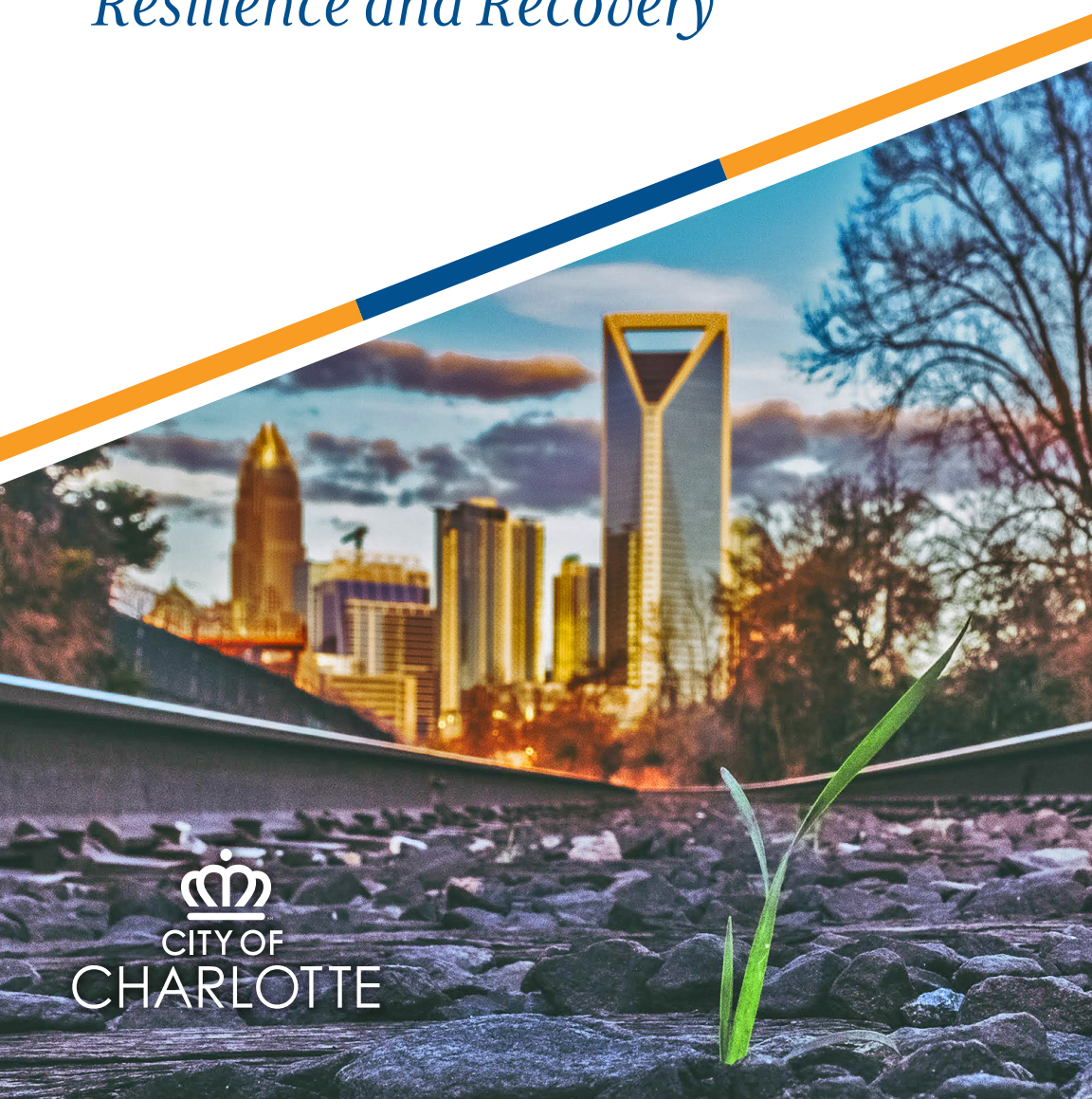


*Fiscal Year 2021*

# **Popular Annual Financial Report**

---

*Resilience and Recovery*





SM

# Message from the City Manager

I am pleased to share the City of Charlotte's Popular Annual Financial Report for fiscal year (FY) 2021, which ran from July 1, 2020, to June 30, 2021. This report evaluates how the city performed against the forward-looking FY 2021 budget and offers an easy-to-understand snapshot of the city's financial position during the fiscal year, especially for readers without a background in public finance.

The City of Charlotte demonstrated resiliency and strength in FY 2021. The staff continued to deliver key services and innovate programs that addressed community needs brought about or exacerbated by the COVID-19 pandemic, including financial support for small businesses, improved digital access and beyond.

The pandemic necessitated a shift in city operations, but strategic priorities set by the City Council in January 2020 guided us through the ongoing recovery process and ensured our work to create a thriving Charlotte continued. Specifically, each strategic priority informed budget decisions and included policies and initiatives designed to meet our community's needs and advance the organization.

The city's FY 2021 budget — unanimously adopted by the Charlotte City Council in June 2020 with no tax increases — focused on the priorities of:

- **Economic Development.**
  - Promoting regional economic growth.
  - Expanding the availability of good-paying jobs.
  - Attracting, growing and retaining new and existing businesses with a focus on upward mobility.
- **Neighborhood Development.**
  - Focusing on a holistic approach for neighborhoods.
  - Collaborating with the community to create and maintain great neighborhoods and safe communities.
- **Transportation, Planning and Environment.**
  - Developing Charlotte's future through proactive land use planning.
  - Connecting neighborhoods with places to work and play.
  - Ensuring access to needed services.
  - Safeguarding the environment.
- **Well-Managed Government.**
  - Continuing accountability efforts.
  - Promoting efficient, effective and quality services to the entire community.

As a summary of the city's FY 2021 Annual Comprehensive Financial Report (ACFR), the Popular Annual Financial Report looks back at these priorities and other initiatives included in the FY 2021 budget, and measures how the city performed against them. Unlike the ACFR, however, this report is unaudited and does not contain all reported funds and full financial disclosures for the fiscal year.

The FY 2021 ACFR was prepared following generally accepted accounting principles. The firm that audited the ACFR, Cherry Bekaert LLP, issued an “unmodified” or “clean” opinion of the report, indicating the report is presented fairly and does not have misstatements.

I commend city staff members for their integrity, professional competency and dedication to public service. Their commitment to the highest standards of professionalism in fiscal management is foundational to the city's financial stability and resilience. Because of the staff's work, bond rating agencies continue to award the City of Charlotte with the highest ratings for credit worthiness.

