u>	<u>131,991</u>
Total net position - beginning	2,197,785	610,523	1,711,625
Restatement (Note 6.j.)	-	-	139
Total net position - beginning, restated	<u>2,197,785</u>	<u>610,523</u>	<u>1,711,764</u>
Total net position - ending	<u>\$ 2,359,927</u>	<u>\$ 659,312</u>	<u>\$ 1,843,755</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
\$ 27,685	\$ 698,934	\$ 135,395
-	51,141	-
-	23,829	-
-	18,508	-
<u>27,685</u>	<u>792,412</u>	<u>135,395</u>
17,616	76,850	17,814
140,439	384,292	-
-	-	117,294
-	25,027	-
<u>90,748</u>	<u>289,846</u>	<u>2</u>
<u>248,803</u>	<u>776,015</u>	<u>135,110</u>
<u>(221,118)</u>	<u>16,397</u>	<u>285</u>
107,535	107,535	-
30,854	30,854	-
-	63,161	-
-	13,570	-
-	5,000	-
9,784	48,690	3,302
(15,716)	(117,153)	-
-	(28,971)	-
<u>3,380</u>	<u>9,920</u>	<u>-</u>
<u>135,837</u>	<u>132,606</u>	<u>3,302</u>
(85,281)	149,003	3,587
28,282	137,122	-
23,561	23,561	-
<u>(170)</u>	<u>(372)</u>	<u>(19)</u>
<u>(33,608)</u>	<u>309,314</u>	<u>3,568</u>
1,374,434		57,777
<u>6,888</u>		<u>-</u>
<u>1,381,322</u>		<u>57,777</u>
<u>\$ 1,347,714</u>		<u>\$ 61,345</u>
	2,188	
	<u>\$ 311,502</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 420,058	\$ 72,292	\$ 266,381
Receipts from participants	-	-	-
Payments to suppliers	(68,022)	3,580	(90,630)
Internal activity - (payments to) receipts from other funds	(28,019)	(2,064)	(27,973)
Receipts from trust	-	-	-
Receipts from recovery of losses	-	-	-
Payments to employees	(53,185)	(10,753)	(38,193)
Payments to airlines for non-airline terminal revenue distribution	-	-	(28,357)
Payments for claims	-	-	-
Payments for premiums	-	-	-
Other receipts (payments)	13,018	136	5,353
Net cash provided (used) by operating activities	<u>283,850</u>	<u>63,191</u>	<u>86,581</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	-	-	-
Sales tax	-	-	-
Transfers	(98)	(37)	(67)
Net cash provided (used) by noncapital financing activities	<u>(98)</u>	<u>(37)</u>	<u>(67)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital debt	53,498	40,233	179,060
Passenger facility charges	-	-	62,620
Contract facility charges	-	-	13,594
Acquisition and construction of capital assets	(233,918)	(69,812)	(229,391)
Principal paid on capital debt	(86,676)	(6,677)	(14,780)
Interest and other charges paid on capital debt	(64,225)	(6,494)	(38,365)
Capital contributions	3,737	-	47,907
Net cash provided (used) by capital and related financing activities	<u>(327,584)</u>	<u>(42,750)</u>	<u>20,645</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(8,954)	(3)	(170,062)
Proceeds from sale and maturities of investments	466	-	33,145
Interest received	9,953	2,768	23,617
Net cash provided (used) by investing activities	<u>1,465</u>	<u>2,765</u>	<u>(113,300)</u>
Net increase (decrease) in cash, cash equivalents and investments	(42,367)	23,169	(6,141)
Cash, cash equivalents and investments - beginning of year	439,530	97,336	957,047
Cash, cash equivalents and investments - end of year	<u>\$ 397,163</u>	<u>\$ 120,505</u>	<u>\$ 950,906</u>

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

Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ 28,302	\$ 787,033	\$ -
-	-	35,968
(67,508)	(222,580)	(17,499)
(13,956)	(72,012)	81,142
-	-	24,054
-	-	1,602
(73,352)	(175,483)	(1,656)
-	(28,357)	-
-	-	(93,262)
-	-	(32,168)
4,121	22,628	41
(122,393)	311,229	(1,778)
31,965	31,965	-
106,618	106,618	-
23,391	23,189	(19)
161,974	161,772	(19)
-	272,791	-
-	62,620	-
-	13,594	-
(54,740)	(587,861)	-
(108,806)	(216,939)	-
(16,816)	(125,900)	-
172,770	224,414	-
(7,592)	(357,281)	-
(43)	(179,062)	-
-	33,611	-
8,405	44,743	3,672
8,362	(100,708)	3,672
40,351	15,012	1,875
217,937	1,711,850	128,368
<u>\$ 258,288</u>	<u>\$ 1,726,862</u>	<u>\$ 130,243</u>

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS-(Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(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)	\$ 143,993	\$ 52,934	\$ 40,588
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities-			
Depreciation	126,224	9,770	63,104
Other receipts (payments)	13,018	136	5,353
Non-airline terminal revenue distribution	-	-	(28,357)
Change in assets and liabilities:			
(Increase) decrease in receivables	(4,327)	(790)	(937)
(Increase) decrease in due from other governmental agencies	(182)	6	(48)
Decrease in due from other funds	-	-	-
(Increase) decrease in inventories	(258)	-	-
(Increase) in prepaid insurance	-	-	-
(Increase) in deferred outflows of resources for pensions	(5,900)	(1,101)	(3,942)
(Increase) in net OPEB asset	-	-	(648)
Decrease in deferred outflows of resources for OPEB	1,765	122	2,465
Increase (decrease) in accounts payable	1,240	340	5,435
Increase in claims payable	-	-	-
(Decrease) in due to participants	-	-	-
Increase (decrease) in deposits and retainage payable	58	102	(1,059)
Increase in due to component unit	-	-	4
Increase in net pension liability	7,205	1,345	4,824
(Decrease) in deferred inflows of resources for pensions	(220)	(41)	(134)
Increase in deferred inflows of resources for OPEB	8,639	1,020	3,164
Increase in compensated absences payable	541	43	591
(Decrease) in net OPEB liability	(7,946)	(695)	(3,822)
Total adjustments	139,857	10,257	45,993
Net cash provided (used) by operating activities	\$ 283,850	\$ 63,191	\$ 86,581
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Donated assets	\$ 61,785	\$ -	\$ -
Proceeds from refunding bonds	28,414	-	101,265
Payment to refunded bond escrow agent	(28,414)	-	(101,265)
Net noncash investing, capital and financing activities	\$ 61,785	\$ -	\$ -

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

Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ (221,118)	\$ 16,397	\$ 285
90,748	289,846	2
4,121	22,628	-
-	(28,357)	-
617	(5,437)	127
24	(200)	-
-	-	40
76	(182)	-
-	-	(648)
(3,079)	(14,022)	(171)
-	(648)	-
632	4,984	42
2,480	9,495	(818)
-	-	2,968
-	-	(3,698)
-	(899)	-
-	4	-
3,754	17,128	206
(123)	(518)	(9)
2,362	15,185	259
303	1,478	4
(3,190)	(15,653)	(367)
98,725	294,832	(2,063)
\$ (122,393)	\$ 311,229	\$ (1,778)
\$ -	\$ 61,785	\$ -
-	129,679	-
-	(129,679)	-
\$ -	\$ 61,785	\$ -

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019
(In Thousands)

ASSETS

Cash and cash equivalents	\$ 7,911
Receivables:	
Employer contributions	187
Member contributions	187
Interest and dividends	660
Prepaid items	<u>7</u>
Total receivables	<u>1,041</u>
Investments:	
Equity securities - stocks	146,203
Fixed income securities - bonds	117,078
Mutual funds	<u>387,916</u>
Total investments	<u>651,197</u>
Capital assets	632
Less accumulated depreciation	<u>339</u>
Total capital assets, net	<u>293</u>
Total assets	660,442

LIABILITIES

Accounts payable	<u>759</u>
------------------	------------

NET POSITION

Net position restricted for pensions	<u>\$ 659,683</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 CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

ADDITIONS:

Contributions-	
Member	\$ 10,610
Employer	<u>29,023</u>
Total contributions	<u>39,633</u>
Investment income-	
Net appreciation in fair value of investments	22,673
Interest	3,899
Dividends	3,961
Other	<u>5</u>
Total investment income	<u>30,538</u>
Investment expense	<u>3,181</u>
Net investment income	<u>27,357</u>
Total additions	<u>66,990</u>

DEDUCTIONS:

Benefits	41,156
Refunds	416
Insurance premiums	7,693
Administration	2,174
Depreciation	<u>49</u>
Total deductions	<u>51,488</u>
Change in net position	15,502
Net position - beginning	<u>644,181</u>
Net position - ending	<u>\$659,683</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, 2019

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JUNE 30, 2019

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CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019
(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 that is governed by an elected mayor and eleven-member council. As required by generally accepted accounting principles, 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.

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,

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2019
(Dollar Amounts in Thousands)

intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds, charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

The City reports the following fund types:

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

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

c. Measurement Focus and Basis of Accounting

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

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, 2019, 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

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

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

(1) Cash and Investments

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

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

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

The 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. As of June 30, 2019, The Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

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

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

(2) Receivables and Payables

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

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

(3) Inventory and Prepaid Items

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

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

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

(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 to the value of the asset or materially extend the asset's life are not capitalized.

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Capital assets are assets with an initial, individual cost of \$5 or more, 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

(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 several items that meet this criterion, pension and OPEB deferrals, contributions made to the pension and OPEB plans in the current fiscal year, the accumulated decrease in the fair value of hedging derivatives and the unamortized bond refunding charges. 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 inflow 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 and OPEB expenses. In the governmental funds, the City also has unavailable revenues that are reported as deferred inflows.

(6) Noncurrent Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Bond issuance costs are expensed in the reporting period in which they are incurred.

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

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

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(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 the length of service. Effective January 1, 2016 vacation in excess of the maximum accumulation is transferred into the employee's sick leave balance. Unused vacation days are payable upon termination, resignation, retirement or death.

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 employees 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 in governmental activities is restricted for other purposes as follows:

Public safety	\$ 13,716
Culture and recreation	189,915
Community planning and development	34,526
Streets and highways	8,787
Total	<u>\$ 246,944</u>

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

The governmental fund types classify fund balances as follows:

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

Inventories - \$96 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.

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Prepaid items - \$418 of fund balance that is not an available resource because it represents the amount of prepaid expenses.

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 - \$77,314 of fund balance that is not an available resource for appropriation in accordance with State law [G.S.159-8(a)]. North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for other purposes:

Public safety - \$13,716 of fund balance that is restricted by revenue source for public safety and 911 system expenditures.

Cultural and recreation - \$189,915 of fund balance that is restricted by revenue source for convention and tourism expenditures.

Community planning and development - \$34,526 of fund balance that is restricted by revenue source for neighborhood expenditures.

Streets and highways - \$8,787 of Powell Bill and other fund balance that is restricted by revenue source for street construction and maintenance expenditures. For the Special Revenue funds, this amount represents the balance of the total unexpended Powell Bill and other grant funds.

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

Committed for Capital projects - \$389,338 of fund balance committed by the City Council for capital projects.

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Committed for other purposes:

Component unit - \$4,297 of fund balance committed by the City Council in the General fund for the Charlotte Regional Visitors Authority.

Debt service - \$86,000 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 - \$173,311 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 \$116,428 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.

(9) Pensions

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

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

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

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	\$ 1,244,954
Net of premiums and discounts	142,453
General obligation bond anticipation notes	150,000
Derivative instrument liability	41,633
Swaption borrowing payable	5,714
Compensated absences	61,484
Section 108 loan guarantee	4,368
Accrued interest payable	<u>13,488</u>
Net adjustment to reduce <i>fund balance - total governmental funds to arrive at net position-governmental activities</i>	<u>\$ 1,664,094</u>

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

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

Capital outlay	\$ 183,066
Depreciation expense	<u>(126,601)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 56,465</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.”

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In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

Donation of capital assets	\$ 115,890
Sales of capital assets	<u>(912)</u>
Net adjustments to decrease change in net position differs from the change in fund balance by the cost of capital assets sold	<u>\$ 114,978</u>

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

Debt issued or incurred:	
Issuance of general obligation bond anticipation notes	\$ (58,435)
Issuance of installment purchases	(321,110)
Plus premium on debt issuance	(49,086)
Swaption borrowing	524
Principal repayments:	
General obligation debt	47,707
Installment purchases	<u>248,757</u>
Net adjustment to increase <i>net changes in fund</i> balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (131,643)</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	\$ (172)
Amortization on deferred amount on refunding	(871)
Amortization of debt premiums	10,910
Amortization of discounts	(32)
Compensated absences	(2,989)
Pension expense	(64,658)
OPEB expense	<u>30,853</u>
Net adjustment to increase <i>net changes in fund</i> balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (26,959)</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

As required by State statutes, prior to July 1 each year City Council adopts an annual appropriation ordinance for all funds except those which expenditures are authorized by project ordinance and the Internal Service and Fiduciary Funds. City funds budgeted by project ordinance include the Capital Projects Funds, Public Safety and Other Grants, Neighborhood Development, Employment and Training, 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 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, 2019.

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 re-appropriated and honored during the subsequent year.

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

4. DETAILED DISCLOSURES ON ALL FUNDS

a. Deposits

As of June 30, 2019, 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	\$ 10,238	\$ (45,973)
City - Fiduciary Funds	158	7,911
Component unit - Authority	19,323	16,113

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

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as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The City and the Authority have petty cash of \$24 and \$231, respectively.

All of the City's deposits are either insured or collateralized by using the Pooling Method. Under the Pooling Method, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no policy regarding custodial credit risk for deposits. Of the City's bank balances, \$1,158 was covered at the federal depository insurance coverage level and \$8,980 was covered by collateral held under the Pooling Method.

Component Unit: The Authority must comply with the requirements of the State statutes as previously described for the City. Of the bank balances, \$1,258 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.

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

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City – Governmental and Business-type Activities – The investments and maturities at June 30, 2019 were as follows:

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.

Investment type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-3	More than 3
U.S Agencies	\$2,308,351	\$ 1,880,294	\$ 428,057	\$ -
Commercial paper	69,298	69,298	-	-
Mutual funds	97,183	N/A	N/A	N/A
NCCMT Government Portfolio	501,052	N/A	N/A	N/A
NCCMT Term Portfolio*	71,287	71,287	-	-
Total	<u>\$3,047,171</u>	<u>\$ 2,020,879</u>	<u>\$ 428,057</u>	<u>\$ -</u>

*Because the NCCMT Term Portfolio had a weighted average maturity of 0.11 years, it was presented as an investment with a maturity of 6-12 months.

The following is a summary of the fair value hierarchy of the fair value of investments as of June 30, 2019:

Investments by fair value level	June 30, 2019	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Quoted Prices in Active Markets for Similar Assets (Level 2)
Debt securities			
U.S. Agencies	\$ 2,308,351	\$ -	\$ 2,308,351
Commercial paper	69,298	69,298	-
Mutual funds	97,183	97,183	-
NCCMT Government Portfolio	501,052	-	-
NCCMT Term Portfolio	71,287	71,287	-
Total investments by fair value level	<u>\$ 3,047,171</u>	<u>\$ 237,768</u>	<u>\$ 2,308,351</u>

Investments classified in Level 1 of the fair value hierarchy, valued at \$237,768, are valued using quoted prices in active markets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities benchmark quoted prices.

Interest Rate Risk: 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.

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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, 2019, the City's investments in commercial paper carried at least S&P A1, Moody's P1 or Fitch F1 ratings. The City's investments in the NCCMT Government Portfolio carried a credit rating of AA+ by S&P as of June 30, 2019. 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, 2019, 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 investment guidelines limits custodial credit risk by providing that purchased securities be delivered to a third-party safekeeping bank designated by the City.

Concentration of Credit Risk: The City's informal internal investment guidelines limit 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, 2019 were as follows:

Investment type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 18,948	\$ -	\$ 2,530	\$ 9,675	\$ 6,743
U.S. Agencies	27,794	-	-	334	27,460
Corporate bonds	44,606	877	16,542	14,028	13,159
Common stocks	146,203	N/A	N/A	N/A	N/A
Mutual funds	313,737	N/A	N/A	N/A	N/A
Total	<u>\$551,288</u>	<u>\$ 877</u>	<u>\$ 19,072</u>	<u>\$24,037</u>	<u>\$ 47,362</u>

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

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Credit Risk: The System is authorized to invest 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, 2019 were as follows:

Quality Rating	Fair Value	Percentage of Portfolio
AAA	\$ 4,524	4.95%
Ba1 > Aa1	40,083	43.88%
Total credit risk debt securities	44,607	48.83%
US Government fixed income securities:		
Government National Mortgage Association	5,900	6.46%
U.S. Treasury	18,948	20.74%
Not rated	21,893	23.97%
Total fixed income securities	\$ 91,348	100.00%

Concentration of Credit Risk: The System limits the amount of equity holdings in any one company to eight 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 five percent of the market value of the portfolio without the consent of the board. There is no limit on securities backed by the full faith and credit of the US Government or any of its instrumentalities.

Investment by fair value level	June 30, 2019	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Quoted Prices in Active Markets for Similar Assets (Level 2)	Fair Value Measurements Using Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 18,948	\$ 18,948	\$ -	\$ -
U.S. Agencies	27,794	-	27,794	-
Corporate bonds	38,343	-	38,343	-
Common stocks	146,203	146,203	-	-
Mutual funds	20,557	-	20,557	-
Total investments by fair value level	251,845	\$ 165,151	\$ 86,694	\$ -

Category	Investments Measured as NAV	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
U.S. equity	42,991	-	Daily	N/A
International equity	143,102	-	Daily	N/A
U.S. bonds	34,980	-	Daily	N/A
International bonds	25,730	-	1st of Month	N/A
Fixed income	21,483	-	Openings	N/A
International fixed income	31,157	-	Quarterly	45 Days
	299,443	-	Quarterly 1st day of Quarter	N/A
Total investments	\$ 551,288	\$ -		

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

City – Fiduciary Fund: Employee Benefit Trust Plan (EBTP) – At June 30, 2019, the EBTP had investments \$99,909 in mutual funds. The mutual fund investments classified at Level 1 of the fair value hierarchy is valued using quoted prices in active markets.

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

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

Concentration of Credit Risk: The EBTP diversifies investments according to a strategic asset allocation across a range of company capitalizations in domestic and international equities as well as domestic and global bonds. The EBTP limits the amount of equity holdings in any one company to eight percent of the 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 five 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 for any of its instrumentalities.

Component Unit – At June 30, 2019, the Authority had investments of \$12,238 in the NCCMT's Cash Portfolio, which carried a credit rating of AAA by S&P.

c. Receivables

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

<u>Governmental</u>	
General	\$ 8,755
Debt Service	448
Capital Projects	2,162
Total Governmental	<u>11,365</u>
<u>Proprietary</u>	
Water and Sewer	8,904
Storm Water	1,536
Airport	514
Public Transit	19
Total Proprietary	<u>10,973</u>
<u>Internal Service</u>	
Risk Management-County	20
Total Internal Service	<u>20</u>
Total	<u>\$ 22,358</u>

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In February 2002, City Council approved an interest-free loan to the Authority for \$5,000 for the renovation of Ovens Auditorium. In May 2007, Council approved a new repayment schedule for the loan agreement. The term of the loan was extended by thirty years and established a \$160 per year repayment through fiscal year 2037. At June 30, 2019 the balance of the loan outstanding was \$2,638.

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, 2018, were based on the assessed values listed as of January 1, 2018, 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 2019 (tax rate per \$100 valuation) to its funds is shown below:

General	\$ 0.3816
Debt Service	0.0951
Capital Projects	0.0120
Total	<u>\$ 0.4887</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 2019 for Districts 1, 2, 3, 4 and 5 were \$.0208, \$.0293, \$.0418, \$.0668 and \$.0279, respectively.

e. Restricted Assets

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

<u>Governmental</u>	
Debt Service	\$ 286
Capital Projects	<u>277,175</u>
Total Governmental	<u>277,461</u>
<u>Enterprise</u>	
Water and Sewer	11,482
Storm Water	127
Airport	473,304
Public Transit	<u>2,104</u>
Total Enterprise	<u>487,017</u>
Total	<u>\$ 764,478</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, 2019 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 3,396,171	\$ 73,733	\$ -	\$ 3,469,904
Construction in progress	198,858	205,085	88,113	315,830
Total capital assets not being depreciated	<u>3,595,029</u>	<u>278,818</u>	<u>88,113</u>	<u>3,785,734</u>
Capital assets being depreciated:				
Buildings	1,273,565	8,247	-	1,281,812
Infrastructure	2,774,963	71,647	-	2,846,610
Intangibles	31,909	574	-	32,483
Machinery and equipment	238,864	27,783	11,051	255,596
Total capital assets being depreciated	<u>4,319,301</u>	<u>108,251</u>	<u>11,051</u>	<u>4,416,501</u>
Less accumulated depreciation for:				
Buildings	429,218	31,474	-	460,692
Infrastructure	1,142,770	70,088	-	1,212,858
Intangibles	22,730	3,345	-	26,075
Machinery and equipment	173,195	21,696	10,139	184,752
Total accumulated depreciation	<u>1,767,913</u>	<u>126,603</u>	<u>10,139</u>	<u>1,884,377</u>
Total capital assets being depreciated, net	<u>2,551,388</u>	<u>(18,352)</u>	<u>912</u>	<u>2,532,124</u>
Governmental activity capital assets, net	<u>\$ 6,146,417</u>	<u>\$ 260,466</u>	<u>\$ 89,025</u>	<u>\$ 6,317,858</u>

Depreciation expense was charged to activities as follows:

Governmental Activities:	
Public safety	\$ 16,925
Sanitation	4,552
General administration	3,099
Support services	2,459
Engineering and property management	8,135
Streets and highways	66,043
Community planning and development	7,293
Culture and recreation	18,095
Capital assets held by the City's internal service funds are charged to various functions based on the usage of assets	<u>2</u>
Total depreciation expense - Governmental Activities	<u>\$ 126,603</u>

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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Capital asset activity for business-type activities for the year ended June 30, 2019 were as follows:

	Beginning Balances	Increase	Decrease	Ending Balance
Business-type activities				
<i>Water and Sewer</i>				
Capital assets not being depreciated:				
Land	\$ 49,635	\$ 2,980	\$ -	\$ 52,615
Construction in progress	320,831	236,713	232,255	325,289
Total capital assets not being depreciated	370,466	239,693	232,255	377,904
Capital assets being depreciated:				
Buildings	29,867	14,731	-	44,598
Water and sewer systems	4,724,768	258,486	-	4,983,254
Intangibles	20,114	725	-	20,839
Machinery and equipment	49,837	8,219	1,661	56,395
Total capital assets being depreciated	4,824,586	282,161	1,661	5,105,086
Less accumulated depreciation for:				
Buildings	10,887	921	-	11,808
Water and sewer systems	1,673,022	118,627	-	1,791,649
Intangibles	17,480	1,263	-	18,743
Machinery and equipment	31,944	5,413	1,505	35,852
Total accumulated depreciation	1,733,333	126,224	1,505	1,858,052
Total capital assets being depreciated net	3,091,253	155,937	156	3,247,034
Water and Sewer capital assets, net	3,461,719	395,630	232,411	3,624,938
<i>Storm Water</i>				
Capital assets not being depreciated:				
Land	100	668	-	768
Construction in progress	205,071	69,233	44,388	229,916
Total capital assets not being depreciated	205,171	69,901	44,388	230,684
Capital assets being depreciated:				
Storm water systems	557,059	41,823	-	598,882
Intangibles	3,619	-	-	3,619
Machinery and equipment	304	41	-	345
Total capital assets being depreciated	560,982	41,864	-	602,846
Less accumulated depreciation for:				
Storm water systems	75,583	9,670	-	85,253
Intangibles	3,437	52	-	3,489
Machinery and equipment	62	48	-	110
Total accumulated depreciation	79,082	9,770	-	88,852
Total capital assets being depreciated net	481,900	32,094	-	513,994
Storm Water capital assets, net	687,071	101,995	44,388	744,678

continued on next page

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	Beginning Balances	Increase	Decrease	Ending Balance
<i>Airport</i>				
Capital assets not being depreciated:				
Land	\$ 308,974	\$ 65,692	\$ -	\$ 374,666
Construction in progress	459,492	234,151	303,075	390,568
Total capital assets not being depreciated	768,466	299,843	303,075	765,234
Capital assets being depreciated:				
Buildings	914,068	136,494	-	1,050,562
Runways	419,532	25,461	-	444,993
Other	176,693	56,824	-	233,517
Intangibles	4,788	1,854	-	6,642
Machinery and equipment	127,502	14,708	2,098	140,112
Total capital assets being depreciated	1,642,583	235,341	2,098	1,875,826
Less accumulated depreciation for:				
Buildings	512,857	28,497	-	541,354
Runways	181,563	12,138	-	193,701
Other	58,142	7,585	-	65,727
Intangibles	3,743	468	-	4,211
Machinery and equipment	52,838	14,416	1,982	65,272
Total accumulated depreciation	809,143	63,104	1,982	870,265
Total capital assets being depreciated net	833,440	172,237	116	1,005,561
Airport capital assets, net	1,601,906	472,080	303,191	1,770,795
<i>Public Transit</i>				
Capital assets not being depreciated:				
Land	161,077	6,180	-	167,257
Construction in progress	134,564	31,892	133,378	33,078
Total capital assets not being depreciated	295,641	38,072	133,378	200,335
Capital assets being depreciated:				
Buildings	388,029	16,145	-	404,174
Transit corridors	845,582	49,655	-	895,237
Other	40,045	7,905	-	47,950
Intangibles	8,943	4,977	-	13,920
Machinery and equipment	362,884	13,210	4,608	371,486
Total capital assets being depreciated	1,645,483	91,892	4,608	1,732,767
Less accumulated depreciation for:				
Buildings	65,661	19,449	-	85,110
Transit corridors	204,530	44,607	-	249,137
Other	30,561	2,522	-	33,083
Intangibles	8,445	712	-	9,157
Machinery and equipment	128,831	23,458	4,603	147,686
Total accumulated depreciation	438,028	90,748	4,603	524,173
Total capital assets being depreciated net	1,207,455	1,144	5	1,208,594
Public Transit capital assets, net	1,503,096	39,216	133,383	1,408,929
Business-type capital assets, net	\$ 7,253,792	\$ 1,008,921	\$ 713,373	\$ 7,549,340

