

EMERGING **STRONGER** TOGETHER

FISCAL YEAR 2023

POPULAR ANNUAL FINANCIAL REPORT

NORTH CAROLINA







MARCUS JONES
City Manager of the City of Charlotte

MESSAGE FROM THE CITY MANAGER

I am pleased to share the City of Charlotte's Popular Annual Financial Report (PAFR) for fiscal year (FY) 2023, which ran from July 1, 2022, to June 30, 2023. This report evaluates how the city performed against the adopted FY 2023 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.

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

the community. Strategic priorities set by the Charlotte City Council guided decision making and resource allocations. The budget, adopted by the Charlotte City Council in June 2022, focused on:

- ▶ Great Neighborhoods, focusing on comprehensive initiatives designed to create affordable and sustainable neighborhoods,
- ▶ Safe Communities, ensuring safe, healthy, and inclusive communities,
- ▶ Transportation Planning, and Environment, addressing growth with strategic investments for accessibility, mobility and connectivity,
- ▶ Workforce and Business Development, building and maintaining a successful business climate for economic opportunity, jobs, and upward mobility, and
- ▶ Well-Managed Government, ensuring efficient, effective, accountable, responsive, inclusive, and customer focused services.

As a summary of the city's FY 2023 Annual Comprehensive Financial Report (ACFR), the Popular Annual Financial Report looks back at these priorities and other initiatives included in the 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 2023 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 staff for their integrity, professional competency and dedication to the work of the city throughout the year. 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.

The city's Annual Comprehensive Financial Report, from which the information for this report has been drawn, has been awarded the Certificate of Achievement for Excellence in Financial Reporting by Government Finance Officers Association of the United States and Canada (GFOA) for 38 consecutive years. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such an ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for

a period of one year only. We believe that our current ACFR continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

In addition, the city also received a Distinguished Budget Presentation Award for the FY 2023 budget, the ninth consecutive year, and an Award for Outstanding Achievement in Popular Annual Financial Reporting for the FY 2022 PAFR, the second consecutive year.

The city's ACFRs, PAFRs and more information about the city's finances are available at:



charlottenc.gov/City-Government/Departments/Finance

Finally, I credit Mayor Vi Lyles and the Charlotte 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



CHARLOTTE'S REGIONAL ECONOMY IN FY 2023

According to a 2023 study by CNBC, North Carolina ranked as the best state for business.

The Charlotte region ranked 21st in the U.S. for total Gross Domestic Product (GDP) output and Mecklenburg County accounted for about 20 percent of the total GCP output for the state in 2021, based on the most recently available data from the Bureau of Economic Analysis. Charlotte is home to nine Fortune 500 companies and two of the top ten largest banks' headquarters, ranking as the nation's second largest banking center.

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

Charlotte Douglas International Airport (CLT) leads the state as the top economic

engine among airports, according to the North Carolina Department of Transportation (NCDOT) Division of Aviation. CLT is ranked among the top 10 busiest airports in the world, averaging over 1,400 arrivals and departures plus daily aircraft operations serving approximately 180 nonstop destinations around the globe. In 2022, CLT generated \$32 billion in annual economic impact, and supported over 150,000 jobs for North Carolina residents. CLT was recognized by the ATRS Global Airport Performance Benchmarking Task Force as the 'Most Efficient North American Airport' in 2023. This award measures and compares the performance of important aspects of operations for 205 airports of various sizes in Asia Pacific, Europe, and North America.

Charlotte is a destination of choice for tourism, conventions, and special events. A healthy tourism sector raises the region's profile with visitors, showcases the community's southern hospitality, helps support broader economic development initiatives, upward mobility, and revenue to invest in our community. According to their FY 2023 annual reporting, activities of the Charlotte Regional Visitors Authority (CRVA), the marketing and venue management

The City of Charlotte's financial principles and long history of sound management positioned the city to react quickly to the economic and social uncertainty created by the COVID-19 pandemic.

authority for the city, directly generated an estimated \$1.1 billion in total economic impact for our community. Tourism in Charlotte includes professional sports (NFL, MLS, NBA); minor league sports (MiLB, NHL); museums for arts, culture, and science; convention center; and a national racing hall of fame.

The city's strong financial foundation allowed it to allocate two-thirds of the federal COVID-19 Relief Funds received to directly support our community. Charlotte was allocated \$141.6 million in Local Fiscal Recovery Funds through the American

Rescue Plan ACT (ARPA), receiving \$70.8 million in May 2021 and \$70.8 million in June 2022. Charlotte engaged in deliberate planning with key community stakeholders to use these funds guided by City Council's priorities to balance the immediate needs of the city along with making long-term transformational investments for Charlotte's future. Through this framework the city identified four primary categories of investments: Workforce and Economic Development (\$32.7 million), Housing (\$47 million), Community Vitality (\$31 million), and City Operations (\$30.9 million).