Our staff is also dedicated to creating clear and effective budgeting and financial documents.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the city with a Certificate of Achievement for Excellence in Financial Reporting for the FY 2020 ACFR. It was the city's 36th consecutive year receiving the award. GFOA also recognized the city's FY 2021 budget, awarding the City of Charlotte our seventh consecutive Distinguished Budget Presentation Award.

The FY 2021 ACFR and more information about the city's finances are available at [charlottenc.gov/finance](http://charlottenc.gov/finance).

Finally, I credit Mayor Vi Lyles and the Charlotte City Council for their strong leadership and support as they set sound fiscal policy, ensure financial resources are managed prudently and provide a foundation for financial sustainability.

Marcus D. Jones  
City Manager



“

The staff continued to deliver key services and innovate programs that addressed community needs brought about or exacerbated by the COVID-19 pandemic, including financial support for small businesses, improved digital access and beyond.

Marcus D. Jones  
City Manager



# Charlotte's Regional Economy in Fiscal Year 2021

The federal support and the city's adherence to established budget principles helped alleviate current and future impacts of COVID-19 and allowed the city to maintain fiscal balance through the fiscal year.

Although the 2021 fiscal year will be remembered for economic and social hardships, the City of Charlotte and the community were resilient and came together to move forward on the road to recovery. Throughout the year, the city focused its resources and funding to advance the Charlotte City Council's strategic priorities and address the most foundational and pressing needs of the community.

The Charlotte region continues to rank 23rd in the United States for total economic output and accounts for about 21% of the total economic output for the Carolinas. A total of 160,400 jobs were lost from the regional economy at the start of the COVID-19 pandemic. Almost 60% of these lost jobs belonged in the leisure and hospitality sector, particularly the accommodation and food services, arts, entertainment, and recreation industries. Since May 2020, the regional economy has added an average of 10,000 jobs each month. Growth in leisure and hospitality helped drive job growth overall. As of March 2021, a total of 113,600 jobs, or 70% of the number lost, have been added back to the regional economy.

## Federal Funding for COVID-19 Relief

Federal funding through the Coronavirus Aid, Relief and Economic Security (CARES) Act was key to offsetting the financial impacts of the pandemic.

The \$154.5 million Coronavirus Relief Fund (CRF) allocation the city received in April 2020 assisted the city and its residents with expenses related to COVID-19. Specifically, the city focused on pouring CRF dollars into the

community: businesses, housing, youth opportunity centers, digital access and internet services, arts organizations and artists. The funds also supported city operations, including first responder salaries, hazard pay, emergency leave, facility and technology needs, and solid waste services.

Under the CARES Act, the city also received Community Development Block Grant and Emergency Solutions Grant allocations to assist with housing, economic opportunity and shelter, as well as allocations for the operations of the Charlotte Douglas International Airport and the Charlotte Area Transit System — two city services hit especially hard by the pandemic.

The federal support and the city's adherence to established budget principles helped alleviate current and future impacts of COVID-19 and allowed the city to maintain fiscal balance through the fiscal year.

In addition, the American Rescue Plan Act allocated \$142 million in Local Fiscal Recovery Funds to the City of Charlotte. The city received the first allotment of this funding, \$71 million, in May 2021. Given the potential impact of this unprecedented federal investment, the city is being deliberate in planning how it will use these funds. The plan should balance immediate needs and investments in Charlotte's future, as well as core city services and external, community programs. This planning is informed by public health and economic data, City Council priorities and stakeholder input.