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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, 2019 by fund:

	Interfund Receivables	Interfund Payables
Due to/from other funds:		
General	\$ -	\$ 526
Debt Service	6,226	-
Capital Projects	-	6,226
Internal Service - Employee Health and Life	526	-
Total	<u>\$ 6,752</u>	<u>\$ 6,752</u>

The balances between General and Internal Service are for reimbursable expenditures and will be paid within 30 days. The balances between Capital Projects and Nonmajor governmental 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	\$ 2,340	\$ -
Capital Projects	298	1,465
Nonmajor governmental	-	1,363
Enterprise - Airport	-	71
Component Unit - Authority	2,899	2,638
Total	<u>\$ 5,537</u>	<u>\$ 5,537</u>

Interfund transfers:

		Transfers In:				
Transfer out:	General	Debt Service	Capital Projects	Nonmajor Governmental	Enterprise - Public Transit	Total
General	\$ -	\$19,530	\$ 22,843	\$ 5,900	\$ 200	\$ 48,473
Debt Service	123	-	28,502	320	-	28,945
Capital Projects	-	-	-	10,826	23,361	34,187
Nonmajor governmental	4,239	65,976	16,517	-	-	86,732
Enterprise:						
Water and Sewer	-	-	98	-	-	98
Storm Water	-	-	37	-	-	37
Public Transit	-	-	170	-	-	170
Airport	-	-	67	-	-	67
Internal Service	-	-	19	-	-	19
Total	<u>\$ 4,362</u>	<u>\$85,506</u>	<u>\$ 68,253</u>	<u>\$ 17,046</u>	<u>\$ 23,561</u>	<u>\$198,728</u>

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The transfers consist primarily of the following: (a) \$85,506 to Debt Service from nonmajor governmental and General to cover debt service costs, (b) \$68,253 to Capital Projects mainly from General and Debt Service to cover Capital Projects, and (c) \$23,561 to Public Transit mainly from Capital Projects, to cover maintenance of efforts.

h. Payables

Payables at June 30, 2019, including amounts payable from restricted assets, were as follows:

<u>Governmental</u>	<u>Vendors</u>	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
General	\$ 19,590	\$ 8,061	\$ 2,171	\$ 29,822
Debt Service	149	-	-	149
Capital Projects	26,120	-	3,783	29,903
Nonmajor governmental	5,989	-	10	5,999
Total Governmental	51,848	8,061	5,964	65,873
<u>Proprietary</u>				
Water and Sewer	32,812	1,513	1,050	35,375
Storm Water	7,473	274	-	7,747
Airport	70,104	1,081	129	71,314
Public Transit	11,161	1,759	4,251	17,171
Internal Service	54,975	40	-	55,015
Total Business-type	176,525	4,667	5,430	186,622
Total	\$ 228,373	\$ 12,728	\$ 11,394	\$ 252,495

i. Deferred Outflows and Inflows of Resources and Unavailable Revenues

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

	<u>City</u>	<u>Component Unit</u>
Pension deferrals	\$ 238,642	\$ 3,439
OPEB deferrals	1,931	3,048
Contributions pension plan in current fiscal year	48,094	1,369
Accumulated decrease in fair value of hedging derivatives	76,204	-
Unamortized bond refunding charges	14,493	-
	<u>\$ 379,364</u>	<u>\$ 7,856</u>

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

	<u>City</u>	<u>Component Unit</u>
Prepaid taxes	\$ 134	\$ -
Pension deferrals	87,349	32
OPEB deferrals	123,512	3,010
	<u>\$ 210,995</u>	<u>\$ 3,042</u>

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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	\$ 7,403	\$ 1,707	\$ 239	\$ 117	\$ 9,466
Accounts receivable	3,546	-	34	70	3,650
Due from component unit	-	2,341	298	-	2,639
	<u>\$ 10,949</u>	<u>\$ 4,048</u>	<u>\$ 571</u>	<u>\$ 187</u>	<u>\$ 15,755</u>

j. Long-term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2019 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General obligation bonds	\$ 601,746	\$ -	\$ 47,707	\$ 554,039	\$ 45,229
Plus unamortized premiums	83,401	-	6,730	76,671	6,377
Total bonds payable	685,147	-	54,437	630,710	51,606
Direct placement installment purchases	35,066	-	13,238	21,828	13,398
Installment purchases	583,496	321,110	235,519	669,087	43,752
Plus unamortized premiums	21,501	49,086	4,180	66,407	4,295
Less unamortized discounts	(657)	-	(32)	(625)	(32)
Total installment purchases	639,406	370,196	252,905	756,697	61,413
Direct placement general obligation bond anticipation notes	91,565	58,435	-	150,000	150,000
Direct borrowing section 108 loan guarantee	4,368	-	-	4,368	-
Derivative instrument liability	32,676	8,957	-	41,633	-
Swaption borrowing payable	6,238	-	524	5,714	508
Compensated absences	58,664	39,838	36,845	61,657	29,218
Due to participants	17,711	-	3,087	14,624	-
Total pension liability (LGERS)	67,384	37,785	-	105,169	-
Total pension liability (LEOSSA)	118,108	-	2,900	115,208	-
Total pension liability (System)	210,081	-	34,917	175,164	-
Net OPEB liability	512,255	-	152,490	359,765	-
Total Governmental Activities	<u>\$2,443,603</u>	<u>\$ 515,211</u>	<u>\$ 538,105</u>	<u>\$2,420,709</u>	<u>\$ 292,745</u>

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

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A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2019 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Water and Sewer:					
General obligation bonds	\$ 69,074	\$ 26,920	\$ 51,977	\$ 44,017	\$ 17,809
Plus unamortized premiums	11,074	1,714	2,124	10,664	2,184
Revenue bonds	1,432,675	-	59,310	1,373,365	60,100
Plus unamortized premiums	155,544	-	6,723	148,821	6,723
Total bonds payable	1,668,367	28,634	120,134	1,576,867	86,816
Direct placement installment purchases	2,765	-	936	1,829	967
Installment purchases	2,678	8,205	1,745	9,138	2,578
Plus unamortized premiums	157	655	185	627	169
Total installment purchases	5,600	8,860	2,866	11,594	3,714
Direct placement revenue bond anticipation notes	-	32,947	-	32,947	-
Other financing agreements- Municipal	675	-	425	250	250
Direct borrowing state revolving loan	2,527	11,691	226	13,992	227
Derivative instrument liability	25,956	8,615	-	34,571	-
Refundable construction deposits	5,901	-	861	5,040	341
Compensated absences	5,273	4,434	3,893	5,814	2,708
Net pension liability (LGERS)	11,070	7,205	-	18,275	-
Net OPEB liability	13,420	-	7,946	5,474	-
Total Water and Sewer	1,738,789	102,386	136,351	1,704,824	94,056
Storm Water:					
General obligation bonds	4,250	-	1,091	3,159	702
Plus unamortized premiums	813	-	183	630	135
Revenue bonds	137,680	-	5,520	132,160	5,780
Plus unamortized premiums	19,698	-	1,124	18,574	1,124
Total bonds payable	162,441	-	7,918	154,523	7,741
Direct placement revenue bond anticipation notes	8,834	40,233	-	49,067	-
Direct borrowing federal revolving loan	911	-	66	845	66
Compensated absences	809	863	820	852	593
Net pension liability (LGERS)	2,037	1,345	-	3,382	-
Net OPEB liability	2,226	-	695	1,531	-
Total Storm Water	177,258	42,441	9,499	210,200	8,400
Airport:					
Revenue bonds	710,165	178,365	14,780	873,750	19,975
Plus unamortized premiums	68,391	32,957	3,654	97,694	4,221
Total bonds payable	778,556	211,322	18,434	971,444	24,196
Direct placement revenue bond anticipation notes	43,571	68,129	101,265	10,435	-
Compensated absences	3,504	2,970	2,379	4,095	1,720
Net pension liability (LGERS)	6,820	4,824	-	11,644	-
Net OPEB liability	3,822	-	3,822	-	-
Total Airport	836,273	287,245	125,900	997,618	25,916
Public Transit:					
Direct placement installment purchases	115,000	-	100,000	15,000	-
Installment purchases	240,745	-	5,065	235,680	5,300
Plus unamortized premiums	9,973	-	900	9,073	900
Total installment purchases	365,718	-	105,965	259,753	6,200
Direct borrowing TIFIA loan (installment purchases)	180,000	-	3,741	176,259	3,848
Compensated absences	3,944	2,256	1,953	4,247	1,339
Net pension liability (LGERS)	6,110	3,754	-	9,864	-
Net OPEB liability	6,559	-	3,190	3,369	-
Total Public Transit	562,331	6,010	114,849	453,492	11,387
Total Business-type Activities	\$3,314,651	\$ 438,082	\$ 386,599	\$3,366,134	\$ 139,759

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The government-wide statement of net position includes \$24,196 of long-term liabilities due within one year for business-type activities in the *liabilities payable from restricted assets*. The remaining amount of \$115,563 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, 2019
Governmental Activities:					
General Obligation Refunding, Series 2009B	3.00% - 5.00%	10/29/2009	2029	\$ 122,315	\$ 71,150
General Obligation Refunding, Series 2009C	3.00% - 5.00%	01/12/2010	2027	86,795	38,630
General Obligation Refunding, Series 2012A	1.25% - 5.00%	04/12/2012	2033	175,495	126,485
General Obligation Taxable Housing, Series 2013A	1.00% - 4.15%	09/05/2013	2030	34,370	23,620
General Obligation Refunding, Series 2013B	2.00% - 5.00%	09/05/2013	2030	74,068	52,988
General Obligation Refunding, Series 2014A	1.75% - 5.00%	05/01/2014	2035	131,105	104,880
General Obligation Refunding, Series 2015	4.00% - 5.00%	06/01/2015	2025	51,895	31,686
General Obligation Refunding, Series 2016A	5.00%	11/01/2016	2037	116,230	104,600
Total Governmental Activities					<u>\$ 554,039</u>
Business-type Activities:					
Water and Sewer:					
General Obligation Refunding, Series 2013B	2.00% - 5.00%	09/05/2013	2020	\$ 30,045	\$ 3,500
General Obligation Refunding, Series 2015	4.00% - 5.00%	06/01/2015	2023	27,144	13,597
General Obligation Refunding, Series 2018A	5.00%	08/01/2018	2024	26,920	26,920
Total Water and Sewer					<u>44,017</u>
Storm Water:					
General Obligation Refunding, Series 2013B	2.00% - 5.00%	09/05/2013	2020	137	128
General Obligation Refunding, Series 2015	4.00% - 5.00%	06/01/2015	2023	6,051	3,031
Total Storm Water					<u>3,159</u>
Total Business-type Activities					<u>\$ 47,176</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
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Debt service requirements to maturity for general obligation bonds are as follows:

<u>Governmental Activities</u>		
<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 45,229	\$ 25,271
2021	45,989	23,121
2022	46,556	20,854
2023	47,500	18,546
2024	45,895	16,424
2025-2029	206,005	50,425
2030-2034	92,880	13,899
2035-2037	23,985	1,177
	<u>\$ 554,039</u>	<u>\$ 169,717</u>

<u>Business-type Activities</u>				
<u>Year Ended</u> <u>June 30</u>	<u>Water and Sewer</u>		<u>Storm Water</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 17,809	\$ 1,756	\$ 702	\$ 140
2021	14,373	951	738	104
2022	5,076	465	903	63
2023	5,224	207	816	21
2024	1,535	38	-	-
	<u>\$ 44,017</u>	<u>\$ 3,417</u>	<u>\$ 3,159</u>	<u>\$ 328</u>

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(2) 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, 2019
Water and Sewer, Series 2006B	Variable	07/26/2006	2037	\$ 300,000	\$ 142,865
Water and Sewer, Refunding Series 2009	3.00% - 5.25%	08/25/2009	2036	93,765	76,065
Water and Sewer, Series 2009B	3.50% - 5.00%	12/09/2009	2040	366,380	315,105
Water and Sewer, Refunding Series 2011	1.50% - 5.00%	08/03/2011	2025	93,390	48,915
Water and Sewer, Refunding Series 2015	1.00% - 5.00%	08/27/2015	2046	459,585	383,160
Water and Sewer, Refunding Series 2018	3.00% - 5.00%	04/25/2018	2049	409,915	407,255
Total Water and Sewer					<u>1,373,365</u>
Storm Water, Refunding Series 2012	2.00% - 5.00%	11/13/2012	2025	20,585	11,630
Storm Water, Refunding Series 2014	3.50% - 5.00%	11/04/2014	2044	101,815	91,650
Storm Water, Refunding Series 2016	1.50% - 5.00%	06/09/2016	2036	32,355	28,880
Total Storm Water					<u>132,160</u>
Airport, Series 2010A	2.00% - 5.50%	02/10/2010	2040	130,100	109,825
Airport, Refunding Series 2010B	1.25% - 5.50%	02/10/2010	2029	67,770	41,010
Airport, Series 2011A	2.00% - 5.00%	11/09/2011	2042	76,100	66,320
Airport, Series 2011B	2.00% - 5.00%	11/09/2011	2042	34,250	29,875
Airport Special Facility, Series 2011 CONRAC	2.48% - 6.06%	11/09/2011	2042	60,295	54,810
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	17,535
Airport, Series 2017A	5.00%	06/01/2017	2048	167,385	167,385
Airport, Series 2017B	5.00%	06/01/2017	2048	16,345	16,345
Airport, Refunding Series 2017C	3.25% - 5.00%	06/01/2017	2042	119,050	117,990
Airport, Series 2019A	3.00% - 5.00%	06/20/2019	2050	142,220	142,220
Airport, Series 2019B	4.00% - 5.00%	06/20/2019	2050	36,145	36,145
Total Airport					<u>873,750</u>
Total Business-type Activities					<u>\$ 2,379,275</u>

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.j.8 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

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bond debt service requirements. Based on the FY19 Water and Sewer Fund budgets, revenue bond debt service coverage was at least 2.8 percent. Based on the FY19 Storm Water Fund budgets, revenue bond debt service coverage was at least 5.9 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.

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30	Water and Sewer		<u>Business-type Activities</u> Storm Water		Airport	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 60,100	\$ 59,722	\$ 5,780	\$ 5,540	\$ 19,975	\$ 38,263
2021	62,965	57,053	6,060	5,263	22,190	41,222
2022	66,030	54,019	6,345	4,975	24,415	40,102
2023	66,500	50,939	6,645	4,680	26,265	38,875
2024	69,650	47,804	6,940	4,385	27,680	37,551
2025-2029	286,095	196,559	30,135	17,558	179,560	162,707
2030-2034	286,230	134,972	34,495	10,961	178,725	117,667
2035-2039	312,950	67,444	18,285	5,615	174,480	73,975
2040-2044	99,735	22,231	17,475	1,821	120,165	36,985
2045-2049	63,110	5,146	-	-	89,615	13,096
2050	-	-	-	-	10,680	267
	<u>\$ 1,373,365</u>	<u>\$ 695,889</u>	<u>\$ 132,160</u>	<u>\$ 60,798</u>	<u>\$ 873,750</u>	<u>\$ 600,710</u>

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(3) Installment Purchases

The following table summarizes the City's installment purchases:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2019
Governmental Activities:					
Convention Center, Refunding Series 2013H, Direct Placement	1.51%	10/22/2013	2020	\$ 61,720	\$ 10,588
Convention Center, Series 2013I, Direct Placement	2.94%	10/22/2013	2023	28,125	11,240
Convention Center, Series 2015A	.86% - 2.97%	05/14/2015	2023	39,335	20,445
Convention Center, Refunding Series 2016A	5.00%	06/01/2016	2026	33,010	26,175
Convention Center, Series 2016B	.97% - 2.45%	06/01/2016	2023	23,685	13,890
Convention Center, Series 2019A	4.00% - 5.00%	04/25/2019	2049	101,955	101,955
Convention Center, Refunding Series 2019A	4.00% - 5.00%	04/25/2019	2034	18,995	18,995
Tourism, Series 2003F	Variable	05/29/2003	2034	41,000	19,785
Tourism, Refunding Series 2013G	Variable	05/30/2013	2033	128,245	97,180
Tourism, Series 2015C	4.00% - 5.00%	06/25/2015	2020	13,871	3,042
Tourism, Series 2018	5.00%	11/08/2018	2024	11,640	11,640
Hall of Fame, Series 2009D	Variable	07/30/2009	2035	100,000	77,200
Hall of Fame, Refunding Series 2019C	3.00% - 4.00%	06/04/2019	2039	34,935	34,935
Cultural Facilities, Refunding Series 2019B	4.00% - 5.00%	06/04/2019	2039	96,975	96,975
Public Safety, Series 2010A	3.63% - 5.00%	05/27/2010	2024	13,685	5,250
Public Safety, Series 2012A	1.25% - 5.00%	01/04/2012	2032	23,195	15,080
Public Safety, Refunding Series 2012A	1.25% - 5.00%	01/04/2012	2021	1,990	505
Public Safety, Series 2013A	2.00% - 5.00%	04/04/2013	2033	16,700	13,135
Public Safety, Series 2014A	3.00% - 5.00%	03/27/2014	2034	16,225	12,155
Public Safety, Series 2015C	3.13% - 5.00%	06/25/2015	2035	45,820	36,645
Public Safety, Refunding Series 2015C	4.00% - 5.00%	06/25/2015	2025	10,860	7,125
Public Safety, Series 2018	3.125% - 5.00%	11/08/2018	2039	56,610	56,610
Equipment, Series 2015C	4.00% - 5.00%	06/25/2015	2020	1,665	365
Total Governmental Activities					<u>\$ 690,915</u>
Business-type Activities:					
Water and Sewer:					
Equipment, Series 2015C	4.00% - 5.00%	06/25/2015	2020	\$ 4,254	\$ 933
Equipment, Series 2016, Direct Placement	1.32%	06/07/2016	2021	4,600	1,829
Equipment, Series 2018	5.00%	11/08/2018	2024	8,205	8,205
Total Water and Sewer					<u>10,967</u>
Public Transit:					
Equipment and Facilities, Series 2008A	3.50% - 5.00%	06/04/2008	2035	34,965	25,670
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	38,355
Equipment and Facilities, Series 2013F, Direct Placement	Variable	06/12/2017	2021	114,950	15,000
Equipment and Facilities, Refunding Series 2015B	2.00% - 5.00%	06/18/2015	2035	56,470	48,515
Total Public Transit					<u>250,680</u>
Total Business-type Activities					<u>\$ 261,647</u>

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

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

The City's outstanding installment purchases of \$690,915 (\$21,828 of which are direct placement installment purchases) are secured with collateral of public safety, convention center, cultural arts, NASCAR Hall of Fame, and other government facilities.

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

A portion of Water Sewer's outstanding non-direct placement installment purchases (\$9,138) are secured with collateral of public safety facilities, and the outstanding direct placement installment purchases of \$1,829 are secured with collateral of equipment purchased. The City's outstanding installment purchases of \$250,680 for Public Transit (\$15,000 of which is direct placement) are secured with collateral of transit-related facilities and parking decks.

Installment purchases debt service requirements to maturity are as follows:

Year Ended June 30	<u>Governmental Activities</u>		<u>Direct Placements</u>	
	Principal	Interest	Principal	Interest
2020	\$ 43,752	\$ 25,256	\$ 13,398	\$ 410
2021	42,175	23,175	2,810	248
2022	43,310	21,600	2,810	165
2023	40,790	20,068	2,810	83
2024	32,995	18,623	-	-
2025-2029	152,300	76,523	-	-
2030-2034	156,890	49,909	-	-
2035-2039	105,965	24,580	-	-
2040-2044	22,440	9,701	-	-
2045-2049	28,470	3,677	-	-
	<u>\$ 669,087</u>	<u>\$ 273,112</u>	<u>\$ 21,828</u>	<u>\$ 906</u>

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Year Ended June 30	<u>Business-type Activities</u>							
	Water And Sewer				Public Transit			
			<u>Direct Placements</u>				<u>Direct Placements</u>	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 2,578	\$ 393	\$ 967	\$ 20	\$ 5,300	\$ 8,573	\$ -	\$ 32
2021	1,640	287	862	7	5,555	8,314	15,000	4,021
2022	1,640	205	-	-	128,930	8,082	-	-
2023	1,640	123	-	-	6,060	4,121	-	-
2024	1,640	41	-	-	6,360	3,818	-	-
2025-2029	-	-	-	-	36,360	14,523	-	-
2030-2034	-	-	-	-	40,865	6,359	-	-
2035	-	-	-	-	6,250	264	-	-
	<u>\$ 9,138</u>	<u>\$ 1,049</u>	<u>\$ 1,829</u>	<u>\$ 27</u>	<u>\$235,680</u>	<u>\$ 54,054</u>	<u>\$ 15,000</u>	<u>\$ 4,053</u>

(4) General Obligation Bond Anticipation Note

The City has available a direct placement general obligation bond anticipation note program to finance street improvements, neighborhood improvements, public improvements and housing projects. The aggregate principal amount of the note outstanding at any one time shall not exceed \$150,000. The note is a general obligation of the City, and the City has pledged its faith and credit to the payment of the principal of and interest on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by general obligation bonds. The note will mature no later than the third anniversary of the closing date or November 1, 2019. The City had direct placement general obligation bond anticipation notes payable of \$150,000 outstanding at June 30, 2019. Interest rates are based upon market conditions.

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

Year Ended June 30	<u>Governmental Activities</u>	
	Principal	Interest
2020	<u>\$ 150,000</u>	<u>\$ 1,025</u>

(5) Revenue Bond Anticipation Note

The City has available a Water and Sewer direct placement revenue bond anticipation note program to finance the cost of water and sewer system improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$100,000. 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

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entered in 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 October 10, 2021. The City had direct placement Water and Sewer revenue bond anticipation notes payable of \$32,947 outstanding at June 30, 2019. Interest rates are based upon market conditions.

The City has available a direct placement Storm Water revenue bond anticipation note program to finance the cost of various improvements to its storm water system. The aggregate principal amount of the note outstanding at any one time shall not exceed \$115,000. The note is payable from net revenues of the storm water system. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the General Trust Indenture. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The City expects the note will be replaced by long-term storm water revenue bonds. The note will mature no later than the third anniversary of the full funding date or March 15, 2021. The City had Storm Water direct placement revenue bond anticipation notes payable of \$49,067 outstanding at June 30, 2019. Interest rates are based upon market conditions.

The City has available an Airport direct placement revenue bond anticipation note program to finance the cost of Airport improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$136,000. The note is payable from net revenues of the Airport. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders. Neither the credit nor the taxing power of the City is pledged for the payments of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by general Airport revenue bonds. The note will mature no later than the second anniversary of the closing date or June 20, 2021. The City had Airport direct placement revenue bond anticipation notes payable of \$10,435 outstanding at June 30, 2019. Interest rates are based upon market conditions.

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

Year Ended June 30	Water Sewer		<u>Business-type Activities</u> Storm Water		Airport	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ -	\$ 731	\$ -	\$ 1,187	\$ -	\$ 233
2021	-	731	49,067	839	10,435	226
2022	32,947	204	-	-	-	-
	<u>\$ 32,947</u>	<u>\$ 1,666</u>	<u>\$ 49,067</u>	<u>\$ 2,026</u>	<u>\$ 10,435</u>	<u>\$ 459</u>

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(6) Other Long-term Liabilities

(a) Section 108 Loan Guarantee

The loan guarantee is a provision of the Community Development Block Grant (CDBG) 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.

Direct borrowing Section 108 loan debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
Year Ended		
June 30	Principal	Interest
2020	\$ -	\$ 186
2021	-	186
2022	-	186
2023	295	179
2024	599	160
2025-2029	3,474	383
	<u>\$ 4,368</u>	<u>\$ 1,280</u>

(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 in the form of direct borrowing installment purchases. As of June 30, 2019, \$176,259 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
2020	\$ 3,848	\$ 5,418
2021	3,981	5,286
2022	4,096	5,171
2023	4,222	5,045
2024	4,345	4,922
2025-2029	23,851	22,484
2030-2034	27,736	18,598
2035-2039	32,263	14,071
2040-2044	37,528	8,807
2045-2048	34,389	2,678
	<u>\$ 176,259</u>	<u>\$ 92,480</u>

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(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
2020	<u>\$ 250</u>	<u>\$ 13</u>

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

(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 clean water infrastructures. The direct borrowing 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
2020	\$ 66
2021	66
2022	66
2023	66
2024	66
2025-2029	331
2030-2032	184
	<u>\$ 845</u>

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(e) State Revolving Loan

Pursuant to the North Carolina Clean Water Revolving Loan & Grant Act of 1987, the City was awarded a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality. The City utilized loan proceeds to construct wastewater treatment works projects. As of June 30, 2019, direct borrowing loans totaling \$85,409 have been approved (but not fully disbursed). The maximum loan term is twenty years. As of June 30, 2019, interest rates varied from zero to 1.82 percent.

