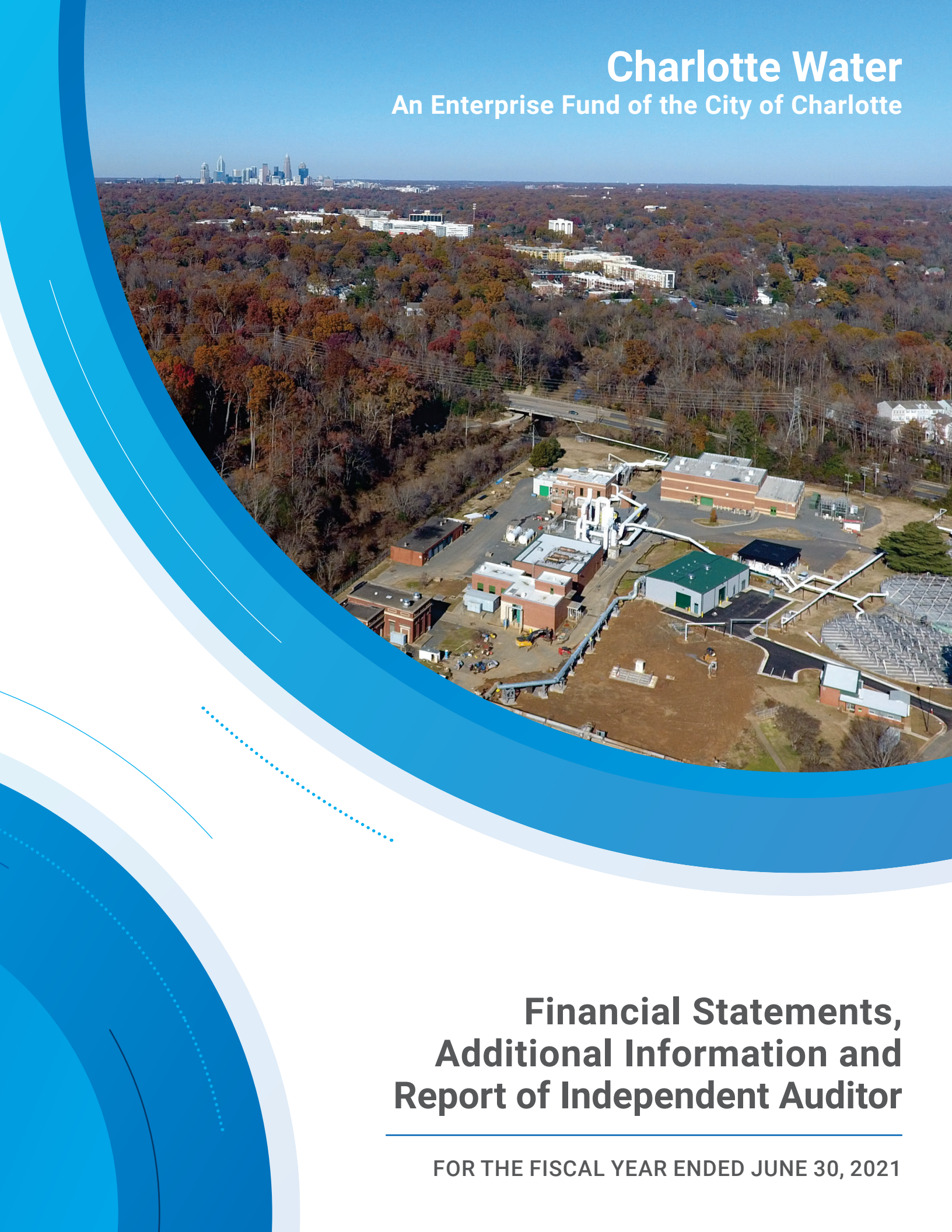


Charlotte Water

An Enterprise Fund of the City of Charlotte



Financial Statements, Additional Information and Report of Independent Auditor

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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CHARLOTTE WATER



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FINANCIAL SECTION

CHARLOTTE WATER





Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying statement of net position of Charlotte Water, an enterprise fund of the City of Charlotte, North Carolina (the "City"), as of June 30, 2021, and the statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise Charlotte Water'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Charlotte Water'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 Charlotte Water'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Charlotte Water as of June 30, 2021 and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Emphasis of a Matter

As discussed in Note 1, the financial statements present only Charlotte Water and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2021 and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 financial statements, and other knowledge we obtained during our audit of the 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 Charlotte Water's basic financial statements. The individual fund and other supplemental information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund and other supplemental information 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 individual fund and other supplemental information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has 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 it.

Cheryl Behrman LLP

Charlotte, North Carolina
March 3, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) serves as an introduction, overview, and analysis of the financial statements of Charlotte Water, an enterprise fund of the City of Charlotte. The information contained herein pertains to the financial performance of Charlotte Water for the Fiscal Year (FY) ended June 30, 2021. This MD&A should be read in conjunction with the Financial Statements and Notes that follow.

FINANCIAL HIGHLIGHTS

- Total net position of the Charlotte Water Enterprise Fund on June 30, 2021 was \$2,779.0 million; 8.8 percent or \$245.0 million of that total was unrestricted. The net position increased by \$274.6 million (11 percent) from the net position on June 30, 2020.
- Operating revenues were \$458.7 million in 2021, an increase of \$20.6 million (4.7 percent) compared to 2020, which was due to an increase in our customer base, and increased revenues from Connection Fees, User Fees, and System Development Fees.
- Total operating expenses decreased by \$15.1 million to \$296.4 million in FY2021. This was primarily due to salary savings, reduced chemical and power costs at treatment plants, and reduced third-party contractual services.
- Non-operating revenues (expenses) increased by \$4.4 million to \$49.4 million. This was primarily due to a \$3.0 million market value loss and a decrease in investment earnings.
- Capital contributions increased by \$104.8 million to \$162.0 million in FY2021. These contributions consisted of donated water and sewer systems constructed by local developers. The increased contributions were the result of an increased overall capital program which focused on rehabilitation and repair of the existing system as well as the construction of new assets to support the growing system and community.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section of this report consists of two parts: Management's Discussion & Analysis (this section) and the Basic Financial Statements. The Basic Financial Statement section includes Notes to the Financial Statements that provide explanations and detailed data on pages 19 through 38.

Charlotte Water is an enterprise fund of the City that accounts for the operations of the public water and wastewater utility systems. All assets and liabilities associated with Charlotte Water's activities are included on the Statement of Net Position. Charlotte Water's 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.

The following is a summary of Charlotte Water's Net Position as of June 30:

Net Position			
(In thousands)			
	2021	2020	
ASSETS			
Current and other assets	\$ 346,990	\$ 446,987	
Capital assets, net	<u>4,240,792</u>	<u>3,829,404</u>	
Total assets	4,587,782	4,276,391	
DEFERRED OUTFLOWS OF RESOURCES	62,775	75,601	
LIABILITIES			
Current liabilities	191,725	181,133	
Noncurrent liabilities	<u>1,633,641</u>	<u>1,644,661</u>	
Total liabilities	1,825,366	1,825,794	
DEFERRED INFLOWS OF RESOURCES	46,165	21,733	
NET POSITION			
Net investment in capital assets	2,503,569	2,184,781	
Restricted	30,412	-	
Unrestricted	<u>245,045</u>	<u>319,684</u>	
TOTAL NET POSITION	<u>\$ 2,779,026</u>	<u>\$ 2,504,465</u>	

Total assets increased by \$311.4 million or 7.3 percent in FY 2021 compared to FY 2020. The increase was primarily due to capitalization as assets of capital projects, such as Major Water Main Replacements and Rehabilitation and McAlpine Aeration and Clarifier Rehabilitation.

Total liabilities remained comparatively unchanged, decreasing \$0.4 million from FY 2020.

Total net position increased by \$274.6 million or 11 percent compared to FY 2020. As of June 30, 2021, \$2.5 billion was invested in capital assets, \$30.4 million was restricted for OPEB, while \$245.0 million was unrestricted and available for short-term operational needs. This increased net position was primarily due to ongoing capital development for Charlotte Water operations, increasing the utility's capital assets.

The following is a summary of Changes in Net Position as of June 30:

Changes in Net Position

(In thousands)

	2021	2020
Operating revenues	\$ 458,669	\$ 438,105
Operating expenses	296,367	311,501
Operating income	162,302	126,604
Nonoperating revenues (expenses)		
Investment earnings	(1,133)	6,838
Interest expense and other charges	(49,861)	(56,921)
Miscellaneous	1,640	5,148
Total nonoperating revenues (expenses)	(49,354)	(44,935)
Income before contributions	112,948	81,669
Capital contributions	161,958	57,158
Transfers in	-	5,831
Transfers out	(345)	(120)
Change in net position	274,561	144,538
Total net position - beginning	2,504,465	2,359,927
Total net position - ending	\$ 2,779,026	\$ 2,504,465

Charlotte Water's Changes in Net Position provides information concerning what contributed to the net changes reported in the schedule of Net Position. Several financial factors positively and negatively impacted the increase in Net Position highlighted below.

Charlotte Water's operating revenues were \$458.7 million in 2021, an increase of \$20.6 million or 4.7 percent compared to 2020. This was due to an average rate increase of 1.86 percent effective July 1, 2020, an increase in our customer base, and increased revenues from Connection Fees, User Fees, and System Development Fees.

Operating expenses decreased by \$15.1 million or 4.9 percent, to \$296.4 million in FY 2021. This was primarily due to salary savings, reduced chemical and power costs at treatment plants, and reduced third-party contractual services. Other expenses increased by \$10.6 million in FY 2021 to \$11.7 million. This increase was due primarily to \$10.0 million in refunding savings used to pre-fund the other postemployment benefit trust.

The following table highlights Charlotte Water's operating expenses for fiscal years 2021 and 2020:

Operating Expenses

(In thousands)

	2021	2020
Administration	\$ 30,794	\$ 43,394
Operations and maintenance	109,675	132,641
Other	11,694	1,078
Depreciation	144,204	134,388
Total operating expenses	\$ 296,367	\$ 311,501

Capital Assets

Charlotte Water's net capital assets were \$4,240.8 million in FY 2021 and \$3,829.4 million in FY 2020.