# Charlotte's Community in Fiscal Year 2021

## Population Increase

**772,627**  
2012

**24%**  
Increase

**958,788**  
2021



## Top 10 Employers



Atrium Health



Wells Fargo



Char-Meck Schools



Walmart



Bank of America



Novant Health



American Airlines



Delhaize America



Harris Teeter



Lowe's Companies

Source: Charlotte Regional Business Alliance

## Unemployment Rate

**5.1%**

Source: North Carolina Department of Commerce

## City Size

**15th**  
Largest City in the US

Source: U.S. Census Bureau

## Assessed Property Valuations

**\$146.6 Billion**

Source: Mecklenburg County

## City Land Area

**308**  
Square Miles

## Median Home Value and Household Income (2019)

**\$220,300**  
Median Home Value

**\$62,817**  
Household Income

Source: U.S. Census Bureau

## Median Age (2021)

**37.7**  
years

Source: Census Reporter

## Total Local Sales Tax Rate

**7.25%**

## Retail Sales (2019)

**\$26.1**  
Billion

Source: North Carolina Department of Revenue

# Charlotte City Council



**Vi Lyles**  
Mayor



**Julie Eiselt**  
Mayor Pro Tem



**Braxton Winston**  
At Large



**Dimple Ajmera**  
At Large



**Greg Phipps**  
At Large



**Larken Egleston**  
District 1



**Malcom Graham**  
District 2



**Victoria Watlington**  
District 3



**Reneé Johnson**  
District 4



**Matt Newton**  
District 5



**Tariq Bokhari**  
District 6



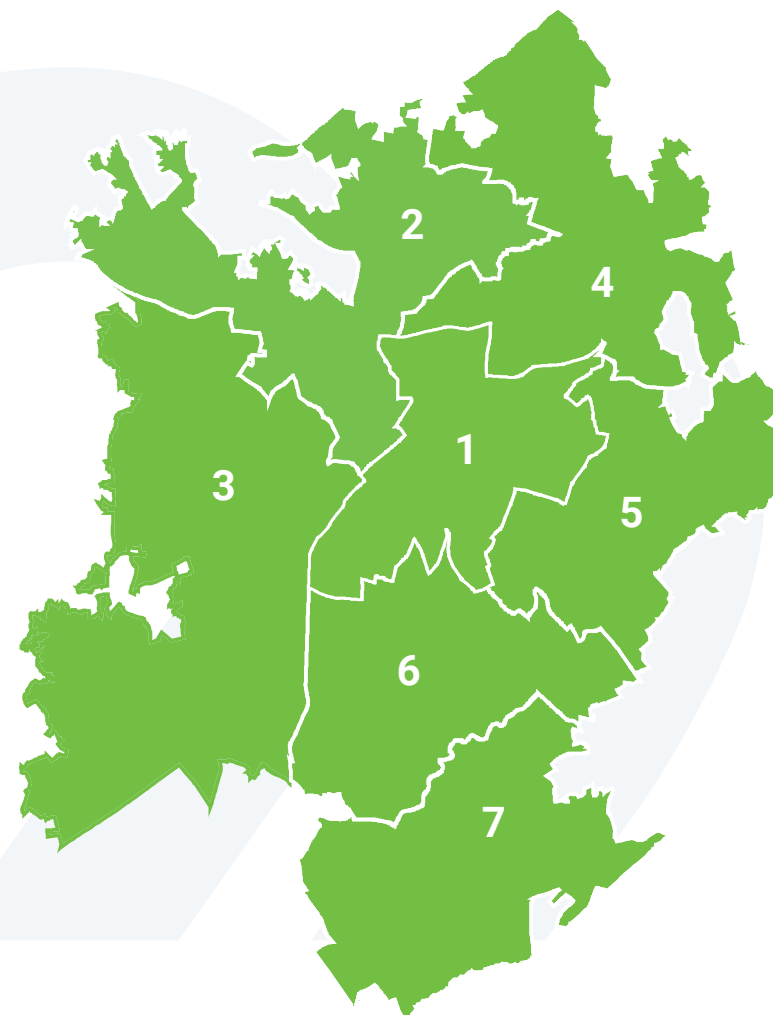
**Edmund Driggs**  
District 7

## District Map

**1** Larken Egleston

**2** Malcom Graham

**3** Victoria Watlington



**4** Reneé Johnson

**5** Matt Newton

**6** Tariq Bokhari

**7** Edmund Driggs

# City Council Strategic Priorities in Fiscal Year 2021

City funding was directed toward programs and services that support the City Council's FY 2021 strategic priorities. These priorities served as the foundation for funding decisions and setting objectives.

## Economic Development



- Build and maintain a successful business climate and workforce talent.
- Increase the number of jobs with sustainable wages and benefits.
- Create economic opportunity for all residents.
- Encourage business development, innovation and entrepreneurship.

## Neighborhood Development



- Build and maintain great neighborhoods with a focus on community relations, safety and housing.

## Transportation Planning and Environment



- Anticipate and plan for the growth of the community and safeguard the environment.
- Address growth with strategic investments.
- Build and maintain a comprehensive transportation network.
- Use placemaking strategies that encourage connection between neighborhoods and employment centers.

## Well-Managed Government



- Demonstrate leadership in financial stewardship.
- Review best practices and ensure consistency.
- Emphasize effective and efficient services that are accountable, customer-focused and inclusive.



# Fiscal Year 2021 by the Numbers

FY 2021  
Budget

**\$2.55 Billion**

Water Service  
Connections

**304,029**



911  
Calls

**1,159,829**



Sanitation  
Collection  
Trucks

**204**



Police  
Stations

**13**



Streetlights  
Maintained

**77,160**



Building  
Permits Issued

**25,871**



Full-Time  
Equivalent  
Employees

**8,216.75**



Charlotte  
Area Transit  
System Buses

**323**



# Fiscal Year 2021 by the Numbers

Airline Arrivals and Departures  
Per Day at Charlotte Douglas  
International Airport

**1,161 Flights**



Water  
Treatment  
Plants

**3**



Affordable  
Housing Units  
Produced

**2,015**



Transit  
Miles  
Operated

**13,289**



City  
Property  
Tax Rate

**\$0.3481**



Miles of  
Water Mains

**4,482**



Fire  
Stations

**43**



Tons of  
Recyclables  
Collected

**53,056**



Tons of  
Refuse  
Collected

**247,080**



# CITY of CHARLOTTE Organization



## CITY MANAGER'S OFFICE

**Assistant City Manager**  
Brent Cagle

**Assistant City Manager**  
Tracy Dodson

**Assistant City Manager**  
Taiwo Jaiyeoba

**Special Assistant to City Manager**  
Shawn Heath



**MAYOR &  
CITY COUNCIL**



**CITY MANAGER**  
Marcus D. Jones  
*Council appointee*



**CITY ATTORNEY**  
Patrick Baker  
*Council appointee*



**CITY CLERK**  
Stephanie Kelly  
*Council appointee*



## CITY DEPARTMENTS

**AVIATION  
DEPARTMENT**  
Haley Gentry

**CHARLOTTE AREA  
TRANSIT SYSTEM**  
John Lewis, Jr.

**CHARLOTTE  
COMMUNICATION  
& MARKETING**  
Jason Schneider

**CHARLOTTE  
DEPARTMENT OF  
TRANSPORTATION**  
Liz Babson

**CHARLOTTE FIRE  
DEPARTMENT**  
Chief Reginald  
Johnson

**CHARLOTTE  
PLANNING,  
DESIGN &  
DEVELOPMENT**  
Taiwo Jaiyeoba

**COMMUNITY  
RELATIONS**  
Willie  
Ratchford

**CHARLOTTE-  
MECKLENBURG  
POLICE DEPT.**  
Chief Johnny  
Jennings

**CHARLOTTE  
WATER**  
Angela Charles

**ECONOMIC  
DEVELOPMENT**  
Tracy Dodson

**GENERAL  
SERVICES**  
Phil Reiger

**INNOVATION &  
TECHNOLOGY**  
Reenie Askew

**HOUSING &  
NEIGHBORHOOD  
SERVICES**  
Pam Wideman

**HUMAN  
RESOURCES**  
Sheila Simpson

**FINANCE**  
Teresa Smith

**INTERNAL AUDIT**  
Greg McDowell

**SOLID WASTE  
SERVICES**  
Rodney  
Jamison

**STRATEGY  
& BUDGET**  
Ryan Bergman



# Fiscal Year 2021 Financial Results: Government-Wide Statement

Government-wide statements report the City of Charlotte's financial activity and information in one place using accounting methods similar to those used by private-sector companies. As a result, all assets and liabilities are accounted for, as well as all inflows and outflows of resources.

Government-wide statements categorize services as governmental activities or business-type activities.

## Governmental Activities

Most of the city's basic services, such as public safety, community planning and development, and streets and highways, are listed as governmental activities. 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, stormwater system, aviation department, and public transit system are listed as business-type activities.

## Statement of Net Position

The Statement of Net Position is a balance sheet that provides a snapshot of what the city owns (assets) and owes (liabilities). Net position represents the city's investment in the assets it uses to provide services to residents.

## Statement of Activities

The Statement of Activities is an income statement that summarizes amounts received (revenues) and amounts spent (expenses). A positive difference between revenue and expenses indicates the city had enough revenues to cover its obligations and the ability to save for the future.