Debt service requirements to maturity are as follows:

<u>Business-type Activities</u>		
<u>Year Ended</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 227	\$ -
2021	722	111
2022	722	106
2023	722	100
2024	722	94
2025-2029	3,611	389
2030-2034	3,611	250
2035-2039	3,159	111
2040	496	5
	<u>\$ 13,992</u>	<u>\$ 1,166</u>

(7) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2019 classified by type, and the changes in fair value of such derivative instruments for the year ended are as follows:

	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2019</u>		
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
Governmental Activities					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow	\$ (8,957)	Debt	\$ (41,633)	\$ 174,380
Business-type Activities					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow	\$ (8,615)	Debt	\$ (34,571)	\$ 142,865

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

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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, 2019 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	\$ 142,865	8/1/2006	7/1/2036	Pay 4.04%; receive SIFMA swap index	Aa2/A+
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2009D Hall of Fame Certificates of Participation	\$ 77,200	8/18/2009	6/1/2035	Pay 4.725%; receive LIBOR	Aa2/A+
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2013G Tourism Certificates of Participation	\$ 97,180	6/1/2013	6/1/2033	Pay 5.10%; receive SIFMA swap index	Aa2/A+

Interest rate risk: The City is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as 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, 2019, the rate received by the City for the 2006B agreement was 1.62 percent, whereas the bond floating rate paid by the City was 1.82 percent. As of June 30, 2019, the rate received by the City for the 2009D agreement was 2.41 percent, whereas the bond floating rate paid by the City was 2.38 percent. As of June 30, 2019, the rate received by the City for the 2013G agreement was 2.12 percent, whereas the bond floating rate paid by the City was 1.82 percent.

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

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

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Hedging derivative instrument payments and hedged debt: As of June 30, 2019, aggregate debt service requirements of the City's variable-rate debt and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

<u>Governmental Activities</u>				
<u>Variable Rate Instruments</u>				
Year Ended June 30	Principal	Interest	Hedging Derivatives, Net	Total
2020	\$ 9,400	\$ 3,601	\$ 5,000	\$ 18,001
2021	9,920	3,414	4,714	18,048
2022	10,450	3,217	4,425	18,092
2023	11,010	3,006	4,117	18,133
2024	11,595	2,785	3,795	18,175
2025-2029	67,920	10,148	13,451	91,519
2030-2034	50,935	3,405	3,920	58,260
2035	3,150	76	73	3,299
	<u>\$ 174,380</u>	<u>\$ 29,652</u>	<u>\$ 39,495</u>	<u>\$ 243,527</u>

<u>Business-type Activities</u>				
<u>Variable Rate Bonds</u>				
Year Ended June 30	Principal	Interest	Hedging Derivatives, Net	Total
2020	\$ 5,265	\$ 2,385	\$ 3,276	\$ 10,926
2021	5,470	2,458	2,998	10,926
2022	5,660	2,353	2,870	10,883
2023	5,875	2,248	2,742	10,865
2024	6,090	2,136	2,605	10,831
2025-2029	33,965	8,919	10,880	53,764
2030-2034	40,535	5,534	6,750	52,819
2035-2037	40,005	1,243	1,516	42,764
	<u>\$ 142,865</u>	<u>\$ 27,276</u>	<u>\$ 33,637</u>	<u>\$ 203,778</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, 2019 the aggregate fair value of all hedging derivative instruments with these collateral posting provisions is (\$76,204). If the collateral posting requirements were triggered at June 30, 2019 the City would not be required to post collateral to its counterparties because they had negative fair values. The City's general obligation debt rating is Aaa from Moody's and AAA from S&P; therefore, no collateral has been posted at June 30, 2019.

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(8) Refundings

In August 2018, the City issued \$26,920 in Water and Sewer System general obligation refunding bonds, Series 2018 with an interest rate of 5 percent. The net proceeds of \$28,414 (after payment of \$220 in underwriting fees, insurance and other issue costs) were used to refund \$30,620 outstanding fixed rate Water and Sewer General Obligation Bonds, Series 2008. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5,163. This difference, reported in the accompanying financial statements as a deduction from general obligation bonds payable, is being charged to operations through the year 2024 using the effective interest method. The City completed the refunding to reduce the total debt service payments over a period of 6 years by \$4,034 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3,846.

In April 2019, the City issued \$18,995 in Convention Center refunding installment purchases, Series 2019A with interest rates ranging from four to five percent. The net proceeds of \$22,652 (after payment of \$125 in underwriting fees, insurance and other issue costs) were used to refund \$22,545 of outstanding fixed rate municipal installment purchases, Series 2009B. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$24. This difference, reported in the accompanying financial statements as a deduction from installment purchases payable, is being charged to operations through the year 2034 using the effective interest method. The City completed the refunding to reduce the total debt service payments over a period of 16 years by \$4,793 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3,927.

In June 2019, the City issued \$96,975 in Cultural Facilities refunding installment purchases, Series 2019B with interest rates ranging from four to five percent. The net proceeds of \$115,364 (after payment of \$754 in underwriting fees, insurance and other issue costs) were used to refund \$115,315 of outstanding fixed rate installment purchases, Series 2009E. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5,543. This difference, reported in the accompanying financial statements as a deduction from installment purchases payable, is being charged to operations through the year 2039 using the effective interest method. The City completed the refunding to reduce the total debt service payments over a period of 20 years by \$30,682 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$24,591.

In June 2019, the City issued \$34,935 in NASCAR Hall of Fame refunding installment purchases, Series 2019C with interest rates ranging from three to four percent. The net proceeds of \$37,313 (after payment of \$357 in underwriting fees, insurance and other issue costs) were used to refund \$37,295 of outstanding fixed rate installment purchases, Series 2009C. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$657. This difference, reported in the accompanying financial statements as an addition to installment purchases payable, is being charged to operations through the year 2039 using the effective interest method. The City completed the refunding to reduce the total debt service payments over a period of 20 years by \$12,560 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$9,253.

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(9) Other Debt Information

As of June 30, 2019, the City has authorized but unissued bonds of \$570,495 consisting of \$361,951 for street improvements, \$80,000 for housing and \$128,544 for neighborhood improvements.

Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on eight percent of the total assessed value of real and personal property. As of June 30, 2019, the City's legal debt limit was \$7,853,860. The outstanding debt subject to this limit was \$2,270,477, leaving a net legal debt margin of \$5,583,383.

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, 2019, the City had no liability for estimated arbitrage profits payable.

Under an irrevocable letter of credit issued by US Bank, the City is entitled to draw an amount sufficient to pay the amount demanded under the sewer construction contract between the City and Bridges at Mint Hill, LLC (the total amount not to exceed \$2,935). The letter of credit is valid through July 23, 2019 (automatically extended for successive one-year periods, unless US Bank notifies the City at least 30 days before the current expiration date that issuer elects not to extend the expiration date).

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

(10) Subsequent Events

On July 29, 2019, the City received \$6,808 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On August 6, 2019, the NC Local Government Commission formally approved an increase of additional funds for an existing direct borrowing North Carolina Department of Environmental Quality revolving loan of \$8,366.

On August 13, 2019, the City received \$1,444 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On August 15, 2019, the City issued \$189,920 in General Obligation Refunding Bonds Series 2019A to refund \$71,150 of outstanding General Obligation Refunding Bonds, Series 2009B and \$150,000 of outstanding General Obligation Bond Anticipation Notes, Series 2016B.

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On August 28, 2019, the City issued \$55,000 in Taxable General Obligation Housing Bonds, Series 2019B to acquire, construct, develop and equip housing projects for the benefit of persons with low or moderate incomes or to assist developers of housing for persons with low or moderate incomes.

On September 10, 2019, the City issued \$58,750 in Water and Sewer Refunding Revenue Bonds Series 2019 to refund \$73,275 of outstanding Water and Sewer Refunding Revenue Bonds, Series 2009.

On October 3, 2019, the City received \$9,967 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On October 10, 2019, the City received \$862 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On October 11, 2019, the City entered into a direct placement installment financing contract ("Equipment 2019") with Bank of America for \$20,000 to enable the City to finance the purchase and installation of equipment.

On October 15, 2019, the City entered into a direct placement General Obligation Bond Anticipation Note Series 2019C to finance the cost of certain public, transportation, and neighborhood improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$150,000.

(11) Early Extinguishment

On August 1, 2018, the City early extinguished the balance in full of the \$424 Storm Water general obligation refunding bond, Series 2008.

On August 1, 2018, the City early extinguished the balance in full of the \$3,122 general obligation refunding bond, Series 2008.

On March 18, 2019, the City early extinguished \$100,000 of the \$115,000 Transit direct placement installment purchases, Series 2013F.

On June 3, 2019, the City early extinguished the balance in full of the \$20,365 Public Safety installment purchases, Series 2009A.

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	\$ 198,760
Less:	
Stabilization by State Statute	70,411
Committed for Component unit	4,297
Fund balance policy	116,428
Remaining Fund Balance - Committed for Capital Projects	<u>\$ 7,624</u>

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5. PENSION PLANS AND OTHER BENEFITS

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

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

	LGERS	Firefighters' System	LEOSSA	Total
Deferred Outflows of Resources - City contributions subsequent to the measurement date	\$ 33,945	\$ 10,193	\$ 3,956	\$ 48,094
Other Deferred Outflows	84,071	148,609	5,962	238,642
Net Pension Liability	148,334	175,164	115,208	438,706
Deferred Inflows of Resources - Pension deferrals	801	82,198	4,350	87,349

Detailed information for all plans follows.

a. Local Governmental Employees' Retirement System (LGERS)

Plan Description: The City of Charlotte and the Charlotte Regional Visitors Authority (Authority), a component unit of the City, are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEO) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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.

Benefits Provided: LGERS provides retirement and survivor benefits. Retirement benefits are determined at 1.85 percent of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor

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

Contributions: Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Charlotte and Authority employees are required to contribute six percent of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Contractually required contribution rates for the year ended June 30, 2019, were 8.5 percent of compensation for law enforcement officers for the City and 7.75 percent 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 pension plan from the City of Charlotte and the Authority, respectively, were \$33,945 and \$1,369 for the year ended June 30, 2019.

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

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

City of Charlotte – At June 30, 2019, the City reported a liability of \$148,334 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the City's proportion was 6.253 percent which was an increase of .138 percent from its proportion measured as of June 30, 2017.

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For the year ended June 30, 2019, the City recognized pension expense of \$41,862. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,884	\$ 768
Changes of assumptions	39,362	-
Net difference between projected and actual earnings on pension plan investments	20,362	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,463	33
City contributions subsequent to the measurement date	33,945	-
Total	<u>\$ 118,016</u>	<u>\$ 801</u>

\$33,945 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 liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2020	\$ 39,960
2021	26,164
2022	5,100
2023	12,046
	<u>\$ 83,270</u>

Component Unit – At June 30, 2019, the Authority reported a liability of \$6,003 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the Authority's proportion was 0.253 percent which was an increase of 0.009 percent from its proportion measured as of June 30, 2017.

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For the year ended June 30, 2019, the Authority recognized pension expense of \$1,716. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 926	\$ 31
Changes of assumptions	1,593	-
Net difference between projected and actual earnings on pension plan investments	824	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	96	1
Authority contributions subsequent to the measurement date	1,369	-
Total	<u>\$ 4,808</u>	<u>\$ 32</u>

\$1,369 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2020	\$ 1,639
2021	1,072
2022	204
2023	492
	<u>\$ 3,407</u>

Actuarial Assumptions: The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50 to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of three percent. All rates of return and inflation are annualized.

Discount rate: The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 356,312	\$ 148,334	\$ (25,455)
Authority	14,419	6,003	(1,030)

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

Plan Membership: At June 30, 2018, the Measurement Date, System membership consisted of the following:

Retired participants and beneficiaries currently receiving benefits	697
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	16
Active participants	<u>1,058</u>
Total	<u>1,771</u>

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

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

Contributions: Benefit and contribution provisions are established by State law and may be amended only by the North Carolina legislature. Charlotte Firefighters' Retirement System employees and the City are each required to contribute 12.65 percent. Contributions to the pension plan from the City were \$10,193 for the year ended June 30, 2019.

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

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

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

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Concentrations: The System had individual fixed income or equity investments at June 30, 2019 managed by the following organizations that represented five percent or more of the System's net position:

State Street Global Advisors	21%
Barrow Hanley	17%
Morgan Stanley	13%
Winslow Capital Management	8%
Aronson + Johnson + Ortiz	7%
UBS Trumbull Property Fund	6%
Colchester	5%

Rate of Return: For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.54 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, 2019, the System reported a liability of \$175,164. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions: The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75 to 9.00%, including inflation and productivity factor
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

The plan currently uses mortality rates based on the RP-2000 Combined Mortality Table projected generationally with Scale AA for the period after service retirement. The RP-2000 Combined Mortality Table set forward one year for males and set forward two years for females and projected generationally with Scale AA is used for dependent beneficiaries. The RP-2000 Employee Mortality Table set back two years for males and projected generationally with Scale AA is used for deaths in active service. The RP-2000 Disabled Mortality Table set back six years for males and set forward one year for females is used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2018 valuation was based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	36.0%	7.6%
International Equity	26.0%	7.5%
Domestic Fixed Income	23.0%	3.0%
Real Estate	10.0%	6.2%
Non US Fixed Income	5.0%	2.3%
Total	100.0%	

Discount rate: The discount rate used to measure the total pension liability was 6.21 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions and employer contributions will be made at the current contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the plan year ending June 30, 2055. Therefore, the long-term expected rate of return on pension plan investments of 7.50 percent was applied to all periods of projected benefit payments through June 30, 2055 and the applicable municipal bond index rate of 3.89 percent based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of June 30, 2018, was applied to all periods of projected benefit payments after June 30, 2055. The Single Equivalent Interest Rate (SEIR) of 6.21 percent that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability as of June 30, 2018.

Changes in the Net Pension Liability:

	Increase(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2018	\$ 729,845	\$ 519,764	\$ 210,081
Service cost	24,023	-	24,023
Interest	41,792	-	41,792
Difference between expected and actual experience	(4,229)	-	(4,229)
Changes of assumptions or other inputs	(31,043)	-	(31,043)
Contributions-employer	-	9,333	(9,333)
Contributions-employee	-	9,909	(9,909)
Net investment income	-	46,981	(46,981)
Benefit payments, including refunds of employee contributions	(33,332)	(33,332)	-
Administrative expense	-	(735)	735
Other Changes	-	(28)	28
Balances at June 30, 2019	\$ 727,056	\$ 551,892	\$ 175,164

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Sensitivity of the proportionate share of the net pension liability to changes in the discount rate: The following presents the System's net pension liability calculated using the discount rate of 6.21 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 (5.21 percent) or one percentage point higher (7.21 percent) than the current rate:

	1% Decrease (5.21%)	Discount Rate (6.21%)	1% Increase (7.21%)
CFRSP's net pension liability (asset)	\$ 269,503	\$ 175,164	\$ 96,533

For the year ended June 30, 2019, the System recognized pension expense of \$30,838. At June 30, 2019, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 15,620	\$ 5,313
Changes of assumptions	132,989	73,645
Net difference between projected and actual earnings on pension plan investments	-	3,240
City contributions subsequent to the measurement date	10,193	-
Total	<u>\$ 158,802</u>	<u>\$ 82,198</u>

\$10,193 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2020	\$ 21,047
2021	17,853
2022	10,885
2023	15,392
2024	16,941
Thereafter	(15,706)
	<u>\$ 66,412</u>

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

Firefighters' Retirement Pension Trust	
Assets:	
Cash, cash equivalents and investments	\$ 6,964
Receivables:	
Employer contributions	187
Member contributions	187
Interest and dividends	660
Prepaid items	<u>7</u>
Total receivables	<u>1,041</u>
Investments:	
Equity securities - stocks	146,203
Fixed income securities - bonds	117,078
Mutual funds	<u>288,007</u>
Total investments	<u>551,288</u>
Capital assets, at cost, net of accumulated depreciation of \$339	<u>293</u>
Total assets	559,586
Liabilities:	
Accounts payable	<u>718</u>
Total liabilities	<u>718</u>
Net Position:	
Restricted for pensions	<u>\$ 558,868</u>

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Firefighters' Retirement Pension Trust

Additions:	
Contributions-	
Member	\$ 10,610
Employer	10,193
Total contributions	<u>20,803</u>
Investment income -	
Net appreciation in fair value of investments	19,113
Interest	2,721
Dividends	3,961
Other	5
Total investment income	<u>25,800</u>
Investment expense	<u>2,870</u>
Net investment income	<u>22,930</u>
Total additions	<u>43,733</u>
Deductions:	
Benefits	35,709
Refunds	416
Administration	583
Depreciation	49
Total deductions	<u>36,757</u>
Change in net position	6,976
Net position - beginning	<u>551,892</u>
Net position - ending	<u>\$558,868</u>

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

Description: The City of Charlotte administers a public employee retirement system (LEOSSA), a single employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of credible service or have attained 55 years of age and have completed five or more years of credible service. The LEOSSA 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 LEOSSA.

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All full-time law enforcement officers of the City are covered by the LEOSSA. At December 31, 2017, the LEOSSA's membership consisted of:

Retirees receiving benefits	334
Active plan members	<u>1,779</u>
Total	<u><u>2,113</u></u>

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

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

Actuarial Assumptions: The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50 to 7.35%, including inflation and productivity factor
Discount rate	3.64%

Discount rate: The discount rate is based on the S&P Municipal Bond 20-year High Grade Rate index.

Mortality rates are based on the following:

Deaths after Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to the 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104 percent for males and 100 percent for females.

Deaths before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths after Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123 percent for males and females.

Deaths after Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103 percent for males and 99 percent for females.

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December 31, 2017 is the actuarial valuation date upon which the TPL is based. The result was rolled forward using standard actuarial techniques to the Measurement Date. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments for the plan year and then applies interest for the year. The procedure used to determine the TPL as of December 31, 2018 is shown in the following table:

	TPL Reported for Year Ending 2017	Development of TPL for Year Ending 2018 Prior to Assumption Change	Development of TPL for Year Ending 2018 after Assumption Change
TPL Roll Forward			
Interest Rate	3.16%	3.16%	3.64%
Valuation Date for Measurement	12/31/2016	12/31/2017	12/31/2017
TPL as of December 31, 2017	\$ 118,108	\$ 118,507	\$ 114,422
Entry Age Normal Cost for the period January 1, 2018 - December 31, 2018 at the End of the Year	3,904	3,904	3,556
Actual Benefit Payments for the Period January 1, 2018 - December 31, 2018 at the End of the Year	6,811	6,811	6,811
TPL as of December 31, 2018	\$ 118,825	119,238	115,208
Experience Actuarial (Gain)/Loss		\$ 412	
Discount Rate Change (Gain)/Loss			\$ (4,029)

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

Contributions: The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the LEO Separation are financed through investment earnings. The City paid \$6,811 as benefits came due for the reporting period.

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

At June 30, 2019, the LEOSSA reported a total pension liability of \$115,208. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$8,120.

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,136	\$ -
Changes of assumptions	3,826	4,350
City benefit payments and plan administrative expense made subsequent to measurement date	3,956	-
Total	<u>\$ 9,918</u>	<u>\$ 4,350</u>

\$3,956 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020 other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2020	\$ 571
2021	571
2022	743
2023	(101)
2024	(172)
	<u>\$ 1,612</u>

Sensitivity of the City's total pension liability to changes in the discount rate: The following presents the City's total pension liability calculated using the discount rate of 3.64 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.64 percent) or one-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 123,784	\$ 115,208	\$ 107,313

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Schedule of Changes in Total Pension Liability	
<u>Law Enforcement Officers' Special Separation Allowance</u>	
Total pension liability as of December 31, 2017	\$ 118,108
Service Cost	3,904
Interest	3,624
Difference between expected and actual experience	412
Changes of assumptions or other inputs	(4,029)
Benefit Payments	<u>(6,811)</u>
Total pension liability as of December 31, 2018	<u>\$ 115,208</u>

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

d. Supplemental Retirement Income Plan for Law Enforcement Officers

Description: The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Funding Policy: Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City is currently making contributions for the 1,747 law enforcement officers. Contributions for the year ended June 30, 2019 were \$13,165, which consisted of \$6,555 from the City and \$6,610 from the law enforcement officers.

e. Death Benefit Plan

The City provides death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (LGERs), a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The 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

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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, 2019, the City made contributions 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.

Plan Membership: At June 30, 2018 the EBTP membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits payments	2,178
Inactive plan members entitled to benefits but not yet receiving benefit payments	734
Active participants	<u>3,516</u>
Total	<u><u>6,428</u></u>

Benefits Provided: The EBTP provided healthcare benefits for retirees hired before July 1, 2009 and have at least ten years of City service and immediately begin drawing a retirement benefit. The City pays a percentage of the cost of coverage for employees' benefits through private insurers based on years of service. Retirees are eligible for this benefit after the earliest of 30 years of creditable service; age 60 with 25 years of creditable service; or age 55 with five years creditable service. Sworn public safety officers hired on or after July 1, 2009 are eligible to participate in a Retirement Health Savings Plan (RHSP) which provides a means for employees to save money for future withdrawals to pay qualified health care expenses.

Contributions: The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution rates for plan members were dependent on the years of service and the coverage selected. Monthly rates ranged from \$233 to \$2,483 per retiree.

City Contributions to EBTP based on years of creditable service		
Years of Creditable Service	Date Hired	
	Pre-July 1, 2009	On or after July 1, 2009
Less than 10 years	0%	0%
10 to 20 years	50%	0%
20 + years	100%	0%

The City Council set the employer contribution rate to contribute the projected pay-as-you-go-financing requirements, with additional amounts to prefund benefits as determined annually. For the current year, the City contributed \$21,689 to the plan.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	50%	7.40%
International equity	18%	5.70%
Global fixed income	20%	4.60%
Domestic fixed income	12%	5.00%
Total	<u>100%</u>	

Rate of return: For the year ended June 30, 2019, the annual money market weighted rate of return on investment, net of investment expenses was 4.38 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the City at June 30, 2019 were as follows:

Total OPEB liability	\$ 469,400
Plan fiduciary net position	<u>99,909</u>
City's net OPEB liability	<u>\$ 369,491</u>
Plan fiduciary net position as a percentage of the Total OPEB liability	21.28%

The City of Charlotte changed the measurement date and the reporting date between GASB 74 and GASB 75 to remove the lag between measurement date and reporting date for GASB 75.

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Actuarial Assumptions: The total OPEB liability was determined on an actuarial valuation as of June 30, 2018, using the following key actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	6.20%
Municipal Bond Index Rate	
Prior Measurement Date	3.96%
Measurement Date	3.50%
Year FNP is projected to be depleted	
Prior Measurement Date	2021
Measurement Date	2047
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.02%
Measurement Date	4.78%
Health Care Cost Trends	
Pre-Medicare Medical and Prescription Drug	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare Medical and Prescription Drug	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022

Total OPEB liabilities were rolled forward to June 30, 2018 and June 30, 2019 for the employer and the plan, respectively, utilizing updated procedures incorporating the actuarial assumptions.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for OPEB experience and generational mortality improvements using Scale MP-2015.

Discount rate: The discount rate used to measure the total OPEB liability at June 30, 2018 was 4.78 percent. The projection's basis was an actuarial valuation performed as of June 30, 2018.

Sensitivity of the Net OPEB liability to changes in the discount rate: The following exhibit presents the net OPEB liability of the EBTP as of June 30, 2019 as well as what the EBTP's liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.78 percent) or one-percentage-point higher (5.78 percent) than the current rate.

	1% Decrease (3.78%)	Discount Rate (4.78%)	1% Increase (5.78%)
Net OPEB liability	\$ 444,956	\$ 369,491	\$ 309,102

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2019
(Dollar Amounts in Thousands)

Sensitivity of the Net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of EBTP as of June 30, 2019, as well as what the EBTP net OPEB liability would be if it were to calculate the healthcare cost trend rates that are one-percentage-point lower (4 percent) or one-percentage-point higher (6 percent) than the current rate healthcare cost trend rate.