FORTUNE 500 COMPANIES



NUCOR®

Honeywell



TRUIST FH



ALBEMARLE

CHARLOTTE'S COMMUNITY IN FY 2023



796,921
(<Year>)

1,001,146
(2023)

2.6% Population Increase

38 Years Of Age
Median Age (2023)
Source: U.S. Federal Reserve

16th Largest City
In the United States

\$65,359
Median Household Income (2020)
Source: U.S. Census Bureau

7.25%
Total Local Sales Tax Rate

3.5%
Unemployment Rate

\$154.4 B
Assessed Property Valuations

308 Square Miles
City Land Area

TOP 10 EMPLOYERS



RACE AND ETHNICITY

67% White/Caucasian
21% Black or African American
10% Hispanic or Latino
8% Two or More of Some Other Race
4% Asian 4%

CHARLOTTE'S CITY COUNCIL

AS OF DECEMBER 4, 2023



**Vi Alexander
Lyles**
Mayor



**Danté
Anderson**
*Mayor Pro Tem
District 1*



**LaWana
Mayfield**
At Large



**James
Mitchell Jr.**
At Large



**Victoria
Watlington**
At Large



**Dimple
Ajmera**
At Large



**Malcolm
Graham**
District 2



**Tiawana
Brown**
District 3



**René
Johnson**
District 4



**Marjorie
Molina**
District 5

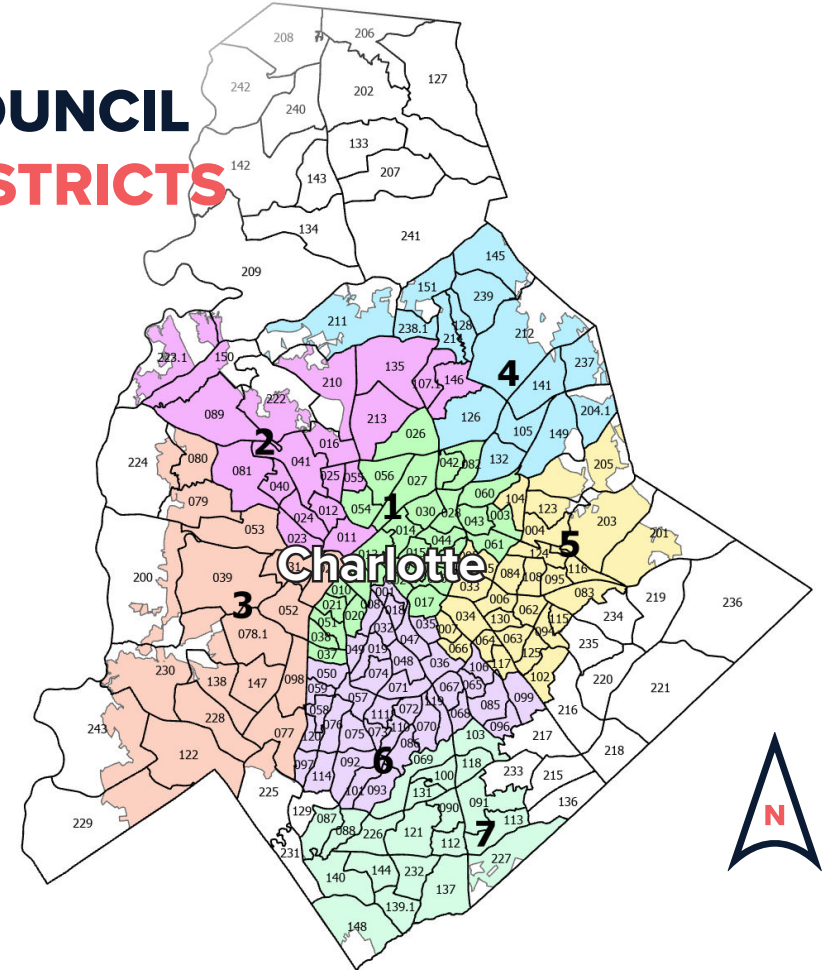


**Tariq
Bokhari**
District 6



**Edmund
Driggs**
District 7

COUNCIL DISTRICTS



CHARLOTTE BY THE NUMBERS FY 2023



\$3.2 BILLION

FY 2023 Budget



\$0.3481

City Property Tax Rate



1.2 MILLION

911 Calls



318,067

Water Service Connections



77,698

Streetlights Maintained



212

Sanitation Collection Trucks



8,424

Full-Time Equivalent Employees



13

Police Stations



1,327 FLIGHTS

Airline Arrivals and Departures
Per Day at Charlotte Douglas
International Airport