The following is a summary of capital assets at June 30, 2021 and 2020:

Capital Assets

(In thousands)

	2021	2020
Land	\$ 56,424	\$ 54,100
Construction in progress	417,865	321,725
Buildings	48,804	45,539
Water and sewer systems	5,750,408	5,312,632
Intangibles	26,274	25,373
Machinery and equipment	72,818	59,469
Total capital assets	6,372,593	5,818,838
Less: accumulated depreciation	2,131,801	1,989,434
Net capital assets	\$ 4,240,792	\$ 3,829,404

New capital assets added during FY 2021 included:

- McAlpine Aeration and Clarifier Rehabilitation - \$27.1 million
- Irwin Creek Tributaries to Dewitt Lane and Yeoman Road Sanitary Sewer - \$16.8 million
- Little Sugar Creek Tributary to Central Business District and South Boulevard Sanitary Sewer Improvements - \$13.6 million
- Major Water Main Replacement and Rehabilitation - \$13.3 million
- Mallard Creek WWTP Reliability and UV Improvements - \$13.1 million

Additional information on the Charlotte Water Enterprise Fund's Capital Assets can be found in Note 2 in the Notes to the Financial Statements on page 22.

DEBT ADMINISTRATION

At June 30, 2021, Charlotte Water's outstanding bonds and loans debt totaled \$1,649.7 million net of applicable premiums. These amounts consist of general obligation bonds, revenue bonds, installment purchases, bond anticipation notes (BANs), low-interest and interest-free loans from the state of North Carolina, and refundable construction deposits.

New debt for FY 2021 resulted from issuing \$333.4 million in refunding debt, \$88.8 million in revenue bond anticipation notes, and \$25.0 million in state revolving loans.

Charlotte Water's credit ratings for its bonds are AAA by Standard & Poor's, Aaa by the Moody's, and AAA by Fitch Ratings. These ratings reflect Charlotte Water's strong fiscal policy and standards.

Charlotte Water is required by bond covenants to maintain a revenue bond coverage ratio of 1.25 for principal and interest. The revenue bond coverage excluding surplus fund ratio was 1.9 for both 2021 and 2020.

Additional information on Charlotte Water's long-term debt can be found in Note 4 in the Notes to the Financial Statements on page 23.

Economic Factors Affecting the Charlotte Water Enterprise Fund

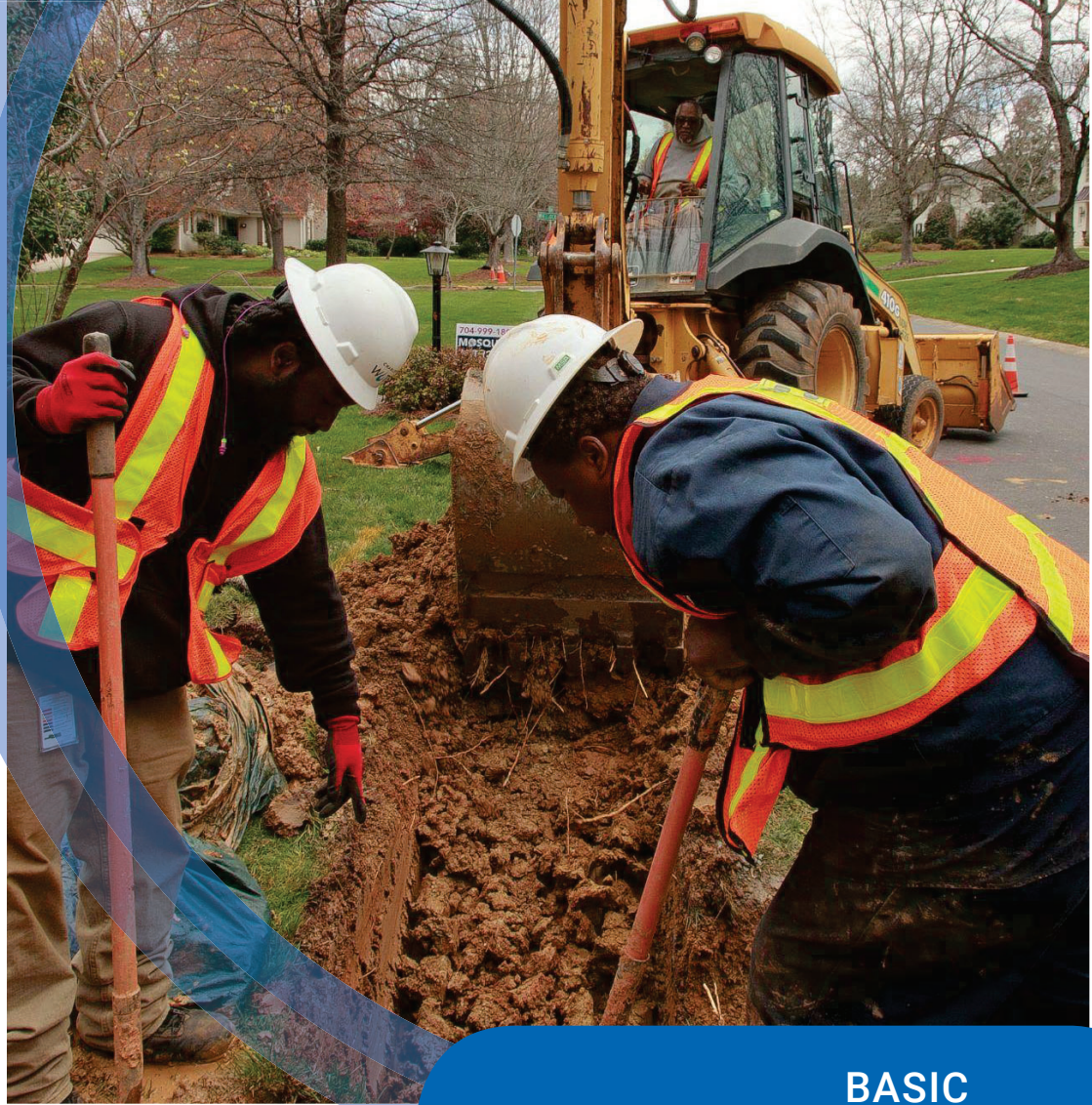
- The City of Charlotte and Mecklenburg County are geographically located along a ridgeline separating the Catawba River basin and the Rocky River basin. This location tends to make regional provision of utility services an effective strategy. The City has established cooperative working relationships with the cities, counties, and utility agencies within and surrounding Charlotte-Mecklenburg.
- Agreements are in place with the Water and Sewer Authority of Cabarrus County that provide for that agency to treat up to 6 million gallons of wastewater from northeast Mecklenburg County. Separate agreements provide for the City to treat wastewater from Union County and Lancaster County, South Carolina. The agreements provide for future expansions, industrial pretreatment programs, and other operational and management concerns. The City also sells treated potable water to York County, South Carolina; the Town of Harrisburg, North Carolina, and to the Lancaster County Water and Sewer District, South Carolina. In addition, the City sells treated potable water to the City of Concord, North Carolina on an as needed basis.
- Charlotte Water's operating budget for FY 2022 is \$178.2 million, a 3.5 percent increase over FY 2021, which includes an increase to the Water and Sewer Fee by approximately 3.4 percent. The budget focuses on maintaining a high quality drinking water and wastewater system, improving safety and security, and guaranteeing a high level of customer satisfaction.
- In FY 2022, with an estimated \$500 million in capital and operating expenditures, Charlotte Water will support more than 5,300 total jobs. It will also support water dependent industries, which contribute \$30.9 billion annually to Mecklenburg County's economy and \$47.5 billion to the six-county region.

REQUESTS FOR FINANCIAL INFORMATION

This annual financial report is designed to provide a general overview of Charlotte Water's finances.

Questions concerning any of the information provided in 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.

For other City financial information please visit the City of Charlotte's Finance Department website at: charlottenc.gov/finance/Pages/publications.aspx.



BASIC FINANCIAL STATEMENTS



STATEMENT OF NET POSITION
JUNE 30, 2021
(Dollar Amounts In Thousands)

ASSETS:

Current assets:

Cash, cash equivalents and investments	\$ 246,050
Receivables, net of allowance for uncollectibles (\$8,560)	
Accounts	61,498
Other	385
Total receivables	61,883
Due from other governmental agencies	6,202
Due from other funds	307
Inventories	1,926
Restricted assets-	
Investments	210
Total current assets	316,578

Noncurrent assets:

Net OPEB asset	30,412
Capital assets-	
Land	56,424
Buildings	48,804
Water and sewer systems	5,750,408
Intangibles	26,274
Machinery and equipment	72,818
Construction in progress	417,865
Total capital assets	6,372,593
Less accumulated depreciation	2,131,801
Total capital assets, net	4,240,792
Total noncurrent assets	4,271,204
Total assets	4,587,782

DEFERRED OUTFLOWS OF RESOURCES:

Pension deferrals	10,315
OPEB deferrals	4,850
Contributions to pension plan in current fiscal year	6,088
Accumulated decreases in fair value of hedging derivatives	35,248
Unamortized bond refunding charges	6,274
Total deferred outflows of resources	62,775

Continued on next page

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

STATEMENT OF NET POSITION - (Continued)
JUNE 30, 2021
(Dollar Amounts In Thousands)

LIABILITIES:

Current liabilities:

Accounts payable	\$	56,364
Deposits and retainage payable		16,513
Accrued interest payable		27,768
Current maturities of noncurrent liabilities		90,876
Current liabilities payable from restricted assets-		
Accounts payable		204
Total current liabilities		191,725

Noncurrent liabilities:

General obligation bonds payable - net of unamortized premiums of \$2,100		8,161
Revenue bonds payable - net of unamortized premiums of \$186,439		1,385,737
Revenue bond anticipation notes payable		85,000
Installment purchases - net of unamortized premiums of \$327		12,533
Derivative instrument liability		35,248
State revolving loan payable		71,537
Refundable water and sewer construction deposits		2,384
Compensated absences payable		4,313
Net pension liability		28,728
Total noncurrent liabilities		1,633,641
 Total liabilities		 1,825,366

DEFERRED INFLOWS OF RESOURCES:

OPEB deferrals		16,794
Gain on refundings		29,371
Total deferred inflows of resources		46,165

NET POSITION:

Net investment in capital assets		2,503,569
Restricted for:		
Net OPEB asset		30,412
Unrestricted		245,045
Total net position	\$	2,779,026

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



**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021
(Dollar Amounts In Thousands)**

OPERATING REVENUES:

Charges for services	\$ 363,572
Availability fees	50,813
System development fees	38,890
Miscellaneous	5,394