	Healthcare Cost Trend Rate		
	1% Decrease (4%)	Current Rate (5%)	1% Increase (6%)
Net OPEB liability	\$ 300,499	\$ 369,491	\$ 456,911

Changes in Net OPEB Liability, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2019, EBTP reported a net OPEB liability of \$369,491. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total OPEB liability was then rolled forward to the measurement date of June 30, 2019, utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2019, the components of the net OPEB liability of the EBTP, measured as of June 30, 2019, were as follows:

	Increase(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2018	\$ 605,495	\$ 89,305	\$ 516,190
Service cost	8,123	-	8,123
Interest	24,031	-	24,031
Difference between expected and actual experience	(106,807)	-	(106,807)
Changes of assumptions or other inputs	(45,850)	-	(45,850)
Contributions-employers	-	21,689	(21,689)
Net investment income	-	4,730	(4,730)
Administrative expense	-	(223)	223
Benefit payments	(15,592)	(15,592)	-
Net change	(136,095)	10,604	(146,699)
Balances at June 30, 2019	\$ 469,400	\$ 99,909	\$ 369,491

Changes of assumptions: Changes of assumptions and other inputs reflect a change in the discount rate from 4.02 percent in 2017 to 4.78 percent in 2018. Medical claims cost and rates were changed based on most recent experience and changed to the current schedule. The Excise Tax of 40 percent on healthcare plans that are above the thresholds set by the Affordable Care Act that will be effective in 2022 and have been reflected.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2019
(Dollar Amounts in Thousands)

For the year ended June 30, 2019, the EBTP recognized OPEB expense of (\$3,654). At June 30, 2019, the EBTP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 86,463
Changes of assumptions or other inputs	-	37,049
Net difference between projected and actual earnings on plan investments	1,931	-
Total	<u>\$ 1,931</u>	<u>\$ 123,512</u>

\$1,931 reported as deferred outflows of resources related to OPEB resulting from the net difference between projected and actual earning on plan investments will be recognized as a decrease in net OPEB liability in the year ended June 30, 2020. Total amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	
2020	\$ (28,887)
2021	(28,887)
2022	(28,836)
2023	(28,818)
2024	(6,153)
	<u>\$ (121,581)</u>

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

Employee Benefit - Other Employee Benefit Trust

Assets:	
Cash, cash equivalents and investments	\$ 947
Investments:	
Mutual funds	99,909
Total investments	<u>99,909</u>
Total assets	100,856
Liabilities:	
Accounts payable	41
Total liabilities	<u>41</u>
Net Position:	
Net position restricted for pensions	<u>\$ 100,815</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2019
(Dollar Amounts in Thousands)

Employee Benefit - Other Employee Benefit Trust

Additions:

Contributions-

Employer	\$ 18,830
Total contributions	<u>18,830</u>

Investment income -

Net appreciation in fair value of investments	3,560
Interest	<u>1,178</u>

Total investment income	4,738
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Investment expense	<u>311</u>
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Net investment income	<u>4,427</u>
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Total additions	<u>23,257</u>
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Deductions:

Benefits	5,447
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Insurance premiums	7,693
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Administration	<u>1,591</u>
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Total deductions	<u>14,731</u>
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Change in net position	8,526
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Net position - beginning	<u>92,289</u>
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Net position - ending	<u>\$ 100,815</u>
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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, 2019
(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, 2019 were as follows:

Land	\$ 374,666
Buildings	1,050,562
Runways	444,993
Improvements other than buildings	233,517
Intangibles	6,642
Machinery and equipment	<u>140,112</u>
Total	2,250,492
Less: accumulated depreciation	<u>870,265</u>
Total	<u><u>\$1,380,227</u></u>

The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2019:

Year	
2020	\$ 77,257
2021	71,666
2022	72,215
2023	72,771
2024	70,579
Total minimum future rental income	<u><u>\$ 364,488</u></u>

Of the \$364,488 minimum future rental income on noncancelable operating leases, \$109,372 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 \$92,057 were received during the year ended June 30, 2019.

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 \$1,626,829. Collections during fiscal year 2019 were \$63,161 and aggregate collections from inception through June 30, 2019 were \$773,589.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2019
(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 \$475 per year per person and \$69 in aggregate. The City has an Employee Health and Life Insurance Fund (EHLIF), an internal service fund, to account for and finance its health and life insurance program.

All City funds participate in the program and make payments to the EHLIF for both an amount per employee and a proportionate share of the administrative cost. The amount per employee is based on actuarial estimates of amounts needed to pay prior and current year claims. The employees and retirees contribute a portion of the cost for health coverage. The City provides basic life insurance and accidental death and dismemberment benefits for employees in the amount of two times the employees' salary up to a maximum of \$500. Employees may purchase additional life insurance up to a maximum of five times their salary.

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

	Beginning of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2019	\$ 10,425	\$ 74,055	\$ (74,080)	\$ 10,400
2018	10,666	75,969	(76,210)	10,425

At June 30, 2019 the EHLIF held \$52,692 in cash and equivalents for payments of these claims.

(2) Risk Management

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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2019
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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, 2019, \$14,623 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 \$42,968 reported in the RMF at June 30, 2019, is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liabilities are based on the estimated ultimate cost of settling the claims, which includes incremental claim adjustment expenditures/expenses (i.e., outside legal assistance) and estimated recoveries on unsettled claims as required by GASB Statement No. 30. The changes in the fund's liabilities follow:

	Beginning of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2019	\$ 39,975	\$ 18,335	\$ (15,342)	\$ 42,968
2018	43,690	13,869	(17,584)	39,975

At June 30, 2019 the RMF held \$77,551 in cash and cash equivalents for payments of these claims.

d. Commitments and Contingencies

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

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

The City is currently evaluating a number of environmental issues including two former landfill sites. Until site assessments and further studies are completed, the cleanup costs can only be estimated. During the current fiscal year a provision for cleanup costs of \$660 has been provided within the financial statements. In the opinion of City management, costs ultimately incurred are not expected to have a material effect on the City's financial position after giving effect to the provision for cleanup costs.

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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2019
(Dollar Amounts in Thousands)

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.

Authorized capital projects at June 30, 2019, are comprised of the following by fund:

	Project Authorization	Expended	Unexpended
<u>Governmental</u>			
Capital Projects	\$ 3,062,650	\$ 1,966,822	\$ 1,095,828
<u>Enterprise</u>			
Water and Sewer	3,168,986	2,378,075	790,911
Storm Water	830,686	627,789	202,897
Airport	1,730,116	1,327,890	402,226
Public Transit	2,179,892	1,919,651	260,241
Total Enterprise	7,909,680	6,253,405	1,656,275
Total	<u>\$ 10,972,330</u>	<u>\$ 8,220,227</u>	<u>\$ 2,752,103</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	\$ 18,581
Capital Projects	35,080
Nonmajor governmental	17,446
Total	<u>\$ 71,107</u>

The City has construction and other contractual commitments at June 30, 2019, as follows by fund:

<u>Governmental</u>	
General	\$ 56,621
Nonmajor governmental	11,498
Total Government	<u>68,119</u>
<u>Enterprise</u>	
Water and Sewer	28,926
Storm Water	10,098
Airport	175,756
Public Transit	46,466
Total Enterprise	<u>261,246</u>
Total	<u>\$ 329,365</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2019
(Dollar Amounts in Thousands)

The City has operating lease commitments for land and office space with future rentals under these leases at June 30, 2019, as shown below:

Year	
2020	\$ 2,376
2021	1,688
2022	1,122
2023	965
2024	361
2025-2029	1,705
2030-2034	553
	<u>\$ 8,770</u>

Related lease expense was approximately \$2,372 in 2019.

e. Arena

Spectrum Center (formerly Time Warner Cable Arena) was constructed and financed by the City and opened in October 2005. The primary tenant of the arena is the National Basketball Association's Charlotte Hornets. Terms of a twenty-five-year lease entitle the team to all operating revenues and the team is responsible for all operating expense, including non-basketball related events. The City and the team each contribute \$250 annually (escalating at five percent per year) to a capital reserve fund. Any capital expenses in excess of the reserve are the responsibility of the City. While the City retains ownership of the facility, the Charlotte Regional Visitors Authority provides operation support for the Arena. The \$200 million project was funded primarily through a combination of installment financing obligations supported by a portion of an occupancy tax and a dedicated rental car tax, private contributions and the sale of City assets. The City is entitled to damages based on the number of years remaining on the lease if the team violates the agreement. The City and the Hornets reached an agreement to invest \$27.5 million in capital improvements to Spectrum Center 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 was issued in fiscal year 2019.

f. NASCAR Hall of Fame

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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2019
(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 lighting improvements was issued by the City on October 22, 2013. \$1.25 million in operating funds will be appropriated annually for ten years to fund the traffic control. In May 2015, the City issued \$23.5 million for additional technology, infrastructure and landscape improvements to the stadium. The final \$23.5 million in additional capital funding was issued June 1, 2016. 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.

Subsequent to June 30, 2019, the City expects to make the final capital reimbursement to the team for the infrastructure investments in fiscal year 2020. In addition, on July 9, 2018 the sale of the Carolina Panthers for approximately \$2.3 billion to David Tepper was completed after unanimous approval by the National Football League team owners. The new owner has expressed intention to keep the team in Charlotte.

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, 2019, American Airlines and its affiliates provided 26.37 percent of the Airport's operating revenues.

American Airlines conducts its passenger air carrier operations at the Airport pursuant to several agreements, the most significant of which is the City of Charlotte's 2016 Airline Use and Lease Agreement (Airline Agreement), which has also been executed by JetBlue Airlines, Southwest Airlines, Delta Airlines, United Airlines and Spirit Airlines (collectively, the Signatory Airlines). Pursuant to the Airline agreement, the Signatory Airlines lease certain premises in the passenger terminal building (terminal) and are obligated

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2019
(Dollar Amounts in Thousands)

to pay landing fees and terminal rentals which, in the aggregate, are sufficient to enable the City to pay the annual operating expenses of the airfield and terminal, and the annual debt service on General Airport Revenue Bonds (GARBs) issued by the City to fund airfield, terminal and other airport improvements.

On June 20, 2019, the City issued \$178,365 in series 2019 GARB to refinance a portion of the Airport's 2017D Note and to acquire and construct certain improvements to the Charlotte Douglas Airport, pay capitalized interest on the 2019 bonds, fund a deposit to the Debt Service fund and pay the cost of issuance of the 2019 bonds.

As of June 30, 2019, the City had \$818,940 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 \$82,479 in reserve to pay principal and interest on GARBS.

In addition to GARBS, the City also had Special Facility Revenue Bonds to finance the construction of parking facilities to be used by rental car companies. As of June 30, 2019, there was \$54,810 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. Restatement for Construction in Progress and Revenues

Restatement for Construction in Progress

During fiscal year 2019, the City identified capital projects of \$34,574 that had previously been reported as construction in progress but had no expenditures in the current year. This construction in progress did not result in a capital asset and was recognized as expense in prior periods. The City received revenue of \$14,017 for prior year expenses that was not accrued and, also accrued revenue of \$27,445 after completion of the Blue Line receivable reconciliation. As a result, the net position of the business type activities for Public Transit increased by \$6,888.

Restatement for Unamortized Bond Refunding Charges

Unamortized bond refunding charges were incorrectly amortized in fiscal year 2018. This resulted in an increase of \$139 to the business type activities net position for the Airport.



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

REQUIRED SUPPLEMENTARY INFORMATION



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

Valuation Date Measurement Date Reporting Date	December 31, 2012 June 30, 2013 June 30, 2014	December 31, 2013 June 30, 2014 June 30, 2015	December 31, 2014 June 30, 2015 June 30, 2016	December 31, 2015 June 30, 2016 June 30, 2017	December 31, 2016 June 30, 2017 June 30, 2018	December 31, 2017 June 30, 2018 June 30, 2019
Proportion of the net pension liability (asset) (%)	5.89290%	(5.88149%)	5.89461%	6.04890%	6.11504%	6.25266%
Proportion of the net pension liability (asset) (\$)	\$ 71,032	\$ (32,461)	\$ 26,455	\$ 128,378	\$ 93,421	\$ 148,334
Covered payroll	\$ 317,369	\$ 358,413	\$ 327,094	\$ 350,856	\$ 381,739	\$ 397,056
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	22.38%	(9.06%)	8.09%	36.59%	24.47%	37.36%
Plan fiduciary net position as a percentage of the total pension liability**	94.35%	102.64%	98.09%	91.47%	94.18%	91.63%

* 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.

This schedule will not present ten years of fiscal information until 2023.

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

	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 23,348	\$ 24,288	\$ 23,959	\$ 28,613	\$ 30,712	\$ 33,945
Contributions in relation to the contractually required contribution	23,348	24,288	23,959	28,613	30,712	33,945
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charlotte's covered payroll	\$ 358,413	\$ 327,094	\$ 350,856	\$ 381,739	\$ 397,056	\$ 425,364
Contributions as a percentage of covered payroll	6.51%	7.43%	6.83%	7.50%	7.73%	7.98%

This schedule will not present ten years of fiscal information until 2023.

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

Valuation Date	July 1, 2014	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018
Measurement Date	July 1, 2014	July 1, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Reporting Date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Total Pension Liability					
Service cost	\$ 13,967	\$ 15,049	\$ 15,387	\$ 26,438	\$ 24,023
Interest	34,249	36,036	37,984	37,701	41,792
Difference between expected and actual experience	-	1,664	(2,503)	19,244	(4,229)
Change of assumptions	-	-	211,217	(60,216)	(31,043)
Benefit payments	(23,928)	(26,406)	(28,333)	(31,075)	(33,120)
Refunds of contributions	67	(69)	(416)	(70)	(212)
Net change in Total Pension Liability	24,355	26,274	233,336	(7,978)	(2,789)
Total Pension Liability - Beginning	453,858	478,213	504,487	737,823	729,845
Total Pension Liability - Ending (a)	\$ 478,213	\$ 504,487	\$ 737,823	\$ 729,845	\$ 727,056
Plan Net Position					
Contributions - employer	\$ 8,348	\$ 8,589	\$ 8,694	\$ 9,106	\$ 9,333
Contributions - employee	8,723	9,138	8,991	9,636	9,909
Net investment income	73,559	20,373	2,266	57,681	46,981
Benefit payments	(23,928)	(26,406)	(28,333)	(31,075)	(33,120)
Administrative expense	(691)	(625)	(657)	(621)	(735)
Refunds of contributions	67	(69)	(416)	(70)	(212)
Other	-	-	-	(13)	(28)
Net change in Plan Net Position	66,078	11,000	(9,455)	44,644	32,128
Plan Net Position - Beginning	407,497	473,575	484,575	475,120	519,764
Plan Net Position - Ending (b)	\$ 473,575	\$ 484,575	\$ 475,120	\$ 519,764	\$ 551,892
Net Pension Liability - Ending (a) - (b)	\$ 4,638	\$ 19,912	\$ 262,703	\$ 210,081	\$ 175,164
Plan net position as a percentage of total pension liability	99.03%	96.05%	64.39%	71.22%	75.91%
Covered payroll	\$ 65,992	\$ 67,897	\$ 68,727	\$ 71,984	\$ 73,779
Net pension liability as a percentage of covered payroll	7.03%	29.33%	382.24%	291.84%	237.42%

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

City of Charlotte, North Carolina
Charlotte Firefighters' Retirement System
Schedule of Employer Contributions
Last Ten Fiscal Years
(Dollar Amounts In Thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined employer contribution	\$ 7,440	\$ 8,131	\$ 8,409	\$ 9,214	\$ 10,849	\$ 11,454	\$ 10,206	\$ 9,495	\$ 13,088	\$ 14,625
Actual employer contributions	7,440	7,670	7,720	8,100	8,348	8,589	8,694	9,106	9,333	10,193
Annual contribution deficiency (excess)	\$ -	\$ 461	\$ 689	\$ 1,114	\$ 2,501	\$ 2,865	\$ 1,512	\$ 389	\$ 3,755	\$ 4,432
Covered payroll	\$ 58,814	\$ 60,632	\$ 61,028	\$ 64,032	\$ 65,992	\$ 67,897	\$ 68,727	\$ 71,984	\$ 73,779	\$ 80,577
Actual contributions as a percentage of covered 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	3.00%
Salary increases	3.75 –9.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

City of Charlotte, North Carolina
Law Enforcement Officers' Special Separation Allowance (LEOSSA)
Schedule of Changes in Total Pension Liability
Last Three Fiscal Years
(Dollar Amounts In Thousands)

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

The amounts presented for this fiscal year were determined as of December 31, 2017 of the current fiscal year.

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

City of Charlotte, North Carolina
Employee Benefit Trust Plan (EBTP)
Schedule of Changes in the Net OPEB Liability
Last Three Fiscal Years
(Dollar Amounts In Thousands)

Valuation Date	July 1, 2017	July 1, 2017	June 30, 2018
Measurement Date	June 30, 2017	June 30, 2018	June 30, 2019
Reporting Date	June 30, 2017	June 30, 2018	June 30, 2019
Total OPEB Liability			
Service cost	\$ 7,002	\$ 7,545	\$ 8,123
Interest	23,432	24,372	24,031
Difference between expected and actual experience	(294)	-	(106,807)
Changes of assumptions or other inputs	-	-	(45,850)
Benefit payments	(14,639)	(25,143)	(15,592)
Net change in Total OPEB Liability	15,501	6,774	(136,095)
Total OPEB Liability - beginning	583,220	598,721	605,495
Total OPEB Liability - ending	598,721	605,495	469,400
Plan Fiduciary Net Position			
Contributions - employer	16,361	20,454	21,689
Net investment income	7,532	5,881	4,730
Benefit payments	(14,639)	(14,782)	(15,592)
Additional contributions into the trust	-	20,325	-
Administrative expense	(232)	(266)	(223)
Other	(1,844)	(2,746)	-
Net change in Plan Fiduciary Net Position	7,178	28,866	10,604
Plan Fiduciary Net Position - beginning	53,261	60,439	89,305
Plan Fiduciary Net Position - ending	60,439	89,305	99,909
Net OPEB Liability - ending	\$ 538,282	\$ 516,190	\$ 369,491

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

City of Charlotte, North Carolina
Employee Benefit Trust Plan (EBTP)
Schedule of Changes of Total Liability as a Percentage of Covered Payroll
Last Three Fiscal Years
(Dollar Amounts In Thousands)

	2017	2018	2019
Total OPEB Liability	\$ 598,721	\$ 605,495	\$ 469,400
Plan Fiduciary Net Position	60,439	89,305	99,909
Net OPEB Liability	<u>\$ 538,282</u>	<u>\$ 516,190</u>	<u>\$ 369,491</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	10.09%	14.75%	21.28%
Covered Payroll	\$ 402,489	\$ 402,489	\$ 252,834
Net OPEB Liability as a percentage of covered payroll	133.74%	128.25%	146.14%

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

City of Charlotte, North Carolina
Employee Benefit Trust Plan (EBTP)
Schedule of City Contributions and Investment Returns
Last Three Fiscal Years
(Dollar Amounts In Thousands)

	2017	2018	2019
Actuarially determined contribution	\$ 22,729	\$ 25,967	\$ 26,605
Contributions in relation to actuarially determined contribution	24,630	40,778	21,689
Contribution deficiency (excess)	<u>\$ (1,901)</u>	<u>\$ (14,811)</u>	<u>\$ 4,916</u>
Charlotte's covered payroll	\$ 402,489	\$ 402,489	\$ 252,834
Contributions in relation to actuarially determined contribution as a percentage of covered payroll	6.12%	10.13%	8.58%
The Total OPEB Liability was determined based on actuarial valuation as of June 30, 2018, using the following key actuarial assumptions and other inputs:			
Inflation	2.50%		
Real wage growth	1.00%		
Wage inflation	3.50%		
Salary increases, including wage inflation			
General Employees	3.50% - 7.75%		
Firefighters	3.50% - 7.75%		
Law Enforcement Officers	3.50% - 7.35%		
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	6.20%		
Municipal Bond Index Rate			
Prior Measurement Date	3.96%		
Measurement Date	3.50%		
Year FNP is projected to be depleted	2021		
Prior Measurement Date	2047		
Measurement Date			
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation			
Prior Measurement Date	4.02%		
Measurement Date	4.78%		
Health Care Cost Trends			
Pre-Medicare Medical and Prescription Drug	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028		
Medicare Medical and Prescription Drug	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022		
Annual money-weighted rate of return, net of investment expenses	<u>2017 13.84%</u>	<u>2018 7.60%</u>	<u>2019 4.38%</u>

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



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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.
- ❖ 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, 2019
(In Thousands)

	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Public Safety and Other Grants
ASSETS					
Cash, cash equivalents and investments	\$ 71,273	\$ 82,571	\$ 28,976	\$ 478	\$ 7,314
Receivables, net:					
Property taxes	-	-	-	117	-
Accounts	-	20	-	11	-
Other	-	-	-	-	6
Total receivables	-	20	-	128	6
Due from other governmental agencies	5,499	1,559	1,441	-	5,388
Prepaid items	-	-	-	-	-
Notes receivable	-	-	-	-	-
Total assets	<u>\$ 76,772</u>	<u>\$ 84,150</u>	<u>\$ 30,417</u>	<u>\$ 606</u>	<u>\$ 12,708</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 41	\$ -	\$ 118	\$ 907
Deposits and retainage payable	-	-	-	-	-
Due to component unit	-	-	1,363	-	-
Unearned revenues	-	-	-	-	1,096
Total liabilities	<u>-</u>	<u>41</u>	<u>1,363</u>	<u>118</u>	<u>2,003</u>
Deferred inflows of resources:					
Unavailable revenues	<u>-</u>	<u>20</u>	<u>-</u>	<u>117</u>	<u>6</u>
Fund balances:					
Nonspendable:					
Perpetual care	-	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted:					
Public safety	-	-	-	-	8,129
Cultural and recreation	76,772	84,089	29,054	-	-
Community planning and development	-	-	-	371	1,217
Streets and highways	-	-	-	-	1,353
Total fund balances	<u>76,772</u>	<u>84,089</u>	<u>29,054</u>	<u>371</u>	<u>10,699</u>
Total liabilities and fund balances	<u>\$ 76,772</u>	<u>\$ 84,150</u>	<u>\$ 30,417</u>	<u>\$ 606</u>	<u>\$ 12,708</u>

Special Revenue Funds					Permanent Fund	Total
Neighborhood Development	Employment and Training	State Street Aid	Emergency Telephone System	Total	Perpetual Care	Nonmajor Governmental Funds
\$ 1,158	\$ -	\$ 8,986	\$ 5,431	\$ 206,187	\$ 3,111	\$ 209,298
-	-	-	-	117	-	117
-	-	-	-	31	-	31
-	-	44	15	65	-	65
-	-	44	15	213	-	213
2,340	1,709	1,003	271	19,210	-	19,210
-	-	-	418	418	-	418
30,415	-	-	-	30,415	-	30,415
<u>\$ 33,913</u>	<u>\$ 1,709</u>	<u>\$ 10,033</u>	<u>\$ 6,135</u>	<u>\$ 256,443</u>	<u>\$ 3,111</u>	<u>\$ 259,554</u>
\$ 819	\$ 1,709	\$ 2,275	\$ 130	\$ 5,999	\$ -	\$ 5,999
104	-	280	-	384	-	384
-	-	-	-	1,363	-	1,363
52	-	-	-	1,148	-	1,148
<u>975</u>	<u>1,709</u>	<u>2,555</u>	<u>130</u>	<u>8,894</u>	<u>-</u>	<u>8,894</u>
-	-	44	-	187	-	187
-	-	-	-	-	3,111	3,111
-	-	-	418	418	-	418
-	-	-	5,587	13,716	-	13,716
-	-	-	-	189,915	-	189,915
32,938	-	-	-	34,526	-	34,526
-	-	7,434	-	8,787	-	8,787
<u>32,938</u>	<u>-</u>	<u>7,434</u>	<u>6,005</u>	<u>247,362</u>	<u>3,111</u>	<u>250,473</u>
<u>\$ 33,913</u>	<u>\$ 1,709</u>	<u>\$ 10,033</u>	<u>\$ 6,135</u>	<u>\$ 256,443</u>	<u>\$ 3,111</u>	<u>\$ 259,554</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, 2019
(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	\$ -	\$ -	\$ -	\$ 5,989	\$ -	\$ -
Other taxes	59,740	17,207	16,001	-	-	-
Intergovernmental	-	2,948	-	-	10,981	11,576
Investment earnings	1,712	2,049	815	14	100	(4)
Miscellaneous	1,000	1,936	-	-	1,631	795
Total revenues	62,452	24,140	16,816	6,003	12,712	12,367
EXPENDITURES:						
Current-						
Public safety	-	-	-	-	10,750	-
General administration	-	-	-	-	-	1,123
Streets and highways	-	-	-	-	2,320	-
Culture and recreation	20,098	2,006	3,702	-	-	-
Community planning and development	-	-	-	5,954	486	12,463
Total expenditures	20,098	2,006	3,702	5,954	13,556	13,586
Excess (deficiency) of revenues over (under) expenditures	42,354	22,134	13,114	49	(844)	(1,219)
OTHER FINANCING SOURCES (USES):						
Sales of capital assets	-	-	-	-	-	-
Transfers in-						
General	-	1,291	-	-	348	-
Debt service	-	320	-	-	-	-
Capital projects	-	10,002	-	-	-	824
Total transfers in	-	11,613	-	-	348	824
Transfers out-						
General	(4,183)	-	-	-	-	-
Debt service	(30,170)	(24,438)	(9,302)	-	-	-
Capital projects	(5,000)	(3,767)	(7,750)	-	-	-
Total transfers out	(39,353)	(28,205)	(17,052)	-	-	-
Total other financing sources (uses)	(39,353)	(16,592)	(17,052)	-	348	824
Net change in fund balances	3,001	5,542	(3,938)	49	(496)	(395)
Fund balances - beginning	73,771	78,547	32,992	322	11,195	33,333
Fund balances - ending	\$ 76,772	\$ 84,089	\$ 29,054	\$ 371	\$ 10,699	\$ 32,938

Funds				Permanent Fund	Total Nonmajor Governmental Funds
Employment and Training	State Street Aid	Emergency Telephone System	Total	Perpetual Care	
\$ -	\$ -	\$ -	\$ 5,989	\$ -	\$ 5,989
-	-	-	92,948	-	92,948
8,056	20,537	3,095	57,193	-	57,193
-	285	89	5,060	56	5,116
-	-	-	5,362	-	5,362
<u>8,056</u>	<u>20,822</u>	<u>3,184</u>	<u>166,552</u>	<u>56</u>	<u>166,608</u>
-	-	2,386	13,136	-	13,136
798	-	-	1,921	-	1,921
-	22,345	-	24,665	-	24,665
-	-	-	25,806	-	25,806
<u>7,258</u>	<u>-</u>	<u>-</u>	<u>26,161</u>	<u>-</u>	<u>26,161</u>
<u>8,056</u>	<u>22,345</u>	<u>2,386</u>	<u>91,689</u>	<u>-</u>	<u>91,689</u>
-	(1,523)	798	74,863	56	74,919
-	185	-	185	-	185
-	4,261	-	5,900	-	5,900
-	-	-	320	-	320
-	-	-	10,826	-	10,826
-	4,261	-	17,046	-	17,046
-	-	-	(4,183)	(56)	(4,239)
-	(2,066)	-	(65,976)	-	(65,976)
-	-	-	(16,517)	-	(16,517)
-	(2,066)	-	(86,676)	(56)	(86,732)
-	2,380	-	(69,445)	(56)	(69,501)
-	857	798	5,418	-	5,418
-	6,577	5,207	241,944	3,111	245,055
<u>\$ -</u>	<u>\$ 7,434</u>	<u>\$ 6,005</u>	<u>\$ 247,362</u>	<u>\$ 3,111</u>	<u>\$ 250,473</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, 2019
(In Thousands)