304

Charlotte Area Transit
System Buses



3

Water Treatment Plants



91,012

Tons of Recyclables Collected



3,644

Fleet Vehicles Maintained



4,570

Miles of Water Mains



43

Fire Stations



13,144

Transit Miles Operated



1,506

Affordable Housing
Units Produced



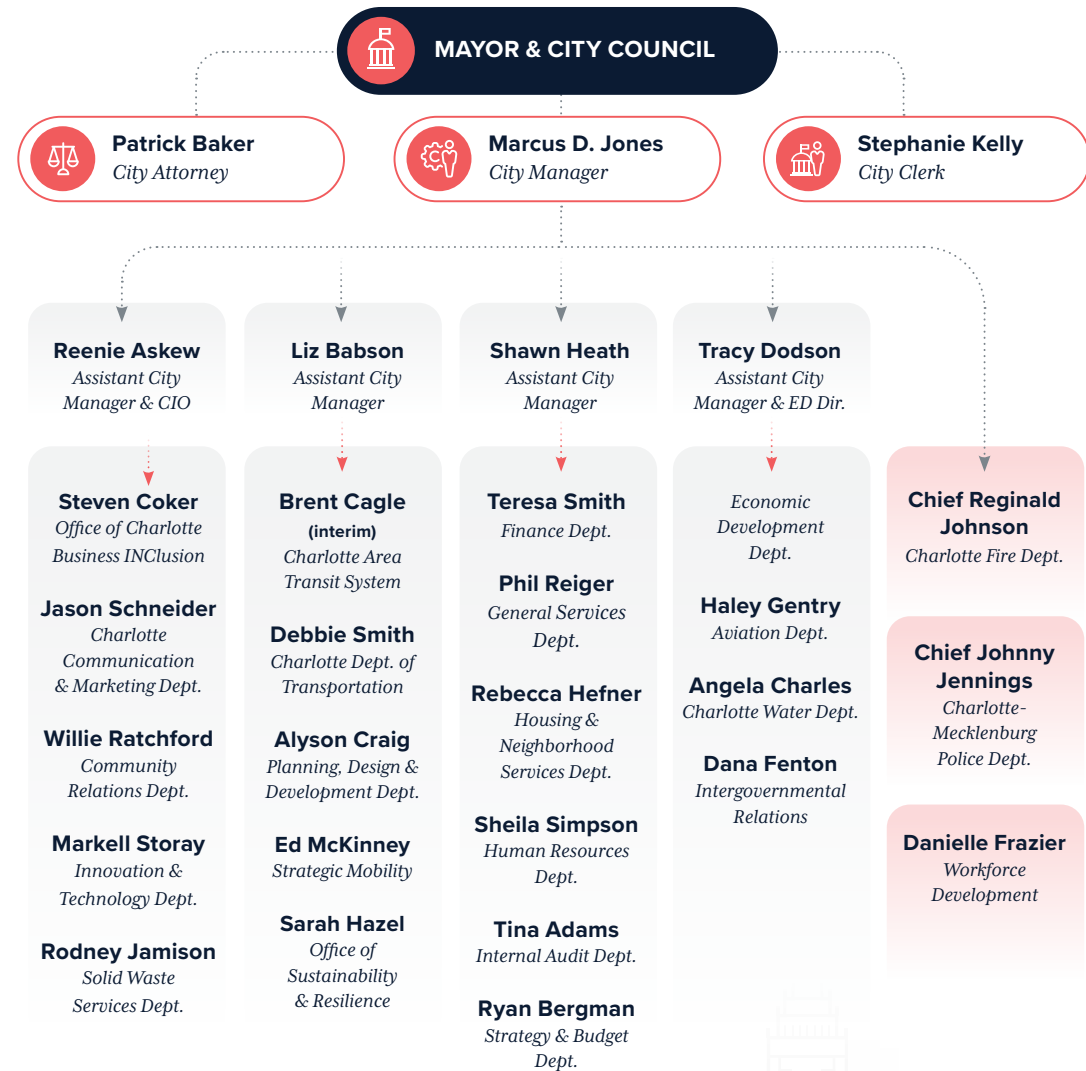
320,211

Tons of Refuse Collected

City funding was directed toward programs and services that support the City Council's FY 2023 strategic priorities.



CITY OF CHARLOTTE ORGANIZATION *as of Dec. 2023*



GOVERNMENT- WIDE STATEMENTS FY 2023 FINANCIAL RESULTS

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.

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. From FY 2022 to FY 2023, net position improved in part due to increases in property and sales tax revenues, even with increased expenses including those for salaries and wages.

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, airport, and public transit system are listed as business-type activities. From FY 2022 to FY 2023, net position improved as a result of revenues exceeding expenses

as the recovery from COVID continued, particularly at the airport where demand for air service was strong.

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.

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

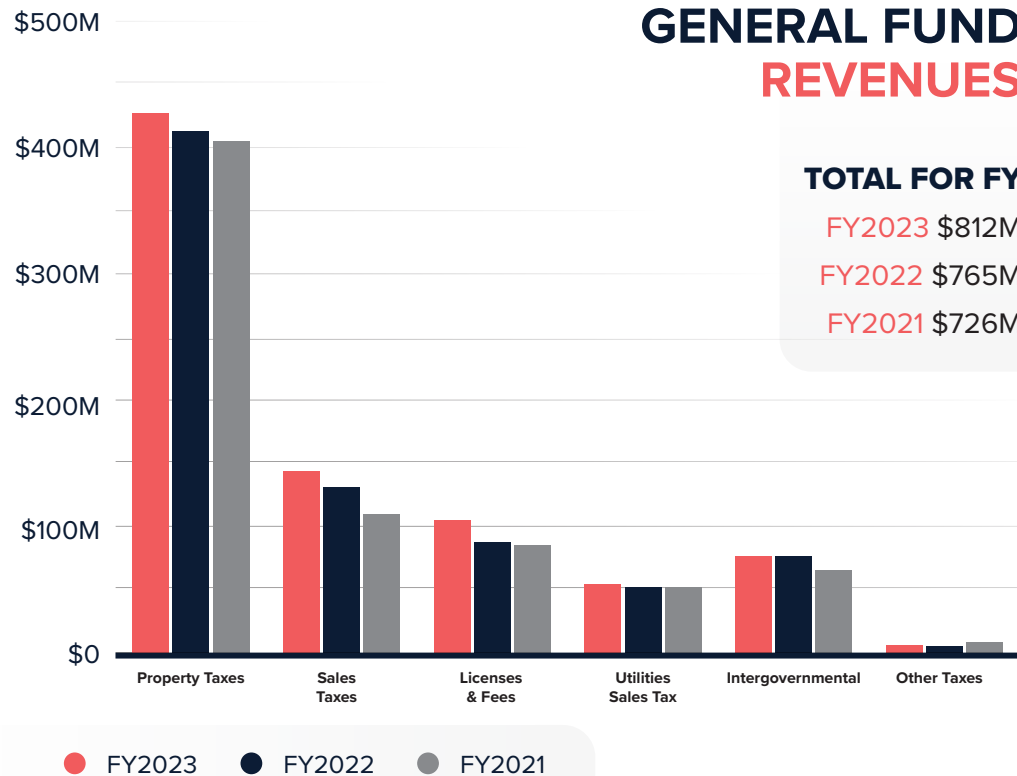
STATEMENTS OF NET POSITION AND ACTIVITIES