Total operating revenues	458,669
---------------------------------	----------------

OPERATING EXPENSES:

Administration	30,794
Operations and maintenance	109,675
Other	11,694
Depreciation	144,204

Total operating expenses	296,367
---------------------------------	----------------

Operating income	162,302
------------------	---------

NONOPERATING REVENUES (EXPENSES):

Investment earnings	(1,133)
Interest expense and other charges	(49,861)
Miscellaneous	1,640

Total nonoperating revenues (expenses)	(49,354)
---	-----------------

Income before contributions and transfers	112,948
---	---------

CAPITAL CONTRIBUTIONS	161,958
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TRANSFERS OUT	(345)
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Change in net position	274,561
------------------------	---------

Total net position - beginning	2,504,465
---------------------------------------	------------------

Total net position - ending	\$ 2,779,026
------------------------------------	---------------------

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(Dollar Amounts In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 443,367
Payments to suppliers	(49,090)
Internal activity - (payments to) receipts from other funds	(41,774)
Payments to employees	(89,266)
Other receipts (payments)	9,400
Net cash provided by operating activities	272,637

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfers	(345)
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING
ACTIVITIES:**

Proceeds from capital debt	512,439
Acquisition and construction of capital assets	(388,891)
Principal paid on capital debt	(481,969)
Interest and other charges paid on capital debt	(62,930)
Capital contributions	2,552
Net cash used by capital and related financing activities	(418,799)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(578)
Proceeds from sale and maturities of investments	608
Interest received	144
Net cash provided by investing activities	174

Net decrease in cash and cash equivalents (146,333)

Cash, cash equivalents and investments - beginning of year 392,383

Cash, cash equivalents and investments - end of year \$ 246,050

continued on next page

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



STATEMENT OF CASH FLOWS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2021
(Dollar Amounts In Thousands)

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$	162,302
Adjustments to reconcile operating income to net cash provided by operating activities-		
Depreciation		144,204
Other receipts		9,400
Change in assets and liabilities-		
(Increase) in receivables		(15,401)
(Increase) in due from other governmental agencies		(47)
(Increase) in due from other funds		(307)
Decrease in inventories		221
(Increase) in deferred outflows of resources for pensions		(3,463)
(Increase) in net OPEB asset		(30,412)
Decrease in deferred outflows of resources for OPEB		3,881
Increase in accounts payable		166
Increase in deposits and retainage payable		99
Increase in net pension liability		7,549
(Decrease) in deferred inflows of resources for pensions		(2)
Increase in deferred inflows of resources for OPEB		10,261
Increase in compensated absences payable		349
(Decrease) in net OPEB liability		(16,163)
Total adjustments		110,335
Net cash provided by operating activities	\$	272,637

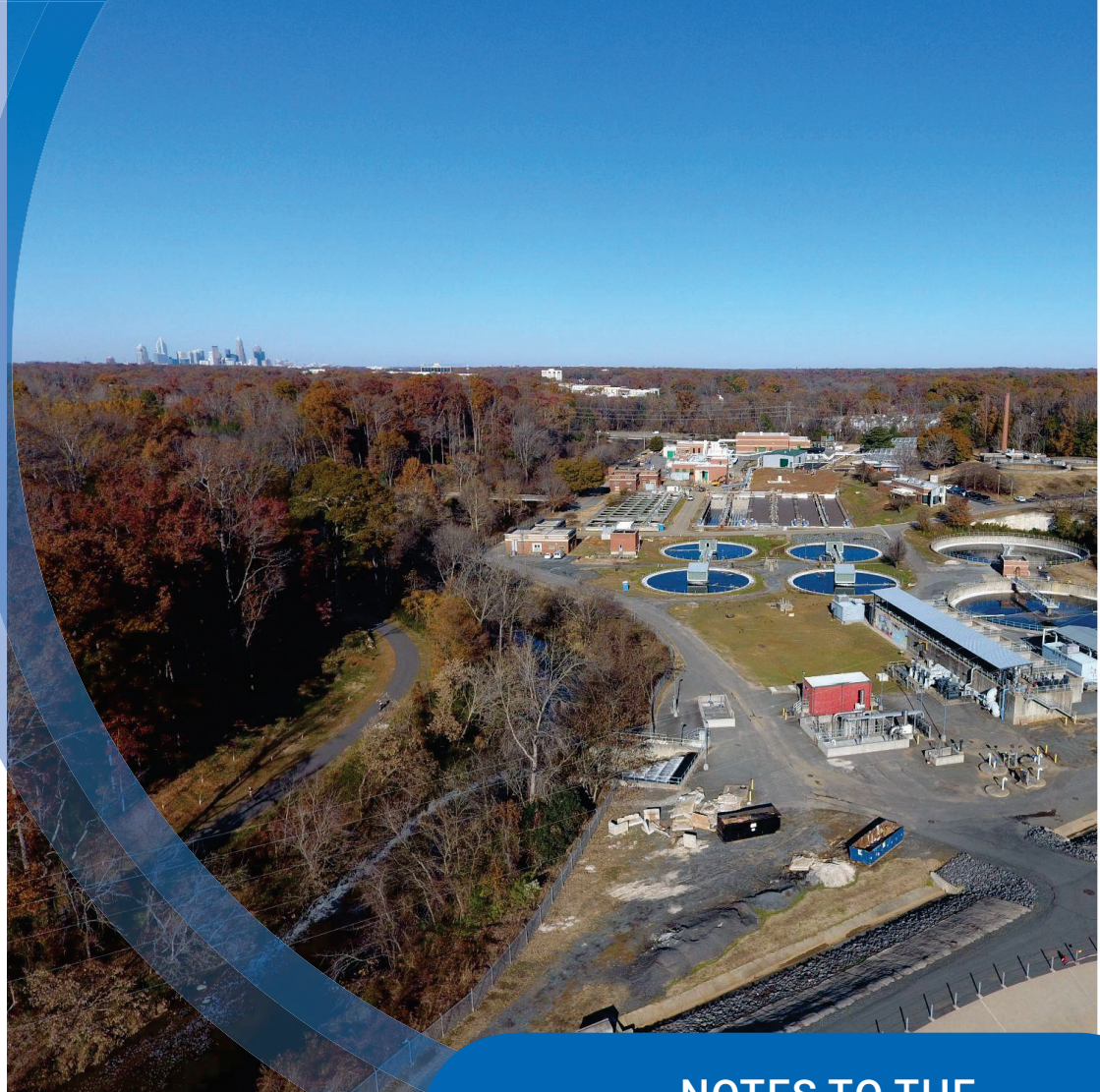
NONCASH INVESTING, CAPITAL AND FINANCING

ACTIVITIES:

Donated assets	\$	159,265
Proceeds from refunding bonds		297,055
Payment to refunded bond escrow agent		(297,055)
Net noncash investing, capital and financing activities	\$	159,265

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





Financial

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Reporting Entity

The accompanying financial statements present only the activities and resources of Charlotte Water, an enterprise fund of the City of Charlotte (City), North Carolina, and, accordingly, do not purport to and do not present the financial position of the City of Charlotte, North Carolina.

b. Basis of Presentation

Charlotte Water is an enterprise fund of the City that accounts for the operations of the public water and wastewater utility systems. All assets and liabilities associated with Charlotte Water's activities are included on the Statement of Net Position. Charlotte Water's 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.

c. Cash and Cash Equivalents/Investments

The City maintains a cash management pool (pool) that is used by Charlotte Water and other funds of the City. The pool facilitates disbursement and investment and maximizes 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 Charlotte Water 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. Therefore, for the Statement of Net Position and Statement of Cash Flows, Charlotte Water's portion of pooled cash is considered cash and cash equivalents. The restricted cash and cash equivalents/investments are held by trustees as required by revenue bond covenants. All restricted money market funds are considered cash and cash equivalents. The remaining amount of restricted assets is considered investments.

d. Accounts Receivables

Accounts receivables are shown net of an allowance for uncollectibles. This amount is estimated by identifying receivables unlikely to be paid but not yet eligible for final write-off.

e. Capital Assets

Capital assets are assets with an initial, individual cost of more than \$5 and are reported at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 years
Water and sewer systems	5 - 40 years
Intangibles	5 years
Machinery and equipment	3 - 40 years

f. 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 until then. Charlotte Water has pension, OPEB deferrals, contributions to the pension plan in the current fiscal year, accumulated decreases in fair value of hedging derivatives, and unamortized bond refunding charges that meet these criteria in the follow amounts:

	<u>2021</u>
Pension deferrals	\$ 10,315
OPEB deferrals	4,850
Contributions to the pension plan in the current fiscal year	6,088
Accumulated decreases in fair value of hedging derivatives	35,248
Unamortized bond refunding charges	<u>6,274</u>
Total	<u>\$ 62,775</u>

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. The Deferred Inflows of Resources financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. Charlotte Water has OPEB deferrals and gains on refundings that meet these criteria in the following amounts:

	2021
OPEB deferrals	\$ 16,794
Gain on refundings	29,371
Total	<u>\$ 46,165</u>

g. Noncurrent Liabilities

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

h. Compensated Absences

Employees earn vacation leave at the rate of 10 to 20 days per year and can accrue a maximum of 20 to 40 days, depending on length of service. Effective January 1, 2016, vacation in excess of 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 employee's effective date of retirement is within 365 days of the termination or resignation. However, twenty percent of outstanding sick leave, with a maximum of 43.5 days, is payable upon retirement or death.

Compensated absences payable includes accumulated unpaid vacation leave and sick leave.

i. Net Position

Net position is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. Restricted net position represents constraints on resources that are externally imposed by creditors, grantors, contributors, bond covenants, or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the preceding categories.

j. Revenues

Rates and charges. The City Council sets the water and sanitary sewer rates. No State or other authority regulates the City's water and sanitary sewer rates. Monthly service charges consist of minimum fixed charges, an availability fee and tiered consumption charges. In addition, charges are imposed for various specific services including charges on discharged sewage that contains suspended solids or has a biological oxygen demand greater than normal domestic sewage. Rates and charges are reviewed and approved annually by the City Council on consideration of the next fiscal year's operating budget, existing debt service and future debt service for obligations supported by revenues. Water and Sewer System rates do not differentiate between City and County residents.