## Statements of Net Position and Activities

Governmental Activities	2021	2020
Total Assets & Deferred Outflows	\$8,583,122,000	\$8,437,025,000
Total Liabilities & Deferred Inflows	\$3,437,137,000	\$3,227,565,000
Total Net Position	\$5,145,985,000	\$5,209,460,000

Total Revenues	\$1,222,598,000	\$1,107,692,000
Total Expenses	(\$1,286,073,000)	(\$1,074,287,000)
Change in Net Position	(\$63,475,000)	\$33,405,000

Business-Type Activities	2021	2020
Total Assets & Deferred Outflows	\$10,604,702,000	\$10,194,421,000
Total Liabilities & Deferred Inflows	\$3,827,456,000	\$3,751,365,000
Total Net Position	\$6,777,246,000	\$6,443,056,000

Total Revenues	\$1,285,751,000	\$1,200,934,000
Total Expenses	(\$951,561,000)	(\$975,866,000)
Change in Net Position	\$334,190,000	\$225,068,000

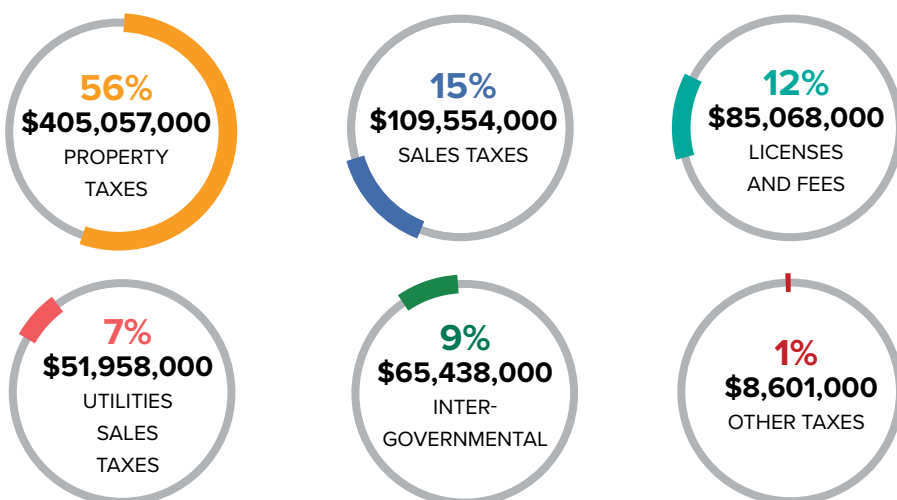
# Fiscal Year 2021 Financial Results: Governmental Funds

Governmental funds cover most of the city's basic services, including public safety, infrastructure, general government administration, and capital project activities, such as transportation and neighborhood projects, funded by bond proceeds. These services are supported by taxes; capital contributions, such as grants from the federal and state governments; and fees and charges from those who directly benefited from the programs.

The General Fund is the city's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund. General Fund expenses are largely supported by revenue from taxes and fees.

## General Fund Revenues

YEAR END JUNE 30, 2021  
**\$725,676,000**



## General Fund Expenditures

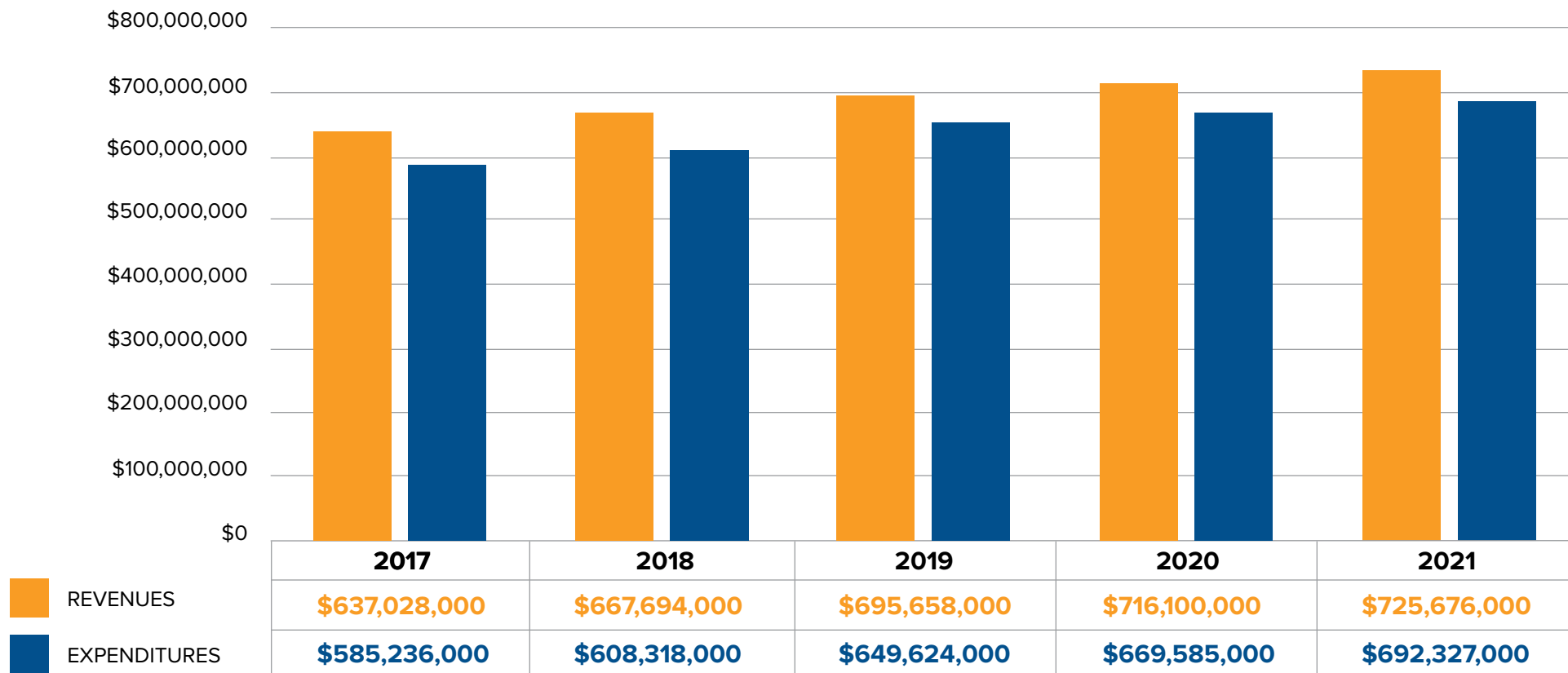
YEAR END JUNE 30, 2021  
**\$692,327,000**