Amounts In Thousands

Governmental Activities	2023	2022	2021
Total Assets & Deferred Outflows	\$9,155,701	\$8,786,001	\$8,583,122
Total Liabilities & Deferred Inflows	\$3,820,314	\$3,588,035	\$3,437,137
Total Net Position	\$5,335,387	\$5,197,966	\$5,145,985
Total Revenues	\$1,308,167	\$1,212,468	\$1,222,598
Total Expenses	(\$1,170,746)	(\$1,179,846)	(\$1,286,073)
Change in Net Position	\$137,421	\$32,622	(\$63,475)

Business-Type Activities	2023	2022	2021
Total Assets & Deferred Outflows	\$12,715,413	\$11,762,129	\$10,604,702
Total Liabilities & Deferred Inflows	\$4,989,602	\$4,475,054	\$3,827,456
Total Net Position	\$7,725,811	\$7,287,075	\$6,777,246
Total Revenues	\$1,669,628	\$1,621,895	\$1,285,751
Total Expenses	(\$1,230,892)	(\$1,135,264)	(\$951,561)
Change in Net Position	\$438,736	\$486,631	\$334,190

FINANCIAL RESULTS: GOVERNMENTAL FUNDS FY 2023

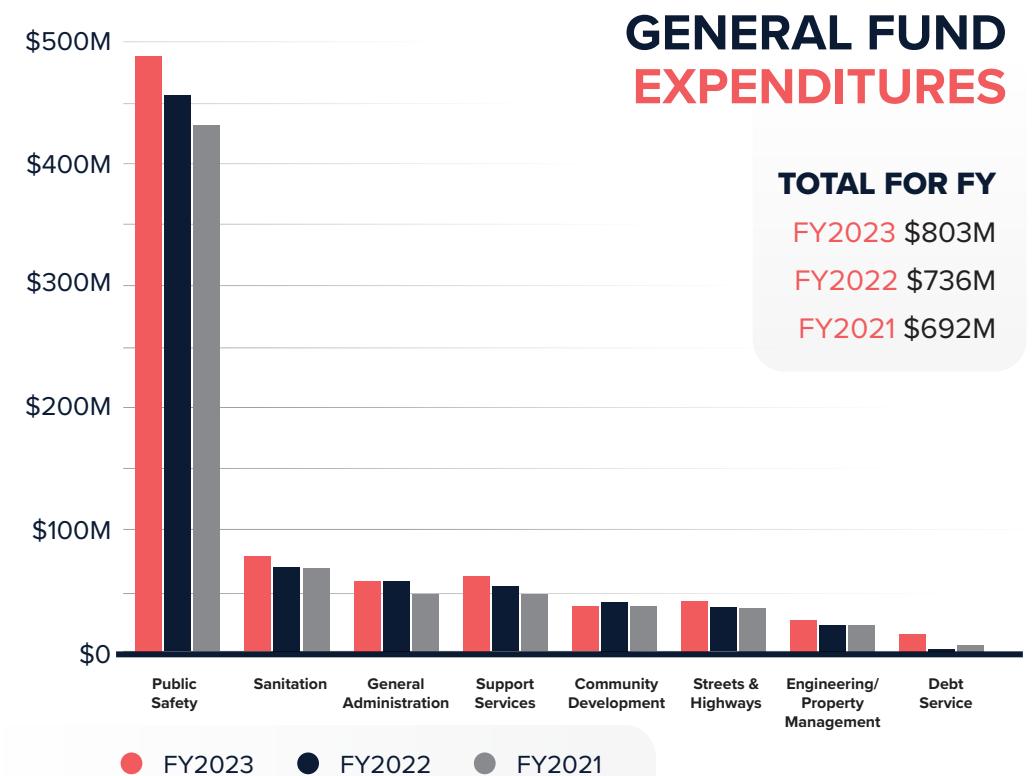


PROPERTY TAX

Property taxes made up approximately 53 percent of the General Fund FY 2023 revenues. These revenues have shown to be very stable, staying above a 99 percent collection rate.

SALES TAX

Sales tax revenues made up approximately 18 percent of the General Fund FY 2023 revenues. Elevated prices impacted the total amount spent by consumers as they paid for goods and services, offset by the fading effects of the federal stimulus and pent-up demand following the pandemic.



FY 2023 expenditures increased over FY 2022 to address the Mayor and Council's priorities, including community safety, neighborhood improvements, and economic growth.

FINANCIAL RESULTS: GOVERNMENTAL FUNDS FY 2023

Cities prepare for the unexpected by having reserves in the form of fund balance.

FUND BALANCE

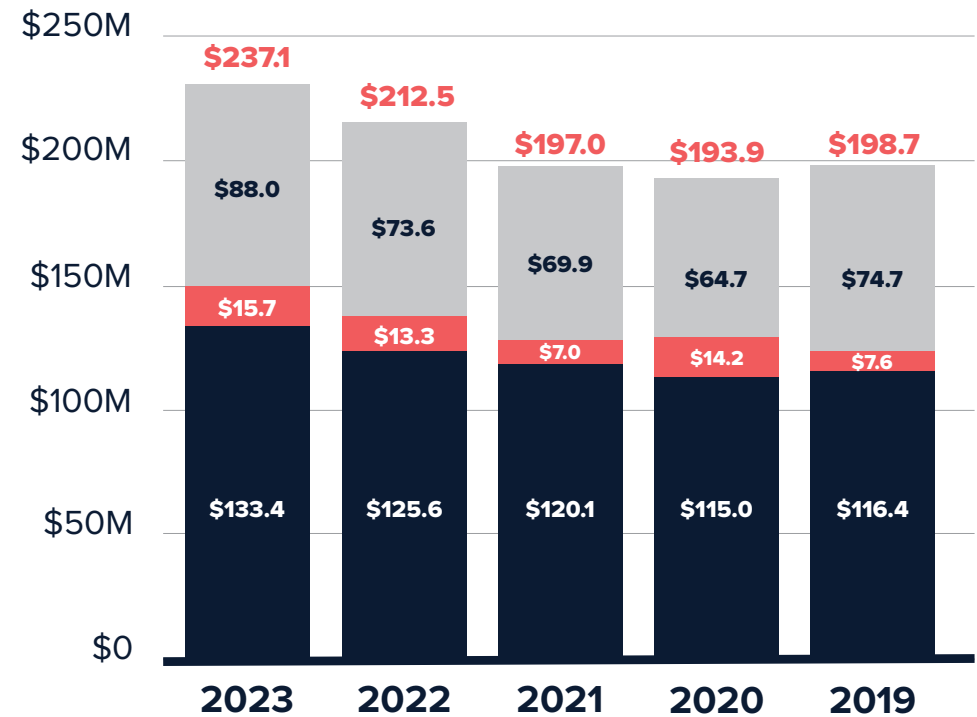
Cities prepare for the unexpected by having reserves in the form of fund balance. Reserves are similar to savings because they provide financial flexibility to react to economic downturns and unforeseen circumstances in a timely manner. In governmental accounting and financial reporting, maintaining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