In 1994, the City implemented an inclining block rate structure designed to promote water conservation. In April of 2008, the City Council approved a change in the water rate methodology that adjusts the inclining block rate structure to more aggressively promote water conservation. This modified rate structure is intended to allocate the cost of providing infrastructure for peak and excess demand to the users creating the demand. In February 2011, the city again modified the water and sewer rate methodology by adding an availability fee which was initially implemented in fiscal year 2012. The availability fee applies to both water and sewer. While the initial target was the recovery of 20% of Charlotte Water's annual debt service costs, the target now reflects a long-term goal to recover 40% of annual debt service costs through this fee. Charlotte Water will recommend adjusting the recovery percentage each year as needed and appropriate until achieving the 40% recovery goal. Revenue from the availability fee helps pay for projects as well as reduce impact of consumption variability due to weather. The fee varies proportionally based on the size of each customer's meter.

System Development Fees. On July 20, 2017, House Bill 436, Session Law 2017-138, also known as the "Public Water and Sewer System Development Fee Act" became law in North Carolina. In addition, on June 22, 2018, House Bill 826, Session Law 2018-34, also known as "An Act to Revise System Development Fees", collectively with the System Development Fee Act, became law in North Carolina. The System Development Fee acts provide uniform authority to local government units, including the City, to implement system development fees for public water and sewer systems. The City meets the requirements of the System Development Fee Acts. System development fees are subject to the pledge of net revenues of the water and sewer system pursuant to the general trust indentures. Additional information on contingencies related to system development fees can be found in Note 8 on page 38.

k. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

l. Pensions

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

For purposes of measuring the net OPEB asset or liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Employee Benefit Trust Plan (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 are reported at fair value.

2. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 54,100	\$ 2,324	\$ -	\$ 56,424
Construction in progress	321,725	405,217	309,077	417,865
Total capital assets not being depreciated	375,825	407,541	309,077	474,289
Capital assets being depreciated:				
Buildings	45,539	3,265	-	48,804
Water and sewer systems	5,312,632	437,776	-	5,750,408
Intangibles	25,373	901	-	26,274
Machinery and equipment	59,469	15,318	1,969	72,818
Total capital assets being depreciated	5,443,013	457,260	1,969	5,898,304
Less accumulated depreciation for:				
Buildings	12,918	1,156	-	14,074
Water and sewer systems	1,917,232	134,697	-	2,051,929
Intangibles	20,155	1,555	-	21,710
Machinery and equipment	39,129	6,796	1,837	44,088
Total accumulated depreciation	1,989,434	144,204	1,837	2,131,801
Total capital assets being depreciated net	3,453,579	313,056	132	3,766,503
Capital assets, net	\$ 3,829,404	\$ 720,597	\$ 309,209	\$ 4,240,792

3. INTERFUND TRANSFERS:

Charlotte Water transferred \$345 to the Capital Projects Fund to fund the Enterprise Business System software.

4. NONCURRENT LIABILITIES:

A summary of changes in long-term liabilities for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 26,208	\$ -	\$ 14,373	\$ 11,835	\$ 5,076
Plus unamortized premiums	4,569	-	2,469	2,100	698
Revenue bonds	1,298,740	333,445	359,445	1,272,740	65,315
Plus unamortized premiums	145,337	65,209	24,107	186,439	8,127
Total bonds payable	1,474,854	398,654	400,394	1,473,114	79,216
Direct placement installment purchases	18,724	-	5,240	13,484	4,427
Installment purchases	6,560	-	1,640	4,920	1,640
Plus unamortized premiums	458	-	131	327	131
Total installment purchases	25,742	-	7,011	18,731	6,198
Direct place revenue bond anticipation notes	96,241	88,759	100,000	85,000	-
Direct borrowing state revolving loan	49,052	25,026	1,271	72,807	1,270
Derivative instrument liability	46,042	-	10,794	35,248	-
Refundable construction deposits	5,054	-	1,406	3,648	1,264
Compensated absences	6,892	4,494	4,145	7,241	2,928
Net pension liability (LGERS)	21,179	7,549	-	28,728	-
Net OPEB liability	16,163	-	16,163	-	-
Total	\$ 1,741,219	\$ 524,482	\$ 541,184	\$ 1,724,517	\$ 90,876

a. 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. The following table summarizes the Charlotte Water's general obligation bonds:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2021
General Obligation Refunding, Series 2015	4.00% - 5.00%	06/01/2015	2023	\$ 27,144	\$ 7,140
General Obligation Refunding, Series 2018A	5.00%	08/01/2018	2024	26,920	4,695
Total					\$ 11,835

The principal and interest on the General Obligation Bonds are wholly payable from net revenue of the Water and Sewer systems.

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

Year Ended		
June 30	Principal	Interest
2022	\$ 5,076	\$ 465
2023	5,224	208
2024	1,535	38
	<u>\$ 11,835</u>	<u>\$ 711</u>

b. Revenue Bonds

The following table summarizes Charlotte Water's revenue bonds:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2021
Water and Sewer, Series 2006B	Variable	07/26/2006	2037	\$ 300,000	\$ 132,130
Water and Sewer, Refunding Series 2011	1.50% - 5.00%	08/03/2011	2025	93,390	34,135
Water and Sewer, Refunding Series 2015	1.00% - 5.00%	08/27/2015	2046	459,585	329,685
Water and Sewer, Refunding Series 2018	3.00% - 5.00%	04/25/2018	2049	409,915	386,960
Water and Sewer, Refunding Series 2019	3.00% - 5.00%	09/10/2019	2036	58,750	56,385
Water and Sewer, Refunding Series 2020	2.00% - 5.00%	09/24/2020	2051	333,445	333,445
Total					<u>\$ 1,272,740</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. Additional information can be found in Note 4.f. on page 27.

The principal and interest on the Water and Sewer Bonds are payable from net revenues of water and sewer systems. 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 the non-revenue bond debt service requirements and (2) are at least 110 percent of the principal and interest requirements plus 100 percent of non-revenue bond debt service requirements. Based on the FY 2021 Water and Sewer Fund budgets, revenue bond debt service coverage including surplus fund was at least 2.9 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. Neither the credit nor the taxing power of the City is pledged for the payment of the principal and 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.

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30	Principal	Interest
2022	\$ 65,315	\$ 49,727
2023	65,745	46,780
2024	68,845	43,803
2025	66,650	40,761
2026	52,860	38,094
2027-2031	266,645	155,304
2032-2036	308,490	97,215
2037-2041	227,580	45,283
2042-2046	101,640	19,022
2047-2051	48,970	2,826
	\$ 1,272,740	\$ 538,815

c. Installment Purchases

The following table summarizes Charlotte Water's installment purchases:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2021
Equipment, Series 2018	5.00%	11/08/2018	2024	\$ 8,205	\$ 4,920
Equipment, 2019, Direct Placement	1.52%	10/11/2019	2024	20,000	13,484
Total					\$ 18,404

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

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

Water Sewer's outstanding non-direct and direct placement installment purchases are secured with collateral of equipment purchased.

Installment purchases debt service requirements to maturity are as follows:

Year Ended June 30	Principal	Interest	Direct Placements	
			Principal	Interest
2022	\$ 1,640	\$ 205	\$ 4,427	\$ 188
2023	1,640	123	4,495	121
2024	1,640	41	4,562	49
	\$ 4,920	\$ 369	\$ 13,484	\$ 358

d. 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 \$250,000. The note is payable from net revenues of the water and sewer systems. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by water and sewer revenue bonds. The note will mature no later than the third anniversary of the closing date or June 10, 2024. The City had direct placement Water and Sewer revenue bond anticipation notes payable of \$85,000 outstanding at June 30, 2021. 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	Principal	Interest
2022	\$ -	\$ 281
2023	-	281
2024	85,000	267
	<u>\$ 85,000</u>	<u>\$ 829</u>

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, 2021, direct borrowing loans totaling \$93,775 have been approved (but not fully disbursed). The maximum loan term is twenty years. As of June 30, 2021, interest rates varied from zero to 1.71 percent.

Debt service requirements to maturity are as follows:

Year Ended		
June 30	Principal	Interest
2022	\$ 1,270	\$ 111
2023	1,270	105
2024	3,738	943
2025	3,738	895
2026	3,738	847
2027-2031	18,689	3,515
2032-2036	18,689	2,314
2037-2041	16,740	1,114
2042-2043	4,935	127
	<u>\$ 72,807</u>	<u>\$ 9,971</u>

f. Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2021 classified by type, and the changes in fair value of such derivative instruments for the year ended are as follows:

	Changes in Fair Value		Fair Value at June 30, 2021		Notional
	Classification	Amount	Classification	Amount	
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow	\$ 10,794	Debt	\$ (35,248)	\$ 132,130

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

The following table displays the objective and terms of Charlotte Water's hedging derivative instruments outstanding at June 30, 2021 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	\$ 132,130	8/1/2006	7/1/2036	Pay 4.04%; 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 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, 2021, the rate received by the City for the 2006B agreement was 0.05 percent, whereas the bond floating rate paid by the City was .02 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.

Hedging Derivative Instrument Payments and Hedged Debt: As of June 30, 2021, 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.

Year Ending June 30	Variable Rate Bonds		Hedging Derivatives, Net	Total
	Principal	Interest		
2022	\$ 5,660	\$ 38	\$ 5,200	\$ 10,898
2023	5,875	25	4,965	10,865
2024	6,090	23	4,718	10,831
2025	6,320	22	4,481	10,823
2026	6,540	21	4,217	10,778
2027-2031	36,465	84	16,864	53,413
2032-2036	47,730	43	8,759	56,532
2037	17,450	2	349	17,801
	<u>\$ 132,130</u>	<u>\$ 258</u>	<u>\$ 49,553</u>	<u>\$ 181,941</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 Standards & Poor's. 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, 2021, the aggregate fair value of all hedging derivative instruments with these collateral posting provisions is (\$35,248). If the collateral posting requirements were triggered at June 30, 2021 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, 2021.

g. Refundings

In September 2020, the City issued \$333,445 in Water and Sewer System Refunding Revenue Bonds, Series 2020 with interest rates ranging from two to five percent. The net proceeds of \$397,059 (after payment of \$1,595 in underwriting fees and other issue costs) were used to refund \$297,055 of outstanding fixed rate revenue bonds, Series 2009B and \$100,000 in outstanding Revenue Bond Anticipation Notes. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$17,067. This difference, reported in the accompanying financial statements as a gain on refundings, is being charged to operations through the year 2040 using the effective interest method. The City completed the refunding to reduce the total debt service payments over a period of 20 years by \$112,585 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$97,944.

h. Other Debt Information

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. 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.

i. Subsequent Events

On July 28, 2021, the City formally accepted a direct borrowing state revolving loan of \$3,661 through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On July 30, 2021, the City received \$4,709 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On September 17, 2021, the City received \$8,904 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On November 16, 2021, the City received \$1,987 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

5. TRANSACTIONS WITH THE CITY OF CHARLOTTE:

Expenses include certain costs charged to Charlotte Water by other funds of the City. These charges are as follows:

Administrative and other City Services	\$ 36,208
Revenue Services	5,566
	<u>\$ 41,774</u>

6. PENSION PLAN AND OTHER BENEFITS:

a. Local Governmental Employees' Retirement System (LGERS)

The City of Charlotte, and Charlotte Water as an enterprise fund of the City, is a participating employer 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age 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.