# Fiscal Year 2021 Financial Results: Governmental Funds

## General Fund Revenues and Expenditures: Five-Year Trend





# Fiscal Year 2021 Financial Results: Governmental Funds

## Fund Balance

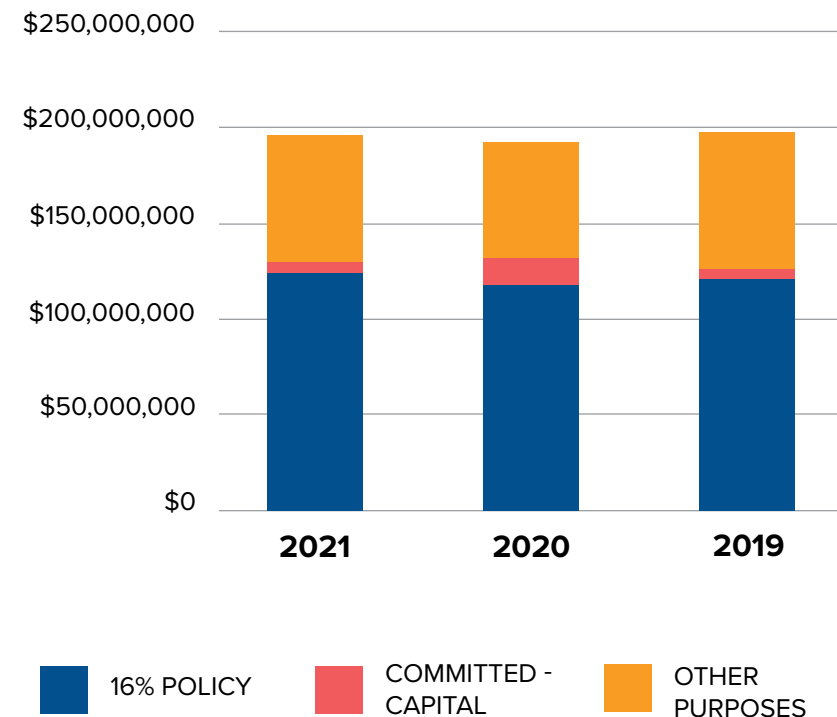
Cities prepare for the unexpected by having reserves in the form of fund balance. Reserves are similar to savings because they provide financial flexibility to react to economic downturns and unforeseen circumstances in a timely manner. In governmental accounting and financial reporting, maintaining fund balance is a major factor considered by bond rating agencies when they evaluate the city's credit worthiness.

For the General Fund, the city has a policy to maintain fund balance at 16% of the operating budget. Any portion in excess of the 16% is dedicated to capital expenses, unless otherwise directed by the Charlotte City Council.

Committed fund balance includes amounts that must be used for specific purposes as approved by the City Council. One example is fund balance in excess of the 16% committed for capital projects.

Assigned fund balance includes amounts the city intends to use for specific purposes, such as fund balance assigned for debt service payment requirements.

## General Fund Three-Year Trend

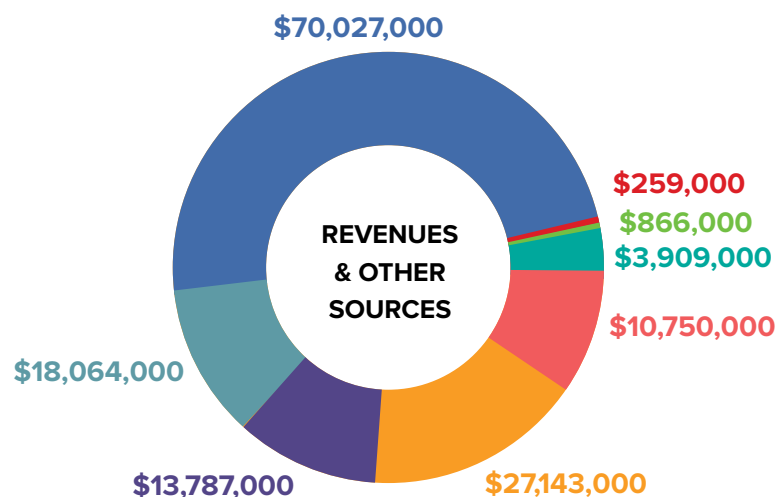


# Fiscal Year 2021 Financial Results: Governmental Funds

The Capital Projects Fund accounts for financial resources supporting capital projects during the life of the projects. The city undertakes capital projects to acquire, develop, improve or maintain various facilities, other infrastructure and/or equipment. These projects are generally large in scale, require large sums of money and are long-term. Money for capital projects comes largely from proceeds of the bond sales, debt-financing agreements, and taxes. The repayment of these borrowing sources is accounted for in the Debt Service Funds. These long-term expenses are outlined in more detail in the multiyear Capital Investment Plan.

## Capital Projects Fund Revenues

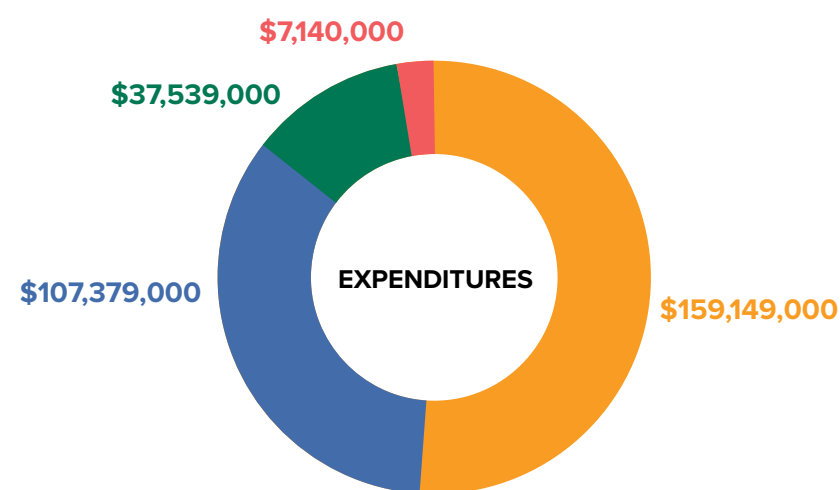
YEAR END JUNE 30, 2021  
**\$144,805,000**



- NET TRANSFERS WITH OTHER FUNDS
- PROPERTY TAXES
- BONDS ISSUED
- OTHER TAXES
- INTERGOVERNMENTAL
- OTHER SOURCES
- LICENSES, FEES AND FINES
- INVESTMENT EARNINGS