The city has a policy to maintain in the General Fund a fund balance at 16%, which is reported as unassigned fund balance and available for any purpose in the General

Fund. Any fund balance amount exceeding the 16% is dedicated to capital expenses, unless otherwise directed by the Charlotte City Council. This amount is reported as committed fund balance because it is constrained by an action of the City Council.

Other fund balance categories are nonspendable, restricted and assigned. Nonspendable fund balance is in a form that cannot be spent, such as inventory. The use of restricted fund balance is constrained by the provider, such as a grantor. An assigned fund balance amount is used for a specific purpose, such as a debt service payment.

GENERAL FUND FIVE-YEAR TREND



● 16% POLICY ● COMMITTED - CAPITAL ● OTHER PURPOSES



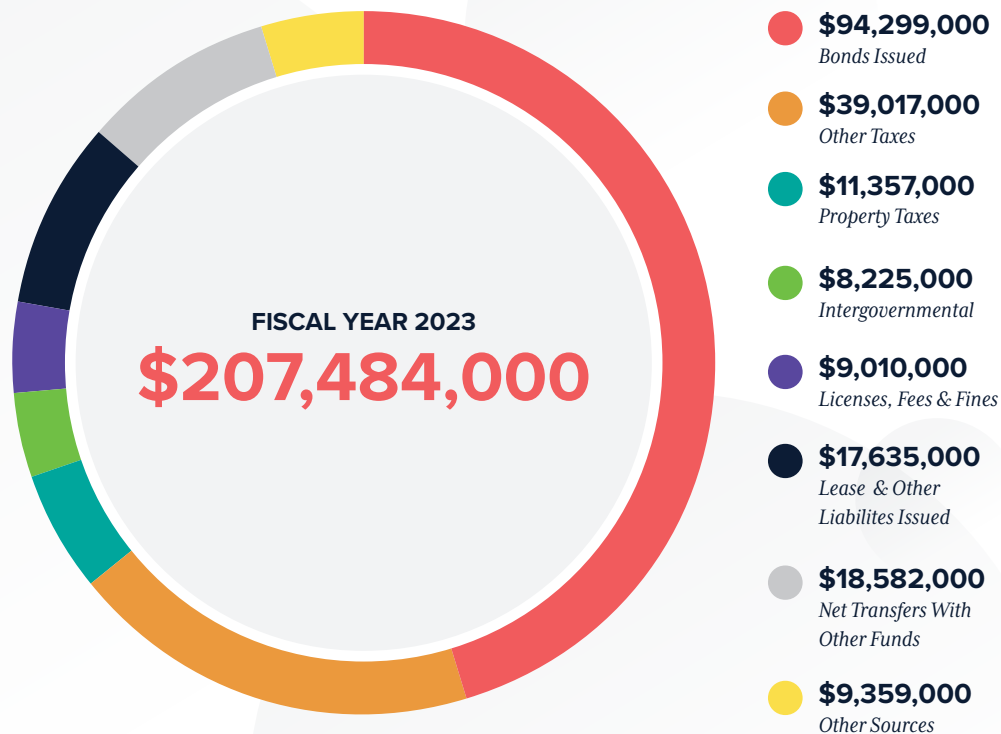
FINANCIAL RESULTS: GOVERNMENTAL FUNDS FY 2023

The **Capital Projects Fund** accounts for financial resources supporting capital projects during the life of the projects.