Contributions: Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Charlotte Water employees are required to contribute six percent of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The contractually required contribution rate for the year ended June 30, 2021, was 8.95 percent for general employees of Charlotte Water, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from Charlotte Water were \$6,088 for the year ended June 30, 2021.

Refund of Contributions: Charlotte Water 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.

At June 30, 2021, Charlotte Water reported a liability of \$28,728 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was

then rolled forward to the measurement date of June 30, 2020 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, 2020, the City's proportion was 6.478 percent which was an increase of 0.158 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, Charlotte Water recognized a pension expense of \$10,172. At June 30, 2021, Charlotte Water 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	\$ 3,628	\$ -
Changes of assumptions	2,138	-
Net difference between projected and actual earnings on pension plan investments	4,042	-
Changes in proportion and differences between Charlotte Water contributions and proportionate share of contributions	507	-
Charlotte Water's contributions subsequent to the measurement date	6,088	-
Total	<u>\$ 16,403</u>	<u>\$ -</u>

\$6,088 reported as deferred outflows of resources related to pensions resulting from Charlotte Water contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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:	
2022	\$ 2,959
2023	3,854
2024	2,306
2025	1,196
	<u>\$ 10,315</u>

Actuarial Assumptions: The total pension liability in the December 31, 2019 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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 3.05 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents Charlotte Water's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what Charlotte Water's proportionate share of the 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)%
Charlotte Water's proportionate share of the net pension liability	\$ 58,287	\$ 28,728	\$ 4,163

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

b. Other Postemployment Benefits

Charlotte Water participates in the City of Charlotte Employee Benefit Trust Plan (EBTP).

Plan Description: The 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. The EBTP is included in the Annual Comprehensive Financial Report for the City of Charlotte. The City's ACFR includes financial statements and required supplementary information for the EBTP. That report may be obtained by writing to the City of Charlotte, Finance Department, Charlotte-Mecklenburg Government Center, 600 East Fourth Street, 10th Floor, Charlotte, North Carolina 28202-2848.

Plan Membership: At June 30, 2020 the EBTP membership consisted of the following:

	2020
Inactive plan members or beneficiaries currently receiving benefit payments	2,208
Active plan members	3,003
Total	5,211

Benefits Provided: The EBTP provided healthcare benefits for retirees hired before July 1, 2009 and have at least ten years of consecutive City service in a benefit eligible position 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.

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 \$2,344 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 \$44,492 to the plan. Charlotte Water's proportionate share of the employer contribution was \$11,346.

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 fair 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.

Asset Class	Target Allocation
Non Domestic Equity	15%
Domestic equity	44%
International equity	5%
Global fixed income	15%
Domestic fixed income	21%
Total	100%

Rate of Return: For the year ended June 30, 2021, the annual money market weighted rate of return on investment, net of investment expenses was 25.41 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, 2021 were as follows:

	City	Charlotte Water's Proportionate Share
Total OPEB liability	\$ 346,614	\$ 18,313
Plan fiduciary net position	161,748	48,725
Net OPEB liability (asset)	\$ 184,866	\$ (30,412)
Plan fiduciary net position as a percentage of the total OPEB liability	46.67%	266.07%

Actuarial Assumptions: The total OPEB liability of the City was determined on an actuarial valuation as of June 30, 2020, using the following key actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation	
General Employees	3.25% - 8.41%
Firefighters	3.75% - 9.00%
Law Enforcement Officers	3.25% - 7.90%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	7.40%
Municipal Bond Index Rate	
Prior Measurement Date	2.21%
Measurement Date	2.16%
Year FNP is projected to be depleted	
Prior Measurement Date	2039
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	3.05%
Measurement Date	7.40%
Health Care Cost Trends	
Pre-Medicare Medical and Prescription Drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare Medical and Prescription Drug	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024

Total OPEB liabilities were rolled forward to June 30, 2020 and June 30, 2021 for the employer and the plan, respectively, utilizing updated procedures incorporating the actuarial assumptions.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

Discount Rate: The discount rate used to measure the total OPEB liability at June 30, 2020 was 7.40 percent. The projection's basis was an actuarial valuation performed as of June 30, 2020.

Sensitivity of the Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate: The following presents Charlotte Water's proportionate share of the net OPEB asset of the EBTP as of June 30, 2021 calculated using the discount rate of 7.40 percent, as well as what Charlotte Water's proportionate share of the EBTP's asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.40 percent) or one-percentage-point higher (8.40 percent) than the current rate.

	1% Decrease (6.40)%	Discount Rate (7.40)%	1% Increase (8.40)%
Net OPEB (asset)	\$ (24,549)	\$ (30,412)	\$ (37,472)

Sensitivity of the Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates. The following presents Charlotte Water's proportionate share of the net OPEB asset of the EBTP as of June 30, 2021, as well as what Charlotte Water's proportionate share of the EBTP asset would be if it were to calculate the healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

	Healthcare Cost Trend Rates		
	1% Decrease	Current Rate	1% Increase
Net OPEB (asset)	\$ (38,548)	\$ (30,412)	\$ (23,705)

Changes in Net OPEB Liability (Asset), OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2021, Charlotte Water's proportionate share of the EBTP's reported net OPEB asset was \$(30,412). The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2021, the components of Charlotte Water's proportionate share of the net OPEB asset of the EBTP, measured as of June 30, 2021, were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) – (b)
Balances at June 30, 2020	\$ 43,916	\$ 27,753	\$ 16,163
Changes for the year:			
Service Cost	935	-	935
Interest	1,013	-	1,013
Difference between expected and actual experience	(12,535)	-	(12,535)
Changes of Assumptions	(14,550)	-	(14,550)
Contributions-employers	-	11,346	(11,346)
Net investment income	-	12,816	(12,816)
Administrative expense	-	(534)	534
Benefit payments	(466)	(2,656)	2,190
Other	-	-	-
Net change	(25,603)	20,972	(46,575)
Balances at June 30, 2021	\$ 18,313	\$ 48,725	\$ (30,412)

Changes of Assumptions: Changes of assumptions and other inputs reflect a change in the discount rate from 3.05 percent in 2019 to 7.40 percent in 2020. 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.

For the year ended June 30, 2021, Charlotte Water's proportionate share of the EBTP's recognized OPEB income was \$2,364. At June 30, 2021, Charlotte Water's proportionate share of the EBTP's 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	\$ 105	\$ 3,980
Changes of assumptions or other inputs	4,745	12,210
Net difference between projected and actual earnings on plan investment	-	604
Total	\$ 4,850	\$ 16,794

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:

2022	\$	(4,009)
2023		(4,008)
2024		(2,811)
2025		<u>(1,116)</u>
	\$	<u><u>(11,944)</u></u>

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

Statement of Net Position - Other Employee Benefit Trust

Assets:

Cash, cash equivalents and investments	\$	531
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Receivables:

Interest and dividends		6
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Investments:

Mutual Funds		<u>161,242</u>
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Total assets		<u><u>161,779</u></u>
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Liabilities:

Accounts payable		<u>31</u>
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Net Position:

Net position restricted for OPEB	\$	<u><u>161,748</u></u>
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Statement of Changes in Net Position - Other Employee Benefit Trust

Additions:	
Contributions-	
Employer	\$ 44,303
Investment income -	
Net appreciation in fair value of investments	26,658
Interest	330
Total investment income	26,988
Investment expense	330
Net investment income	26,658
Total additions	70,961
Deductions:	
Benefits	1,114
Insurance premiums	7,704
Administration	1,444
Total deductions	10,262
Change in net position	60,699
Net position - beginning	101,049
Net position - ending	\$ 161,748

c. Deferred Compensation Plan

The City offers 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

The City participates in the NC 401(k) Plan which is a retirement savings plan administered by the North Carolina Department of the State Treasurer, and available exclusively to North Carolina public employees who are actively contributing to one of the NC Retirement Systems.

7. INSURANCE:

a. 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 five-hundred thousand. 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.

Charlotte Water participates and makes 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 five-hundred thousand. Employees may purchase additional life insurance up to a maximum of five times their salary. The City provides short-term disability that equal 60 percent of salary for up to 26 weeks. Charlotte Water made payments to the EHLIF for the year ended June 30, 2021 in the amount of \$7,413.

b. Risk Management

Charlotte Water is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has a Risk Management Fund (RMF), an internal service fund, to account for and finance its insured and uninsured risks of loss. Currently, insurance coverage is purchased for excess property damage for buildings, contents, and 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 \$250 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 \$40,000 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 \$500. 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. Charlotte Water participates in the risk management program and makes 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. Charlotte Water made payments to the RMF for the year ended June 30, 2021 in the amount of \$3,957.

8. COMMITMENTS AND CONTINGENCIES:

On October 2, 2020, a state judge entered a ruling that is made up of two parts. Regarding the first part, the state judge granted a ruling declaring Charlotte Water's assessment of system development fees between November 5, 2015, and June 30, 2018, to be illegal and ordered those fees be repaid, with interest, to the plaintiffs. The City collected approximately \$60,000 in system development fees between November 5, 2015 and June 30, 2018. The City appealed this part of the ruling. Regarding the second part of the ruling, the state judge ordered a jury trial to determine the legality of Charlotte Water's assessment of system development fees between July 1, 2018 through June 30, 2020. The plaintiffs sued again regarding the system development fees assessed from July 1, 2020, to present and the Court consolidated the two cases for one jury trial to determine the legality of Charlotte Water's assessment of system development fees between July 1, 2018 through present. If the Court rules against the City in the second part, it would have a right to appeal as well. Notwithstanding, the City disagrees with plaintiffs and contends its system development fees were properly assessed and authorized by law.