	Convention Center Tax			Tourism		
	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	55,077	59,740	4,663	15,374	17,207	1,833
Intergovernmental	-	-	-	2,948	2,948	-
Investment earnings	378	1,712	1,334	419	2,049	1,630
Miscellaneous	1,000	1,000	-	1,100	1,936	836
Total revenues	56,455	62,452	5,997	19,841	24,140	4,299
EXPENDITURES:						
Current-						
Streets and highways	-	-	-	-	-	-
Culture and recreation	24,382	20,395	3,987	3,617	2,593	1,024
Community planning and development	-	-	-	-	-	-
Total expenditures	24,382	20,395	3,987	3,617	2,593	1,024
Excess (deficiency) of revenues over (under) expenditures	32,073	42,057	9,984	16,224	21,547	5,323
OTHER FINANCING SOURCES (USES):						
Sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	10,887	11,613	726
Transfers out	(42,709)	(39,353)	3,356	(31,237)	(28,205)	3,032
Total other financing sources (uses)	(42,709)	(39,353)	3,356	(20,350)	(16,592)	3,758
Revenues and other sources over (under) expenditures and other uses	\$ (10,636)	2,704	\$ 13,340	\$ (4,126)	4,955	\$ 9,081
RECONCILIATION TO GAAP BASIS:						
Current year encumbrances		297			587	
Net change in fund balances		3,001			5,542	
Fund balances - beginning (annually budgeted funds)		73,771			78,547	
Fund balances - ending (annually budgeted funds)		\$ 76,772			\$ 84,089	
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)
\$ -	\$ -	\$ -	\$ 5,836	\$ 5,989	\$ 153	\$ -	\$ -	\$ -
14,428	16,001	1,573	-	-	-	-	-	-
-	-	-	-	-	-	20,503	20,537	34
114	815	701	-	14	14	80	285	205
-	-	-	-	-	-	-	-	-
14,542	16,816	2,274	5,836	6,003	167	20,583	20,822	239
-	-	-	-	-	-	27,952	27,818	134
6,045	3,702	2,343	-	-	-	-	-	-
-	-	-	5,954	5,954	-	-	-	-
6,045	3,702	2,343	5,954	5,954	-	27,952	27,818	134
8,497	13,114	4,617	(118)	49	167	(7,369)	(6,996)	373
-	-	-	-	-	-	-	185	185
-	-	-	-	-	-	4,261	4,261	-
(17,205)	(17,052)	153	-	-	-	(2,132)	(2,066)	66
(17,205)	(17,052)	153	-	-	-	2,129	2,380	251
\$ (8,708)	(3,938)	\$ 4,770	\$ (118)	49	\$ 167	\$ (5,240)	(4,616)	\$ 624
-	-	-	-	-	-	-	5,473	-
(3,938)	-	-	-	49	-	-	857	-
32,992	-	-	-	322	-	-	6,577	-
\$ 29,054	-	-	\$ 371	-	-	\$ 7,434	-	-

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, 2019
(In Thousands)

	Total		Variance-
	Budget	Actual	Positive (Negative)
REVENUES:			
Property taxes	\$ 5,836	\$ 5,989	\$ 153
Other taxes	84,879	92,948	8,069
Intergovernmental	23,451	23,485	34
Investment earnings	991	4,875	3,884
Miscellaneous	2,100	2,936	836
Total revenues	117,257	130,233	12,976
EXPENDITURES:			
Current-			
Streets and highways	27,952	27,818	134
Culture and recreation	34,044	26,690	7,354
Community planning and development	5,954	5,954	-
Total expenditures	67,950	60,462	7,488
Excess (deficiency) of revenues over (under) expenditures	49,307	69,771	20,464
OTHER FINANCING SOURCES (USES):			
Sales of capital assets	-	185	185
Transfers in	15,148	15,874	726
Transfers out	(93,283)	(86,676)	6,607
Total other financing sources (uses)	(78,135)	(70,617)	7,518
Revenues and other sources over (under) expenditures and other uses	\$ (28,828)	(846)	\$ 27,982
RECONCILIATION TO GAAP BASIS:			
Current year encumbrances		6,357	
Net change in fund balances		5,511	
Fund balances - beginning (annually budgeted funds)		192,209	
Fund balances - ending (annually budgeted funds)		197,720	
Project funds:			
Fund balances - beginning		49,735	
Net change in fund balances		(93)	
Fund balances - ending		49,642	
Fund balances - ending		\$ 247,362	

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC SAFETY AND OTHER GRANTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Public safety	\$ 51,927	\$ 6,184	\$ 36,618	\$ 42,802	\$ 9,125
Affordable housing	822	152	542	694	128
Neighborhood improvements	1,281	289	809	1,098	183
Area plans	23,930	2,365	13,461	15,826	8,104
Technology	12,138	1,062	10,359	11,421	717
Other equipment	13,713	3,504	7,988	11,492	2,221
Total public safety grants	<u>\$ 103,811</u>	<u>\$ 13,556</u>	<u>\$ 69,777</u>	<u>\$ 83,333</u>	<u>\$ 20,478</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NEIGHBORHOOD DEVELOPMENT FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

		Expenditures			
	Authorizations	Current Year	Prior Years	Total	Unexpended Authorizations
Housing	\$ 2,992	\$ 613	\$ 1,966	\$ 2,579	\$ 413
Affordable housing	87,569	11,078	73,329	84,407	3,162
Housing grants	11,633	2,250	6,396	8,646	2,987
Neighborhood improvements	353	54	137	191	162
Economic development corridors	14,719	464	11,768	12,232	2,487
Total neighborhood development	<u>\$ 117,266</u>	<u>14,459</u>	<u>\$ 93,596</u>	<u>\$ 108,055</u>	<u>\$ 9,211</u>
Contra expense for issuance of long-term loans receivable		(873)			
		<u>\$ 13,586</u>			

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYMENT AND TRAINING FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Year	Total	
Workforce Investment Act	<u>\$ 45,727</u>	<u>\$ 8,056</u>	<u>\$ 34,536</u>	<u>\$ 42,592</u>	<u>\$ 3,135</u>

CITY OF CHARLOTTE, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Year	Total	
Implemental functions	\$ 455	\$ 229	\$ 226	\$ 455	\$ -
Phone and furniture	6,593	803	1,077	1,880	4,713
Software	2,510	1,105	860	1,965	545
Hardware	1,013	218	653	871	142
Training	72	31	32	63	9
Total expenditures	<u>\$ 10,643</u>	<u>\$ 2,386</u>	<u>\$ 2,848</u>	<u>\$ 5,234</u>	<u>\$ 5,409</u>

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, 2019
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Property tax	\$ 94,011	\$ 94,396	\$ 385
Other taxes-			
Sales tax	20,521	21,733	1,212
Heavy equipment	-	205	205
Total other	<u>20,521</u>	<u>21,938</u>	<u>1,417</u>
Intergovernmental-			
Mecklenburg County:			
ABC Board contribution	1,416	1,578	162
Licenses, fees and fines	62	57	(5)
Investment earnings	1,459	6,361	4,902
Miscellaneous	<u>160</u>	<u>320</u>	<u>160</u>
Total revenues	<u>117,629</u>	<u>124,650</u>	<u>7,021</u>
EXPENDITURES:			
Bonds-			
Principal retirement	47,707	47,707	-
Interest	29,385	29,385	-
Installment purchases-			
Principal retirement	76,102	73,602	2,500
Interest	32,019	28,136	3,883
Fiscal agents fees	2,207	1,374	833
Other	<u>3,274</u>	<u>3,023</u>	<u>251</u>
Total expenditures	<u>190,694</u>	<u>183,227</u>	<u>7,467</u>
Revenues (under) expenditures	<u>(73,065)</u>	<u>(58,577)</u>	<u>14,488</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, 2019
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
OTHER FINANCING SOURCES (USES):			
Installment purchases issued	\$ 432	\$ -	\$ (432)
Refunding debt issued	150,905	150,905	-
Premium on debt issuance	27,008	26,939	(69)
Payment to refunded bond escrow agent	(175,324)	(175,155)	169
Transfers in-			
General	19,066	19,530	464
Special revenue:			
Convention Center tax	33,473	30,170	(3,303)
Tourism	18,280	15,261	(3,019)
Cultural facilities	9,189	9,177	(12)
Hall of Fame	9,455	9,302	(153)
State street aid	2,132	2,066	(66)
Total transfers in	<u>91,595</u>	<u>85,506</u>	<u>(6,089)</u>
Transfers out-			
General	123	123	-
Special revenue:			
Cultural facilities	320	320	-
Capital Projects	<u>28,502</u>	<u>28,502</u>	<u>-</u>
Total transfers out	<u>28,945</u>	<u>28,945</u>	<u>-</u>
Total other financing sources (uses)	<u>65,671</u>	<u>59,250</u>	<u>(6,421)</u>
Net change in fund balance	<u>\$ (7,394)</u>	<u>673</u>	<u>\$ 8,067</u>
Fund balance - beginning		<u>265,541</u>	
Fund balance - ending		<u>\$ 266,214</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Capital equipment	\$ 37,815	\$ 29,404	\$ -	\$ 29,404	\$ 8,411
Housing	13,658	160	12,206	12,366	1,292
Affordable housing	213,297	15,987	130,285	146,272	67,025
Innovative housing	100,399	2,689	93,173	95,862	4,537
Neighborhood improvements	213,824	9,214	107,880	117,094	96,730
Area plans	11,302	284	7,519	7,803	3,499
Street and road infrastructure	605,911	25,005	312,444	337,449	268,462
Non-street transportation infrastructure	167,683	9,753	93,601	103,354	64,329
Traffic control	77,569	6,260	53,482	59,742	17,827
Pedestrian safety	193,797	13,903	128,439	142,342	51,455
Transportation partnerships	11,462	1,975	7,852	9,827	1,635
Transit corridor development	254,207	45,519	68,230	113,749	140,458
Economic development corridors	78,241	5,625	63,943	69,568	8,673
Business corridors	33,678	1,009	25,242	26,251	7,427
Environmental services program	31,091	1,758	28,676	30,434	657
Tree program	29,241	4,843	20,825	25,668	3,573
Capacity for growth sewer	215	-	203	203	12
New facilities	464,219	23,468	257,914	281,382	182,837
Facility renovations	324,480	26,010	153,910	179,920	144,560
Capital facilities maintenance	116,865	5,737	104,878	110,615	6,250
Technology	77,182	5,156	58,670	63,826	13,356
Other equipment	6,514	730	2,961	3,691	2,823
Total capital projects	<u>\$ 3,062,650</u>	<u>234,489</u>	<u>\$ 1,732,333</u>	<u>\$ 1,966,822</u>	<u>\$ 1,095,828</u>
Contra expense for issuance of long-term loans receivable		(8,634)			
		<u>\$ 225,855</u>			

ENTERPRISE FUNDS

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

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

CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Volumetric rates	\$ 297,155	\$ 291,113	\$ (6,042)
Fixed rates	77,338	80,092	2,754
System development fees	14,000	23,829	9,829
Other	22,928	32,874	9,946
Investment earnings	2,054	7,387	5,333
Total revenues	413,475	435,295	21,820
EXPENDITURES:			
Water supply and treatment	15,523	15,356	167
Sewer system and treatment	51,402	47,984	3,418
Administration and engineering	40,705	29,745	10,960
Other operating	58,405	56,285	2,120
Total expenditures	166,035	149,370	16,665
Revenues over expenditures	247,440	285,925	38,485
TRANSFERS OUT:			
Water and Sewer Debt Service	155,037	149,565	5,472
Water and Sewer Capital Projects	155,995	155,995	-
Capital Projects	98	98	-
Total transfers out	311,130	305,658	5,472
Revenues (under) expenditures and transfers	\$ (63,690)	\$ (19,733)	\$ 43,957

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, 2019
(In Thousands)

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment earnings	\$ -	\$ 455	\$ 455
Revenue bond anticipation notes issued	-	159	159
Refunding bonds issued	26,920	26,920	-
Premium on debt issuance	1,763	1,763	-
Total revenues	28,683	29,297	614
EXPENDITURES:			
Bonds-			
Principal retirement	83,099	83,099	-
Interest	66,851	66,851	-
Other financing agreements-			
Principal retirement	3,107	3,107	-
Interest	1,251	630	621
Payment to refunded bond escrow agent	28,414	28,414	-
Bond issue expense	419	404	15
Other	834	712	122
Total expenditures	183,975	183,217	758
Revenues (under) expenditures	(155,292)	(153,920)	1,372
TRANSFERS IN:			
Water and Sewer Operating	155,037	149,565	(5,472)
Water and Sewer Capital Projects	255	-	(255)
Total transfers in	155,292	149,565	(5,727)
Revenues and transfers (under) expenditures	\$ -	\$ (4,355)	\$ (4,355)

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, 2019
(In Thousands)

Revenues and transfers (under)	
expenditures and transfers:	
Operating Fund	\$ (19,733)
Debt Service Fund	(4,355)
Investment earnings in the	
Capital Projects Fund	2,445
Current year encumbrances	15,181
Deferred outflows of resources for pensions	5,900
Net pension liability	(7,205)
Deferred inflows of resources for pensions	220
Deferred outflows of resources for OPEB	(1,765)
Deferred inflows of resources for OPEB	(8,639)
Depreciation	(126,224)
Debt principal retirement	86,673
Premium on debt issuance	(1,763)
Capital outlay	318
Amortization of deferred charges	(1,812)
Amortization of premium	9,032
Capital contributions	65,912
Other	(8,038)
Net transfers to (from) Water and Sewer	
Capital Projects Fund:	
Water and Sewer Operating	<u>155,995</u>
Change in net position	<u>\$ 162,142</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 COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Water:					
Capacity for growth	\$ 419,414	\$ 21,194	\$ 294,939	\$ 316,133	\$ 103,281
Commitment public projects/Operations	154,355	4,740	114,752	119,492	34,863
Rehab and replacement	415,448	20,492	302,625	323,117	92,331
Regulatory requirements	45,117	2,031	32,294	34,325	10,792
Sewer:					
Capacity for growth	863,235	99,152	479,596	578,748	284,487
Commitment public projects/Operations	116,008	2,243	95,701	97,944	18,064
Rehab and replacement	847,285	57,259	688,418	745,677	101,608
Regulatory requirements	183,472	15,019	74,422	89,441	94,031
New facilities	26,705	1,095	-	1,095	25,610
Facility renovations	5,594	1,227	-	1,227	4,367
Facilities maintenance	2,214	424	-	424	1,790
Technology	54,180	3,920	37,375	41,295	12,885
Capital equipment	35,959	7,917	21,240	29,157	6,802
Total water and sewer capital projects	<u>\$ 3,168,986</u>	<u>\$ 236,713</u>	<u>\$ 2,141,362</u>	<u>\$ 2,378,075</u>	<u>\$ 790,911</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, 2019
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Storm water fees	\$ 71,170	\$ 72,046	\$ 876
Other	-	136	136
Investment earnings	-	1,317	1,317
Total revenues	<u>71,170</u>	<u>73,499</u>	<u>2,329</u>
EXPENDITURES:			
Storm water systems	13,473	7,166	6,307
Administration	2,495	2,495	-
Total expenditures	<u>15,968</u>	<u>9,661</u>	<u>6,307</u>
Revenues over expenditures	<u>55,202</u>	<u>63,838</u>	<u>8,636</u>
TRANSFERS OUT:			
Storm Water Capital Projects	47,000	47,000	-
Storm Water Debt Service	13,293	13,106	187
Capital Projects	37	37	-
Total transfers out	<u>60,330</u>	<u>60,143</u>	<u>187</u>
Revenues over (under) expenditures and transfers	<u>\$ (5,128)</u>	<u>\$ 3,695</u>	<u>\$ 8,823</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, 2019
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	\$ 6,611	\$ 6,611	\$ -
Interest	6,525	6,524	1
Other	<u>157</u>	<u>17</u>	<u>140</u>
Total expenditures	<u>13,293</u>	<u>13,152</u>	<u>141</u>
TRANSFERS IN:			
Storm Water Operating	<u>13,293</u>	<u>13,106</u>	<u>(187)</u>
Transfers (under) expenditures	<u>\$ -</u>	<u>\$ (46)</u>	<u>\$ (46)</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, 2019
(In Thousands)

Revenues and transfers over (under)	
expenditures and transfers:	
Operating Fund	\$ 3,695
Debt Service Fund	(46)
Capital Projects Fund:	
Charges for services	1,036
Investment earnings	1,754
Current year encumbrances	589
Deferred outflows of resources for pensions	1,101
Net pension liability	(1,345)
Deferred inflows of resources for pensions	41
Deferred outflows of resources for OPEB	(122)
Deferred inflows of resources for OPEB	(1,020)
Depreciation	(9,770)
Debt principal retirement	6,611
Capital outlay	39
Amortization of deferred charges	(186)
Amortization of premium	1,307
Other	(1,895)
Net transfers to (from) Storm Water	
Capital Projects Fund:	
Operating Fund	<u>47,000</u>
Change in net position	<u>\$ 48,789</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 COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>			<u>Unexpended Authorizations</u>
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>	
Flood control program	\$ 417,940	\$ 29,347	\$ 267,119	\$ 296,466	\$ 121,474
Storm water maintenance program	252,078	29,595	178,431	208,026	44,052
Stream restoration/mitigation	105,042	8,181	69,479	77,660	27,382
Storm water support for projects	53,250	2,048	41,837	43,885	9,365
Transit corridor development	<u>2,376</u>	<u>62</u>	<u>1,690</u>	<u>1,752</u>	<u>624</u>
Total storm water capital projects	<u>\$ 830,686</u>	<u>\$ 69,233</u>	<u>\$ 558,556</u>	<u>\$ 627,789</u>	<u>\$ 202,897</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, 2019
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Terminal area	\$ 42,434	\$ 65,298	\$ 22,864
Airfield	29,177	30,969	1,792
Concessions	64,603	56,116	(8,487)
Rental Car Revenues	-	16,817	16,817
Parking	64,164	62,163	(2,001)
Passenger facility charges	27,912	63,161	35,249
Contract facility charges	7,768	13,570	5,802
Fixed Base Operator (FBO)	18,943	22,734	3,791
Other	35,450	17,994	(17,456)
Investment earnings	-	18,462	18,462
Total revenues	<u>290,451</u>	<u>367,284</u>	<u>76,833</u>
EXPENDITURES:			
Operating	180,678	174,480	6,198
Nonoperating	<u>58,916</u>	<u>28,971</u>	<u>29,945</u>
Total expenditures	<u>239,594</u>	<u>203,451</u>	<u>36,143</u>
Revenues over expenditures	<u>50,857</u>	<u>163,833</u>	<u>112,976</u>
TRANSFERS IN:			
Airport Debt Service	599	594	(5)
Airport Capital Projects	<u>116,519</u>	<u>116,519</u>	<u>-</u>
Total transfers in	<u>117,118</u>	<u>117,113</u>	<u>(5)</u>
TRANSFERS OUT:			
Airport Debt Service	57,182	55,491	1,691
Airport Capital Projects	148,985	148,985	-
Capital Projects	<u>67</u>	<u>67</u>	<u>-</u>
Total transfers out	<u>206,234</u>	<u>204,543</u>	<u>1,691</u>
Revenues and transfers over (under) expenditures and transfers	<u>\$ (38,259)</u>	<u>\$ 76,403</u>	<u>\$ 114,662</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, 2019
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Premium on debt issuance	\$ 19,655	\$ 19,655	\$ -
Proceeds from refunding	10,435	10,435	-
Investment earnings	10	1,879	1,869
Total revenues	<u>30,100</u>	<u>31,969</u>	<u>1,869</u>
EXPENDITURES:			
Bonds-			
Principal retirement	18,896	14,780	4,116
Interest	36,155	35,870	285
Payment to refunded bond escrow agent	101,265	101,265	-
Bond issue expense	2,173	2,031	142
Other	404	320	84
Total expenditures	<u>158,893</u>	<u>154,266</u>	<u>4,627</u>
Revenues (under) expenditures	<u>(128,793)</u>	<u>(122,297)</u>	<u>6,496</u>
TRANSFERS IN:			
Airport Operating	57,182	55,491	(1,691)
Airport Capital Projects	89,956	89,956	-
Total transfers in	<u>147,138</u>	<u>145,447</u>	<u>(1,691)</u>
TRANSFERS OUT:			
Airport Operating	599	594	5
Revenues and transfers over expenditures and transfers	<u>\$ 17,746</u>	<u>\$ 22,556</u>	<u>\$ 4,810</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, 2019
(In Thousands)

Revenues and transfers over	
expenditures and transfers:	
Operating Fund	\$ 76,403
Debt Service Fund	22,556
Capital Projects Fund:	
Investment earnings	5,207
Current year encumbrances	13,384
Deferred outflows of resources for pensions	3,942
Net pension liability	(4,824)
Deferred inflows of resources for pensions	134
Deferred outflows of resources for OPEB	(541)
Deferred inflows of resources for OPEB	(3,164)
Depreciation	(63,104)
Debt principal retirement	14,780
Capital outlay	1,923
Amortization of deferred charges	(73)
Amortization of premium	3,654
Capital contributions	42,928
Other	76,276
Net transfers to (from) Airport	
Capital Projects Fund:	
Airport Operating	32,466
Airport Debt Service	(89,956)
Change in net position	<u>\$ 131,991</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 COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Airfield projects	\$ 345,693	\$ 36,365	\$ 236,846	\$ 273,211	\$ 72,482
Terminal complex projects	5,459	-	5,246	5,246	213
Cargo development projects	10,003	231	9,200	9,431	572
General aviation projects	2,708	-	2,688	2,688	20
Terminal building	602,325	118,826	289,702	408,528	193,797
Ground transportation	384,642	13,885	345,955	359,840	24,802
Fueling facilities	24,965	6,511	8,585	15,096	9,869
Airport service fees (ASF)	96,611	30,859	41,839	72,698	23,913
Land acquisition - non-airfield	185,937	17,795	122,490	140,285	45,652
Included miscellaneous	33,875	4,741	7,700	12,441	21,434
Excluded miscellaneous	14,697	2,922	8,398	11,320	3,377
Fixed base operator (FBO)	23,201	2,016	15,090	17,106	6,095
Total airport capital projects	<u>\$ 1,730,116</u>	<u>\$ 234,151</u>	<u>\$ 1,093,739</u>	<u>\$ 1,327,890</u>	<u>\$ 402,226</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, 2019
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Passenger fares	\$ 31,104	\$ 27,685	\$ (3,419)
Sales tax	98,212	107,535	9,323
Intergovernmental	24,588	23,191	(1,397)
Other	4,665	3,385	(1,280)
Investment earnings	641	4,350	3,709
Total revenues	<u>159,210</u>	<u>166,146</u>	<u>6,936</u>
EXPENDITURES:			
Operations and maintenance	139,870	139,556	314
Administration	18,476	17,489	987
Total expenditures	<u>158,346</u>	<u>157,045</u>	<u>1,301</u>
Revenues over expenditures	<u>864</u>	<u>9,101</u>	<u>8,237</u>
TRANSFERS IN:			
Public Transit Debt Service	2,000	992	(1,008)
General Fund	200	200	-
Capital Projects	23,707	23,361	(346)
Total transfers in	<u>25,907</u>	<u>24,553</u>	<u>(1,354)</u>
TRANSFERS OUT:			
Public Transit Capital Projects	240	240	-
Public Transit Debt Service	38,260	38,260	-
Capital Projects	55	55	-
Total transfers out	<u>38,555</u>	<u>38,555</u>	<u>-</u>
Revenues and transfers (under) expenditures and transfers	<u>\$ (11,784)</u>	<u>\$ (4,901)</u>	<u>\$ 6,883</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, 2019
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Grant contributions	\$ 7,721	\$ 7,663	\$ (58)
Investment earnings	-	1,217	1,217
Total revenues	<u>7,721</u>	<u>8,880</u>	<u>1,159</u>
EXPENDITURES:			
Installment purchases-			
Principal retirement	108,806	108,806	-
Interest	17,026	16,548	478
Other	114	39	75
Total expenditures	<u>125,946</u>	<u>125,393</u>	<u>553</u>
Revenues (under) expenditures	<u>(118,225)</u>	<u>(116,513)</u>	<u>1,712</u>
TRANSFERS IN:			
Public Transit Operating	38,261	38,260	(1)
Public Transit Capital Projects	100,000	100,000	-
Total transfers in	<u>138,261</u>	<u>138,260</u>	<u>(1)</u>
TRANSFERS OUT:			
Public Transit Operating	2,000	992	1,008
Public Transit Capital Projects	<u>13,226</u>	<u>13,226</u>	-
Total transfers out	<u>15,226</u>	<u>14,218</u>	<u>1,008</u>
Revenues and transfers over expenditures and transfers	<u>\$ 4,810</u>	<u>\$ 7,529</u>	<u>\$ 2,719</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, 2019
(In Thousands)