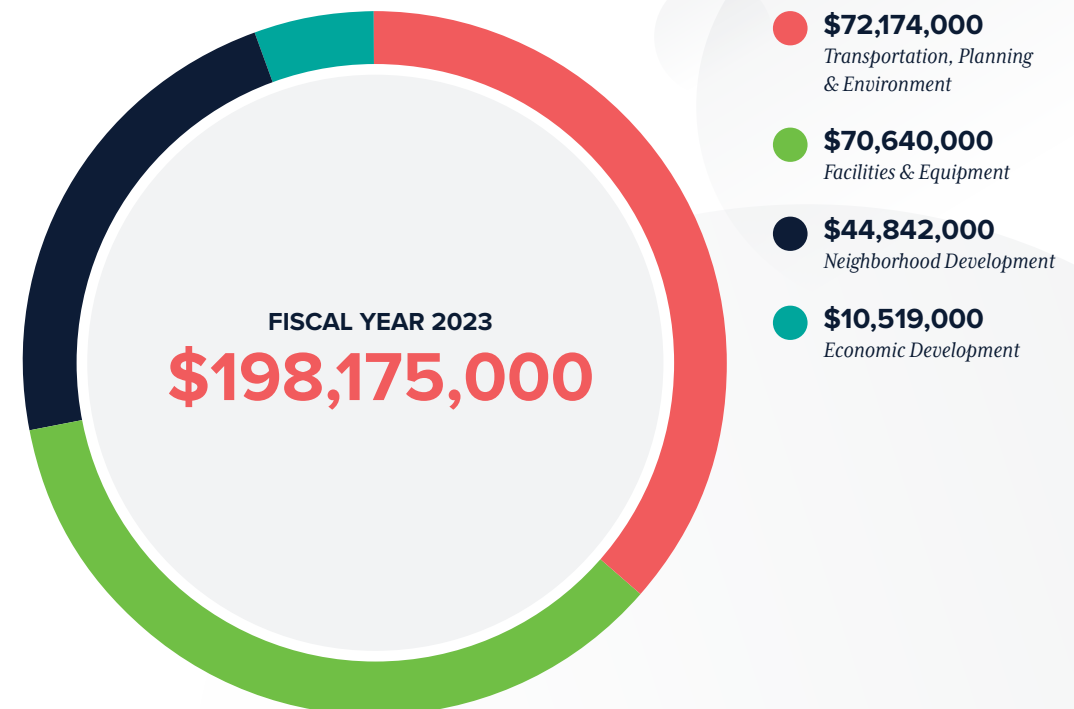
The city undertakes capital projects to acquire, develop, improve or maintain various facilities, other infrastructure and/or equipment. These projects are generally large in scale, require large sums of money and are long term. Money for capital projects

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.

TOTAL CAPITAL PROJECTS FUND REVENUES



TOTAL CAPITAL PROJECTS FUND EXPENDITURES



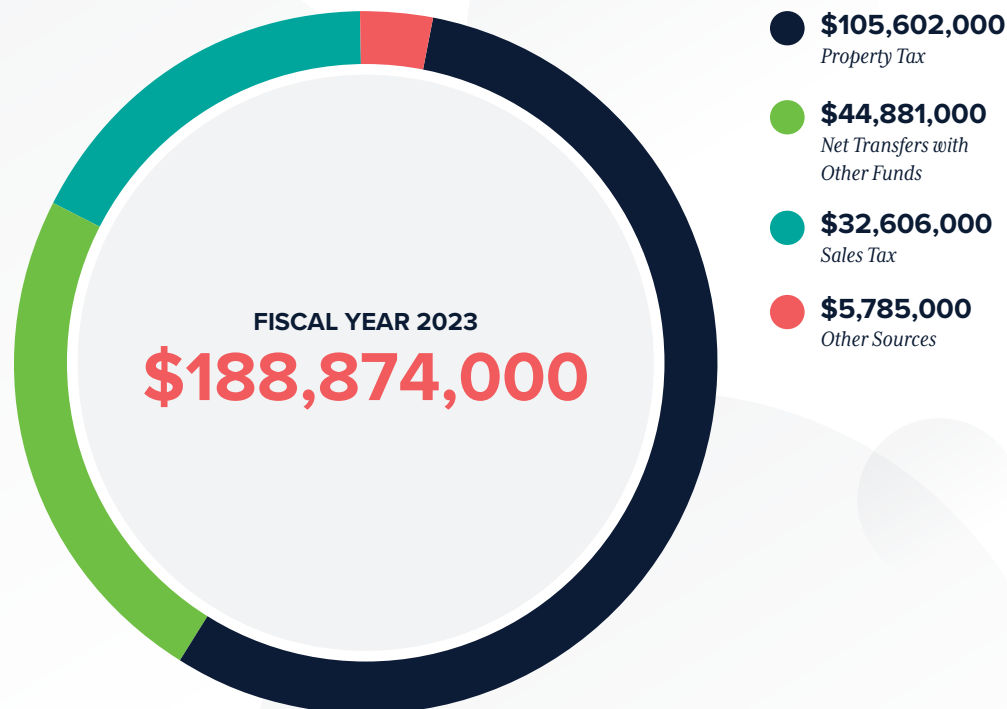
FINANCIAL RESULTS: GOVERNMENTAL FUNDS FY 2023

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.

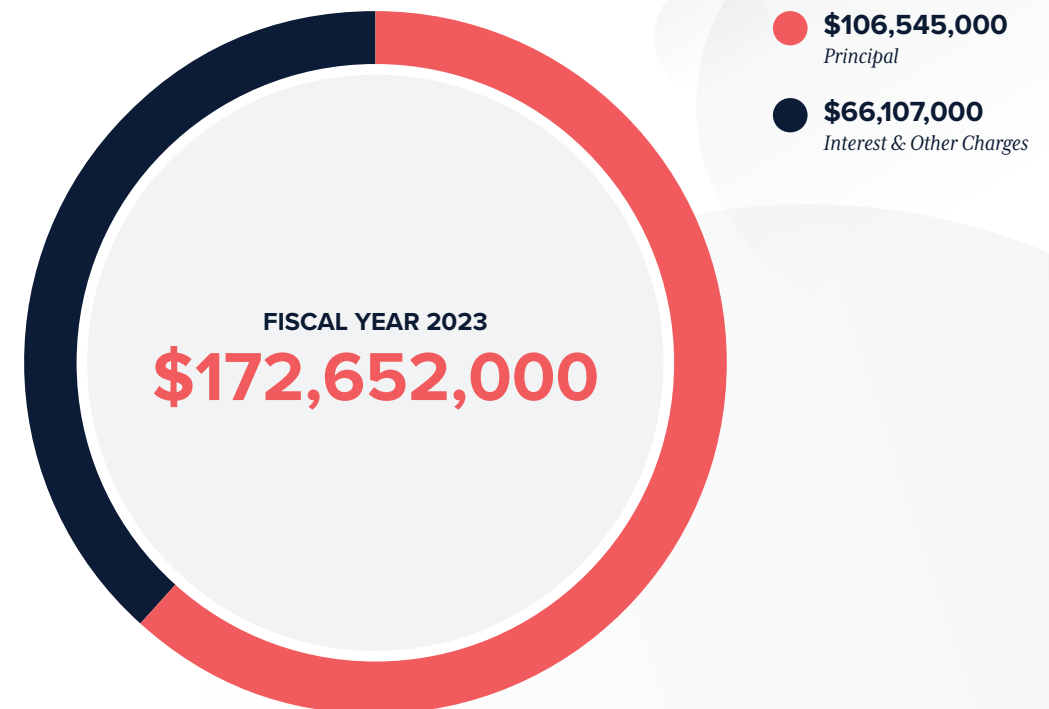
The city's sound financial condition is evidenced by the continuation of its Aaa rating from Moody's Investors Service, and AAA ratings from Standard & Poor's Ratings Services and Fitch Ratings. Charlotte is one of the few major cities in the United States that