Charlotte Water 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 the terms of the grants. The City management believes that such disallowances, if any, would not be significant.

Charlotte Water had authorized capital projects at June 30 as follows:

	2021
Project authorization	\$ 3,794,432
Expended	3,076,653
Unexpended	\$ 717,779

Financial resources are available to fund the total amount of unexpended authorizations. Charlotte Water had construction and other contractual commitments of approximately \$317,105 at June 30, 2021.

A photograph of two water utility workers in safety gear (hard hats, high-visibility vests, and gloves) working on a yellow fire hydrant. One worker is using a tool to adjust the hydrant, while the other stands nearby. A white bucket labeled 'R40 HYDRAULIC OIL' is on the ground. The background shows a residential street with trees and a house. The image is framed by a blue circular graphic on the left side.

REQUIRED SUPPLEMENTARY INFORMATION

CHARLOTTE WATER

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REQUIRED SUPPLEMENTARY INFORMATION

CHARLOTTE WATER
 LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
 PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) FOR THE CITY OF CHARLOTTE
 LAST EIGHT 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	December 31, 2018 June 30, 2019 June 30, 2020	December 31, 2019 June 30, 2020 June 30, 2021
City of Charlotte's proportion of the net pension liability (asset) (%)	5.89%	(5.88%)	5.89%	6.05%	6.12%	6.25%	6.32%	6.48%
City of Charlotte's proportion of the net pension liability (asset) (\$)	\$ 71,032	\$ (32,461)	\$ 26,455	\$ 128,378	\$ 93,421	\$ 148,334	\$ 172,606	\$ 231,494
Charlotte Water's proportion of the net pension liability (asset) (\$)	\$ 7,954	\$ (3,885)	\$ 3,189	\$ 14,961	\$ 11,070	\$ 18,275	\$ 21,179	\$ 28,728
City of Charlotte's covered payroll	\$ 317,369	\$ 358,413	\$ 327,094	\$ 350,856	\$ 381,739	\$ 397,056	\$ 425,364	\$ 454,357
City of Charlotte's proportionate share of the net pension (asset) as a percentage of its covered payroll	22.38%	(9.06%)	8.09%	36.59%	24.47%	37.36%	40.58%	50.95%
Plan fiduciary net position as a percentage of the total pension liability ⁽¹⁾	94.35%	102.47%	98.09%	91.47%	94.18%	91.63%	90.86%	88.61%

NOTES:

⁽¹⁾ This will be the same percentage for all participant employers in the LGERS plan. Information shown on this page is for the employer, the City of Charlotte, unless otherwise noted. This schedule will not present ten years' of fiscal information until 2023.

CHARLOTTE WATER
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
CITY OF CHARLOTTE'S CONTRIBUTIONS
LAST EIGHT FISCAL YEARS (Dollar Amounts in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021
City of Charlotte's contractually required contribution	\$ 23,348	\$ 24,288	\$ 23,959	\$ 28,613	\$ 30,712	\$ 33,945	\$ 41,715	\$ 49,054
City of Charlotte's contributions in relation to the contractually required contribution	23,348	24,288	23,959	28,613	30,712	33,945	41,715	49,054
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Charlotte's covered payroll	\$ 358,413	\$ 327,094	\$ 350,856	\$ 381,739	\$ 397,056	\$ 425,364	\$ 454,357	\$ 473,265
City of Charlotte's contributions as a percentage of covered payroll	6.51%	7.43%	6.83%	7.50%	7.73%	7.98%	9.18%	10.37%
Charlotte Water's proportion of contractually required contribution	\$ 2,615	\$ 2,750	\$ 2,757	\$ 3,335	\$ 3,639	\$ 4,182	\$ 5,118	\$ 6,088
Charlotte Water's proportion of contributions in relation to the contractually required contribution	2,615	2,750	2,757	3,335	3,639	4,182	5,118	6,088
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES:
Information shown on this page is for the employer, the City of Charlotte, unless otherwise noted.
This schedule will not present ten years' of fiscal information until 2023.



CHARLOTTE WATER
EMPLOYEE BENEFIT TRUST PLAN (EBTP)
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
LAST FIVE FISCAL YEARS (Dollar Amounts in Thousands)

Valuation Date	July 1, 2017	July 1, 2017	June 30, 2018	June 30, 2018	June 30, 2019	June 30, 2019	June 30, 2020	June 30, 2020	June 30, 2021	June 30, 2021
Measuring Date	June 30, 2017	June 30, 2017	June 30, 2018	June 30, 2018	June 30, 2019	June 30, 2019	June 30, 2020	June 30, 2020	June 30, 2021	June 30, 2021
Reporting Date	June 30, 2017	June 30, 2017	June 30, 2018	June 30, 2018	June 30, 2019	June 30, 2019	June 30, 2020	June 30, 2020	June 30, 2021	June 30, 2021
City of Charlotte's total OPEB Liability										
Service cost at end of year	\$ 7,002	\$ 7,002	\$ 7,545	\$ 7,545	\$ 8,123	\$ 8,123	\$ 10,615	\$ 10,615	\$ 17,691	\$ 17,691
Interest on the total OPEB liability	23,432	23,432	24,372	24,372	24,031	24,031	22,012	22,012	18,998	18,998
Difference between expected and actual experience	(294)	(294)	-	-	(106,807)	(106,807)	3,218	3,218	(27,282)	(27,282)
Changes of assumptions or other inputs	-	-	-	-	(45,850)	(45,850)	145,782	145,782	(275,389)	(275,389)
Benefit payments	(14,639)	(14,639)	(25,143)	(25,143)	(15,592)	(15,592)	(18,016)	(18,016)	(20,415)	(20,415)
Net change in Total OPEB Liability	15,501	15,501	6,774	6,774	(136,095)	(136,095)	163,611	163,611	(286,397)	(286,397)
Total OPEB Liability - beginning	583,220	583,220	598,721	598,721	605,495	605,495	469,400	469,400	633,011	633,011
Total OPEB Liability - ending	598,721	598,721	605,495	605,495	469,400	469,400	633,011	633,011	346,614	346,614
Plan Fiduciary Net Position										
Contributions - employer	16,361	16,361	20,454	20,454	21,689	21,689	19,957	19,957	44,303	44,303
Net investment income	7,532	7,532	5,881	5,881	4,730	4,730	1,224	1,224	26,988	26,988
Benefit payments	(14,639)	(14,639)	(14,782)	(14,782)	(15,592)	(15,592)	(18,016)	(18,016)	(8,818)	(8,818)
Additional contributions into the trust	-	-	20,325	20,325	-	-	-	-	-	-
Administrative expense	(232)	(232)	(266)	(266)	(223)	(223)	(1,984)	(1,984)	(1,774)	(1,774)
Other	(1,844)	(1,844)	(2,746)	(2,746)	-	-	(41)	(41)	-	-
Net change in Plan Fiduciary Net Position	7,178	7,178	28,866	28,866	10,604	10,604	1,140	1,140	60,699	60,699
Plan Fiduciary Net Position - beginning	53,261	53,261	60,439	60,439	89,305	89,305	99,909	99,909	101,049	101,049
Plan Fiduciary Net Position - ending	60,439	60,439	89,305	89,305	99,909	99,909	101,049	101,049	161,748	161,748
Net OPEB Liability - ending	\$ 538,282	\$ 538,282	\$ 516,190	\$ 516,190	\$ 369,491	\$ 369,491	\$ 531,962	\$ 531,962	\$ 184,866	\$ 184,866

NOTES:

Information shown on this page is for the employer, the City of Charlotte, unless otherwise noted.
This schedule will not present ten years' of fiscal information until 2026.

CHARLOTTE WATER
EMPLOYEE BENEFIT TRUST PLAN (EBTP)
SCHEDULE OF CHANGES OF TOTAL LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAST FIVE FISCAL YEARS (Dollar Amounts in Thousands)

	2017	2018	2019	2020	2021
City of Charlotte's total OPEB liability	\$ 598,721	\$ 605,495	\$ 469,400	\$ 633,011	\$ 346,614
Plan fiduciary net position	60,439	89,305	99,909	101,049	161,748
City of Charlotte's net OPEB liability	\$ 538,282	\$ 516,190	\$ 369,491	\$ 531,962	\$ 184,866
Plan fiduciary net position as a percentage of the total OPEB liability	10.09%	14.75%	21.28%	15.96%	46.67%
City of Charlotte's covered payroll	\$ 402,489	\$ 402,489	\$ 252,834	\$ 252,834	\$ 240,688
City of Charlotte's net OPEB liability as a percentage of covered payroll	133.74%	128.25%	146.14%	210.40%	76.81%

NOTES:
Information shown on this page is for the employer, the City of Charlotte, unless otherwise noted.
This schedule will not present ten years' of fiscal information until 2026.

CHARLOTTE WATER
EMPLOYEE BENEFIT TRUST PLAN (EBTP)
SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS
LAST FIVE FISCAL YEARS (Dollar Amounts in Thousands)

	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 22,729	\$ 25,967	\$ 26,605	\$ 26,605	\$ 26,605
Contributions in relation to actuarially determined contribution	24,630	40,778	21,689	19,957	44,303
Contribution deficiency (excess)	\$ (1,901)	\$ (14,811)	\$ 4,916	\$ 6,648	\$ (17,698)
City of Charlotte's covered payroll	\$ 402,489	\$ 402,489	\$ 252,834	\$ 252,834	\$ 240,688
Contributions in relation to actuarially determined contribution as a percentage of covered payroll	6.12%	10.13%	8.58%	7.89%	18.41%

The total OPEB liability was determined based on actuarial valuation as of June 30, 2020, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	0.75
Wage inflation	3.25%
Salary increases, including wage inflation	
General employees	3.25% - 8.41%
Firefighters	3.75% - 9.00%
Law Enforcement Officers	3.25% - 7.90%
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	7.40%
Municipal Bond Index Rate	
Prior measurement date	2.21%
Measurement date	2.16%
Year FNP is projected to be depleted	
Prior measurement date	2039
Measurement date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior measurement date	3.05%
Measurement date	7.40%
Healthcare cost trends	
Pre-Medicare medical and prescription drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare medical and prescription drug	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024

	2017	2018	2019	2020	2021
Annual money-weighted rate of return, net of investment expenses	13.84%	7.60%	4.38%	1.30%	25.41%

NOTES:

Information shown on this page is for the employer, the City of Charlotte, unless otherwise noted.