## Capital Projects Fund Expenditures

YEAR END JUNE 30, 2021  
**\$311,207,000**



- FACILITIES AND EQUIPMENT
- TRANSPORTATION, PLANNING AND ENVIRONMENT
- NEIGHBORHOOD DEVELOPMENT
- ECONOMIC DEVELOPMENT



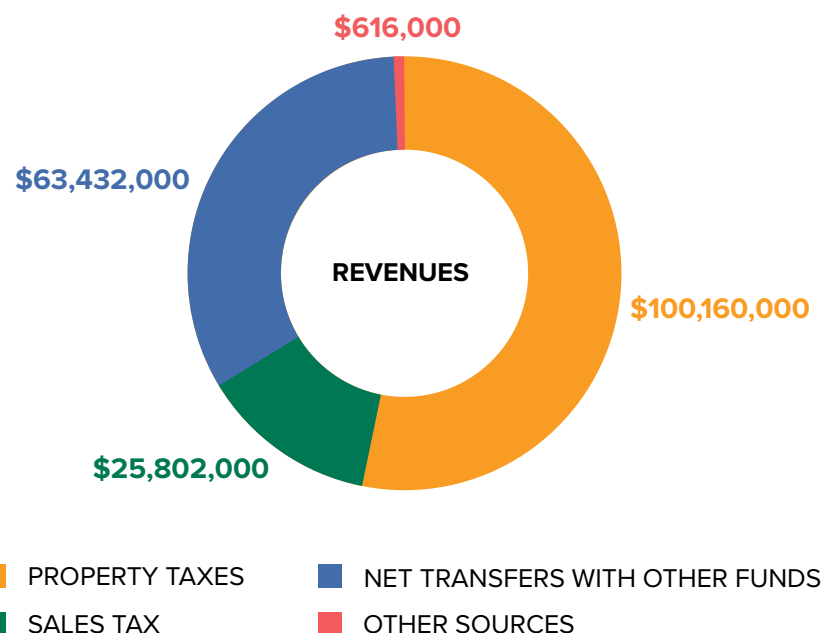
# Fiscal Year 2021 Financial Results: Governmental Funds

The City of Charlotte issues debt to fund general governmental capital needs. The city's long-term debt is repaid from a governmental fund called the Debt Service Fund. This fund accounts for transactions related to the payment of principal and interest.

The city's sound financial condition is evidenced by the continuation of its Aaa rating from Moody's Investors Service, and AAA ratings from Standard & Poor's Ratings Services and Fitch Ratings. Charlotte is one of the few major cities in the United States 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. Total outstanding debt for governmental funds as of June 30, 2021, totals \$1.5 billion.

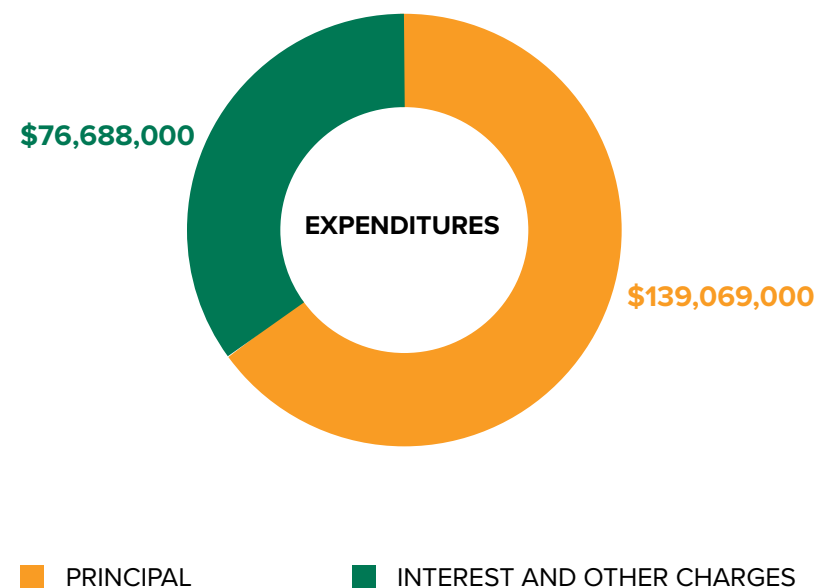
## Debt Service Fund Revenues

YEAR END JUNE 30, 2021  
**\$190,010,000**



## Debt Service Fund Expenditures

YEAR END JUNE 30, 2021  
**\$215,757,000**





# Fiscal Year 2021 Financial Results: Enterprise Funds

## Enterprise Fund Revenues and Expenses

Enterprise funds are self-supporting funds created when a public service generates enough revenues to pay for its costs. These funds account for services for which the city charges customers a fee. Fees can be used for operating costs, capital and debt service. The City of Charlotte's Enterprise Fund departments include the Aviation Department, Charlotte Water, Storm Water Services and the Charlotte Area Transit System (CATS). Total outstanding debt for enterprise funds as of June 30, 2021, totals \$3.4 billion.

### CHARLOTTE WATER



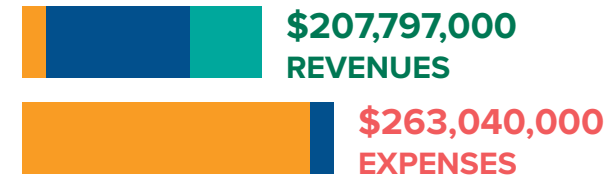
### STORM WATER SERVICES



### AVIATION DEPARTMENT



### CATS



# Fiscal Year 2021 Major Initiatives

## Economic Development

Since receiving Coronavirus Aid, Relief and Economic Security (CARES) Act funding in April 2020, the City of Charlotte has focused on providing resources that help stabilize the local economy from the shock of reduced revenues.

The city's CARES Act allocation provided:

- \$30.3 million for 2,500 small business grants.
- \$7.7 million for 345 food and beverage grants.
- \$5.8 million for 100 hotel grants.
- \$4 million for arts organizations and artists.

The city also invested \$24.5 million in six designated transportation corridors that have historically lacked investment. Each Corridor of Opportunity has ongoing, tailored projects and strategies that address its specific business development, placemaking, community engagement, and transportation infrastructure needs.

The city continued offering career pathway opportunities for residents through the Training and Career Academy. Although the COVID-19 pandemic reduced program participation, ongoing investments allowed program participants to gain on-the-job experience and enter the workforce.

The city also created the NXT|CLT program to help business owners of color develop their business and leadership skills, connect with other Charlotte business leaders, and access financial support. The program delivers participants a customized curriculum that emphasizes management, market development and accessing capital. The first cohort of business owners completed the program in December 2020.



## Neighborhood Development

In the spring of 2018, the City of Charlotte created the privately financed Charlotte Housing Opportunity Investment Fund and set and exceeded its fundraising goal of \$50 million. Together with voter-approved bonds through the Housing Trust Fund, this funding leverages public, private, and nonprofit dollars to increase the supply and accessibility of affordable housing in the community. In 2020, Charlotte voters approved a \$50 million housing bond, bringing the total investment in housing bonds to \$130 million — \$70 million more than originally planned.

In addition to its standing commitment to affordable housing, in fiscal year 2021 the City of Charlotte prioritized mortgage, rental and relief assistance for residents impacted by the pandemic. Since receiving federal assistance, the city has been able to use \$13.4 million to provide more than 5,800 households with mortgage, rental, and utility relief.