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, 2022, is \$1.6 billion.

TOTAL DEBT SERVICE FUND REVENUES



TOTAL DEBT SERVICE FUND EXPENDITURES

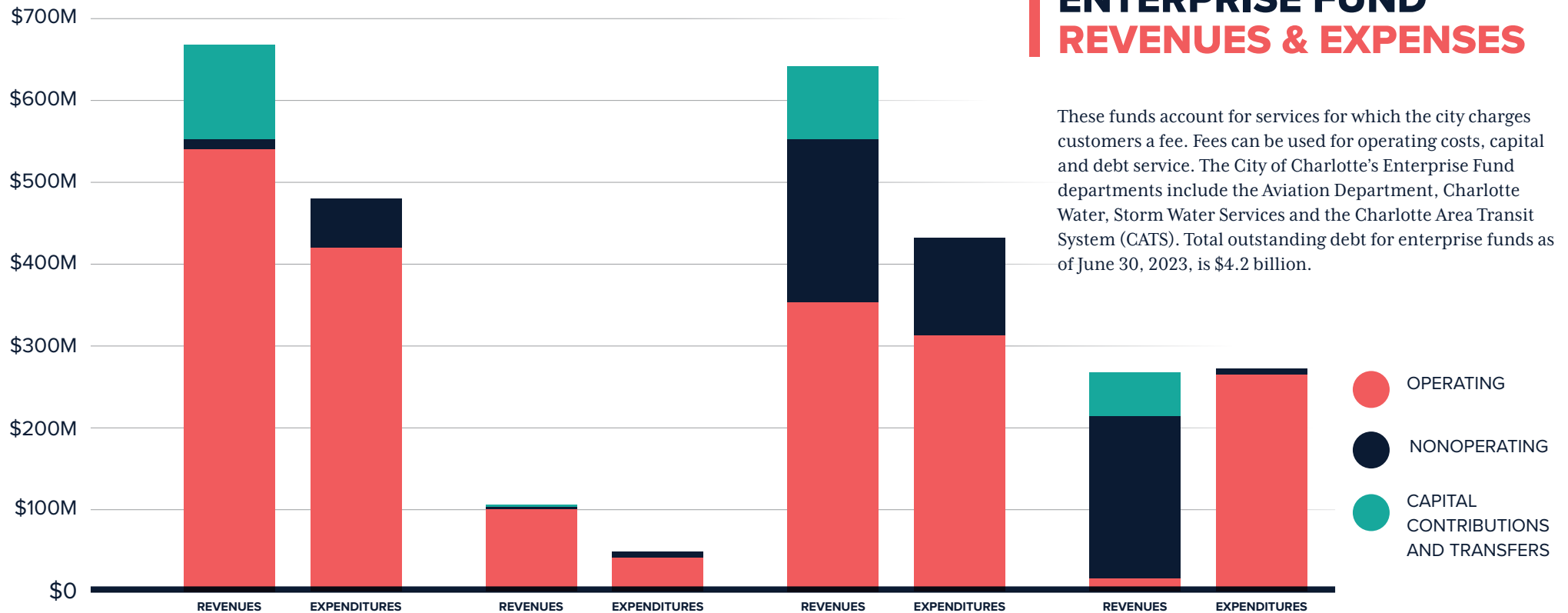


FINANCIAL RESULTS: ENTERPRISE FUNDS FY 2023

Enterprise funds are self-supporting funds created when a public service generates enough revenues to pay for its costs.

ENTERPRISE FUND REVENUES & EXPENSES

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, 2023, is \$4.2 billion.



CHARLOTTE
WATER

Charlotte-Mecklenburg
STORM
WATER
Services

CLT
CHARLOTTE DOUGLAS
INTERNATIONAL AIRPORT

CATS
CHARLOTTE AREA TRANSIT SYSTEM

KEY INITIATIVES FY 2023

City Council priorities set the policy framework that guides the allocation of resources to advance identified initiatives. In addition, key principles support the development of plans to accomplish them.

- ▶ Maintaining a well-managed government that is financially sound, focused on equity, engagement, and safeguarding the environment,
- ▶ Investing in employees, and
- ▶ Investing in residents.