Revenues and transfers over (under)	
expenditures and transfers:	
Operating Fund	\$ (4,901)
Debt Service Fund	7,529
Investment earnings in the	
Capital Projects Fund	4,217
Current year encumbrances	3,268
Deferred outflows of resources for pensions	3,079
Net pension liability	(3,754)
Deferred inflows of resources for pensions	123
Deferred outflows of resources for OPEB	(632)
Deferred inflows of resources for OPEB	(2,362)
Depreciation	(90,748)
Debt principal retirement	108,806
Capital outlay	1
Amortization of deferred charges	(29)
Amortization of premium	900
Capital contributions	28,282
Other	(738)
Net transfers to (from) Public Transit	
Capital Projects Fund:	
Public Transit Operating	240
Public Transit Debt Service	(86,774)
Capital Projects	(115)
Change in net position	<u>\$ (33,608)</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 COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Transit corridor development	\$ 1,760,116	\$ 29,156	\$ 1,534,116	\$ 1,563,272	\$ 196,844
Transit vehicles	225,012	618	184,492	185,110	39,902
Transit facilities	120,300	195	115,638	115,833	4,467
Transit maintenance & equipment	47,704	948	39,749	40,697	7,007
Transit support	26,760	975	13,764	14,739	12,021
Total public transit capital projects	<u>\$ 2,179,892</u>	<u>\$ 31,892</u>	<u>\$ 1,887,759</u>	<u>\$ 1,919,651</u>	<u>\$ 260,241</u>

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, 2019
(In Thousands)

	Risk Management	Employee Health and Life	Total
ASSETS			
Current assets:			
Cash, cash equivalents and investments	\$ 77,551	\$ 52,692	\$ 130,243
Receivables - other	586	371	957
Due from other governmental agencies	5	3	8
Due from other funds	-	526	526
Prepaid items	18	647	665
Total current assets	78,160	54,239	132,399
Capital assets:			
Machinery and equipment	165	-	165
Less accumulated depreciation	153	-	153
Total capital assets, net	12	-	12
Total assets	78,172	54,239	132,411
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	345	-	345
OPEB deferrals	4	-	4
Contributions to pension plan in current fiscal year	139	-	139
Total deferred outflows of resources	488	-	488
LIABILITIES			
Current liabilities:			
Accounts payable	225	1,422	1,647
Claims payable	42,968	10,400	53,368
Current maturities of noncurrent liabilities	84	-	84
Noncurrent liabilities:			
Due to participants	14,624	-	14,624
Compensated absences payable	89	-	89
Net pension liability	608	-	608
Net OPEB liability	871	-	871
Total noncurrent liabilities	16,192	-	16,192
Total liabilities	59,469	11,822	71,291
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	3	-	3
OPEB deferrals	260	-	260
Total deferred inflows of resources	263	-	263
NET POSITION			
Net investment in capital assets	12	-	12
Unrestricted	18,916	42,417	61,333
Total net position	\$ 18,928	\$ 42,417	\$ 61,345

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, 2019
(In Thousands)

	<u>Risk Management</u>	<u>Employee Health and Life</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services-			
Risk management and safety fees	\$ 2,902	\$ 11,871	\$ 14,773
Claims:			
Employer	13,165	47,213	60,378
Employee	-	6,468	6,468
Other	<u>1,592</u>	<u>41</u>	<u>1,633</u>
Total claims	14,757	53,722	68,479
Premiums	7,212	20,877	28,089
Reimbursement from trust	<u>-</u>	<u>24,054</u>	<u>24,054</u>
Total operating revenues	<u>24,871</u>	<u>110,524</u>	<u>135,395</u>
OPERATING EXPENSES:			
Administration	4,351	13,463	17,814
Claims	15,342	74,080	89,422
Insurance premiums	6,995	20,877	27,872
Depreciation	<u>2</u>	<u>-</u>	<u>2</u>
Total operating expenses	<u>26,690</u>	<u>108,420</u>	<u>135,110</u>
Operating income (loss)	<u>(1,819)</u>	<u>2,104</u>	<u>285</u>
NONOPERATING REVENUES:			
Investment earnings	1,511	1,791	3,302
TRANSFERS OUT	<u>(19)</u>	<u>-</u>	<u>(19)</u>
Change in net position	(327)	3,895	3,568
Total net position - beginning	<u>19,255</u>	<u>38,522</u>	<u>57,777</u>
Total net position - ending	<u>\$ 18,928</u>	<u>\$ 42,417</u>	<u>\$ 61,345</u>

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Risk Management	Employee Health and Life	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from participants	\$ 8,623	\$ 27,345	\$ 35,968
Payments to suppliers	(3,291)	(14,208)	(17,499)
Internal activity - receipts from other funds	22,017	59,125	81,142
Receipts from trust	-	24,054	24,054
Receipts from recovery of losses	1,602	-	1,602
Payments to employees	(1,656)	-	(1,656)
Payments for claims	(19,156)	(74,106)	(93,262)
Payments for premiums	(10,778)	(21,390)	(32,168)
Other receipts (payments)	-	41	41
Net cash provided (used) by operating activities	(2,639)	861	(1,778)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers	(19)	-	(19)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	1,984	1,688	3,672
Net increase (decrease) in cash and cash equivalents	(674)	2,549	1,875
Cash, cash equivalents and investments - beginning of year	78,225	50,143	128,368
Cash, cash equivalents and investments - end of year	\$ 77,551	\$ 52,692	\$ 130,243
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,819)	\$ 2,104	\$ 285
Adjustments to reconcile operating income (loss) to net cash provided by (used) operating activities-			
Depreciation	2	-	2
Change in assets and liabilities:			
Decrease in receivables	127	-	127
(Increase) decrease in due from other governments	1	(1)	-
Decrease in due from other funds	-	40	40
(Increase) in prepaid items	(1)	(647)	(648)
(Increase) in deferred outflows of resources for pensions	(171)	-	(171)
Decrease in deferred outflows of resources for OPEB	42	-	42
(Decrease) in accounts payable	(208)	(610)	(818)
Increase (decrease) in claims payable	2,993	(25)	2,968
(Decrease) in due to participants	(3,698)	-	(3,698)
Increase in compensated absences payable	4	-	4
Increase in net pension liability	206	-	206
(Decrease) in net OPEB liability	(367)	-	(367)
(Decrease) in deferred inflows of resources for pensions	(9)	-	(9)
Increase in deferred inflows of resources for OPEB	259	-	259
Total adjustments	(820)	(1,243)	(2,063)
Net cash provided (used) by operating activities	\$ (2,639)	\$ 861	\$ (1,778)

FIDUCIARY FUNDS

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

CITY OF CHARLOTTE, NORTH CAROLINA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019
(In Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust	Total
ASSETS			
Cash, cash equivalents and investments	\$ 6,964	\$ 947	\$ 7,911
Receivables:			
Employer contributions	187	-	187
Member contributions	187	-	187
Interest and dividends	660	-	660
Prepaid items	7	-	7
Total receivables	1,041	-	1,041
Investments:			
Equity securities - stocks	146,203	-	146,203
Fixed income securities - bonds	117,078	-	117,078
Mutual funds	288,007	99,909	387,916
Total investments	551,288	99,909	651,197
Capital assets	632	-	632
Less accumulated depreciation	339	-	339
Total capital assets, net	293	-	293
Total assets	559,586	100,856	660,442
LIABILITIES			
Accounts payable	718	41	759
NET POSITION			
Restricted for pensions	\$ 558,868		558,868
Net position restricted for pensions		\$ 100,815	100,815
			<u>\$ 659,683</u>

CITY OF CHARLOTTE, NORTH CAROLINA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust	Total
ADDITIONS:			
Contributions-			
Member	\$ 10,610	\$ -	\$ 10,610
Employer	10,193	18,830	29,023
Total contributions	<u>20,803</u>	<u>18,830</u>	<u>39,633</u>
Investment income -			
Net appreciation in fair value of investments	19,113	3,560	22,673
Interest	2,721	1,178	3,899
Dividends	3,961	-	3,961
Other	5	-	5
Total investment income	<u>25,800</u>	<u>4,738</u>	<u>30,538</u>
Investment expense	<u>2,870</u>	<u>311</u>	<u>3,181</u>
Net investment income	<u>22,930</u>	<u>4,427</u>	<u>27,357</u>
Total additions	<u>43,733</u>	<u>23,257</u>	<u>66,990</u>
DEDUCTIONS:			
Benefits	35,709	5,447	41,156
Refunds	416	-	416
Insurance premiums	-	7,693	7,693
Administration	583	1,591	2,174
Depreciation	49	-	49
Total deductions	<u>36,757</u>	<u>14,731</u>	<u>51,488</u>
Change in net position	<u>6,976</u>	<u>8,526</u>	<u>15,502</u>
Net position - beginning	<u>551,892</u>	<u>92,289</u>	<u>644,181</u>
Net position - ending	<u>\$ 558,868</u>	<u>\$ 100,815</u>	<u>\$ 659,683</u>



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STATISTICAL SECTION



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.....	167-173
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time	
Revenue Capacity.....	174-178
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax	
Debt Capacity.....	180-187
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future	
Demographic and Economic Information.....	188-189
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place	
Operating Information	190-192
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs	

Sources: Unless otherwise noted, the information in these schedules is derived from the 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 4,455,284	\$ 4,535,870	\$ 4,655,357	\$ 4,666,993	\$ 4,668,843	\$ 4,655,202	\$ 4,563,879	\$ 4,690,751	\$ 4,814,247	\$ 5,057,912
Restricted	237,147	233,293	221,832	248,404	252,385	349,992	356,435	324,070	324,406	327,369
Unrestricted ³	417,562	428,842	421,933	447,428	496,553	351,862	428,719	345,073	(165,257)	(209,226)
Total governmental activities net position	5,109,993	5,198,005	5,299,122	5,362,825	5,417,781	5,357,056	5,349,033	5,359,894	4,973,396	5,176,055
Business-type activities										
Net investment in capital assets ¹	2,467,268	2,455,159	2,543,085	2,794,170	3,077,745	3,380,700	3,676,609	3,924,620	4,153,959	4,514,469
Restricted ²	245,033	256,055	316,914	356,516	391,966	430,577	443,384	345,499	364,684	383,929
Unrestricted	605,019	772,884	792,697	755,548	740,933	848,115	957,704	1,389,110	1,380,816	1,319,590
Total business-type activities net position	3,317,320	3,484,098	3,652,696	3,906,234	4,210,644	4,659,392	5,077,697	5,659,229	5,899,459	6,217,988
Primary government										
Net investment in capital assets	6,922,552	6,991,029	7,198,442	7,461,163	7,746,588	8,035,902	8,240,488	8,615,371	8,968,206	9,572,381
Restricted	482,180	489,348	538,746	604,920	644,351	780,569	799,819	669,569	689,090	711,298
Unrestricted	1,022,581	1,201,726	1,214,630	1,202,976	1,237,486	1,199,977	1,386,423	1,734,183	1,215,559	1,110,364
Total primary government net position	\$ 8,427,313	\$ 8,682,103	\$ 8,951,818	\$ 9,269,059	\$ 9,628,425	\$10,016,448	\$ 10,426,730	\$ 11,019,123	\$ 10,872,855	\$ 11,394,043

¹ 2010 through 2013 have been restated for the effects of a prior period adjustment.

² 2017 reflects use of passenger facility charges for Airport projects.

³ 2018 reflects the City's implementation of GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions.

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
Public safety ¹	\$ 318,576	\$ 324,920	\$ 347,380	\$ 372,986	\$ 348,428	\$ 350,556	\$ 374,328	\$ 432,355	\$ 450,771	\$ 439,381
Sanitation	55,721	48,210	47,925	49,572	52,871	53,912	55,717	59,011	63,956	66,888
General administration	38,188	38,272	45,030	45,273	47,158	49,897	58,256	44,998	53,366	56,604
Support services	21,066	21,454	35,427	25,599	28,820	30,398	31,210	36,894	41,625	34,573
Engineering and property management	29,232	27,265	24,876	31,637	25,769	26,331	52,044	38,831	52,342	44,253
Streets and highways ⁴	116,141	119,024	114,400	122,168	125,518	159,892	174,912	48,548	51,839	21,958
Culture and recreation	17,834	10,085	17,856	28,744	32,826	43,617	45,158	44,830	56,956	43,902
Community planning and development	81,691	83,608	73,513	68,789	67,154	88,651	75,889	71,844	82,197	81,270
Interest and other charges	62,585	57,059	56,080	56,373	54,329	55,000	57,498	53,220	50,059	51,559
Total governmental activities expenses	741,034	729,897	762,487	801,141	782,873	858,254	925,012	830,531	903,111	840,388
Business-type activities:										
Water	99,239	104,711	116,628	103,934	104,925	136,759	143,992	142,697	148,429	157,345
Sewer	158,744	141,380	132,824	144,972	149,865	160,104	163,565	165,039	175,447	183,496
Storm water ³	53,449	20,186	20,766	22,117	19,934	21,374	16,614	17,517	24,664	25,448
Airport	138,372	159,443	170,298	172,091	185,178	189,466	205,860	234,432	261,333	289,791
Public transit ⁶	155,104	150,994	160,655	168,183	162,511	167,482	173,243	177,312	219,192	263,871
Total business-type activities expenses	604,908	576,714	601,171	611,297	622,413	675,185	703,274	736,997	829,065	919,951
Total primary government expenses	\$ 1,345,942	\$ 1,306,611	\$ 1,363,658	\$ 1,412,438	\$ 1,405,286	\$ 1,533,439	\$ 1,628,286	\$ 1,567,528	\$ 1,732,176	\$ 1,760,339
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
Public safety	\$ 23,719	\$ 24,959	\$ 23,761	\$ 28,281	\$ 28,452	\$ 29,474	\$ 38,772	\$ 40,271	\$ 43,696	\$ 42,804
Sanitation	11,895	12,148	12,336	12,341	13,084	12,491	8,824	11,156	13,773	16,247
General administration	14,853	16,980	16,851	15,779	17,418	3,162	2,913	2,033	2,156	2,154
Community planning and development	11,440	4,571	3,290	7,162	3,437	5,171	4,859	3,767	5,389	8,016
Other activities	26,478	28,610	37,684	34,446	33,829	54,833	59,761	60,216	60,022	57,452
Operating grants and contributions ¹	65,051	64,049	78,593	97,294	50,978	33,471	51,192	50,295	56,547	58,886
Capital grants and contributions	165,500	102,965	121,645	14,469	22,629	53,241	20,810	19,304	20,601	36,716
Total governmental activities program revenues	318,936	254,282	294,160	209,772	169,827	191,843	187,131	187,042	202,184	222,275
Business-type activities:										
Fees, fines, and charges for services:										
Water	98,954	101,868	115,459	119,718	129,115	145,234	166,043	171,798	171,796	181,823
Sewer	151,653	163,622	177,377	184,630	189,744	195,530	211,084	230,511	235,548	242,504
Storm water	45,782	48,589	52,075	57,642	56,885	61,786	70,042	70,496	71,985	73,082
Airport	188,935	212,935	219,990	243,874	254,331	264,139	277,891	289,450	313,113	344,049
Public transit	21,548	25,025	26,508	29,122	28,820	33,955	32,404	31,823	29,585	27,685
Operating grants and contributions ¹	12,803	12,923	12,586	12,197	12,082	11,406	10,945	12,053	33,953	30,854
Capital grants and contributions ⁷	98,504	85,319	73,900	145,792	153,666	312,823	241,970	381,724	114,107	142,122
Total business-type activities program revenues	618,179	650,281	677,895	792,975	824,643	1,024,873	1,010,379	1,187,855	970,087	1,042,119
Total primary government program revenues	\$ 937,115	\$ 904,563	\$ 972,055	\$ 1,002,747	\$ 994,470	\$ 1,216,716	\$ 1,197,510	\$ 1,374,897	\$ 1,172,271	\$ 1,264,394

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental activities	\$ (422,098)	\$ (475,615)	\$ (468,327)	\$ (591,369)	\$ (613,046)	\$ (666,411)	\$ (737,881)	\$ (643,489)	\$ (700,927)	\$ (618,113)
Business-type activities	13,271	73,567	76,724	181,678	202,230	349,688	307,105	450,858	141,022	122,168
Total primary governmental net expense	<u>\$ (408,827)</u>	<u>\$ (402,048)</u>	<u>\$ (391,603)</u>	<u>\$ (409,691)</u>	<u>\$ (410,816)</u>	<u>\$ (316,723)</u>	<u>\$ (430,776)</u>	<u>\$ (192,631)</u>	<u>\$ (559,905)</u>	<u>\$ (495,945)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes-										
Property	\$ 356,913	\$ 362,780	\$ 377,309	\$ 397,629	\$ 436,597	\$ 396,985	\$ 452,209	\$ 454,908	\$ 467,815	\$ 490,890
Sales	72,715	73,340	82,730	84,890	92,853	105,623	114,192	118,385	128,402	135,088
Utility franchise	36,911	36,804	36,442	38,069	38,915	52,403	53,545	52,627	52,933	54,338
Occupancy	25,999	29,448	32,590	37,963	40,087	45,092	49,079	51,917	56,398	59,680
Prepared foods	19,598	20,378	22,523	24,643	25,514	28,358	30,026	31,509	33,632	35,512
Business privilege ⁵	16,250	15,430	16,375	17,721	9,188	17,098	283	29	23	17
Municipal vehicle	14,388	14,695	15,740	14,783	19,001	16,430	17,068	18,280	18,060	18,092
Grants and contributions not restricted to specific programs	13,508	16,979	18,513	19,067	20,546	22,205	23,383	24,952	26,222	27,519
Investment earnings	7,212	5,369	(16,546)	35,063	3,842	3,890	4,670	5,150	11,884	20,091
Miscellaneous	11,683	6,806	2,167	(1,001)	(450)	1,441	7,012	475	9,168	2,754
Special items ²	-	-	-	-	-	14,100	-	-	-	-
Transfers	(18,465)	(18,402)	(18,399)	(13,755)	(18,091)	(20,270)	(21,609)	(25,402)	(22,920)	(23,189)
Total governmental activities	<u>556,712</u>	<u>563,627</u>	<u>569,444</u>	<u>655,072</u>	<u>668,002</u>	<u>683,355</u>	<u>729,858</u>	<u>732,830</u>	<u>781,617</u>	<u>820,772</u>
Business-type activities:										
Sales taxes levied for Public transit	57,870	57,355	65,754	66,505	71,233	81,150	89,617	92,601	103,022	107,535
Investment earnings	13,181	8,842	6,461	(1,107)	7,738	6,098	7,065	7,830	23,412	48,690
Miscellaneous	4,358	8,612	1,260	(7,293)	5,118	3,319	(7,091)	4,841	3,372	9,920
Transfers	18,465	18,402	18,399	13,755	18,091	20,270	21,609	25,402	22,920	23,189
Total business-type activities	<u>93,874</u>	<u>93,211</u>	<u>91,874</u>	<u>71,860</u>	<u>102,180</u>	<u>110,837</u>	<u>111,200</u>	<u>130,674</u>	<u>152,726</u>	<u>189,334</u>
Total primary government	<u>\$ 650,586</u>	<u>\$ 656,838</u>	<u>\$ 661,318</u>	<u>\$ 726,932</u>	<u>\$ 770,182</u>	<u>\$ 794,192</u>	<u>\$ 841,058</u>	<u>\$ 863,504</u>	<u>\$ 934,343</u>	<u>\$ 1,010,106</u>
Change in Net Position										
Governmental activities	\$ 134,614	\$ 88,012	\$ 101,117	\$ 63,703	\$ 54,956	\$ 16,944	\$ (8,023)	\$ 89,341	\$ 80,690	\$ 202,659
Business-type activities	107,145	166,778	168,598	253,538	304,410	460,525	418,305	581,532	293,748	311,502
Total primary government	<u>\$ 241,759</u>	<u>\$ 254,790</u>	<u>\$ 269,715</u>	<u>\$ 317,241</u>	<u>\$ 359,366</u>	<u>\$ 477,469</u>	<u>\$ 410,282</u>	<u>\$ 670,873</u>	<u>\$ 374,438</u>	<u>\$ 514,161</u>

Notes:

¹ In 2012, the City hosted the Democratic National Convention, funded by a Federal grant. In 2017, the City added 106 public safety positions.

² In 2015, a discounted payoff was accepted in full satisfaction of a portion of private loan.

³ 2010, 2012, and 2013 have been restated for the effects of a prior period adjustment.

⁴ In 2017, expense decreased due to increased capitalization of streets and right-of-way maintained by the City.

⁵ In 2016, the Business Privilege License Tax ended.

⁶ In 2018, Public Transit blue line light rail extension to the University area went into operation and the Airport expanded Concourse A.

⁷ In 2017, Public Transit grant reimbursements were received for blue line light rail extension that went into operations in 2018.

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

		Fiscal Year								
		2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable:										
Inventories ³		\$ 951	\$ 1,004	\$ 985	\$ 1,208	\$ 1,378	\$ 1,426	\$ 1,218	\$ 1,385	\$ -
Long-term notes receivable		-	-	-	-	29	13	28	9	-
Restricted - State statute		59,131	61,679	73,571	65,521	63,151	62,967	65,499	73,510	70,411
Committed:										
Capital projects		3,790	5,674	12,539	5,311	14,382	21,795	2,751	5,540	7,624
Component unit		848	1,100	1,738	2,146	2,610	3,215	3,441	3,765	4,297
Assigned:										
Capital Projects		-	395	550	550	-	-	-	-	-
Culture and recreation		94	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	463	-	-
Community planning and development		-	875	-	483	-	-	-	-	-
Unassigned		84,703	88,423	90,161	95,298	95,280	101,590	107,014	111,102	116,428
Total general fund		<u>\$ 149,517</u>	<u>\$ 159,150</u>	<u>\$ 179,544</u>	<u>\$ 170,517</u>	<u>\$ 176,830</u>	<u>\$ 191,006</u>	<u>\$ 180,414</u>	<u>\$ 195,311</u>	<u>\$ 198,760</u>
All other governmental funds										
Nonspendable:										
Perpetual care		\$ 3,120	\$ 3,121	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111
Inventories		-	-	-	-	-	-	130	112	96
Prepaid items		-	-	-	-	-	-	119	501	418
Long-term notes receivable		-	-	-	-	89,899	87,498	-	-	-
Restricted:										
State statute		3,402	3,592	3,854	4,785	5,235	5,732	5,776	6,342	6,903
Special obligation debt service		10,970	10,120	9,220	8,270	7,270	6,215	5,100	-	-
Public safety		13,190	9,003	10,295	11,830	16,816	3,282	13,989	13,590	13,716
Streets and highways		10,878	8,359	13,373	14,332	15,141	10,809	7,923	7,541	8,787
Culture and recreation		121,702	120,924	129,869	138,774	144,780	167,391	183,899	185,310	189,915
Community planning and development		4,291	5,034	5,111	5,762	4,560	7,507	38,773	35,002	34,526
Committed:										
Capital projects ⁴		91,572	86,946	87,751	137,488	191,797	238,041	255,898	242,615	381,714
Culture and recreation		1,896	1,500	1,016	396	414	-	-	-	-
Debt Service ⁵		-	-	-	-	4,400	34,510	45,016	68,130	86,000
Assigned:										
Debt Service		206,124	216,209	210,586	251,590	278,219	239,681	218,640	191,069	173,311
Unassigned ²		1,927	-	-	-	(629)	-	-	-	-
Total all other governmental funds		<u>\$ 469,072</u>	<u>\$ 464,808</u>	<u>\$ 474,186</u>	<u>\$ 576,338</u>	<u>\$ 761,013</u>	<u>\$ 803,777</u>	<u>\$ 778,374</u>	<u>\$ 753,323</u>	<u>\$ 898,497</u>

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

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

³ In 2019, support services spare parts inventory was sold to a private vendor.

⁴ In 2014, more debt was sold in order to fund Capital Projects. This increase in Capital Projects spending continues.

⁵ In 2015, debt services advanced funds for various capital projects. This continued for other capital projects that will be repaid over five years.