## Great Neighborhoods

The need for digital equity, a concern prior to the pandemic, became brazenly apparent as residents relied more heavily on digital platforms for everyday tasks. Using CARES Act funds, the city took steps to bridge the digital divide through the Charlotte Connect program, providing Wi-Fi to 1,800 households. Additionally, \$1 million in CARES Act funding went toward internet services for Charlotte-Mecklenburg Schools tablets to enhance at-home learning.

In fiscal year 2021, the city also launched the resident-led Legacy Commission to study Charlotte street names and monuments that honor Confederate soldiers, slaveowners and segregationists, and to make renaming recommendations. The commission produced a full report that offered several recommendations, including changing the names of nine city streets.



The work of the commission reimagines civic spaces and creates a new symbolic landscape that represents the dynamic and diverse city Charlotte has become.

## Safe Communities

In October 2020, after months of work with community stakeholders, the Charlotte City Council adopted six recommendations for public safety policy improvements as part of the city's SAFE Charlotte effort. This holistic work reimagines public safety beyond policing, and evaluates systemic issues affecting the community, including unemployment, housing, transportation and workforce development.

The council-approved recommendations include:

- Investing in grassroots community organizations.
- Examining civilian roles in dispatching responses to low-risk 911 calls.
- Providing an independent analysis of police-civilian interactions.
- Expanding crisis response and developing a civilian responder model for mental health and homelessness calls.
- Evaluating youth programs.
- Improving public safety recruitment and associated training programs.

The city also focused on growing compensation for first responders, who make up more than 35% of the city's workforce. In fiscal years 2020 and 2021, the city developed and implemented a multiyear compensation strategy to retain police and fire officials and attract new public safety employees.



# Fiscal Year 2021 Major Initiatives

## Transportation, Planning and Environment

The City of Charlotte continues to create a healthier community and world by investing in the Strategic Energy Action Plan. The plan's goals are to fuel the city's facilities and vehicle fleet by 100% zero-carbon sources by 2030, and for Charlotte to become a low-carbon city by 2050. The plan's framework of internal and external actions focus on transportation, buildings, energy generation, and workforce development and equity.

In fiscal year 2021, the city purchased 27 electric fleet vehicles and expanded its electric vehicle infrastructure by purchasing 28 chargers housed at city-owned facilities.

The city also invested an additional \$500,000 from the CARES Act into the Renewable Energy and Efficiency Workforce Training Program, which trains people whose employment was negatively affected by COVID-19 in the heating, ventilation and air conditioning; electrical; and sustainable technologies trades.

On June 21, 2021, the Charlotte City Council adopted the Charlotte Future 2040 Comprehensive Plan to guide how Charlotte grows over 20 years. A vision and framework document, the plan informs planning decisions and investments as the city addresses inequities of the past and unites around shared goals for the future.



## Well-Managed Government

Although the pandemic presented many service challenges throughout the fiscal year, the city continued to meet community needs and maintained basic service levels using innovative means such as virtual access to city services, and flexible or remote work for city staff where feasible.

Frontline employees remained in the community, delivering essential services throughout the pandemic. Precautions to keep these employees safe included personal protective equipment, increased sanitation measures and social distancing. To recognize their dedicated service, the city provided these employees with a premium pay increase from March 2020 to December 2020, primarily using CARES Act funding.

The city also used CARES Act funds to improve city facilities in response to COVID-19, enhancing the safety of employees and residents.

# Glossary of Terms

## A

### **ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)**

- Provides complete and accurate financial information prepared in conformance with generally accepted accounting principles.

### **ASSESSED PROPERTY VALUATION**

- Dollar value set on real estate or other property as a basis for levying taxes. North Carolina law requires all real property be assessed at fair market value at least every eight years. Mecklenburg County lists, discovers, assesses and processes appeals for ad valorem tax purposes. Real estate taxes are based on the assessed property valuation as of the date of the latest countywide reappraisal divided by 100 and multiplied by the tax rate. For fiscal year 2021, the latest countywide reappraisal took place on Jan. 1, 2019.

**ASSETS** - City-controlled resources with economic value.

### **AVIATION DEPARTMENT**

- Enterprise Fund department established to manage and account for the acquisition, operations, maintenance and capital programs of the Charlotte Douglas International Airport. The airport was established in 1935 as Charlotte Municipal Airport.

## B

**BUDGET** - A legal authorization granted by the Charlotte City Council to make expenditures and incur obligations for specific purposes. North Carolina law requires local governments have an adopted ordinance specifying a budget plan by the end of the fiscal year-end, which is June 30 for the City of Charlotte.

### **BUSINESS-TYPE ACTIVITIES**

- Activities that resemble private-sector businesses in which the consumer is charged for services provided by the city. The city's business-type activities include Charlotte Water, Charlotte-Mecklenburg Storm Water Services, the Aviation Department, and Charlotte Area Transit System.

## C

### **CAPITAL CONTRIBUTIONS**

- Assets provided to a government for purchasing or constructing capital assets. Examples of capital contributions include capital grants and donated infrastructure.

### **CAPITAL INVESTMENT PLAN (CIP)**

- A five-year plan detailing annual appropriations from specific funding sources for capital projects

such as street improvements, building construction and facility maintenance. The CIP includes all projects, funding sources and expenditure amounts.

### **CAPITAL PROJECTS FUND**

- Fund used in governmental accounting to track and report financial resources used for capital spending, including the acquisition or construction of capital facilities and other capital assets.

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

- Enterprise Fund department established to manage and account for the acquisition, operations, maintenance and capital programs of the city's transit system. CATS was created in 2000 after a successful public referendum in 1998 to fund future transit initiatives.

### **CHARLOTTE-MECKLENBURG STORM WATER SERVICES**

- Enterprise Fund department established to manage and account for the acquisition, operations, maintenance and capital programs of stormwater systems. Storm Water Services was established in 1993.

### **CHARLOTTE WATER**

- Enterprise Fund department established to manage and account for the acquisition, operations, maintenance and capital programs of the city's water and sewer systems. With history as far back as 1899, Charlotte Water as it exists today formed as a city department in 1972.

**COMMUNITY PLANNING AND DEVELOPMENT** - Category of

expenses focused on creating great places for our community by designing vibrant and inclusive neighborhoods and creating a climate where all businesses innovate and prosper.

### **CULTURE AND RECREATION**

- Category of expenses focused on tourism promotions and facility management for the city's tourism venues.

## D

**DEBT SERVICE** - Annual principal and interest payments the city owes on money it has borrowed.

**DEBT SERVICE FUND** - Fund used in governmental accounting to track the accumulation of resources for, and the payment of, long-term debt service and related costs.