FY 2023 CITY COUNCIL PRIORITIES

KEY INITIATIVES

Great Neighborhoods	Safe Communities	Workforce & Business Development	Transportation, Planning & Environment
AFFORDABLE HOUSING			
CORRIDORS OF OPPORTUNITY <i>Safe Charlotte</i>			
MOBILITY			
CLT 2040 <i>UDO & SEAP</i>			
HIRE CHARLOTTE <i>Workforce Development</i>			

WELL MANAGED
GOVERNMENT



AFFORDABLE HOUSING

Over 12,000 units and shelter beds were created and preserved since the Housing Trust Fund began. To maintain this momentum, FY 2023 added another \$50 million from the Affordable Housing Bond, complemented by a combined \$55.5 million in ARPA funding and prior year appropriations in Corridors Housing, making a total of \$105.5 million available to support this initiative going forward.



CORRIDORS OF OPPORTUNITY

The Corridors of Opportunity began when six corridors in Charlotte with systemically high unemployment and poverty rates were identified as focus areas for a special initiative. Since inception, \$60 million in current and planned city investment has leveraged almost \$100 million in private and philanthropic investment. Investments into our corridors will continue as partnerships are strengthened and funding is leveraged to maximize the impact on these corridors. Projects focus on the creation of public spaces, violence prevention programs, and initiatives focused on exploring mobility options, cultural preservation, affordable housing, community building, and digital inclusion through the provision of public WiFi. Notable projects completed include activation of a city-owned parcel to create

a pocket-park, support of the creation of a merchant organization and capacity building, upgraded street lighting, and implementation of the Alternatives to Violence (ATV) program.



CONNECTED CITY

The city currently maintains 5,479 lane miles of streets. Average annual growth of Charlotte's street network is over 30 lane miles each year. The street resurfacing program has two main goals, to extend the life of the pavement asset and to reduce the costs associated with maintaining this asset. Charlotte's current Pavement Condition Rating, the primary measure used to quantify the overall health of the payment system, is 82 out of 100. FY 2023 saw increased resources for street resurfacing which are intended to allow the city to manage a resurfacing cycle of 25-29 years.

Additional transportation projects included sidewalks, congestion mitigation, and Vision Zero. For FY 2023, the amount of bond funding provided for sidewalks more than tripled from the previous bond. \$50 million was planned for the sidewalk program which aims to make Charlotte a more walkable city by creating a pedestrian experience that is safe, useful, and inviting. The Congestion Mitigation Program is intended to help

mitigate congestion and improve traffic flow in targeted areas through small-scale, quick infrastructure projects such as adding turn lanes, extending existing lanes or making new road connections. Charlotte's Vision Zero Action Plan, based on the global Vision Zero strategy, works to eliminate all traffic-related deaths and severe injuries, while increasing safety, health, and mobility for all. The plan includes neighborhood traffic calming efforts such as the reduction of speed limits or the addition of speed calming devices, pedestrian crossings, signal technology solutions and Leading Pedestrian Intervals.



UPWARD MOBILITY

Providing pathways for upward mobility was a crucial need prior to the pandemic and even more so now. The city has several key initiatives designed specifically to help Charlotte's Workforce Ecosystem grow and become more equitable. HIRE Charlotte aims to unite employers, led by a five-pronged approach of long-term and immediate goals, to enhance the community employment ecosystem by centralizing industry recruitment and upward mobility, providing training and development for soft skills, and providing industry specific hard skill training and development.

The Charlotte Business INclusion (CBI) Program seeks to enhance competition and participation of small, minority, and women owned firms in city contracting and to promote economic growth and development in the city. The success of Charlotte's Minority, Women, and Small Business Enterprises (MWSBEs) is essential to providing jobs, promoting economic growth, and diversifying the economy. Specifically, FY 2023 launched a Capital Access Program that addresses the most frequent barriers experienced in seeking contracting opportunities and capacity building for certified MWSBEs, creating loans through a banking partner as enterprises seek to grow their businesses. In addition, a bonding program was established to help remove barriers that impede MWSBEs' ability to bid as prime contractors or take on larger subcontracts.



SUSTAINABLE INVESTMENTS

The city continues to remain focused on sustainable investments and implementation of the Strategic Energy Action Plan (SEAP) by investing in low-and zero-carbon fleet and building technologies. Investments span vehicles, charging infrastructure, an electric fire station, and facility improvements. FY 2023 added additional electric vehicles to our fleet including electric buses, trucks, vans,

and an all-electric street sweeper. Currently, 40 percent of all electric vehicle charging stations in Charlotte are owned by the city. To continue to support the electrification of our fleet, the city will continue to invest in EV charging infrastructure at several more city locations. Plans are underway for the first all-electric fire station and electric fire truck, making Charlotte one of the first places in the country to make this investment.

The city utilizes a City Council approved Sustainable Facilities Policy, which directs city department to design, construct and operate city buildings in alignment with stated 2030 SEAP goals. FY 2023 advanced sustainability in our facilities by implementing Energy Conservation Measures at lowest performing buildings including LEDs, building envelope repairs (e.g. insulation), HVAC improvements, and installation of smart controls.



SAFE CHARLOTTE

In FY 2021, city staff, along with community partners and City Council, began the work of reviewing policing operations at the City of Charlotte. This review revealed the tremendous reach that city initiatives and

services have in supporting and protecting, and how policing services are integrated into the community, yet also highlighted areas for improvement and opportunities to interact and deliver services differently to the community. These collaborative efforts and findings culminated in the SAFE Charlotte Report in October 2020. Since it's beginning, this work has continued each year. In FY 2023, the city launched

a pilot civilian response team to address low-risk mental health, substance abuse, and homelessness calls for service. This response, called the Community Assistance: Respond, Engage, Support (CARES) Team, piloted in a limited geography to allow for review and learning opportunities as the program is implemented.



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 FY 2023, 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, 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.

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.

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. 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.

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 FY 2023, 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.

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.

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THE FISCAL YEAR 2023

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