CITY OF CHARLOTTE, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS, PRE-GASB 54
LAST ONE FISCAL YEAR¹
(In Thousands)
(modified accrual basis of accounting)

	Fiscal Year <u>2010</u>
General Fund	
Reserved	\$ 54,512
Unreserved	<u>100,740</u>
Total general fund	<u>\$ 155,252</u>
All Other Governmental Funds	
Reserved	\$ 34,430
Unreserved, reported in:	
Debt service funds	195,577
Capital projects funds	128,574
Special revenue funds	<u>122,833</u>
Total all other governmental funds	<u>\$ 481,414</u>

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES:										
Property taxes	\$ 359,279	\$ 363,060	\$ 378,409	\$ 395,789	\$ 430,657	\$ 401,040	\$ 451,563	\$ 456,176	\$ 467,717	\$ 492,051
Other taxes	127,482	133,558	149,564	159,787	171,864	193,197	208,513	217,719	235,000	247,814
Intergovernmental ¹	137,647	129,561	149,958	176,661	136,198	172,109	166,463	163,711	172,575	188,832
Licenses, fees and fines	60,330	60,118	61,103	63,914	63,001	68,421	43,363	46,287	50,347	49,097
Investment earnings	10,588	4,677	3,544	(14)	4,739	3,350	3,745	3,815	8,373	21,635
Private contributions ²	7,598	12,230	2,377	3,872	9,428	4,745	4,039	1,671	3,612	2,371
Administrative charges	25,446	28,513	29,406	24,636	25,227	29,361	34,793	37,031	39,589	44,716
Charges for current services	7,717	9,004	8,325	6,187	6,364	6,919	7,234	8,670	8,126	9,832
Miscellaneous	8,196	9,173	8,614	9,714	9,828	8,151	10,051	10,458	11,782	9,252
Total revenues	<u>744,283</u>	<u>749,894</u>	<u>791,300</u>	<u>840,546</u>	<u>857,306</u>	<u>887,293</u>	<u>929,764</u>	<u>945,538</u>	<u>997,121</u>	<u>1,065,600</u>
EXPENDITURES:										
Public safety ¹	305,527	317,255	340,387	366,574	335,977	346,524	359,187	382,427	391,301	420,234
Sanitation	46,200	45,930	45,694	46,680	49,278	50,764	52,265	55,610	59,179	64,032
General administration	37,295	36,649	41,979	43,596	45,295	44,042	40,294	42,078	47,143	51,977
Support services	18,523	19,895	30,848	22,563	25,956	29,414	29,728	31,823	31,885	29,250
Engineering and property management	21,808	21,164	22,717	22,056	22,479	22,739	20,973	22,095	21,927	23,558
Streets and highways	58,332	63,922	56,366	51,097	57,313	57,580	62,924	65,102	62,376	58,831
Culture and recreation ³	17,798	10,068	13,632	17,793	21,035	24,571	27,312	29,835	38,743	31,559
Community planning and development	54,381	52,248	51,215	46,683	51,947	56,613	49,813	46,119	46,868	53,238
Debt service-										
Principal ⁴	68,766	64,029	72,849	68,812	77,139	86,287	112,033	97,190	116,416	121,309
Interest and other charges	70,900	60,296	58,606	59,210	61,053	61,334	66,557	60,790	60,238	61,918
Capital outlay	252,408	126,119	137,506	170,522	162,571	160,745	154,320	166,087	175,209	234,489
Total expenditures	<u>951,938</u>	<u>817,575</u>	<u>871,799</u>	<u>915,586</u>	<u>910,043</u>	<u>940,613</u>	<u>975,406</u>	<u>999,156</u>	<u>1,051,285</u>	<u>1,150,395</u>
(Deficiency) of revenues		(67,681)	(80,499)	(75,040)	(52,737)	(53,320)	(45,642)	(53,618)	(54,164)	(84,795)
(under) expenditures	(207,655)									

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OTHER FINANCING SOURCES (USES):										
Sales of capital assets ⁵	3,160	1,435	1,943	4,768	1,117	1,003	34,027	6,238	2,518	3,112
Bonds issued	20,000	-	-	-	34,370	-	-	34,503	57,062	58,435
Commercial paper issued	88,192	62,786	64,846	73,988	59,055	59,973	66,213	1,677	-	-
Installment purchases issued	88,595	-	33,155	34,808	63,994	100,691	23,685	-	-	170,205
Refunding debt issued	393,509	-	177,485	130,470	266,893	62,755	33,010	116,230	-	150,905
Premium on debt issuance	35,845	-	36,025	5,123	31,544	15,199	5,906	19,377	-	49,086
Private loan ⁶	32,558	3,785	270	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(425,542)	-	(209,457)	(130,590)	(293,020)	(71,580)	(38,650)	(135,000)	-	(175,155)
Transfers in	96,718	126,518	111,204	126,402	121,528	123,605	186,997	191,445	175,007	175,167
Transfers out	(115,183)	(144,920)	(129,603)	(140,157)	(139,619)	(140,475)	(208,606)	(216,847)	(190,577)	(198,337)
Total other financing sources (uses)	217,852	49,604	85,868	104,812	145,862	151,171	102,582	17,623	44,010	233,418
Net change in fund balances	<u>\$ 10,197</u>	<u>\$ (18,077)</u>	<u>\$ 5,369</u>	<u>\$ 29,772</u>	<u>\$ 93,125</u>	<u>\$ 97,851</u>	<u>\$ 56,940</u>	<u>\$ (35,995)</u>	<u>\$ (10,154)</u>	<u>\$ 148,623</u>

Debt service as a percentage of noncapital expenditures 19.3% 17.7% 17.6% 17.0% 18.4% 18.1% 19.4% 18.0% 18.2% 18.9%

¹ The City hosted the Democratic National Convention in September 2012, funded by a Federal grant.

² In 2011, private contributions were received to fund construction of the Mint Museum.

³ In 2018, Federal Court House was sold and design fees for Convention Center were incurred.

⁴ In 2016, the Hall of Fame private loan was paid.

⁵ In 2016, land was sold to pay off NASCAR Hall of Fame private loan.

⁶ 2010 through 2012 reflects 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						
	Real Property			Personal Property			
	Residential Property	Commercial Property	Motor Vehicles	Other	Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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
2017	44,848,147	33,778,317	7,016,818	8,057,175	292,117	93,408,340	0.4787
2018	45,442,308	35,137,507	7,199,466	8,404,556	306,676	95,877,161	0.4787
2019	45,888,331	36,330,136	7,351,494	8,912,989	309,697	98,173,253	0.4887

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	
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
2017	.3741	.0926	.0120	.4787	.0168	.0233	.0358	.0668	.0279	.8157
2018	.3741	.0926	.0120	.4787	.0168	.0233	.0358	.0668	.0279	.8157
2019	.3816	.0951	.0120	.4887	.0208	.0293	.0418	.0668	.0279	.8232

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

Taxpayer	2019			2010		
	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	\$ 1,423,698	1	1.45%	\$ 1,294,598	2	1.68%
Duke Energy Corporation	1,286,613	2	1.31	769,594	3	1.00
Bank of America	1,194,773	3	1.22	1,560,252	1	2.02
American Airlines/US Airways Group Incorporated	1,049,368	4	1.07	317,320	5	0.41
Southpark Mall	328,115	5	0.33	215,025	8	0.28
Time Warner Entertainment	301,788	6	0.31	299,964	6	0.39
AT&T/BellSouth, Incorporated	241,726	7	0.25	573,632	4	0.74
TIAA-Cref, LLC	224,729	8	0.23	213,138	9	0.28
Parkway Properties	210,118	9	0.21	-	-	-
Piedmont Natural Gas	203,941	10	0.21	262,233	7	0.34
Panthers Stadium, LLC	-	-	-	201,002	10	0.26
Total	\$ 6,464,869		6.59%	\$ 5,706,758		7.40%

Source: Mecklenburg County.

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

Fiscal Year ¹	Taxes Levied for the Fiscal Year	Collected within the			Collections in Subsequent Years ²	Total Collections to Date	
		Fiscal Year of the Levy		Percentage of Levy		Amount	Percentage of Levy
		Amount					
2010	\$ 357,494	\$ 350,248	97.97%	\$ 5,724	\$ 355,972	99.57%	
2011	362,833	355,258	97.91	5,112	360,370	99.32	
2012	395,901	387,890	97.98	(15,565)	372,325	94.04	
2013	395,392	386,270	97.69	(8,490)	377,780	95.55	
2014	415,447	408,956	98.44	2,181	411,137	98.96	
2015	392,831	390,339	99.37	7,216	397,555	100.00	
2016	422,527	420,153	99.44	8,950	429,103	100.00	
2017	422,768	419,751	99.29	8,975	428,726	100.00	
2018	432,044	429,926	99.51	8,893	438,819	100.00	
2019	453,300	451,005	99.49	-	451,005	99.49	

Source: Mecklenburg County.

¹ Pursuant to the North Carolina General Statutes, property taxes levied on July 1, the beginning of the fiscal year, are due September 1; however, penalties do not accrue until January 6. For example, the taxes levied effective July 1, 2019, for the fiscal year 2020, were based on the assessed values listed as of January 1, 2019.

² 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, 2019
(In Thousands)

	City - Wide		Total Levy	
	Property Valuation ²	Rate	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:				
Property taxed at current year's rate	\$ 91,036,051	0.4887	\$ 435,790	\$ 17,989
Discoveries - current and prior years	534,531	-	-	-
Total property valuation	<u>\$ 91,570,582</u>		<u>435,790</u>	<u>17,989</u>
Net Levy			429,437	17,989
Unpaid (by taxpayer) taxes at June 30, 2018			(2,274)	-
Current year's taxes collected			<u>\$ 427,163</u>	<u>\$ 17,989</u>
Current levy collection percentage			<u>99.47%</u>	<u>100.00%</u>

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

² Property valuation amounts are only for property and does not include registered motor vehicles



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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				Percentage of		Other Governmental Activities Debt										
	Governmental Activities		Business-Type Activities		Actual Taxable Value of	Property ¹	Per Capita ²	Special Obligation		Installment Purchases ^{3,4}	Construction Period Notes ⁶	Private Loan	Section 108				
	General Obligation Bonds ³	General Obligation Bonds ³	General Obligation	General Obligation	Bonds			Bonds									
2010	\$	515,359	\$	311,791	1.07%	\$	1,093	\$	10,970	\$	777,594	\$	46,462	\$	35,045	\$	12,133
2011		485,333		286,002	0.99		1,055		10,970		739,441		109,248		38,830		11,575
2012		606,204		258,998	0.96		1,120		10,120		730,252		24,094		39,100		9,342
2013		577,431		231,267	0.89		1,015		9,220		727,912		98,082		35,331		8,902
2014		729,362		203,241	1.03		1,170		8,270		747,191		7,137		35,331		8,444
2015		691,351		174,812	0.97		1,069		7,270		803,723		67,110		16,231		7,943
2016		647,449		145,373	0.87		959		6,215		767,855		133,323		-		7,538
2017		737,220		114,415	0.87		995		5,100		708,206		34,503		-		5,780
2018		685,147		85,211	0.80		880		-		639,406		91,565		-		4,368
2019		630,710		58,470	0.70		750		-		756,697		150,000		-		4,368

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

¹ See Schedule of Assessed Value and Actual Value of Taxable Property for value data.

² See Schedule of Demographic and Economic Statistics for population and personal income data.

³ 2010 through 2012 have been restated for the implementation of GASB 65.

⁴ 2010 through 2012 have been restated for a prior period adjustment.

⁵ N/A = Data not available

⁶ 2010 through 2016 includes Commercial Paper Notes. 2017 through 2019 includes General Obligation Bond Anticipation Notes.

Other Business-Type Activities Debt

Fiscal Year	Revenue										Percentage of	
	Revenue			Bond		Other		Revolving Loans	TIF/IA Loan	Total Primary Government	Personal	
	Bonds ³	Installment Purchases ³	Anticipation Notes	Financing Agreements	Financing Agreements	Income ²	Per Capita ²					
2010	\$ 2,419,218	\$ 191,552	\$ -	\$ 7,120	\$ -	-	\$ -	-	\$ 4,327,244	18.72%	\$ 5,717	
2011	2,355,194	176,999	-	6,275	-	-	-	-	4,219,867	18.26	5,769	
2012	2,473,421	167,135	-	5,440	133	-	-	-	4,324,239	19.13	5,597	
2013	2,404,518	288,353	-	4,610	1,242	-	-	-	4,386,868	19.70	5,505	
2014	2,303,043	281,758	87,054	3,775	1,176	-	-	-	4,415,782	18.62	5,541	
2015	2,162,847	279,384	214,999	2,950	1,110	-	-	-	4,429,730	16.86	5,469	
2016	2,296,876	275,258	83,739	2,130	1,043	88,353	-	88,353	4,455,152	16.06	5,386	
2017	2,416,258	380,699	67,895	1,320	3,730	137,685	-	137,685	4,612,811	N/A ⁵	5,388	
2018	2,524,153	371,318	52,405	675	3,438	180,000	-	180,000	4,637,686	N/A ⁵	5,298	
2019	2,644,364	271,347	92,449	250	14,837	176,259	-	176,259	4,799,751	N/A ⁵	5,220	

CITY OF CHARLOTTE, NORTH CAROLINA
DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2019
(Dollar Amounts in Thousands)

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City ¹	Amount Applicable to City
Direct:			
City of Charlotte	\$ 1,537,407	100%	\$ 1,537,407
Overlapping:			
Mecklenburg County	1,400,748	75	1,050,561
Total	<u>\$ 2,938,155</u>		<u>\$ 2,587,968</u>

¹ Percentage of direct and overlapping debt is based on June 30, 2019 assessed valuation of the City of Charlotte (\$98,173,253) as compared to the June 30, 2019 assessed valuation of Mecklenburg County (\$130,042,206).

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 ^{1,2}		
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
2017	7,472,667	2,365,043	5,107,624	31.65
2018	7,670,173	2,158,926	5,511,247	28.15
2019	7,853,860	2,270,477	5,583,383	28.91

¹ Excludes debt not applicable to the limit.

² 2010 through 2012 have been restated for the implementation of GASB 65.

Legal Debt Margin Calculation for Fiscal Year 2019:

Assessed value	\$ 98,173,253
Debt limit (8% of assessed value)	7,853,860
Total outstanding general obligation bonded debt	\$ 689,180
Amounts due under installment purchases primarily for Convention Center, tourism, capital improvements and equipment	1,028,044
Bonds authorized but unissued	570,495
Less- Water general obligation bonds	2,287,719
Outstanding debt, net	17,242
Legal debt margin	2,270,477
	<u>\$ 5,583,383</u>

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

Fiscal Year	Allowable Revenues ¹	Debt Service Requirement ²	Bond Coverage
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
2017	28,623	1,396	20.5

¹ Allowable revenues as defined by the Revenue Bond Order.

² Bonds were paid off in fiscal year 2018.

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

Fiscal Year	Allowable Revenues ¹	Current Expenses ¹	Debt Service Requirement	Revenue Bond		50% of Surplus Fund ¹	Revenue Bond Coverage, Including Surplus Fund
				Coverage			
2010	\$ 254,832	\$ 102,484	\$ 136,823	1.1	\$	55,053	1.5
2011	268,791	103,436	147,208	1.1		61,343	1.5
2012	295,784	106,737	140,599	1.3		73,442	1.9
2013	308,137	108,679	143,074	1.4		85,595	2.0
2014	323,047	114,147	145,837	1.4		83,019	2.0
2015	345,228	125,272	142,804	1.5		71,888	2.0
2016	382,826	129,059	150,528	1.7		92,803	2.3
2017	410,308	146,262	150,819	1.8		119,415	2.5
2018	418,226	142,433	146,441	1.9		133,664	2.8
2019	435,750	150,082	153,687	1.9		142,773	2.8

¹ Allowable revenues, current expenses and Surplus Fund 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 ¹	Current Expenses ¹	Debt Service Requirement	Revenue		Revenue Bond Coverage, Including Surplus Fund
				Bond Coverage	50% of Surplus Fund ¹	
2010	\$ 46,138	\$ 12,221	\$ 11,022	3.1	\$ 11,665	4.1
2011	48,817	12,119	10,547	3.5	11,222	4.5
2012	52,160	12,381	10,544	3.8	9,575	4.7
2013	55,219	13,522	8,841	4.7	8,543	5.7
2014	55,769	12,815	9,961	4.3	7,816	5.1
2015	59,367	9,913	11,357	4.4	6,416	4.9
2016	66,515	11,788	11,971	4.6	8,589	5.3
2017	67,268	11,649	12,538	4.4	8,819	5.1
2018	68,414	11,778	12,523	4.5	9,757	5.3
2019	73,499	9,678	13,135	4.9	13,500	5.9

¹ Allowable revenues, current expenses and Surplus Fund 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		Debt Service Requirement ²	Revenue Bond Coverage ³
	Revenues ¹		Revenues ¹		Debt Service	Available for		
2010	\$	122,024	\$	52,435	\$	69,589	\$ 20,957	3.3
2011		131,566		57,291		74,275	21,049	3.5
2012		139,958		61,711		78,247	24,289	3.2
2013		156,794		71,736		85,058	26,071	3.3
2014		164,907		73,161		91,746	26,072	3.5
2015		176,443		91,912		84,531	25,733	3.3
2016		195,521		105,039		90,482	25,722	3.5
2017		207,928		113,685		94,243	17,439	5.4
2018		226,000		119,984		106,016	17,775	6.0
2019		245,855		130,117		115,738	22,871	5.1

¹ Gross revenues and application of revenues as defined by the Revenue Bond Order.

² Net of capitalized interest.

³ Revenue bond coverage as defined by the Revenue Bond Order.

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

Year	Population	Personal Income		Per Capita Personal Income	Median Age	Unemployment Rate
		(thousands)	of dollars)			
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	35.5	4.5
2017	856,062		N/A	37,687	34.7	4.1
2018	875,318		N/A	37,913	35.1	4.0
2019	919,503		N/A	N/A	34.7	4.2

Source: Unemployment rates are from NC Commerce LAUS reports, Population provided by the City of Charlotte Planning Department, Per Capita and Median Age provided by Census Reporter
N/A: Information not available.

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

<u>Employer</u>	2019			2010		
	<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>
Atrium Health (formerly Carolinas Healthcare System)	35,700	1	5.84%	26,283	1	5.85%
Wells Fargo/Wachovia Corporation	24,000	2	3.93	20,000	2	4.45
Charlotte-Mecklenburg Schools	18,495	3	3.02	19,485	3	4.34
Wal-Mart Stores, Incorporated	17,100	4	2.80	13,192	5	2.94
Bank of America	15,000	5	2.45	13,960	4	3.11
Novant Health	11,698	6	1.91	-	-	-
American Airlines	11,000	7	1.80	-	-	-
Delhaize America Incorporated/ Food Lion LLC	9,078	8	1.48	8,658	7	1.93
Harris Teeter Incorporated	8,239	9	1.35	-	-	-
Duke Energy Corporation	7,900	10	1.29	7,757	8	1.73
Presbyterian Regional Healthcare Corporation	-	-	-	9,000	6	2.00
State of North Carolina	-	-	-	7,479	9	1.67
US Airways Group, Incorporated	-	-	-	5,955	10	1.33
Total	158,210		25.87%	131,769		29.35%

Sources: Number of employees provided by Charlotte Chamber. Total city employment provided by NC Department of Commerce.

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									
	2010	2011 ¹	2012	2013	2014	2015	2016	2017	2018	2019
Public safety ^{2,4,5}	3,392.50	3,388.50	3,408.50	3,472.50	3,472.50	3,500.50	3,474.50	3,594.50	3,705.50	3,711.50
Sanitation	296.00	283.00	289.00	289.00	289.00	302.00	302.00	305.00	314.00	314.00
General administration ³	367.25	371.25	373.25	370.50	370.50	348.50	366.75	372.75	294.00	288.00
Support services ^{4,6}	223.00	246.00	254.50	257.00	257.00	288.00	249.00	257.00	268.00	145.00
Engineering and property management ⁶	329.00	330.00	330.00	322.00	322.00	322.00	325.00	343.00	347.00	450.00
Streets and highways ⁴	434.50	432.50	431.50	431.50	431.50	431.50	408.75	410.75	422.75	423.75
Community planning and development ³	233.00	229.00	220.00	220.00	225.00	228.00	214.00	218.00	329.75	361.75
Water and Sewer ⁷	802.50	791.50	746.25	746.50	761.50	796.00	822.00	846.00	912.00	958.00
Storm Water	83.00	84.00	84.00	95.00	100.00	108.00	124.00	131.00	136.00	153.00
Airport ^{5,8}	268.00	266.00	283.00	251.00	262.00	432.00	503.00	553.00	595.00	659.00
Public Transit ⁹	392.75	360.75	361.75	361.75	361.75	384.75	419.75	522.75	522.75	534.75
Risk Management	27.00	27.00	27.00	27.00	27.00	28.00	28.00	28.00	27.00	23.00
Total	6,848.50	6,809.50	6,808.75	6,843.75	6,879.75	7,169.25	7,236.75	7,581.75	7,873.75	8,021.75

¹ In 2011, vacant positions were eliminated.

² In 2010, positions were added due to receipt of an American Recovery and Reinvestment Act grant. In 2017, positions were added because the Mayor and City Council identified public safety as the highest priority.

³ In 2018, Char Meck 311 positions were moved from General administration to Community planning and development.

⁴ In 2016, vacant positions were eliminated.

⁵ In 2013, positions were transferred from public safety at the Airport to Public safety.

⁶ In 2019, Fleet management positions were moved to Engineering and property management.

⁷ 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. In 2017 through 2019 positions were added to keep pace with the growth in customer base.

⁸ In 2012, positions were added for public safety. In 2014, 2015, 2016 positions were added to meet service demand. In 2015, existing full-time temporary positions were converted to regular full-time status. In 2016, positions were added in response to the improving economy and regulatory changes. In 2017 through 2019 positions were added to keep up with service complexity and customer demand.

⁹ In 2015, positions were added to meet service demand. In 2016, positions were added for the Blue Line Extension. In 2017, positions were added for start-up and testing of new rail services for the Blue Line Extension project.

SOURCE:

Position allocations per Strategy and Budget Department.

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police physical arrests	28,326	27,800	25,389	22,839	23,018	22,144	20,794	19,697	18,937	17,221
911 call volume	967,020	1,002,790	1,093,772	1,015,825	1,061,018	1,180,177	1,251,592	1,195,766	1,179,451	1,247,438
Fire calls answered	93,139	98,569	95,922	97,361	103,474	110,710	117,315	123,159	124,123	130,138
Sanitation ¹										
Refuse collected (in tons)	178,752	221,868	218,792	212,296	211,407	206,535	219,901	228,819	226,199	230,938
Refuse collected by City contractors (in tons)	100,285	74,646	77,195	62,153	63,971	65,768	72,548	84,794	87,853	87,502
Recyclables and organics collected (in tons) ^{2,3}	67,317	53,264	54,587	54,557	58,173	88,332	50,995	57,832	57,600	63,949
Recyclables and organics collected by City contractors (in tons) ³	14,843	45,206	46,599	47,666	49,183	10,283	49,313	49,994	48,377	43,229
Support services/Engineering and Property Management										
Fleet maintained	3,470	3,465	3,577	3,331	3,280	3,250	3,233	3,342	3,294	3,398
Streets and highways										
Miles resurfaced	246	325	222	149	211	221	234	272	206	159
Potholes repaired ⁴	895	790	768	856	1,205	1,101	1,173	1,183	1,524	2,889
Community planning and development										
Housing inspections conducted	3,142	3,196	3,070	2,498	2,670	2,779	2,300	2,141	2,320	2,504
Affordable housing production ⁵	1,172	1,310	1,614	1,368	1,083	824	768	1,033	1,248	1,199
Water										
Number of service connections	245,854	248,257	253,557	257,683	262,607	267,664	273,574	279,380	285,092	290,442
Average daily pumped (in millions of gallons)	108	110	101	99	101	103	107	107	106	108
Sewer										
Number of service connections	226,978	229,002	235,157	238,854	242,959	247,165	246,299	256,327	260,580	264,981
Average daily treatment (in millions of gallons)	83	76	78	79	83	81	80	80	78	91
Storm water										
Requests for services completed ⁶	2,266	1,890	2,862	1,809	1,886	1,711	2,565	2,405	2,369	3,661
Airport										
Number of airline arrivals and departures per day	1,281	1,359	1,371	1,415	1,401	1,399	1,389	1,402	1,383	1,547
Passengers boarding (in thousands)	17,725	19,614	20,010	21,108	21,977	22,193	22,376	22,515	23,075	23,959
Public transit										
Revenue miles operated (in thousands) ⁷	16,004	16,048	16,087	16,180	16,172	16,934	16,893	16,310	16,386	17,144
Passengers (in thousands)	24,355	24,901	26,500	26,110	25,572	25,201	23,900	22,734	21,230	20,430

NOTES:

¹ Operating indicators for Sanitation have been restated to break out between City services and contractor provided services for fiscal years 2010 through 2012.

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

³ Recycling contract was cancelled in 2015. Recycling contract started in 2016.

⁴ Transferred to a new system capturing each pothole separately instead of just by work order.

⁵ In 2017 City Council approved more low income tax credit housing projects.

⁶ 2019 rain events caused an increase in the number of service requests received.

⁷ 2019 The numbers have been restated to reflect consistency with National Transit Database (NTD).

SOURCES:

Charlotte-Mecklenburg Police Department, Charlotte Fire Department, Solid Waste Services, Engineering & Property Management, Charlotte Department of Transportation, Housing & Neighborhood Services, Charlotte Water, Storm Water Services, Charlotte Douglas International Airport, Charlotte Area Transit System

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police stations	13	13	13	13	13	13	13	13	13	13
Patrol units	1,251	1,267	1,352	1,386	1,391	1,388	1,392	1,443	1,490	1,486
Fire stations	40	41	42	42	42	42	42	42	42	42
Sanitation										
Collection trucks	200	178	171	180	177	188	177	180	178	186
Streets and highways										
Lane miles of streets ¹	5,140	5,185	5,245	5,261	5,265	5,271	5,284	5,323	5,371	5,415
Number of street lights	70,000	69,695	70,862	71,851	72,316	73,185	73,634	74,140	74,310	75,472
Water										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	4,064	4,094	4,206	4,198	4,209	4,232	4,269	4,314	4,353	4,393
Fire hydrants	12,541	12,568	16,756	16,889	16,631	16,766	16,901	17,109	17,344	17,517
Sewer										
Treatment plants	5	5	5	5	5	5	5	5	5	7
Miles of sanitary sewer lines	4,047	4,073	4,180	4,170	4,320	4,200	4,244	4,288	4,330	4,376
Airport										
Feet of runway	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175
Public transit										
Motor buses	324	324	323	322	322	316	316	315	312	309
Light rail vehicles ²	20	20	20	20	20	20	24	36	40	42
Streetcar vehicles ³	-	-	-	-	-	-	3	3	3	3

NOTES:

¹ 2010 through 2016 have been restated to record lane miles of street verses miles of streets.

² In 2017, twelve light rail vehicles were purchased and placed into service for the Blue Line Extension project.

³ In 2016, streetcar operations began.