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

INDIVIDUAL FUND AND OTHER SUPPLEMENTARY INFORMATION

CHARLOTTE WATER



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**CHARLOTTE WATER
OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(Dollar Amounts In Thousands)**

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Volumetric rates	\$ 329,168	\$ 313,614	\$ (15,554)
Fixed rates	77,461	79,900	2,439
System development fees	23,000	38,890	15,890
Other	28,389	27,906	(483)
Investment earnings	3,478	(2,071)	(5,549)
Total revenues	461,496	458,239	(3,257)
EXPENDITURES:			
Water supply and treatment	17,657	17,196	461
Sewer system and treatment	53,097	51,179	1,918
Administration and engineering	43,443	39,977	3,466
Other operating	74,548	73,434	1,114
Total expenditures	188,745	181,786	6,959
Revenues over expenditures	272,751	276,453	3,702
TRANSFERS OUT:			
Water and Sewer Debt Service	146,542	144,606	1,936
Water and Sewer Capital Projects	140,250	140,250	-
Capital Projects	345	345	-
Total transfers out	287,137	285,201	1,936
Revenues (under) expenditures and transfers	\$ (14,386)	\$ (8,748)	\$ 5,638



CHARLOTTE WATER
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(Dollar Amounts In Thousands)

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment earnings	\$ -	\$ 14	\$ 14
Refunding bonds issued	333,445	333,445	-
Premium on debt issuance	65,259	65,209	(50)
Total revenues	398,704	398,668	(36)
EXPENDITURES:			
Bonds-			
Principal retirement	176,763	178,034	(1,271)
Interest	65,302	57,784	7,518
Other financing agreements-			
Principal retirement	8,121	6,880	1,241
Interest	1,787	672	1,115
Payment to refunded bond escrow agent	297,055	297,055	-
Bond issue expense	1,678	1,678	-
Other	813	647	166
Total expenditures	551,519	542,750	8,769
Revenues (under) expenditures	(152,815)	(144,082)	8,733
TRANSFERS IN:			
Water and Sewer Operating	146,542	144,606	(1,936)
Water and Sewer Capital Projects	301	301	-
Total transfers in	146,843	144,907	(1,936)
Revenues and transfers over (under) expenditures	\$ (5,972)	\$ 825	\$ 6,797

CHARLOTTE WATER
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(Dollar Amounts In Thousands)

Revenues and transfers over (under) expenditures and transfers:

Operating Fund	\$	(8,748)
Debt Service Fund		825
Capital Projects Fund investment earnings		924
Current year encumbrances		9,247
Deferred outflows of resources for pensions		3,463
Net pension liability		(7,549)
Deferred inflows of resources for pensions		2
Deferred outflows of resources for OPEB		(3,881)
Net OPEB liability		46,575
Deferred inflows of resources for OPEB		(10,261)
Bond proceeds		(333,445)
Depreciation		(144,204)
Debt principal retirement		481,969
Premium on debt issuance		(65,209)
Capital outlay		135
Amortization of deferred charges		(1,614)
Amortization of premium		26,707
Deferred inflows of gains on refundings		(14,173)
Capital contributions		161,958
Other		(7,760)
Net transfers to (from) Water and Sewer Capital Projects Fund:		
Water and Sewer Operating		140,250
Water and Sewer Debt Service		(301)
Compensated absences		(349)
Change in net position	\$	<u>274,561</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.



CHARLOTTE WATER
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2021
(Dollar Amounts In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Water:					
Capacity for growth	\$ 499,357	\$ 44,741	\$ 338,307	\$ 383,048	\$ 116,309
Commitment public projects/operations	165,720	10,183	126,023	136,206	29,514
Rehab and replacement	474,764	39,981	366,544	406,525	68,239
Regulatory requirements	46,117	552	39,497	40,049	6,068
Sewer:					
Capacity for growth	1,127,876	177,474	693,262	870,736	257,140
Commitment public projects/operations	121,873	4,318	101,927	106,245	15,628
Rehab and replacement	1,006,729	73,163	799,993	873,156	133,573
Regulatory requirements	193,595	39,830	118,231	158,061	35,534
New facilities	41,574	2,677	3,082	5,759	35,815
Facility renovations	4,597	303	1,566	1,869	2,728
Facilities maintenance	2,904	303	1,610	1,913	991
Technology	63,723	4,756	46,666	51,422	12,301
Capital equipment	45,603	6,936	34,728	41,664	3,939
Total water and sewer capital projects	\$ 3,794,432	\$ 405,217	\$ 2,671,436	\$ 3,076,653	\$ 717,779



STATISTICAL SECTION

CHARLOTTE WATER

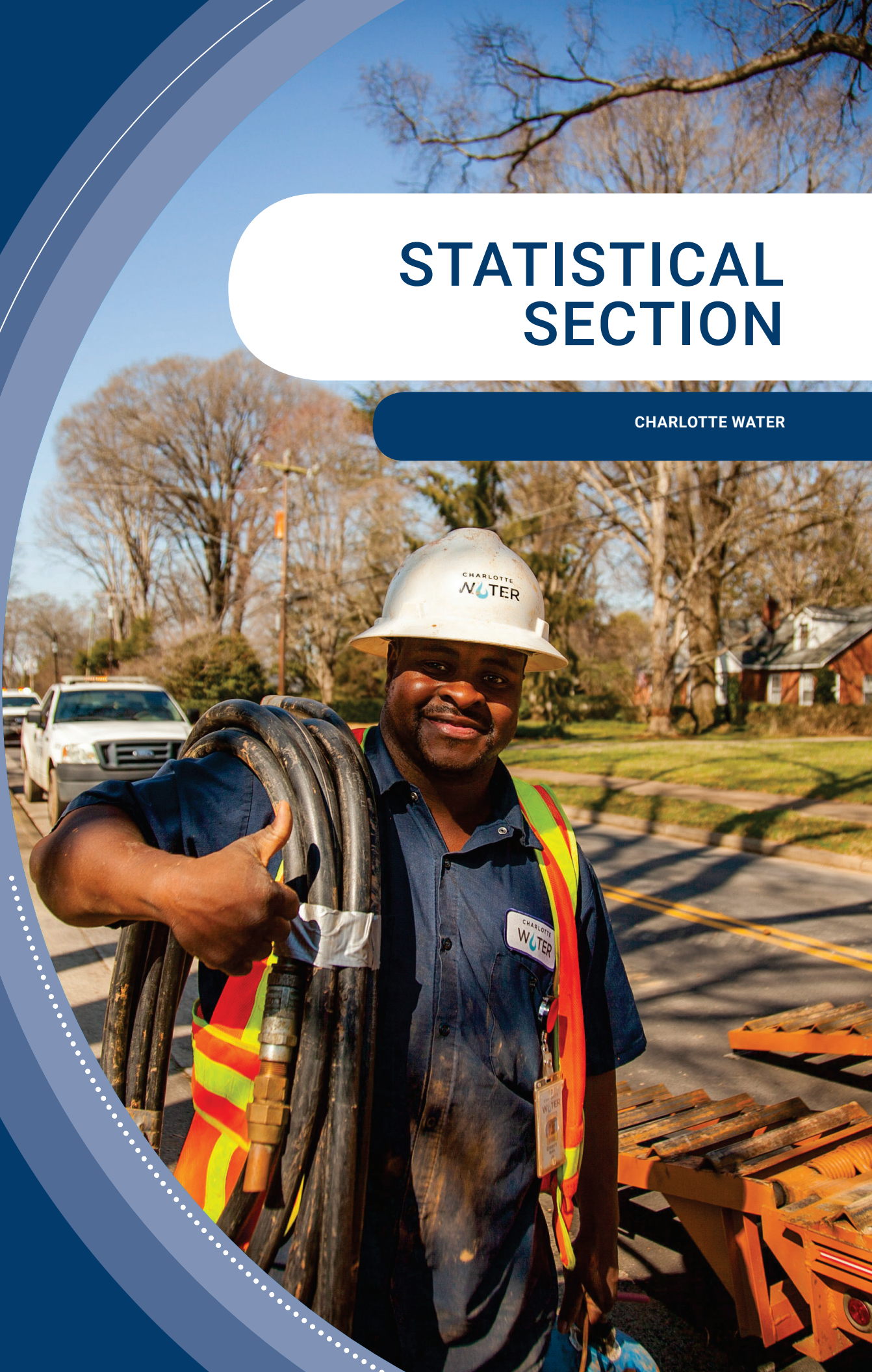


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CHARLOTTE WATER



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**CHARLOTTE WATER
NET POSITION
LAST TEN FISCAL YEARS (Dollar Amounts in Thousands)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net investments in capital assets	\$ 1,258,432	\$ 1,464,238	\$ 1,517,997	\$ 1,523,291	\$ 1,583,337	\$ 1,720,933	\$ 1,786,625	\$ 1,977,806	\$ 2,184,781	\$ 2,503,569
Restricted for:										
Debt Service	3,302	3,304	3,310	3,154	-	-	-	-	-	-
Net OPEB Asset	-	-	-	-	-	-	-	-	-	30,412
Unrestricted	342,836	186,600	224,887	289,999	334,392	363,349	411,160	382,121	319,684	245,045
Total	\$ 1,604,570	\$ 1,654,142	\$ 1,746,194	\$ 1,816,444	\$ 1,917,729	\$ 2,084,282	\$ 2,197,785	\$ 2,359,927	\$ 2,504,465	\$ 2,779,026

SOURCE:
City of Charlotte Finance Department

CHARLOTTE WATER
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (Dollar Amounts in Thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating revenues	\$ 292,836	\$ 304,348	\$ 318,859	\$ 340,764	\$ 377,127	\$ 402,309	\$ 407,344	\$ 424,327	\$ 438,105	\$ 458,669
Operating expenses	(191,093)	(192,841)	(199,869)	(242,850)	(225,916)	(258,927)	(256,734)	(280,334)	(311,501)	(296,367)
Nonoperating revenues (expenses)	(60,472)	(59,406)	(51,744)	(49,172)	(76,196)	(40,939)	(53,980)	(47,665)	(44,935)	(49,354)
Income before capital contributions	41,271	52,101	67,246	48,742	75,015	102,443	96,630	96,328	81,669	112,948
Capital contributions	12,741	10,976	24,806	26,847	26,270	60,729	48,478	65,912	57,158	161,958
Transfers in (out)	-	(1,878)	-	-	-	3,381	(331)	(98)	5,711	(345)
Change in net position	\$ 54,012	\$ 61,199	\$ 92,052	\$ 75,589	\$ 101,285	\$ 166,553	\$ 144,777	\$ 162,142	\$ 144,538	\$ 274,561