**DEFERRED INFLOWS** - Resources coming into a government during a fiscal year that are related to a future reporting period.

### **DEFERRED OUTFLOWS**

- Resources leaving a government during the fiscal year that are related to a future reporting period.

## E

### **ENGINEERING AND PROPERTY MANAGEMENT**

- Category of expenses focused on design and construction of city infrastructure

projects, caring for the tree canopy and other landscaping, and managing real estate and facilities.

**ENTERPRISE FUNDS** - Funds used to account for and report an activity for which a fee is charged to external users for goods or services.

**EXPENSE/EXPENDITURE** - A resource leaving a government during the fiscal year that are related to that year.

## F

**FISCAL YEAR (FY)** - A one-year fiscal period. The city's fiscal year extends from July 1 through June 30.

### FULL-TIME EQUIVALENT (FTE)

- The amount of time for which a position has been budgeted in relation to the amount of time a regular, full-time employee normally works in a year. One FTE is equivalent to one employee working full-time.

**FUND** - An accounting entity with a self-balancing set of accounts used for recording financial transactions of segregated, specific activities.

**FUND BALANCE** - The difference between assets and liabilities of a governmental fund. Fund balance incorporates the difference between the revenues and expenditures each year. Fund balance types include:

**Nonspendable fund balance** - Fund balance in a form that cannot be spent, such as inventory.

**Restricted fund balance** - Fund balance amounts constrained by their providers, such as grantors.

**Committed fund balance** - Fund balance amounts constrained by an action of the Charlotte City Council.

**Assigned fund balance** - Fund balance amounts intended to be used for a specific purpose.

**Unassigned fund balance** - Fund balance amounts available for any purpose in the General Fund.

## G

### GENERAL ADMINISTRATION

- Category of expenses focused on day-to-day operations of the city including setting policies, strategic leadership, local government records, legal services, personnel administration, and communication and marketing.

**GENERAL FUND** - A central fund into which most of the city's general tax revenues and discretionary resources are pooled. The General Fund is allocated to support many of the operations of city government.

### GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

- A common set of accounting principles, standards and procedures that must be followed when compiling financial statements.

**GOVERNMENTAL ACTIVITIES** - Activities generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

**GRANTS** - Funds received from outside parties including nonprofits, private entities, and federal and state agencies.

**INTEREST** - Cost of borrowing money that must be repaid along with the principal.

**INTERGOVERNMENTAL REVENUE** - Shared revenue received from other governments, such as grants or reimbursements.

## L

**LIABILITIES** - Present obligations to give up economic resources the government has little or no discretion to avoid.

**LICENSES AND FEES** - Costs charged to those who receive certain governmental services or use governmental facilities, such as solid waste service fees, land development fees and zoning petition filing fees. Fees vary with the type of activity.

**LONG-TERM DEBT** - A liability that arises from a contractual obligation to give up economic resources in one or more payments to settle an amount fixed at the date the contractual obligation is established. Types of

long-term debt can include:

**Bonds** - Long-term debt primarily used to finance infrastructure projects, including housing, neighborhood improvements, streets and highways, as well as Enterprise Fund-related projects.

### General obligation (GO)

**bonds** - Bonds in which payment is guaranteed by the full faith and credit of the government body. This type of bond requires voter approval and occurs in November of even-numbered calendar years.

**Revenue bonds** - Bonds in which payment is payable from a specific source of revenue, and to which the full faith and credit of an issuer with taxing power is not pledged.

### Bond Anticipation Notes

**(BAN)** - Short-term, interest-bearing notes issued in anticipation of bond proceeds to be received later.

### Certificates of Participation

**(COPS)** - Long-term financing tool, traditionally used for facility construction or renovation, that pledges an asset in exchange for borrowed debt, similar to a home mortgage. This debt does not require voter approval and does not follow the same biennial schedule as general obligation bonds.



# N

**NET POSITION** - The difference between assets, liabilities, deferred outflows of resources and deferred inflows of resources for government-wide statements and enterprise funds.

**NONOPERATING REVENUES AND EXPENSES** - Revenues and expenses not qualifying as operating items in business-type activities.

# O

**OPERATING REVENUES AND EXPENSES** - Revenues generated from the cost of goods sold and services provided to customers.

**OTHER TAXES** - Includes 8% occupancy tax on an accommodation within Mecklenburg County and a tax on gross receipts derived from heavy equipment sales.

# P

**PRINCIPAL** - Amount of debt owed, not including interest, for funds that are borrowed.

**PROPERTY TAX** - A tax based on the value of taxable property, including real estate, registered motor vehicles and personal property. For fiscal year 2021, the

property tax rate was 34.81 cents per \$100 of assessed valuation, allocated across three funds: General Fund (27.31 cents), Debt Service Fund (6.77 cents) and Pay-As-You-Go Capital (0.73 cents).

**PUBLIC SAFETY** - Category of expenses focused on the services of the police and fire departments, which aim to enhance the quality of life throughout the community and preserve life and property.

# R

**RATING** - An opinion by a rating agency of the creditworthiness of a bond.

**REVENUE** - A resource coming into a government during a fiscal year that is related to that period.

# S

**SANITATION** - Category of expenses focused on protecting public health by providing environmentally friendly solid waste collection programs.

**SALES TAX** - Tax paid on retail sales in North Carolina totaling 7.25%: State sales tax, 4.75%; local sales tax, 2%; and transit sales tax, 0.5%. The local sales tax portion consists of a 1-cent tax levied in 1967, a half-cent tax levied in 1983 and a half-cent tax

levied in 1986. The transit sales tax is an additional half-cent tax levied in 1998 to support the transit system. The State of North Carolina collects sales taxes and distributes it.

**SOLID WASTE FEE** - A fee to offset a portion of the cost of providing solid waste services.

**STRATEGIC PRIORITIES** - Areas of focus established by the Charlotte City Council that serve as the framework for allocating funds and resources. FY 2021 focus areas were economic development; neighborhood development; transportation, planning and environment; and well-managed government.

**STREETS AND HIGHWAYS** - Category of expenses focused on providing a safe and efficient multimodal transportation system that supports economic mobility and sustains the community's quality of life.

**SUPPORT SERVICES** - Category of expenses focused on providing support to Charlotte City Council, staff and the public through technologies and financial management.

# T

**TRANSFERS IN AND OUT** - The movement of assets into one fund and out of another fund.

# U

**UTILITY FRANCHISE SALES TAX** - A sales tax on electricity and piped natural gas. The State of North Carolina collects the tax and distributes revenues to localities.

SM

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600 E. FOURTH ST. CHARLOTTE, N.C. 28202



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