SOURCE:

Charlotte-Mecklenburg Police Department, Charlotte Fire Department, Solid Waste Services, Charlotte Department of Transportation, Charlotte Water, Charlotte Douglas International Airport, Charlotte Area Transit System

SINGLE AUDIT



**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, 2019, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated October 31, 2019. Our report includes a reference to other auditors who audited the financial statements of the Charlotte Regional Visitors Authority (CRVA), as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Charlotte Firefighters’ Retirement System were not audited in accordance with *Government Auditing Standards*.

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 the 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

The City of Charlotte's Response to Finding

The City of Charlotte'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.

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*.

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.

Handwritten signature of Cheryl R. Smith, CPA. The signature is in cursive and includes the letters "CPA" at the end.

Charlotte, North Carolina
October 31, 2019

**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, 2019. 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.

Our audit, described below, did not include the operations of the Charlotte Regional Visitors Authority (CRVA), a discretely presented component unit of the City, since it was audited by other auditors.

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, 2019.

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 Cheryl R. Ricketts in cursive, followed by the initials "LLP".

Charlotte, North Carolina
October 31, 2019

**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, 2019. 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.

Our audit, described below, did not include the operations of the Charlotte Regional Visitors Authority (CRVA), a discretely presented component unit of the City, since it was audited by other auditors.

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 U.S. *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, 2019.

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 Cheryl R. Ricketts in cursive, followed by the initials "LLP".

Charlotte, North Carolina
October 31, 2019

CITY OF CHARLOTTE, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

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? _____ X _____ yes _____ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes _____ X _____ no
- Noncompliance material to financial statements noted? _____ yes _____ X _____ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ 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 2 CFR 200.516 (a)?

_____ yes _____ X _____ no

Identification of major federal programs:

CFDA Numbers

Names of Federal Program or Cluster

20.500
20.507
20.525

Federal Transit Cluster:

Capital Investment Grants
Formula Grants
State of Good Repair Grants Program

17.258
17.259
17.278

Workforce Innovation and Opportunity Act Cluster:

Adult Program
Youth Activities
Dislocated Workers

97.067

Homeland Security Grant Program

66.458

Capitalization Grants for Clean Water State Revolving Funds

20.933

National Infrastructure Investments

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditor’s Results (continued)

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

\$ 3,000,000

Auditee qualified as low-risk auditee?

_____ yes X no

State Awards

Internal control over major state programs:

- Material weakness(es) identified?

_____ yes X no

- Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to state awards?

_____ yes X no

Type of auditor’s report issued on compliance for major state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *Audit Manual for Governmental Auditors in North Carolina*?

_____ yes X no

Identification of major state programs:

Names of State Program or Cluster

NCDOT - Capital Improvement

Traffic – Construction by Others Agreement

Locally Administered Project – State Contingency

Other major State programs for the City of Charlotte are Public Transportation Sections 5307 and 5309 Capital Programs which are State matches on the Federal Transit Cluster program. Therefore, these programs have been included in the list of major federal programs above.

CITY OF CHARLOTTE, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

Section II – Financial Statement Findings

Material Weakness Finding 2019-001

Criteria: The City is responsible for placing capital assets in service and accruing grant revenues in the period eligible expenditures are incurred in accordance with accounting principles generally accepted in the United States of America.

Condition: The City identified capital projects of \$34,574,000 in the current year that should have been recognized as an expense in prior periods. The City also received reimbursable expenses in the current year of approximately \$14,017,000 that should have been accrued in a prior period. Finally, the City identified additional reimbursable expenses of approximately \$27,445,000 that should have been accrued in prior periods.

The City also identified additional construction in progress projects in the Storm Water Fund that should have been placed in service in a prior period. This resulted in depreciation expense being understated in prior periods by approximately \$698,000.

Effect: The City recorded a prior period adjustment in the current year to increase the net position of the business-type activities for the Public Transit Fund by approximately \$6,888,000. In addition the City recorded a passed adjusting journal entry for the depreciation expense that should have been recorded in prior periods.

Cause: The Public Transit Fund had not properly reconciled their construction in progress projects and grant accruals in prior years. The Storm Water Fund had improperly determined the dates certain projects should have been placed in service in the current and prior year.

Recommendation: We recommend that the Public Transit and Storm Water Funds establish more effective internal controls over reconciling construction in progress and recording grant accruals at year end.

Views of responsible officials: See Corrective Action Plan.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.



October 31, 2019

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The Fiscal Year 2019 Single Audit identified one error related to construction in progress projects. The finding, and the corresponding corrective action taken on behalf of the City, are noted below. Finance is optimistic the corrective action plan and additional training will reduce, or eliminate material errors related to the capitalization of projects and the recording of grant revenues.

**City of Charlotte
Material Weakness
Finding 2019-001**

Criteria: The City is responsible for placing capital assets in service and accruing grant revenues in the period eligible expenditures are incurred in accordance with accounting principles generally accepted in the United States of America.

Condition: The City identified capital projects of \$34,574,000 in the current year that should have been recognized as an expense in prior periods. The City also received reimbursable expenses in the current year of approximately \$14,017,000 that should have been accrued in a prior period. Finally, the City identified additional reimbursable expenses of approximately \$27,445,000 that should have been accrued in prior periods.

The City also identified additional construction in progress projects in the Storm Water Fund that should have been placed in service in a prior period. This resulted in depreciation expense being understated in prior periods by approximately \$698,000.

Effect: The City recorded a prior period adjustment in the current year to increase the net position of the business-type activities for the Public Transit Fund by approximately \$6,888,000. In addition, the City recorded a passed adjusting journal entry for the depreciation expense that should have been recorded in prior periods.

Cause: The Public Transit Fund had not properly reconciled their construction in progress projects and grant accruals in prior years. The Storm Water Fund had improperly determined the dates certain projects should have been placed in service in the current and prior year.

Recommendation: We recommend that the Public Transit and Storm Water Funds establish more effective internal controls over reconciling construction in progress and recording grant accruals at year end.

Views of Responsible Officials:

Finance agrees more effective internal controls are needed over reconciling construction in progress and recording grant accruals at year end.

Corrective Action Plan:

Because of the identified errors, the following actions have/will be taken:

- Finance will work with departments on capitalization and recording of grant revenues.
- Finance will update capital assets procedures and develop a capitalization checklist to help departments gain a better understanding of the capitalization process.

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

FOR THE YEAR ENDED JUNE 30, 2019

Section V – Schedule of Prior Year Audit Findings

None reported.

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Fed. (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
FEDERAL AWARDS:					
<u>Executive Office of the President</u>					
Direct Programs:					
High Intensity Drug Trafficking Areas	95.001	G17GA0007A	\$ 68,418	\$ -	\$ -
High Intensity Drug Trafficking Areas	95.001	G18GA0007A	73,447	-	-
Total Executive Office of the President			\$ 141,865	\$ -	\$ -
<u>U.S. Department of Homeland Security</u>					
Direct Programs:					
Assistance to Firefighters	97.044	EMW-2016-FO-02881	\$ 589,255	\$ -	\$ -
Assistance to Firefighters	97.044	EMW-2017-FR-00329	42,209	-	-
Rail and Transit Security	97.075	EMW-2015-RA-00045-S01	3,206	-	-
TSA-NEDCTP	97.U01	HSTS02-16-H-NCP416 TSA (K-9)	805,549	-	-
TSA-Credentialing Screening & Intel Division	97.U02	HSTS02-16-H-SLR722 TSA (LEO)	371,280	-	-
Total Direct Programs			1,811,499	-	-
Pass-Through N.C. Department of Crime Control and Public Safety:					
Disaster - Public Assistance (Presidentially Declared)	97.036	Hurricane Florence	1,378,164	-	-
Homeland Security	97.067	EMW-2016-SS-00011-S01 / 1649	1,395,880	-	-
Homeland Security	97.067	EMW-2017-SS-00085-S01 / 1754	1,759,720	-	-
Homeland Security	97.067	EMW-2017-SS-00085-S01 / MOA 1700-10	158,804	-	-
Homeland Security	97.067	EMW-2018-SS-00053 / MOA 1853	293,825	-	-
Homeland Security	97.067	EMW-2017-SS-00085-S01 / MOA 1700-2	6,643	-	-
Total Pass-Through N.C. Department of Crime Control and Public Safety			4,993,036	-	-
Pass-Through Mecklenburg County:					
Emergency Management Performance	97.042	EMPG-2018-EP-00007 / MOA 18059	79,514	-	-
Total Pass-Through Mecklenburg County			79,514	-	-
Total U.S. Department of Homeland Security			\$ 6,884,049	\$ -	\$ -

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Fed. (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<u>U.S. Department of Environmental Protection Agency</u>					
Pass-Through N.C. Department of Environmental Quality					
Clean Water State Revolving Cluster:	66.458	CS370377-13	\$ 1,774,409	\$ -	\$ -
Clean Water State Revolving Cluster:	66.458	CS370377-14	16,032,146	-	-
Clean Water State Revolving Cluster:	66.458	CS370377-15	12,103,779	-	-
Total U.S. Department of Environmental Protection Agency			\$ 29,910,334	\$ -	\$ -
<u>U.S. Department of Housing and Urban Development</u>					
Direct Programs:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants/Entitlement	14.218	B-17-MC-37-0003	\$ 4,981,645	\$ -	\$ 4,543,563
Community Development Block Grants/Entitlement	14.218	B-18-MC-37-0003	1,028,742	-	-
Total CDBG - Entitlement Grants Cluster			6,010,387	-	4,543,563
Other U.S. Dept. of Housing and Urban Development Grants:					
Emergency Shelter	14.231	E-17-MC-37-0003	532,568	-	532,568
Emergency Shelter	14.231	E-18-MC-37-0003	70,232	-	59,682
HOME Investment Partnerships	14.239	M15-DC370212	416,335	-	416,335
HOME Investment Partnerships	14.239	M16-DC370212	1,145,349	-	770,648
Housing Opportunities For Persons With AIDS	14.241	NCH15-F001	454,180	-	454,180
Housing Opportunities For Persons With AIDS	14.241	NCH17-F001	1,854,362	-	1,759,738
Continuum of Care Program	14.267	NC0365L4F051600	117,106	-	-
Continuum of Care Program	14.267	NC0389L4F051700	44,605	-	-
Fair Housing Assistance	14.401	FF204K184008	85,994	-	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	NCLHB0539-12	738,116	-	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	NCLHB0539-12	192,833	-	-
Total Other U.S. Dept. of Housing and Urban Development Grants			5,651,680	-	3,993,151
Total U.S. Department of Housing and Urban Development			\$ 11,662,067	\$ -	\$ 8,536,714

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Fed. (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<u>U.S. Department of Justice</u>					
Direct Programs:					
Crime Victim Assistance	16.582	2018-V3-GX-0010	\$ 408	\$ -	\$ -
Public Safety Partnership and Community Policing	16.710	2015GVWX0010	214,891	-	-
Public Safety Partnership and Community Policing	16.710	2016ULWX0046/NC06001	628,978	-	-
DNA Backlog Reduction	16.741	2016-DN-BX-0081	216,438	-	-
DNA Backlog Reduction	16.741	2017-DN-BX-0035	162,263	-	-
DNA Backlog Reduction	16.741	2018-DN-BX-0060	25,270	-	-
Special Data Collections and Statistical Studies	16.734	2016-FU-CX-K053	50,484	-	-
Edward Byrne Memorial Justice Assistance	16.738	2016-DJ-BX-0384	192,961	-	3,506
Edward Byrne Memorial Justice Assistance	16.738	2017-DJ-BX-0391	119,709	-	99,913
Collaboration Program	16.745	2015-MO-BX-0019	25,271	-	-
National Sexual Assault Kit Initiative	16.833	2016-AK-BX-K019	247,856	-	-
National Sexual Assault Kit Initiative	16.833	2017-AK-BX-0020	182,204	-	-
Money Laundering and Asset Recovery - Justice	16.922	ESAC 07/01/2017	864,799	-	-
Total Direct Programs			2,931,532	-	103,419
Pass-Through N.C. Department of Public Safety:					
Juvenile Justice and Delinquency Prevention	16.540	2017-JF-FX-0058	22,022	-	-
Violence Against Women	16.588	2016-WF-AX-0021/PROJ011688	6,780	-	-
Total Pass-Through N.C. Department of Public Safety			28,802	-	-
Total U.S. Department of Justice			\$ 2,960,334	\$ -	\$ 103,419
<u>U.S. Department of Treasury</u>					
Direct Programs:					
Money Laundering and Asset Recovery - Treasury	21.016	ESAC 07/01/2017	\$ 301,517	\$ -	\$ -
Total U.S. Department of Treasury			\$ 301,517	\$ -	\$ -

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Fed. (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
U.S. Department of Labor					
Pass-Through N.C. Department of Commerce:					
Workforce Investment Act Clusters:					
WIA/WIOA Adult Programs					
WIA Local Administration	17.258	2017-4010	\$ 373,432	\$ -	\$ 373,432
Workforce Investment Act	17.258	2017-4020	1,807,000	-	1,807,000
WIA Statewide Activities	17.258	2016-4050	24,350	-	24,350
Workforce Investment Act	17.258	2018-4010	424,464	-	424,464
WIA Adult	17.258	2018-4020	1,403,153	-	1,403,153
Total WIA/WIOA Adult Programs			4,032,399	-	4,032,399
WIA/WIOA Youth Activities					
WIOA Youth Activities	17.259	2016-4050-8014 & 8015 / AA-28327-16-55-A-37	70,180	-	70,180
WIOA Youth Activities	17.259	2017-4050-8024 / AA-23827-16-55-A-37	3,146	-	3,146
Workforce Investment Act	17.259	2017-4040	956,058	-	956,058
Workforce Investment Act	17.259	2017-4050	96,087	-	96,087
Workforce Investment Act	17.259	2016-4050	197,785	-	197,785
Workforce Investment Act	17.259	2017-4050	70,870	-	70,870
Workforce Investment Act	17.259	2018-4040	1,433,349	-	1,433,349
Total WIA/WIOA Youth Activities			2,827,475	-	2,827,475
WIA/WIOA Dislocated Worker					
Workforce Investment Act	17.278	2017-4030	571,181	-	571,181
WIA/WIOA Dislocated Worker	17.278	2016-4050-7018 / AA-28327-16-55-A-37	154,783	-	154,783
WIA/WIOA Dislocated Worker	17.278	2016-4050-8031 / AA-28327-16-55-A-37	12,224	-	12,224
WIA/WIOA Dislocated Worker	17.278	2016-4050-8031 / AA-28327-16-55-A-37	448,395	-	448,395
Total WIA/WIOA Dislocated Worker			1,186,583	-	1,186,583
Total Workforce Investment Act Clusters			8,046,457	-	8,046,457

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Fed. (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
Other U.S. Department of Labor Grants:					
WIA Dislocated Workers	17.278	2016-4030	\$ 10,000	\$ -	\$ 10,000
WIOA On-the-Job Training	17.U03	WIOA-OJT-CW0604-06	8,958	-	-
Total Other U.S. Department of Labor Grants			18,958	-	10,000
Total U.S. Department of Labor			\$ 8,065,415	\$ -	\$ 8,056,457
<u>U.S. Department of Transportation</u>					
Direct Programs:					
Federal Aviation Administration:					
Airport Improvement Program	20.106	3-37-0012-076-2016	\$ 52,282	\$ -	\$ -
Airport Improvement Program	20.106	3-37-0012-075-2016	1,556,775	-	-
Airport Improvement Program	20.106	3-37-0012-077-2017	6,560,075	-	-
Airport Improvement Program	20.106	3-37-0012-079-2018	12,602,171	-	-
Total Federal Aviation Administration			20,771,303	-	-
Federal Transit Administration:					
National Infrastructure Investments	20.933	FR-TII-0047-17	8,638,782	-	-
Total Federal Transit Administration			8,638,782	-	-
Federal Transit Administration:					
Federal Transit Cluster:					
Federal Transit - Capital Investment					
Federal Transit - Capital Investment	20.500	NC-03-0082-00/36224.26.4.3/13-BL-001/36224.26.1.1/09-NS-082	17,466,614	9,365,353	-
Federal Transit - Capital Investment	20.500	NC-04-0018-00 / 36232.1.11.3	1,871,685	233,411	-
Federal Transit - Capital Investment	20.500	NC-03-0084-00	1,171,350	-	-
Federal Transit - Capital Investment	20.500	NC-04-0046-00	372,601	-	-
Federal Transit - Capital Investment	20.500	NC-2016-001-00	15,545,562	-	-
Federal Transit - Capital Investment Total			36,427,812	9,598,764	-

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Fed. (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
Federal Transit - Formula					
Federal Transit - Formula	20.507	NC-90-X403-00 / 36231.14.10.3 / 16-95-080	\$ 335,697	\$ -	\$ -
Federal Transit - Formula	20.507	NC-90-X541 / 36231.14.11.5 / 17-90-541	7,054	-	-
Federal Transit - Formula	20.507	NC-2016-043-00	331,482	-	137,562
Federal Transit - Formula	20.526	DOT-19 / 36231.14.13.3 / 19-SU-207A	-	428,316	-
Federal Transit - Formula	20.526	DOT-19 / 36231.14.13.4 / 19-SU-207B	-	630,968	-
Federal Transit - Formula	20.526	DOT-19 / 36231.14.13.5 / 19-SU-207C	-	740,512	-
Federal Transit - Formula	20.507	NC-2017-019-00	435,285	-	-
Federal Transit - Formula	20.507	NC-2018-015-00	7,200,000	-	-
Federal Transit - Formula	20.507	NC-2018-068-00	8,051,302	-	-
Federal Transit - Formula Total			16,360,820	1,799,796	137,562
Federal Transit - State of Good Repair					
Federal Transit - State of Good Repair Program	20.525	NC-2017-009-00	245,657	-	-
Federal Transit - State of Good Repair Program	20.525	NC-2017-045-00	1,028,715	-	-
Federal Transit - State of Good Repair Program	20.525	NC-2019-067-00	900,461	-	-
Federal Transit - State of Good Repair Total			2,174,833	-	-
Federal Transit - Bus and Bus Facilities					
Total Federal Transit Cluster			54,963,465	11,398,560	137,562
Transit Services Programs Cluster:					
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	NC-16-X015-00	1,485	-	-
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	NC-2016-033-00	203,651	-	177,128
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	NC-2017-030-00	741,298	-	447,460
Total Transit Services Programs Cluster			946,434	-	624,588
Total Federal Transit Administration Direct Programs			64,548,681	11,398,560	762,150
Federal Transit Administration:					
Pass-Through N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning	20.505	36230.5.18.6 / 19-08-102 / NC-2017-059-01	383,837	-	-
Total Pass-Through N.C. Department of Transportation			383,837	-	-
Total Federal Transit Administration			64,932,518	11,398,560	762,150

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Fed. (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
Federal Highway Administration:					
Highway Planning and Construction Cluster:					
Pass-Through Programs:					
Pass-Through N.C. Department of Transportation:					
Highway Planning and Construction	20.205	46093.1.1 / BRSTP-1003(97)	\$ 1,530,951	\$ -	\$ -
Highway Planning and Construction	20.205	42844.1.1 / BRZ-1003	662,813	-	-
Highway Planning and Construction	20.205	CMS-1003(125)/C-5540/51010.1.1/51010.2.1/51010.3.1	(72,438)	-	-
Highway Planning and Construction	20.205	CMS-1003(124)/C-5542/51012.1.1/51012.2.1/510212.3.1	85,280	-	-
Highway Planning and Construction	20.205	CMS-1003(121)/C-5533/45506.1.1, 2.1, 3.1	993,657	-	-
Highway Planning and Construction	20.205	CMS-1003(133) / 51013.1.F1/2.F1/3.F1/C-5543	(413,873)	-	-
Highway Planning and Construction	20.205	CMS-1003(132) / 51011.3.1/C-5541	(485,814)	-	-
Highway Planning and Construction	20.205	34811.3.FDS/STPDA-5239(5)	155,715	-	-
Highway Planning and Construction	20.205	CMS-1003(144)	151,976	-	-
Highway Planning and Construction	20.205	50152.1/2/3.F1/BRSTP-1003(143)	107,825	-	-
Highway Planning and Construction	20.205	50152.1/2/3.F1/BRSTP-1003(142)	328,524	-	-
Highway Planning and Construction	20.205	HSIP-0077(007)/W-5601FL/50138.1.169,50138.2.169,50138.3.169	3,200	-	-
Highway Planning and Construction	20.205	HSIP-0485(045)/W-5601IK/50138.3.246	(147)	-	-
Highway Planning and Construction	20.205	NHPBA-0771(230)/I-5405C/45454.1.9,45454.3.10	258,101	-	-
Highway Planning and Construction	20.205	44856.1.6 / W-5710F	3,896	-	-
Highway Planning and Construction	20.205	HSIP-2805 (002) / 44962.1.1 / SS-4910CP	151	48,452	-
Highway Planning and Construction	20.205	Section 104f/39225.1.14(PL)/39225.1.19(STP-DA)	(9,549)	-	-
Highway Planning and Construction	20.205	BRZ-NBIS (20)	418,898	-	-
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR(102)	90,000	-	-
Highway Planning and Construction	20.205	M-0528BN / 48232.2.14 / SPR-OSPR (202)	21,525	-	-
Highway Planning and Construction	20.205	47616.1.2 / STBG-DA	1,624,064	-	334,888
Total Pass-Through N.C. Department of Transportation			5,454,755	48,452	334,888

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Fed. (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
Other Pass-Through Programs:					
Pass-Through S.C. Department of Transportation:					
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR(102)	\$ 10,000	\$ -	\$ -
Pass-Through Rock Hill:					
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR(102)	9,267	-	-
Pass-Through Gastonia:					
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR(102)	17,686	-	-
Pass-Through Concord:					
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR(102)	14,634	-	-
Total Other Pass-Through Programs			51,587	-	-
Total Highway Planning and Construction Cluster			5,506,342	48,452	334,888
Total Federal Highway Administration			5,506,342	48,452	334,888
National Highway Traffic Safety Administration:					
Pass-Through N.C. Department of Transportation:					
Highway Safety Cluster:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	AL-19-02-03	107,670	-	-
State and Community Highway Safety	20.600	PT-19-06-18	4,952	-	-
National Priority Safety Programs	20.616	M5HVE-18-15-18	38,924	-	-
Total Highway Safety Cluster			151,546	-	-
Total U.S. Department of Transportation			\$ 91,361,709	\$ 11,447,012	\$ 1,097,038
<u>N.C. Department of Natural and Cultural Resources / CWMTE</u>					
Direct Programs:					
Clean Water Management Trust Fund		2016-402	\$ -	\$ 450,000	\$ -
Total N.C. Department of Natural and Cultural Resources / CWMTE			\$ -	\$ 450,000	\$ -

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Fed. (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<u>N.C. Department of Public Safety</u>					
Direct Programs:					
Regional Response Team		RRT 7 2018	\$ -	\$ 83,881	\$ -
Total Direct Programs			-	83,881	-
Pass-Through Mecklenburg County:					
Juvenile Offender Diversion Program		20928 (JCPC)	-	99,333	-
Total Pass-Through Mecklenburg County			-	99,333	-
Total N.C. Department of Public Safety			\$ -	\$ 183,214	\$ -
<u>N.C. Department of Transportation</u>					
State Maintenance Assistance FY2019		FY2019 SMAP Letter	\$ -	\$ 7,867,990	\$ -
State Street Aid-Powell Bill		32570	-	20,537,251	-
Reimbursement Agreement		38550.3-FR1 / B-4779	-	2,057	-
Reimbursement Agreement		44296	-	33,430	-
State Aid for Airports		48138.3.1	-	500,000	-
Traffic - Construction by Others Agreement		50000.3.STR08T4F	-	27,810	-
Traffic - Construction by Others Agreement		46450.1.1, 46450.2.1, 46450.3.1 / U-5905	-	744,084	-
Traffic - Construction by Others Agreement		SS-41910CO / 44961.3.1	-	6,813	-
Traffic - Construction by Others Agreement		50175.3.1 / U-5762	-	2,950	-
Locally Administered Project - State Contingency		47809 / Developer	-	1,250,000	1,250,000
NC DOT - Capital Improvement		NC SL 2017-57 Section 34.19C	-	21,829,880	-
Apprenticeship/Intern Program		36223.5.25.1/19-DG-102A	-	17,390	-
Apprenticeship/Intern Program		36223.5.25.2/19-DG-102B	-	9,804	-
Apprenticeship/Intern Program		36223.5.25.3/19-DG-102C	-	23,328	-
Apprenticeship/Intern Program		36223.5.25.4/19-DG-102D	-	10,203	-
Public Transportation for Transit Demand Management		36225.1.17.1/19-RS-102	-	112,851	-
NC DOT - Public Transportation Division		36230.5.18.6/19-08-102/NC-2017-059-01	-	47,980	-
Total N.C. Department of Transportation			\$ -	\$ 53,023,821	\$ 1,250,000

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Fed. (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<u>N.C. Department of Environmental Quality</u>					
Environmental Assistance and Customer Service		Contract 7580	\$ -	\$ 3,789	\$ -
Total N.C. Department of Environmental Quality			\$ -	\$ 3,789	\$ -
<u>N.C. Office of Emergency Medical Services</u>					
Pass-Through Metrolina Trauma Advisory Committee:					
SMAT III		Contract 00037313 Division HP-12-2319	\$ -	\$ 2,782	\$ -
Total N.C. Office of Emergency Medical Services			\$ -	\$ 2,782	\$ -
TOTAL FEDERAL AND STATE AWARDS			\$151,287,290	\$ 65,110,618	\$ 19,043,628

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2019

1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Charlotte, North Carolina (the "City") under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. 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, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

2: Summary of Significant Accounting Policies

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



**Finance Department - Financial Reporting
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