SOURCE:

City of Charlotte Finance Department

CHARLOTTE WATER OPERATING REVENUES BY SOURCE LAST TEN FISCAL YEARS (Dollar Amounts in Thousands)

	2012	2013	2014	2015	2016	2017	2018 ⁽²⁾	2019	2020	2021
Operating Revenues:										
Charges for services	\$ 255,742	\$ 260,146	\$ 271,438	\$ 289,303	\$ 313,781	\$ 324,311	\$ 318,084	\$ 343,705	\$ 355,501	\$ 363,572
Availability fees	25,813	29,517	30,857	31,766	37,113	44,913	51,039	51,141	47,903	50,813
Capacity fees ⁽¹⁾	7,443	10,352	11,795	13,098	19,157	24,290	-	-	-	-
System development fees ⁽¹⁾	-	-	-	-	-	-	28,316	23,829	30,115	38,890
Miscellaneous	3,838	4,333	4,769	6,597	7,076	8,795	9,905	5,652	4,586	5,394
Total operating revenues	\$ 292,836	\$ 304,348	\$ 318,859	\$ 340,764	\$ 377,127	\$ 402,309	\$ 407,344	\$ 424,327	\$ 438,105	\$ 458,669

SOURCE:

City of Charlotte Finance Department

NOTES:

⁽¹⁾ Capacity fees changed to system development fees due to House Bill 436, Session Law 2017-138, passed on July 20, 2017, also known as the "Public Water and Sewer Development Fee Act".

⁽²⁾ Fiscal year 2018 has been restated to reflect recategorization of capacity fees from nonoperating revenues to operating revenues in the amount of \$28,316.

CHARLOTTE WATER
OPERATING EXPENSES
LAST TEN FISCAL YEARS (Dollar Amounts in Thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Expenses:										
Administration ⁽¹⁾	\$ 30,782	\$ 25,275	\$ 26,327	\$ 28,963	\$ 28,728	\$ 39,864	\$ 36,598	\$ 26,136	\$ 43,394	\$ 30,794
Operating and maintenance ⁽²⁾	70,235	74,635	79,255	92,038	91,487	104,917	99,496	127,432	132,641	109,675
Other ⁽³⁾	1,475	1,473	1,629	1,648	1,929	2,183	121	542	1,078	11,694
Depreciation	88,601	91,458	92,658	120,201	103,772	111,963	120,519	126,224	134,388	144,204
Total operating expenses	\$ 191,093	\$ 192,841	\$ 199,869	\$ 242,850	\$ 225,916	\$ 258,927	\$ 256,734	\$ 280,334	\$ 311,501	\$ 296,367

SOURCE:

City of Charlotte Finance Department

NOTES:

⁽¹⁾ In fiscal year 2020, administration increased due to paying additional costs through cost allocation and direct salaries for services provided by other City departments. In fiscal year 2021, the decrease was related to the change in OPEB from a liability to an asset in addition to changes in deferred inflow and outflows related to OPEB.

⁽²⁾ In fiscal year 2015, operating and maintenance increased due to additional environmental services related to sludge disposal. In fiscal year 2019, increased expenses were due to changes in deferred inflows for OPEB. In fiscal year 2021, decreased expenses resulted from salary savings, reduced chemical and power costs at treatment plants, and reduced third-party contractual services.

⁽³⁾ In fiscal year 2021, other expenses increased due to refunding savings being used to pre-fund other postemployment benefit trust.

CHARLOTTE WATER
NONOPERATING REVENUES AND EXPENSES
LAST TEN FISCAL YEARS (Dollar Amounts in Thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Nonoperating Revenues (Expenses):										
Investment earnings ⁽¹⁾	\$ 1,316	\$ (176)	\$ 1,175	\$ 1,155	\$ 1,768	\$ 1,600	\$ 5,830	\$ 10,287	\$ 6,838	\$ (1,133)
Interest expense and other charges	(60,188)	(56,545)	(56,653)	(55,084)	(82,368)	(49,192)	(66,976)	(61,377)	(56,921)	(49,861)
Grant contributions	16	-	-	-	-	-	-	-	-	-
Miscellaneous	(1,616)	(2,685)	3,734	4,757	4,404	6,653	7,166	3,425	5,148	1,640
Total nonoperating (expenses)	\$ (60,472)	\$ (59,406)	\$ (51,744)	\$ (49,172)	\$ (76,196)	\$ (40,939)	\$ (53,980)	\$ (47,665)	\$ (44,935)	\$ (49,354)

SOURCE:

City of Charlotte Finance Department

NOTES:

⁽¹⁾ In fiscal year 2021, investment earnings decreased due to a \$3 million market value loss and a decrease in investment earnings.

**CHARLOTTE WATER
WATER AND SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO**

The following table presents information on the ten largest users of the water and sewer system during the fiscal year ended June 30, 2021 and nine years ago. There have been no substantial new users added to the water and sewer system since June 30, 2021.

Customer	2021			2012		
	Revenues	Rank	Percentage	Revenues	Rank	Percentage
Frito Lay, Inc.	\$ 725,849	1	18.98%	\$ 426,404	4	7.92%
Chesapeake Treatment Co, LLC	617,701	2	16.16	593,888	3	11.03
Independent Beverage Company	438,979	3	11.48	317,997	5	5.91
Atrium Health	378,035	4	9.89	-	-	-
Blue Granite Water Company	355,963	5	9.31	-	-	-
University of North Carolina - Charlotte	331,320	6	8.67	604,568	2	11.23
Presbyterian Hospital	253,206	7	6.62	240,452	8	4.47
Union County	246,547	8	6.45	-	-	-
Carolina Panthers	245,182	9	6.41	-	-	-
Atrium Health Mercy	230,405	10	6.03	-	-	-
York County Water & Sewer	-	-	-	2,200,966	1	40.89
City of Charlotte - Airport	-	-	-	286,953	6	5.33
Carolinas Healthcare System	-	-	-	244,124	7	4.54
Barnhardt Manufacturing Co	-	-	-	239,389	9	4.45
Paramount Carowinds	-	-	-	227,720	10	4.23
Total	\$ 3,823,187		100.00%	\$ 5,382,461		100.00%

SOURCE:

Charlotte Water

**CHARLOTTE WATER
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**
(Dollar Amounts in Thousands)

Fiscal Year	Allowable Revenues ⁽¹⁾	Current Expenses ⁽¹⁾	Debt Service Requirement	Revenue Bond Coverage	50% of Surplus Fund ⁽¹⁾	Revenue Bond Coverage, Including Surplus Fund
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
2020	446,647	168,420	147,719	1.9	136,712	2.8
2021	458,253	182,782	143,370	1.9	143,355	2.9

SOURCE:

City of Charlotte Finance Department

NOTES:

⁽¹⁾ Allowable revenues, current expenses and Surplus Fund as defined by the Revenue Bond Order.



**CHARLOTTE WATER
DEMOGRAPHICS AND ECONOMIC STATISTICS FOR THE CITY OF CHARLOTTE
LAST TEN FISCAL YEARS**

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Unemployment Rate
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
2020	940,144	N/A	N/A	N/A	8.8
2021	958,788	N/A	N/A	37.7	5.1

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, Bureau of Economic Analysis at county level.

N/A: Information not available

CHARLOTTE WATER
PRINCIPAL EMPLOYERS FOR THE CITY OF CHARLOTTE
CURRENT YEAR AND NINE YEARS AGO

Employer	2021			2012		
	Employees	Rank	Percentage to Total City Employment	Employees	Rank	Percentage to Total City Employment
Atrium Health (formerly Carolinas Healthcare System)	35,700	1	5.99%	32,500	1	6.74%
Wells Fargo	23,500	2	3.95	20,000	2	4.15
Charlotte-Mecklenburg Schools	18,495	3	3.11	18,143	3	3.76
Wal-Mart Stores, Incorporated	17,100	4	2.87	14,000	5	2.90
Bank of America	15,000	5	2.52	15,000	4	3.11
Novant Health/Presbyterian Regional Healthcare Corporation	11,698	6	1.96	10,573	6	2.19
American Airlines/US Airways Group, Incorporated	11,000	7	1.85	-	-	-
Delhaize America, Incorporated/ Food Lion LLC	9,078	8	1.52	8,700	7	1.80
Harris Teeter, Incorporated	8,239	9	1.38	-	-	-
Lowe's Companies, Incorporated	7,801	10	1.31	8,500	8	1.76
Duke Energy Corporation	-	-	-	7,700	9	1.60
North Carolina State Government	-	-	-	7,684	10	1.53
Total	157,611		26.46%	142,800		29.54%

SOURCE:

Number of employees provided by Charlotte Regional Business Alliance. Total city employment provided by NC Department of Commerce.

CHARLOTTE WATER
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Full-time Equivalent Employees as of June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water and Sewer ⁽¹⁾	746.25	746.50	761.50	796.00	822.00	846.00	912.00	958.00	997.00	997.00

⁽¹⁾ 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. In 2020, positions were added to support rehabilitation and replacement efforts and to maintain regulatory compliance.

SOURCE:

Position allocations per Strategy and Budget Department.

CHARLOTTE WATER OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water										
Number of service connections	253,557	257,683	262,607	267,664	273,574	279,380	285,092	290,442	297,098	304,029
Average daily pumped (in millions of gallons)	101	99	101	103	107	107	106	108	109	110
Sewer										
Number of service connections	235,157	238,854	242,959	247,165	246,299	256,327	260,580	264,981	270,640	276,498
Average daily treatment (in millions of gallons)	78	79	83	81	80	80	78	91	89	87

SOURCE:
Charlotte Water

CHARLOTTE WATER
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	4,206	4,198	4,209	4,232	4,269	4,314	4,353	4,393	4,431	4,482
Fire hydrants	16,756	16,889	16,631	16,766	16,901	17,109	17,344	17,517	17,677	17,925
Sewer										
Treatment plants	5	5	5	5	5	5	5	7	7	7
Miles of sanitary sewer lines	4,180	4,170	4,320	4,200	4,244	4,288	4,330	4,376	4,420	4,475

SOURCE:

Charlotte Water



Charlotte Water

An Enterprise Fund of the City of Charlotte